

**Notes to the interim financial statements for the period ended 31 December 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 fourth quarter was higher than the third quarter mainly due to the festive seasons in the fourth 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 RM64,057,500 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

There were no 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:

	<b>Retailing</b>		<b>Property Management Services</b>		<b>Total</b>	
	<b>12 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	3,041,717	2,822,575	472,701	433,094	3,514,418	3,255,669
Segmental profit	170,380	154,640	175,104	156,111	345,484	310,751
Less: Unallocated expenses					(19,459)	(18,492)
Profit from operations					326,025	292,259
Interest expense					(20)	-
Interest income					6,058	6,655
Share of results of associates					(235)	564
Profit before tax					331,828	299,478
Tax expense					(100,866)	(86,653)
Profit for the period					230,962	212,825
Segment assets	999,894	889,329	1,897,835	1,551,593	2,897,729	2,440,922
Unallocated assets					123,091	241,250
					3,020,820	2,682,172
Segment liabilities	1,062,373	955,487	273,089	218,447	1,335,462	1,173,934
Unallocated liabilities					41,721	39,183
					1,377,183	1,213,117

## 10 Related Party Transactions

During the current quarter under review and up to the date of this announcement, except as disclosed in Note B5, 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.

The sale transaction of the 18.18% undivided share of land and building of the Company's AEON Taman University Shopping Centre to AEON REIT Investment Corporation as announced on 2 October 2013 was a related party transaction. AEON Co., Ltd, the holding company of the Company, is also the holding company of AEON REIT Investment Corporation. As at the date of this announcement, the sales transaction has not been completed yet.

## 11 Assets Classified as Held For Sale

In relation to Note A10, the net book value of assets of AEON Taman University Shopping Centre had been transferred to assets classified as held for sale as its sale is highly probable.

## 12 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, other than as disclosed under Note B5 below.

## 13 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.

## 14 Capital Commitments

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

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised but not contracted for	3,191,563	1,645,034
Authorised and contracted for	253,140	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 6.9% to RM932.6 million compared to RM872.8 million recorded in the previous year corresponding quarter. Profit before tax for the Economic Entity, which comprised the Company and its interest in associates was RM107.5 million, a decrease of RM8.9 million compared to the previous year corresponding quarter due to higher operating costs and initial costs for new store opening.

Retail business segment registered a 6.9% growth in revenue to RM809.9 million compared to the preceding year corresponding quarter mainly attributed to the contribution from its new stores that opened in previous year and higher number of promotional days.

Property management services segment continued to perform well in the quarter, with 6.8% increase in revenue to RM122.7 million over the previous year corresponding quarter mainly due to higher rental income achieved and contributions from its new shopping centres.

**Financial Year-to-date results**

For the financial year ended 31 December 2013, the Company's revenue increased by 7.9% to RM3.51 billion from RM3.26 billion recorded in the preceding financial year. Profit before taxation was RM331.9 million, an increase of RM32.4 million compared to the previous financial year.

Total revenue registered by the retail business segment for the financial year ended 31 December 2013 increased by 7.8% to RM3.04 billion compared to RM2.82 billion recorded in the preceding financial year. The better performance was mainly attributed by the overall better performance from existing stores, higher contributions from its new stores that opened in previous year and overall higher number of loyalty card members' sales days.

Revenue from its property management services segment at RM472.7 million, had recorded a growth of 9.1% over the previous financial year. The overall better performance was mainly as a result of higher contributions from its new shopping centres that opened in previous year 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 RM107.5 million for the quarter was higher than the preceding quarter of RM82.1 million mainly due to the higher revenue generated in the current quarter.

**3 Current Year Prospects**

Malaysia's overall economy is expected to remain steady and consumer sentiment is generally expected to remain modest notwithstanding government's subsidy rationalisation programme and increase in costs. The Company, with its established presence, international brand name and competitive strengths is confident that both its retailing and property management services business will remain resilient in 2014.

#### 4 Tax expense

Tax expense comprises:

	3 months ended		12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense	26,130	29,519	96,480	87,611
Deferred tax expense	5,895	1,236	4,386	(958)
	<u>32,025</u>	<u>30,755</u>	<u>100,866</u>	<u>86,653</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

As at the date of this report, the status of corporate proposal announced but not completed is as follows:

On 20 September 2013, the Company announced that it had entered into a Joint Venture Agreement with Index Living Mall Company Limited (ILM), a company incorporated in Thailand to jointly incorporate and register a private limited company in Malaysia in the name of "AEON Index Living Sdn. Bhd." to engage in a business as furniture retailer. The authorised share capital consists of 50,000,000 ordinary shares of RM1.00 each and the paid up capital shall be 45,000,000 ordinary shares of RM1.00 each. The Company will subscribe for 70 per cent of AEON Index Living Sdn. Bhd.'s shares for a cash consideration of RM31.5 million, and ILM will subscribe for the remaining 30 per cent of AEON Index Living Sdn. Bhd.'s shares for a cash consideration of RM13.5 million. As at the date of this announcement, the Joint Venture Agreement has not been completed yet.

On 2 October 2013, the Company announced that it had entered into a Sale and Purchase Agreement with AEON REIT Investment Corporation for the disposal of 18.18% undivided share of a piece of land held under Geran Hakmilik No. 76558, Lot No. 49045, Mukim Pulai, Daerah Johor Bahru, Negeri Johor measuring approximately 35,070 square meters together with 18.18% undivided share of the AEON Taman Universiti Shopping Centre erected thereon at the disposal price of RM20.0 million. As at the date of this announcement, the Sale and Purchase Agreement has not been completed yet.

#### 6 Borrowings and Debt Securities

As at 31 December 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

- (a) (i) A first and final single tier dividend of 22% have been recommended for the financial year ended 31 December 2013;  
(ii) total amount per share – 22.00 sen (net);  
(iii) total net dividend payable amounted to RM77,220,000;  
(iv) date payable to be determined later; and  
(v) in respect of deposited securities, the date of entitlement to dividend will be determined later.
- (b) For the year ended 31 December 2012, a first and final dividend of 23% less tax of 25% and a special tax exempt dividend of 1% totaling RM64,057,500 was paid on 11 July 2013.
- (c) The single tier dividend recommended for year ended 31 December 2013 will be subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on the day which shall be announced later.

## 9 Earnings Per Share

	3 months ended		12 months ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Profit attributable to the owners for the period (RM'000)	75,442	85,580	230,962	212,825
Weighted average number of ordinary shares in issue ('000)	351,000	351,000	351,000	351,000
Basic earnings per ordinary share (sen)	21.49	24.38	65.80	60.63

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 December 2013 is analysed as follows:

	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Total retained earnings of the Company:		
- realised	1,240,258	1,067,845
- unrealised	7,464	12,624
Total share of retained earnings from associates:		
- realised	372	721
Total retained earnings of the Economic Entity	1,248,094	1,081,190

## 12 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000	31 Dec 2013 RM'000	31 Dec 2012 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	41,958	37,152	158,241	145,972
Impairment loss:				
- trade receivables	-	-	-	264
- property, plant and equipment	1,452	1,013	1,452	1,013
Property, plant and equipment written off	89	(1,976)	719	2,099
And after crediting:				
Dividend income	577	495	1,295	929
Gain on foreign exchange	38	52	179	35
Gain on disposal of property, plant and equipment	227	197	662	332
Reversal of impairment loss:				
- trade receivables	186	73	309	-

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