

## AN INTRODUCTION TO AEON

AEON CO. (M) BHD. is a leading retailer in Malaysia with a total revenue of RM1.96 billion in the financial year under review. The Company was incorporated on 15 September 1984. AEON CO. (M) BHD. was set up in response to the Malaysian Government's invitation to AEON Japan to help modernise the retailing industry in Malaysia. The 'JUSCO' name today is well established among Malaysians as well as foreigners, especially due to its association with the international AEON group of companies. AEON has established itself as a leading chain of general merchandise stores. AEON's constant interior refurbishment of

stores to project an image designed to satisfy the ever changing needs and desires of consumers is clear evidence of this. The Company's performance has been further enhanced by the management's acute understanding of target market needs and the provision of a correct product-mix. AEON's stores are mostly situated in suburban residential areas, catering to the vast middle income group. The AEON group of companies consists of AEON Co., Ltd., and more than 100 consolidated subsidiaries and affiliated companies. In addition to its core general merchandise stores (GMS) plus its supermarket and convenience

store operations, AEON is also active in specialty store operations, shopping center development, operations and services. AEON group of companies is an integrated Japanese retailer and is active not only in Japan but also in Southeast Asia, China and North America. At all times, in every market, AEON's activities are guided by the unchanging 'Customer First' philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services that enhance the shopping experience to make the customers smile every time they shop.

### OUR PRINCIPLE

regardless of how times may have changed, we strive to serve the 'Customer First'. We are always mindful of the three keywords which make up the essence and character of the retail industry and must be considered in any development: 'peace', 'people' and 'community'. Ours is a person-to-person business and our existence is deeply intertwined with the people of the regions and societies in which we serve. These precepts remain the same wherever we do business, where we act as a contributing member of the local community.

### OUR STRATEGY

is to establish a solid competitive position and achieve continuous growth. Two key components underlying this strategy are:

- Accelerating Shopping Center Development. We are channeling our resources towards developing attractive, integrated commercial facilities which our customers can fully enjoy, such as regional shopping center and neighbourhood shopping center. This segment also involves leasing shopping space and facilities to tenants.
- Aggressive Pursuit of GMS Stores. Our General Merchandise Stores (GMS), which combine supermarkets and departmental stores under one roof, operate as full-line retailers. Products offered range from food and other daily necessities, apparel and household goods (including bedding and bathroom products) to specialised products such as home appliances, sporting goods and cosmetics.

### OUR GOAL

is to operate as an "international-scale retailing group", recognised for excellence not only in Japan, but also in other nations. The international recognition we are working to achieve is not one which can be measured merely in quantifiable terms of size, growth and profitability. We hope to be competitive at the global level in intangible aspects such as customer satisfaction and corporate citizenship. We are dedicated to the idea of "quality management" to further enhance our capabilities.



For the love of nature.



Our guiding principle has always been to serve the 'Customer First'.



The bustling crowd at JUSCO Seremban 2 Shopping Center.

# CORPORATE INFORMATION AND DIRECTORY

## Board of Directors

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Mr. Toshiji Tokiwa
- Mr. Tatsuichi Yamaguchi
- Mr. Nagahisa Oyama
- Mr. Masato Yokoyama
- Datuk Ramli bin Ibrahim
- Brig. Jen. (B) Dato' Mohd Idris bin Saman
- Datuk Zawawi bin Mahmuddin
- Dato' Chew Kong Seng

## Secretaries

- Tai Yit Chan (MAICSA 7009143)
- Saw Bee Lean (MAICSA 0793472)

## Registered Office and Head Office

3rd Floor, JUSCO Taman Maluri Shopping Center,  
Jalan Jejaka, Taman Maluri,  
Cheras, 55100, Kuala Lumpur.  
Tel: 03-9207 2005  
Fax: 03-9207 2006 / 2007

## Auditors

KPMG Desa Megat & Co.  
(AF0759)  
Chartered Accountants,  
Wisma KPMG,  
Jalan Dungun, Damansara Heights,  
50490 Kuala Lumpur.

## Registrars

Tenaga Koperat Sdn. Bhd.  
(118401-V)  
20th Floor, Plaza Permata,  
Jalan Kampar, Off Jalan Tun Razak,  
50400 Kuala Lumpur.  
Tel: 03-4041 6522  
Fax: 03-4042 6352

## Stock Exchange Listing

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

## Homepage

<http://www.jusco.com.my>

## Principal Bankers

- Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (302316-U)
- Malayan Banking Berhad (3813-K)
- Bumiputra Commerce Bank Berhad (13491-P)

# CORPORATE CALENDAR

<b>Notice of Annual General Meeting</b>	31 May 2005
<b>Annual General Meeting</b>	22 June 2005
<b>Payment of Dividend</b>	Book Closure – 4 July 2005 Payment – 20 July 2005
<b>Quarterly Results Announcement</b>	1st Quarter – 21 July 2005
<b>Quarterly Results Announcement</b>	2nd Quarter – 20 October 2005
<b>Quarterly Results Announcement</b>	3rd Quarter – 12 January 2006
<b>Quarterly Results Announcement</b>	4th Quarter – 21 April 2006
<b>Change of Accounting Year End Announcement</b>	21 April 2006

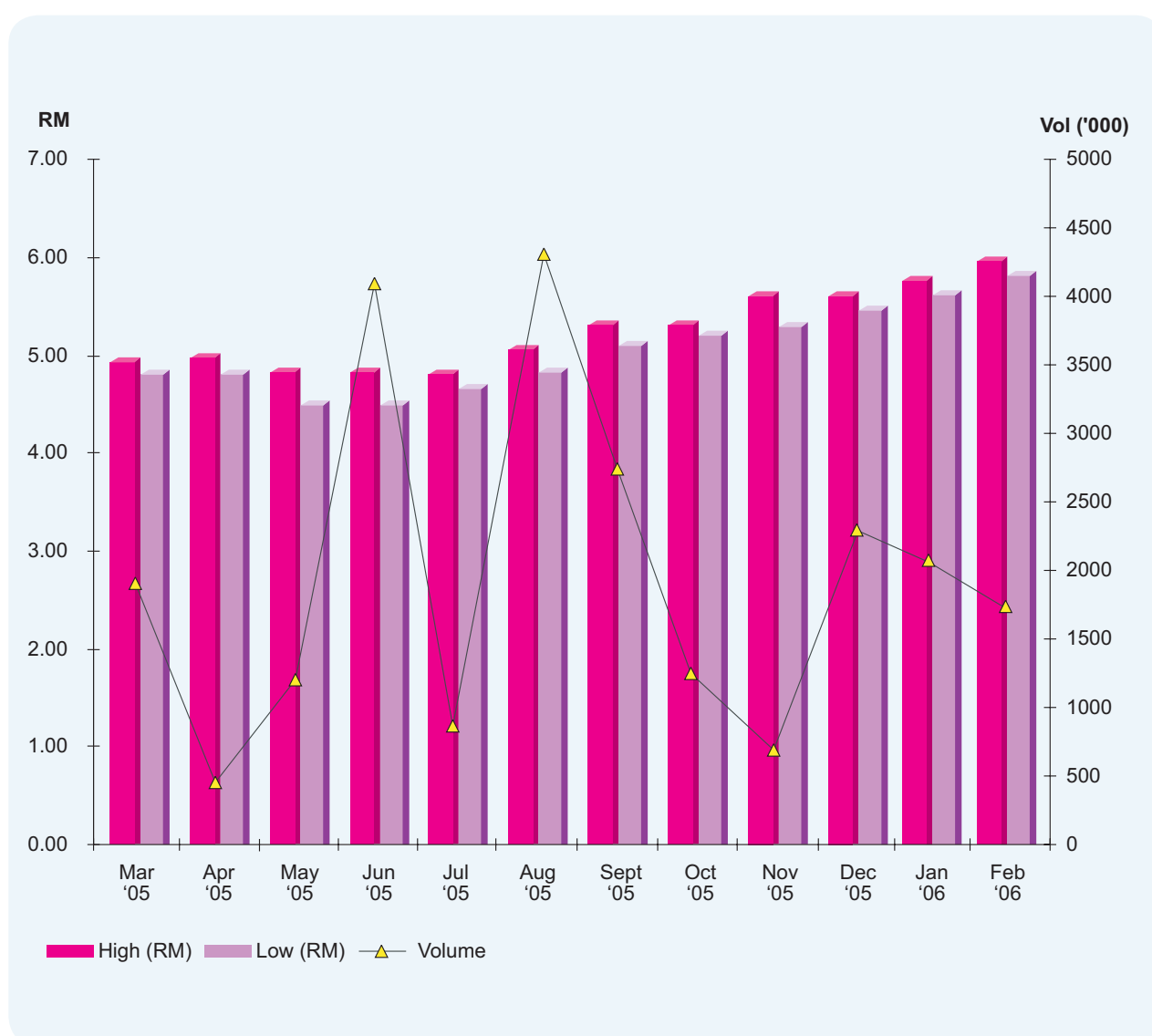


# SHARE PRICE

Stock Code : 6599  
Stock Name : AEON

2005 / 2006

	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>High (RM)</b>	4.94	4.98	4.82	4.82	4.80	5.05	5.30	5.30	5.55	5.60	5.75	6.10
<b>Low (RM)</b>	4.80	4.80	4.48	4.50	4.66	4.82	5.10	5.20	5.25	5.45	5.55	5.75
<b>Volume ('000)</b>	1872	463	1133	4053	769	4352	2719	1194	736	2287	2145	1722



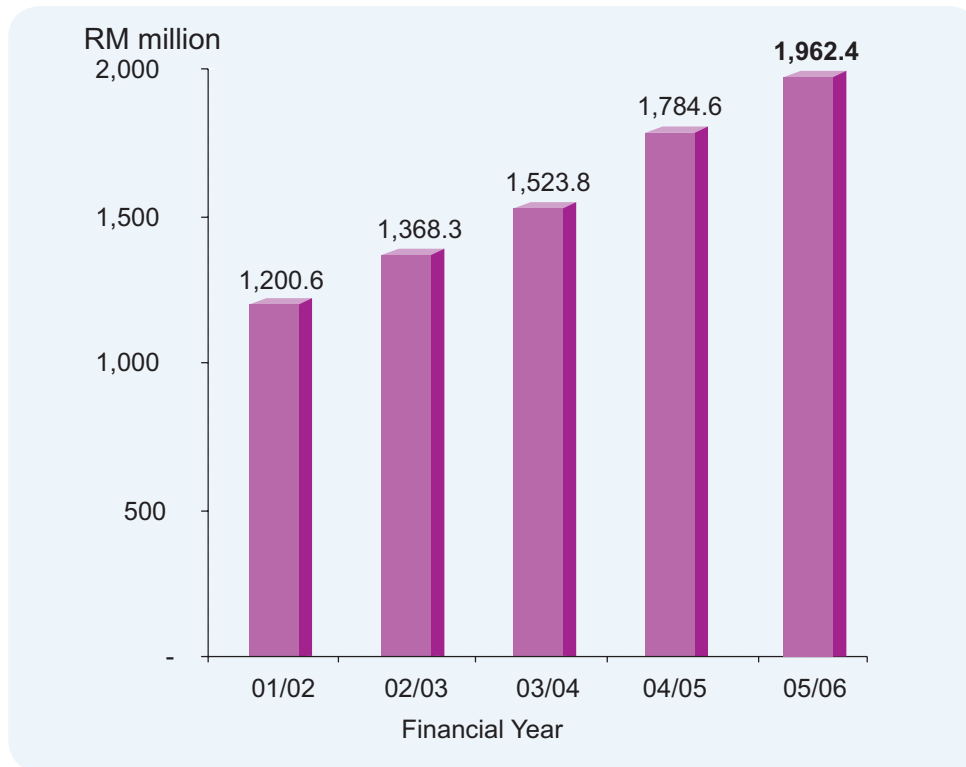
# FIVE YEARS FINANCIAL HIGHLIGHTS

## For Five Years - As at 28 & 29 February

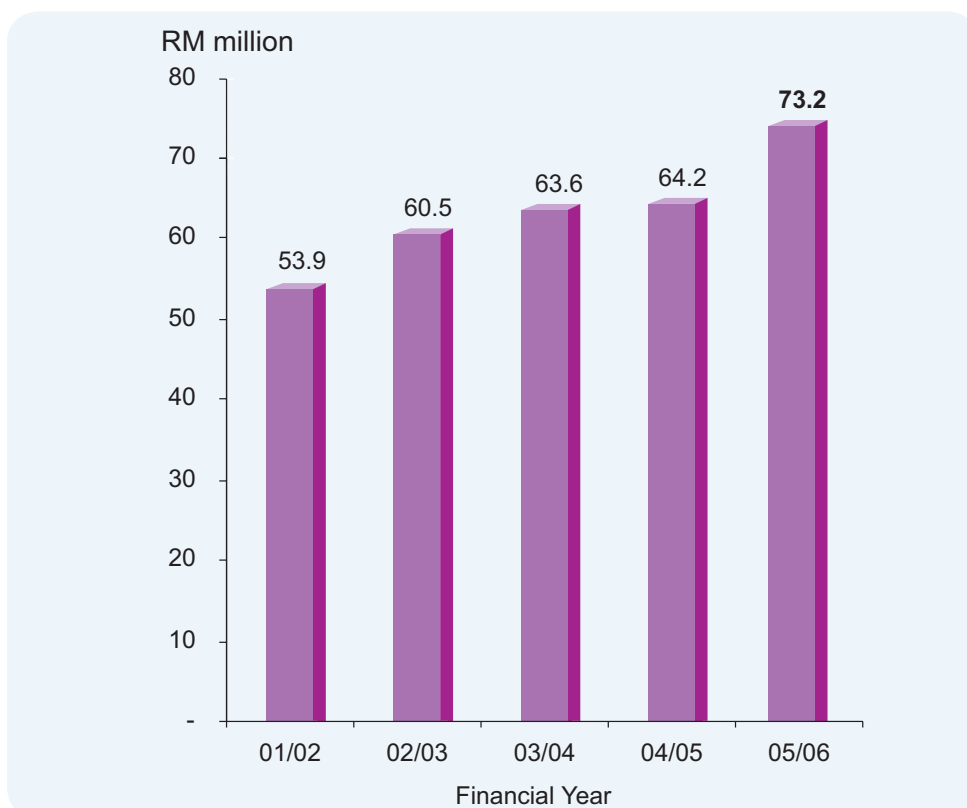
	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
<b>Income Statement</b>					
Revenue	1,962,445	1,784,564	1,523,781	1,368,268	1,200,636
Retailing	1,807,753	1,648,475	1,406,242	1,262,851	1,107,158
Property Management Services	154,692	136,089	117,539	105,417	93,478
Profit before tax	112,198	99,010	96,288	90,833	80,327
Profit after tax	73,204	64,247	63,588	60,545	53,989
Net dividend	18,954	15,163	12,636	12,636	12,636
<b>Balance sheet</b>					
Property, plant and equipment	971,256	756,335	692,850	561,221	508,630
Investment	1,075	175	175	175	175
Current assets	239,161	258,336	259,344	225,489	188,541
Current liabilities	(560,360)	(426,607)	(415,719)	(304,986)	(263,379)
	651,132	588,239	536,650	481,899	433,967
<b>Financed By</b>					
Share capital	175,500	175,500	87,750	87,750	87,750
Retained profits	392,094	333,536	281,408	229,939	175,767
Revaluation reserve	33,648	34,165	34,682	35,199	55,352
Share Premium	20,609	20,609	108,488	108,488	108,488
Shareholders' funds	621,851	563,810	512,328	461,376	427,357
Deferred taxation	29,281	24,429	24,322	20,523	6,610
	651,132	588,239	536,650	481,899	433,967
<b>Statistics</b>					
Net earnings/(loss) per share (sen)	41.7	36.6	*36.2	*34.5	*30.8
Gross dividend per share (%)	15	12	20	20	20
Net assets per share (RM)	3.54	3.21	5.84	5.25	4.87

\* Earnings per share has been calculated based on the number of ordinary shares of 175,500,000. Comparative earnings per share information has been restated after adjusting for the bonus issue undertaken by the Company.

## REVENUE



## PROFIT ATTRIBUTABLE TO SHAREHOLDERS



## BOARD OF DIRECTORS

*(Seated from left to right)*

**Mr. Toshiji Tokiwa**

Non-Independent Non-Executive  
Vice Chairman

**Dato' Abdullah bin Mohd Yusof**

Non-Independent Non-Executive  
Chairman

**Mr. Nagahisa Oyama**

Managing Director

*(Standing from left to right)*

**Brig. Jen. (B) Dato' Mohd Idris bin Saman**

Independent Non-Executive Director

**Mr. Tatsuichi Yamaguchi**

Non-Independent Non-Executive Director

**Dato' Chew Kong Seng**

Independent Non-Executive Director

**Datuk Zawawi bin Mahmuddin**

Independent Non-Executive Director

**Datuk Ramli bin Ibrahim**

Non-Independent Non-Executive Director

**Mr. Masato Yokoyama**

Executive Director





## DIRECTORS' PROFILES



**Dato' Abdullah bin Mohd Yusof (67),**  
*(Malaysian) Non-Independent Non-Executive Chairman*

Dato' Abdullah bin Mohd Yusof was appointed the Chairman of AEON CO. (M) BHD. on 26 October 1984. He holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than thirty (30) years of experience as an Advocate & Solicitor. He started his career with Skrine & Co., as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainudin, Advocates and Solicitors. He sits on the Board of Directors of MMC Corporation Berhad, Tronoh Consolidated Malaysia Berhad and Tradewinds Corporation Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. He also sits on the Board of Directors of several private limited companies. He is a member of the Remuneration & Nomination Committee of the Board. Dato' Abdullah bin Mohd Yusof has attended all the five (5) Board meetings held in the financial year. He holds 308,000 ordinary shares directly and 1,596,000 ordinary shares indirectly in the Company.



**Mr. Toshiji Tokiwa (66),**  
*(Japanese) Non-Independent Non-Executive Vice Chairman*

Mr. Toshiji Tokiwa was appointed the Non-Executive Vice Chairman of AEON CO. (M) BHD. on 16 June 2000. He holds a Bachelor of Law degree from Keio University, Japan, which he obtained in 1963. He joined The Dai-Ichi Kangyo Bank Ltd., in 1963 as a Management Trainee. In 1993, he was promoted to the position of Director and General Manager of the New York Branch of The Dai-Ichi Kangyo Bank Ltd., in New York, USA. Subsequently, he was the Senior Managing Director of The Dai-Ichi Kangyo Bank Ltd., in Japan from 1995 to 1996. He joined Chuo Real Estate Co. Ltd., a company principally involved in the leasing and management of office building, as the President and CEO from 1996 to 2000 and was also a Non-Executive Corporate Auditor of Fujitsu General Co. Ltd. from 1997 to 2000. He joined AEON Co., Ltd. as a Non-Executive Director in 1999 and was subsequently appointed as the Chairman of AEON Co., Ltd. in 2000. Mr. Toshiji Tokiwa has attended all of the five (5) Board meetings held in the financial year. He does not hold any shares in the Company.



**Mr. Tatsuichi Yamaguchi (60),**  
*(Japanese) Non-Independent Non-Executive Director*

Mr. Tatsuichi Yamaguchi was appointed Non-Executive Director of AEON CO. (M) BHD. on 23 July 2003. He graduated from Meiji University, Japan majoring in Management, which he obtained in 1969. He joined AEON Co., Ltd. in 1969 and was promoted as the Store Manager of Toyohashi store, Japan in 1980. In 1986 he was seconded to Kornhill store of Jusco Stores (Hong Kong) Co., Ltd., where he was appointed as the Deputy Store Manager, and subsequently appointed a Director and the Managing Director of JUSCO Stores (Hong Kong) Co., Ltd., in 1988 and 1990 respectively. He was appointed a Director of AEON Co., Ltd. in 1996 and held the position of Director and General Manager (Apparel) Merchandising Division in 1997. In 2000 he assumed the position of Director & General Manager, Chubu Regional Company and currently holds the position of Senior Vice President, Asia Operations, AEON Co., Ltd. Mr. Tatsuichi Yamaguchi is also the Chairman of the Nomination and Remuneration Committees of the Board. Mr. Tatsuichi Yamaguchi has attended four (4) out of the five (5) Board meetings held in the financial year. He does not hold any shares in the Company.

Note: Save as disclosed in this annual report, all the Directors mentioned on pages 21 to 23 have no conflicts of interest with AEON CO. (M) BHD. or any family relationship with any Director and/or substantial shareholder nor have they any convictions for offences within the past 10 years, except for traffic summons, if any.



**Mr. Nagahisa Oyama (51),**  
*(Japanese) Managing Director*

Mr. Nagahisa Oyama was appointed the Managing Director on 22 June 2005. He was the Alternate Director to Mr. Soichi Okazaki from 28 April 2005 to 22 June 2005. He holds a Bachelor's Degree in Business Management from Kinki University, Japan, which he obtained in 1977. He joined AEON Co., Ltd. in 1977 as a Management Trainee and was promoted to be Softline Merchandiser in 1980. He was seconded to Siam Jusco, Thailand to set up the GMS Merchandising Division. Following his appointment at Siam Jusco, Thailand, from 1989 to 1991, he was promoted to become the General Manager of Tonami Regional Shopping Center in 1991. Mr. Oyama was next appointed as the General Manager of Kaga Regional Shopping Center in 1996. He served as General Manager of Kochi Regional Shopping Center from 2000 to 2002. In 2002, he was promoted to become the Regional General Manager of Higashi Mikawa and Shizuoka Prefecture, Japan, where he was in charge of the overall planning, opening and operations of three (3) new Regional Shopping Centers and the operations of seven (7) existing Regional Shopping Centers in the Shizuoka Prefecture. Mr. Nagahisa Oyama has attended four (4) out of the four (4) Board Meetings during his term in office in the financial year. He does not hold any shares in the Company.



**Mr. Masato Yokoyama (53),**  
*(Japanese) Executive Director*

Mr. Masato Yokoyama was appointed Executive Director of AEON CO. (M) BHD. on 26 October 2001. He holds a Bachelor of Arts in Commerce from Waseda University in Japan, which he obtained in 1976. He joined AEON Co., Ltd. in 1976 and was the Store Manager of Ishioka Store prior to his secondment to AEON CO. (M) BHD. in 1993. Mr. Yokoyama held the position of Store Manager of JUSCO Taman Maluri from 1993 to 1998. He was promoted to become the Senior Softline Merchandising Manager from 1998 to 1999 and the Senior Operations Manager from 1999 to 2000. Currently, Mr. Masato Yokoyama is the Executive Director in charge of the overall Operations of the Company. Mr. Masato Yokoyama has attended all the five (5) Board meetings held in the financial year. He holds 30,000 ordinary shares directly in the Company.



**Datuk Ramli Bin Ibrahim (65),**  
*(Malaysian) Non-Independent Non-Executive Director*

Datuk Ramli bin Ibrahim was appointed Non-Executive Director of AEON CO. (M) BHD. on 20 August 1996. He is a member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. He was attached to KPMG Peat Marwick ("KPMG") (now known as KPMG) in Australia, United Kingdom and Malaysia from 1959 to 1995. He was appointed a Partner of KPMG Malaysia in 1971. In 1989, he was made the first bumiputera Senior Partner of KPMG Malaysia. He also served on the Boards of KPMG International and KPMG Asia Pacific from 1990 to 1995. He retired from KPMG Malaysia in 1995. From December 1995 to December 2000, he served as Executive Chairman of Kuala Lumpur Options & Financial Futures Exchange Berhad. Currently, he sits on the Board of Directors of Ranhill Berhad, Measat Global Berhad and several other unlisted public and private limited companies including HSBC Bank Malaysia Berhad, Malaysia National Insurance Berhad Group, Yayasan Tuanku Syed Sirajuddin and BCT Technology Berhad. He is also a member of the Audit and Remuneration Committees of the Board. Datuk Ramli bin Ibrahim has attended all the five (5) Board meetings held in the financial year. He holds 280,000 ordinary shares indirectly in the Company.





**Brig. Jen. (B) Dato' Mohd Idris bin Saman (61),**  
*(Malaysian) Independent Non-Executive Director*

Brig. Jen. (B) Dato' Mohd Idris bin Saman was appointed Non-Executive Director of AEON CO. (M) BHD. on 16 June 2000. He holds a Post Graduate Diploma in Management Studies from the Slough College, United Kingdom which he obtained in 1980. He was a graduate of the Air Command & Staff College, Maxwell, USA and the Armed Forces Defence College, Kuala Lumpur. He joined the Royal Malaysian Air Force as a Pilot Officer and served the Royal Malaysian Air Force for thirty-five (35) years, in various executive positions within its Logistic Branch. He retired from the Royal Malaysian Air Force in 2000 as the Assistant Chief of the Air Force (Material). He is currently the Executive Chairman of Diversified Jet Sdn. Bhd., a company principally involved in the supply of materials and services to the Malaysian Armed Forces. He is also a Director of Affin Fund Management Sdn. Bhd. Dato' Mohd Idris bin Saman is a member of the Audit and Nomination Committees of the Board. Dato' Mohd Idris bin Saman has attended all the five (5) Board meetings held in the financial year. He does not hold any shares in the Company.



**Datuk Zawawi bin Mahmuddin (60),**  
*(Malaysian) Independent Non-Executive Director*

Datuk Zawawi bin Mahmuddin was appointed Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. He holds a Bachelor of Arts (Honours) Degree from the University of Malaya, which he obtained in 1968. Datuk Zawawi joined the Administrative and Diplomatic Service and began his career as an Administrative Officer in the Ministry of Transport in 1968. From 1970 to 1975 he served as private secretary to the Deputy Prime Minister and thereafter held various positions in the Cabinet Secretariat of the Prime Minister's Department from 1975 to 1990. His subsequent appointments were as follows:- Federal Secretary in Sarawak (1990 - 1992), Deputy Secretary General 1, Ministry of Home Affairs (1992 - 1994), Secretary General, Ministry of Information (1994 - 2000). Datuk Zawawi was formerly on the Board of Syarikat Explosive Malaysia Sdn. Bhd. (SME), National Film Development Corporation (FINAS), Governing Council, Bernama and Sukom Ninety Eight Bhd. He is currently a director of a few private limited companies and the Chairman of Two Advertising Sdn. Bhd. and Northport Distripark Sdn. Bhd. He is also a member of the Nomination Committee of the Board. Datuk Zawawi bin Mahmuddin has attended all the five (5) Board meetings held in the financial year. He does not hold any shares in the Company.



**Dato' Chew Kong Seng (68),**  
*(Malaysian) Independent Non-Executive Director*

Dato' Chew Kong Seng was appointed Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He was a tax officer in the Inland Revenue Department in the United Kingdom and then joined Stoy Hayward & Co., in the United Kingdom from 1964 to 1970. He returned to Malaysia and joined Turquand Young & Co. (now known as Ernst & Young) and was subsequently transferred to Sarawak office as Manager in-charge and later as Partner in-charge. He was appointed as the Managing Partner of Ernst & Young from 1990 to 1996. Currently, Dato' Chew is a Director of Great Wall Plastic Industries Berhad, GuocoLand (Malaysia) Berhad (formerly known as Hong Leong Properties Berhad), PBA Holdings Bhd, Encorp Berhad and Bank of America Malaysia Berhad. He is also a Director and the Audit Committee Chairman of Petronas Dagangan Berhad and Industrial Concrete Products Bhd, as well as a Director and a member of the Audit Committee of Petronas Gas Berhad. Dato' Chew is the Chairman of the Audit Committee and a member of the Nomination Committee of the Board. Dato' Chew Kong Seng has attended all the five (5) Board meetings held in the financial year. He does not hold any shares in the Company.

## SENIOR MANAGEMENT

*(Seated from left to right)*

**Mr. Nagahisa Oyama**  
Managing Director

**Puan Noryahwati Mohd. Noh**  
General Manager Human Resource,  
Administration and Security, Safety & Health

**Puan Nur Qamarina Chew**  
General Manager New Business Development

**Ms. Chong Swee Ying**  
General Manager Store & Shopping Center  
Operations and Customer Care

**Mr. Masato Yokoyama**  
Executive Director

*(Standing from left to right)*

**Mr. Poh Ying Loo**  
General Manager Finance

**Mr. Yoshihisa Tanizawa**  
Assistant General Manager Merchandising

**Lt. Col (R) Yaacob bin Mahmud**  
General Manager Logistics & Loss Control

**Mr. Kenji Fujita**  
General Manager SC Development

**Encik A. Rashid bin Adam**  
General Manager Corporate Affairs



## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present AEON CO. (M) BHD.'s (AEON's) Annual Report and Audited Financial Statements for the financial year ended 28 February 2006.

### Overview

I am pleased to report that for the financial year ended 28 February 2006, another new benchmark of record revenue and net profits were set. For the twelve months ended 28 February 2006, revenue grew by 9.98 per cent to a new high of RM1.96 billion compared to RM1.78 billion recorded in the previous financial year. Retail sales expanded by 9.66 per cent from the previous financial year while income from our property management services division grew by a significant 13.67 per cent.

Profit before tax ("PBT") was significantly better at RM112.19 million. This represents an increase of 13.32 per cent over the previous financial year's profit before tax. Correspondingly, profit after tax rose

by 13.94 per cent to RM73.20 million, compared to RM64.25 million for the year ended February 2005.

Earnings per share rose from 36.6 sen to 41.76 sen, an increase of 14.10 per cent. Net assets per share was up by 33 sen to RM3.54 from RM3.21 as at the end of the previous financial year.

### Review of operations

For the financial year under review, the Company's retail sales contributed RM1.808 billion to the total revenue. All our existing retail stores registered a growth of between 2 per cent and 9 per cent over their previous year's performance, thus giving the Company a same store growth of 4.8 per cent.

During the financial year ended 28 February 2006, two new stores were opened, one in Seremban 2, Negeri Sembilan and the other at Desa Tebrau, Johor Bahru. This brings the total number of stores currently operational to thirteen. In JUSCO

Seremban 2 Shopping Center, a well designed shopping center with two levels of retail space which opened its doors for business on 26 September 2005, a whole new lifestyle is introduced to Seremban and its surrounding townships as the latest contemporary merchandise was introduced to the people of Seremban. AEON Tebrau City Shopping Center, which represents our third shopping center in Johor Bahru and our thirteenth store in Malaysia, an international level shopping center was born. AEON Tebrau City Shopping Center, with three levels of retail floor housing two hundred tenants together with the JUSCO departmental store and supermarket, is the Company's largest shopping center and is expected to be the Company's leading store in the near future. Performance from both new stores had been encouraging and up to expectation.

In our continuous effort to modernise the retail industry, the Company had also on 21 October





2005, launched a new supermarket concept store named JUSCO J-One in the Damansara Damai township, Klang Valley. The convenience supermarket features a wide range of grocery merchandise, fresh produce and perishables, delicatessen and bakery with a focus on convenience and affordable prices, offering residents within the township a truly rewarding shopping experience. The Company aims to open more of such supermarket in strategic locations in future to cater to a wider base of customers' shopping needs.

On the property management service division, the growth has been significant at 13.67 per cent. Income from the property management service division was at RM154.69 million as compared to RM136.09 million in the previous financial year. The growth resulted from higher income generated from existing shopping centers as well as contribution from additional tenant space of the new shopping centers opened in the year. Through right tenant mix, suitable mall designs, excellent maintenance and housekeeping, the Company has been able to maintain an average of 99 per cent occupancy rates in its shopping centers.

### Corporate Social Responsibility

As a leading corporate entity in Malaysia, AEON has always been cognizant of its corporate social responsibilities. For the financial year ended 28 February 2006, a number of social activities were carried out.

As is the tradition with the opening of new shopping centers, together with participation by the local community and school children, tree planting ceremonies were conducted when we opened the two new shopping centers in Seremban 2, Negeri Sembilan and in Desa Tebrau, Johor Bahru.

During the year under review, a series of community activities were also organised by the Company including educational visits to our stores by school children, appearances by Cik Siti Nurhaliza as ambassador for Yayasan JUSCO

Malaysia to share some special moments with orphans, gotong-royong projects with the local schools and residents and other community projects such as blood donations.

Through "Malaysia Bagus" fairs at our stores, we continue to support the government's mission to spur the growth of small and medium industries through buying of Malaysian products.

### Prospects and challenges

The rising interest rates and inflation caused by the hike in oil prices will have an impact on consumer spending and operational costs but nevertheless, the Company believes that the economy will continue to remain strong for the new financial year.

The retail industry continues to be very competitive. Hypermarket price wars and the emergence of more specialty shops and more innovative designed shopping centers mean that the Company needs to continually strategise its core business and ensure that it maintains its leading edge.

To this end, the Company, under its mid term planning, is committed to building a strong foundation for its future. Innovation is the keyword. As consumer demands and needs change, the Company believes that it must continue to innovate its core business and reposition itself where necessary to meet all retail challenges.

For the new financial year, the Company will be looking at introducing new innovative changes in its merchandising through for example, expanding its in-house brands and further develop its specialty business in amusement, apparel and drugstore. More assortments will be introduced to cater to the local customers of each store and shopping center. Our shopping centers will also be refurbished and the tenant mix changed to create a new refreshing appeal. Human Resource development will also be our main focus, as we believe that in a people to people industry like ours, competent and efficient

staff will provide the Company with the competitive edge in managing operations, suppliers and customers.

The Company's J CARD and the privileges that it offered, continue to be a strong marketing tool for the Company. More privileges and benefits are being planned for members in the new financial year. During the year under review, the Company entered into a co-branding agreement with its related company, AEON Credit Service (M) Sdn. Bhd. to launch a co-brand credit card named JUSCO Credit Card which provides additional benefits to J CARD members.

On its expansion, the Company will be opening three new stores in the coming year at Taman Equine and Cheras Selatan, both in Selangor together with Queensbay Mall in Penang. The Company believes that the opening of these stores in these strategic locations will further enhance the market dominance of the Company. The Company will also be opening its second new supermarket concept store in Pearl Point Shopping Center, Kuala Lumpur to further provide more convenience shopping to consumers in the area, further enhancing the Company's presence in the Klang Valley.

The Company has also entered into an agreement to lease and operate a new shopping center in Bandar Perda, Penang, scheduled to open in 2007.

The Company's financial strategy was also aligned to support this expansion plans. During the financial year under review, as part of the Company's strategy to rationalise its assets and provide funds for its expansion, the Company entered into a conditional sales and leaseback arrangement for the sale of its Kinta City Shopping Center in Ipoh, for RM121.00 million and to leaseback the same on a long term basis for continuous operations.

### Holding Company And Change of Accounting Year End

Subsequent to the year under review, AEON Co., Ltd., Japan increased its shareholding in the

Company to 51%. The Company is now effectively a subsidiary of AEON Co., Ltd., Japan. The Company is changing its accounting year end from 28 February to 31 December starting with the new financial year. Thus, for the new financial year, the Company's financial statements would be based on ten months from March 2006 to December 2006.

### Dividend

In view of the results stated earlier, the Board of Directors has recommended for your approval, a first and final dividend of 15 per cent less 28 per cent income tax for the year ended 28 February 2006.

### Acknowledgement

During the financial year ended 28 February 2006, the Company bid farewell to its former Managing

Director, Mr. Soichi Okazaki, who returned to Japan to assume a higher posting after eight years with AEON. On behalf of the Board, I would like to take this opportunity to thank Mr. Okazaki for his stewardship and contribution in strengthening our position as a leading retailer in Malaysia.

On behalf of the Board, I would also like to welcome our new Managing Director, Mr. Nagahisa Oyama, who came on board on 22 June 2005. With Mr. Oyama's wealth of experience in the retail industry in Japan, we are assured and confident that Mr. Oyama will steer the Company through the challenges ahead and bring the Company through greater heights of achievement and success.

I would also like to take this opportunity to thank the management and staff for their untiring and relentless efforts to ensure the success of the Company, and all our customers and business associates for their loyalty and regulatory bodies for their continuous support.

And to you our valued shareholders, thank you for your confidence in AEON and support, which has contributed to our continued leadership position in the industry.



**DATO' ABDULLAH BIN MOHD YUSOF**  
**CHAIRMAN**

