FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS' REPORT

for the year ended 31 December 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2007.

Principal activities

The Company is principally engaged in the operations of a chain of superstores selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation. There has been no significant change in the nature of these activities during the financial year.

Results

RM'000

Profit for the year 105,176

Reserves and provisions

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

Dividend

Since the end of the previous financial period, the Company paid a first and final dividend of 16% less income tax of 27%, totalling RM20,498,400 in respect of the period ended 31 December 2006 on 24 May 2007.

The first and final dividend in respect of the year ended 31 December 2007 of 17% less income tax of 26% amounting to RM22,077,900 and 4% special tax exempt dividend amounting to RM7,020,000 recommended by the Directors is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Directors of the Company

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

Dato' Abdullah bin Mohd Yusof

Nagahisa Oyama

Datuk Ramli bin Ibrahim

Brig. Jen (B) Dato' Mohamed Idris bin Saman

Datuk Zawawi bin Mahmuddin

Dato' Chew Kong Seng @ Chew Kong Huat

Tsutomu Kajita (appointed on 16.05.2007)

Naruhito Kuroda (appointed on 16.05.2007)

Tatsuichi Yamaguchi (resigned on 16.05.2007)

Masato Yokoyama (resigned on 16.05.2007)

Toshiji Tokiwa (resigned on 14.08.2007)

Directors' Interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

		Nu	mber of o	rdinary sl	nares
	Nominal value per share	At 1.1.2007/ Date of appointment as Director	Acquired	Sold	At 31.12.2007
Shareholdings in which Directors		as Bil cotto.			
have direct interests					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	268,000	-	-	268,000
AEON Credit Service (M) Berhad	RM0.50	480,000	-	-	480,000
Interest of Datuk Ramli bin Ibrahim in:					
AEON Credit Service (M) Berhad	RM0.50	180,000	-	(20,000)	160,000
Interest of Naruhito Kuroda in:					
AEON CO. (M) BHD.	RM1.00	16,000	-	-	16,000
AEON Credit Service (M) Berhad	RM0.50	480,000	-	-	480,000
AEON Credit Service (Asia) Co., Ltd.	HK\$0.10	74,800	-	-	74,800
AEON Credit Service Co., Ltd.	Yen98.50	1,980	-	-	1,980
AEON Thana Sinsap (Thailand) Plc.	Bath5.00	100,000	-	-	100,000
Interests of Tsutomu Kajita in:					
ÆON Co., Ltd.	Yen248.00	2,800	-	-	2,800
The Talbots, Inc.	US\$0.01	8,000	-	-	8,000
Shareholdings in which Directors					
have deemed interests					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	1,501,000	- (694,100)	806,900
Interest of Datuk Ramli bin Ibrahim in:					
AEON CO. (M) BHD.	RM1.00	280,000	-	-	280,000

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial period, 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) 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, except for certain Directors who may be deemed to derive a benefit by virtue of those transactions, advisory services and tenancy between the Company and corporations in which the Directors are deemed to have 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.

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 balance sheet and income statement 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) all current assets have been stated at the lower of cost and net realisable value.

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 financial statements of 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 Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities 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 Company misleading.

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

- i) any charge on the assets 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 Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company 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 Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31 December 2007 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.

Significant events during the financial year

- i) On 13 March 2007, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of leasehold land located in the Mukim of Ulu Kelang, District of Kuala Lumpur at a purchase price of RM53.69 million for the purpose of constructing a shopping centre, of which 70% has been paid during the financial year.
- ii) On 29 October 2007, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of freehold land located in the Mukim of Pulai, District of Johor Bahru, State of Johor at a purchase price of RM106.97 million for the purpose of constructing a shopping centre. The acquisition of freehold land has been completed and fully paid during the financial year.

Auditors

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

Signed in accordance with a resolution of the Directors:

Dato' Abdullah bin Mohd Yusof

Nagahisa Oyama

Kuala Lumpur,

Date: 21 February 2008

BALANCE SHEET at 31 December 2007

	Note	2007 RM′000	2006 RM′000
Assets			
Property, plant and equipment	3	1,069,027	942,252
Prepaid lease payments	4	126,365	127,269
Investments	5	1,075	1,075
Total non-current assets		1,196,467	1,070,596
Inventories	6	260,928	214,183
Receivables, deposits and prepayments	7	79,818	45,669
Cash and cash equivalents	8	185,261	107,925
Total current assets		526,007	367,777
Total assets		1,722,474	1,438,373
Equity			
Share capital		175,500	175,500
Reserves		53,309	53,826
Retained earnings		562,012	476,817
Total equity attributable to shareholders			
of the Company	9	790,821	706,143
Liabilities			
Deferred tax liabilities	10	23,829	29,113
Total non-current liabilities		23,829	29,113
Payables and accruals	11	858,023	677,930
Taxation		49,801	25,187
Total current liabilities		907,824	703,117
Total liabilities		931,653	732,230
Total equity and liabilities		1,722,474	1,438,373

The notes on pages 52 to 71 are an integral part of these financial statements.

INCOME STATEMENT for the year ended 31 December 2007

	Note	1.1.2007 to 31.12.2007	1.3.2006 to 31.12.2006
Continuing operations		RM′000	RM′000
Revenue		2,886,220	1,941,431
Other operating income		2,571	35,594
Changes in inventories		46,745	55,122
Net purchases		(2,108,923)	(1,425,525)
Staff costs		(158,985)	(108,808)
Depreciation	3	(106,604)	(69,086)
Operating expenses		(403,514)	(286,567)
Operating profit	12	157,510	142,161
Interest expense	14	(274)	(1,962)
Interest income		1,770	542
Profit before tax		159,006	140,741
Tax expense	15	(53,830)	(37,495)
Profit for the year/period attributable			
to shareholders of the Company		105,176	103,246
Basic earnings per ordinary share (sen)	16	59.9	58.8

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2007

			Non-dis	stributable	Distributabl	e
		Share capital	Share premium	Revaluation reserve	Retained profits	Total
	Note	RM′000	RM′000	RM′000	RM′000	RM′000
At 1 March 2006		175,500	20,609	33,648	392,094	621,851
Profit for the period Transfer from revaluation		-	-	-	103,246	103,246
reserve to retained profits		-	-	(431)	431	-
Total recognised income and expense for the period Dividend - 2006 final in				(431)	103,677	103,246
respect of year ended 28 February 2006	17	-	-	-	(18,954)	(18,954)
At 31 December 2006/						
1 January 2007		175,500	20,609	33,217	476,817	706,143
Profit for the year Transfer from revaluation		-	-	-	105,176	105,176
reserve to retained profits			-	(517)	517	-
Total recognised income and expense for the year Dividend - 2006 final in		-	-	(517)	105,693	105,176
respect of period ended 31 December 2006	17	-	-	-	(20,498)	(20,498)
At 31 December 2007		175,500	20,609	32,700	562,012	790,821

Note 9

The notes on pages 52 to 71 are an integral part of these financial statements.

CASH FLOW STATEMENT for the year ended 31 December 2007

	Note	1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM'000
Cash flows from operating activities	Note	KIVI OOO	KIVI OOO
Profit before tax		159,006	140,741
Adjustments for:			
Depreciation of property, plant and equipment	3	106,604	69,086
Amortisation of prepaid lease payments	4	1,466	1,202
Interest expense	14	274	1,962
Interest income		(1,770)	(542)
Gain on disposal of property, plant and equipment		(134)	(34,073)
Property, plant and equipment written off		2,562	1,387
Operating profit before changes in working capital		268,008	179,763
Changes in working capital:			
Inventories		(46,745)	(55,122)
Trade and other receivables		(34,149)	(12,924)
Trade and other payables		180,093	130,778
Cash generated from operations		367,207	242,495
Tax paid		(34,500)	(25,059)
Net cash from operating activities		332,707	217,436
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	(236,721)	(252,862)
Proceeds from disposal of property, plant and equipment		352	113,408
Interest received		1,770	542
Addition to prepaid lease payments	4	-	(2,463)
Net cash used in investing activities		(234,599)	(141,375)
Cash flows from financing activities			
Dividend paid to shareholders of the Company		(20,498)	(18,954)
Interest paid		(274)	(1,962)
Net cash used in financing activities		(20,772)	(20,916)
Net increase in cash and cash equivalents		77,336	55,145
Cash and cash equivalents at beginning of year/period	od	107,925	52,780
Cash and cash equivalents at end of year/period		185,261	107,925

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	2007 RM′000	2006 RM′000
	14016	KIVI OOO	KIVI OOO
Cash and bank balances	8	164,061	107,925
Deposits with licensed financial institutions	8	21,200	-
		185,261	107,925

The notes on pages 52 to 71 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 Board of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follow:

Registered office and Principal place of business

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

The Company is principally engaged in the operations of a chain of superstores 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 ÆON Co., Ltd., a company incorporated in Japan.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company has been prepared in accordance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has also issued the following FRSs and Interpretations that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs / Interpretations	Effective date
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Company plans to adopt the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008.

The Company has not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changing in Accounting Estimates and Errors is not disclosed.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Company.

The financial statements were approved by the Board of Directors on 21 February 2008.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements 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 year in which the estimate is revised and in any future years affected.

2. Significant accounting policies

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

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies 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 the income statement.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment except for freehold land and construction work-in-progress are stated at cost/ valuation less accumulated depreciation and accumulated impairment losses, if any.

The Company has availed itself to the transitional provision when the MASB first adopted International Accounting Standard No.16 (Revised), Property, Plant and Equipment in 1998. Certain leasehold land and buildings were revalued in February 1995 and no later valuation has been recorded for these property, plant and equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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.

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.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company 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.

The principal annual rates of depreciation used for the current and comparative years are as follows:

•	Buildings	2% - 4%
•	Structures	10%
•	Office equipment	10%
•	Machinery and equipment	10% - 33.3%
•	Furniture, fixtures and fittings	20%
•	Motor vehicles	20%
•	IT equipment	20%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(c) Leased assets

(i) Finance lease

Leases in terms of which 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.

(c) Leased assets (continued)

(i) Finance lease (continued)

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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Other leases are operating leases and are not recognised on the Company's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis or agreed basis over the term of the lease.

(d) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- · Investments in non-current equity securities, are stated at cost less allowance for diminution in value,
- · All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(e) 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.

(f) Receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(g) 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 value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

(h) Impairment of assets

The carrying amounts of assets except for inventories and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. 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 in flows of other assets or groups of assets (the "cashgenerating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cashgenerating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(i) 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 provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company 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 Company's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(j) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(k) Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods represents gross trading sales, including concessionaire sales which the Company is able to exercise control, less returns and discounts. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Property management services from shopping centre operation which include rental income, service charge, sales commission and distribution centre charges earned are recognised on an accrual basis.

(I) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the year in which they are incurred.

(m) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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 each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(n) Earnings per share

The Company presents 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 year.

(o) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

	Freehold land (at cost) RM′000	Buildings (at valuation) RM′000	Buildings (at cost) 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
Cost/Valuation											
At 1 March 2006	999'28	126,003	369,595	100,684	7,663	257,597	173,849	4,931	308	29,573	1,157,869
Additions			69,243	25,806	2,434	92,723	51,491	936	104	10,125	252,862
Disposals	(20,871)	•	(74,728)	(2,234)	(36)	(4,952)	(1,018)	(63)		•	(103,902)
Written off	•	•		(966)	(278)	(1,597)	(6,748)	(1)		•	(9,620)
Transfer in/(out)	,		28,337	207		2		,	•	(28,546)	
At 31 December 2006/											
1 January 2007	96,795	126,003	392,447	123,467	9,783	343,773	217,574	5,803	412	11,152	1,297,209
Additions				15,210	1,408	19,269	23,855	1,005	176	175,798	236,721
Disposals			(107)		(3)	(238)	(282)	(1,089)			(2,022)
Written off				(663)	(139)	(4,097)	(3,626)	(19)			(8,874)
Reclassification to											
(Note 4)	•	•	(562)		•			,	•	,	(562)
Transfer in/(out)	108,306			19,961	377	22,131	22,733	1,121	98	(174,715)	
At 31 December 2007	175,101	126,003	391,778	157,645	11,426	380,838	259,951	6,821	674	12,235	1,522,472

3. Property, plant and equipment (continued)

	Freehold land (at cost) RM′000	Buildings (at valuation) RM′000	Buildings (at cost) 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
Depreciation											
At 1 March 2006		29,451	45,757	33,811	3,454	82,449	114,306	3,156	237	•	312,621
Depreciation for the year		618	7,844	8,823	533	32,724	17,952	572	20		980'69
Disposals			(12,803)	(1,003)	(25)	(3,697)	(927)	(62)			(18,517)
Written off			•	(452)	(234)	(1,375)	(6,171)	(1)	•	•	(8,233)
At 31 December 2006/											
1 January 2007		30,069	40,798	41,179	3,728	110,101	125,160	3,665	257		354,957
Depreciation for the year		2,520	9,082	13,513	863	50,045	29,655	857	69		106,604
Disposals			,	•	(2)	(186)	(572)	(1,044)			(1,804)
Written off	•		•	(515)	(88)	(2,703)	(2,986)	(19)			(6,312)
At 31 December 2007		32,589	49,880	54,177	4,500	157,257	151,257	3,459	326		453,445
Carrying amounts											
At 1 March 2006	999'28	96,552	323,838	66,873	4,209	175,148	59,543	1,775	71	29,573	845,248
At 31 December 2006	962'99	95,934	351,649	82,288	6,055	233,672	92,414	2,138	155	11,152	942,252
o r											

12,235 1,069,027

348

3,362

108,694

223,581

6,926

103,468

341,898

93,414

175,101

At 31 December 2007

3. Property, plant and equipment (continued)

Two of the buildings of the Company are situated on land belonging to third parties.

One of the freehold land of the Company is in the process of transfer of title.

The buildings stated at Directors' valuation are based on professional valuation carried out by an independent firm of valuers in February 1995 using the open market value and on an existing use basis. In accordance with the transitional provisions issued by Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No. 16 (Revised), "Property, Plant and Equipment", the valuation of these assets has not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation.

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year would be as follows:

	2007	2006
	RM′000	RM′000
Buildings	57,426	59,125

4. Prepaid lease payments

		Unexpired period more than 50 years
	Note	RM′000
Cost		
At 1 March 2006		136,368
Additions		2,463
At 31 December 2006/1 January 2007		138,831
Reclassification from property, plant and equipment	3	562
At 31 December 2007		139,393
Amortisation		
At 1 March 2006		10,360
Amortisation for the period	12	1,202
At 31 December 2006/1 January 2007		11,562
Amortisation for the year	12	1,466
At 31 December 2007		13,028

4. Prepaid lease payments (continued)

	Unexpired period more
	than 50 years RM'000
Carrying amounts	
At 1 March 2006	126,008
At 31 December 2006/1 January 2007	127,269
At 31 December 2007	126,365

5. Investments

Non-current	2007 RM′000	2006 RM′000
At cost:	4.5	4.5
Golf membership	45	45
Unquoted shares Equity investment	-	1,030
Outled thems in Malauria	45	1,075
Quoted shares in Malaysia	1,030	·
	1,075	1,075
Market value:		
Quoted shares in Malaysia	10,010	

The Company's investment in unquoted shares amounting to RM1,030,000 in previous year has been classified as quoted shares following the listing of the unquoted shares on the Bursa Malaysia Securities Berhad on 12 December 2007.

6. Inventories

	2007 RM′000	2006 RM′000
Retail merchandise	145,867	132,555
Food and others	115,061	81,628
	260,928	214,183

7. Receivables, deposits and prepayments

	Note	2007 RM′000	2006 RM′000
Current			
Trade			
Trade receivables		20,328	21,381
Less: Allowance for doubtful debts		(889)	(722)
		19,439	20,659
Amount due from a related company	а	1,420	1,469
		20,859	22,128
Non-trade			
Other receivables and prepayments	b	43,802	9,261
Rental and utility deposits		15,157 ————	14,280
		58,959	23,541
		79,818	45,669

Note a

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

Note b

Included in other receivables and prepayments is a deposit of RM37,713,640 (31.12.2006 - Nil) paid as part of purchase consideration for the acquisition of a piece of leasehold land for the purpose of constructing a shopping centre.

8. Cash and cash equivalents

	2007	2006
	RM′000	RM′000
Cash and bank balances	164,061	107,925
Deposits with licensed financial institutions	21,200	-
	185,261	107,925

9. Capital and reserves

Share Capital

	Amount 2007 RM'000	Number of shares 2007 '000	Amount 2006 RM'000	Number of shares 2006 '000
Authorised:				
Ordinary shares				
of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid:				
Ordinary shares				
of RM1 each	175,500	175,500	175,500	175,500

Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment in prior years.

Section 108 tax credit

Subject to agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax-exempt income to frank all of its retained profits at 31 December 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

10. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment						
- capital allowance	-	-	(16,964)	(17,863)	(16,964)	(17,863)
- revaluation	-	-	(12,715)	(12,916)	(12,715)	(12,916)
Provisions	5,850	1,666	-	-	5,850	1,666
Net tax assets/(liabilities)	5,850	1,666	(29,679)	(30,779)	(23,829)	(29,113)

11.Payables and accruals

	Note	2007 RM′000	2006 RM′000
Trade			
Trade payables		501,088	389,394
Non-trade			
Other payables and accrued expenses		224,491	167,188
Progress claims by contractors		29,455	42,220
Rental and utility deposits		102,514	78,705
Holding company	а	475	423
		356,935	288,536
		858,023	677,930

Note a

The amount due to holding company, ÆON Co., Ltd., a company incorporated in Japan is unsecured, interest free and repayable on demand.

12. Operating profit

	1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM'000
Operating profit is arrived at after crediting:		
Gain on disposal of property, plant and equipment Property management services	134	34,073
- Rental income on shopping centre operation	206,006	150,285
- Other property management services income	39,873	27,863
and after charging:		
Auditors' remuneration		
- statutory audit		
- KPMG	140	130
- Other services		
- KPMG	10	35
Amortisation of prepaid lease payment	1,466	1,202
Depreciation	106,604	69,086
Personnel expenses (including key management personnel)		
- Contributions to Employees Provident Fund	15,825	11,143
- Wages, salaries and others	143,160	97,665
Property, plant and equipment written off	2,562	1,387
Rental expense		
- land	1,151	941
- buildings	72,004	45,236
- equipment	1,274	475
- fixtures and fittings	198	222
- hostel	36	7
Royalty	16,964	11,181

13. Key management personnel compensation

	The key management personnel compensations are as follows:		
		1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM'000
	Directors - Fees - Remuneration	1,121 579	959 747
	 Other short term employee benefits (including estimated monetary value of benefits-in-kind) 	48	57
	Total short-term employee benefits	1,748	1,763
14.	Interest expense		
		1.1.2007 to 31.12.2007 RM′000	1.3.2006 to 31.12.2006 RM'000
	Bank overdrafts Other borrowings	9 265	41 1,921
	g.	274	1,962
1 5	Tay aynansa		
10.	Tax expense	1.1.2007 to 31.12.2007	1.3.2006 to 31.12.2006
		RM′000	RM′000
	Current tax expense - current	57,052	37,663
	- under provision in prior year	2,062	-
	Deferred toy avenue	59,114	37,663
	Deferred tax expense - origination and reversal of temporary differences	(5,284)	(168)
	Total tax expense	53,830	37,495
	Reconciliation of effective tax expense		
	Profit before taxation	159,006	140,741
	Tax calculated using Malaysian tax rate of 27% (31.12.2006 - 27%)	42,932	38,000
	Income not subject to tax	-	(9,170)
	Non-deductible expenses	9,037	8,833
	Reversal of deferred tax liabilities on crystallisation of revaluation reserves of property, plant and equipment	(201)	(168)
	Under provision of tax expense in prior year	51,768 2,062	37,495
	Tax expense	53,830	37,495

15. Tax expense (continued)

With effect from year of assessment 2007, the corporate tax rate is at 27%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 26% with effect from year of assessment 2008 and to 25% with effect from year of assessment 2009 respectively. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Due to the change of its financial year end from 28 February to 31 December, the Company's basis year for the year of assessment 2007 is from 1 March 2006 to 31 December 2007. As a result, the statutory tax rate in this financial year is 27%.

16. Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of RM105,176,225 (31.12.2006 - RM103,246,050) by the number of ordinary shares outstanding of 175,500,000 (31.12.2006 - number of shares outstanding of 175,500,000) during the year/period.

17. Dividend

Dividend recognised in the current year by the Company is:

1.1.2007 to 31.12.2007 Final 31.12.2006 ordinary dividend	Sen per share (net)	Total amount RM'000	Date of payment
of 16% less 27% income tax	11.7	20,498	24 May 2007
1.3.2006 to 31.12.2006 Final 28.2.2006 ordinary dividend			
of 15% less 28% income tax	10.8	18,954	20 July 2006

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

Sen per share (net)	Total amount RM'000
12.6	22,078
4.0	7,020
	per share (net)

18. Segmental reporting

Segment information is presented in respect of the Company's business segment. The primary format, business segments, is based on the Company's management and internal reporting structure. There is no segmental analysis by geographical location as the Company's operations are principally located in Malaysia.

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 mainly comprise interest-earning assets and revenue and income taxes.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Business segments

The Company comprises the following main business segments:

Retailing	The operations c	of a chain of	superstores selling	clothing, food,	household goods

and other merchandise.

Property management services Shopping centre operation and distribution centre charges earned.

18. Segmental reporting (continued)

			Prop	erty		
	Reta	iling	manageme	ent services	Tot	tal
	1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM'000	1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM'000	1.1.2007 to 31.12.2007 RM'000	1.3.2006 to 31.12.2006 RM′000
Business segments						
Revenue from external customers	2,640,341	1,763,283	245,879	178,148	2,886,220	1,941,431
Total revenue	2,640,341	1,763,283	245,879	178,148	2,886,220	1,941,431
Operating profit before disposal of Kinta City						
Shopping Centre	93,571	61,832	63,939	46,366	157,510	108,198
Gain on disposal of Kinta City Shopping Centre	-	-	-	33,963	-	33,963
Operating profit after disposal of Kinta City Shopping Centre	of				157,510	142,161
Interest expense					(274)	(1,962)
Interest income					1,770	542
Profit before taxation					159,006	140,741
Tax expense					(53,830)	(37,495)
Profit for the year/period	I				105,176	103,246

18. Segmental reporting (continued)

	Property Retailing management service			s Total		
	2007 RM′000	2006 RM′000	2007 RM′000	2006 RM′000	2007 RM′000	2006 RM′000
Segment assets	741,700	601,218	980,774	837,155	1,722,474	1,438,373
Total assets					1,722,474	1,438,373
Segment liabilities	(698,971)	(525,739)	(159,052)	(152,191)	(858,023)	(677,930)
Unallocated liabilities					(73,630)	(54,300)
Total liabilities					(931,653)	(732,230)
Capital expenditure	92,667	108,603	144,054	144,259	236,721	252,862
Depreciation	65,016	41,279	41,588	27,807	106,604	69,086
Amortisation of prepaid lease payment	-	-	1,466	1,202	1,466	1,202
Non-cash expenses other than depreciatio	n 1,574	1,371	988	16	2,562	1,387

19. Operating leases

Leases as lessee

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2007	2006	
	RM′000	RM′000	
Less than one year	111,523	64,276	
Between one and five years	389,818	409,324	
More than five years	393,826	471,111	
	895,167	944,711	

The Company leases a number of land and buildings under operating leases.

The leases have initial years ranging from 3 to 25 years, with an option to renew the respective leases for another 3 to 15 years.

20. Capital commitments

	2007	2006
	RM′000	RM′000
Property, plant and equipment		
Contracted but not provided for:		
Within one year	341,357	30,622

21. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The Company has a related party relationship with its Directors, its holding company and the holding company's subsidiaries.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Company.

Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation is disclosed in note 13.

(ii) Transactions with key management personnel other than compensation

A number of key management personnel, of their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

	Transacti	on value	Balance outstanding		
	1.1.2007 to	1.3.2006 to	2007	2006	
Director	31.12.2007 RM′000	31.12.2006 RM′000	RM′000	RM′000	
With companies in which					
Dato' Abdullah bin Mohd Yusof and					
Datuk Ramli bin Ibrahim have interests:					
Management fee receivable	26	43	-	5	
Rental income receivable	297	332	-	-	
With companies in which					
Dato' Abdullah bin Mohd Yusof has interest:					
Legal fees payable	(11)	(24)	-	-	
Other related party transactions					
Holding company					
Royalty expenses	(16,964)	(11,181)	(16,964)	(11,181)	
Holding company's subsidiaries					
Purchase of merchandise	(1,985)	(1,118)	(650)	(125)	
Consultation fees	(472)	(300)	(123)	(52)	
Related company					
Sales through easy payment scheme financing	7,097	4,211	832	816	
Rental income	1,335	765	-	-	
Sales through AEON credit card	40,327	35,466	588	653	
Convertible J-card point income	310	378	-	-	
Credit card sales commission expenses	(588)	(515)	-		

The terms and conditions for the above transactions are based on normal trade terms and are to be settled in cash. None of the balances is secured.

22. Financial instruments

Exposure to credit risk, foreign currency risk, liquidity risk and interest rate risk arises in the normal course of the Company's business. The Company's policies for managing each of these risks are summarised below.

Credit risk

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on shopping centre tenants and the Company requires all tenants to place adequate security deposits as stipulated under the tenancy agreement. At balance sheet date, the Company does not have any major concentration of credit risk on its shopping centre tenants. The maximum exposure to credit risk for the Company was represented by the carrying amount of each financial asset.

Foreign currency risk

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

Liquidity risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Company's exposure to interest rate risk relates only 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 for the Company.

The management monitors the prevailing interest rates at regular intervals, and maintains an appropriate level of cash and cash equivalents to finance the working capital requirements and mitigate the effects of fluctuation in cash flow and liquidity positions of the Company.

In view of the competitive rates that are available from the prevailing banking facilities granted to 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 Company.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rate at the balance sheet date and the years in which they reprice or mature, whichever is earlier:

	Effective interest rate per annum %	2007 Total RM'000	Within 1 year RM'000	Effective interest rate per annum %	2006 Total RM'000	Within 1 year RM'000
Floating rate						
financial assets						
Deposits placed with						
licensed financial						
institutions	3.2	21,200	21,200	-	-	-

22. Financial instruments (continued)

Fair values

In respect of cash and cash equivalents, trade and other receivables, trade and other payables, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets carried on the balance sheet are shown below:

	2007		20	06
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Long-term investments:				
Investment in quoted shares	1,030	10,010	-	-
Investment in unquoted shares	-	-	1,030	-
Other investment	45	45	45	42

Estimation of fair values

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

In previous financial period, it was not practicable to estimate the fair value of an investment in an unquoted company due to the lack of compensation quoted market prices and the inability to estimate fair value without incurring excessive costs. That investment was carried at its original cost of RM1,030,000 in the balance sheet. At 31.12.2006, the share of the net tangible assets in this unquoted company was RM2,647,302.

23. Significant events during the financial year

- i. On 13 March 2007, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of leasehold land located in the Mukim of Ulu Kelang, District of Kuala Lumpur at a purchase price of RM53.69 million for the purpose of constructing a shopping centre, of which 70% has been paid during the financial year.
- ii. On 29 October 2007, the Company entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of freehold land located in the Mukim of Pulai, District of Johor Bahru, State of Johor at a purchase price of RM106.97 million for the purpose of constructing a shopping centre. The acquisition of freehold land has been completed and fully paid during the financial year.

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 48 to 71 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company at 31 December 2007 and of the results of its operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Dato' Abdullah bin Mohd Yusof

Nagahisa Oyama

Kuala Lumpur,

Date: 21 February 2008

STATUTORY DECLARATION

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

I, Poh Ying Loo, the officer primarily responsible for the financial management of AEON CO. (M) BHD., do solemnly and sincerely declare that the financial statements set out on pages 48 to 71 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 abovenamed in Kuala Lumpur on 21 February 2008.

Poh Ying Loo

Before me:

Commissioner for Oaths Kuala Lumpur

REPORT OF THE AUDITORS

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

We have audited the financial statements set out on pages 48 to 71. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Company at 31 December 2007 and of the results of its operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

KPMG Desa Megat & Co.

Firm Number: AF 0759 Chartered Accountants

Peter Ho Kok Wai

Partner

Approval Number: 1745/12/09(J)

Kuala Lumpur,

Date: 21 February 2008

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2008

Authorised Share Capital RM500,000,000 Paid-up Share Capital RM175,500,000

Class of Shares Ordinary Share of RM1 each Voting Rights 1 vote per Ordinary Share

Size of Shareholding	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	97	8.75	1,426	0.00
100 - 1,000	281	25.34	198,014	0.11
1,001 - 10,000	583	52.57	2,096,660	1.19
10,001 - 100,000	90	8.11	2,817,600	1.61
100,001 - 8,774,999	56	5.05	70,634,877	40.25
8,775,000 and above	2	0.18	99,751,423	56.84
Total	1,109	100.00	175,500,000	100.00

SUBSTANTIAL SHAREHOLDINGS

as per Register of Substantial Shareholders

No.	No. Name No. of Shares				
		Direct Interest	%	Indirect Interest	%
1.	ÆON Co., Ltd.	89,505,000	51.00	-	-
2.	Aberdeen Asset Management PLC	15,350,900	8.75	-	-
3.	Aberdeen Asset Management Asia Limited	11,555,400	6.58	-	-

DIRECTORS' INTERESTS

No.	Name		No. of Shares					
		Direct Interest	%	Indirect Interest	%			
1.	Dato' Abdullah bin Mohd Yusof	268,000	0.15	786,900	0.45			
2.	Datuk Ramli bin Ibrahim	-	-	280,000	0.16			
3.	Naruhito Kuroda	16,000	0.01	-	-			

LIST OF 30 LARGEST SHAREHOLDERS

as at 31 March 2008

No.	Name of Shareholders	No. of Shares	% of Share Held
1	ÆON Co., Ltd	89,505,000	51.00
2	HSBC Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Genesis Smaller Companies	10,246,423	5.84
3	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	7,000,000	3.99
4	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Convert in USD)	6,000,000	3.42
5	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	5,478,800	3.12
6	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J for Emerging Markets Global Small Capitalization Fund (TEMMUF)	4,595,900	2.62
7	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	2,779,100	1.58
8	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset MGMT Malaysia for Employees Provident Fund	2,645,300	1.51
9	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Smaller Companies Portfolio (GEMOFL)	2,540,199	1.45
10	Employees Provident Fund Board	2,438,300	1.39
11	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Aberdeen Malaysia Equity Fund	2,291,300	1.30
12	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for Apollo Asia Fund Ltd	2,130,000	1.21
13	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (JERSEY)	2,067,878	1.18
14	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Nordea Bank S.A)	2,012,300	1.15
15	Syarikat Maluri Sdn Bhd	1,865,000	1.06

LIST OF 30 LARGEST SHAREHOLDERS (continued) as at 31 March 2008

No.	Name of Shareholders	No. of Shares	% of Share Held
16	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for The Employees' Provident Fund Board (250416)	1,649,500	0.94
17	Permodalan Nasional Berhad	1,616,200	0.92
18	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	1,532,900	0.87
19	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	1,309,100	0.75
20	AMSEC Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for Tenaga Nasional Berhad Retirement Benefit Trust Fund (FM-Aberdeen)	1,217,000	0.69
21	Takuya Okada	1,200,000	0.68
22	Roshayati binti Basir	1,155,000	0.66
23	Rozilawati binti Haji Basir	1,155,000	0.66
24	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Norges Bank)	1,100,000	0.63
25	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.K.)	1,000,500	0.57
26	AMSEC Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	976,400	0.56
27	HSBC Nominees (Asing) Sdn Bhd Exempt An for Danske Bank A/S (Client Holdings)	940,000	0.53
28	HSBC Nominees (Asing) Sdn Bhd Exempt An for Morgan Stanley & Co. International PLC (IPB Client Acct)	841,900	0.48
29	Status Resources Sdn Bhd	796,900	0.45
30	MCIS Zurich Insurance Berhad	730,200	0.42
	Total	160,816,100	91.63

PARTICULARS OF PROPERTIES

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 31/12/2007 (RM'000)
Details of AEON's pro	operties as at 31 Decemb	per 2007 are	set out below:			
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Existing two-storey shopping centre Extention/Renovation	200,316 179,989	February 1995 (R)	16 9 ½		43,445
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Two-storey shopping centre and three-storey car park	666,694	February 1995 (R)	15 ½		47,430
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor.	Two-storey shopping centre and two-storey car park	691,414	October 1995 (C)	12	-	48,876
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor.	Freehold land/ Two-storey shopping centre including covered car park	377,490/ 483,299	April 2002 (A)/ August 2002 (C)	5 ½	Freehold	28,354
Lot 4086, Kawasan A, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Two-storey shopping centre and two-storey car park	906,497	January 2004 (C)	4		48,958
Lot PTD 114179, Mukim of Tebrau, District of Johor Bahru, Johor.	Freehold land/ Three-storey shopping centre and one-storey car park	1,308,035/ 1,468,693	March 2004 (A) January 2006 (C)	2	Freehold	161,374
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor.	Freehold land/ Two-storey shopping centre and two-storey car park	113,451/ 893,819	April 2004 (A) December 2006 (C)	1	Freehold	67,927
Lot PTD 90606, Mukim of Pulai, District of Johor Bahru, Johor.	Freehold land	1,645,697	October 2007 (A)	·	Freehold	108,306
Details of AEON's prepaid lease payments as at 31 December 2007 are set out below:						
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land	436,036	February 1995 (R)	-	99 years expiring on 19/12/2089	13,241
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land	368,516	February 1995 (R)		95 years expiring on 28/3/2085	38,969
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor.	Leasehold land	643,753	June 1994 (A)	·	99 years expiring on 9/5/2093	16,548
Lot 4086, Kawasan A, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land	410,815	January 2004 (C)		99 years expiring on April 2101	40,782
Lot PT 41977, Mukim of Cheras, District of Ulu Langat, Selangor.	Leasehold land	550,910	April 2004 (A)	·	99 years expiring on 12/4/2103	16,825

JUSCO STORES, SHOPPING CENTRES & MAXVALU

NORTHERN





JUSCO IPOH

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

KINTA CITY SHOPPING CENTRE

Tel: 05-548 4668

CENTRAL



JUSCO BANDAR BARU KLANG

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



JUSCO TAMAN MALURI

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

BUKIT RAJA SHOPPING CENTRE

Tel: 03-3343 2166



JUSCO TAMAN MALURI **SHOPPING CENTRE**

Tel: 03-9200 1004



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



JUSCO WANGSA MAJU

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

SHOPPING CENTRE

ALPHA ANGLE

Tel: 03-4149 5288



JUSCO BANDAR PUCHONG

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



JUSCO BANDAR UTAMA

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



JUSCO METRO PRIMA

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



1 UTAMA **SHOPPING CENTRE**

Tel: 03-7726 6033

JUSCO METRO PRIMA **SHOPPING CENTRE**

Tel: 03-6259 1122



JUSCO MELAKA

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



Tel: 06-233 2988



JUSCO TAMAN UNIVERSITI

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

JUSCO TAMAN UNIVERSITI SHOPPING CENTRE

Tel: 07-520 8700





JUSCO QUEENSBAY

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



JUSCO TAMAN EQUINE

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



Tel: 03-7545 2700



Aras Mezzanine, Lebuh Tun Hussien Onn, 43200 Balakong, Selangor Darul Ehsan. Tel: 03-9080 3018



Tel: 03-9080 3498



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



JUSCO BUKIT TINGGI

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

AEON BUKIT TINGGI SHOPPING CENTRE

Tel: 03-3326 2370



PJU 10, Damansara Damai, 47830 Petaling Jaya, Selangor Darul Ehsan. Tel: 03-6157 1432

PASAR RAYA MAXVALU

n as PASAR RAYA D'HATI Damansara C-1-05, Park Avenue, Jalan PJU 10/1,

DAMANSARA DAMAI,

PASAR RAYA MAXVALU PEARL POINT,

PASAR RAYA D'HATI Pearl Point)

Lot 1.0.49, Ground Floor, Pearl Point Shopping Mall, Jalan Klang Lama, 58000 Kuala Lumpur. Tel: 03-7982 0422



PASAR RAYA MAXVALU KOTA KEMUNING,

No. 1-2G, Jalan Anggerik Vanilla T31/T, Kota Kemuning, Seksyen 31, 40460 Shah Alam, Selangor. Tel: 03-5122 1669



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 AMPANG

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



JUSCO PERMAS JAYA

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



Tel: 07-386 0600



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



Tel: 06-601 5618



JUSCO TEBRAU CITY

No 1, Jalan Desa Tebrau, Taman Desa Tebrau, 81100 Johor Bahru, Johor Darul Takzim. Tel: 07-3511 110

AEON TEBRAU CITY SHOPPING CENTRE

Tel: 07-3522 220

MILESTONES

1984	SEPTEMBER	 JAYA JUSCO STORES SDN BHD established, in response to a request from former Prime Minister Tun Dr Mahathir bin Mohamad, to help modernise the retailing industry in Malaysia.
1985	JUNE DECEMBER	The first pilot store, JAYA JUSCO Dayabumi, opened.The second pilot store, JAYA JUSCO Taman Tun, opened.
1989	JUNE OCTOBER	JAYA JUSCO Dayabumi closed.The first Superstore, JAYA JUSCO Taman Maluri, opened.
1990	JUNE NOVEMBER	 "Japan Management Training Programme" begun. 28 Malaysian students invited to Japan as "Ambassadors" through the ÆON "1% Club" Programme.
1991	OCTOBER	 JUSCO Melaka was opened and fully operated by Malaysian staff. The ÆON Group's "Hometown Forest" programme was launched simultaneously at the inauguration of JUSCO Melaka.
1992	APRIL	– JUSCO Wangsa Maju (Alpha Angle Shopping Centre), the first Shopping Centre, opened.
1994	AUGUST OCTOBER	The Distribution Centre begun operations.Japanese Trainee Programme begun.
1995	JUNE AUGUST OCTOBER	 JAYA JUSCO Taman Tun Dr. Ismail closed. JUSCO Bandar Utama (1 Utama Shopping Centre) opened. JUSCO Bandar Baru Klang (Bukit Raja Shopping Centre) opened.
1996	DECEMBER	– JAYA JUSCO STORES BHD was listed on the Main Board of the KLSE.
1997	AUGUST	– JUSCO Ipoh (Kinta City Shopping Centre) opened.
1998	DECEMBER	– JUSCO Melaka Superstore was upgraded to a Shopping Centre.
1999	DECEMBER	– JUSCO Mid Valley opened.
2000	DECEMBER	JUSCO Taman Maluri Superstore was upgraded to a Shopping Centre.JUSCO Bandar Puchong opened.
2001	OCTOBER NOVEMBER	 Launch of WAOH Charity Fund / JUSCO Fest / JUSCO's 17th Anniversary. 22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as 'Ambassadors' through the ÆON "1% Club" Programme.
2002	APRIL JULY	 Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, at Wangsa Maju. JUSCO Taman Universiti (JUSCO Taman University Shopping Centre) opened, Japan Management Training Programme reactivated.
2003	JULY AUGUST OCTOBER DECEMBER	 WAOH Charity Bazaar. Smart Wonder World opened in JUSCO Taman Maluri. JUSCO Home Centre opened in 1 Utama Shopping Centre. 3,000 seedlings were planted in the vicinity of the JUSCO Permas Jaya store as part of ÆON's environmental campaign, 'Planting Seeds of Growth'. JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
2004	January June	 JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 seedlings were planted. JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened. "With All Our Hearts" Charity Fund officially registered as the "With All Our Hearts" Malaysian JUSCO Foundation.

MILESTONES

2004	SEPTEMBER AUGUST OCTOBER	 JAYA JUSCO STORES BHD. officially changed name to AEON CO. (M) BHD. JUSCO celebrated 20th Anniversary in Malaysia with Gala Dinner. Official launch of "With All Our Hearts" Malaysian JUSCO Foundation. 30,000 seedlings planted in the Malaysia-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands. Company authorised share capital increased from RM100,000,000 to RM500,000,000. Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.
2005	MARCH JULY SEPTEMBER OCTOBER DECEMBER	 AEON CO. (M) BHD. received a certificate of appreciation from the Prime Minister for its tree planting activities. WAOH Charity Gala Dinner was held. JUSCO Seremban 2 Tree Planting ceremony was held. 3,300 seedlings were planted. JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened. The first PASAR RAYA J-One Supermarket in Damansara Damai. AEON Tebrau City Tree Planting ceremony was held. 6,000 seedlings were planted.
2006	JANUARY APRIL JUNE JULY SEPTEMBER NOVEMBER DECEMBER	 JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened. Change of financial year end from February to December. AEON Taman Equine Tree Planting Ceremony held. 4,000 seedlings were planted. JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened. PASAR RAYA J-One supermarket in Pearl Point opened. Completion of Kinta City Shopping Centre sales and lease back. AEON Cheras Selatan Tree Planting Ceremony held. 4,000 seedlings were planted. WAOH Charity Gala Dinner held. JUSCO Queensbay opened. JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened.
2007	JANUARY JUNE AUGUST SEPTEMBER OCTOBER DECEMBER	 Pasar Raya D'HATI name change ceremony (from J-One to D'HATI) held at Pearl Point Shopping Mall. Replanting of trees at AEON Woodland. WAOH Charity Gala Dinner 2007 held. Pasar Raya D'HATI Kota Kemuning officially opened. JUSCO Bandar Sunway Store opened. AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 seedlings were planted. Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang officially opened. JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of AEON CO. (M) BHD. will be held at Prince 1, Level 3, Prince Hotel & Residence Kuala Lumpur, No. 4, Jalan Conlay, 50450 Kuala Lumpur on Monday, 26 May 2008 at 10.30a.m for the following purposes:-

AGENDA As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31	Ordinary Resolution 1
December 2007 together with the Reports of the Directors and Auditors thereon.	,

- 2. To declare a First and Final Dividend of 17% less 26% income tax and a special tax-exempt Ordinary Resolution 2 dividend of 4% in respect of the financial year ended 31 December 2007.
- 3. To approve the payment of Directors' Fees for the financial year ended 31 December Ordinary Resolution 3 2007.
- 4. To re-elect the following Directors retiring under Article 74 of the Articles of Association of the Company:

i) Dato' Abdullah bin Mohd Yusof	Ordinary Resolution 4
----------------------------------	-----------------------

- Ordinary Resolution 5 ii) Mr. Tsutomu Kajita
- Ordinary Resolution 6 iii) Mr. Nagahisa Oyama
- Datuk Ramli bin Ibrahim Ordinary Resolution 7
- Brig. Jen (B) Dato' Mohamed Idris bin Saman Ordinary Resolution 8
- vi) Datuk Zawawi bin Mahmuddin Ordinary Resolution 9
- 5. To re-appoint Dato' Chew Kong Seng as Director pursuant to Section 129 (6) of the Ordinary Resolution 11
- 6. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise Ordinary Resolution 12 the Directors to fix their remuneration.

As Special Business

vii) Mr. Naruhito Kuroda

Companies Act, 1965.

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

7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF 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 2.2 of the Circular to Shareholders dated 5 May 2008 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;

Ordinary Resolution 13

Ordinary Resolution 10

As Special Business (continued)

- (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 Renewal of 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 Renewal of 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."

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty-Third Annual General Meeting, a first and final dividend of 17% less 26% income tax and a special tax-exempt dividend of 4% in respect of the financial year ended 31 December 2007 will be paid to shareholders on 26 June 2008. The entitlement date for the said dividend shall be 6 June 2008.

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 6 June 2008 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)

Secretary

Kuala Lumpur Date: 5 May 2008

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 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 to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
- 3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3rd Floor, JUSCO Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting.
- 5. 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.
- 6. Explanatory Note on the Special Business

Ordinary Resolution 13 on the Proposed Renewal of Shareholders' Mandate

The Ordinary Resolution 13 proposed, if passed, will empower the Directors from the date of the Twenty-Third 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 5 May 2008, which is despatched together with this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

Pursuant to the Paragraph 8.28(2) of the Bursa Securities Listing Requirements appended hereunder is:

a) Further details of Directors standing for re-election

Details of Directors seeking for re-election or re-appointment are set out in Directors' Profiles appearing on pages 21 and 22 of the Annual Report for financial year ended 31 December 2007.

PROXY FORM

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

(Incorporated in Malaysia)

No. of Shares	
CDS account $No.$	

I/We,		(name of shareholder as per N	RIC, in capital letters
IC No./ID No./Company No		(new)	(olc
of			(full address
being a member(s) of the abovenamed Com	pany, hereby appoint		
(name of proxy as per NRIC, in capital letters) IC N	O	(new)	(olc
of			(full address
or failing him/her		(name of proxy as per NF	RIC, in capital letters
IC No.			
address as my four prove to vote for me fue and or	my / our bobalf at the Tyrar	ot Third Appual Conoral Mosting of	the Company to b

address) as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company, to be held at Prince 1, Level 3, Prince Hotel & Residence Kuala Lumpur, No. 4, Jalan Conlay, 50450 Kuala Lumpur on Monday, 26 May 2008 at 10.30 a.m, and at any adjournment thereat.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
	ORDINARY BUSINESS		
Ordinary Resolution 1	Adoption of Audited Financial Statements and Reports for the financial year ended 31 December 2007		
Ordinary Resolution 2	Declaration of a first and final dividend of 17% less 26% income tax and a special tax-exempt dividend of 4% in respect of the financial year ended 31 December 2007.		
Ordinary Resolution 3	Approval of Directors' Fees for the financial year ended 31 December 2007		
Ordianry Resolution 4	Re-election of Dato' Abdullah bin Mohd Yusof		
Ordinary Resolution 5	Re-election of Mr. Tsutomu Kajita		
Ordinary Resolution 6	Re-election of Mr. Nagahisa Oyama		
Ordinary Resolution 7	Re-election of Datuk Ramli bin Ibrahim		
Ordinary Resolution 8	Re-election of Brig. Jen (B) Dato' Mohamed Idris bin Saman		
Ordinary Resolution 9	Re-election of Datuk Zawawi bin Mahmuddin		
Ordinary Resolution 10	Re-election of Mr. Naruhito Kuroda		
Ordinary Resolution 11	Re-appointmeent of Dato' Chew Kong Seng as Director pursuant to Section 129 (6) of the Companies Act, 1965		
Ordinary Resolution 12	Re-appointment of Messrs KPMG Desa Megat & Co.		
	SPECIAL BUSINESS		
Ordinary Resolution 13	Proposed Renewal of the Existing Shareholders' Mandate for the 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	2008

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

0	,	•
	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

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 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 to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
- 3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3rd Floor, JUSCO Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting.
- 5. 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.

Place Stamp Here

The Company Secretary:

AEON CO. (M) BHD. (Company No. 126926H) 3rd Floor, JUSCO Taman Maluri Shopping Centre, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur.







AEON CO. (M) BHD.(126926-H) 3rd Floor, JUSCO Taman Maluri Shopping Centre,

Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur.

