

Notes to the interim financial statements for the period ended 30 June 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 associates.

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 second quarter was slightly lower than the first quarter mainly 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.

A first and final dividend of 23% less 25% income tax and a special tax exempt dividend of 1%, amounting to RM60,547,500 in respect of the financial year ended 31 December 2012 was approved by shareholders at the Twenty-Eighth Annual General Meeting and was paid to shareholders on 11 July 2013.

8 Events Subsequent to the end of reporting period

On 17 July 2013, the Company announced that it had entered into a Sale and Purchase Agreement with Johor Land Berhad to acquire a piece of freehold land measuring in total area of approximately 20.93 acres in Mukim Tebrau, Daerah Johor Bahru, Negeri Johor for the purpose of constructing a mall with car parks and departmental stores cum supermarket, at the purchase price of RM70.2 million, of which 10% has been paid upon execution of the Sale and Purchase Agreement. As at the date of this announcement, the Sale and Purchase Agreement has not been completed yet.

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 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	6 months ended		6 months ended		6 months ended	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,455,072	1,330,346	233,539	207,793	1,688,611	1,538,139
Segmental profit	55,433	41,871	91,589	73,369	147,022	115,240
Less: Unallocated expenses					(9,143)	(11,397)
Profit from operations					137,879	103,843
Interest expense					(1)	-
Interest income					4,181	3,345
Share of results of associates					204	211
Profit before tax					142,263	107,399
Tax expense					(43,860)	(31,520)
Profit for the period					98,403	75,879
Segment assets	799,404	823,130	1,738,842	1,496,008	2,538,246	2,319,138
Unallocated assets					231,545	84,600
					2,769,791	2,403,738
Segment liabilities	899,454	779,652	246,344	213,800	1,145,798	993,452
Unallocated liabilities					105,175	34,887
					1,250,973	1,028,339

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 22 May 2013.

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 30 June 2013 are as follows:

	30 Jun 2013	31 Dec 2012
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	2,075,035	1,645,034
Authorised and contracted for	309,640	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 8.0% to RM819.3 million compared to RM758.7 million recorded in the preceding year corresponding quarter. Profit before tax of RM67.4 million registered for the Economic Entity, which comprised the Company and its interest in associates, was also 30.5% higher than the previous year corresponding quarter.

Retail business segment registered a 8.0% growth in revenue to RM703.8 million compared to the preceding year corresponding quarter mainly attributed by the contributions from its new stores and higher number of discount days and loyalty members' sales days.

Property management services segment continued to perform well in the quarter, with 8.0% increase in revenue to RM115.5 million over the previous year corresponding quarter mainly due to the contributions from its new shopping centres.

Financial Year-to-date results

For the first half ended 30 June 2013, the Company registered a total revenue of RM1.69 billion which was 9.8% higher than previous year corresponding period of RM1.54 billion. Profit before tax for the financial year-to-date of RM142.3 million was also 32.5% higher than the previous year corresponding period-to-date of RM107.4 million.

Total revenue registered by the retail business segment for the financial year-to-date increased by 9.4% to RM1.46 billion compared to RM1.33 billion recorded in the preceding year corresponding period. The better performance was mainly attributed by the contributions from its new stores and overall higher number of loyalty card members' sales days.

Revenue from its property management services segment for financial year-to-date had recorded a growth of 12.4%, at RM233.5 million over the previous year corresponding period. The overall better performance was as a result of contribution from new shopping centres and higher rental rates from tenants revamp.

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

The profit before tax of RM67.4 million for the quarter was lower than the preceding quarter of RM74.8 million mainly due to the higher revenue registered for the first quarter as a result of festive period.

3 Current Year Prospects

Notwithstanding the challenging external environment, with the ongoing economic transformation initiatives and stable employment environment, domestic consumption is expected to remain steady and sustainable. The Company will continue to leverage on its competitive strengths and remains positive that it will continue its growth in both its retailing and property management services business for 2013.

4 Tax expense

Tax expense comprises:

	3 months ended		6 months ended	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense	21,560	17,705	45,318	35,830
Deferred tax expense	(1,407)	(4,259)	(1,458)	(4,310)
	<u>20,153</u>	<u>13,446</u>	<u>43,860</u>	<u>31,520</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 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 30 June 2013.

9 Earnings Per Share

	3 months ended		6 months ended	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
Profit attributable to the owners for the period (RM'000)	47,291	38,239	98,403	75,879
Weighted average number of ordinary shares in issue ('000)	351,000	351,000	351,000	351,000
Basic earnings per ordinary share (sen)	<u>13.47</u>	<u>10.89</u>	<u>28.04</u>	<u>21.62</u>

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 30 June 2013 is analysed as follows:

	30 Jun 2013	31 Dec 2012
	RM'000	RM'000
Total retained earnings of the Company:		
- realised	1,102,684	1,067,845
- unrealised	11,927	12,624
Total share of retained earnings from associates:		
- realised	924	721
Total retained earnings of the Economic Entity	<u>1,115,535</u>	<u>1,081,190</u>

12 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	38,514	36,840	76,785	70,611
Impairment loss:				
- trade receivables	126	202	245	202
- property, plant and equipment	51	184	89	249
Loss on disposal of property, plant and equipment	1	-	43	277
Loss on foreign exchange	-	106	-	106
And after crediting:				
Dividend income	114	-	114	-
Gain on foreign exchange	93	-	212	80
Gain on disposal of property, plant and equipment	155	278	155	278

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