

SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



On 30 October 2010 another beach clean up project took place at Pantai Remis, Jeram, a coastal town in Kuala Selangor, in which AEON also handed over 10 rubbish bins and 3 recycling bins to the Majlis Daerah Kuala Selangor to be placed at the picnic and recreational areas along the beach.

CHEERS AT HOSPITAL MELAKA'S CHILDREN PEDIATRIC WARDS

On 18 May 2010, AEON organised an upgrade and spruce up works at Hospital Melaka's Children Pediatric Wards with a total of 80 participants. The works included the cleaning of outdoor playground, repainting of internal and external wall, repairing benches, installation of signages and 3 units of Gazebo.



ECO TOUR CHEERS

On 8 June 2010, AEON organised an eco tour for 50 orphans from Rumah Silaturrahim Nurul Qana'ah, Rumah Titian Kasih and Rumah Anak Yatim Harmoni. The activities included mangrove swamp tour, visits to fresh water fish farms and fireflies park at Kampung Kuantan, Selangor.

LANTERN PARADE

AEON celebrated the Mid Autumn Festival by organising AEON 'Lantern Parade' 2010 at AEON Cheras Selatan Shopping Centre on 18 September 2010. This included a lantern making competition involving 10 schools with 30 participants each, producing beautiful lanterns for the occasion.



AEON GREEN DAY "GO 4R"

On 27 November 2010, AEON organised an environmental campaign themed "AEON GREEN DAY", which was officiated by YB Encik Hoo Seong Chang, Exco Member, Johor Domestic Trade & Tourism. The campaign was held at AEON Bukit Indah Shopping Centre with participation from the community and schools. Activities included recycle collection campaign and invention competition, egg shell art and wind chimes making contest, ecorobic exercise, eco fashion and a 4R showcase exhibition.

AEON CSR RECOGNITIONS

In 2010, AEON was awarded the Green Leadership Award and Prime Minister CSR Award for Community and Social Welfare. This is in recognition of AEON's sustainable corporate social responsibility initiatives for environmental protection and its efforts in reducing the carbon footprint, thereby conserving the environment for future generation and a greener tomorrow. AEON was also awarded the most supportive private company in blood donation campaign.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



MALAYSIAN AEON FOUNDATION

Malaysian AEON Foundation is the charity arm that runs all the major charity events and community services for AEON and AEON Credit Service (M) Berhad.

The charity arm has been very active for the last 10 years and benefited thousands of people in various aspects.

OUR MISSION

- To be continuously involved in fund-raising activities and events for the benefit of all Malaysians, irrespective of race, religion and creed, especially children.
- To provide financial aid to those with greatest needs such as education, living environment or medical assistance and to provide activity-based resources that will help guide them away from today's social ills.
- To give the children the opportunity to discover their self-worth and develop their fullest potential and that they may live fuller, more meaningful lives for the future.

KONSERT SATU SUARA

AEON and Siti Nurhaliza Production have jointly organised the premiere concert, which fell on the 12 February 2010 to raise funds and create awareness for Malaysian AEON Foundation. Philanthropists and members of the public were invited to partake in this heartwarming night of Malam Gala Satu Suara, Sepenuh Hati where 5% of the ticket sales was channeled to the Malaysian AEON Foundation.



BERSAMAMU TV3

To bring the Foundation closer to the communities and raise public awareness towards the beauty of charity, Malaysian AEON Foundation collaborated with TV3, and acted as the main sponsor for "Bersamamu TV3" programme.

The programme was broadcasted on TV3 at 9.30pm on every Wednesday, from April to August 2010. The 13 episodes shared stories about less fortunate families and the Foundation's assistance to these families through contribution of essential items and financial aid to reduce their burden.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY



DONATION DRIVES

In the year 2010, with the support of customers and communities, Malaysian AEON Foundation and AEON had donated in total RM170,000 for the Haiti, Chile and China Earthquakes and the Pakistan Flood victims. This is part of our sustainable corporate social responsibility activities for humanitarian aid and relief efforts to the victims of the natural disasters.



ECO SCHOOL VISIT PROGRAMME

The 'Eco School Visit Programme' was a further effort by AEON to educate the future generations on the importance of environmental conservation. Malaysian AEON Foundation invited over 30 students from surrounding schools for an 'Eco School Visit Programme' at AEON AU2 Setiawangsa Shopping Centre. During the tour, the students were exposed on the importance of preserving the environment through the 'Eco Way of Life' that is being implemented in AEON AU2 Setiawangsa Shopping Centre.

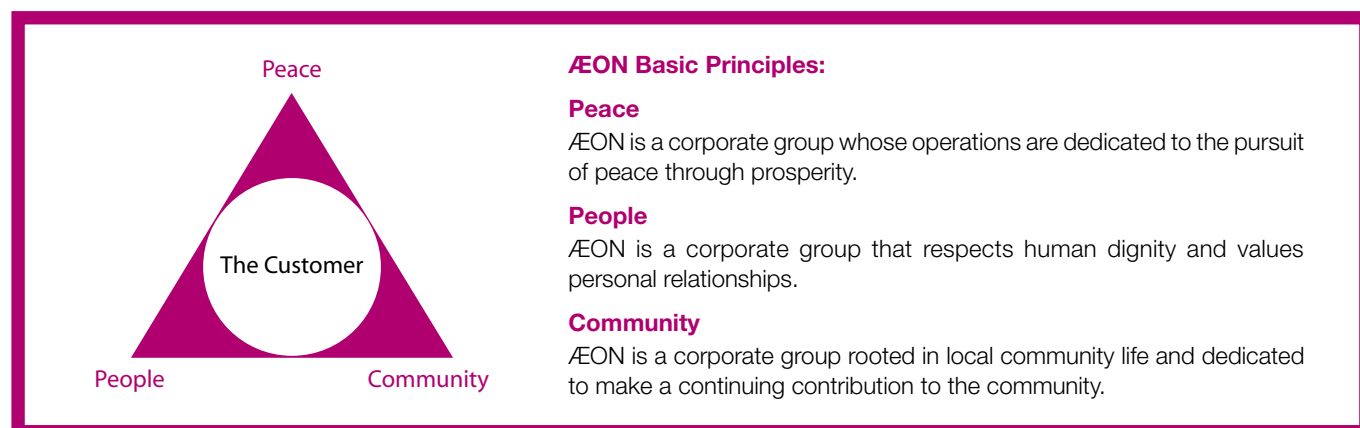


JALINAN KASIH PROGRAMME

On 15 November 2010, Malaysian AEON Foundation pooled its resources to help refurbished the breast feeding room at the Children's Ward 8 of Institute of Pediatrics, Hospital Kuala Lumpur. The room underwent a face-lift and new electrical appliances were provided for the convenience of the patients and their mothers. Malaysian AEON Foundation also purchased 3 new breast pumps for the nursing mothers' convenient.



AN INTRODUCTION TO ÆON GROUP



ÆON CO. (M) BHD. is a leading retailer in Malaysia with a total revenue of RM2.894 billion in the financial year under review. The Company was incorporated on 15 September 1984. ÆON CO. (M) BHD. (ÆON or the Company) was set up in response to the Malaysian Government's invitation to ÆON Japan to help modernise the retailing industries in Malaysia. The 'JUSCO' name today is well established among Malaysians as well as foreigners, especially due to its association with the international ÆON group of companies. ÆON has established itself as a leading chain of General Merchandise Stores. ÆON'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 an optimal product-mix. ÆON's stores are mostly situated in suburban residential areas, catering to Malaysia's vast middle income group.

The ÆON group of companies consists of ÆON Co., Ltd., and more than 150 consolidated subsidiaries and affiliated companies. In addition to its core General Merchandise Stores (GMS) plus its supermarket and convenience store operations, ÆON is also active in specialty store operations and shopping centre development, operations, credit card business and services. The ÆON group of companies is an integrated Japanese retailer and is active not only in Japan but also throughout Southeast Asia and China. At all times, in every market, ÆON's activities are guided by its 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 customers smile every time they shop.

OUR PRINCIPLE

The fundamental principle of ÆON is its 'Customer Centred Approach'. ÆON's mission is and always will be to contribute to the customers.

ÆON's most basic and abiding principles are the pursuit of peace, respect for humanity and contribution to local communities through customer-centred initiatives. Under these principles, we are determined to achieve global management standards while being the best serving retailer in the local community.

OUR STRATEGY

ÆON follow two strategies for continuous growth: Organic Growth and Company Tie-ups. Its core business of shopping centre operations includes General Merchandise Stores and Supermarkets. ÆON builds complementary operations such as specialty stores, shopping centre development, services, and works to create synergies among this diverse business.

OUR GOAL

ÆON's 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 term 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.

CORPORATE INFORMATION AND DIRECTORY



BOARD OF DIRECTORS

- Dato' Abdullah bin Mohd Yusof (Chairman)
- Mr Jerome Thomas Black
- Mr Nagahisa Oyama
- Dato' Chew Kong Seng
- Datuk Ramli bin Ibrahim
- Brig Jen (B) Dato' Mohamed Idris bin Saman
- Datuk Zawawi bin Mahmuddin
- Mr Naoki Hayashi
- Mr Kenichi Hirao
- Ms Nur Qamarina Chew binti Abdullah

SECRETARIES

- Tai Yit Chan (MAICSA 7009143)
- Liew Irene (MAICSA 7022609)

REGISTERED OFFICE AND HEAD OFFICE

3rd Floor,
JUSCO Taman Maluri Shopping Centre,
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,
Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya.

REGISTRARS

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
Tel : 03-2264 3883
Fax : 03-2282 1886

DATE OF INCORPORATION

15 September 1984

STOCK EXCHANGE LISTING

The Company is a public listed company,
incorporated and domiciled in Malaysia and
listed on the Main Market 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)
- CIMB Bank Berhad (13491-P)

CORPORATE CALENDAR

Notice of Annual General Meeting	26 April 2010	Quarterly Results Announcement	1st Quarter 18 May 2010
Annual General Meeting	18 May 2010		
Payment of Dividend	Book Closure 14 June 2010		2nd Quarter 26 August 2010
	Payment 7 July 2010		3rd Quarter 30 November 2010
			4th Quarter 25 February 2011

SHARE PRICE

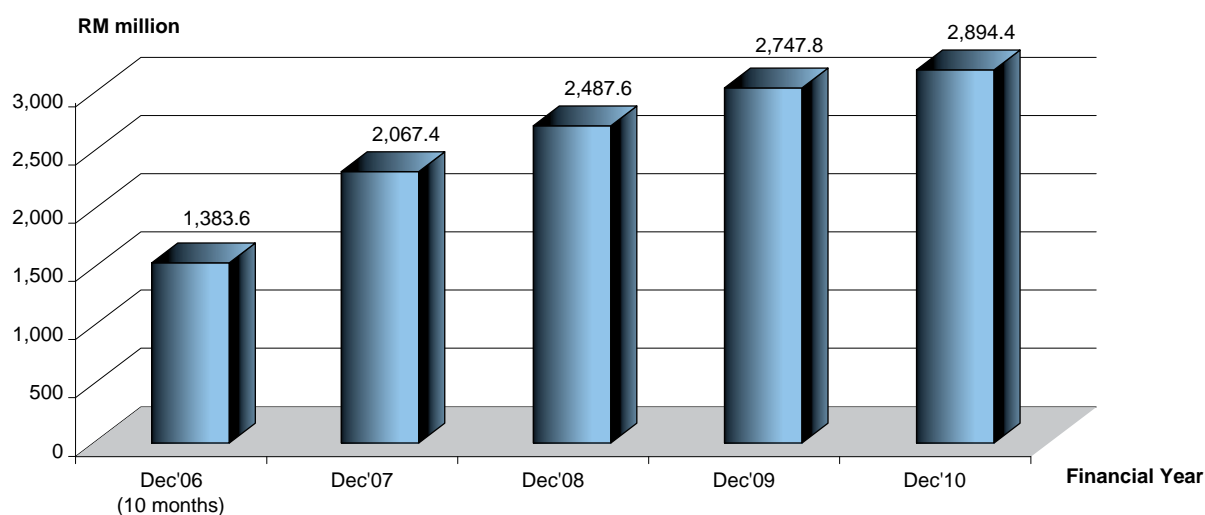
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STOCK NAME : AEON

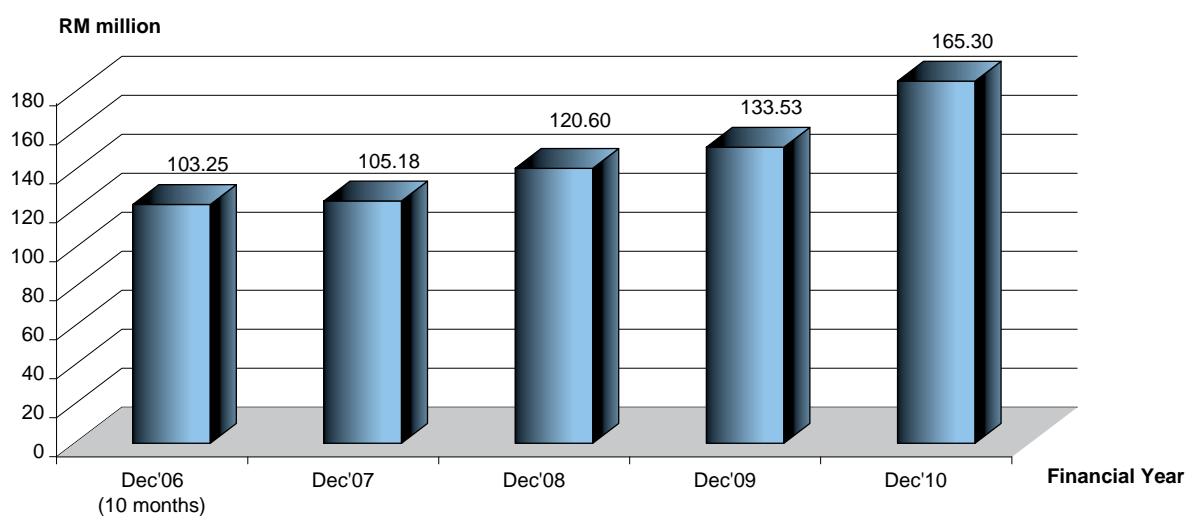
2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
High (RM)	5.50	5.28	5.07	5.10	5.05	5.00	5.12	5.29	6.01	6.08	6.01	6.50
Low (RM)	4.96	4.88	4.85	4.98	4.82	4.80	4.89	4.98	5.19	5.48	5.49	5.82
Volume ('000)	2,054	1,872	7,689	4,793	11,545	11,763	7,497	4,272	16,849	6,363	4,873	4,012

REVENUE



PROFIT ATTRIBUTABLE TO OWNERS



FIVE YEARS FINANCIAL HIGHLIGHTS



	31/12/10	31/12/09	31/12/08	31/12/07	31/12/06 (10 months)
	RM'000	RM'000	RM'000	RM'000	RM'000

STATEMENT OF COMPREHENSIVE INCOME

Revenue	2,894,482	2,747,782	2,487,615	2,067,354	1,383,615
Retailing	2,524,330	2,394,886	2,198,216	1,837,492	1,216,741
Property management services	370,152	352,896	289,399	229,862	166,874
Profit before tax	240,294	194,372	176,349	159,006	140,741
Profit after tax	165,301	133,529	120,604	105,176	103,246
Net dividend	42,120	31,590	31,590	29,098	20,498

STATEMENT OF FINANCIAL POSITION

ASSETS

Property, plant, equipment and Intangible assets	1,496,013	1,507,772	1,558,168	1,195,392	1,069,521
Investments	9,668	1,075	1,075	1,075	1,075
Current assets	727,024	532,366	532,895	526,007	367,777
Total assets	2,232,705	2,041,213	2,092,138	1,722,474	1,438,373

EQUITY

Share capital	351,000	351,000	351,000	175,500	175,500
Non-distributable reserves	39,742	31,666	32,183	32,700	33,217
Share premium	–	–	–	20,609	20,609
Retained earnings	735,756	601,528	499,072	562,012	476,817
Total equity attributable to owners of the Company	1,126,498	984,194	882,255	790,821	706,143

LIABILITIES

Deferred tax liabilities	28,303	30,698	37,138	23,829	29,113
Current liabilities	1,077,904	1,026,321	1,172,745	907,824	703,117
Total equity and liabilities	2,232,705	2,041,213	2,092,138	1,722,474	1,438,373

STATISTICS

Net earnings per share (sen)	47.0	38.0	34.4	*30.0	*29.4
Gross dividend per share (%)	16	12	12	**21	16
Net assets per share (RM)	3.21	2.80	2.51	4.51	4.02

Note:

- 1) The revenue have been adjusted from gross presentation to net presentation following the adoption of the amendments to FRS118, Revenue and IC Interpretation 13, Customer Loyalty Programmes. Comparative figures have been restated accordingly.
- * Earnings per share has been calculated based on the number of ordinary shares of 351,000,000. Comparative earnings per share information has been restated after adjusting for the bonus issue undertaken by the Company.
- ** Gross dividend per share is inclusive of the 4% special tax exempt dividend.

DIRECTORS' PROFILES

Dato' Abdullah bin Mohd Yusof was appointed the Chairman of AEON CO. (M) BHD. on 26 October 1984. Dato' Abdullah bin Mohd Yusof holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. Dato' Abdullah bin Mohd Yusof has more than forty (40) years of experience as an Advocate & Solicitor. Dato' Abdullah bin Mohd Yusof 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 & Zainuddin, Advocates and Solicitors. Dato' Abdullah bin Mohd Yusof sits on the Board of Directors of MMC Corporation Berhad, Zelan Berhad, Tradewinds Corporation Berhad and AEON Credit Service (M) Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. Dato' Abdullah bin Mohd Yusof also sits on the Board of Directors of THR Hotel (Selangor) Bhd and several private limited companies. Dato' Abdullah bin Mohd Yusof is also a member of the Nomination and Remuneration Committee of the Board. Dato' Abdullah bin Mohd Yusof has attended all the four (4) Board meetings held in the financial year. Dato' Abdullah bin Mohd Yusof holds 526,000 ordinary shares directly and 1,167,800 ordinary shares indirectly in the Company.



DATO' ABDULLAH BIN MOHD YUSOF

Non-Independent Non-Executive Chairman
Malaysian 72



MR JEROME THOMAS BLACK

Non-Independent Non-Executive Director
American 51

Mr Jerome Thomas Black was appointed Non-Executive Director of AEON CO. (M) BHD. on 13 August 2009. Mr Jerome Thomas Black holds a Bachelor's degree in Business Administration from West Virginia University, the United States of America. Mr Jerome Thomas Black joined Kurt Salmon Associates Inc. (KSA) in 1995, and served as the Managing Director, Global Practice Development division in 2002 and in 2005 as Managing Director for KSA North America. From 2006 to 2008, Mr Jerome Thomas Black was the President in charge of KSA's Consumer division and then the CEO of KSA in 2008. Mr Jerome Thomas Black joined AEON Co., Ltd. in March 2009 as an Advisor and became the Vice President, Chief Strategy & Information Officer and CEO, Asia Business division in May 2009. Mr Jerome Thomas Black is now the Executive Vice President and Chief Strategy Officer of AEON Co., Ltd.. Mr Jerome Thomas Black is also the Chairman of the Nomination and Remuneration Committees of the Board. He has attended all the four (4) Board meetings in the financial year and does not hold any shares in the Company. Mr Jerome Thomas Black has opted not to seek re-election as Director and will be retiring upon the conclusion of the Twenty-Sixth Annual General Meeting on 26 May 2011.

Note: Save as disclosed in this annual report, all the Directors mentioned in pages 18 to 21 have no conflict of interest with AEON CO. (M) BHD. or any family relationship with any Director and / or major shareholder nor have they any convictions for offences within the past 10 years, except for traffic summons, if any.

DIRECTORS' PROFILES



Mr Nagahisa Oyama was appointed the Managing Director of AEON CO. (M) BHD. on 22 June 2005. Mr Nagahisa Oyama holds a Bachelor's Degree in Business Management from Kinki University, Japan, which he obtained in 1977. Mr Nagahisa Oyama joined AEON Co., Ltd. in 1977 as a Management Trainee and was promoted to be Softline Merchandiser in 1980. Mr Nagahisa Oyama was seconded to Siam JUSCO, Thailand to set up the GMS Merchandising division. Following his appointment at Siam JUSCO, Thailand from 1989 to 1991, Mr Nagahisa Oyama was promoted to General Manager of Tonami Regional Shopping Centre in 1991. Mr Nagahisa Oyama was next appointed as the General Manager of Kaga Regional Shopping Centre in 1996 and Kochi Regional Shopping Centre in 2000. From 2002 to 2005, Mr Nagahisa Oyama served as General Manager of Higashi Mikawa and Shizuoka Prefecture, Japan, where Mr Nagahisa Oyama was in charge of the overall planning, opening and operations of three (3) new Regional Shopping Centres and the operations of seven (7) existing Regional Shopping Centres in the Shizuoka Prefecture. Mr Nagahisa Oyama is now also the Vice President, CEO, ASEAN Business of AEON Co., Ltd. Mr Nagahisa Oyama has attended all the four (4) Board meetings held in the financial year. He holds 20,000 ordinary shares directly in the Company.



MR NAGAHISA OYAMA

Managing Director
Japanese 56



DATO' CHEW KONG SENG

Independent Non-Executive Director
Malaysian 73

Dato' Chew Kong Seng was appointed Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. Dato' Chew Kong Seng is a Fellow of Institute of Chartered Accountants in England and Wales, a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Dato' Chew Kong Seng 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. Dato' Chew Kong Seng 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. Dato' Chew Kong Seng was appointed as the Managing Partner of Ernst & Young from 1990 to 1996. Currently, Dato' Chew Kong Seng is a Director and Audit Committee Chairman of Petronas Dagangan Berhad, PBA Holdings Berhad and Bank of America Malaysia Berhad, as well as a Director and a member of the Audit Committee of Petronas Gas Berhad and GuocoLand (Malaysia) Berhad and Encorp Berhad. Dato' Chew Kong Seng is also a Director of Great Wall Plastic Industries Berhad, GW Plastic Holdings Berhad and a private limited company. Dato' Chew Kong Seng is the Chairman of the Audit Committee and also a member of the Nomination Committee of the Board. Dato' Chew Kong Seng has attended all the four (4) Board meetings held in the financial year. Dato' Chew Kong Seng does not hold any shares in the Company.

Datuk Ramli bin Ibrahim was appointed Non-Executive Director of AEON CO. (M) BHD. on 20 August 1996. Datuk Ramli bin Ibrahim is a Member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. Datuk Ramli bin Ibrahim was attached to KPMG Peat Marwick (now known as KPMG) in Australia, United Kingdom and Malaysia from 1959 to 1995. Datuk Ramli bin Ibrahim was appointed as a Partner of KPMG Malaysia in 1971. In 1989, Datuk Ramli bin Ibrahim was made the first bumiputera Senior Partner of KPMG Malaysia. Datuk Ramli bin Ibrahim also served on the Boards of KPMG International and KPMG Asia Pacific from 1990 to 1995. Datuk Ramli bin Ibrahim retired from KPMG Malaysia in 1995. From December 1995 to December 2000, Datuk Ramli bin Ibrahim served as the Executive Chairman of Kuala Lumpur Options & Financial Futures Exchange Berhad. Currently, Datuk Ramli bin Ibrahim sits on the Board of Directors of Ranhill Berhad, BCT Technology Berhad, and AEON Credit Service (M) Berhad. Datuk Ramli bin Ibrahim also sits on the Board of Directors of several other unlisted public and private limited companies including Measat Global Berhad, HSBC Bank Malaysia Berhad and Yayasan Tuanku Syed Sirajuddin. Datuk Ramli bin Ibrahim is also a member of the Audit Committee and Remuneration Committee of the Board. Datuk Ramli bin Ibrahim has attended three (3) out of four (4) Board meetings held in the financial year. He holds 560,000 ordinary shares indirectly in the Company.



DATUK RAMLI BIN IBRAHIM

Non-Independent Non-Executive Director
Malaysian 70

DIRECTORS' PROFILES

Brig Jen (B) Dato' Mohamed Idris bin Saman was appointed Non-Executive Director of AEON CO. (M) BHD. on 16 June 2000. Brig Jen (B) Dato' Mohamed Idris bin Saman holds a Post Graduate Diploma in Management Studies from the Slough College, United Kingdom which he obtained in 1980. Brig Jen (B) Dato' Mohamed Idris bin Saman was a graduate of the Air Command & Staff College, Maxwell, USA and the Armed Forces Defence College, Kuala Lumpur. Brig Jen (B) Dato' Mohamed Idris bin Saman joined the Royal Malaysian Air Force as a Pilot Officer and served for thirty-five (35) years, in various executive positions within its Logistic Branch. Brig Jen (B) Dato' Mohamed Idris bin Saman retired from the Royal Malaysian Air Force in 2000 as the Assistant Chief of the Air Force (Material). Brig Jen (B) Dato' Mohamed Idris bin Saman is a Director of Affin Fund Management Bhd. Brig Jen (B) Dato' Mohamed Idris bin Saman is also a Fellow of the Malaysian Institute of Logistics. Brig Jen (B) Dato' Idris Mohamed bin Saman is also a member of the Audit Committee and Nomination Committee of the Board. Dato' Mohamed Idris bin Saman has attended all the four (4) Board meetings held in the financial year. He does not hold any shares in the Company.



BRIG JEN (B) DATO' MOHAMED IDRIS BIN SAMAN

Independent Non-Executive Director
Malaysian 66



DATUK ZAWAWI BIN MAHMUDDIN

Independent Non-Executive Director
Malaysian 65

Datuk Zawawi bin Mahmuddin was appointed Non-Executive Director of AEON CO. (M) BHD. on 23 July 2001. Datuk Zawawi bin Mahmuddin holds a Bachelor of Arts (Honours) Degree from the University of Malaya, which he obtained in 1968. Datuk Zawawi bin Mahmuddin 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 Datuk Zawawi bin Mahmuddin 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. Datuk Zawawi bin Mahmuddin 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 bin Mahmuddin 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. Besides being Chairman of Northport Distripark Sdn. Bhd., Datuk Zawawi bin Mahmuddin also sits on the Board of a few private limited companies. Datuk Zawawi bin Mahmuddin is also a member of the Nomination Committee of the Board. Datuk Zawawi bin Mahmuddin has attended all the four (4) Board meetings held in the financial year. Datuk Zawawi bin Mahmuddin does not hold any shares in the Company.

Mr Naoki Hayashi was appointed as Non-Executive Director of AEON CO. (M) BHD., on 13 August 2009. Mr Naoki Hayashi holds a bachelor degree in Economics from Keio University, Japan. Mr Naoki Hayashi joined AEON Co., Ltd. in March 1970 and promoted to General Manager, Executive Secretary Office in March 1987. In September 1990, Mr Naoki Hayashi assumed the post of General Manager, General Affair division and subsequently transferred to be the General Manager in charge of Kanto Regional Operations. Mr Naoki Hayashi was promoted as Director of AEON Co., Ltd. in May 1996 and then in February 1997 as Director for Kanto Regional Company. Mr Naoki Hayashi was promoted as Executive Vice President in May 1998 and subsequently in May 2004 as Senior Executive Vice President and then as Executive Vice President in charge of SC Development Business and Chairman of AEON Co., Ltd.'s subsidiary Diamond City Co., Ltd. in May 2006. In May 2007, Mr Naoki Hayashi was assigned as Director of AEON Mall Co., Ltd. and in May 2008 as Director and Executive Vice President for the Office of the President, AEON Co., Ltd.. Mr Naoki Hayashi is now a Director, Vice President, Office of the President, Chief Environmental Affairs Office of AEON Co., Ltd.. Mr Naoki Hayashi has attended three (3) out of four (4) Board meetings held in the financial year and does not hold any shares in the Company.



MR NAOKI HAYASHI

Non-Independent Non-Executive Director
Japanese 63

DIRECTORS' PROFILES



Mr Kenichi Hirao was appointed as Non-Executive Director of AEON CO. (M) BHD., on 1 June 2010. Mr Kenichi Hirao holds a bachelor degree in Business Administration from Kyoto Sangyo University, Japan. Mr Kenichi Hirao joined AEON Co., Ltd., Japan in 1984 and was a Store Manager of AEON MaxValu division (Superstore Business) from March 1997 to August 2002 and then promoted as the General Manager of AEON MaxValu division (Superstore Business) from August 2002 to March 2007. Mr Kenichi Hirao was the Managing Director of Mycal Cantevole Co., Ltd., from March 2007 to May 2010 and now is the Managing Director of AEON (Thailand) Co., Ltd. Mr Kenichi Hirao has attended all the two (2) Board meetings held during his term of office in the financial year. Mr Kenichi Hirao does not hold any shares in the Company. Mr Kenichi Hirao has opted not to seek re-election as Director and will be retiring upon the conclusion of the Twenty-Sixth Annual General Meeting on 26 May 2011.



MR KENICHI HIRAO

Non-Independent Non-Executive Director
Japanese 49



**MS NUR QAMARINA CHEW
BINTI ABDULLAH**

Executive Director
Malaysian 50

Ms Nur Qamarina Chew binti Abdullah was appointed Executive Director of AEON CO. (M) BHD., on 25 February 2011. Ms Nur Qamarina Chew binti Abdullah holds a Master Degree in Business Administration (Enterpriseship). Ms Nur Qamarina Chew binti Abdullah joined AEON CO. (M) BHD in 1984 and was a Merchandising Manager from 1990 to 1993 and then transferred to be a Store Manager of JUSCO Bandar Utama in 1998 and then JUSCO Mid Valley in 1999. Ms Nur Qamarina Chew binti Abdullah was promoted to Senior Manager in 2001 and then General Manager in 2002, in charge of the Store Operations division. In 2006, Ms Nur Qamarina Chew binti Abdullah was transferred to be General Manager in-charge of the New Business Development division and in 2008, promoted to Senior General Manager to head the Neighborhood Shopping Centre Business division. Ms Nur Qamarina Chew binti Abdullah was the Senior General Manager in the Merchandising division in 2009 and in 2010 as Senior General Manager of the Store Operations division. Ms Nur Qamarina Chew binti Abdullah does not hold any shares in the Company.

SENIOR MANAGEMENT



(Seating from left to right)

Mr Akihiro Ohyama

Senior Executive General Manager of Business Support

Mr Poh Ying Loo

Senior General Manager of Corporate Finance & Investor Relations

Mr Nagahisa Oyama

Managing Director

Ms Nur Qamarina Chew binti Abdullah

Senior General Manager of Store Operations

Mr Mitsuru Nakata

Senior Executive General Manager of GMS Business

Mr Tomio Yokoyama

Senior Executive General Manager of SC Business

(Standing from left to right)

Mr Hiroyoshi Ekinaga

General Manager of Merchandise Development

Tuan Hj. A. Rashid Hj. Adam

General Manager of MD Office – Special Task & MRA

Ms Audrey Lim Suan Imm

General Manager of Human Resource

Ms Chong Swee Ying

General Manager of Marketing

Ms Noryahwati Mohd. Noh

General Manager of CSR & Corporate Branding

Lt. Col (R) Yaacob bin Mahmud

General Manager of Security, Safety & Housekeeping

Mr Isao Yamaguchi

Senior General Manager of Human Resource & Administration



On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of AEON CO. (M) BHD. (AEON) for the year ended 31 December 2010.

FINANCIAL REVIEW

In 2010, AEON continued to achieve strong creditable results in a year of sustained economic recovery, gradual subsidy rationalisation and rising commodity prices.

For the year ended 31 December 2010, AEON registered revenue of RM2.894 billion which is 5.3% higher compared to RM2.748 billion of the previous year. The performance enabled AEON to register earnings before tax of RM240.3 million and profit after tax of RM165.3 million representing 23.6% and 23.8% growth respectively over the previous year's earnings and profits. Earnings per share stood at 47.0 sen.

Revenue for the year under review reflects the recent changes in Financial Reporting Standards. As a result, the corresponding figures reported in prior years and for the year under review had been restated accordingly. As at 31 December 2010, AEON's balance sheet remains healthy without any borrowings and with shareholders' funds totaling RM1.126 billion which provides a net asset value per share of RM3.21.

REVIEW OF PERFORMANCE

In 2010, Malaysia's GDP growth was 7.2%, a commendable feat coming out from the global economic downturn which had impacted economies worldwide. Domestic demand continues to play a major role in driving our economy and the retail industry enjoyed a steady growth despite rising food and commodity prices.

AEON continued to produce strong results in both its core businesses of retail and property management services. From the RM2.894 billion total revenue registered for the year under review, retail sales contributed RM2.524 billion and the property management services contributed RM370.2 million, which respectively represented growth of 5.4% and 4.9% against their previous year's results.

CHAIRMAN'S STATEMENT

On its retail operations, the performance from the existing stores had been mixed with an overall same stores growth of 0.8% only. The mixed performance achieved was due to factors such as impact from opening of new stores and competitors nearby, age of stores, maturity of catchment areas as well as benefits from improvements in infrastructure surrounding the stores. The new JUSCO stores at AEON shopping centres in Bandaraya Melaka and Mahkota Cheras which opened in February and April 2010 respectively contributed 3.7% and 1.0% to the total revenue growth.

AEON's property management services revenue at RM370.2 million showed a 4.9% growth over the previous year despite operating under competitive and challenging business environment. The performance for the year was also impacted by about 5.3% when AEON ceased its property management service operations in One Utama Shopping Centre, Selangor on expiry of its lease and continuing to operate only its departmental store and supermarket in the same premises. Despite all these challenges, AEON achieved an average occupancy rate of 96% for the year under review with same shopping centre income growth of 1.9% for the year. The new shopping centres at Bandaraya Melaka and Mahkota Cheras also contributed 7.0% and 1.4% respectively to the property management services revenue growth.



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

AEON's philosophy of pursuit of peace, respect for humanity and contribution to local communities through customer centered initiatives are all key components for AEON's continued growth and prosperity. From tree planting to eco-friendly concept stores to Community Recycling Centres (CRC), AEON hopes that through its leadership in corporate social responsibilities and its activities, it will be able to build and maintain longterm relationships with the community beside spreading the important messages of environment conservation and protection.

Thus, as is customary, AEON carried out tree planting activities for its new shopping centres at Bandaraya Melaka and Mahkota Cheras and extend its "No Plastic Bag" Campaign successfully to all its stores nationwide. These activities are well received both by the Government and the community.

AEON through its Malaysian AEON Foundation also continued to be involved in raising funds for noble causes including charity fund donation drives to assist in providing aids to victims of numerous natural disasters that occurred outside Malaysia during the year. We continue to look into the plight of the needy and the less fortunate Malaysians especially the old and the sick and children who require attention and assistance.

FUTURE PROSPECTS AND OUTLOOK

2011 will remain a very challenging year for retailers as they deal with increasing cost of doing business. The rising commodity and food prices and the gradual withdrawal of subsidies by our government will undoubtedly cause Malaysia's inflation to inch up in the near future. Domestic consumption affect the retail business. However, we believe that the economic recovery experienced so far is likely to remain sustainable.

AEON believes that customer sentiment will continue to remain positive and the Company is deeply encouraged by the government's concerted efforts through it various economic transformation programme initiatives to stimulate spending and ensure domestic demand and consumption remain resilient and sustainable. AEON with its established brand, merchandise differentiation, middle income residential market focus, continuous refurbishment and expansion, believe that its business will continue to grow in tandem with the economy.

CHAIRMAN'S STATEMENT



On its expansion, AEON will be opening up a two-level community shopping centre with approximately net lettable area of 370,000 square feet in Rawang, Selangor by end of 2011. AEON's midterm strategy of expansion through opening of new outlets in strategic locations is ongoing at various stages of progress and will be announced in due course. In 2011, the Company will also be refurbishing some of the older stores and shopping centres to continue providing new refreshing image to its customers. JUSCO Bandar Utama in One Utama Shopping Centre is also currently undergoing refurbishment within the shopping centre to provide a fresh, new contemporary store image to our loyal customers. The new look store is expected to open by end of third quarter of 2011.

DIVIDEND

The Board of Directors is pleased to recommend for your approval a first and final dividend of 16% less 25% income tax for the year ended 31 December 2010 at the forthcoming Annual General Meeting.

SPECIAL MENTION

On behalf of the Board of Directors, management and staff, we wish to extend our heartfelt condolences to the people of Japan for the loss of lives and extensive damage suffered during the recent earthquake and tsunami tragedy. We continue to offer our prayers and support for all of the people of Japan and especially to those who have suffered and have lost family members from this terrible disaster. We are especially sad for the families of the AEON people who have lost their loved ones. We are confident that Japan will quickly recover, rebuild and there will be better days soon. As we have done before for other natural disaster tragedies, the Company is also currently carrying out donation drives at all its stores for the victims of this earthquake and tsunami tragedy.

ACKNOWLEDGEMENT

During the financial year ended 31 December 2010, AEON bade farewell to two of its directors, namely Mr Naruhito Kuroda, the Non-Executive Director and Mr Yasuo Masuda, the Executive Director. Mr Jerome Thomas Black and Mr Kenichi Hirao have also opted not to seek re-election as Directors and will be retiring upon conclusion of the Twenty Sixth Annual General Meeting on 26 May 2011. On behalf of the Board, I would like to take this opportunity to thank Mr Jerome Thomas Black, Mr Naruhito Kuroda, Mr Kenichi Hirao and Mr Yasuo Masuda for their contributions in strengthening the position of AEON as the leading retailer in Malaysia.

On behalf of the Board, I would also like to welcome our new director Ms Nur Qamarina Chew binti Abdullah as Executive Director. I strongly believe that with her vast experiences, AEON will achieve much more progress in the years to come.

I would like to take this opportunity to thank the management and staff for their efforts, commitment and hard work in taking AEON through a challenging year. Finally I also would like to express my gratitude to our valued customers, business associates, bankers, government authorities and our valued shareholders for their continuous support and confidence in AEON.

Dato' Abdullah bin Mohd Yusof
Chairman

REVIEW OF OPERATIONS

The global economic outlook improved in 2010, in particular with the emerging economies of Asia. Economic recovery emerged by end of 2009, surged by the first half of 2010 before moderating towards the year end. Beside recovery of external demand, Malaysia GDP growth of 7.2% was also again mainly driven by robust domestic demand. However, towards the end of the year under review, retailers faced increasing challenges from rising commodity and food prices in addition to the gradual subsidy rationalisation, causing inflationary and rising cost of living concerns.

Amidst this environment, AEON continued to produce strong creditable performances in both its core businesses of retailing and property management services. AEON achieved total revenue of RM2.894 billion for the year under review which represented a growth of 5.3% over its previous year's performance. Retailing business contributed RM2.524 billion and property management services contributed RM370.2 million to the total revenue.

The revenue figures for the year under review and the previous years' were restated to comply with the recent changes in Financial Reporting Standards.

RETAILING OPERATIONS

The retailing business of RM 2.524 billion represented 5.4% growth over the previous year's performance. The growth was contributed by both the new stores that opened in the year and also from overall marginal better performance of existing stores. Same stores recorded a growth of 0.8% for the year under review. The individual performance of the stores had been mixed, characterised by the unique characteristics of the concerned store rather than the general retail industry trend. Two new JUSCO stores at Bandaraya Melaka and Mahkota Cheras, Selangor were opened in 2010. The opening of these two new stores in turn impacted the performances of the old JUSCO Melaka store and JUSCO Cheras Selatan store during the year. Excluding old JUSCO Melaka store and JUSCO Cheras Selatan store performances, the same store achievement for existing stores would otherwise be at 2.1 %.



REVIEW OF OPERATIONS



Existing stores generally delivered mixed results depending on their circumstances and local operating environment. JUSCO Taman Maluri, JUSCO Bandar Baru Klang, JUSCO Terbau City, JUSCO Queensbay, JUSCO Bukit Tinggi, JUSCO Seberang Prai City, JUSCO AU2 Setiawangsa and JUSCO Bukit Indah recorded growth ranging from 5.8% to 9.6% for the year under review. JUSCO Ipoh, JUSCO Bandar Sunway, JUSCO Bandar Puchong, JUSCO Mid Valley registered higher performances ranging from 1.3% to 3.4% against their previous year's performance. JUSCO Metro Prima and JUSCO Seremban 2 registered marginal growth of 0.4% and 0.3% respectively against the previous year. JUSCO Melaka store, which was due for refurbishment, was as expected, affected by the opening of the new JUSCO Bandaraya Melaka store in February 2010 and therefore registered lower performance of 24.4% against their previous year performance. For JUSCO Taman Universiti, the lower performance of 4.0% against previous year was within expectation as its nearby JUSCO Bukit Indah matured. JUSCO Wangsa Maju recorded a marginal lower performance of 0.1% against their previous year's performance with the maturing of JUSCO Setiawangsa AU2 and opening of a new competitor shopping centre nearby. JUSCO Bandar Utama which has been operating for fifteen years and due for refurbishment, registered a lower performance of 4.3% against their previous year's performance. JUSCO Permas Jaya and JUSCO Taman Equine recorded lower performance of approximately 3.0% against their previous year's performances. JUSCO Permas Jaya's performance was affected by the infrastructure developments around its store which hamper customer traffic. JUSCO Cheras Selatan especially its supermarket was affected by the opening of JUSCO Mahkota Cheras in April 2010 and a new competitor nearby which resulted in a 2.3% lower performance. The MaxValu stores, whose contributions are marginal, registered in total a revenue of RM44.9 million for the year.

PROPERTY MANAGEMENT SERVICES

In the highly competitive property management services business, AEON continued to strive to ensure that its shopping centres remain the destination of choice for shoppers. To this end, continuous focus on creating right tenant mix and well maintained malls remain priorities for AEON. This is further supported by the strategy of creating attractive events and activities in our malls to draw in the shoppers and enhanced tenants businesses. JUSCO departmental stores and supermarkets in the malls provided further synergies.

AEON's property management services registered revenue of RM370.2 million for the year which represent a growth of 4.9% above the previous year's performance, contributed by the same shopping centres income growth of 1.9% and also 8.4% contributions from new AEON shopping centres that opened in 2010. This is achieved on the back of an average 96% occupancy rate during the year. During the year, AEON Bandaraya Melaka Shopping Centre, a three-level shopping centre with an approximate net lettable area of approximately 655,000 square feet was opened to the public on 5 February 2010. AEON Mahkota Cheras Shopping Centre, with an approximate 308,000 square feet in net lettable area and is AEON's first neighbourhood shopping centre was opened on 28 April 2010. As at the end of the year under review, both AEON Bandaraya Melaka Shopping Centre and AEON Mahkota Cheras Shopping Centre had an occupancy rate of 92% and 94% respectively and they contributed 7.0% and 1.4% respectively to the property management services income. During the year with the expiry of its lease on One Utama Shopping Centre in August 2010, AEON cease its property management services business on the shopping centre and continue to operate only the JUSCO general merchandise store and supermarket operations in the same premise. The cessation affected the property management services income for the year under review by 5.3%. With the cessation property management services business in One Utama Shopping Centre, AEON now operates a total of eighteen shopping centres by the end of the year under review.

PROSPECTS AND OUTLOOK

Though domestic consumption remains sustainable under the current slower pace of global economic growth, retailers face increasing challenges of maintaining their retail sales momentum in the face of rising commodity and food prices which are driving inflationary concerns. In addition, with the government's ongoing plan for the gradual removal of subsidies, it may further constraint consumers spending. Retailers, who are already facing rising costs of doing business, will be confronted with these challenges in their efforts to maintain their retail sales growth momentum in the new year and are expected to continue resorting to various innovative ways with aggressive promotion means to provide differentiation to their products and services.

REVIEW OF OPERATIONS

AEON, though with an established brand, will seek to continue enhance its competitive strengths and provide merchandise that symbolises best in value, quality and varieties to its customers at competitive and affordable pricing. This is to be further complemented by its ongoing efforts to provide attractive privileges to its loyal customer base and leveraging on its excellent customer convenience facilities, superior customer services and finally its shopping centres ambience to provide the differentiation.

One such initiative taken by AEON to further increase shoppers traffic to its stores was to tie up with its related company, AEON Fantasy Co., Ltd., Japan, a specialist in amusement business, on operations of AEON's own amusement business in Malaysia. Thus on 25 February 2011, AEON had entered into an agreement to sell its existing amusement business to AEON Fantasy (M) Sdn Bhd, subsidiary of AEON Fantasy Co. Ltd., Japan. AEON will take an equity participation of 20% in the Malaysian subsidiary. The proposed sale is to enable AEON to leverage on the expertise of AEON Fantasy Co. Ltd. in the amusement business by raising the level of operations and attractions in the amusement outlets that AEON currently operates, thereby increasing customer traffic and business to the general merchandise stores and shopping centres.



AEON will also be refurbishing some of its existing stores such as the older JUSCO Melaka store in the new year to give them a refreshing new look. JUSCO Bandar Utama's general merchandise store in One Utama Shopping Centre is currently undergoing renovation and relocation in the same shopping centre. With the supermarket and food court to be also all relocated together, the new contemporary look store is scheduled to be ready for business by the third quarter of 2011, in time for the festive season.

Similarly, on its property management services business, which is in an intensely competitive industry characterised by constant addition of new and refurbished malls, AEON seek to continuously ensure that its shopping centres are well maintained, innovatively upgraded and refreshing always to keep up with shoppers' trends and behaviour. Constant promotion through activities and events to attract and retain regular shoppers at its malls remain one of its key objectives. To this end, AEON continues to work closely and support its tenants, and in the process developed a fruitful long term relationship, for a mutually beneficial partnership that ensures success for the tenants' businesses and the malls. Tenants are encourage to participate actively in JUSCO's J-Card Days and kiosk tenants with attractive and variety of merchandise are recruited to attract shoppers to spend longer hours in our malls. AEON will also continue to take further initiatives with constant tenant zoning review, tenant mix and recruitment of tenants that provide necessary basic everyday needs and services.

On its development plans, AEON will be opening a new community shopping centre in Rawang, Selangor, which it will lease from third party by end of 2011. This two-level shopping centre of approximately 370,000 square feet net lettable area will allow AEON to provide one stop shopping destination closer to residents in the northern part of Greater Klang Valley. During the year under review, AEON had also entered into agreement to purchase land in Ipoh to construct a second shopping centre. Construction is currently in progress and the three-level shopping centre is expected to be ready by middle of 2012. AEON had also in the new financial year entered into an agreement with a third party to lease a new shopping centre in Seri Manjung, Perak, which is expected to be ready for operation by end of 2012. In line with its mid term plan, AEON will continue to look for strategic locations to extend its presence in Malaysia.

STATEMENT ON CORPORATE GOVERNANCE



BOARD RESPONSIBILITIES

The Board of Directors (the “Board”) of the Company, in recognising the importance of corporate governance, is committed to ensuring that the Company’s business and operations are in line with the principles and best practices advocated in the Malaysian Code on Corporate Governance.

The Board assumes responsibilities in corporate governance and has established various processes and committees to assist the Board in discharging these responsibilities. Among others, the Company’s strategies and directions, shareholders and investors’ relationship, annual budget, major capital expenditure, significant financial matters, and the adequacy and integrity of internal controls including risk assessment are within the responsibilities of the Board of Directors.

The following paragraphs set out the Company’s application of the principles and best practices of the Malaysian Code on Corporate Governance.

A) DIRECTORS

The Board

The Board recognises its key role in charting the strategic direction, development and control of the Company and has take the necessary steps to adopt the specific responsibilities that are listed in the Code, which facilitate the discharge of the Board’s stewardship responsibilities.

Board Balance

The Board consists of ten (10) members; comprising one (1) Non-Executive Chairman, two (2) Executive Directors and seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, three (3) are Independent Directors. This complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which required at least two (2) or one third (1/3) of the Board of the Company whichever is higher, are Independent Directors. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

Dato’ Chew Kong Seng is the Senior Independent Non-Executive Director to whom concerns on matters relating to corporate governance of the Company could be conveyed to. The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Although all the Directors have equal responsibility for the Company’s operation, the role of the Independent Non-Executive Directors is particularly important, as they provided an unbiased and independent view, advice and judgement taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business. The Board is of the view that its current composition fairly reflects the representation of the minority shareholders of the Company.

The Directors bring a wide range of expertise and experience in various fields such as economics, public services, accounting and finance, legal, human resource, banking, marketing, taxation, general management, retail management and property management services. All Board members participated and deliberated on the issues and matters affecting the Company.

The profile of each Director is presented on page 18 to page 21 of the Annual Report.

Supply of Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for informed decision making and effective discharge of Board’s responsibilities.

The Directors has ready and unrestricted access to the advice and services of the Company Secretaries, who are experienced and capable of carrying out the duties to which the post entails.

The Company Secretaries notify the Directors on the closed period for trading in the Company’s shares, in accordance with Chapter 14 on Dealings in Securities of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The external auditors briefed the Board members through the Audit Committee on any new Financial Reporting Standards that would affect the Company’s financial statements during the year.

In addition, the Directors, if necessary, may also seek professional advice, on the Company’s expense, where necessary in furtherance of their duties. The Directors may also consult the Chairman and other Board members prior to seeking any independence advice.

STATEMENT ON CORPORATE GOVERNANCE

BOARD MEETINGS

The Board met four (4) times during the financial year ended 31 December 2010. The details of attendance of each Director at the Board meetings held during the financial year are as the table below:-

No	Name of Directors	Number of Board meetings attended/held during the Director's term in office
1	Dato' Abdullah bin Mohd Yusof (<i>Non-Independent Non-Executive Chairman</i>)	4/4
2	Mr Jerome Thomas Black (<i>Non-Independent Non-Executive Director</i>)	4/4
3	Mr Nagahisa Oyama (<i>Managing Director</i>)	4/4
4	Dato' Chew Kong Seng (<i>Independent Non-Executive Director</i>)	4/4
5	Datuk Ramli bin Ibrahim (<i>Non-Independent Non-Executive Director</i>)	3/4
6	Brig Jen (B) Dato' Mohamed Idris bin Saman (<i>Independent Non-Executive Director</i>)	4/4
7	Datuk Zawawi bin Mahmuddin (<i>Independent Non-Executive Director</i>)	4/4
8	Mr Naoki Hayashi (<i>Non-Independent Non-Executive Director</i>)	3/4
9	Mr Kenichi Hirao (appointed on 1 June 2010) (<i>Non-Independent Non-Executive Director</i>)	2/2
10	Mr Naruhito Kuroda (resigned on 14 April 2010) (<i>Non-Independent Non-Executive Director</i>)	1/1
11	Mr Yasuo Masuda (resigned on 14 April 2010) (<i>Executive Director</i>)	1/1

The Board endeavors to meet at least four (4) times a year, at quarterly intervals, with additional meetings to be convened when necessary. Board meetings for each year are scheduled before the end of the previous financial year in order for the Directors to plan to their schedules. All Board meetings are furnished with proper agendas with due notice issued. Board papers and reports providing updates on financial, operational and corporate developments including matters such as the Company's corporate social responsibilities program are circulated prior to the meetings to all Directors to allow them sufficient time to peruse for effective discussions and decision making during the meetings.

All pertinent issues at the meeting in arriving at the decisions and conclusions are properly recorded in discharging the Directors' duties and responsibilities.

The proceeding of the meetings was properly recorded by the Company Secretaries.

DIRECTORS' TRAINING

All the Directors have successfully completed the Mandatory Accreditation Programme and the Continuing Education Programme organised by Bursa Malaysia Securities Berhad and are also provided with updates from time to time on relevant new laws and regulations affecting their directorship. Seminars and briefings on Main Market Listing Requirement of Bursa Malaysia Securities Berhad, Risk Management, Internal Auditing and new Accounting Standards were attended by one or more Directors during the financial year under review.

Additionally, ongoing development and education sessions are provided by management that cover both operational and financial issues specific to the Company and the industry.

Directors also from time to time visited existing stores and/or new sites to have a thorough understanding of the Company's operational matters.

STATEMENT ON CORPORATE GOVERNANCE



BOARD COMMITTEES

The Board is assisted by its Committees, which have been established under defined terms of reference, in accordance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and best practices prescribed by the Code to assist the Board in discharging its responsibilities. The Committees are the Audit Committee, Nomination Committee, and the Remuneration Committee.

The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up-to-date. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

THE AUDIT COMMITTEE

The Board is assisted by the Audit Committee which reviews issues of accounting policy and financial reportings, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the External and Internal Auditors. The Audit Committee works closely with both the Internal and External Auditors who, in turn, have direct access to the Chairman of the Audit Committee.

The Audit Committee members, terms of reference and activities for the financial year under review are stated on page 35 to page 39 of the Annual Report.

THE NOMINATION COMMITTEE

The Nomination Committee members are Mr Jerome Thomas Black (Chairman), Dato' Abdullah bin Mohd Yusof, Dato' Chew Kong Seng, Brig. Jen. (B) Dato' Mohamed Idris bin Saman and Datuk Zawawi bin Mahmuddin, all of whom are Non-Executive Directors. The Committee met twice (2) in the financial year under review.

The duties and responsibilities of the Nomination Committee, among others, are to recommend to the Board, candidates for directorship, directors to fill seats on Board Committees and to review annually the required mix of skills and experience of the Board including the effectiveness of the Board as a whole and the contribution from each Director.

The Board, through the Nomination Committee, during the year under review conducted the annual assessment of the Directors' performance and contribution, and reviewed the required mix of skills and experience of the Board to function competently and efficiently as a whole.

THE REMUNERATION COMMITTEE

The Remuneration Committee members are Mr Jerome Thomas Black (Chairman), Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim, all of whom are Non-Executive Directors. The duties of the Remuneration Committee are to review and recommend to the Board the remuneration of all Directors in all its forms. Executive Directors play no part in decision-making or determining their own remuneration.

In the financial year under review the Remuneration Committee met one (1) time to determine the remuneration packages of all Directors' including the Non-Executive Chairman. The determination of the remuneration packages is a matter for the Board as a whole. Individual Directors concerned do not participate in the discussion on their own remuneration. The directors' fees will be subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.

RE-ELECTION

In accordance with the Company's Articles of Association, all Directors retire every year.

Mr Jerome Thomas Black and Mr Kenichi Hirao have opted not to seek re-election as Directors and will be retiring upon conclusion of the Twenty-Sixth Annual General Meeting on 26 May 2011.

STATEMENT ON CORPORATE GOVERNANCE

B) DIRECTORS REMUNERATION

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

- 1) Aggregate remuneration of the Directors categorised into appropriate components:

	Executive Directors RM	Non Executive Directors RM	Total RM
Fees	303,750	1,146,250	1,450,000
Salaries	510,477	–	510,477
Benefits-in-kind	40,097	24,600	64,697
Other emoluments	102,150	–	102,150
Total	956,474	1,170,850	2,127,324

- 2) The number of Directors whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors		Total
	Executive	Non-Executive	
Less than RM50,000	–	–	–
RM50,001 to RM100,000	–	4	4
RM100,001 to RM150,000	–	3	3
RM150,001 to RM200,000	–	–	–
RM200,001 to RM250,000	–	–	–
RM250,001 to RM300,000	1	2	3
RM300,001 to RM350,000	–	–	–
RM350,001 to RM400,000	–	–	–
RM400,001 to RM450,000	–	–	–
RM450,001 to RM500,000	–	–	–
RM500,001 to RM550,000	–	–	–
RM550,001 to RM600,000	–	–	–
RM600,001 to RM650,000	–	–	–
RM650,001 to RM700,000	–	–	–
RM700,000 to RM750,000	1	–	1
Total	2	9	11

STATEMENT ON CORPORATE GOVERNANCE



C) SHAREHOLDERS

Investors and Shareholders Communication

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

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

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

During the Annual General Meeting, shareholders are usually given a presentation on the Company's performance and major activities that were carried out by the Company for the financial year under review. During the meeting, shareholders have the opportunities to enquire and comment on the Company's performance and operations.

D) ACCOUNTABILITY AND AUDIT

Financial reporting

In the Company's financial reporting via quarterly announcements of results, annual financial statements and annual report presentation including the Chairman's Statement and Review of Operations, the Board of Directors always provides a comprehensive assessment of the Company's performance and prospects for the benefits of shareholders, investors and interested parties. The Audit Committee also assists the Board in overseeing the Company's financial reporting processes and accuracy, adequacy and completeness.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for the preparation of the financial statements for each financial year of the Company, which gives a true and fair view of the state of affairs of the Company and its results and cash flow for the financial year under review.

The Board has ensured that the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia, the requirements of the Companies Act, 1965, Bursa Malaysia Securities Berhad and other regulatory bodies. In preparing the financial statements, the Board of Directors has ascertained that accounting policies and reasonable prudent judgement and estimates have been consistently applied.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have a general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

STATEMENT ON CORPORATE GOVERNANCE

GOING CONCERN

The Board confirms that the Company has adequate resources to continue its business in the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

STATE OF INTERNAL CONTROL

The Statement on Internal Control set out on page 40 of the Annual Report provides an overview of the state of internal controls within the Company.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

The Board with the assistance of the Audit Committee maintains a formal and transparent relationship with the Company's External Auditors through the formal Audit Committee meetings whereby issues are discussed.

The relationship between the Board and the External Auditors is also formalised through the Audit Committee's terms of reference.

COMPLIANCE WITH MALAYSIAN CODE ON CORPORATE GOVERNANCE

The Board is pleased to state that the Company was in compliance with best practices as advocated in the Malaysian Code on Corporate Governance during the financial year under review, except on disclosure of each individual Director's remuneration.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE



Audit Committee

- Dato' Chew Kong Seng
- Datuk Ramli bin Ibrahim
- Brig Jen (B) Dato' Mohamed Idris bin Saman

Designation

Chairman (Independent Non-Executive Director)
Member (Non-Independent Non-Executive Director)
Member (Independent Non-Executive Director)

CONSTITUTION

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

COMPOSITION OF AUDIT COMMITTEE

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

The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants (MIA) or alternatively a person who must have at least three (3) years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountant specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No Alternate Director shall be appointed as a member of the Committee.

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

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

MEETINGS

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

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

QUORUM

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

ATTENDANCE AT MEETINGS

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

SECRETARY TO AUDIT COMMITTEE

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

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

REPORTING PROCEDURES

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

The Committee shall assist the Board in preparing the following for publication in the Company's annual report:

- Statement of the Company's application of the principles set out in Part I of the Malaysian Code on Corporate Governance.
- Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas.
- Statement on the Board's responsibilities for preparing the annual audited financial statements, and
- Statement on the State of Internal Control of the Company.

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

AUTHORITY

The Committee is authorised by the Board to:

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE



DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be:

- To review the Terms of Reference at least annually, or as conditions dictate.
- To review any financial information for publication, including quarterly and annual financial statements before submission to the Board.
- The review shall focus on:
 - Any changes in accounting policies and practices.
 - Major judgmental areas.
 - Significant audit adjustments from the External Auditors.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements.
- To review with the External Auditors their audit plan, scope and nature of audit for the Company.
- To review and discuss the External and Internal Auditors' audit reports, areas of concern arising from the audit and any other matters the External and Internal Auditors may wish to discuss in the absence of management, if necessary.
- To assess the adequacy and effectiveness of the system of internal controls and accounting control procedures of the company by reviewing the External and/or Internal Auditors' management letters and management responses.
- To discuss problems and reservations arising from the audits and any matters the auditors may wish to discuss including the assistance given by the employees in the absence of management, if necessary.
- To review the internal audit plan, consider the major findings of Internal Audit, fraud investigations and actions and steps taken by management in response to audit findings.
- To review the adequacy and relevance of the scope, functions and resources of Internal Audit and the necessary authority to carry out its work, including any appraisal or assessment of the competency of the internal audit function
- To take cognisance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To review any related party transactions and conflict of interest situations that may arise within the Company.
- To consider the appointment of the External Auditors, the terms of reference of its appointment and any question of resignation and dismissal before making a recommendation to the Board.
- To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- To report to the Board its activities, significant results and findings.

OVERSEEING THE INTERNAL AUDIT FUNCTION

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

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

THE AUDIT COMMITTEE

The Audit Committee comprises the following members:

Dato' Chew Kong Seng (Chairman)	Independent Non-Executive Director
Datuk Ramli bin Ibrahim	Non-Independent Non Executive Director
Brig Jen (B) Dato' Mohamed Idris bin Saman	Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

MEETINGS

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

Name of Directors	Number of meetings attended/held during the member's term in office
Dato' Chew Kong Seng (Chairman)	4/4
Datuk Ramli bin Ibrahim	4/4
Brig Jen (B) Dato' Mohamed Idris bin Saman	4/4

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

The Company Secretaries were present in all the meetings. A representative of the External Auditors, Messrs KPMG Desa Megat & Co., the Head of Finance, the Head of Internal Audit, the Assistant General Manager of Finance and Head of Legal attended the meetings. Related management personnel attended the meetings upon invitation.

Summary of The Audit Committee's Activities During The Year Under Review

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

- Reviewed the unaudited quarterly financial result and audited financial statements for the financial year before submission to the Board for consideration and approval.
- Reviewed the External Auditors' scope of work and audit plan for the year.
- Reviewed and discussed the External Auditors' audit report and areas of concern.
- Considered the appointment of the External Auditors, the terms of reference of their appointment and reviewed the External Auditors' independence and their audit fees.
- Reviewed the internal audit plan, considered the major findings of Internal Audit, fraud investigations and actions taken by management in response to the audit findings.
- Assessed the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Company by reviewing the External and Internal Auditors' management letters and management responses.
- Reviewed the adequacy and relevance of scope, functions and resources of Internal Audit and that it has the necessary authority to carry out its work.
- Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the review procedures established to monitor the related party transactions have been complied with.
- Reported to the Board on its activities and significant findings and results of the External and Internal Audit recommendations.
- Monitored the compliance requirements in line with the new updates of Bursa Malaysia Securities Berhad, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.

THE AUDIT COMMITTEE



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

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

- a. Presented and obtained approval from Audit Committee, the annual internal audit plan, its audit strategy and audit scope of work.
- b. Reviewed and analysed certain key business processes identified in the annual audit plan, reported ineffective and inadequate controls, and made recommendations to improve their effectiveness.
- c. Monitored and ensured management implemented corrective action plans.
- d. Monitored compliance with policies, procedures, rules and regulations.
- e. Reviewed the adequacy and effectiveness of the internal control structures of the Company.
- f. Assisted the Board of Directors and Management on compliance matters required by the Malaysian Code on Corporate Governance.
- g. Assisted the Board of Directors and Management by reviewing the risk policy and control strategies in the organisation.
- h. Carried out investigative assignments.
- i. Continued inculcating good risk management practices throughout the Company.

STATEMENT ON INTERNAL CONTROL

BOARD'S RESPONSIBILITIES

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

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

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

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

INTERNAL AUDIT FUNCTION

The Audit Committee, assisted by the in-house Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. In the year under review, the total cost incurred for the Internal Audit Function was RM468,573. The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit Committee on a quarterly basis.

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

SYSTEM OF INTERNAL CONTROLS

The Board is responsible for managing the key business risks of the Company and implementing appropriate internal control system to manage those risks. The Board reviewed the adequacy and integrity of the system of internal controls as it operated during the year under review. The following are the key elements of the Company's system of internal controls:-

- The management structure of the Company formally defines lines of responsibility and delegation of authority for all aspect of the Company's affairs. Senior management and business unit's managers submit and present their operational performance reviews as well as business plans and strategic measures in regularly held Executive and Operation Meetings;
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Company's performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Company encompasses internal control procedures. These procedures are subject to review by the management to incorporate changing business risks and operational efficiency;
- The Audit Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad;
- The Internal Audit Department periodically monitors the effectiveness and evaluates the proper functioning of the internal control system on an on-going basis to ascertain compliance with the control procedures and policies of the Company. The Head of Internal Audit reports to Audit Committee on the status of internal control system on a quarterly basis;
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Company.

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

CONCLUSION

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

OTHER INFORMATION



MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Material contracts entered into by the Company which involve Directors' and major shareholders' interests and still subsisting at the end of the financial year ended 31 December 2010, or entered into since the end of the previous financial year, comprise the following:

- a) On 1 July 1997, the Company entered into a Factoring Agreement with a related company, AEON Credit Service (M) Berhad whereby the Company's goods sold on credit under its easy payment scheme are factored to AEON Credit Service (M) Berhad. The debts sold to AEON Credit Service (M) Berhad are at full value of the goods and upon the terms and conditions as stated in the factoring agreement. The total value of the debts sold to AEON Credit Service (M) Berhad in the year under review amounted to RM7.9 million. Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim, both Directors of AEON CO. (M) BHD. are also Directors and shareholders in AEON Credit Service (M) Berhad. AEON Co., Ltd. has an indirect interest in AEON Credit Service (M) Berhad through AEON Credit Service Co. Ltd.
- b) On 23 June 2005, the Company entered into a JUSCO Credit Card Agreement with AEON Credit Service (M) Berhad to set out the terms and conditions for the issuance of a credit card called JUSCO Credit Card by AEON Credit Service (M) Berhad, in affiliation or association with the Company, to further promote and enhance AEON Credit Service (M) Berhad's credit card business and the Company's retailing business. The Company permits AEON Credit Service (M) Berhad to promote JUSCO Credit Card to consumers in return for allowing the consumers to use JUSCO Credit Card for the purchase of goods and services offered by the Company. JUSCO Credit Card holders who are also J CARD members will enjoy additional J CARD loyalty points provided by AEON Credit Service (M) Berhad through purchase of the additional J CARD points from the Company. During the year under review, the total additional J CARD points purchased by AEON Credit Service (M) Berhad was RM1.41 million. The Company further agreed to appoint AEON Credit Service (M) Berhad as the sole acquirer of the card transaction transacted using AEON Credit Service (M) Berhad's issued cards.
- c) On 29 December 2005, the Company entered into a credit card merchant agreement with AEON Credit Service (M) Berhad whereby the Company's goods sold on credit through credit cards issued by AEON Credit Service (M) Berhad, AEON Credit Service (M) Berhad will purchase from the Company all such transaction receipts. The purchase of the transaction receipts will be net of the credit card commission payable and upon terms and conditions as stated in the merchant agreement. The total value of the transaction receipts purchased by AEON Credit Service (M) Berhad in the year under review was RM83.18 million and the total commission payable is RM1.2 million. Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim, both Directors of AEON CO. (M) BHD. are also Directors and shareholders in AEON Credit Service (M) Berhad. AEON Co., Ltd. has an indirect interest in AEON Credit Service (M) Berhad through AEON Credit Service Co. Ltd.
- d) On 1 February 2004, the Company entered into an agreement with AEON Fantasy Co., Ltd. to provide consultancy services to the Company's indoor amusement centre business. AEON Fantasy agreed to provide consultation and advice on the shop design, the assortment and strategy of game machine, on skill training in respect of advertisement and promotion and training to the operation staff. The total cash consideration payable by the Company to AEON Fantasy Co., Ltd. for the year under review amounted to RM599 thousand. AEON Co., Ltd. is the holding company of AEON Fantasy Co., Ltd. and the Company.
- e) On 21 February 2008, the Company entered into a Technical Licence Agreement with AEON Co., Ltd. whereby the Company is granted the exclusive licence by AEON Co., Ltd. to use their trademark and know-how, employed or developed by AEON Co., Ltd. for the management and operation of retail stores, wholesale business and related supporting facilities. The Technical Licence Agreement supersedes the earlier Technical Assistance Agreement and all previous agreements, arrangements and understandings between the parties relating to the technical assistance. The total cash consideration payable by the Company to AEON Co., Ltd. for the year under review amounted to RM23.34 million. AEON Co., Ltd. is the holding company of the Company.
- f) For the year under review, the Company purchased RM1.73 million of merchandise from AIC INC., a subsidiary of AEON Co., Ltd.

OTHER INFORMATION

NON AUDIT FEES

The amount of non-statutory audit fees paid to External Auditors and its affiliates during the period under review was RM176.5 thousand comprising of mainly advisory, review and tax services.

REVALUATION POLICY ON LANDED PROPERTIES

There was no revaluation policy on the Company's landed properties. The Company adopted the transitional provisions issued by Malaysian Accounting Standards Board (MASB) to retain the carrying amount on the basis of their previous revaluation as stated in page 65 of this Annual Report.

Financial Statements

for the year ended 31 December 2010

DIRECTORS' REPORT

for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the operations of a chain of superstores and supermarkets, 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 attributable to owners of the Company	165,301

RESERVES AND PROVISIONS

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

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final dividend of 12% less income tax of 25% amounting to RM31,590,000 in respect of the year ended 31 December 2009 on 7 July 2010.

The first and final dividend recommended by the Directors in respect of the year ended 31 December 2010 is 16% less income tax of 25% totalling RM42,120,000, subject to the approval of the members at the forth coming 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
Jerome Thomas Black
Nagahisa Oyama
Dato' Chew Kong Seng @ Chew Kong Huat
Datuk Ramli bin Ibrahim
Brig Jen (B) Dato' Mohamed Idris bin Saman
Datuk Zawawi bin Mahmuddin
Naoki Hayashi
Kenichi Hirao (appointed on 1 June 2010)
Nur Qamarina Chew binti Abdullah (appointed on 25 February 2011)
Naruhito Kuroda (resigned on 14 April 2010)
Yasuo Masuda (resigned on 14 April 2010)

DIRECTORS' REPORT

for the year ended 31 December 2010



DIRECTORS' INTERESTS

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

	Nominal value per share	At 1.1.2010/ Date of appointment	Number of ordinary shares		
			Bought	Sold	At 31.12.2010
Shareholdings in which Directors have direct interests					
Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	526,000	–	–	526,000
AEON Credit Service (M) Berhad	RM0.50	300,900	–	(50,000)	250,900
Interest of Nagahisa Oyama in:					
AEON CO. (M) BHD.	RM1.00	20,000	–	–	20,000
Interest of Datuk Ramli bin Ibrahim in:					
AEON Credit Service (M) Berhad	RM0.50	150,000	10,000	–	160,000
Interest of Naoki Hayashi in:					
AEON Co., Ltd.	–	16,010	6,800	–	22,810
AEON Mall Co., Ltd.	–	1,000	600	–	1,600
Interest of Kenichi Hirao in:					
AEON Co., Ltd.	–	–	3,000	–	3,000

Shareholdings in which Directors have deemed interests

Interest of Dato' Abdullah bin Mohd Yusof in:					
AEON CO. (M) BHD.	RM1.00	1,170,800	–	(3,000)	1,167,800
AEON Credit Service (M) Berhad	RM0.50	103,000	2,000	–	105,000
Interest of Datuk Ramli bin Ibrahim in:					
AEON CO. (M) BHD.	RM1.00	560,000	–	–	560,000

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for certain Directors who may be deemed to derive a benefit by virtue of those transactions as disclosed in Note 22 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.

DIRECTORS' REPORT

for the year ended 31 December 2010

ISSUE OF SHARES

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 statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that:

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

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the 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 financial performance of the Company for the financial year ended 31 December 2010 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 EVENT DURING THE FINANCIAL YEAR

On 28 June 2010, the Company entered into a Sale and Purchase Agreement with third parties for the acquisition of three (3) pieces of leasehold land and two (2) pieces of state land situated in Perak for the purpose of constructing a shopping centre thereon, at a purchase price of RM27.1 million. As at the end of financial year, RM2.7 million has been paid as part of the purchase consideration.

DIRECTORS' REPORT

for the year ended 31 December 2010



SUBSEQUENT EVENTS

Significant events subsequent to end of the financial year are disclosed in Note 27 to the financial statements.

AUDITORS

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

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

Dato' Abdullah bin Mohd Yusof

Nagahisa Oyama

Kuala Lumpur,
Date: 4 April 2011

STATEMENT OF FINANCIAL POSITION

at 31 December 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Property, plant and equipment	3	1,474,481	1,507,772
Intangible asset	4	21,532	–
Available-for-sale investments	5	9,668	1,075
Total non-current assets		1,505,681	1,508,847
Inventories	6	338,401	335,015
Receivables, deposits and prepayments	7	57,715	60,284
Cash and cash equivalents	8	330,908	137,067
Total current assets		727,024	532,366
Total assets		2,232,705	2,041,213
EQUITY			
Share capital		351,000	351,000
Reserves		39,742	31,666
Retained earnings		735,756	601,528
Total equity attributable to owners of the Company	9	1,126,498	984,194
LIABILITIES			
Deferred tax liabilities	10	28,303	30,698
Total non-current liabilities		28,303	30,698
Payables and accruals	11	1,056,584	1,009,928
Taxation		21,320	16,393
Total current liabilities		1,077,904	1,026,321
Total liabilities		1,106,207	1,057,019
Total equity and liabilities		2,232,705	2,041,213

The notes on pages 52 to 83 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010



	Note	2010 RM'000	2009 RM'000 restated
CONTINUING OPERATIONS			
Revenue	12	2,894,482	2,747,782
Other operating income		3,783	3,852
Change in inventories		2,775	6,516
Net purchases		(1,735,454)	(1,671,855)
Staff costs		(183,986)	(182,516)
Depreciation of property, plant and equipment	3	(145,688)	(141,034)
Amortisation of intangible asset	4	(2,391)	–
Operating expenses		(595,133)	(565,397)
RESULTS FROM OPERATING ACTIVITIES			
Interest expense	13	238,388	197,348
Interest income	15	(43)	(3,122)
		1,949	146
PROFIT BEFORE TAX			
Tax expense	16	240,294	194,372
		(74,993)	(60,843)
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		165,301	133,529
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Fair value of available-for-sale financial assets		(465)	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		164,836	133,529
Basic earnings per ordinary share (sen)			
	17	47.0	38.0

The notes on pages 52 to 83 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

	← Share capital RM'000	Non-distributable Fair value reserve RM'000	→ Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2009	351,000	–	32,183	499,072	882,255
Total comprehensive income for the year	–	–	–	133,529	133,529
Transfer from revaluation reserve to retained earnings	–	–	(517)	517	–
Dividend - 2008 final in respect of year ended 31 December 2008 (Note 18)	–	–	–	(31,590)	(31,590)
At 31 December 2009/ 1 January 2010	351,000	–	31,666	601,528	984,194
Effect of adopting FRS 139 (Note 28)	–	9,058	–	–	9,058
At 1 January 2010, restated	351,000	9,058	31,666	601,528	993,252
Total comprehensive income for the year	–	(465)	–	165,301	164,836
Transfer from revaluation reserve to retained earnings	–	–	(517)	517	–
Dividend - 2009 final in respect of year ended 31 December 2009 (Note 18)	–	–	–	(31,590)	(31,590)
At 31 December 2010	351,000	8,593	31,149	735,756	1,126,498

Note 9

The notes on pages 52 to 83 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2010



	Note	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		240,294	194,372
Adjustments for:			
Amortisation of intangible asset	4	2,391	–
Depreciation of property, plant and equipment	3	145,688	141,034
Dividend income		(455)	(422)
Impairment loss on property, plant and equipment		5,113	–
Interest expense	15	43	3,122
Interest income		(1,949)	(146)
(Gain)/Loss on disposal of property, plant and equipment		(177)	63
Property, plant and equipment written off		841	3,012
Operating profit before changes in working capital		391,789	341,035
Changes in working capital:			
Inventories		(3,386)	(6,516)
Receivables, deposits and prepayments		5,642	(4,241)
Payables and accruals		46,656	6,250
Cash generated from operations		440,701	336,528
Tax paid		(72,461)	(60,457)
Net cash generated from operating activities		368,240	276,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	3	(119,043)	(94,088)
Acquisition of intangible asset	4	(23,923)	–
Proceeds from disposal of property, plant and equipment		869	375
Deposit paid as part of purchase consideration for acquisition of land		(3,073)	(10,041)
Dividend received		455	422
Interest received		1,949	146
Net cash used in investing activities		(142,766)	(103,186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		(31,590)	(31,590)
Interest paid		(43)	(3,122)
Repayment of borrowings		–	(159,500)
Net cash used in financing activities		(31,633)	(194,212)
Net increase/(decrease) in cash and cash equivalents		193,841	(21,327)
Cash and cash equivalents at 1 January	(i)	137,067	158,394
Cash and cash equivalents at 31 December		330,908	137,067

(i) *Cash and cash equivalents*

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	Note	2010 RM'000	2009 RM'000
Cash and bank balances	8	150,408	111,117
Deposits with licensed financial institutions	8	180,500	25,950
		330,908	137,067

The notes on pages 52 to 83 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office and principal place of business

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

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

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

The financial statements were approved by the Board of Directors on 4 April 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Company has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

NOTES TO THE FINANCIAL STATEMENTS



1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Company plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 or 1 January 2011, except for FRS 3, FRS 127, Amendments to FRS 2, IC Interpretation 4, 12, 16, 17 and 18 which are not applicable to the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Company.

Following the announcement by the MASB on 1 August 2008, the Company's financial statements will be prepared in accordance with the International Financial Reporting Standard (IFRS) framework for annual periods beginning 1 January 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in note 2.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, other than those disclosed in the following notes:

- Note 2(e) - Financial instruments
- Note 2(l) - Revenue

(a) Foreign currency transactions

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

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

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

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

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

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 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 and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(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 carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the profit or loss 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 estimated useful lives for the current and comparative periods are as follows:

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

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

(c) Leased assets

(i) Finance leases

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.

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.

(ii) Operating leases

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

The Company has early adopted the amendment to FRS 117, *Leases* in 2009 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible asset

(i) *Recognition and measurement*

The intangible asset represents software acquired by the Company and is stated at cost less any accumulated amortisation and any impairment losses.

(ii) *Subsequent expenditure*

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

(iii) *Amortisation*

The intangible asset is amortised from the date it is available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset.

The estimated useful life of capitalised software ranges between 3 to 5 years.

The amortisation method, useful life and residual value are reviewed, and adjusted as appropriate at the end of the reporting period.

(e) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 28.

(i) *Initial recognition and measurement*

A financial instrument is recognised in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument.

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

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

(ii) *Financial instrument categories and subsequent measurement*

The Company categorises financial instruments as follows:

Financial assets

(a) *Loans and receivables*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial instruments (continued)

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

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

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

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

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

Financial liabilities

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

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

(iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cashflows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

(g) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(e).

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with Note 2(e).

(i) Impairment

(i) Financial assets

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

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

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

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

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) *Non-financial assets*

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

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

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.

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 profit or loss.

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 profit or loss in the year in which the reversals are recognised.

(j) Equity instruments

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

Share issue expenses

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

(k) Employee benefits

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the 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 contributions to the statutory pension fund are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue

(i) Retail sales

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the 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. Distribution centre charges earned are included as part of revenue.

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

Award credits from sale of goods transacted under customer loyalty programmes are accounted for as a separately identifiable component of the sales transactions in which they are granted (the "initial sale"). The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits earned by customers and the other components of the sale. The consideration allocated to award credits is recognised as revenue when award credits are redeemed and the Company fulfils its obligations to supply awards.

(ii) Property management services

Revenue from shopping centre operation which include rental income, service charge, sales commission and car park charges are recognised on an accrual basis.

(m) Dividend income

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

(n) Interest income and borrowing costs

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

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

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of FRS 123, *Borrowing Costs*, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

NOTES TO THE FINANCIAL STATEMENTS



2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax expense

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

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

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

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

(p) Earnings per ordinary share

The Company presents basic earnings per share data for its ordinary shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(q) Operating segments

In the previous year, 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 were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Managing Director and Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	Land RM'000	Buildings 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 January 2009	379,250	126,003	595,506	182,805	13,644	497,716	288,441	8,034	664	17,302	2,109,365
Additions	-	-	969	3,360	267	17,513	7,470	1,087	2,491	60,931	94,088
Disposals	-	-	-	(365)	(21)	(900)	(917)	(714)	-	-	(2,917)
Written off	-	-	-	(1,609)	(56)	(1,856)	(2,147)	(88)	-	-	(5,756)
Transfer in/(out)	-	-	-	99	-	139	188	91	10,997	(11,514)	-
At 31 December 2009/ 1 January 2010	379,250	126,003	596,475	184,290	13,834	512,612	293,035	8,410	14,152	66,719	2,194,780
Additions	15,362	-	10,105	14,980	813	24,026	13,787	935	4,034	58,924	142,966
Disposals	-	-	(50)	-	(2)	(2,002)	(153)	(840)	-	-	(3,047)
Written off	-	-	-	(3,993)	(306)	(6,525)	(24,735)	(5)	(36)	-	(35,600)
Transfer in/(out)	9,826	-	27,365	9,304	408	29,193	8,915	261	185	(109,380)	(23,923)
At 31 December 2010	404,438	126,003	633,895	204,581	14,747	557,304	290,849	8,761	18,335	16,263	2,275,176

NOTES TO THE FINANCIAL STATEMENTS



3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land 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 AND IMPAIRMENT LOSS											
At 1 January 2009	15,011	37,649	56,760	68,721	5,132	203,458	159,816	4,250	400	-	551,197
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2009	15,011	37,649	56,760	68,721	5,132	203,458	159,816	4,250	400	-	551,197
Depreciation for the year	2,275	2,520	13,171	18,098	1,236	60,649	40,105	1,300	1,680	-	141,034
Disposals	-	-	-	(345)	(11)	(572)	(894)	(657)	-	-	(2,479)
Written off	-	-	-	(464)	(36)	(838)	(1,318)	(88)	-	-	(2,744)
At 31 December 2009/ 1 January 2010	17,286	40,169	69,931	86,010	6,321	262,697	197,709	4,805	2,080	-	687,008
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2009	17,286	40,169	69,931	86,010	6,321	262,697	197,709	4,805	2,080	-	687,008
Depreciation for the year	2,275	2,520	13,732	19,103	1,253	61,246	40,833	1,410	3,316	-	145,688
Impairment loss	-	-	-	1,461	130	2,447	997	-	78	-	5,113
Disposals	-	-	(1)	-	(2)	(1,564)	(150)	(638)	-	-	(2,355)
Written off	-	-	-	(3,814)	(278)	(5,996)	(24,630)	(5)	(36)	-	(34,759)
At 31 December 2010	19,561	42,689	83,662	101,299	7,294	316,383	213,762	5,572	5,360	-	795,582
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
- Accumulated impairment loss	-	-	-	1,461	130	2,447	997	-	78	-	5,113
At 31 December 2010	19,561	42,689	83,662	102,760	7,424	318,830	214,759	5,572	5,438	-	800,695

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land 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
CARRYING AMOUNTS											
At 1 January 2009	364,239	88,354	538,746	114,084	8,512	294,258	128,625	3,784	264	17,302	1,558,168
At 31 December 2009/ 1 January 2010	361,964	85,834	526,544	98,280	7,513	249,915	95,326	3,605	12,072	66,719	1,507,772
At 31 December 2010	384,877	83,314	550,233	101,821	7,323	238,474	76,090	3,189	12,897	16,263	1,474,481

NOTES TO THE FINANCIAL STATEMENTS



3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 Impairment loss

Historical losses from certain business units caused the Company to assess the recoverable amount of the related plant and equipment.

The recoverable amounts of the cash-generating units (by business units) ("CGUs") were estimated based on their value in use, with the following key assumptions for future cash flows such as a 5-year cash flow projection, using an estimated growth rate of 5% per annum and a pre tax discount rate of 4.5% per annum. The business units will continue their operations indefinitely and the size of operations will at least remain at the current size and not smaller.

Based on the assessment, the aggregate carrying amount of the CGUs exceeded the aggregate recoverable amount by RM5.113 million and the impairment loss was recognised in profit or loss.

3.2 Buildings (at valuation)

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

The buildings stated at 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 cost model, their carrying amount would have been as follows:

	2010 RM'000	2009 RM'000
Buildings	52,331	54,030

3.3 Land

Included in the carrying amounts of land are:

	2010 RM'000	2009 RM'000
Freehold land	203,711	178,524
Leasehold land	181,166	183,440
	384,877	361,964

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSET

Information technology software

	2010 RM'000	2009 RM'000
Cost		
At 1 January	–	–
Additions	23,923	–
At 31 December	23,923	–
Accumulated amortisation		
At 1 January	–	–
Amortisation for the year	2,391	–
At 31 December	2,391	–
Carrying amount		
At 31 December	21,532	–

5. AVAILABLE-FOR-SALE INVESTMENTS

	Total RM'000	Quoted RM'000	Unquoted RM'000
2010			
Non-current			
Unquoted equities	45	–	45
Quoted equities in Malaysia	9,623	9,623	–
	9,668	9,623	45
Representing items: At fair value	9,668	9,623	45
Market value of quoted equities	9,623	9,623	–
2009			
Non-current			
Unquoted equities	45	–	45
Quoted equities in Malaysia	1,030	1,030	–
	1,075	1,030	45
Representing items: At cost	1,075	1,030	45
Market value of quoted equities	10,088	10,088	–

NOTES TO THE FINANCIAL STATEMENTS



5. AVAILABLE-FOR-SALE INVESTMENTS (continued)

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of exemption given in Paragraph 44AA of FRS 7.

Prior to 1 January 2010, the Company classified its investment in quoted equities as non-current investments which were carried at cost less allowance for diminution in value. With the adoption of FRS 139, these investments are now classified as financial assets available-for-sale and measured at fair value.

The difference between the carrying value and the fair value of the quoted equities as at 1 January 2010 amounting to RM9,058,000 has been reflected through fair value reserve in equity on adoption of FRS 139. Subsequent changes in fair value are recognised in equity through other comprehensive income.

The unquoted equities will continue to be carried at cost, less impairment losses, if any.

6. INVENTORIES

	2010 RM'000	2009 RM'000
Retail merchandise	173,636	175,167
Food and others	164,765	159,848
	<u>338,401</u>	<u>335,015</u>

7. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2010 RM'000	2009 RM'000
Trade			
Trade receivables		25,797	20,979
Amount due from a related company	7.1	1,896	1,446
		<u>27,693</u>	<u>22,425</u>
Non-trade			
Other receivables and prepayments	7.2	13,727	22,007
Rental and utility deposits		16,295	15,852
		<u>30,022</u>	<u>37,859</u>
		<u>57,715</u>	<u>60,284</u>

7.1 Amount due from a related company

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

7.2 Other receivables and prepayments

Included in other receivables and prepayments are deposits of RM6,716,885 (2009 : RM12,479,940) paid as part of purchase consideration for the acquisition of land for the purposes of constructing shopping centres.

NOTES TO THE FINANCIAL STATEMENTS

8. CASH AND CASH EQUIVALENTS

	2010 RM'000	2009 RM'000
Cash and bank balances	150,408	111,117
Deposits with licensed financial institutions	180,500	25,950
	<u>330,908</u>	<u>137,067</u>

9. CAPITAL AND RESERVES

Share capital

	Amount 2010 RM'000	Number of shares 2010 '000	Amount 2009 RM'000	Number of shares 2009 '000
Authorised: Ordinary shares of RM1 each	500,000	500,000	500,000	500,000
Issued and fully paid: Ordinary shares of RM1 each	351,000	351,000	351,000	351,000

9.1 Share premium

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

9.2 Revaluation reserve

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

9.3 Fair value reserve

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

9.4 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 up to approximately RM666 million of its retained earnings at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 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.

NOTES TO THE FINANCIAL STATEMENTS



10. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment						
- capital allowance	–	–	(20,944)	(24,255)	(20,944)	(24,255)
- revaluation	–	–	(10,794)	(10,995)	(10,794)	(10,995)
Provisions	3,435	4,552	–	–	3,435	4,552
Net tax assets/(liabilities)	3,435	4,552	(31,738)	(35,250)	(28,303)	(30,698)

11. PAYABLES AND ACCRUALS

	Note	2010 RM'000	2009 RM'000 restated
Trade			
Trade payables		608,607	566,180
Non-trade			
Other payables and accrued expenses		256,117	236,966
Progress claims by contractors		23,383	38,959
Rental and utility deposits		143,916	144,272
Amount due to holding company	11.1	24,108	23,119
Amount due to related company		453	432
		447,977	443,748
		1,056,584	1,009,928

11.1 Amount due to holding company

The amount due to holding company is unsecured, interest free and repayable on demand.

12. REVENUE

	2010 RM'000	2009 RM'000 restated
Sale of goods and others	2,179,378	2,079,743
Net commission from concessionaire sales	344,952	315,143
Property management services	370,152	352,896
	2,894,482	2,747,782

NOTES TO THE FINANCIAL STATEMENTS

13. RESULTS FROM OPERATING ACTIVITIES

	2010 RM'000	2009 RM'000 restated
Operating profit is arrived at after charging:		
Auditors' remuneration		
- audit fees		
- KPMG	155	140
- non-audit fees		
- KPMG	21	42
Amortisation of intangible asset	2,391	–
Depreciation of property, plant and equipment	145,688	141,034
Impairment loss:		
- Property, plant & equipment	5,113	–
- Trade receivables	–	336
(Gain)/Loss on disposal of property, plant and equipment	(177)	63
Loss on foreign exchange - realised	73	221
Personnel expenses (including key management personnel)		
- contributions to Employees Provident Fund	19,787	19,360
- wages, salaries and others	164,199	163,156
Property, plant and equipment written off	841	3,012
Rental expense		
- land and buildings	147,180	125,988
- equipment	4,040	3,684
- fixtures and fittings	175	110
- hostel	80	120
Royalty	23,341	22,178
after crediting:		
Dividend income from shares quoted in Malaysia	455	422
Reversal of impairment loss on trade receivables	63	–
Property management services		
- rental income on shopping centre operation	331,953	319,464
- other property management services income	38,199	33,432

14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	2010 RM'000	2009 RM'000
Directors:		
Fees	1,450	1,274
Remuneration	612	731
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	65	61
Total short-term employee benefits	2,127	2,066

NOTES TO THE FINANCIAL STATEMENTS



15. INTEREST EXPENSE

	2010 RM'000	2009 RM'000
Bank overdrafts	3	32
Bankers' acceptance	—	502
Revolving credit	40	2,588
	<u>43</u>	<u>3,122</u>

16. TAX EXPENSE

	2010 RM'000	2009 RM'000
Tax expense		
- current	75,972	70,152
- under/(over) provision in prior years	1,416	(2,869)
	<u>77,388</u>	<u>67,283</u>
Deferred tax expense		
- reversal of temporary differences	(1,801)	(7,654)
- (over)/under provision in prior years	(594)	1,214
	<u>74,993</u>	<u>60,843</u>
Total tax expense		

Reconciliation of effective tax expense

Profit before tax	240,294	194,372
Tax calculated using Malaysian tax rate of 25%	60,074	48,593
Non-deductible expenses	14,298	14,085
Reversal of deferred tax liabilities on crystallisation of revaluation reserves of property, plant and equipment	(201)	(180)
	<u>74,171</u>	<u>62,498</u>
Under/(over) provision in prior year:		
- current tax expense	1,416	(2,869)
- deferred tax expense	(594)	1,214
	<u>74,993</u>	<u>60,843</u>
Tax expense		

NOTES TO THE FINANCIAL STATEMENTS

17. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2010 RM'000	2009 RM'000
Profit for the year attributable to ordinary shareholders	165,301	133,529
	'000	'000
Weighted average number of ordinary shares in issue	351,000	351,000
Basic earnings per ordinary share (sen)	47.0	38.0

18. DIVIDEND

Dividend recognised in the current year by the Company is:

	Sen per share	Total amount RM'000	Date of payment
2010			
Final 31.12.2009 ordinary dividend (net)	9.0	31,590	7 July 2010
2009			
Final 31.12.2008 ordinary dividend (net)	9.0	31,590	19 August 2009

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the shareholders.

	Sen per share	Total amount RM'000
Final proposed 31.12.2010 ordinary dividend (net)	12	42,120

19. OPERATING SEGMENTS

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

Reportable segments

The two main reportable segments are:

Retailing	The operations of a chain of superstores and supermarkets selling clothing, food, household goods and other merchandise.
Property management services	Shopping centre operation.

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

NOTES TO THE FINANCIAL STATEMENTS



19. OPERATING SEGMENTS (continued)

	Retailing		Property management services		Total	
	2010 RM'000	2009 RM'000 restated	2010 RM'000	2009 RM'000 restated	2010 RM'000	2009 RM'000 restated
Business segments						
Revenue from external customers	2,524,330	2,394,886	370,152	352,896	2,894,482	2,747,782
Total revenue	2,524,330	2,394,886	370,152	352,896	2,894,482	2,747,782
Segmental profit	164,724	140,179	111,099	128,474	275,823	268,653
Less : Unallocated expenses					(37,435)	(71,305)
Operating profit					238,388	197,348
Interest expense					(43)	(3,122)
Interest income					1,949	146
Profit before tax					240,294	194,372
Tax expense					(74,993)	(60,843)
Profit attributable to owners of the Company					165,301	133,529

	Retailing		Property management services		Total	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Segment assets	752,772	723,164	1,299,180	1,292,099	2,051,952	2,015,263
Unallocated assets					180,500	25,950
Total assets					2,232,452	2,041,213
Segment liabilities	(857,338)	(783,334)	(199,247)	(226,594)	(1,056,585)	(1,009,928)
Unallocated liabilities					(49,623)	(47,091)
Total liabilities					(1,106,208)	(1,057,019)
Capital expenditure	44,362	20,054	98,604	74,034	142,966	94,088
Depreciation & amortisation	80,036	78,398	68,042	62,636	148,078	141,034
Non-cash expenses other than depreciation and amortisation	5,309	2,871	468	204	5,777	3,075

NOTES TO THE FINANCIAL STATEMENTS

20. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rental payables are as follows:

	2010 RM'000	2009 RM'000
Less than one year	136,716	131,186
Between one and five years	490,865	470,807
More than five years	301,804	417,490
	929,385	1,019,483

The Company leases a number of land, buildings and premises under operating leases. The leases have initial lease periods ranging from 3 to 25 years, with an option to renew the respective leases after that date.

21. CAPITAL COMMITMENTS

	2010 RM'000	2009 RM'000
Property, plant and equipment Authorised but not contracted for	387,318	119,489
Contracted but not provided for and payable:		
Within one year	173,287	43,276
One year or later and no later than five years	59,360	24,502

22. 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.

Key management personnel is 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.

NOTES TO THE FINANCIAL STATEMENTS



22. RELATED PARTIES (continued)

Transactions and balances with related parties

The significant related party transactions of the Company, other than key management personnel compensation as disclosed in Note 14, are as follows:

	Transactions value		Balance outstanding	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Director				
With companies in which Dato' Abdullah bin Mohd Yusof has interest:				
Legal fees payable	–	(16)	–	(16)
Other related party transactions				
Holding company				
Royalty expenses	(23,341)	(22,178)	(23,341)	(22,178)
Related companies				
Purchase of merchandise	(1,732)	(2,106)	(322)	(299)
Consultation fees	(599)	(564)	(131)	(133)
Sales through easy payment scheme financing	7,886	7,634	439	475
Rental income	1,952	3,024	–	3
Sales through AEON credit card	83,185	75,871	1,456	971
Convertible J-card point income	1,415	601	–	–
Credit card sales commission expenses	(1,200)	(1,103)	–	–

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

23. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

23.1 Categories of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets			
Investments	9,668	–	9,668
Receivables (excluding prepayments)	54,111	54,111	–
Cash and cash equivalents	330,908	330,908	–
	<u>394,687</u>	<u>385,019</u>	<u>9,668</u>

	Carrying amount RM'000	OL RM'000
2010		
Financial liabilities		
Payables and accruals	<u>1,056,584</u>	<u>1,056,584</u>

23.2 Net loss arising from financial instruments

	2010 RM'000
Available-for-sale financial assets - recognised in other comprehensive income	<u>(465)</u>

23.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the 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. In terms of its credit card receivables, which are from banking institutions, the Company had in place an ongoing process to monitor closely and ensure risk exposure is always minimal.

NOTES TO THE FINANCIAL STATEMENTS



23. FINANCIAL INSTRUMENTS (continued)

23.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

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

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

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2010				
Not past due	24,870	–	–	24,870
Past due 0 – 30 days	499	–	–	499
Past due 31 – 120 days	1,149	(721)	–	428
Past due more than 121 days	339	(339)	–	–
	26,857	(1,060)	–	25,797
2009				
Not past due	17,266	–	–	17,266
Past due 0 – 30 days	2,569	–	–	2,569
Past due 31 – 120 days	1,364	(220)	–	1,144
Past due more than 121 days	903	(903)	–	–
	22,102	(1,123)	–	20,979

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

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

	2010 RM'000
At 1 January	1,123
Impairment loss reversed	(63)
At 31 December	1,060

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.5 Liquidity risk

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

Risk management objectives, policies and processes for managing the risk

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

Maturity analysis

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

	Carrying amount RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2010				
Payables and accruals	1,056,584	1,056,584	–	–

23.6 Market risk

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

23.6.1 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

The management monitors closely the prevailing interest rates at regular intervals and ensure that the Company obtained competitive rates for its banking facilities and interest-earning deposits.

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.

NOTES TO THE FINANCIAL STATEMENTS



23. FINANCIAL INSTRUMENTS (continued)

23.6 Market risk (continued)

23.6.1 Interest rate risk (continued)

Exposure to interest rate risk

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

	Effective interest rate p.a. %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
2010				
Fixed rate instruments				
Deposits placed with licensed financial institutions	2.5	180,500	180,500	–
2009				
Fixed rate instruments				
Deposits placed with licensed financial institutions	1.8	25,950	25,950	–

The Company does not have any interest-bearing financial liabilities as at the reporting date.

Fair value sensitivity analysis for fixed rate instruments

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

23.6.2 Foreign currency risk

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

23.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

A 1% increase in the market price of the investment as at the end of the reporting period would have increased equity by RM96,000. A 1% decrease in market price would have had equal but opposite effect on equity.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS (continued)

23.7 Fair value of financial instruments

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

The carrying amounts of cash and cash equivalents, receivables and payables, approximate their fair value due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted equities due to the lack of comparable market prices and the inability to estimate fair value without incurring excessive costs.

24. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

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

25. STATUS OF LEASE

The Lease Agreement dated 18th October 1995 between the Company and Bandar Utama City Sdn Bhd ("BUC") has expired on 18th August 2010. The Company has handed over the operation of 1 Utama Shopping Centre to BUC on 18th August 2010 while the Company obtained an injunction from the court, among others, to continue to operate its Departmental Store cum Supermarket ("GMS") at the said shopping centre after 18th August 2010. BUC has appealed against the injunction to the Court of Appeal and the said appeal has been dismissed. The injunction remains in force pending the disposal of the difference or dispute between the Company and BUC in relation to the refusal by BUC to renew the lease by way of arbitration according to Article 16 of the said Lease Agreement.

26. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 28 June 2010, the Company entered into a Sale and Purchase Agreement with thirds parties for the acquisition of three (3) pieces of leasehold land and two (2) pieces of state land situated in Perak for the purpose of constructing a shopping centre thereon, at a purchase price of RM27.1 million. As at the end of the reporting period, RM2.7 million has been paid as part of the purchase consideration.

27. SUBSEQUENT EVENTS

- (i) On 12 January 2011, the Company received from its insurers an amount of RM17.9 million in respect of its business interruption and damages loss arising from the fire incident that occurred at one of its shopping centre in Melaka in 2009. An estimated net amount of RM10.91 million, after expenses, will be recognised as other income in the next financial year.
- (ii) On 25 February 2011, the Company received approval from the Board of Directors to enter into an agreement with AEON Fantasy (Malaysia) Sdn. Bhd. to sell its existing amusement business named Smart Wonder World to AEON Fantasy (Malaysia) Sdn. Bhd for a cash consideration of RM 22.4 million. The Company will further subscribe for 20 per cent of AEON Fantasy (Malaysia) Sdn. Bhd.'s shares for a cash consideration of RM 7.4 million.

NOTES TO THE FINANCIAL STATEMENTS



28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

	Fair value reserve 2010 RM'000	2009 RM'000	Retained earnings 2010 RM'000	2009 RM'000
At 1 January, as previously stated	–	–	601,528	499,072
Adjustments arising from adoption of FRS 139:				
- Fair valuation of equity securities classified as available-for-sale	9,058	–	–	–
At 1 January, restated	9,058	–	601,528	499,072

28.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in equity securities

Prior to the adoption of FRS 139, investments in non-current equity securities, were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities are now categorised and measured as available-for-sale as detailed in note 2(e).

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption FRS 139 to the current year's basic earnings per ordinary share.

28.2 FRS 101, *Presentation of Financial Statements (revised)*

The Company applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Company presents all non-owner changes in equity in the statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

28.3 IC Interpretation 13, *Customer Loyalty Programmes*

Prior to adoption of IC Interpretation 13, the Company had accounted for sales made under customer loyalty programmes by recognising the full consideration received or receivable from retail sales as revenue and the cost of award credits as expenses.

With the adoption of IC Interpretation 13, award credits from sale of goods transacted under customer loyalty programmes are accounted for as a separately identifiable component of the sales transactions in which they are granted (the "initial sale"). The fair value of the consideration received in respect of the initial sale is allocated between the cost of award credits earned by customers and the other components of the sale. The consideration allocated to award credits is recognised as revenue when award credits are redeemed and the Company fulfills its obligations to supply awards.

This change in accounting policy has been made retrospectively and affects on the classification of items in the profit or loss as detailed in Note 29. Accordingly, there is no impact to the basic earnings per ordinary share for the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

28.4 Amendments to FRS 118, *Revenue*

The amendments clarify the distinction between when an entity is acting as a principal and an agent. The adoption of this guidance resulted in a change in accounting policy which has been applied retrospectively in accordance with the transitional provisions of the amendment. This change in accounting policy affects the presentation of such revenue from a gross presentation to a net presentation as detailed in Note 29. Accordingly, there is no impact to the profit or loss and does not affect the basic earnings per ordinary share for the current and prior periods.

29. COMPARATIVE FIGURES

Following the adoption of the amendments to FRS 118 and IC Interpretation 13 certain comparatives have been represented as follows:

	31.12.2009	
	As restated RM'000	As previously stated RM'000
Statement of Comprehensive Income		
Revenue	2,747,782	3,735,755
Net purchases	(1,671,855)	(2,631,972)
Operating expenses	(565,397)	(593,253)

NOTES TO THE FINANCIAL STATEMENTS



30. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010 RM'000
Total retained earnings:	
- realised	765,663
- unrealised	(29,907)
Total retained earnings	735,756

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

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 48 to 82 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the year then ended.

The information set out in Note 30 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Abdullah bin Mohd Yusof

Nagahisa Oyama

Kuala Lumpur,
Date: 4 April 2011

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 83 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 4 April 2011.

Poh Ying Loo

Before me:

Charanjit Kaur (W606)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

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



REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **AEON CO. (M) BHD.**, which comprise the statement of financial position as at 31 December 2010 and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 82.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

KPMG Desa Megat & Co.

Firm Number: AF 0759
Chartered Accountants

Peter Ho Kok Wai

Approval Number: 1745/12/11(J)
Chartered Accountant

Petaling Jaya,
Date: 4 April 2011

ANALYSIS OF SHAREHOLDINGS

as at 21 March 2011

Authorised Share Capital	:	RM500,000,000
Paid-up Share Capital	:	RM351,000,000
Class of Shares	:	Ordinary Share of RM1 each
Voting Rights	:	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders/Depositors	% of Shareholders/Depositors	No. of Shares Held	% of Issued Capital
1 - 99	120	6.74	1,872	0.00
100 - 1,000	458	25.71	338,547	0.10
1,001 - 10,000	919	51.60	3,915,992	1.11
10,001 - 100,000	182	10.22	5,117,566	1.46
100,001 - 17,549,999 (*)	99	5.56	110,130,423	31.38
17,550,000 and above (**)	3	0.17	231,495,600	65.95
Total	1,781	100.00	351,000,000	100.00

Notes: * - Less than 5% of Issued Shares
 ** - 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDINGS

as per Register of Substantial Shareholders

No.	Name	Direct Interest	No. of Shares % Indirect Interest	%
1	ÆON Co., Ltd.	179,010,000	51.00	—
2	Aberdeen Asset Management PLC and its subsidiaries (together "The Group") on behalf of accounts managed by The Group	58,110,800	16.56	—
3	Credit Suisse Group AG	—	—	ⁱ 58,115,600 16.56
4	Mitsubishi UFJ Financial Group, Inc	—	—	ⁱⁱ 58,110,800 16.56
5	Employees Provident Fund Board	ⁱⁱⁱ 34,395,000	9.80	—
6	Aberdeen Asset Management Asia Limited	^{iv} 42,408,100	12.08	—
7	Aberdeen International Fund Managers Limited	^{iv} 31,060,800	8.85	—

Notes: ⁱ Credit Suisse Group AG owns more than 15% of the voting shares in Aberdeen Asset Management PLC and is deemed to have an interest in the shares held by Aberdeen Asset Management PLC and its subsidiaries Group.
ⁱⁱ Mitsubishi UFJ Financial Group, Inc is deemed interested in the shares by virtue of Mitsubishi UFJ Financial Group, Inc's wholly owned subsidiary, Mitsubishi UFJ Trust & Banking Corp, holding more than 15% in Aberdeen Asset Management PLC.
ⁱⁱⁱ 5,301,800 ordinary shares of RM1.00 each are registered in the name of Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN).
^{iv} The disclosures include holdings of mandates delegated from other subsidiaries of Aberdeen Asset Management PLC.

DIRECTORS' INTERESTS

No.	Name	Direct Interest	No. of Shares % Indirect Interest	%
1	Dato' Abdullah bin Mohd Yusof	526,000	0.15	1,167,800 0.33
2	Jerome Thomas Black	—	—	—
3	Nagahisa Oyama	20,000	0.01	—
4	Dato' Chew Kong Seng	—	—	—
5	Datuk Ramli bin Ibrahim	—	—	560,000 0.16
6	Brig Jen (B) Dato' Mohamed Idris bin Saman	—	—	—
7	Datuk Zawawi bin Mahmuddin	—	—	—
8	Naoki Hayashi	—	—	—
9	Kenichi Hirao	—	—	—
10	Nur Qamarina Chew binti Abdullah	—	—	—

LIST OF 30 LARGEST SHAREHOLDERS

as at 21 March 2011



NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES HELD
1.	ÆON CO., LTD.	179,010,000	51.00
2.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS LUX FOR ABERDEEN GLOBAL	32,165,800	9.17
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	20,319,800	5.79
4.	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM WAWASAN 2020	9,070,600	2.59
5.	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (FD 1 - 280305)	6,530,000	1.86
6.	HSBC NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR GENESIS SMALLER COMPANIES	6,505,970	1.85
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	5,301,800	1.51
8.	HSBC NOMINEES (ASING) SDN BHD BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	4,753,300	1.36
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	4,277,000	1.22
10.	HSBC NOMINEES (ASING) SDN BHD HSBC-FS I FOR APOLLO ASIA FUND LTD	3,980,000	1.13
11.	SYARIKAT MALURI SDN BHD	3,730,000	1.06
12.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)	3,590,000	1.02
13.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR DANSKE BANK A/S (CLIENT HOLDINGS)	3,300,000	0.94
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,040,600	0.87
15.	CARTABAN NOMINEES (ASING) SDN BHD RBC DEXIA INVESTOR SERVICES BANK FOR GLOBAL EMERGING MARKETSSMALL CAP (DANSKE INVEST)	2,950,000	0.84
16.	TAKUYA OKADA	2,400,000	0.68
17.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (GUERNSEY)	2,390,000	0.68
18.	ROSHAYATI BINTI BASIR	2,310,000	0.66

LIST OF 30 LARGEST SHAREHOLDERS

as at 21 March 2011

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES HELD
19.	ROZILAWATI BINTI HAJI BASIR	2,310,000	0.66
20.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)	2,055,500	0.59
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (FM-ABERDEEN)	1,968,600	0.56
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	1,866,100	0.53
23.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND VA12 FOR IVA INTERNATIONAL FUND	1,822,800	0.52
24.	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	1,626,500	0.46
25.	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR FIRST STATE SINGAPORE AND MALAYSIA GROWTH FUND	1,340,300	0.38
26.	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR MALAYSIAN TIMBER COUNCIL (ENDOWMENT FUND)	1,260,500	0.36
27.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB ISLAMIC SMALL CAP FUND	1,205,400	0.34
28.	HIDENORI FUTAGI	1,200,000	0.34
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAJA AZNIN BIN RAJA AHMAD (CEB)	1,200,000	0.34
30.	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR GENESIS ASEAN OPPORTUNITIES FUND (GEMOFPLC)	1,192,989	0.34
TOTAL		314,673,559	89.65

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 31/12/2010 (RM'000)
Details of AEON's properties as at 31 December 2010 are set out below:						
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold land/ Existing two-storey shopping centre Extension/Renovation with rooftop car park	436,036/ 200,316 179,989	February 1995 (R)	19 12½	99 years expiring on 19/12/2089	52,741
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	368,516/ 666,694	February 1995 (R)	18½	95 years expiring on 28/03/2085	80,804
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor.	Leasehold land/ Two-storey shopping centre and two-storey car park	643,753/ 691,414	June 1994 (A)/ October 1995 (C)	15	99 years expiring on 09/05/2093	60,963
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)	8½	Freehold	27,376
Lot 62232 Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/ Two-storey shopping centre and three-storey car park	409,577/ 906,497	January 2004 (C)	7	99 years expiring on 25/08/2103	85,294
Lot PTD 114179, Mukim of Tebrau, District of Johor Bahru, Johor.	Freehold land/ Three-storey shopping centre with basement car park	1,308,035/ 1,468,693	March 2004 (A)/ January 2006 (C)	5	Freehold	153,910
Lot PT 41977	Leasehold land/	550,910/	April 2004 (A)	4	99 years expiring on 12/04/2103 Freehold	80,746
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)			
Lot 5106 Mukim Ulu Kelang Kuala Lumpur	Leasehold land/ Two-storey shopping centre with basement car park	631,620/ 895,449	March 2007 (A)/ December 2008 (C)	2	87 years expiring on 05/04/2083	138,475
Lot 136962, Mukim Pulai, District of Johor Bahru Johor	Freehold land/ Three-storey shopping centre with open car park	1,645,671/ 845,634	October 2007 (A)/ December 2008 (C)	2	Freehold	228,525
PT Plot 55919, Mukim of Cheras, District of Ulu Langat, Selangor	Freehold land/ Two-storey shopping centre with rooftop and open car park	304,920/ 299,979	December 2008 (A)/ May 2010 (C)	½	Freehold	62,095

JUSCO STORES, SHOPPING CENTRES & MAXVALU



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

**JUSCO TAMAN MALURI
SHOPPING CENTRE**
Tel: 03-9200 1004



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

**ALPHA ANGLE
SHOPPING CENTRE**
Tel: 03-4149 5288



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



**JUSCO BANDAR BARU
KLANG**
Persiaran Bukit Raja 2,
Bandar Baru Klang,
41150 Klang,
Selangor Darul Ehsan.
Tel: 03-3343 9366

**BUKIT RAJA
SHOPPING CENTRE**
Tel: 03-3343 2166



JUSCO MID VALLEY
AT3 Mid Valley Megamall,
Mid Valley City,
Lingkar Syed Putra,
59200 Kuala Lumpur.
Tel: 03-2284 4800



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



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

**JUSCO METRO PRIMA
SHOPPING CENTRE**
Tel: 03-6259 1122



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

**AEON TAMAN EQUINE
SHOPPING CENTRE**
Tel: 03-7545 2700



JUSCO CHERAS SELATAN
Leboh Tun Hussein Onn,
43200 Balakong,
Selangor Darul Ehsan.
Tel: 03-9080 3018

**AEON CHERAS SELATAN
SHOPPING CENTRE**
Tel: 03-9080 3498



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



JUSCO BUKIT TINGGI
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



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

**AEON AU2 SETIAWANGSA
SHOPPING CENTRE**
Tel: 03-4257 2533



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

**AEON MAHKOTA CHERAS
SHOPPING CENTRE**
Tel: 03-9080 3579



PASAR RAYA MAXVALU DAMANSARA DAMAI

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



PASAR RAYA MAXVALU 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 KOTA KEMUNING

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



PASAR RAYA MAXVALU AMPANG

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

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



JUSCO QUEENSBAY

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



JUSCO SEBERANG PRAI CITY

Jalan Perda Timur,
14000 Bukit Mertajam,
Seberang Prai Tengah,
Pulau Pinang.
Tel: 04-538 8600

AEON SEBERANG PRAI CITY SHOPPING CENTRE

Tel: 04-537 9022

SOUTHERN



JUSCO SEREMBAN 2

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

JUSCO SEREMBAN 2 SHOPPING CENTRE

Tel: 06-601 5618



JUSCO MELAKA

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

JUSCO MELAKA SHOPPING CENTRE

Tel: 06-233 2988



JUSCO BANDARAYA MELAKA

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

AEON BANDARAYA MELAKA SHOPPING CENTRE

Tel: 06-282 9666



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 PERMAS JAYA

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

JUSCO PERMAS JAYA SHOPPING CENTRE

Tel: 07-386 0600



JUSCO TEBRAU CITY

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

AEON TEBRAU CITY SHOPPING CENTRE

Tel: 07-352 2220



JUSCO BUKIT INDAH

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

AEON BUKIT INDAH SHOPPING CENTRE

Tel: 07-236 8071

MILESTONES

1984	SEPTEMBER	-	JAYA JUSCO STORES SDN BHD established, in response to a request from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad, to help modernize the retailing industry in Malaysia.
1985	JUNE	-	The first pilot store, JAYA JUSCO Dayabumi, opened.
	DECEMBER	-	The second pilot store, JAYA JUSCO Taman Tun Dr. Ismail, opened.
1989	JUNE	-	JAYA JUSCO Dayabumi closed.
	OCTOBER	-	The first Superstore, JAYA JUSCO Taman Maluri, opened.
1990	JUNE	-	“Japan Management Training Programme” begun.
	NOVEMBER	-	28 Malaysian students invited to Japan as “Ambassadors” through the AEON “1% Club” Programme.
1991	OCTOBER	-	JUSCO Melaka was opened and fully operated by Malaysian staff.
		-	The AEON 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	-	The Distribution Centre begun operations.
	OCTOBER	-	Japan Trainee Programme begun.
1995	JUNE	-	JAYA JUSCO Taman Tun Dr. Ismail closed.
	AUGUST	-	JUSCO Bandar Utama (1 Utama Shopping Centre) opened.
	OCTOBER	-	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	-	Launch of WAOH Charity Fund/ JUSCO Fest / JUSCO’s 17th Anniversary.
	NOVEMBER	-	22 Malaysian students and 2 former participants from the 1990 batch were invited to Japan as “Ambassadors” through the AEON “1% Club” Programme.
2002	APRIL	-	Establishment of JUSCO-OUM Retail Centre in Alpha Angle Shopping Centre, at Wangsa Maju.
	JULY	-	JUSCO Taman Universiti (JUSCO Taman Universiti Shopping Centre) opened.
		-	Japan Management Training Programme reactivated.
2003	JULY	-	WAOH Charity Bazaar.
	AUGUST	-	Smart Wonder World opened in JUSCO Taman Maluri.
	OCTOBER	-	JUSCO Home Centre opened in 1 Utama Shopping Centre.
	DECEMBER	-	3,000 saplings were planted in the vicinity of the JUSCO Permas Jaya store as part of AEON’s environmental campaign, “Planting Seeds of Growth”.
		-	JUSCO Permas Jaya (JUSCO Permas Jaya Shopping Centre) opened.
2004	JANUARY	-	JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 saplings were planted.
		-	JUSCO Metro Prima (JUSCO Metro Prima Shopping Centre) opened.
	JUNE	-	“With All Our Hearts” Charity Fund officially registered as the “With All Our Hearts” Malaysian JUSCO Foundation.
	AUGUST	-	Company authorised share capital increased from RM100,000,000 to RM500,000,000.
	SEPTEMBER	-	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 saplings planted in the Malaysian-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands.
	OCTOBER	-	Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.

MILESTONES



2005	MARCH	-	AEON CO. (M) BHD. received a certificate of appreciation from the former Prime Minister Y.A. Bhg. Tun Dr Mahathir bin Mohamad for its tree planting activities.
	JULY	-	The 1st Annual WAOH Charity Gala Dinner was held.
	SEPTEMBER	-	JUSCO Seremban 2 Shopping Centre Tree Planting Ceremony was held. 3,300 saplings were planted.
		-	JUSCO Seremban 2 (JUSCO Seremban 2 Shopping Centre) opened.
	OCTOBER	-	The first Pasar Raya J-One Supermarket in Damansara Damai opened.
	DECEMBER	-	AEON Tebrau City Shopping Centre Tree Planting Ceremony were held. 6,000 saplings were planted.
2006	JANUARY	-	JUSCO Tebrau City (AEON Tebrau City Shopping Centre) opened.
	APRIL	-	Change of financial year end from February to December.
	JUNE	-	AEON Taman Equine Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.
	JULY	-	JUSCO Taman Equine (AEON Taman Equine Shopping Centre) opened.
		-	Pasar Raya J-One Supermarket in Pearl Point opened.
	SEPTEMBER	-	Completion of Kinta City Shopping Centre sales and lease back.
	NOVEMBER	-	AEON Cheras Selatan Shopping Centre Tree Planting Ceremony held. 4,000 saplings were planted.
	DECEMBER	-	JUSCO Queensbay opened.
		-	JUSCO Cheras Selatan (AEON Cheras Selatan Shopping Centre) opened.
2007	JANUARY	-	Pasar Raya J-One change of name ceremony (From J-One to D'HATI) held at Pearl Point Shopping Mall.
	JUNE	-	Replanting of trees at AEON Woodland.
	SEPTEMBER	-	Pasar Raya D'HATI Kota Kemuning officially opened.
		-	JUSCO Bandar Sunway opened.
	OCTOBER	-	AEON Bukit Tinggi Shopping Centre Tree Planting Ceremony held. 5,085 saplings were planted.
	DECEMBER	-	Pasar Raya MaxValu Desa ParkCity and Pasar Raya MaxValu Ampang officially opened.
		-	JUSCO Bukit Tinggi (AEON Bukit Tinggi Shopping Centre) opened.
2008	JUNE	-	Completed Bonus Issue (1:1) for 175,500,000 new Ordinary Shares.
	JULY	-	AEON Careline was launched.
		-	AEON Seberang Prai City Shopping Centre Tree Planting Ceremony held. 3,500 saplings were planted.
	AUGUST	-	JUSCO Seberang Prai City (AEON Seberang Prai City Shopping Centre) opened.
		-	Taman Asuhan Kanak-Kanak Asahi (TAKA) at Bandar Puchong Jaya opened.
	OCTOBER	-	24th Anniversary Tree Planting at AEON Woodland. 2,400 saplings were planted.
	NOVEMBER	-	AEON AU2 Setiawangsa Shopping Centre Tree Planting Ceremony held. 4,600 saplings were planted.
	DECEMBER	-	JUSCO AU2 Setiawangsa (AEON AU2 Setiawangsa Shopping Centre) opened.
		-	AEON Bukit Indah Shopping Centre Tree Planting Ceremony held. 3,000 saplings were planted.
		-	JUSCO Bukit Indah (AEON Bukit Indah Shopping Centre) opened.
2009	JUNE	-	Pasar Raya MaxValu Pearl Point closed.
	OCTOBER	-	25th Anniversary Tree Planting Ceremony at AEON Woodland. 25,000 saplings planted.
	NOVEMBER	-	AEON Bandaraya Melaka Shopping Centre Tree Planting Ceremony held. 2,000 saplings were planted.
2010	JANUARY	-	"With All Our Hearts" Malaysian JUSCO Foundation changed name to Malaysian AEON Foundation.
	FEBRUARY	-	JUSCO Bandaraya Melaka (AEON Bandaraya Melaka Shopping Centre) opened.
	MARCH	-	AEON Mahkota Cheras Tree Planting Ceremony held 3,000 saplings were planted.
	APRIL	-	JUSCO Mahkota Cheras (AEON Mahkota Cheras Shopping Centre) opened.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of AEON CO. (M) BHD. will be held at Ballroom 1 and 2, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 26 May 2011 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | |
|---|------------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. To declare a First and Final Dividend of 16% less 25% tax in respect of the financial year ended 31 December 2010. | Ordinary Resolution 2 |
| 3. To approve the increase in Directors' fees to RM1.45 million for the financial year ended 31 December 2010. | Ordinary Resolution 3 |
| 4. To re-elect the following Directors retiring under Article 74 of the Articles of Association of the Company: | |
| i) Mr Nagahisa Oyama | Ordinary Resolution 4 |
| ii) Brig Jen (B) Dato' Mohamed Idris bin Saman | Ordinary Resolution 5 |
| iii) Datuk Zawawi bin Mahmuddin | Ordinary Resolution 6 |
| iv) Mr Naoki Hayashi | Ordinary Resolution 7 |
| 5. To re-elect Ms Nur Qamarina Chew binti Abdullah as Director who is retiring under Article 80 of the Articles of Association of the Company. | Ordinary Resolution 8 |
| 6. To re-appoint Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965. | Ordinary Resolution 9 |
| 7. To re-appoint Dato' Chew Kong Seng as Director pursuant to Section 129(6) of the Companies Act, 1965. | Ordinary Resolution 10 |
| 8. To re-appoint Datuk Ramli bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965. | Ordinary Resolution 11 |
| 9. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 12 |

As Special Business

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

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

NOTICE OF ANNUAL GENERAL MEETING



As Special Business (continued)

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2.3 of the Circular to Shareholders dated 29 April 2011 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;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting of the Company at which the Proposed Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the Annual General Meeting the mandate is again renewed;
 - (b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,whichever is the earlier; and
- iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:
 - (a) the type of Recurrent Transactions entered into; and
 - (b) the names of the related parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

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

Ordinary Resolution 13

11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 attached with the Annual Report for the financial year ended 31 December 2010 be and are hereby approved."

Special Resolution

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty-Sixth Annual General Meeting, a First and Final Dividend of 16% less 25% tax in respect of the financial year ended 31 December 2010 will be paid to shareholders on 20 July 2011. The entitlement date for the said dividend shall be 22 June 2011.

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 22 June 2011 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)

LIEW IRENE (MAICSA 7022609)

Secretaries

Date: 29 April 2011

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 and shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
- 3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- 6. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.
- 7. 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-Sixth 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 29 April 2011, which is despatched together with this Annual Report.

- 8. Special Resolution

The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to update the Articles of Association of the Company to be consistent with the prevailing laws, guidelines or requirements of the relevant authorities.

APPENDIX 1



Special Resolution

- Proposed Amendment to the Articles of Association

Article No.	Existing Articles		Amended Articles	
2.1	WORDS	MEANINGS	WORDS	MEANINGS
	Approved Market Place	<u>A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depository) Exemption (No. 2) Order, 1998.</u>	<i>(Deleted)</i>	<i>(Deleted)</i>
	Deposited Security	<u>A Security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.</u>	Deposited Security	<i>Shall have the meaning given in Section 2 of the Securities Industry (Central Depositories) Act 1991.</i>
	Listing Requirements	<u>The Listing Requirements of Exchange as may be amended from time to time.</u>	Listing Requirements	<i>Bursa Main Market Listing Requirements including any amendments to the Listing Requirements that may be made from time to time.</i>
	Securities	<u>Any debenture, note, stock and share in the Company and includes any right or option in respect thereof and any interest as defined in Section 84 of the Act and any interest in a unit trust scheme.</u>	Securities	<i>Shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007.</i>
24.(1)	Transmission of Securities <u>for Foreign Register</u>		Transmission of Securities	
	Where:-		Where:-	
	(a) the Securities of the Company are listed on <u>an Approved Market Place</u> ; and		(a) the Securities of the Company are listed on <u>another stock exchange</u> ; and	
	(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,		(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,	
	the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the <u>Approved Market Place (hereinafter referred to as "Foreign Register")</u> , to the register of holders maintained by the registrar of the Company in Malaysia (<u>hereinafter referred to as "the Malaysian Register")</u> subject to the following conditions:-		the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the <u>other stock exchange</u> , to the register of holders maintained by the registrar of the Company in Malaysia <u>and vice versa</u> subject to the following conditions:-	
	(i) There shall be no change in the ownership of such securities; and		(i) There shall be no change in the ownership of such securities; and	
	(ii) The transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.		(ii) The transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.	

APPENDIX 1

Article No.	Existing Articles	Amended Articles
24.(2)	<u>For the avoidance of doubt, the Company fulfils the requirements of paragraph (a) and (b) of Article 24(1) shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.</u>	<i>Deleted</i>
137.	<p>Payment by Cheque</p> <p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that may subsequently appear that the same has been stolen or that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.</p>	<p><i>Mode of Payment of Dividend</i></p> <p><i>Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Listing Requirements and/or regulatory authorities, any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the registered address of the holder <u>by way of telegraphic transfer, electronic transfer or remittance to such account as designated by such holder or the person entitled to such dividend.</u> Every such cheque or warrant <u>or telegraphic transfer or electronic transfer or remittance</u> shall be made payable to the order of the person to whom it is sent, and the payment of such cheque or warrant <u>or telegraphic transfer, electronic transfer or remittance</u> shall operate as a good <u>and full</u> discharge to the Company in respect of the <u>payment</u> represented thereby, notwithstanding that <u>in the case of payment by cheque or warrant, it</u> may subsequently appear that the same has been stolen or that it may subsequently appear that the same has been forged. Every such cheque or warrant, <u>telegraphic transfer or electronic transfer or remittance</u> shall be sent at the risk of the person entitled to the money thereby represented.</i></p>
152.	New provision	<p><i>Report in CD-ROM or DVD-ROM format</i></p> <p><i>Subject to the compliance with the requirements of Bursa and any other relevant authorities, if any, the Company may issue its annual report in compact disc read-only memory ("CD-ROM") or digital video disc read-only memory ("DVD-ROM") format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.</i></p>

PROXY FORM

AEON CO. (M) BHD.

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

No. of Shares

CDS Account No.

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

IC No./ID No./Company No. _____ (new) _____ (old)

of _____ (full address)

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

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

of _____ (full address)

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

IC No. _____ (new) _____ (old)

of _____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company, to be held at Ballroom 1 and 2, Level 2, InterContinental Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 26 May 2011 at 10.30 a.m. and at any adjournment thereof.

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 2010		
Ordinary Resolution 2	Declaration of a First and Final Dividend of 16% less 25% tax in respect of the financial year ended 31 December 2010		
Ordinary Resolution 3	Approval of Directors' Fees for the financial year ended 31 December 2010		
Ordinary Resolution 4	Re-election of Mr Nagahisa Oyama		
Ordinary Resolution 5	Re-election of Brig Jen (B) Dato' Mohamed Idris bin Saman		
Ordinary Resolution 6	Re-election of Datuk Zawawi bin Mahmuddin		
Ordinary Resolution 7	Re-election of Mr Naoki Hayashi		
Ordinary Resolution 8	Re-election of Ms Nur Qamarina Chew binti Abdullah		
Ordinary Resolution 9	Re-appointment of Dato' Abdullah bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 10	Re-appointment of Dato' Chew Kong Seng as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 11	Re-appointment of Datuk Ramli bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 12	Re-appointment of Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
Ordinary Resolution 13	Proposed Renewal of Existing Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution	Proposed Amendments to the Articles of Association		

[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 _____ 2011

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

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

NOTES:

- 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.
- A member shall be entitled to appoint more than one (1) proxy and shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.
- 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.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Share Registrar of the Company, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- 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.



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Postage
Stamp

The Share Registrar:

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

c/o TRICOR INVESTOR SERVICES SDN BHD (118401-V)
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia.

The AEON logo consists of a stylized 'A' with a horizontal line through it, followed by the word 'EON' in a bold, sans-serif font.

The JUSCO logo features the word 'JUSCO' in a bold, serif font, with a stylized 'J' and 'C'.

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This annual report is printed on recycle paper



AEON CO. (M) BHD. (126926-H)
Incorporated In Malaysia

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

2010