

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Economic Entity for the first quarter ended 31 March 2013

Condensed Economic Entity's Statement of Comprehensive Income

For the three months ended 31 March 2013

	3 months ended		3 months ended	
	31 March		31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	869,266	779,464	869,266	779,464
Total operating expenses	(798,154)	(727,511)	(798,154)	(727,511)
Other operating income	786	1,511	786	1,511
Profit from operations	<u>71,898</u>	<u>53,464</u>	<u>71,898</u>	<u>53,464</u>
Interest expense	(1)	-	(1)	-
Interest income	2,771	2,146	2,771	2,146
Share of results of an associate	151	104	151	104
Profit before taxation	<u>74,819</u>	<u>55,714</u>	<u>74,819</u>	<u>55,714</u>
Tax expense	(23,707)	(18,074)	(23,707)	(18,074)
Profit for the period	<u>51,112</u>	<u>37,640</u>	<u>51,112</u>	<u>37,640</u>
Other Comprehensive Income:				
Gain on fair value of available-for-sale investment	2,415	5,160	2,415	5,160
Total Comprehensive Income for the period	<u><u>53,527</u></u>	<u><u>42,800</u></u>	<u><u>53,527</u></u>	<u><u>42,800</u></u>
Basic earnings per ordinary share (sen)	14.56	10.72	14.56	10.72

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Economic Entity's Statements of Financial Position

As at 31 March 2013

	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,728,360	1,685,768
Intangible assets	13,551	14,893
Investment in an associate	6,486	6,336
Available-for-sale investments	40,310	37,940
	1,788,707	1,744,937
Current assets		
Inventories	358,017	372,834
Receivables, deposits and prepayments	136,978	109,874
Cash and cash equivalents	398,364	454,527
	893,359	937,235
TOTAL ASSETS	<u>2,682,066</u>	<u>2,682,172</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	351,000	351,000
Reserves	1,171,582	1,118,055
TOTAL EQUITY	<u>1,522,582</u>	<u>1,469,055</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	20,138	20,188
	20,138	20,188
Current liabilities		
Payables and accruals	1,118,014	1,173,934
Taxation	21,332	18,995
	1,139,346	1,192,929
TOTAL LIABILITIES	1,159,484	1,213,117
TOTAL EQUITY AND LIABILITIES	<u>2,682,066</u>	<u>2,682,172</u>

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 2012 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 three months ended 31 March 2013

	Non-distributable		Distributable	Total RM'000
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 January 2013	351,000	36,865	1,081,190	1,469,055
Total comprehensive income for the period	-	2,415	51,112	53,527
At 31 March 2013	<u>351,000</u>	<u>39,280</u>	<u>1,132,302</u>	<u>1,522,582</u>
At 1 January 2012	351,000	16,772	920,138	1,287,910
Total comprehensive income for the period	-	5,160	37,640	42,800
At 31 March 2012	<u>351,000</u>	<u>21,932</u>	<u>957,778</u>	<u>1,330,710</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 2012 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 three months ended 31 March 2013

	31 March 2013 RM'000	31 March 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,819	55,714
Adjustments for:		
Non-cash items	38,181	34,008
Non-operating items	(2,770)	(2,146)
Operating profit before changes in working capital	<u>110,230</u>	<u>87,576</u>
Changes in working capital:		
Net change in current assets	(2,481)	9,172
Net change in current liabilities	(55,921)	(41,311)
Cash generated from operations	<u>51,828</u>	<u>55,437</u>
Tax paid	<u>(21,420)</u>	<u>(19,700)</u>
Net cash generated from operating activities	<u>30,408</u>	<u>35,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(79,632)	(86,719)
Deposit paid as part of purchase consideration for acquisition of land	(9,806)	(3,602)
Proceeds from disposal of property, plant and equipment and intangible assets	32	163
Proceeds from disposal of available-for-sale investment	65	-
Interest received	2,771	2,146
Net cash used in investing activities	<u>(86,570)</u>	<u>(88,012)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Interest paid	(1)	-
Net cash used in financing activities	<u>(1)</u>	<u>-</u>
Net change in cash and cash equivalents	(56,163)	(52,275)
Cash and cash equivalents at 1 January	<u>454,527</u>	<u>341,052</u>
Cash and cash equivalents at 31 March	<u>398,364</u>	<u>288,777</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 2012 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 31 March 2013

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 2012.

Economic Entity comprises the Company and its interests in associate.

2 Significant Accounting Policies

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 2012 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

MFRS 10	<i>Consolidation Financial Statements</i>
MFRS 12	<i>Disclosure of Interest in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (2011)</i>
MFRS 127	<i>Separate Financial Statements (2011)</i>
MFRS 128	<i>Investments in Associates and Joint Ventures (2011)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards - Government Loans</i>
Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)</i>
Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements: Transaction Guidance</i>
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Transition Guidance</i>

The adoption of the above MFRSs and amendments to MFRSs did not have any significant effects on the interim financial statements upon their initial application.

3 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 season 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.

8 Events Subsequent to the end of reporting period

There were no material events subsequent to the end of current financial period except as disclosed under note A11 below.

9 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	3 months ended		3 months ended		3 months ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	751,222	678,629	118,044	100,835	869,266	779,464
Segmental profit	28,463	23,014	46,069	35,178	74,532	58,192
Less: Unallocated expenses					(2,634)	(4,728)
Profit from operations					71,898	53,464
Interest expense					(1)	-
Interest income					2,771	2,146
Share of results of an associate					151	104
Profit before tax					74,819	55,714
Tax expense					(23,707)	(18,074)
Profit for the period					51,112	37,640
Segment assets	742,558	835,381	1,599,208	1,496,861	2,341,766	2,332,242
Unallocated assets					340,300	105,102
					2,682,066	2,437,344
Segment liabilities	897,232	815,868	220,782	250,823	1,118,014	1,066,691
Unallocated liabilities					41,470	39,441
					1,159,484	1,106,132

10 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.

11 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 saved as disclosed below:

On 19 April 2013, the Company announced that it had entered into a Subscription and Relationship Agreement with AEON TopValu Malaysia Sdn. Bhd. (ATM) and AIC Inc. to subscribe for 399,998 ordinary shares of RM1.00 each in ATM for a cash consideration of RM399,998 and to acquire 2 ordinary shares of RM1.00 each at ATM for a cash consideration of RM2 from AIC Inc. in which AIC Inc. has subscribed for RM1.00 each on 14 February 2013.

As at the date of this announcement, the Subscription and Relationship Agreement had been completed and the Company had subscribed 20% of the ordinary shares in ATM for the total consideration of RM400,000. ATM is now an associate of the Company.

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 2012.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2013 are as follows:

	31 Mar 2013	31 Dec 2012
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	1,828,640	1,645,034
Authorised and contracted for	432,591	302,808

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

1 Review of Performance

Quarter results

For the quarter under review, the Company's total revenue increased by 11.5% to RM869.3 million compared to RM779.5 million recorded in the preceding year corresponding quarter. Profit before tax of RM74.8 million registered for the Economic Entity, which comprised the Company and its interest in associate, was 34.3% higher than the previous year corresponding quarter due to higher revenue registered.

Retail business segment registered revenue of RM751.2 million for the current quarter and was 10.7% higher than the previous year corresponding quarter of RM678.6 million. The better performance was mainly attributed by the contributions from its new stores openings as well as higher number of sales promotions days during the current quarter.

Revenue from its property management services segment had recorded a growth of 17.1%, at RM118.0 million over the previous year corresponding quarter of RM100.8 million. The overall better performance was as a result of contribution from new shopping centres that were opened in March 2012 and December 2012, higher rental rates 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 RM74.8 million for the quarter was lower than the preceding quarter of RM116.3 million mainly due to the higher revenue generated and year end trading rebates received in the preceding quarter.

3 Current Year Prospects

With the ongoing economic transformation programmes initiated by the government and the current stable employment environment, domestic consumption is expected to remain the key driver of growth in 2013. The Company will continue to leverage on its competitive strengths to grow its business and remain positive that its performance for both retailing and property management services business will continue to improve in 2013.

4 Tax expense

Tax expense comprises:

	3 months ended	
	31 Mar 2013	31 Mar 2012
	RM'000	RM'000
Current tax expense	23,758	18,125
Deferred tax expense	(51)	(51)
	<u>23,707</u>	<u>18,074</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 31 March 2013, the Company did not have any borrowings and debt securities.

7 Changes in Material Litigation

There was no material litigation against the Company as at the reporting date.

8 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2013.

9 Earnings Per Share

	3 months ended	
	31 Mar 2013	31 Mar 2012
Profit attributable to the owners for the period (RM'000)	51,112	37,640
Weighted average number of ordinary shares in issue ('000)	351,000	351,000
Basic earnings per ordinary share (sen)	14.56	10.72

Diluted earnings per share is not applicable for the Economic Entity.

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 31 March 2013 is analysed as follows:

	31 Mar 2013 RM'000	31 Dec 2012 RM'000
Total retained earnings of the Company:		
- realised	1,120,103	1,067,845
- unrealised	11,327	12,624
Total share of retained earnings from an associate:		
- realised	872	721
Total retained earnings of the Economic Entity	1,132,302	1,081,190

12 Notes to the Statement of Comprehensive Income

	3 months ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	38,271	33,771
Property, plant and equipment written off	38	65
Loss on disposal of property, plant and equipment	42	277
And after crediting:		
Gain on foreign exchange	119	80
Gain on disposal of available-for-sale investment	20	-

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