

## SENIOR MANAGEMENT



**01. Ms NUR QAMARINA CHEW  
BINTI ABDULLAH**  
Managing Director

**02. Mr POH YING LOO**  
Executive Director

**03. Mr HIROYUKI KOTERA**  
Senior General Manager of Retail Business

**04. En AHMAD FAZLI BIN ABU BAKAR**  
General Manager of Loss,  
Quality Management & Risk Management

**05. Ms AUDREY LIM SUAN IMM**  
General Manager of Retail Business –  
Northern Region

**06. Ms ETSUKO ETO**  
General Manager of Human Resource

**07. Mr HIROYOSHI EKinaga**  
General Manager of  
New Business Development

**08. Ms JOANNE LIEW WEI WOON**  
General Manager of Mall Business –  
Mall Leasing

**09. Mr KEISUKE MATSUDA**  
General Manager of Mall Business –  
Mall Operation

**10. Mr KENJI HIRAMATSU**  
General Manager of Information Technology &  
Business Process Development  
(Supply Chain Management)

**11. Mr MATHAVAN ARJUNAN**  
General Manager of Retail Business –  
Southern Region

**12. Ms NG CHIN CHOY**  
General Manager of Retail Business –  
Merchandising

**13. Mr ONG HOCK HENG**  
General Manager of  
New Business Development – Mister Donut

**14. Mr TOSHIHIRO OZAWA**  
Project Leader – MaxValu Project

**15. Mr VINCENT NG WEI CHYUN**  
General Manager of Legal

**16. Mr YOSHIHIRO KAYA**  
General Manager of Mall Business –  
Development, Property Management &  
Construction

**17. Ms YVONNE TING YIN LING**  
General Manager of Finance

## REVIEW OF OPERATIONS



Under the challenging retail environment, the Group's revenue growth had been modest with a total revenue of **RM3.835 billion** for the year under review which represented a growth of **3.5%** over its previous year's performance.

AEON's core businesses and pursuit of growth strategy were severely tested in a very challenging year of 2015 which saw an economy with consumer sentiments at its lowest as a result of the higher cost of living, weakening of Ringgit and the implementation of Goods and Services Tax in April 2015. While income and employment market remain stable, the uncertainties of the future and the lower disposable income weigh heavily on the consumer sentiment which in turn resulted in cautious spending.

### OVERVIEW

Under such challenging retail environment, the Group's revenue growth had been modest with a total revenue of RM3.835 billion for the year under review which represented a growth of 3.5% over its previous year's performance. Retailing contributed RM3.289 billion and property management services contributed RM545.8 million.

### RETAILING BUSINESS

Most retailers faced challenges in maintaining their sales momentum with the rising cost of doing business and stiff competition. Retail performances

softened throughout the year as consumer sentiment changed following the implementation of Goods and Services Tax as well as weakening of Ringgit.

AEON on its part, despite the challenges it faced, had responded with its initiatives to sustain the revenue momentum of its retailing business and for the year under review, at RM3.289 billion, therefore recorded a modest growth of 3.0% over the previous year retailing revenue of RM 3.193 billion. For its retailing business, the overall growth was mainly due to its new stores' contributions from Klebang Ipoh which opened in the third quarter of 2015 and the stores in Bukit Mertajam, Taiping and in Quill City Mall which opened in previous year and operated for a full year in the year under review. On same store basis, overall the Group recorded a lower performance by 1.25%, generally impacted by lower consumer sentiment. Individually, the stores have mix performances which characterised by age, local operating conditions, competition and refurbishment during the year.

During the year under review, AEON had also carried out various promotions and activities, mainly targeting its loyal customer base. Among others, the



## REVIEW OF OPERATIONS

Company carried out an exclusive brand loyalty program for its AEON members whereby the members, from their purchases will stand a chance to redeem or purchase exclusive quality kitchen utensils at special prices. In the light of the rising cost of living, AEON had also during the year under review implemented strategic marketing initiatives with themes such as savers days and special prices on selected merchandise for which customers can enjoy. The Company's promotions were also scheduled to match the consumers' sentiment such as periods before and after Goods and Services Tax implementation.

AEON stores in Kulaijaya and Bukit Indah enjoyed growth of 7.6% and 6.4% respectively as they enjoyed growing number of customers due to completion of development surrounding their vicinity and, higher number of tourist visits to nearby tourist destinations. Similarly, AEON store in Seri Manjung had enjoyed growth of 4.9% in the year under review as their number of customers and loyalty base grew. AEON's older stores in Wangsa Maju, Bandar Puchong, Mahkota Cheras and Rawang remain resilient with growth ranging from 2.0% to 4.7% in the year under review as they continued to enjoy loyal regular customers from their surrounding areas. AEON Ipoh store, despite the opening of AEON Ipoh Klebang nearby, still enjoyed a 0.9% growth mainly due to its strong

loyal customer base. Revenue growth of AEON stores in Queensbay, Permas Jaya and Bandar Utama were relatively flat for the year under review. AEON older stores in Ayer Keroh, Melaka, Bandar Baru Klang, Bandar Sunway, Mid Valley, Taman Maluri, Bukit Tinggi, Metro Prima and Bandaraya Melaka recorded lower revenue performances ranging from 1.1% to 3.8% against their previous year's results mainly due to the age of the stores, infrastructure development and competitions around the stores. Similarly, AEON stores in Taman Universiti, Ipoh Station 18, Taman Equine, Seremban 2 and Cheras Selatan registered lower performance ranging from 4.9% to 8.4% lower against their previous year's results mainly due to competitions nearby, ongoing tenant mix renewal changes and lower consumer spending. For AEON Tebrau City and AEON AU2 stores, their performances were also affected by the renovation activities in their malls during the year under review, resulting in lower performance of 5.7% and 5.0% respectively. AEON Ipoh Klebang store which opened on 21 October 2015 together with stores in Bukit Mertajam, Taiping and in Quill City Mall which operated for a full year in 2015 contributed a total retail sales of RM162.0 million for the year. The performances of new stores which opened in the last two years were less than encouraging but the Group takes a long term view and believe that in time the performance of these new stores will improve.



The Group's new business categories such as pharmacy and flat price shops had also continued to expand during the year under review, while revenue contributions were relatively small at 4.0% of total retailing revenue, the segments registered 37.4% and 22.6% year on year growth respectively, mainly from opening of new outlets. For the MaxValu supermarket operations of which the Group currently have four outlets, their combined revenue was RM 51.4 million for the year under review. For AEON Index Living Mall, with only one outlet in the year under review, their revenue contribution was marginal.

In an effort to enhance its operations productivity and produce higher volume to cater to its customer needs, the Group had also during the year under review set up its one stop factory scale food processing center for the preparation of its delicatessen, sushi, bakery and doughnuts and the subsequent deliveries to all stores. The new food processing center will enhance the supply chain delivery process and further gives AEON added competitive edge.

In November 2015, the Group commenced its e-commerce business through [www.shoppu.com.my](http://www.shoppu.com.my) which had shown encouraging initial results. The initiative is still very much in its pilot stage but the Group had witnessed increasing number of visitors and recurring visits



## REVIEW OF OPERATIONS

to the site. The e-commerce website currently provides merchandise and assortment which are not commonly available in AEON stores. With this strategy, we could capitalise by merging the unique external assortment with our store offerings so as to be competitive in the e-commerce arena. The Group expects the e-commerce business to play a bigger role in the Group's business vision in the near future including integration with its existing brick and mortar businesses.

## PROPERTY MANAGEMENT SERVICES

Just like the retailing business, the property management services industry was equally affected by the current challenging economic climate, which had affected tenants' sales performance and their sustainability to stay in shopping malls. Many tenant operators had also chosen to consolidate their business and withhold their investment plan into new tenant shops as they faced lower sales from the dampened consumer sentiment and the rising costs of doing business. Despite retail space supply slowing down in the industry, the competition for tenants and rental pressure remains.



For the year under review, despite such challenging environment, the Group's property management services still recorded a commendable revenue of RM545.8 million for the financial year ended 31 December 2015, representing an increase of 6.5% over the previous financial year. On same shopping mall basis, the revenue growth was 1.7% against previous year. In the face of the lower foot traffic and tenants sales performance, the Group's malls had seen its average occupancy rate dropping to 90% in the year under review as mainly

smaller mom-and-pop tenants choose not to continue their businesses under the current business environment.

The increase in the property management services income was mainly due to the contribution from its newly opened shopping malls in the last two years. AEON Mall Ipoh Klebang commenced operation on 21 October 2015 whereas AEON Mall Bukit Mertajam and AEON Mall Taiping which opened on 4 June 2014 and 14 November 2014 respectively and have operated for a full year in 2015





## REVIEW OF OPERATIONS

added to the growth. AEON manages a total of 24 shopping malls by end of 2015.

To ensure occupancy rate sustainability under this challenging environment, the Group in April 2015, through a rebranding exercise had responded with an innovative strategy by rebranding its selected shopping centers to AEON Mall, with the aim of providing a wholesome unique shopping experience for its shoppers through better merchandise offering and services. Through the tagline “DO MALL”, AEON malls are repositioned as the destination that allows more interactive activities engagement with communities and shoppers can “DO MORE” than just mere shopping.

## PROSPECTS AND OUTLOOK

Malaysia’s economy is expected to be slower this year in the face of the challenging global economic and financial landscape. The country’s GDP is expected to expand at a more moderate pace of around 4.0% to 4.5% in 2016 with domestic demand still being the principal driver of growth. The growth is slower in 2016 as consumers make ongoing household adjustments in an environment of higher prices and ongoing uncertainties.

In the medium to long term, prospects for retailing remain challenging with the softer retail market sentiment. The government in recognising the rising costs of living is putting in efforts to manage the economy effectively, ease the burden of the people and enhance consumer confidence as the country faced all the challenges, both externally and internally.

The Group acknowledges that its financial performance in 2016 will continue to be likewise affected. The Group, while continuously reviewing its businesses, will embark on measures to boost its revenue and profitability to counter the softening retail market and changing consumer behaviors in this challenging environment. The

Group, with its established presence and competitive strengths, will employ appropriate marketing and pricing strategies, revised its merchandise assortment, maintain quality customer services together with operational efficiency efforts to ensure that its core businesses remain resilient. More emphasis will be placed on strengthening and enhancing the operational strategies and efficiency at its new stores. In line with changes in competitive environment and changing consumer behavior, new malls and stores are developed along the interactive concept that engage customers and provide them with new shopping experiences and discoveries.

On 10 March 2016, the Group opened its regional AEON Mall Shah Alam and on 28 April 2016, the Group will open its AEON Mall Kota Bharu. In order to continue providing a refreshing and new shopping experience for its customers, the Group will also seek to continue refurbish and upgrade its selected stores and shopping malls. Existing malls like AEON Mall Tebrau City and AEON Mall Kinta City together with AEON Mid Valley store are currently undergoing extensions and renovations to their space to serve and provide better shopping experience to their customers. Besides the refurbishments and upgrades, the Group will also continue its expansions, albeit selectively, in the new business categories of pharmacy and flat price shops. The Group has currently a total of 41 Wellness pharmacy shops and 26 Daiso flat price shops. Through its

subsidiary, AEON Index Living Mall, the Group had opened one new store recently in AEON Mall Shah Alam and will be opening another new store in AEON Mall Kota Bahru.

The Group remains committed to its long term plan of opening new stores in strategic locations but recognise the need to maintain a good balance between pursuing growth and stability under the current challenging environment. The Group’s financial profile remains healthy despite higher borrowings and the sukuk financing programme that the Group has established by tapping onto the capital market will further favorably position the Group with alternative financing for its business expansion and working capital needs.



## STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of AEON CO. (M) BHD. (the “Company” or AEON) recognises the importance of corporate governance and is committed in ensuring the sustainability of the Group’s (AEON CO. (M) BHD. and its subsidiary) business and operations through the implementation of the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

This statement outlines the key aspects on how the Company has applied all the Principles under the MCCG 2012 during financial year 2015 and any non-observation of the Recommendations of MCCG 2012, including the reasons thereof, has been included in this Statement.

### PRINCIPLE 1 – Establish clear roles and responsibilities of the Board and Management

The Board is accountable and responsible for the performance and affairs of the Company by overseeing and appraising the Group’s strategies, policies and performance.

#### Board Charter

All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board has adopted a Board Charter which clearly sets out the roles, functions, composition, operation and processes of the Board, having regard to the principles of good corporate governance and requirements of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board Charter further defines the matters that are reserved for the Board and its committees as well as the roles and responsibilities of the Chairman and the Managing Director. Key matters reserved for the Board includes the approval of corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly and annual financial statements for announcement, monitoring of operating performance and review of the Financial Authority Approving Limits.

As set out in the Board Charter, the Board is responsible for:

- reviewing and adopting the overall corporate strategy, plans and directions for the Group including its sustainability;
- overseeing and evaluating the conduct of business of the Group;
- identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- monitoring and reviewing management processes aimed at ensuring the integrity and other reporting with the guidance of Audit and Risk Management Committee;
- promoting effective communication with shareholders and relevant stakeholders;
- approving major capital expenditure, acquisitions, disposals and capital management;
- reviewing the adequacy and the integrity of the management information and internal control systems of the Group; and
- performing such other functions as are prescribed by law or are assigned to the Board.

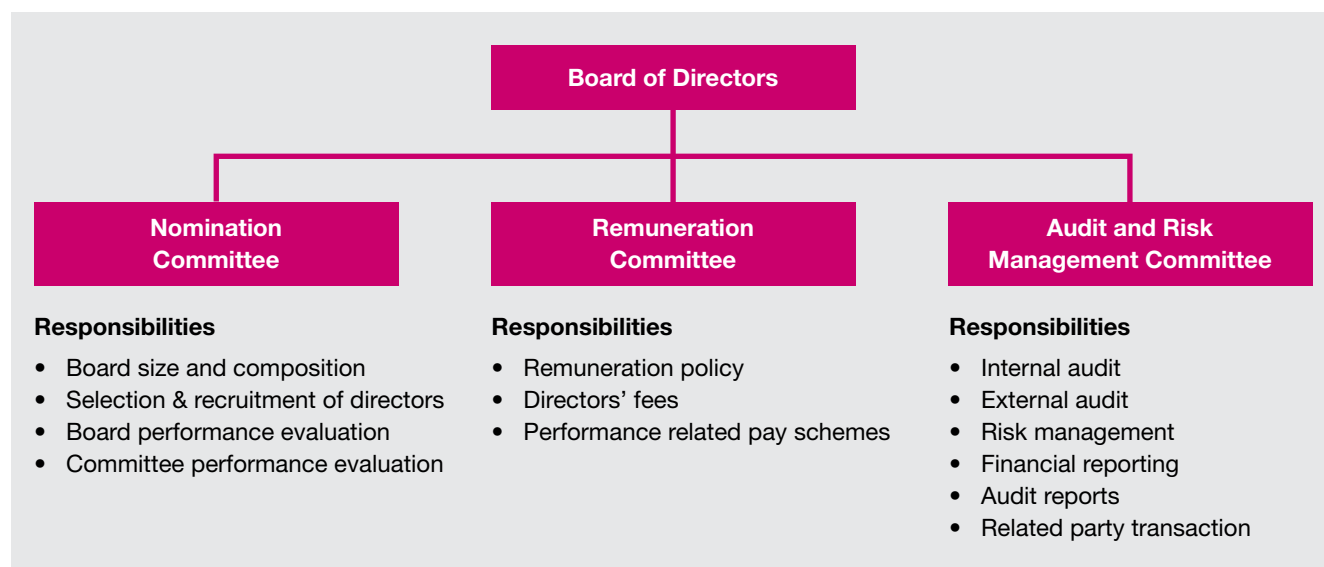
The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

The Board delegates the implementation of its strategy to the Company’s Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide it with recommendations and advice:

- Nomination Committee;
- Remuneration Committee; and
- Audit and Risk Management Committee.

## STATEMENT OF CORPORATE GOVERNANCE

The following diagram shows a brief overview of the three main Board Committees of the Company's Board, each of which is explained in further detail as below:



Each Committee operates in accordance with the written terms of reference approved by the Board. The Board reviews the terms of reference of the committees from time to time. The Board appoints the members and the Chairman of each committee.

### AEON Code of Conduct ("AEON COC")

AEON COC which was established by AEON Co., Ltd. in Japan has been adopted by the Board to support the Company's objectives, vision and values. The basic principles have been carried out by having appropriate regard to the interests of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates.

All employees are briefed and provided with a copy of the AEON COC on the commencement of their employment. All the employees will attend a refresher seminar on the AEON COC annually. The principles of AEON COC are being constantly made aware to employees through citation in staff assemblies and before the start of the Company's meetings. The AEON COC can be found on the Company's website at [www.aeonretail.com.my](http://www.aeonretail.com.my).

The Board recognises the importance on adherence to the AEON COC by all personnel in the Company and has put in place a process to ensure its compliance. The Company further encourages its employees to provide feedback with any concerns regarding illegal or unethical conduct, or malpractice via its existing Code of Conduct Hotline (Whistle-Blowing Hotline).

### Sustainability Policy

The Company has established a Sustainability Policy which is based on the three basic principles of AEON, which is to honor Peace, People and Community. With the aim to promote sustainable development, the Company focuses on key areas of environment conservation and social contribution. The Company is also actively engaging with the Company's customers, staff members, suppliers, tenants, stakeholders, Non-Governmental Organisations (NGOs) and local authorities in activities related to sustaining the environment. The Company's activities on environment, social and governance for the year under review are disclosed on pages 9 to 16 of this Annual Report.

## STATEMENT OF CORPORATE GOVERNANCE

### Supply and Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. The Directors have access to information through the following means:

- Members of Senior Management attend Board and Committee meetings by invitation to report areas of the business within their responsibility including financial, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities.
- The Board and Committee papers are prepared and are issued to the Directors or Committee Members at least seven (7) days before the Board and Committee meetings to enable the Board or Committee Members to receive the information in a timely manner.
- The Audit and Risk Management Committee Chairman meets with the Management, Internal Auditors and External Auditors regularly to review the reports regarding internal control system and financial reporting.

The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and knowledgeable on new statutory and regulatory requirements, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and Principal Officers informed of the closed period for trading in the Company's shares.

Besides direct access to the Management, Directors had obtained independent professional advice and service via Audit and Risk Management Committee at the Company's expense on the implementation of risk management system during the year under review, in accordance with established procedures set out in the Board Charter in furtherance of their duties. The Directors also consulted the Chairman and other Board members prior to seeking any independent advice.

### PRINCIPLE 2 - Strengthen Composition of the Board

The Board currently has ten (10) Directors, comprising the Chairman (Independent Non-Executive), one (1) Vice Chairman (Non-Independent Non-Executive Director), four (4) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. The Company fulfills Paragraphs 15.02(1) of the MMLR of Bursa Securities which stipulate that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Board is satisfied that the current composition of Directors provides the appropriate balance and size in the Board necessary to promote all shareholders' interests and to govern the Company effectively. It also fairly represents the ownership structure of the Company, with appropriate representations of minority interests through the Independent Non-Executive Directors. En. Abdul Rahim bin Abdul Hamid is the Senior Independent Non-Executive Director to whom concerns on matters relating to Corporate Governance of the Company could be conveyed. The Independent Directors fulfills a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conducts business.

The profile of each Director is set out on pages 21 to 25 of this Annual Report.



STATEMENT OF  
CORPORATE GOVERNANCE**Nomination Committee – Selection and Assessment of Directors**

The Company's Nomination Committee comprised wholly Non-Executive Directors a majority of whom are independent and at least three (3) members in total. At the date of this Statement, the members are as follows:

Name	Designation
Shinobu Washizawa	Chairman of the Committee (Non-Independent Non-Executive Director)
Dato' Abdullah bin Mohd Yusof	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)

The Board is of the view that although the Chairman of the Nomination Committee is Non-Independent Non-Executive Director, Mr Shinobu Washizawa is able to contribute effectively to the Nomination Committee in view of his vast experience in the industry.

The Nomination Committee is responsible for making recommendations to the Board on the most appropriate Board size composition. In discharging its responsibilities, the Nomination Committee has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the Nomination Committee considers the following factors:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

This responsibility includes making recommendations on the desirable competencies, experiences and attributes of the Board members and strategies to address Board diversity.

The Board may appoint an individual to be a Director by having selection process for new appointees as recommended by the Nomination Committee to the Board. The appointed individual will stand for election at the next Annual General Meeting ("AGM") in accordance with the Articles of Association of the Company.

The Committee will arrange for the induction for any new appointment such as visits to the Company's significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Company.

## STATEMENT OF CORPORATE GOVERNANCE

The Board has adopted a formal policy on diversity of the Company by taking into consideration on a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversity of viewpoints and the effective governance of the Company.

Based on the following summary of the employment gender diversity, the Nomination Committee is of the view that there is balanced gender diversity across all the levels of employees in the Company during the year under review:

CATEGORY OF EMPLOYEES	Female		Male		Total
General Staff	2,788	(46%)	3,277	(54%)	6,065
Supervisory	1,539	(60%)	1,005	(40%)	2,544
Managerial	288	(58%)	208	(42%)	496
<b>Total No. of Employees</b>	<b>4,615</b>		<b>4,490</b>		<b>9,105</b>

The Nomination Committee reviews annually the required mix of skills and experiences of Directors; effectiveness of the Board as a whole; succession plans and boardroom diversity, including gender, age, ethnicity, diversity; training courses for Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board. Currently, the Board has one (1) female Director on Board - Ms Nur Qamarina Chew binti Abdullah.

The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The assessment and comments by Directors are summarised in a questionnaire regarding the effectiveness of the Board and its Board Committees and discussed at the Nomination Committee meeting and reported at the Board Meeting by the Nomination Committee Chairman. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions are properly documented.

The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee had met once to review and assess the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors, the contribution of each individual Director (including the Managing Director and Executive Director who assumed the roles of Chief Executive Officer and Chief Financial Officer respectively); effectiveness of the Board as a whole and the Board Committees and the changes to the Board's composition.

The Nomination Committee had assessed and recommended the appointment of Mr Shinobu Washizawa and Mr Kenji Horii as the Non-Independent Non-Executive Vice Chairman and Non-Independent Non-Executive Director respectively for the Board's approval to replace Mr Nagahisa Oyama, who resigned as Non-Independent Non-Executive Vice Chairman on 22 April 2015 and Mr Naoki Hayashi, who retired at the Thirtieth Annual General Meeting held on 21 May 2015.

### Directors' Training

The Board, via the Nomination Committee, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme ("MAP"). The Directors are mindful that they continue to enhance their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

## STATEMENT OF CORPORATE GOVERNANCE

The Directors have attended individually or collectively the various training programmes and briefings, amongst others, the followings:

- Goods and Services Tax Seminars
- Enterprise Risk Management
- Nominating Committee Programme
- Amendments to Listing Requirements of Bursa Malaysia
- The Malaysian Code on Corporate Governance 2012
- Tax Budgeting and Accounting Standards
- Malaysian Financial Reporting Standards Updates
- Sustainability Practices

The Company Secretaries highlight the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

### Remuneration Committee – Directors' Remuneration

The Remuneration Committee established sets of policy, framework and reviews the remuneration of Directors which is linked to strategy and/or performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors. The Remuneration Committee adopts the ultimate holding company's employee compensation plan to set the remuneration of its Executive Directors. The Executive Directors' remunerations are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

The Remuneration Committee consists of the following members:

Name	Designation
Shinobu Washizawa	Chairman of the Committee (Non-Independent Non-Executive Director)
Dato' Abdullah bin Mohd Yusof	Member (Independent Non-Executive Director)
Datuk Syed Ahmad Helmy bin Syed Ahmad	Member (Independent Non-Executive Director)
Abdul Rahim bin Abdul Hamid	Member (Independent Non-Executive Director)

The Company's Remuneration Committee comprises wholly Non-Executive Directors and number at least three (3) in total. The Remuneration Committee met once during the financial year under review to discuss the remuneration packages of all Directors.

The determination of the remuneration packages is a matter for the Board as a whole. The Executive Directors concerned play no part in deciding their own remuneration but may attend the Remuneration Committee meetings at the invitation of the Chairman of the Remuneration Committee if their presence is required.



## STATEMENT OF CORPORATE GOVERNANCE

During the year under review, the Remuneration Committee reviewed and recommended the remuneration of the Managing Director and Executive Director of the Company for Board's approval pursuant to the Terms of Reference of Remuneration Committee. The Non-Executive Directors' fees have also been reviewed and recommended by the Remuneration Committee to the Board for Board to seek shareholders' approval at the Company's forthcoming AGM pursuant to the Articles of Association of the Company.

The breakdown of the remuneration of the Directors during the financial year under review is as follows:

- Aggregate remuneration of the Directors categorised into appropriate components:

	Executive Directors RM'000	Non-Executive Directors RM'000
Fees	–	1,070
Salaries	1,462	–
Benefits-in-kind	41	26
<b>Total</b>	<b>1,503</b>	<b>1,096</b>

- The number of Directors of the Company in each remuneration band is as follows:

Range of Remuneration	Number of Directors		Total
	Executive	Non-Executive	
Less than RM100,000	–	5	5
RM100,001 – RM150,000	–	3	3
RM150,000 – RM200,000	–	1	1
RM250,001 – RM300,000	–	1	1
RM500,001 – RM550,000	1	–	1
RM950,000 – RM1,000,000	1	–	1
<b>Total</b>	<b>2</b>	<b>10*</b>	<b>12</b>

- \* Remuneration of Non-Executive Directors included the remuneration paid for the Non-Executive Directors who resigned or retired during the year under review.

### PRINCIPLE 3 - Reinforce Independence of the Board

The Board is mindful on the importance of independence and objectivity in its decision making process which is in line with MCCG 2012.

The roles of the Chairman and the Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board whilst the Managing Director is responsible for day-to-day management of the business with powers, discretions and delegations authorised from time to time by the Board. The detail of the responsibilities of the Managing Director is clearly set out in the Board Charter.

## STATEMENT OF CORPORATE GOVERNANCE

The Board delegates to the Managing Director who is supported by an Executive Management team, implements the Company's strategic plan, policies and decision adopted by the Board to achieve the Group's objective of creating long-term value for its shareholders through excelling in customer service and providing sustainable best-in-industry performance in retail industry, community, reputation and environment impact.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business. The Board, via Nomination Committee assesses each Director's independence to ensure ongoing compliance with this requirement annually.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

Dato' Abdullah bin Mohd Yusof is the Independent Non-Executive Chairman of the Board who provides a strong leadership and responsible for ensuring the adequacy and effectiveness of the Board's governance process.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years tenure. Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative term of nine (9) years.

The Board further wishes to highlight that in accordance with the Company's Articles of Association, all the Directors are subject to retirement at the AGM every year.

### PRINCIPLE 4 - Foster commitment of Directors

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agenda with due notice issued and board papers and reports are prepared by the Management to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

STATEMENT OF  
CORPORATE GOVERNANCE

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:

No	Name	Number of Board meetings attended/held during the Director's term in office
1.	Dato' Abdullah bin Mohd Yusof (Independent Non-Executive Chairman)	4/4
2.	Shinobu Washizawa (Appointed as Non-Independent Non-Executive Vice Chairman on 22 April 2015)	3/3
3.	Nur Qamarina Chew binti Abdullah (Managing Director)	4/4
4.	Poh Ying Loo (Executive Director)	4/4
5.	Mitsuru Nakata (Non-Independent Non-Executive Director)	4/4
6.	Datuk Syed Ahmad Helmy bin Syed Ahmad (Independent Non-Executive Director)	3/4
7.	Dato' Tunku Putra Badlishah Ibni Tunku Annuar (Independent Non-Executive Director)	4/4
8.	Abdul Rahim bin Abdul Hamid (Independent Non-Executive Director)	4/4
9.	Charles Tseng @ Charles Tseng Chia Chun (Independent Non-Executive Director)	4/4
10.	Kenji Horii (Appointed as Non-Independent Non-Executive Director on 21 May 2015)	3/3
11.	Naoki Hayashi (Retired at the Thirtieth Annual General Meeting held on 21 May 2015)	1/1
12.	Nagahisa Oyama (Resigned as Non-Independent Non-Executive Vice Chairman on 22 April 2015)	1/1

The Board, via Nomination Committee reviewed annually the time commitment of the Directors and ensures that they are able to carry out their own responsibilities and contributions to the Board. It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the board of five listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.



## STATEMENT OF CORPORATE GOVERNANCE

In order to enable Directors to sustain active participation in board deliberations, the Directors have access to continuing education programmes or trainings. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings, details as set out in pages 35 to 36 of this Statement.

Furthermore, the Directors from time to time visited existing stores and/or new sites to familiarise and have a thorough understanding of the Group's operations.

### PRINCIPLE 5 - Uphold integrity in financial reporting by the Company

The Board upholds the integrity in financial reporting. The Audit and Risk Management Committee ("ARMC") is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the financial condition or affairs of the business. The ARMC is also responsible in ensuring that the financial statements of the Company and the Group comply with the applicable financial reporting standards in Malaysia.

The ARMC also provides a forum for communication between the Board, Management and both the Internal and External Auditors and provides a conduit to the Board on audit, risk management and compliance matters.

The ARMC comprises three members of whom majority are Independent and all are Non-Executive Directors, with En. Abdul Rahim bin Abdul Hamid as the ARMC Chairman. The composition of the ARMC, including its roles and responsibilities, number of meetings and attendance of ARMC, summary of ARMC activities and Internal Auditors's activities during the financial year under review are set out on pages 42 to 46 under Audit and Risk Management Committee Report of this Annual Report.

In the financial year under review, the ARMC held two (2) meetings with the Internal Auditors without the presence of the Management to allow the Internal Auditors discuss any issues arising from the internal audit activities or any other matters, which the Internal Auditors wished to raise to ensure the effectiveness of the Internal Audit function.

The Board recognised the value of an effective ARMC in ensuring the Company and the Group's financial statements are reliable source of financial information by establishing the procedures, via the ARMC, in assessing the suitability and independence of the External Auditors. The External Auditors have confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

### PRINCIPLE 6 - Recognise and Manage Risks

The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework policy and overseeing the Group's strategic risk management and internal control framework.

The ARMC assists the Board in discharging these responsibilities by overseeing and reviewing the risk management framework and the effectiveness of risk management of the Group. The ARMC processes are designed to establish a proactive framework and dialogue in which the ARMC, the Management and External and Internal Auditors review and assess the risk management framework. The Risk Management Working Committee reports to ARMC on quarterly basis.

The ARMC met with External Auditors twice a year without the presence of the Management during the financial year to allow discussion of any issues arising from the audit exercise or any other matters, which the External Auditors wished to raise.

The Board has established an independent internal audit function previously that reports directly to the ARMC. The scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, is provided in the ARMC Report set out on pages 47 to 48 of this Annual Report.

## STATEMENT OF CORPORATE GOVERNANCE

### PRINCIPLE 7 – Ensure timely and high quality disclosure

The Board has formalised a pertinent corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the MMLR, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the MMLR of Bursa Securities.

The Board has established a dedicated section for corporate information on the Company's website ([www.aeonretail.com.my](http://www.aeonretail.com.my)) where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed.

### PRINCIPLE 8 – Strengthen relationship between the Company and shareholders

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities's objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

Besides highlighting retail business promotional activities, the Company's website ([www.aeonretail.com.my](http://www.aeonretail.com.my)) also contains all announcements made to Bursa Securities as well as the contact details of designated persons to cater to any queries.

During the AGM, there was a presentation on the Group's performance and major activities that were carried out by the Group during the financial year under review. During the meeting, shareholders have the opportunities to enquire and comment on the Group's performance and operations.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

During the last AGM, the Executive Director also provided shareholders with a brief review on the Group's financial performance and operations. The Chairman also shared with shareholders at the meeting, responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

All the resolutions set out in the Notice of the Thirtieth AGM were put to vote by show of hands and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

## TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### COMMITTEE MEMBER

### Designation

• Abdul Rahim bin Abdul Hamid	Chairman (Independent Non-Executive Director)
• Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
• Mitsuru Nakata	Member (Non-Independent Non-Executive Director)

### CONSTITUTION

The Board hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Management Committee with the following terms of reference.

### COMPOSITION OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Committee shall be appointed by the Board from among its members and shall consists of not less than three (3) members of whom a majority shall be Independent Directors and all shall be Non-Executive Directors.

The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least three (3) years' working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of the associations of accountants specified in Part II of the said Schedule or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternate director shall be appointed as a member of the Committee.

The Committee shall elect a chairperson from amongst its members. In the event that a member of the Audit and Risk Management Committee resigns, dies or for any other reason ceases to be a member, with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

The Board shall review the terms of office and performance of Committee members at least once in every three (3) years.

### MEETINGS

The Committee shall meet at least four (4) times a year. In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the Internal or External Auditors to consider any matter within the scope and responsibilities of the Committee.

The Committee shall meet at least two (2) times a year with the External Auditors and/or the Internal Auditor without presence of any Executive Board members, management or employees.

### QUORUM

A quorum shall consist of a majority of committee members present at the meeting who are Independent Directors. In the absence of the Chairman, the members present at the meeting shall elect a Chairman for the meeting from amongst the members present.



## TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### ATTENDANCE AT MEETINGS

The Head of Finance, the Head of Internal Audit, the Company Secretaries, the Head of Legal, the Senior Finance Manager and a representative of the External Auditors shall normally attend meetings. However, the Committee shall invite any person to be in attendance to assist it in its deliberations.

Non-member Directors shall not attend unless specifically invited to by the Committee.

The Audit and Risk Management Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit and Risk Management Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

### SECRETARY TO AUDIT AND RISK MANAGEMENT COMMITTEE

The Company Secretaries shall be the Secretary of the Committee and shall be responsible for drawing up the agenda in consultation of the Chairperson. The agenda together with the relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting.

The Secretary shall be responsible for recording attendance of all members and invitees, keeping minutes of the meeting of the Committee, circulating them to Committee members and to the other members of the Board of Directors and for ensuring compliance with Bursa Securities' requirements.

### AUTHORITY

The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference.
- Have resources, which are reasonably required to enable it to perform its duties.
- Have full and unrestricted access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- Have direct communication channels with the External Auditors, the Internal Auditor and Senior Management of the Group.
- Obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- Convene meetings with the External Auditors at least twice a year, excluding the attendance of the Executive Board members, whenever deemed necessary.
- Convene meetings with the Internal Auditors, excluding the attendance of the Executive Board members, whenever deemed necessary.

### REPORTING PROCEDURES

The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's Annual Report.

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

## TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board.
- The review shall focus on: -
  - Any changes in accounting policies and practices.
  - Major judgmental areas.
  - Significant audit adjustments from the External Auditors.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements.
- To review with the External Auditors their audit plan, scope and nature of audit for the Group.
- To review and discuss the External and Internal Auditors' audit reports, areas of concern arising from the audit and any other matters the External and Internal Auditors may wish to discuss in the absence of management, if necessary.
- To assess the adequacy and effectiveness of the risk management processes, system of internal controls and accounting control procedures of the Group.
- To review External Auditors' management letters and management responses.
- To discuss problems and reservations arising from the audits and any matters the auditors may wish to discuss including the assistance given by the employees in the absence of management, if necessary.
- To review the internal audit plan, consider the major findings of Internal Audit, fraud investigations and actions and steps taken by management in response to audit findings.
- To review the adequacy and relevance of the scope, functions and resources of Internal Audit and the necessary authority to carry out its work, including any appraisal or assessment of the competency of the internal audit function.
- To take cognisance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To review any related party transactions and conflict of interest situations that may arise within the Group.
- To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board.
- To review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the Annual Report and report the same to the Board.
- To review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process.
- To review the effectiveness of internal control systems deployed by the Management to address those risks.
- To review and recommend corrective measures undertaken to remedy failings and/or weaknesses.
- To review and further monitor principal risks that may affect the Company directly or indirectly that if deemed necessary, recommend additional course of actions to mitigate such risks.
- Communication and monitoring of risk assessment results to the Board.

### OVERSEEING THE INTERNAL AUDIT FUNCTION

The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by Internal Audit as it deems fit. The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

All proposals by management regarding the appointment and transfer or dismissal of the Head of Internal Audit shall require the prior approval of the Committee.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the Audit and Risk Management Committee Report for the financial year ended 31 December 2015.

### COMPOSITION

The Audit and Risk Management Committee comprises the following members:

Name	Designation
Abdul Rahim bin Abdul Hamid	Chairman (Independent Non-Executive Director)
Charles Tseng @ Charles Tseng Chia Chun	Member (Independent Non-Executive Director)
Mitsuru Nakata	Member (Non-Independent Non-Executive Director)

### TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year under review, there were no changes to the terms of reference of the Audit and Risk Management Committee.

The Board shall review the terms of office and performance of the Audit and Risk Management Committee and each of its members at least once every three (3) years to determine whether the Audit and Risk Management Committee and the members have carried out their duties in accordance with the terms of reference. During the financial year under review, the Board had reviewed the terms of office and performance of the Audit and Risk Management Committee and each of the Audit and Risk Management Committee members.

### MEETINGS

During the financial year under review, the Audit and Risk Management Committee convened four (4) meetings. The attendance records of the members of the Audit and Risk Management Committee are as follows:

Name	Number of meetings attended/held during the member's term in office
Abdul Rahim bin Abdul Hamid – Chairman	4/4
Charles Tseng @ Charles Tseng Chia Chun	4/4
Mitsuru Nakata	4/4

The meetings were structured through the use of agenda, which were distributed to members with sufficient notification.

The Company Secretary was present in all the meetings. A representative of the External Auditors, Messrs KPMG Desa Megat & Co., the Head of Finance, the Head of Internal Audit, the Head of Legal and the Senior Finance Manager attended the meetings. The Audit and Risk Management Committee meetings were also attended by other Board members and Senior Management members as and when deemed necessary.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### SUMMARY OF THE AUDIT AND RISK MANAGEMENT COMMITTEE'S ACTIVITIES DURING THE YEAR UNDER REVIEW

During the year under review, the Audit and Risk Management Committee carried out its duties in accordance with its terms of reference as follows:

- a. Reviewed the unaudited quarterly financial results and audited financial statements for the financial year before submission to the Board for consideration and approval.
- b. Reviewed the External Auditors' scope of work and audit plan for the year.
- c. Reviewed and discussed the External Auditors' audit report of the Financial Statements and areas of concern.
- d. Considered the appointment of the External Auditors, the terms of reference of their appointment and reviewed the External Auditor's independence and their audit fees.
- e. Reviewed the internal audit plan, considered the major findings of Internal Audit, fraud investigations and actions taken by management in response to the audit findings.
- f. Assessed the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group by reviewing the internal audit findings and management actions taken and External Auditors' management letter and management responses.
- g. Reviewed the adequacy and relevance of scope, functions and resources of Internal Audit and that it has the necessary authority to carry out its work.
- h. Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the review procedures established to monitor the related party transactions have been complied with in accordance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").
- i. Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.
- j. Monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- k. Reviewed the risks identified by Risk Management Working Committee to ascertain the adequacy of actions taken to address and mitigate the risks.
- l. Reviewed and discussed the Japanese Sarbanes Oxley (J-SOX) Compliance Assessment Progress Report for the Group.
- m. Engaged an external consultant to work together with the Risk Management Working Committee to review the risk management framework of the Group.

In the financial year under review, the Audit and Risk Management Committee held two (2) meetings with the External Auditors without the presence of the management, to allow the External Auditors to discuss any issues arising from the audit exercise or any other matters, which the External Auditors wished to raise.

During the year under review, the Internal Audit Department had effectively carried out the following activities:

- a. Presented and obtained approval from Audit and Risk Management Committee, the annual internal audit plan, its audit strategy and audit scope of work.
- b. Reviewed and analysed certain key business processes identified in the annual audit plan, reported ineffective and inadequate controls, and made recommendations to improve their effectiveness.
- c. Monitored and ensured management implemented corrective action plans.
- d. Monitored compliance with policies, procedures, rules and regulations.
- e. Reviewed the adequacy and effectiveness of the internal control structures of the Company.
- f. Assisted the Board of Directors and Management on compliance matters required by the Malaysian Code on Corporate Governance 2012.
- g. Assisted the Board of Directors and Management by reviewing the risk policy and control strategies in the organisation.
- h. Assisted the Risk Management Working Committee on internal and operational audits.
- i. Carried out investigative assignments.
- j. Continued inculcating good risk management practices throughout the Company.
- k. Reviewed the related party transactions and reports to ascertain that the review procedures established to monitor the related party transactions have complied with the Main Market Listing Requirements of Bursa Securities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## BOARD'S RESPONSIBILITIES

The Board recognises its responsibilities over the Group's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investment and the Group's assets.

The Board has an established on-going process for identifying, evaluating and managing the significant risks encountered by the Group. The Board through its Audit and Risk Management Committee regularly reviews this process.

In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate the risk of failure to achieve the Company's corporate objectives.

The Audit and Risk Management Committee assists the Board to review the adequacy and effectiveness of the system of internal controls in the Group and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board. The Audit and Risk Management Committee presents its findings to the Board.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group during the financial year under review and up to the date of this Statement.

## INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee, assisted by the in-house Internal Audit Department, provides the Board with the assurance it requires on the adequacy and effectiveness of the system of internal controls. In the year under review, the total cost incurred for the Internal Audit Function was RM871,543. The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit and Risk Management Committee on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Group's business on the basis of an annual internal audit plan that was presented and approved by the Audit and Risk Management Committee. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Company.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

The Board is responsible for managing the key business risks of the Group and implementing appropriate internal control system to manage those risks. The Board reviewed the adequacy and effectiveness of the system of internal controls as it operated during the year under review.

The following are the key elements of the Group's risk management and system of internal controls:

- The management structure of the Group formally defines lines of responsibility and delegation of authority for all aspect of the Group's affairs. Senior management and business unit's managers submit and present their operational performance reviews as well as business plans and strategic measures in monthly Divisional Head Meetings and Store and Shopping Centre Managers' Meetings;
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Company's performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Group encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The Audit and Risk Management Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad;
- The Internal Audit Department periodically audits the effectiveness and evaluates the proper functioning of the internal control system to ascertain compliance with the control procedures and policies of the Group . The Head of Internal Audit reports to Audit and Risk Management Committee on the conditions of internal control systems on a quarterly basis;
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Group;
- The Risk Management Working Committee has been established to review the risk management process with the business operating units which include risk identification, assessment, mitigation and monitoring; and
- The Head of Internal Audit has been appointed to provide an independent assessment of the adequacy of the risk management process. Periodically, he reports to the Audit and Risk Management Committee on the effectiveness of the risk management.

All the above-mentioned processes have been in place and provide reasonable assurance on the effectiveness of the risk management and internal control systems.

### CONCLUSION

The Board reviewed the adequacy and effectiveness of the system of internal controls and risk management that provides reasonable assurance to the Group in achieving its business objectives. As the development of a sound system of internal controls is an on-going process, the Board and the Management maintain an on-going commitment and continue to take appropriate measures to strengthen the risk management and internal control environment of the Group .

The Board is in the view that the risk management and internal control systems have been in place for the year under review and up to the date of approval of this statement is adequate and effective to safeguard the shareholders' investment, the interest of customers, regulators and employees, and the Group assets.

## ADDITIONAL COMPLIANCE INFORMATION

pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year (not being contracts entered into in the ordinary course of business) except as disclosed below and in Notes 29 to the financial statements under "Related Parties" on pages 104 to 106 of this Annual Report.

### NON-AUDIT FEES

The amount of non-audit fees paid and payable to External Auditors and its affiliates during the financial year ended 31 December 2015 was RM597,000 comprising advisory, review and tax services.

### SHARE BUY-BACK

There was no share buy-back effected during the financial year ended 31 December 2015.

### OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Group during the financial year ended 31 December 2015.

### DEPOSITORY RECEIPT PROGRAMME

The Group did not sponsor any Depository Receipt Programme during the financial year ended 31 December 2015.

### IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies, which were material during the financial year ended 31 December 2015.

### PROFIT GUARANTEE

There were no profit guarantees during the financial year ended 31 December 2015.

### CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Group involving Directors' and major shareholders' interests during the financial year ended 31 December 2015.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Thirtieth Annual General Meeting ("AGM") held on Thursday, 21 May 2015, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2015 is set out on pages 105 to 106 of the Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY

The disclosure on the Corporate Social Responsibility ("CSR") activities or practices undertaken during the financial year ended 31 December 2015 is stated on pages 9 to 16 of the Annual Report.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

pursuant to Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors is responsible for ensuring that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of their financial performance and cash flows for the year then ended.

The Board is also responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 1965, the Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory bodies.

In preparing the annual audited financial statements, the Directors and Management have ascertained that the relevant accounting policies and reasonable prudent judgement and estimates have been consistently applied. The Directors and Management also have a general responsibility for taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

# FINANCIAL **STATEMENTS**

for the year ended 31 December 2015

## DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation, whilst the principal activity of the subsidiary is as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	133,407	137,159
Non-controlling interests	(1,736)	–
	131,671	137,159

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

### DIVIDEND

Since the end of the previous financial year, the Company paid a final ordinary dividend of 5.0 sen per ordinary share totalling RM70,200,000 in respect of the financial year ended 31 December 2014 on 8 July 2015.

An ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2015 is 4.0 sen per ordinary share totalling RM56,160,000 subject to the approval of the members at the forthcoming Annual General Meeting of the Company.



## DIRECTORS' REPORT

for the year ended 31 December 2015

### DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Abdullah bin Mohd Yusof	
Nur Qamarina Chew binti Abdullah	
Poh Ying Loo	
Mitsuru Nakata	
Datuk Syed Ahmad Helmy bin Syed Ahmad	
Dato' Tunku Putra Badlishah Ibni Tunku Annuar	
Abdul Rahim bin Abdul Hamid	
Charles Tseng @ Charles Tseng Chia Chun	
Shinobu Washizawa	(Appointed on 22 April 2015)
Kenji Horii	(Appointed on 21 May 2015)
Nagahisa Oyama	(Resigned on 22 April 2015)
Naoki Hayashi	(Retired on 21 May 2015)

### DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Shareholdings in which Directors have direct interest</b>				
Interest of Dato' Abdullah bin Mohd Yusof in:				
AEON CO. (M) BHD.	2,080,000	—	(10,000)	2,070,000
AEON Credit Service (M) Berhad	260,180	—	(200,000)	60,180
Interest of Poh Ying Loo in:				
AEON CO. (M) BHD.	124,000	—	—	124,000
AEON Credit Service (M) Berhad	1,200	—	—	1,200
Interest of Mitsuru Nakata in:				
AEON CO. (M) BHD.	28,000	—	—	28,000
AEON Co., Ltd.	10,493	—	—	10,493
<b>Shareholdings in which Directors have deemed interest</b>				
Interest of Dato' Abdullah bin Mohd Yusof in:				
AEON CO. (M) BHD.	3,500,000	—	(645,000)	2,855,000
AEON Credit Service (M) Berhad	92,000	—	(41,000)	51,000
Interest of Poh Ying Loo in:				
AEON CO. (M) BHD.	96,000	—	—	96,000

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' REPORT

for the year ended 31 December 2015

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

## DIRECTORS' REPORT

for the year ended 31 December 2015

### OTHER STATUTORY INFORMATION (continued)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### AUDITORS

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Dato' Abdullah bin Mohd Yusof**

**Nur Qamarina Chew binti Abdullah**

Kuala Lumpur

Date: 8 April 2016

## STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	3,032,092	2,608,538	3,020,411	2,600,120
Intangible assets	4	18,393	10,019	17,822	9,323
Investment in a subsidiary	5	–	–	31,500	31,500
Investments in associates	6	7,108	6,811	9,200	9,200
Available-for-sale investments	7	36,842	37,152	36,842	37,152
Other assets	8	16,208	15,781	15,917	15,199
<b>Total non-current assets</b>		<b>3,110,643</b>	<b>2,678,301</b>	<b>3,131,692</b>	<b>2,702,494</b>
Inventories	9	577,517	518,842	569,898	513,081
Receivables, deposits and prepayments	10	70,870	86,119	70,814	86,299
Tax recoverable		3,908	–	3,908	–
Cash and cash equivalents	11	213,857	76,742	190,809	38,645
Assets classified as held for sale	12	65,508	–	65,508	–
<b>Total current assets</b>		<b>931,660</b>	<b>681,703</b>	<b>900,937</b>	<b>638,025</b>
<b>Total assets</b>		<b>4,042,303</b>	<b>3,360,004</b>	<b>4,032,629</b>	<b>3,340,519</b>
<b>Equity</b>					
Share capital		702,000	702,000	702,000	702,000
Fair value reserve		35,812	36,122	35,812	36,122
Retained earnings		1,095,787	1,032,580	1,103,862	1,036,903
<b>Equity attributable to owners of the Company</b>	13	<b>1,833,599</b>	<b>1,770,702</b>	<b>1,841,674</b>	<b>1,775,025</b>
<b>Non-controlling interests</b>		<b>10,935</b>	<b>12,671</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>1,844,534</b>	<b>1,783,373</b>	<b>1,841,674</b>	<b>1,775,025</b>
<b>Liabilities</b>					
Borrowings	14	79,167	–	79,167	–
Other liabilities	15	6,771	7,769	6,664	7,769
Deferred tax liabilities	16	21,151	19,299	21,151	19,299
<b>Total non-current liabilities</b>		<b>107,089</b>	<b>27,068</b>	<b>106,982</b>	<b>27,068</b>
Borrowings	14	690,705	136,400	690,705	136,400
Payables and accruals	17	1,399,975	1,409,670	1,393,268	1,398,533
Taxation		–	3,493	–	3,493
<b>Total current liabilities</b>		<b>2,090,680</b>	<b>1,549,563</b>	<b>2,083,973</b>	<b>1,538,426</b>
<b>Total liabilities</b>		<b>2,197,769</b>	<b>1,576,631</b>	<b>2,190,955</b>	<b>1,565,494</b>
<b>Total equity and liabilities</b>		<b>4,042,303</b>	<b>3,360,004</b>	<b>4,032,629</b>	<b>3,340,519</b>

The notes on pages 62 to 118 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	2015 RM'000	Group 2014 RM'000	2015 RM'000	Company 2014 RM'000
<b>Continuing operations</b>					
Revenue	18	3,834,640	3,705,477	3,816,110	3,703,518
Other operating income		9,170	31,962	9,094	31,960
Change in inventories		58,244	57,327	56,386	51,566
Net purchases		(2,395,114)	(2,315,413)	(2,381,733)	(2,308,238)
Staff costs		(272,817)	(261,124)	(267,862)	(260,576)
Depreciation of property, plant and equipment	3	(212,296)	(178,258)	(210,933)	(178,057)
Amortisation of intangible assets	4	(4,641)	(5,253)	(4,495)	(5,229)
Operating expenses		(790,188)	(732,579)	(782,813)	(729,857)
<b>Results from operating activities</b>	19	226,998	302,139	233,754	305,087
Interest expense		(18,452)	(3,889)	(18,452)	(3,889)
Interest income		1,998	2,653	1,027	2,468
Share of profit of equity-accounted associates, net of tax		297	424	–	–
<b>Profit before tax</b>		210,841	301,327	216,329	303,666
Tax expense	21	(79,170)	(89,450)	(79,170)	(89,450)
<b>Profit for the year</b>		131,671	211,877	137,159	214,216
<b>Other comprehensive income, net of tax</b>					
<b>Item that is or may be reclassified subsequently to profit or loss</b>					
Fair value of available-for-sale financial assets	22	(310)	(8,421)	(310)	(8,421)
<b>Total comprehensive income</b>		131,361	203,456	136,849	205,795
<b>Profit attributable to:</b>					
Owners of the Company		133,407	212,706	137,159	214,216
Non-controlling interests		(1,736)	(829)	–	–
<b>Profit for the year</b>		131,671	211,877	137,159	214,216
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		133,097	204,285	136,849	205,795
Non-controlling interests		(1,736)	(829)	–	–
<b>Total comprehensive income for the year</b>		131,361	203,456	136,849	205,795
Basic earnings per ordinary share (sen)	23	9.50	15.15	9.77	15.26

The notes on pages 62 to 118 are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	<-----Attributable to owners of the Company----->					
	<---Non-distributable--->			Distributable		
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2014</b>	351,000	44,543	1,248,094	1,643,637	–	1,643,637
Fair value of available-for-sale financial assets	–	(8,421)	–	(8,421)	–	(8,421)
Profit for the year	–	–	212,706	212,706	(829)	211,877
<b>Total comprehensive income for the year</b>	–	(8,421)	212,706	204,285	(829)	203,456
Final dividend in respect of year ended 31 December 2013 (Note 24)	–	–	(77,220)	(77,220)	–	(77,220)
Issuance of shares to non-controlling interests	–	–	–	–	13,500	13,500
Bonus issue (Note 13)	351,000	–	(351,000)	–	–	–
<b>At 31 December 2014/ 1 January 2015</b>	702,000	36,122	1,032,580	1,770,702	12,671	1,783,373
Fair value of available-for-sale financial assets	–	(310)	–	(310)	–	(310)
Profit for the year	–	–	133,407	133,407	(1,736)	131,671
<b>Total comprehensive income for the year</b>	–	(310)	133,407	133,097	(1,736)	131,361
Final dividend in respect of year ended 31 December 2014 (Note 24)	–	–	(70,200)	(70,200)	–	(70,200)
<b>At 31 December 2015</b>	702,000	35,812	1,095,787	1,833,599	10,935	1,844,534
	Note 13	Note 13				

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Company	<-----Attributable to owners of the Company----->			
	<---Non-distributable--->	Distributable		
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2014</b>	351,000	44,543	1,250,907	1,646,450
Fair value of available-for-sale financial assets	–	(8,421)	–	(8,421)
Profit for the year	–	–	214,216	214,216
<b>Total comprehensive income for the year</b>	–	(8,421)	214,216	205,795
Final dividend in respect of year ended 31 December 2013 (Note 24)	–	–	(77,220)	(77,220)
Bonus issue (Note 13)	351,000	–	(351,000)	–
<b>At 31 December 2014/1 January 2015</b>	702,000	36,122	1,036,903	1,775,025
Fair value of available-for-sale financial assets	–	(310)	–	(310)
Profit for the year	–	–	137,159	137,159
<b>Total comprehensive income for the year</b>	–	(310)	137,159	136,849
Final dividend in respect of year ended 31 December 2014 (Note 24)	–	–	(70,200)	(70,200)
<b>At 31 December 2015</b>	702,000	35,812	1,103,862	1,841,674
	Note 13	Note 13		

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		210,841	301,327	216,329	303,666
Adjustments for:					
Amortisation of intangible assets	4	4,641	5,253	4,495	5,229
Depreciation of property, plant and equipment	3	212,296	178,258	210,933	178,057
Dividend income		(1,841)	(1,591)	(1,841)	(1,591)
Impairment loss on property, plant and equipment	3.1	2,003	–	2,003	–
Gain on disposal of:					
- property, plant and equipment		(1,013)	(736)	(1,013)	(736)
- assets classified as held for sale		–	(14,243)	–	(14,243)
Interest expense		18,452	3,889	18,452	3,889
Interest income		(1,998)	(2,653)	(1,027)	(2,468)
Property, plant and equipment written off		777	810	777	810
Share of results of associates		(297)	(424)	–	–
<b>Operating profit before changes in working capital</b>		443,861	469,890	449,108	472,613
Changes in working capital:					
Inventories		(58,675)	(58,117)	(56,817)	(52,356)
Receivables, deposits and prepayments		2,813	(20,737)	2,758	(20,335)
Payables and accruals		(6,429)	81,977	(2,106)	70,840
<b>Cash generated from operations</b>		381,570	473,013	392,943	470,762
Tax paid		(84,719)	(108,379)	(84,719)	(108,379)
<b>Net cash from operating activities</b>		296,851	364,634	308,224	362,383
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(ii)	(700,027)	(671,239)	(695,401)	(662,620)
Acquisition of intangible assets	4	(9,452)	(5,026)	(9,431)	(4,306)
Deposit paid as part of purchase consideration for acquisition of land	10	(4,850)	(21,431)	(4,850)	(21,431)
Deposit refunded for cancellation of acquisition of land	10	2,819	–	2,819	–
Investment in a subsidiary	5	–	–	–	(31,500)
Proceeds from disposal of assets classified as held for sale		–	19,250	–	19,250
Proceeds from disposal of property, plant and equipment		3,115	3,959	3,115	3,959
Dividend received		1,841	1,591	1,841	1,591
Interest received		1,998	2,653	1,027	2,468
<b>Net cash used in investing activities</b>		(704,556)	(670,243)	(700,880)	(692,589)

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		769,872	136,400	769,872	136,400
Proceeds from issuance of shares to non-controlling interests		–	13,500	–	–
Repayment of borrowings		(136,400)	–	(136,400)	–
Dividend paid to owners of the Company		(70,200)	(77,220)	(70,200)	(77,220)
Interest paid		(18,452)	(3,889)	(18,452)	(3,889)
<b>Net cash generated from financing activities</b>		544,820	68,791	544,820	55,291
<b>Net increase/(decrease) in cash and cash equivalents</b>		137,115	(236,818)	152,164	(274,915)
<b>Cash and cash equivalents at 1 January</b>		76,742	313,560	38,645	313,560
<b>Cash and cash equivalents at 31 December</b>	(i)	213,857	76,742	190,809	38,645

### (i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash and bank balances	11	41,291	28,154	36,244	26,057
Deposits with licensed financial institutions	11	172,566	48,588	154,565	12,588
		213,857	76,742	190,809	38,645

### (ii) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM714,067,000 (2014: RM740,391,000) and RM709,441,000 (2014: RM731,772,000) respectively. In these costs, RM14,040,000 (2014: RM69,152,000) were transferred from other receivables for deposits paid for the acquisition of land.

The notes on pages 62 to 118 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

AEON CO. (M) BHD. is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office which is also the principal place of business is as follows:

3rd Floor, AEON Taman Maluri Shopping Centre  
Jalan Jejaka, Taman Maluri  
Cheras  
55100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiary (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates. The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in the operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation.

The holding company during the financial year is AEON Co., Ltd., a company incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors on 8 April 2016.

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*



## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION (continued)

#### (a) Statement of compliance (continued)

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

##### **MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 11 and Amendments to MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

#### (i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

#### (ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2. As at 31 December 2015, the Group's and the Company's current liabilities exceeded its current assets by RM1,159,020,000 and RM1,183,036,000 respectively.

The Group and the Company have established an Islamic Commercial Papers Programme with a limit up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement (see note 31). Together with operations, the Directors are of the opinion that the Group will be able to generate sufficient cash flows to meet its liabilities as and when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION (continued)

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Property, plant and equipment
- Note 15 - Other liabilities
- Note 17.2 - Deferred revenue

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiary

Subsidiary is an entity, including structured entity, controlled by the Company. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(a) Basis of consolidation (continued)****(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**(iii) Acquisitions of non-controlling interests**

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

**(iv) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

**(v) Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

**(c) Financial instruments****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

***Financial assets*****(a) Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement (continued)

###### *Financial assets (continued)*

###### *(b) Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

Loans and receivables and available-for-sale financial assets are subject to review for impairment (see Note 2(i)).

###### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.



NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) Financial instruments (continued)****(iii) Derecognition (continued)**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(d) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other operating income” and “operating expenses” respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Property, plant and equipment (continued)

##### (iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	74 - 97 years
• Buildings	25 - 50 years
• Structures	10 years
• Office equipment	10 years
• Machinery and equipment	3 - 10 years
• Furniture, fixtures and fittings	5 years
• Motor vehicles	5 years
• IT equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

#### (e) Leased assets

##### (i) Finance leases

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

##### (ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the Group's and Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Intangible assets****(i) Recognition and measurement**

Intangible assets represent software and franchise fees acquired by the Group and the Company and are stated at cost less any accumulated amortisation and any impairment losses.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**(iii) Amortisation**

Amortisation is based on the cost of an asset less its residual value.

Intangible assets are amortised from the date they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives for the current and comparative periods are as follows:

- |                        |              |
|------------------------|--------------|
| • capitalised software | 3 to 5 years |
| • franchise fees       | 15 years     |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost comprises the weighted average cost of merchandise derived at by using the Retail Inventory Method. Weighted average cost includes related charges incurred in purchasing such merchandise.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sales.

**(h) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Impairment

##### (i) Financial assets

All financial assets (except for investment in a subsidiary and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

##### (ii) Other assets

The carrying amounts of other assets (except for inventories and assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Impairment (continued)****(ii) Other assets (continued)**

Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(j) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(k) Employee benefits****Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Revenue

##### (i) Retail sales - goods sold, commission and distribution charges earned

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Distribution centre charges earned is included as part of revenue.

When the Group or the Company acts in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission made by the Group or the Company.

##### (ii) Property management services

Revenue from shopping mall operation which include rental income, service charge, sales commission and car park charges. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as revenue.

#### (m) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (n) Interest income and borrowing costs

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



NOTES TO THE  
FINANCIAL STATEMENTS**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(o) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Earnings per share**

The Group and the Company present basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

**(q) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case are the Managing Director and Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(r) Asset classified as held for sale**

Non-current assets that are expected to be recovered primarily through sales rather than through continuing use are classified as held for sale.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Asset classified as held for sale (continued)

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequently gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

#### (s) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### Provision for restoration cost

A provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

#### (t) Deferred revenue

##### (i) Customer loyalty awards

The Group operates the customer loyalty programme, which allows customers to accumulate points when they purchase products at the Group's stores and these points are redeemable for gift vouchers.

The consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed. The consideration allocated to the points issued is measured at fair value of the points. It is recognised as a liability (deferred revenue) in the statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number of points expected to be redeemed.

##### (ii) Customer rebates

Members are awarded with rebates at the point of sale made at AEON general merchandising stores. These customer rebates are redeemable for gift vouchers every six months. It is recognised as a liability (deferred revenue) in the statement of financial position and recognised as revenue when gift vouchers are redeemed by customers when they purchase products at AEON general merchandising stores.

On an annual basis, fair value of the deferred revenue will be estimated by reference to the monetary value attributable to the customer rebates and redemption profile.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE  
FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>										
At 1 January 2014	522,966	956,047	342,193	15,793	734,342	387,641	9,384	42,763	160,034	3,171,113
Additions	13,614	59,113	84,052	1,165	99,674	90,511	790	12,007	379,465	740,391
Disposals	-	-	(527)	(29)	(466)	(16)	(740)	(599)	-	(2,377)
Written off	-	-	(8,083)	(358)	(15,545)	(27,039)	-	(144)	-	(51,169)
Transfer in/(out)	57,897	51,621	24,427	-	65,013	2,374	-	-	(201,332)	-
At 31 December 2014/										
1 January 2015	594,477	1,066,781	442,062	16,571	883,018	453,471	9,384	54,027	338,167	3,857,958
Additions	59,673	3,373	30,415	573	71,708	30,804	681	7,788	509,052	714,067
Disposals	-	-	(2,065)	-	(249)	(15)	(2,478)	-	-	(4,807)
Written off	-	(27)	(4,391)	(244)	(10,398)	(9,258)	(75)	(227)	-	(24,620)
Reversal of provision for restoration cost (Note 15)	-	(4,264)	-	-	-	-	-	-	-	(4,264)
Transfer in/(out)	14,040	-	21,579	45	11,860	2,366	-	433	(50,343)	-
Transfer to intangible assets (Note 4)	-	-	-	-	-	-	-	-	(3,563)	(3,563)
Transfer to assets held for sale (Note 12)	(25,188)	(37,470)	(2,996)	(337)	(19,341)	(7,228)	(93)	(257)	-	(92,910)
At 31 December 2015	643,002	1,028,393	484,604	16,608	936,598	470,160	7,419	61,764	793,313	4,441,861

NOTES TO THE  
FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>										
At 1 January 2014										
- Accumulated depreciation	27,244	178,578	159,710	8,944	429,841	266,328	6,064	24,323	-	1,101,032
- Accumulated impairment loss	-	-	6,848	638	6,266	7,732	-	224	-	21,708
	27,244	178,578	166,558	9,582	436,107	274,060	6,064	24,547	-	1,122,740
Depreciation for the year	3,498	21,106	31,664	1,279	71,225	40,697	1,167	7,622	-	178,258
Disposals	-	-	(44)	(8)	(218)	(15)	(717)	(217)	-	(1,219)
Written off	-	-	(2,355)	(142)	(11,186)	(20,471)	-	(47)	-	(34,201)
Written off of impairment loss	-	-	(5,676)	(208)	(3,773)	(6,409)	-	(92)	-	(16,158)
At 31 December 2014/										
1 January 2015										
- Accumulated depreciation	30,742	199,684	188,975	10,073	489,662	286,539	6,514	31,681	-	1,243,870
- Accumulated impairment loss	-	-	1,172	430	2,493	1,323	-	132	-	5,550
	30,742	199,684	190,147	10,503	492,155	287,862	6,514	31,813	-	1,249,420
Depreciation for the year	3,498	22,302	39,520	1,310	85,416	51,228	1,042	7,980	-	212,296
Impairment loss	-	-	2,003	-	-	-	-	-	-	2,003
Disposals	-	-	(135)	-	(148)	(15)	(2,407)	-	-	(2,705)
Written off	-	(7)	(4,348)	(231)	(9,759)	(9,203)	(75)	(220)	-	(23,843)
Transfer to assets held for sale (Note 12)	-	(4,309)	(1,564)	(182)	(14,071)	(6,966)	(93)	(217)	-	(27,402)
At 31 December 2015										
- Accumulated depreciation	34,240	217,670	222,448	10,970	551,100	321,583	4,981	39,224	-	1,402,216
- Accumulated impairment loss	-	-	3,175	430	2,493	1,323	-	132	-	7,553
	34,240	217,670	225,623	11,400	553,593	322,906	4,981	39,356	-	1,409,769

NOTES TO THE  
FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Carrying amounts</b>										
At 1 January 2014	495,722	777,469	175,635	6,211	298,235	113,581	3,270	18,216	160,034	2,048,373
At 31 December 2014/ 1 January 2015	563,735	867,097	251,915	6,068	390,863	165,609	2,870	22,214	338,167	2,608,538
At 31 December 2015	608,762	810,723	258,981	5,208	383,005	147,254	2,438	22,408	793,313	3,032,092

NOTES TO THE  
FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>										
At 1 January 2014	522,966	956,047	342,193	15,793	734,342	387,641	9,334	42,763	160,034	3,171,113
Additions	13,614	59,113	80,406	1,117	97,797	88,038	788	11,434	379,465	731,772
Disposals	-	-	(527)	(29)	(466)	(16)	(740)	(599)	-	(2,377)
Written off	-	-	(8,083)	(358)	(15,545)	(27,039)	-	(144)	-	(51,169)
Transfer in/(out)	57,897	51,621	24,427	-	65,013	2,374	-	-	(201,332)	-
At 31 December 2014/										
1 January 2015	594,477	1,066,781	438,416	16,523	881,141	450,998	9,382	53,454	338,167	3,849,339
Additions	59,673	3,159	29,737	565	71,549	30,547	681	7,764	505,766	709,441
Disposals	-	-	(2,065)	-	(249)	(15)	(2,478)	-	-	(4,807)
Written off	-	(27)	(4,391)	(244)	(10,398)	(9,258)	(75)	(227)	-	(24,620)
Reversal of provision for restoration cost (Note 15)	-	(4,264)	-	-	-	-	-	-	-	(4,264)
Transfer in/(out)	14,040	-	21,579	45	11,860	2,268	-	433	(50,225)	-
Transfer to intangible assets (Note 4)	-	-	-	-	-	-	-	-	(3,563)	(3,563)
Transfer to assets held for sale (Note 12)	(25,188)	(37,470)	(2,996)	(337)	(19,341)	(7,228)	(93)	(257)	-	(92,910)
At 31 December 2015	643,002	1,028,179	480,280	16,552	934,562	467,312	7,417	61,167	790,145	4,428,616



NOTES TO THE  
FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>										
At 1 January 2014	27,244	178,578	159,710	8,944	429,841	266,328	6,064	24,323	-	1,101,032
- Accumulated depreciation	-	-	6,848	638	6,266	7,732	-	224	-	21,708
- Accumulated impairment loss										
Depreciation for the year	27,244	178,578	166,558	9,582	436,107	274,060	6,064	24,547	-	1,122,740
Disposals	3,498	21,106	31,603	1,278	71,187	40,615	1,167	7,603	-	178,057
Written off	-	-	(44)	(8)	(218)	(15)	(717)	(217)	-	(1,219)
Written off of impairment loss	-	-	(2,355)	(142)	(11,186)	(20,471)	-	(47)	-	(34,201)
	-	-	(5,676)	(208)	(3,773)	(6,409)	-	(92)	-	(16,158)
At 31 December 2014/ 1 January 2015	30,742	199,684	188,914	10,072	489,624	286,457	6,514	31,662	-	1,243,669
- Accumulated depreciation	-	-	1,172	430	2,493	1,323	-	132	-	5,550
- Accumulated impairment loss										
Depreciation for the year	30,742	199,684	190,086	10,502	492,117	287,780	6,514	31,794	-	1,249,219
Impairment loss	3,498	22,295	39,094	1,305	85,169	50,666	1,042	7,864	-	210,933
Disposals	-	-	2,003	-	-	-	-	-	-	2,003
Written off	-	-	(135)	-	(148)	(15)	(2,407)	-	-	(2,705)
Transfer to assets held for sale (Note 12)	-	(7)	(4,348)	(231)	(9,759)	(9,203)	(75)	(220)	-	(23,843)
	-	(4,309)	(1,564)	(182)	(14,071)	(6,966)	(93)	(217)	-	(27,402)
At 31 December 2015	34,240	217,663	221,961	10,964	550,815	320,939	4,981	39,089	-	1,400,652
- Accumulated depreciation	-	-	3,175	430	2,493	1,323	-	132	-	7,553
- Accumulated impairment loss										
	34,240	217,663	225,136	11,394	553,308	322,262	4,981	39,221	-	1,408,205

## NOTES TO THE FINANCIAL STATEMENTS

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Land RM'000	Buildings RM'000	Structures RM'000	Office equipment RM'000	Machinery and equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	IT equipment RM'000	Construction work-in- progress RM'000	Total RM'000
<b>Carrying amounts</b>										
At 1 January 2014	495,722	777,469	175,635	6,211	298,235	113,581	3,270	18,216	160,034	2,048,373
At 31 December 2014/ 1 January 2015	563,735	867,097	248,330	6,021	389,024	163,218	2,868	21,660	338,167	2,600,120
At 31 December 2015	608,762	810,516	255,144	5,158	381,254	145,050	2,436	21,946	790,145	3,020,411

NOTES TO THE  
FINANCIAL STATEMENTS**3. PROPERTY, PLANT AND EQUIPMENT (continued)****3.1 Impairment loss**

In 2015, historical losses from a store caused the Group and the Company to assess the recoverable amount of the store's related plant and equipment.

The recoverable amount of the loss-making store estimated based on value in use method, was as follows:

<b>Group and Company</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Recoverable amount	25,074	–

The estimate of value in use was determined using a pre-tax discount rate of 7.4%.

The impairment loss of RM2,003,000 with respect to the plant and equipment (part of Retailing operating segment) was recognised in operating expenses in the statements of profit or loss and other comprehensive income.

**3.2 Land**

Included in the carrying amounts of land are:

<b>Group and Company</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Freehold land	321,235	272,709
Leasehold land with unexpired lease period of more than 50 years	287,527	291,026
	608,762	563,735

**3.3 Sale and leaseback**

In the previous year, the Group and the Company had completed the disposal of 18.18% of undivided share of the land, building and structures of AEON Taman Universiti Shopping Centre ("J-REIT Share") to AEON REIT Investment Corporation ("J-REIT"). The Group and the Company further agreed with J-REIT to undertake an operating lease of J-REIT Share to continue using the entirety of the property for a period of 10 years based on the monthly rent stated in the lease agreement with an option to renew for a further 10 years.

**3.4 Written off of impairment loss**

In the previous year, the Group and the Company had closed down two AEON stores resulting in a write off of RM16,158,000. This amount was written off against impairment loss recognised in prior years.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. INTANGIBLE ASSETS

Group	Note	Information technology software RM'000	Franchise fees RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2014		30,442	585	31,027
Additions		5,026	–	5,026
Disposal		(9,097)	–	(9,097)
At 31 December 2014/1 January 2015		26,371	585	26,956
Additions		9,452	–	9,452
Transfer from construction work-in-progress	3	3,563	–	3,563
At 31 December 2015		39,386	585	39,971
<b>Accumulated amortisation</b>				
At 1 January 2014		18,622	94	18,716
Amortisation for the year		5,214	39	5,253
Disposal		(7,032)	–	(7,032)
At 31 December 2014/1 January 2015		16,804	133	16,937
Amortisation for the year		4,602	39	4,641
At 31 December 2015		21,406	172	21,578
<b>Carrying amount</b>				
At 1 January 2014		11,820	491	12,311
At 31 December 2014/1 January 2015		9,567	452	10,019
At 31 December 2015		17,980	413	18,393

NOTES TO THE  
FINANCIAL STATEMENTS

## 4. INTANGIBLE ASSETS (continued)

Company	Note	Information technology software RM'000	Franchise fees RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2014		30,442	585	31,027
Additions		4,306	–	4,306
Disposal		(9,097)	–	(9,097)
At 31 December 2014/1 January 2015		25,651	585	26,236
Additions		9,431	–	9,431
Transfer from construction work-in-progress	3	3,563	–	3,563
At 31 December 2015		38,645	585	39,230
<b>Accumulated amortisation</b>				
At 1 January 2014		18,622	94	18,716
Amortisation for the year		5,190	39	5,229
Disposal		(7,032)	–	(7,032)
At 31 December 2014/1 January 2015		16,780	133	16,913
Amortisation for the year		4,456	39	4,495
At 31 December 2015		21,236	172	21,408
<b>Carrying amount</b>				
At 1 January 2014		11,820	491	12,311
At 31 December 2014/1 January 2015		8,871	452	9,323
At 31 December 2015		17,409	413	17,822

## 5. INVESTMENT IN A SUBSIDIARY

	Company	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
Unquoted shares	31,500	31,500

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENT IN A SUBSIDIARY (continued)

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2015 %	2014 %
AEON Index Living Sdn. Bhd.*	Malaysia	Furniture retailer	70	70

\* Audited by an affiliated firm of KPMG Desa Megat & Co.

#### 5.1 Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	AEON Index Living Sdn. Bhd.	
	2015 RM'000	2014 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Carrying amount of NCI	10,935	12,671
Loss allocated to NCI	(1,736)	(829)
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December</b>		
Non-current assets	12,252	9,113
Current assets	31,056	44,261
Current liabilities	(6,856)	(11,137)
Net assets	36,452	42,237
<b>Year ended 31 December</b>		
Revenue	18,530	1,959
Loss for the year	(5,785)	(2,762)
Cash flows (used in)/from operating activities	(11,373)	2,250
Cash flows used in investing activities	(3,676)	(9,153)
Cash flows from financing activities	—	45,000
Net (decrease)/increase in cash and cash equivalents	(15,049)	38,097
Dividends paid to NCI	—	—

NOTES TO THE  
FINANCIAL STATEMENTS

## 6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>At cost:</b>				
Unquoted shares	9,200	9,200	9,200	9,200
Share of post-acquisition reserves	(2,092)	(2,389)	—	—
	7,108	6,811	9,200	9,200

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective ownership interest	
			2015 %	2014 %
AEON Fantasy (Malaysia) Sdn. Bhd.	Malaysia	Operating indoor amusement park business	20	20
AEON TopValu Malaysia Sdn. Bhd.	Malaysia	Product development of AEON private brand	20	20

The summarised financial information of the Group's investments in the associates are as follows:

	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
<b>2015</b>				
AEON Fantasy (Malaysia) Sdn. Bhd.	49,743	1,487	96,326	(44,417)
AEON TopValu Malaysia Sdn. Bhd.	51,730	(3,622)	18,046	(22,303)
<b>2014</b>				
AEON Fantasy (Malaysia) Sdn. Bhd.	43,465	864	80,387	(30,409)
AEON TopValu Malaysia Sdn. Bhd.	50,202	1,254	20,106	(21,757)

AEON Fantasy (Malaysia) Sdn. Bhd. has a financial year end of 29 February, which is not coterminous with that of the Company. For the purpose of applying the equity method, the associate is accounted for using the management accounts for the period ended 31 December 2015.



## NOTES TO THE FINANCIAL STATEMENTS

### 7. AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2015	2014
	RM'000	RM'000
<b>Non-current</b>		
Quoted equities in Malaysia	36,842	37,152
Representing items:		
At fair value:		
Quoted equities in Malaysia	36,842	37,152
Market value of quoted investments	36,842	37,152

### 8. OTHER ASSETS

Other assets are rental and utility deposits relating to leased properties.

### 9. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Retail merchandise	296,220	287,780	288,601	282,019
Food and others	281,297	231,062	281,297	231,062
	577,517	518,842	569,898	513,081
Recognised in profit or loss:				
Inventories recognised as an expense	2,336,080	2,256,805	2,324,557	2,255,391
Write-down to net realisable value	790	1,281	790	1,281

The write-down is included in change in inventories.

NOTES TO THE  
FINANCIAL STATEMENTS

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade receivables		47,658	41,254	47,579	41,168
Amount due from a related company	10.1	973	797	971	791
		48,631	42,051	48,550	41,959
<b>Non-trade</b>					
Other receivables and prepayments	10.2	21,111	38,919	21,094	38,874
Amount due from a subsidiary	10.1	–	–	42	317
Amount due from related companies	10.1	1,128	5,149	1,128	5,149
		22,239	44,068	22,264	44,340
		70,870	86,119	70,814	86,299

## 10.1 Amounts due from a subsidiary and related companies

The trade amount due from a related company is unsecured, interest free and subject to normal trade terms.

The non-trade amounts due from a subsidiary and related companies are unsecured, interest free and repayable on demand.

## 10.2 Other receivables and prepayments

Included in other receivables and prepayments are deposits of RM15,541,000 (2014: RM27,550,000) paid as part of the purchase consideration for the acquisition of land for the purpose of constructing shopping malls. During the year, there was a transfer of RM14,040,000 to additions of property, plant and equipment upon the completion of the purchase of land for the Group and the Company.

## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	41,291	28,154	36,244	26,057
Deposits with licensed financial institutions	172,566	48,588	154,565	12,588
	213,857	76,742	190,809	38,645

## NOTES TO THE FINANCIAL STATEMENTS

### 12. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Group and Company 2015 RM'000	2014 RM'000
<b>Carrying amount</b>			
At 1 January		–	5,007
Transfer from property, plant and equipment	3	65,508	–
Disposal		–	(5,007)
At 31 December		65,508	–

One of the shopping malls is classified as assets held for sale following the commitment of the Group's management to a plan to dispose of the assets. Efforts to sell the assets have commenced and a sale is expected by 2016.

### 13. CAPITAL AND RESERVES

#### Share capital

	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
<b>Authorised:</b>				
Ordinary shares				
At 1 January				
- RM0.50 each	1,000,000	2,000,000	–	–
- RM1.00 each	–	–	500,000	500,000
Increase in share capital	–	–	500,000	500,000
Share split to RM0.50 each	–	–	–	1,000,000
At 31 December of RM0.50 each	1,000,000	2,000,000	1,000,000	2,000,000
<b>Issued and fully paid:</b>				
Ordinary shares				
At 1 January				
- RM0.50 each	702,000	1,404,000	–	–
- RM1.00 each	–	–	351,000	351,000
Bonus issue of RM1.00 each	–	–	351,000	351,000
Share split to RM0.50 each	–	–	–	702,000
At 31 December of RM0.50 each	702,000	1,404,000	702,000	1,404,000

NOTES TO THE  
FINANCIAL STATEMENTS**13. CAPITAL AND RESERVES (continued)****Share capital (continued)**

In the previous year, the Company:

- a) increased its authorised share capital from RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each to RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each;
- b) increased its issued and paid-up share capital from RM351,000,000 to RM702,000,000 pursuant to the issuance of bonus shares of 351,000,000 of RM1.00 each on the basis of one (1) bonus share for every one (1) existing ordinary share; and
- c) following the bonus issue, subdivision of every one (1) ordinary share into two (2) ordinary shares from 702,000,000 ordinary shares of RM1.00 each into 1,404,000,000 ordinary shares of RM0.50 each.

**Fair value reserve**

The fair value reserve relates to fair valuation of financial assets categorised as available-for-sale.

**14. BORROWINGS**

	Note	Group and Company	
		2015	2014
		RM'000	RM'000
<b>Non-current</b>			
Bank loan	14.1	79,167	–
<b>Current</b>			
Bank loan	14.1	45,833	–
Revolving credit facilities - unsecured	14.2	644,872	136,400
		690,705	136,400

14.1 The bank loan is unsecured, bears interest ranging from 4.10% to 4.20% (2014: Nil) per annum and is repayable quarterly up to 29 December 2017 and 3 December 2018.

14.2 The unsecured revolving credit facilities bear interest rates ranging from 3.70% to 4.21% (2014: 3.70% to 4.03%) per annum and are fully repayable within one month.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. OTHER LIABILITIES

	At 1.1.2015 RM'000	Additions RM'000	Reversed (Note 3) RM'000	At 31.12.2015 RM'000
<b>Group</b>				
Provision for restoration cost	7,769	3,266	(4,264)	6,771
<b>Company</b>				
Provision for restoration cost	7,769	3,159	(4,264)	6,664

Under the provision of lease agreements, the Group and the Company have an obligation to dismantle and remove structures on the site and restore those sites at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 7.4%.

### 16. DEFERRED TAX LIABILITIES

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Group and Company</b>						
Property, plant and equipment						
- capital allowance	1,485	1,979	(40,741)	(40,381)	(39,256)	(38,402)
- revaluation	-	-	(9,788)	(9,990)	(9,788)	(9,990)
Provisions	27,893	29,093	-	-	27,893	29,093
Net tax assets/(liabilities)	29,378	31,072	(50,529)	(50,371)	(21,151)	(19,299)

#### Movement in temporary differences during the year

	At 1.1.2014 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 21) RM'000	At 31.12.2015 RM'000
<b>Group and Company</b>					
Property, plant and equipment					
- capital allowance	(23,064)	(15,338)	(38,402)	(854)	(39,256)
- revaluation	(10,191)	201	(9,990)	202	(9,788)
Provisions	8,681	20,412	29,093	(1,200)	27,893
	(24,574)	5,275	(19,299)	(1,852)	(21,151)

NOTES TO THE  
FINANCIAL STATEMENTS

## 16. DEFERRED TAX LIABILITIES (continued)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated in gross):

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	5,467	1,549	–	–
Unabsorbed capital allowances	1,527	1,062	–	–
Other deductible/(taxable) temporary differences	859	(382)	–	–
	7,853	2,229	–	–

The unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation.

Deferred tax assets of a subsidiary that was suffering loss have not been recognised as management considered it not probable that sufficient future taxable profit will be available against which the benefit can be utilised.

## 17. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade payables		702,518	714,141	700,932	712,656
Amount due to an associate	17.1	9,679	15,459	9,679	15,459
Amount due to a related company	17.1	–	139	–	139
		712,197	729,739	710,611	728,254
<b>Non-trade</b>					
Other payables and accrued expenses		323,233	320,605	318,163	311,023
Deferred revenue	17.2	41,066	38,152	41,066	38,152
Progress claims by contractors		68,003	89,354	68,003	89,354
Rental and utility deposits		210,782	192,538	210,782	192,538
Amount due to holding company	17.1	30,311	30,525	30,311	30,525
Amount due to associates	17.1	1,572	1,287	1,572	1,287
Amount due to related companies	17.1	12,811	7,470	12,760	7,400
		687,778	679,931	682,657	670,279
		1,399,975	1,409,670	1,393,268	1,398,533

## NOTES TO THE FINANCIAL STATEMENTS

### 17. PAYABLES AND ACCRUALS (continued)

#### 17.1 Amounts due to holding company, associates and related companies

The amounts due to holding company, associates and related companies are unsecured, interest free and repayable on demand.

#### 17.2 Deferred revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Customer loyalty awards	32,335	29,953	32,335	29,953
Customer rebates	8,731	8,199	8,731	8,199
	41,066	38,152	41,066	38,152

The fair value of the deferred revenue is estimated by reference to the monetary value attributable to the awarded gift redemption points, rebates and redemption profile.

While the deferred revenue is based on the best estimate of future redemption profile, there is uncertainty regarding the trend of redemption. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

#### Movement in deferred revenue

The following table shows reconciliation from the opening balance to the closing balance for the deferred revenue and its components.

	At 1.1.2015 RM'000	Additions RM'000	Utilised RM'000	Reversed RM'000	At 31.12.2015 RM'000
<b>Group and Company</b>					
Customer loyalty rewards	29,953	5,928	–	(3,546)	32,335
Customer rebates	8,199	17,572	(13,338)	(3,702)	8,731
	38,152	23,500	(13,338)	(7,248)	41,066



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## 18. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods and others	2,896,785	2,796,074	2,878,255	2,794,115
Net commission from concessionaire sales	392,047	397,120	392,047	397,120
Property management services	545,808	512,283	545,808	512,283
	3,834,640	3,705,477	3,816,110	3,703,518

## 19. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration				
- audit fees				
- KPMG Malaysia	274	238	240	220
- non-audit fees				
- KPMG Malaysia	44	38	44	38
Amortisation of intangible assets	4,641	5,253	4,495	5,229
Depreciation of property, plant and equipment	212,296	178,258	210,933	178,057
Impairment loss				
- sundry receivables	27	43	27	43
- property, plant and equipment	2,003	—	2,003	—
Loss on foreign exchange				
- realised	568	—	548	—
Personnel expenses (including key management personnel)				
- contributions to Employees Provident Fund	30,808	29,104	30,515	29,081
- wages, salaries and others	242,009	232,020	237,347	231,495
Property, plant and equipment written off	777	810	777	810
Rental expense				
- land and buildings	199,497	178,845	198,248	178,202
- equipment	3,085	2,183	2,918	2,183
- fixtures and fittings	146	165	146	165
- hostel	521	351	521	351
Royalty expenses	30,319	29,330	29,791	29,271
Write down of inventories	790	1,281	790	1,281

## NOTES TO THE FINANCIAL STATEMENTS

### 19. RESULTS FROM OPERATING ACTIVITIES (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
after crediting:				
Dividend income from:				
- quoted shares in Malaysia	1,841	1,591	1,841	1,591
Gain on disposal of property, plant and equipment	1,013	736	1,013	736
Gain on disposal of asset held for sale	–	14,243	–	14,243
Gain on foreign exchange				
- realised	–	35	–	35
Property management services				
- rental income on shopping mall operation	492,099	455,459	492,099	455,459
- other property management services income	53,709	56,824	53,709	56,824
Reversal of impairment loss				
- trade receivables	847	17	847	17
Royalty income	–	–	250	39

### 20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors:				
Fees	1,070	1,070	1,070	1,070
Remuneration	1,470	1,567	1,462	1,567
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	67	86	67	86
Total short-term employee benefits	2,607	2,723	2,599	2,723

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## 21. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current tax expense</b>				
- current year	75,974	82,135	75,974	82,135
- under provision in prior year	1,344	12,590	1,344	12,590
	77,318	94,725	77,318	94,725
<b>Deferred tax expense</b>				
- reversal and origination of temporary differences	(3,803)	9,398	(3,803)	9,398
- reduction of tax rate	(881)	—	(881)	—
- under/(over) provision in prior year	6,536	(14,673)	6,536	(14,673)
	1,852	(5,275)	1,852	(5,275)
<b>Tax expense</b>	<b>79,170</b>	<b>89,450</b>	<b>79,170</b>	<b>89,450</b>
<b>Reconciliation of tax expense</b>				
Profit before tax	210,841	301,327	216,329	303,666
Tax calculated using Malaysian tax rate of 25% (2014: 25%)	52,710	75,332	54,082	75,916
Non-deductible expenses	18,934	16,237	18,894	16,237
Non-taxable income	(604)	(419)	(604)	(419)
Current year losses for which no deferred tax asset was recognised	1,350	—	—	—
Others	(201)	489	(201)	(201)
Effect of change in tax rate	(825)	—	(881)	—
Share of results of associates	(74)	(106)	—	—
	71,290	91,533	71,290	91,533
Under/(over) provision in prior year				
- current tax expense	1,344	12,590	1,344	12,590
- deferred tax expense	6,536	(14,673)	6,536	(14,673)
<b>Tax expense</b>	<b>79,170</b>	<b>89,450</b>	<b>79,170</b>	<b>89,450</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22. OTHER COMPREHENSIVE INCOME

Group and Company	2015		2014	
	Before tax RM'000	Net of tax RM'000	Before tax RM'000	Net of tax RM'000
<b>Item that is or may be reclassified subsequently to profit or loss</b>				
Fair value of available-for-sale financial assets				
- losses arising during the year	(310)	(310)	(8,421)	(8,421)
	(310)	(310)	(8,421)	(8,421)

### 23. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year attributable to owners of the Company	133,407	212,706	137,159	214,216
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	1,404,000	1,404,000	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	9.50	15.15	9.77	15.26

#### Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential diluted ordinary shares.

NOTES TO THE  
FINANCIAL STATEMENTS**24. DIVIDEND**

Dividend recognised by the Company is as follows:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2015</b>			
Final 31.12.2014 dividend	5.00	70,200	8 July 2015
.....			
<b>2014</b>			
Final 31.12.2013 dividend	22.00	77,220	11 June 2014
.....			

After the reporting period, the following dividend was proposed by the Directors:

	Sen Per share	Total amount RM'000
Final 31.12.2015 dividend	4.00	56,160
.....		

This dividend will be recognised in the subsequent financial period upon approval by the owners of the Company.

**25. OPERATING SEGMENTS**

The Group has two main reportable segments as described below, which are based on the Group's management and internal reporting structure. Results from each of the segments are reviewed regularly by the Managing Director and Board of Directors of the Group.

**Reportable segments**

The two main reportable segments are:

Retailing	The operations of a chain of departmental stores and supermarkets selling a broad range of goods ranging from clothing, food, household goods and other merchandise.
Property management services	Shopping mall operation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and related revenue, loans and borrowings and related expenses and tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 25. OPERATING SEGMENTS (continued)

Group	Retailing		Property management services		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Business segments</b>						
Revenue from external customers	3,288,832	3,193,194	545,808	512,283	3,834,640	3,705,477
<b>Total revenue</b>	3,288,832	3,193,194	545,808	512,283	3,834,640	3,705,477
<b>Segmental profit</b>	44,474	117,769	208,028	218,020	252,502	335,789
Less: Unallocated expenses					(25,504)	(33,650)
<b>Operating profit</b>					226,998	302,139
Interest expense					(18,452)	(3,889)
Interest income					1,998	2,653
Share of results of associates					297	424
<b>Profit before tax</b>					210,841	301,327
Tax expense					(79,170)	(89,450)
<b>Profit for the year</b>					131,671	211,877
<b>Segment assets</b>	1,098,618	1,066,512	2,767,212	2,244,904	3,865,830	3,311,416
Unallocated assets					176,473	48,588
<b>Total assets</b>					4,042,303	3,360,004
<b>Segment liabilities</b>	(1,072,849)	(1,078,897)	(333,897)	(338,543)	(1,406,746)	(1,417,440)
Unallocated liabilities					(791,023)	(159,191)
<b>Total liabilities</b>					(2,197,769)	(1,576,631)
Capital expenditure	75,706	235,840	596,147	440,425	671,853	676,265
Depreciation and amortisation	95,969	78,861	120,968	104,650	216,937	183,511
Non-cash (income)/expenses other than depreciation and amortisation	1,606	(185)	161	(13,984)	1,767	(14,169)

NOTES TO THE  
FINANCIAL STATEMENTS

## 25. OPERATING SEGMENTS (continued)

Company	Retailing		Property management services		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Business segments</b>						
Revenue from external customers	3,270,302	3,191,235	545,808	512,283	3,816,110	3,703,518
<b>Total revenue</b>	3,270,302	3,191,235	545,808	512,283	3,816,110	3,703,518
<b>Segmental profit</b>	49,373	118,060	208,028	218,019	257,401	336,079
Less: Unallocated expenses					(23,647)	(30,992)
<b>Operating profit</b>					233,754	305,087
Interest expense					(18,452)	(3,889)
Interest income					1,027	2,468
<b>Profit before tax</b>					216,329	303,666
Tax expense					(79,170)	(89,450)
<b>Profit for the year</b>					137,159	214,216
<b>Segment assets</b>	1,106,945	1,083,027	2,767,212	2,244,904	3,874,157	3,327,931
Unallocated assets					158,472	12,588
<b>Total assets</b>					4,032,629	3,340,519
<b>Segment liabilities</b>	(1,066,035)	(1,067,759)	(333,897)	(338,543)	(1,399,932)	(1,406,302)
Unallocated liabilities					(791,023)	(159,192)
<b>Total liabilities</b>					(2,190,955)	(1,565,494)
Capital expenditure	61,719	226,501	596,147	440,425	657,866	666,926
Depreciation and amortisation	94,460	78,636	120,968	104,650	215,428	183,286
Non-cash (income)/expenses other than depreciation and amortisation	1,606	(185)	161	(13,984)	1,767	(14,169)



## NOTES TO THE FINANCIAL STATEMENTS

### 25. OPERATING SEGMENTS (continued)

#### Geographical segment

There is no geographical information as the Group is predominantly operating in Malaysia.

### 26. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and meet regulatory requirement.

There were no changes in the Group's and the Company's approach to capital management during the year. Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Group is required to maintain shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group and the Company have complied with this requirement.

### 27. OPERATING LEASES

#### Leases as lessee

Non-cancellable operating lease rental payables are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Less than one year	182,048	181,242	180,756	179,986
Between one and five years	462,024	524,999	460,846	522,531
More than five years	351,970	424,081	351,970	424,080
	996,042	1,130,322	993,572	1,126,597

The Group and the Company lease a number of land, buildings and premises under operating leases. The leases have initial years ranging from 3 to 25 years, with options to renew the respective leases after expiry. None of the leases includes contingent rentals.

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## 28. CAPITAL COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Property, plant and equipment</b>				
Authorised but not contracted for	2,414,734	3,297,279	2,412,268	3,297,279
Contracted but not provided for and not payable:				
Within one year	531,902	516,306	522,671	516,306
One year or later and no later than five years	126,769	163,231	126,769	163,231

## 29. RELATED PARTIES

*Identity of related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, subsidiary, related companies and associates.

## NOTES TO THE FINANCIAL STATEMENTS

### 29. RELATED PARTIES (continued)

#### Significant related party transactions

The significant related party transactions of the Group and of the Company (other than key management personnel compensation as disclosed in Note 20) are as follows:

	<-----Group----->				<-----Company----->			
	Transactions value		Balance outstanding		Transactions value		Balance outstanding	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Holding company:</b>								
Royalty expenses	(29,791)	(29,271)	(29,791)	(29,271)	(29,791)	(29,271)	(29,791)	(29,271)
<b>Related companies:</b>								
Sales through AEON credit card	101,285	103,587	526	347	101,138	103,546	524	340
Sales through easy payment scheme financing	6,165	7,136	447	450	6,117	7,136	447	450
Rental income	4,188	5,178	144	835	4,188	5,178	144	835
Convertible AEON Member card point income	2,142	2,298	171	168	2,142	2,298	171	168
Support services	3,810	2,541	1,225	775	3,810	2,541	1,225	775
Retail support services	272	546	236	51	272	553	236	51
Management services	343	-	25	-	343	-	25	-
Trustee fee	24	10	-	-	24	10	-	-
Credit card sales commission expenses	(1,470)	(1,497)	-	-	(1,468)	(1,496)	-	-

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## 29. RELATED PARTIES (continued)

## Significant related party transactions (continued)

	<-----Group----->				<-----Company----->			
	Transactions value		Balance outstanding		Transactions value		Balance outstanding	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Related companies:								
Supply chain & distribution centre management fee	(35,458)	(34,379)	(9,199)	(6,279)	(35,458)	(34,379)	(9,199)	(6,279)
Purchase of merchandise	(11,277)	(7,328)	(1,586)	(1,791)	(74)	(763)	-	(139)
Purchase of consumables	(597)	-	(276)	-	(396)	-	(225)	-
Facility management service	(13,672)	(1,825)	(68)	(989)	(12,684)	(1,755)	(68)	(920)
Rental expenses	(2,060)	(1,104)	-	-	(2,060)	(1,104)	-	-
Royalty expenses	-	(59)	-	(59)	-	-	-	-
.....								
Associates:								
Purchase of merchandise	(40,275)	(38,054)	(9,135)	(15,472)	(40,275)	(38,054)	(9,135)	(15,472)
Rental income	9,492	7,840	113	20	9,485	7,840	113	20
Retail support services	-	3	-	-	-	3	-	-
Dividend income	-	-	-	-	-	-	-	-
.....								
Subsidiary:								
Royalty income	-	-	-	-	250	39	250	39
.....								

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS

#### 30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and
- (c) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2015</b>			
<b>Financial assets</b>			
<b>Group</b>			
Available-for-sale investments	36,842	–	36,842
Receivables and deposits (excluding prepayments)	67,448	67,448	–
Cash and cash equivalents	213,857	213,857	–
	318,147	281,305	36,842
<b>Company</b>			
Available-for-sale investments	36,842	–	36,842
Receivables and deposits (excluding prepayments)	67,392	67,392	–
Cash and cash equivalents	190,809	190,809	–
	295,043	258,201	36,842
<b>Financial liabilities</b>			
<b>Group</b>			
Borrowings	(769,872)	(769,872)	–
Payables and accruals (excluding deferred revenue)	(1,358,909)	(1,358,909)	–
	(2,128,781)	(2,128,781)	–
<b>Company</b>			
Borrowings	(769,872)	(769,872)	–
Payables and accruals (excluding deferred revenue)	(1,352,202)	(1,352,202)	–
	(2,122,074)	(2,122,074)	–

NOTES TO THE  
FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (continued)

## 30.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (OL) RM'000	AFS RM'000
<b>2014</b>			
<b>Financial assets</b>			
<b>Group</b>			
Available-for-sale investments	37,152	–	37,152
Receivables and deposits (excluding prepayments)	81,992	81,992	–
Cash and cash equivalents	76,742	76,742	–
	195,886	158,734	37,152
<b>Company</b>			
Available-for-sale investments	37,152	–	37,152
Receivables and deposits (excluding prepayments)	82,171	82,171	–
Cash and cash equivalents	38,645	38,645	–
	157,968	120,816	37,152
<b>Financial liabilities</b>			
<b>Group</b>			
Borrowings	(136,400)	(136,400)	–
Payables and accruals (excluding deferred revenue)	(1,371,518)	(1,371,518)	–
	(1,507,918)	(1,507,918)	–
<b>Company</b>			
Borrowings	(136,400)	(136,400)	–
Payables and accruals (excluding deferred revenue)	(1,360,381)	(1,360,381)	–
	(1,496,781)	(1,496,781)	–

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30.2 Net (loss)/gain arising from financial instruments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets				
- recognised in other comprehensive income	(310)	(8,421)	(310)	(8,421)
Loans and receivables	2,818	2,627	1,847	2,442
Financial liabilities measured at amortised cost	(19,020)	(3,854)	(19,000)	(3,854)
	(16,512)	(9,648)	(17,463)	(9,833)

#### 30.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 30.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer, tenant or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arise from its shopping mall tenants and credit card receivables.

##### **Receivables**

##### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on shopping mall tenants and the Group and the Company require all tenants to place adequate security deposits as stipulated under the tenancy agreement. In terms of its credit card receivables, which are basically from banking institutions, the Group and the Company have in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

##### *Exposure to credit risk and credit quality*

As at the end of the reporting period, the Group and the Company do not have any major concentration of credit risk on its shopping mall tenants or credit card receivables and the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. These receivables are credit card receivables from banking institution and regular tenants that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE  
FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (continued)

## 30.4 Credit risk (continued)

*Receivables (continued)**Impairment losses*

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2015</b>			
Not past due	39,466	—	39,466
Past due 0 - 30 days	1,382	—	1,382
Past due 31 - 120 days	1,500	—	1,500
Past due more than 120 days	5,832	(522)	5,310
	48,180	(522)	47,658
<b>2014</b>			
Not past due	38,783	—	38,783
Past due 0 - 30 days	764	—	764
Past due 31 - 120 days	350	—	350
Past due more than 120 days	2,726	(1,369)	1,357
	42,623	(1,369)	41,254
<b>Company</b>			
<b>2015</b>			
Not past due	39,387	—	39,387
Past due 0 - 30 days	1,382	—	1,382
Past due 31 - 120 days	1,500	—	1,500
Past due more than 120 days	5,832	(522)	5,310
	48,101	(522)	47,579
<b>2014</b>			
Not past due	38,697	—	38,697
Past due 0 - 30 days	764	—	764
Past due 31 - 120 days	350	—	350
Past due more than 120 days	2,726	(1,369)	1,357
	42,537	(1,369)	41,168

Other receivables, rental and utility deposits are neither past due nor impaired. Therefore, these receivables are stated at their realisable values.



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## 30. FINANCIAL INSTRUMENTS (continued)

## 30.4 Credit risk (continued)

*Receivables (continued)**Impairment losses (continued)*

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 January	1,369	1,386
Impairment loss recognised	69	89
Impairment loss reversed	(916)	(106)
At 31 December	522	1,369

## 30.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arise principally from its various payables, loans and borrowings.

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company monitor and maintain a level of cash and cash equivalents and banking facilities that are deemed adequate by management for the Group's and the Company's operational needs and mitigate effects of fluctuations in cash flows and liquidity. The Group's and the Company's deposits are also placed with licensed financial institutions which are highly liquid.

The Group and the Company have established an Islamic Commercial Papers Programme with a limit up to RM300.0 million and an Islamic Medium Term Notes Programme with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement (see note 31). Together with operations, the Directors are of the opinion that the Group will be able to generate sufficient cash flows from its operations to meet its liabilities as and when they fall due.

It is not expected that the cash flows included in maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE  
FINANCIAL STATEMENTS

## 30. FINANCIAL INSTRUMENTS (continued)

## 30.5 Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	2 to 5 years RM'000
<b>2015</b>					
<b>Group</b>					
Revolving credit	644,872	3.70 – 4.21	645,646	645,646	–
Bank loan	125,000	4.10 – 4.20	132,789	50,202	82,587
Payables and accruals	1,358,909	–	1,358,909	1,358,909	–
	2,128,781		2,137,344	2,054,757	82,587
<b>Company</b>					
Revolving credit	644,872	3.70 – 4.21	645,646	645,646	–
Bank loan	125,000	4.10 – 4.20	132,789	50,202	82,587
Payables and accruals	1,352,202	–	1,352,202	1,352,202	–
	2,122,074		2,130,637	2,048,050	82,587
<b>2014</b>					
<b>Group</b>					
Borrowings	136,400	3.70 – 4.03	136,400	136,400	–
Payables and accruals	1,371,518	–	1,371,518	1,371,518	–
	1,507,918		1,507,918	1,507,918	–
<b>Company</b>					
Borrowings	136,400	3.70 – 4.03	136,400	136,400	–
Payables and accruals	1,360,381	–	1,360,381	1,360,381	–
	1,496,781		1,496,781	1,496,781	–

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other prices that will affect the Group's and the Company's financial position or cash flows.

##### 30.6.1 Interest rate risk

The Group's and the Company's exposure to interest rate risk relates to its short-term borrowings such as overdraft and trade financing facilities. Interest-earning financial assets are mainly deposits placed with financial institutions that generate interest income.

*Risk management objectives, policies and processes for managing the risk*

The management monitors closely the prevailing interest rates at regular intervals and ensure that the Group and the Company obtain competitive rates for its banking facilities, interest earning deposits and short term borrowings.

In view of the competitive rates that are available from the prevailing banking facilities granted to the Group and the Company to finance its working capital requirements and the prevailing low interest rate scenario, the interest rate risk is not expected to have a material impact on the Group and the Company.

*Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
<i>Financial asset</i>				
Deposits placed with licensed financial institutions	172,566	48,588	154,565	12,588
<i>Financial liabilities</i>				
Revolving credit	644,872	136,400	644,872	136,400
Bank loan	125,000	—	125,000	—

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (continued)

#### 30.6 Market risk (continued)

##### 30.6.1 Interest rate risk (continued)

###### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### 30.6.2 Foreign currency risk

The Group and the Company do not have any significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia.

##### 30.6.3 Other price risk

Equity price risk arises from the Group's and the Company's investments in equity securities.

###### *Risk management objectives, policies and processes for managing the risk*

The Group's and the Company's equity investments are monitored regularly and subject to periodical review. Transaction decisions are approved by the Board.

###### *Equity price risk sensitivity analysis*

A 1% (2014: 1%) increase in the market price of the investment as at the end of the reporting period would have increased equity by RM368,000 (2014: RM372,000). A 1% (2014: 1%) decrease in market price would have had equal but opposite effect on equity.

#### 30.7 Fair value of financial instruments

##### 30.7.1 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term borrowings and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE  
FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (continued)

### 30.7 Fair value of financial instruments (continued)

### 30.7.1 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Group</b>										
<b>2015</b>										
<b>Financial asset</b>										
Investment in quoted equities	36,842	-	-	36,842	-	-	-	-	36,842	36,842
<b>Financial liability</b>										
Bank loan	-	-	-	-	-	-	104,612	104,612	104,612	125,000
<b>2014</b>										
<b>Financial asset</b>										
Investment in quoted equities	37,152	-	-	37,152	-	-	-	-	37,152	37,152

**30.7 Fair value of financial instruments (continued)**

### 30.7.1 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1			Total	Level 1			Total		
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000			
2015										
Financial asset										
Investment in quoted equities	36,842	-	-	36,842	-	-	-	-	36,842	36,842
Financial liability										
Bank loan	-	-	-	-	-	-	104,612	104,612	104,612	125,000
2014										
Financial asset										
Investment in quoted equities	37,152	-	-	37,152	-	-	-	-	37,152	37,152

## NOTES TO THE FINANCIAL STATEMENTS

### 30. FINANCIAL INSTRUMENTS (CONTINUED)

#### 30.7 Fair value of financial instruments (continued)

##### 30.7.1 Fair value information (continued)

##### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### Level 1 fair value

##### *Investment in quoted equities*

The fair value of investment in quoted equities is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either direction).

##### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

##### Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Bank loan	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

### 31. SUBSEQUENT EVENT

On 24 February 2016, the Company announced a proposal to establish an Islamic Commercial Papers Programme ("ICP Programme") with a limit of up to RM300.0 million and an Islamic Medium Term Notes Programme ("IMTN Programme") with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement (collectively, the "Sukuk Programmes").

The Sukuk Programmes was approved and authorised by the Securities Commission Malaysia ("SC") via its letter dated 18 November 2015 subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Sukuk issued by the SC.

The ICP Programme shall have a tenure of seven (7) years from the date of first issue of ICP. Each ICP shall have maturities of any tenure from one (1) to twelve (12) months from the date of issuance, as the Company may select, provided that the ICP mature on or prior to the expiry of the ICP Programme. The IMTN Programme shall have a tenure of fifteen (15) years from the date of first issue of IMTN. Each IMTN shall have maturities of any tenure of more than one (1) year and up to ten (10) years, as the Company may select, provided that the IMTN mature on or prior to the expiry of the IMTN Programme.

Proceeds from the issuance of the Sukuk Programmes shall be utilised by the Company for financing capital expenditure and/or working capital, expansion and/or acquisition, refinance existing Islamic financing and/or borrowing and defray expenses in setting up the Sukuk Programmes.

NOTES TO THE  
FINANCIAL STATEMENTS**32. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings:				
- realised	1,077,884	1,012,420	1,086,364	1,017,536
- unrealised	16,810	19,364	17,498	19,367
Total share of retained earnings of associates:				
- realised	1,093	796	—	—
Total retained earnings	1,095,787	1,032,580	1,103,862	1,036,903

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.



## STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 56 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 32 on page 118 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Dato' Abdullah bin Mohd Yusof**

**Nur Qamarina Chew binti Abdullah**

Kuala Lumpur

Date: 8 April 2016

## STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Poh Ying Loo**, the Director primarily responsible for the financial management of AEON CO. (M) BHD., do solemnly and sincerely declare that the financial statements set out on pages 56 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 8 April 2016.

**Poh Ying Loo**

Before me:

## INDEPENDENT AUDITORS' REPORT

to the members of AEON CO. (M) BHD.

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AEON CO. (M) BHD., which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 117.

#### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## INDEPENDENT AUDITORS' REPORT

to the members of AEON CO. (M) BHD.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 32 on page 118 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG Desa Megat & Co.**  
Firm Number: AF 0759  
Chartered Accountants

**Ong Beng Seng**  
Approval Number: 2981/05/16(J)  
Chartered Accountant

Petaling Jaya

Date: 8 April 2016

## ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-up Share Capital	:	RM702,000,000
Class of Shares	:	Ordinary Share of RM0.50 each
Voting Rights	:	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Shares Held
1 - 99	245	3.35	3,690	0.00
100 - 1,000	1,775	24.23	1,335,573	0.10
1,001 - 10,000	4,048	55.26	17,042,407	1.21
10,001 - 100,000	1,092	14.91	30,669,960	2.19
100,001 - 70,199,999 (*)	162	2.21	441,190,770	31.42
70,200,000 and above (**)	3	0.04	913,757,600	65.08
Total	7,325	100.00	1,404,000,000	100.00

Notes: \* Less than 5% of Issued Shareholdings  
 \*\* 5% and above of Issued Shareholdings

## SUBSTANTIAL SHAREHOLDERS

as Per Register of Substantial Shareholders as at 31 March 2016

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
1	AEON Co., Ltd.	725,640,000	51.68	—	—
2	Aberdeen Asset Management PLC and its subsidiaries (together "The Group") on behalf of account managed by The Group	270,236,800	19.25	—	—
3	Mitsubishi UFJ Financial Group, Inc	—	—	270,923,828 <sup>i</sup>	19.30
4	Aberdeen Asset Management Asia Limited	200,522,400 <sup>ii</sup>	14.28	—	—
5	Employees Provident Fund Board	118,215,600 <sup>iii</sup>	8.42	—	—
6	Aberdeen International Fund Managers Limited	123,435,900 <sup>ii</sup>	8.79	—	—
7	Aberdeen Asset Managers Limited	99,130,100 <sup>ii</sup>	7.06	—	—

Notes: <sup>i</sup> Mitsubishi UFJ Financial Group, Inc is deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc's wholly owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% in Aberdeen Asset Management PLC.  
<sup>ii</sup> The disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.  
<sup>iii</sup> 24,802,300 Ordinary Shares of RM0.50 each are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN)

## DIRECTORS' INTEREST

as Per Register of Directors' Shareholdings as at 31 March 2016

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
1	Dato' Abdullah bin Mohd Yusof	2,070,000	0.15	2,740,000 *	0.20
2	Shinobu Washizawa	—	—	—	—
3	Nur Qamarina Chew binti Abdullah	—	—	—	—
4	Poh Ying Loo	124,000	0.01	96,000 **	0.01
5	Mitsuru Nakata	28,000	Negligible	—	—
6	Datuk Syed Ahmad Helmy bin Syed Ahmad	—	—	—	—
7	Dato' Tunku Putra Badlishah Ibni Tunku Annuar	—	—	—	—
8	Abdul Rahim bin Abdul Hamid	—	—	—	—
9	Charles Tseng @ Charles Tseng Chia Chun	—	—	—	—
10	Kenji Horii	—	—	—	—
11	Nagahisa Oyama <sup>i</sup>	80,000	0.01	—	—
12	Naoki Hayashi <sup>ii</sup>	—	—	—	—

Notes: \* Indirect interest pursuant to Section 6A of the Companies Act, 1965  
 \*\* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965  
<sup>i</sup> Mr Nagahisa Oyama has resigned on 22 April 2015 as Director of the Company  
<sup>ii</sup> Mr Naoki Hayashi has retired at the Annual General Meeting held on 21 May 2015 as Director of the Company

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS

as at 31 March 2016

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES HELD
1.	AEON CO., LTD.	716,040,000	51.00
2.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	123,435,900	8.79
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	74,281,700	5.29
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	50,265,500	3.58
5.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	27,880,000	1.99
6.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	27,103,600	1.93
7.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	25,706,900	1.83
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	24,802,300	1.77
9.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	23,241,200	1.66
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	22,173,300	1.58
11.	SYARIKAT MALURI SDN BHD	14,920,000	1.06
12.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	12,397,900	0.88
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	11,056,900	0.79
14.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	10,042,000	0.71
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	9,615,000	0.68
16.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR NOMURA SECURITIES CO LTD (CLIENT AC)	9,600,000	0.68
17.	ROSHAYATI BINTI BASIR	9,240,000	0.66
18.	ROZILAWATI BINTI HAJI BASIR	9,240,000	0.66
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	7,057,000	0.50
20.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	6,975,100	0.50
21.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A. (2)	6,821,000	0.49
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	6,074,700	0.43
23.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMEL AIF-UK)	5,626,800	0.40
24.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENTS UCITS)	5,159,300	0.37
25.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR INVESCO ASEAN EQUITY FUND	5,000,000	0.36
26.	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETS SMALLCAP (DANSKE INVEST)	4,989,400	0.36
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	4,960,700	0.35
28.	HIDENORI FUTAGI	4,800,000	0.34
29.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	4,762,500	0.34
30.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND DRQF FOR ABERDEEN EMERGING MARKETS SMALLER COMPANY OPPORTUNITIES FUND, INC.	4,337,900	0.31
<b>Total</b>		<b>1,267,606,600</b>	<b>90.29</b>

## PARTICULARS OF PROPERTIES

as at 31 December 2015

Details of AEON's properties as at 31 December 2015 are set out below:

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2015 (RM'000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land/ Existing two-storey shopping centre Extension/Renovation with rooftop car park	436,036/ 200,316 179,989	February 1995 (R)	24 17½	99 years expiring on 19/12/2089	46,168
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	368,516/ 666,694	February 1995 (R)	23½	95 years expiring on 28/03/2085	71,480
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Leasehold land/ Two-storey shopping centre and two-storey car park	643,753/ 691,414	June 1994 (A)/ October 1995 (C)	20	99 years expiring on 09/05/2093	53,528
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre including covered car park	377,490/ 483,299	April 2002 (A)/ August 2002 (C)	13½	Freehold	21,066
Lot 62232, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	409,577/ 906,497	January 2004 (C)	12	99 years expiring on 25/08/2103	77,851
Lot PTD 114179, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with basement car park	1,308,035/ 1,468,693	March 2004 (A)/ January 2006 (C)	10	Freehold	141,471
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)/	9	99 years expiring on 12/04/2103	74,068
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre and two-storey car park	113,451/ 893,819	April 2004 (A)/ December 2006 (C)		Freehold	
Lot 5106, Mukim Ulu Kelang, Kuala Lumpur.	Leasehold land/ Two-storey shopping centre with basement car park	631,620/ 895,449	March 2007 (A)/ December 2008 (C)	7	87 years expiring on 05/04/2083	126,105

## PARTICULARS OF PROPERTIES

as at 31 December 2015

Details of AEON's properties as at 31 December 2015 are set out below: (continued)

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 31/12/2015 (RM'000)
Lot 136962, Mukim Pulau, District of Johor Bahru, Johor Darul Takzim.	Freehold land/ Three-storey shopping centre with open car park	1,645,671/ 845,634	October 2007 (A)/ December 2008 (C)	7	Freehold	228,391
PT Plot 55919, Mukim Cheras, District of Ulu Langat, Selangor Darul Ehsan.	Freehold land/ Two-storey shopping centre with rooftop car park	304,920/ 299,979	December 2008 (A)/ May 2010 (C)	5½	Freehold	58,348
PT 239099, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan.	Leasehold land/ Three-storey shopping centre with two-storey car park	755,855/ 1,287,504	June 2010 (A)/ March 2012 (C)	4	99 years expiring on 03/11/2109	122,197
Lot 106273, Mukim Kulai, Daerah Kulaijaya, Johor Darul Takzim.	Freehold land/ Two-storey shopping centre with two-storey car park	793,623/ 911,842	December 2011 (A)/ November 2013 (C)	2	Freehold	101,871
Lot 31009, Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang.	Freehold land/ Three-storey shopping centre with rooftop and open car park	784,834/ 750,235	August 2011 (A)/ June 2014 (C)	1½	Freehold	148,442
Lot 2437 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan.	Leasehold land	818,273	December 2012 (A)	–	99 years expiring on 26/10/2103	91,021
PTD 181046, Mukim Tebrau, Daerah Johar Bahru, Johor Darul Takzim.	Freehold land	910,235	December 2015 (A)	–	Freehold	73,726



## AEON STORES, AEON MALLS AND MAXVALU

### CENTRAL



#### AEON TAMAN MALURI

Jalan Jejaka, Taman Maluri, Cheras,  
55100 Kuala Lumpur.  
Tel: 03-9285 5222

#### AEON TAMAN MALURI SHOPPING CENTRE

Tel: 03-9200 1004



#### AEON WANGSA MAJU

Jalan R1, Seksyen 1, Bandar Baru Wangsa Maju,  
53300 Kuala Lumpur.  
Tel: 03-4149 7666

#### ALPHA ANGLE SHOPPING CENTRE

Tel: 03-4149 5288



#### AEON MID VALLEY

AT3 Mid Valley Megamall, Mid Valley City,  
Lingkaran Syed Putra, 59200 Kuala Lumpur.  
Tel: 03-2284 4800



#### AEON METRO PRIMA

No. 1, Jalan Metro Prima,  
52100 Kepong, Kuala Lumpur.  
Tel: 03-6257 2121

#### AEON MALL METRO PRIMA

Tel: 03-6259 1122



#### AEON AU2 SETIAWANGSA

No. 6, Jalan Taman Setiawangsa (Jalan 37/56),  
AU2, Taman Keramat, 54200 Kuala Lumpur.  
Tel: 03-4257 8840

#### AEON MALL AU2 SETIAWANGSA

Tel: 03-4257 2533



#### AEON @ QUILL CITY MALL

Lot LG-21, G-30, 1-30,  
2-40 and 3-63 Kompleks Beli-Belah Quill,  
No. 1018, Jalan Sultan Ismail, 50250 Kuala Lumpur.  
Tel: 03-2602 1798



#### AEON BANDAR UTAMA

No. 1, Leboh Bandar Utama,  
Bandar Utama, Damansara,  
47800 Petaling Jaya, Selangor Darul Ehsan.  
Tel: 03-7726 6266



#### AEON BANDAR BARU KLANG

Persiaran Bukit Raja 2, Bandar Baru Klang,  
41150 Klang, Selangor Darul Ehsan.  
Tel: 03-3343 9366

#### AEON MALL BUKIT RAJA

Tel: 03-3343 2166



#### AEON BANDAR PUCHONG

Lot G40, IOI Mall, Batu 9,  
Jalan Puchong, Bandar Puchong Jaya,  
47100 Puchong, Selangor Darul Ehsan.  
Tel: 03-8070 1200



#### AEON CHERAS SELATAN

Lebuhr Tun Hussein Onn,  
43200 Balakong, Selangor Darul Ehsan.  
Tel: 03-9080 3018

#### AEON MALL CHERAS SELATAN

Tel: 03-9080 3498



#### AEON TAMAN EQUINE

No. 2, Jalan Equine, Taman Equine,  
Bandar Putra Permai,  
43300 Seri Kembangan, Selangor Darul Ehsan.  
Tel: 03-8941 3700

#### AEON TAMAN EQUINE SHOPPING CENTRE

Tel: 03-8945 2700



#### AEON BANDAR SUNWAY

LG 1.111, Sunway Pyramid,  
No. 3, Jalan PJS 11/15, Bandar Sunway,  
46150 Petaling Jaya, Selangor Darul Ehsan.  
Tel: 03-5637 3720



#### AEON BUKIT TINGGI

No. 1, Persiaran Batu Nilam 1/KS 6,  
Bandar Bukit Tinggi 2,  
41200 Klang, Selangor Darul Ehsan.  
Tel: 03-3326 2330

#### AEON MALL BUKIT TINGGI

Tel: 03-3326 2370



#### AEON MAHKOTA CHERAS

Jalan Temenggung 21/9,  
Persiaran Mahkota Cheras 1, Bandar Mahkota Cheras,  
43200 Cheras, Selangor Darul Ehsan.  
Tel: 03-9080 3562

#### AEON MAHKOTA CHERAS SHOPPING CENTRE

Tel: 03-9080 3579



#### AEON RAWANG

No. 1, Persiaran Anggun, Taman Anggun,  
48000 Rawang, Selangor Darul Ehsan.  
Tel: 03-6091 0671

#### AEON MALL RAWANG ANGGUN

Tel: 03-6092 0678



#### AEON SHAH ALAM

No. 1, Jalan Akuatik 13/64, Seksyen 13,  
40100 Shah Alam, Selangor Darul Ehsan.  
Tel: 03-5523 1383

#### AEON MALL SHAH ALAM

Tel: 03-5523 6131



#### PASAR RAYA MAXVALU DESA PARKCITY

Lot No. GF22, Ground Floor,  
The Waterfront @ Desa ParkCity,  
5, Persiaran Residen, Desa ParkCity,  
52200 Kuala Lumpur.  
Tel: 03-6280 7790



#### PASAR RAYA MAXVALU DAMANSARA DAMAI

C-1-05, Park Avenue, Jalan PJU 10/1,  
PJU 10, Damansara Damai,  
47830 Petaling Jaya, Selangor Darul Ehsan.  
Tel: 03-6157 1432



#### PASAR RAYA MAXVALU AMPANG

Petronas Service Station, Jalan Kolam Ayer Lama,  
Taman Dato' Ahmad Razali,  
68000 Ampang, Selangor Darul Ehsan.  
Tel: 03-4252 1601



#### PASAR RAYA MAXVALU @ GAMUDA WALK

GS-01, Gamuda Walk,  
No.12, Persiaran Anggerik Vanilla 31/BF,  
Kota Kemuning, Seksyen 31,  
40460 Shah Alam, Selangor Darul Ehsan.  
Tel: 03-5131 4973



## AEON STORES, AEON MALLS AND MAXVALU

### NORTHERN



#### **AEON IPOH**

No. 2, Jalan Teh Lean Swee,  
Off Jalan Sultan Azlan Shah Utara,  
31400 Ipoh, Perak Darul Ridzuan.  
Tel: 05-549 9633

#### **AEON MALL KINTA CITY**

Tel: 05-548 4668



#### **AEON IPOH STATION 18**

No. 2, Susuran Stesen 18, Station 18,  
31650 Ipoh, Perak Darul Ridzuan.  
Tel: 05-321 6748

#### **AEON MALL IPOH STATION 18**

Tel: 05-321 6807



#### **AEON SERI MANJUNG**

Pusat Perniagaan Manjung Point 3,  
32040 Seri Manjung, Perak Darul Ridzuan.  
Tel: 05-687 0008

#### **AEON MALL SERI MANJUNG**

Tel: 05-687 0018



#### **AEON TAIPING**

Lot 8576 & 8577 Jalan Kamunting,  
34000 Taiping, Perak Darul Ridzuan.  
Tel: 05-804 8722

#### **AEON MALL TAIPING**

Tel: 05-804 8711



#### **AEON IPOH KLEBANG**

Lot 12080, Klebang Perdana,  
31200 Chemor, Perak Darul Ridzuan.  
Tel: 05-2919 225

#### **AEON MALL IPOH KLEBANG**

Tel: 05-2919 221



#### **AEON QUEENSBAY**

1F-61, Queensbay Mall,  
100, Persiaran Bayan Indah,  
11900 Bayan Lepas, Pulau Pinang.  
Tel: 04-641 3822



#### **AEON BUKIT MERTAJAM**

No. 3393, Jalan Rozhan Alma,  
Seberang Perai Tengah,  
14000 Bukit Mertajam, Pulau Pinang.  
Tel: 04-530 7160

#### **AEON MALL BUKIT MERTAJAM**

Tel: 04-530 7625

### SOUTHERN



#### **AEON SEREMBAN 2**

112, Persiaran S2 B1, Seremban 2,  
70300 Seremban, Negeri Sembilan Darul Khusus.  
Tel: 06-601 5633

#### **AEON MALL SEREMBAN 2**

Tel: 06-601 5618



#### **AEON MELAKA**

Leboh Ayer Keroh, 75450 Melaka.  
Tel: 06-232 4899

#### **AEON MELAKA SHOPPING CENTRE**

Tel: 06-233 2988



#### **AEON BANDARAYA MELAKA**

No. 2, Jalan Lagenda, Taman 1-Lagenda,  
75400 Melaka.  
Tel: 06-282 9389

#### **AEON MALL BANDARAYA MELAKA**

Tel: 06-282 9666



#### **AEON TAMAN UNIVERSITI**

No. 4, Jalan Pendidikan, Taman Universiti,  
81300 Skudai, Johor Darul Takzim.  
Tel: 07-521 8000

#### **AEON TAMAN UNIVERSITI SHOPPING CENTRE**

Tel: 07-520 8700



#### **AEON PERMAS JAYA**

No. 1, Jalan Permas Utara, Bandar Baru Permas Jaya,  
81750 Johor Bahru, Johor Darul Takzim.  
Tel: 07-386 8900

#### **AEON PERMAS JAYA SHOPPING CENTRE**

Tel: 07-386 0600



#### **AEON TEBRAU CITY**

No. 1, Jalan Desa Tebrau, Taman Desa Tebrau,  
81100 Johor Bahru, Johor Darul Takzim.  
Tel: 07-351 1110

#### **AEON MALL TEBRAU CITY**

Tel: 07-352 2220



#### **AEON BUKIT INDAH**

No. 8, Jalan Indah 15/2, Bukit Indah,  
81200 Johor Bahru, Johor Darul Takzim.  
Tel: 07-236 8036

#### **AEON MALL BUKIT INDAH**

Tel: 07-236 8071



#### **AEON KULAIJAYA**

PTD 106273,  
Persiaran Indahpura Utama, Bandar Indahpura,  
81000 Kulaijaya, Johor Darul Takzim.  
Tel: 07-663 8373

#### **AEON MALL KULAIJAYA**

Tel: 07-663 7822

## OUR MILESTONES

1984	SEPTEMBER	JAYA JUSCO STORES SDN BHD established, in response to a request from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad, to help modernize the retailing industry in Malaysia.	2001	FEBRUARY	Completed Rights Issue on the basis of one new Ordinary Share for every two existing Ordinary Shares held.
				OCTOBER	Launch of WAOH Charity Fund / JUSCO Fest / JUSCO's 17th Anniversary.
1985	JUNE	The first pilot store, JAYA JUSCO Dayabumi, opened.		NOVEMBER	22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.
	DECEMBER	The second pilot store, JAYA JUSCO Taman Tun Dr. Ismail, opened.			
1989	JUNE	JAYA JUSCO Dayabumi closed.	2002	APRIL	Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, Wangsa Maju.
	OCTOBER	The first Superstore, JAYA JUSCO Taman Maluri, opened.		JULY	JUSCO Taman Universiti (JUSCO Taman Universiti Shopping Centre) opened.
1990	JUNE	"Japan Management Training Programme" begun.			Japan Management Training Programme reactivated.
	NOVEMBER	28 Malaysian students invited to Japan as "Ambassadors" through the AEON "1% Club" Programme.	2003	JULY	WAOH Charity Bazaar.
1991	OCTOBER	JUSCO Melaka was opened and fully operated by Malaysian staff.		AUGUST	Smart Wonder World opened in JUSCO Taman Maluri.
		The AEON Group's "Hometown Forest" Programme was launched simultaneously at the inauguration of JUSCO Melaka.		OCTOBER	JUSCO Home Centre opened in 1 Utama Shopping Centre.
1992	APRIL	JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.		DECEMBER	3,000 saplings were planted in the vicinity of the JUSCO Permas Jaya store as part of AEON's environmental campaign, "Planting Seeds of Growth".
1994	AUGUST	The Distribution Centre begun operations.			JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
	OCTOBER	Japan Trainee Programme begun.	2004	JANUARY	JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 saplings were planted.
1995	JUNE	JAYA JUSCO Taman Tun Dr. Ismail closed.			JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened.
	AUGUST	JUSCO Bandar Utama (1 Utama Shopping Centre) opened.		JUNE	"With All Our Hearts" Charity Fund officially registered as the "With All Our Hearts" Malaysian JUSCO Foundation.
	OCTOBER	JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.		AUGUST	Company authorised share capital increased from RM100 million to RM500 million.
1996	DECEMBER	JAYA JUSCO STORES BHD was listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE).		SEPTEMBER	JAYA JUSCO STORES BHD officially changed name to AEON CO. (M) BHD..
1997	AUGUST	JUSCO Ipoh (Kinta City Shopping Centre) opened.			JUSCO celebrated 20th Anniversary in Malaysia with Gala Dinner.
1998	DECEMBER	JUSCO Melaka Superstore was upgraded to a Shopping Centre.			Official launch of "With All Our Hearts" Malaysian JUSCO Foundation.
1999	DECEMBER	JUSCO Mid Valley opened.			30,000 saplings planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands.
2000	DECEMBER	JUSCO Taman Maluri Superstore was upgraded to a Shopping Centre.			
		JUSCO Bandar Puchong opened.		OCTOBER	Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.

OUR  
MILESTONES

2005	MARCH	AEON CO. (M) BHD. received a certificate of appreciation from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad for its tree planting activities.	2007	JANUARY	Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall.
	JULY	The 1st Annual WAOH Charity Gala Dinner was held.		JUNE	Replanting of trees at AEON Woodland.
	SEPTEMBER	JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted.		SEPTEMBER	Pasar Raya D'HATI Kota Kemuning opened.
		JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened.		OCTOBER	JUSCO Bandar Sunway opened.
	OCTOBER	The first Pasar Raya J-One Supermarket in Damansara Damai opened.		DECEMBER	AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted.
2006	DECEMBER	AEON Tebrau City Shopping Centre Tree Planting Ceremony were held. 6,000 saplings were planted.	2008		Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang opened.
	JANUARY	JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened.		JUNE	JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.
	APRIL	Change of financial year end from February to December.			Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares.
	JUNE	AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.		JULY	AEON Careline was launched.
	JULY	JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened.			AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
		Pasar Raya J-One Supermarket in Pearl Point opened.		AUGUST	JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened.
	SEPTEMBER	Completion of Kinta City Shopping Centre sales and lease back.			Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened.
	NOVEMBER	AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.		OCTOBER	24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted.
2009	DECEMBER	JUSCO Queensbay opened.		NOVEMBER	AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted.
		JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened.		DECEMBER	JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened.
					AEON Bukit Indah Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.
					JUSCO Bukit Indah (AEON Bukit Indah Shopping Centre) opened.
			2009	JUNE	Pasar Raya MaxValu Pearl Point closed.
				OCTOBER	25th Anniversary Tree Planting Ceremony at AEON Woodland. 25,000 saplings planted.
				NOVEMBER	AEON Bandaraya Melaka Shopping Centre Tree Planting Ceremony held. 2,000 saplings were planted.

OUR  
MILESTONES

2010	JANUARY	"With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation.	2014	MARCH	Pasar Raya MaxValu Kota Kemuning closed.
	FEBRUARY	JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened.		MAY	AEON Mall Bukit Mertajam Tree Planting Ceremony held. 8,461 saplings were planted.
	MARCH	AEON Mahkota Cheras Tree Planting Ceremony held. 3,000 saplings were planted.			AEON Seberang Prai City Shopping Centre closed.
	APRIL	JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened.		JUNE	Authorised share capital increased from RM500 million to RM1 billion.
2011	AUGUST	JUSCO Bandar Utama reopened.			Completed Bonus Issue (1:1) for 351,000,000 new Ordinary Shares and Share Split from RM1.00 per share to RM0.50 per share.
	DECEMBER	AEON Rawang Anggun Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.			AEON Bukit Mertajam (AEON Mall Bukit Mertajam) opened.
		JUSCO Rawang (AEON Anggun Rawang Shopping Centre) opened.			Disposal of 18.18% undivided share of the land, building and structure of AEON Taman Universiti Shopping Centre ("J-Reit" Share) completed.
		Disposal of Smart Wonder World (SWW) amusement business completed.		SEPTEMBER	"Forest Tree Diversity Planting" Programme at FRIM research station in Bidor, Perak held in conjunction with 30th Anniversary Tree Planting. 8,000 saplings planted.
2012	FEBRUARY	AEON Ipoh Station 18 Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.		OCTOBER	AEON Mall Taiping Tree Planting Ceremony held. 6,000 saplings were planted.
	MARCH	AEON unveiled the new brand name "AEON" and tagline "AEON Enriching Your Lifestyle".			AEON @ Quill City Mall opened.
		J Card rebranded to AEON Member Card.		NOVEMBER	AEON Taiping (AEON Mall Taiping) opened.
		AEON Ipoh Station 18 (AEON Ipoh Station 18 Shopping Centre) opened.			AEON Index Living Mall opened the first store at IOI City Mall Putrajaya.
	MAY	Launch of first AEON Festival in conjunction with new AEON branding.		DECEMBER	Pasaraya MaxValu @ Gamuda Walk Kota Kemuning opened.
		Launch of AEON Malaysia Cheers Club.			
2013	NOVEMBER	AEON Seri Manjung Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.	2015	APRIL	Launch of AEON Mall rebanding.
	DECEMBER	AEON Seri Manjung (AEON Seri Manjung Shopping Centre) opened.		SEPTEMBER	AEON Mall Ipoh Klebang Tree Planting Ceremony held. 13,000 saplings were planted.
	SEPTEMBER	Launch of AEON Business Academy.		OCTOBER	AEON Food Processing Centre opened.
	OCTOBER	AEON Mall Kulaijaya Tree Planting Ceremony held. 9,025 saplings were planted.			AEON Ipoh Klebang (AEON Mall Ipoh Klebang) opened.
	NOVEMBER	AEON Kulaijaya (AEON Mall Kulaijaya) opened.		NOVEMBER	Launch of www.shoppu.com.my

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of AEON CO. (M) BHD. will be held at Grand Ballroom, Level 6, Hilton Kuala Lumpur, 3, Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 19 May 2016 at 10.00 a.m. for the following purposes:

### AGENDA

#### As Ordinary Business

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.          | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To declare and approve the payment of a first and final single tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2015. | Ordinary Resolution 1                             |
| 3. | To approve the Directors' fees of RM1.07 million for the financial year ended 31 December 2015.   | Ordinary Resolution 2                             |
| 4. | To re-elect the following Directors who are retiring under Article 74 of the Articles of Association of the Company:  |   |
|    | (i) Mr Shinobu Washizawa  | Ordinary Resolution 3                             |
|    | (ii) Ms Nur Qamarina Chew binti Abdullah  | Ordinary Resolution 4                             |
|    | (iii) Mr Poh Ying Loo   | Ordinary Resolution 5                             |
|    | (iv) Mr Mitsuru Nakata  | Ordinary Resolution 6                             |
|    | (v) Datuk Syed Ahmad Helmy bin Syed Ahmad   | Ordinary Resolution 7                             |
|    | (vi) Dato' Tunku Putra Badlishah Ibni Tunku Annuar  | Ordinary Resolution 8                             |
|    | (vii) Encik Abdul Rahim bin Abdul Hamid   | Ordinary Resolution 9                             |
|    | (viii) Mr Charles Tseng @ Charles Tseng Chia Chun   | Ordinary Resolution 10                            |
|    | (ix) Mr Kenji Horii   | Ordinary Resolution 11                            |
| 5. | To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965.  | Ordinary Resolution 12                            |
| 6. | To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.                                     | Ordinary Resolution 13                            |

#### As Special Business

To consider and, if thought fit, to pass the following resolution:

7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 27 April 2016 which are necessary for the Company's day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related parties than those generally available to the public, and are not to the detriment of the minority shareholders;

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company at which the Proposed Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
  - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier; and
- iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:
  - (a) the type of Recurrent Transactions entered into; and
  - (b) the names of the related parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

Ordinary Resolution 14

## NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Thirty-First Annual General Meeting, a first and final single tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2015 will be paid to shareholders on 14 July 2016. The entitlement date for the said dividend shall be 16 June 2016.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 16 June 2016 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**  
**TAN AI NING (MAICSA 7015852)**  
Company Secretaries

Date: 27 April 2016



## NOTICE OF DIVIDEND PAYMENT

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("the Act") shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy and shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

### EXPLANATORY NOTE:

#### 1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda **is not put forward for voting**.

#### 2. Ordinary Resolution 14 on the Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 14 proposed, if passed, will empower the Directors from the date of the Thirty-First Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 27 April 2016, which is dispatched together with this Annual Report.

### PERSONAL DATA POLICY

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

## ADMINISTRATIVE DETAILS

for the 31st Annual General Meeting (31st AGM)

### AEON CO. (M) BHD.

<b>Date</b>	<b>: Thursday, 19 May 2016</b>
<b>Registration</b>	<b>: From 8.00 a.m. onwards at the entrance of Ballroom</b>
<b>Commencement of meeting</b>	<b>: 10.00 a.m.</b>
<b>Venue</b>	<b>: Grand Ballroom, Level 6, Hilton Kuala Lumpur 3, Jalan Stesen Sentral, 50470 Kuala Lumpur</b>

#### REGISTRATION

- Registration will start at 8.00 a.m. at the entrance of Ballroom, Level 6, and will close 15 minutes after commencement of the AGM, or such time may be determined by the Chairman of the Meeting. The shareholders are requested to be punctual.
- Please produce your original Identification Card (IC) at the registration counter for verification and ensure that your IC is collected upon completion of registration.
- After the verification, you are required to write your name and sign on the attendance list, you will be given an identification wristband and door gift upon successful registration.
- Please note that you will not be allowed to enter the meeting hall (Grand Ballroom) without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband and door gift.
- No person will be allowed to register on behalf of another person even with the original IC of the other person.
- If you are attending the meeting as shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
- One (1) door gift will be given for one (1) attendee only, regardless of the number of shareholders you are representing as a proxy, and whether you are attending both as proxy and shareholder.

#### PARKING

- Parking for visitors is available at the parking bays of the Hilton Kuala Lumpur Hotel. Shareholders are to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom. The Company will not provide cash reimbursements for parking charges incurred by shareholders/proxies attending the AGM and who park their vehicles at the car park of other buildings.
- Shareholders are encouraged to use the Light Rail Transit (LRT) and Komuter Train (KTM) and disembark at the KL Sentral Station, which is about 5 minutes walking distance to the Meeting venue.

#### REFRESHMENT AND DOOR GIFTS

- Light breakfast will be served before the commencement of the AGM.
- Door gift will be given upon successful registration.

#### ENTITLEMENT TO ATTEND AND VOTE

- Only Members whose names appear in the Record of Depositors as at 5.00 p.m. on 10 May 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the AGM or appoint proxies to attend, speak and/or vote on his/her behalf.

#### ENQUIRES

For enquires on the administrative details of this meeting, please contact our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at +603-2783 9299 or Ms Carmen Fong of AEON CO. (M) BHD.'s MD Office at +603-9207 2005 during office hours (Monday – Friday from 9.00 a.m. to 5.00 p.m.).



# PROXY FORM

## AEON CO. (M) BHD.

(Company No. 126926-H)  
(Incorporated in Malaysia)

No. of Shares Held

CDS Account No.

I/We, \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)

of \_\_\_\_\_ (full address)

being a member of AEON CO. (M) BHD., hereby appoint \_\_\_\_\_

(name of proxy as per NRIC, in capital letters) NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)

of \_\_\_\_\_ (full address)

or failing him/her \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)

of \_\_\_\_\_

\_\_\_\_\_ (full address) or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company, to be held at Grand Ballroom, Level 6, Hilton Kuala Lumpur, 3, Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 19 May 2016 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
	<b>ORDINARY BUSINESS</b>		
Ordinary Resolution 1	To declare and approve the payment of a first and final single tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2015		
Ordinary Resolution 2	To approve the payment of Directors' fees for the financial year ended 31 December 2015		
Ordinary Resolution 3	To re-elect Mr Shinobu Washizawa as Director		
Ordinary Resolution 4	To re-elect Ms Nur Qamarina Chew binti Abdullah as Director		
Ordinary Resolution 5	To re-elect Mr Poh Ying Loo as Director		
Ordinary Resolution 6	To re-elect Mr Mitsuru Nakata as Director		
Ordinary Resolution 7	To re-elect Datuk Syed Ahmad Helmy bin Syed Ahmad as Director		
Ordinary Resolution 8	To re-elect Dato' Tunku Putra Badlishah Ibni Tunku Annuar as Director		
Ordinary Resolution 9	To re-elect Encik Abdul Rahim bin Abdul Hamid as Director		
Ordinary Resolution 10	To re-elect Mr Charles Tseng @ Charles Tseng Chia Chun as Director		
Ordinary Resolution 11	To re-elect Mr Kenji Horii as Director		
Ordinary Resolution 12	To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 13	To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>SPECIAL BUSINESS</b>		
Ordinary Resolution 14	Proposed Renewal of Existing Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Signature of Shareholder or Common Seal

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

### NOTES:

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7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 10 May 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 27 April 2016.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

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STAMP

The Share Registrar:

**AEON CO. (M) BHD.** (126926-H)

c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)

Unit 32-01, Level 32, Tower A,

Vertical Business Suite,

Avenue 3, Bangsar South,

No.8, Jalan Kerinchi 59200 Kuala Lumpur,

Malaysia.

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# AEON MALL is DO MALL



**AEON CO. (M) BHD.** (126926-H)

3rd Floor, AEON Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur, Malaysia.

**TEL :** +603-9207 2005 **FAX :** +603-9207 2006/2007 **AEON CARELINE :** 1-300-80-AEON(2366)

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