

## REVIEW OF OPERATIONS

### Performance Overview

The Malaysian economy registered a modest GDP growth of 5.3 % in year 2005 as compared to 7.1% in year 2004. The growth was again broad based across most sectors of the economy. The wholesale and retail trade, hotels and restaurants sector reported a strong growth of 8.0% for year 2005 compared to 7.1% in year 2004.

In line with economic growth, the Company has once again turned in an excellent set of results for the year under review. Of the total revenue of RM1.962 billion, the retail business division contributed RM1.808 billion and the property management services division contributed RM154.69 million.

Key contributors to the Company's improved results include continuous good performance of its existing stores and shopping centers, enhanced operating efficiencies which has helped to keep costs down and the contributions from the two new stores and shopping centers and one new concept supermarket opened during the year.

### Retail Sales

Our retail sales division continued to register growth for the financial year ended 28 February 2006, amidst the competitive challenges and cautious spending by consumers experienced in the year under review. The Company's retail sales division contributed RM1.808 billion towards the total revenue for the year under review, and represents a growth of 9.66% over the previous year's retail sales revenue. On same store basis, excluding the two newly opened stores at JUSCO Seremban 2 shopping center and AEON Tebrau City shopping center, the Company recorded a commendable growth of 4.8 %.

All our stores, excluding the stores at JUSCO Seremban 2 Shopping Center and AEON Tebrau City Shopping Center, which were operational for less than a year, recorded growth ranging from 2.4% to 9.4%. In terms of growth percentage, in the lead are JUSCO Bandar Puchong, JUSCO Taman Universiti and JUSCO Metro Prima, which recorded growth of 9.4%, 9.1% and 7.9 % respectively. The bigger stores of JUSCO Taman Maluri, JUSCO Bandar Utama and JUSCO Mid Valley, despite a higher base and more matured growth, also registered impressive performances with 3.8%, 3.5% and 4.2% respectively. JUSCO Melaka, JUSCO Wangsa Maju, JUSCO Bandar Baru Klang, JUSCO Ipoh and JUSCO Permas Jaya, despite strong competition around its vicinity, also performed well with 2.4%, 4.1%, 5.8%, 2.4% and 6.1% respectively. Among the specialty stores, the JUSCO Home Center in One Utama Shopping Center, after undergoing refurbishment with expanded range of attractive merchandise and services during the year, performed exceedingly well, registering a growth of 14.1% in the year under review. The response from the J-One supermarket, which opened in the year under review, is also encouraging. As for the new stores of JUSCO Seremban 2 and JUSCO Tebrau City, their performance since opening had been encouraging and up to expectation.

The growth of our stores was attributable mainly to the various and innovative sales and merchandising activities carried out to boost sales in the year under review. One of our key missions for the financial year was "to innovate our merchandise to be more fashionable" so as to attract and cater for more levels of customers from different backgrounds and income groups.

Towards that objective, in the year under review, besides improving our merchandise to be more fashionable, to build customer loyalty, we have also started to develop new line of merchandise through our in house brands development with the aim of providing quality merchandise with the best prices to the customers. Two such in-house brands that were launched during the year were the "JUSCO Selection" and "Orange Sorbet". JUSCO Selection emphasises quality and value and features everyday items that shoppers buy like groceries, food items, cookware, household items, fabric cleaners, stationery and bedding, among other merchandise. "Orange Sorbet", an in-house brand for apparel and accessories is targeted to be the one-stop shopping haven for the junior pre teen customers. Both brands have performed well.

In yet another operational and cost efficiency exercise, the Company has in the year under review also centralized the bakery, meat and delicatessen production processes at its stores through the setting up of a central processing center to serve its stores. This centralized processing center allows the Company to achieve consistent food quality, reduces food wastage and maintain freshness of our merchandise at all our stores.

The Company continues to refurbish and renovate its existing stores to keep up with current market trends and to meet the changing expectations and demands of customers. Together with customer service, quality and assorted merchandise, the Company's ability to draw customers through well maintained stores by continuous refurbishment to meet the customers' ever changing tastes and expectations have also

earned the Company a number of prestigious awards during the year. The Company is proud to acclaim that, in the year under review, JUSCO Taman Maluri store had through the Malaysian Retailers Association's "Service and Courtesy Excellence Awards for Retailers" been judged the winner in the following categories: -

**(i) Best Supermarket  
2005/2006**

**(ii) Best Departmental Store  
2005/2006**

**(iii) Overall Best Retail Outlet  
2005/2006**

Also through the "Retail World Excellence Awards" organised by

the Retail World Asia publishing company, JUSCO Melaka store also won the prestigious Platinum Award in the supermarket category.

On our new stores, on 26 September 2005, the Company opened its twelfth store in the new JUSCO Seremban 2 Shopping Center in the township of Seremban 2 and on 4 January 2006, its thirteenth store,





in AEON Tebrau City Shopping Center, opened its door to the public. Both stores represent new concept of general merchandise store and supermarket offering high quality products and services for customers emphasising on quality, value, convenience and comfort.

Besides the opening of the above-mentioned stores, the Company also launched a new concept supermarket called JUSCO J-One in Damansara Damai township on 21 October 2005. The opening of JUSCO J-One marked another level of retailing by the Company i.e. that of a convenience supermarket. Located within a bustling hub

of residential condominiums, commercial and office lots, the JUSCO J-One supermarket, offers customers a wide range of merchandise including fresh produce such as vegetables, fruits, frozen food and dairy products, dry grocery items, deli food, household items such as detergents and cooking accessories among others. Occupying a floor space of approximately 9,400 square feet, the JUSCO J-One Supermarket was opened at an investment cost of approximately RM2.5 million.

During the year under review, the Company continued to build on its success in its specialty business

in amusement, apparel and food. Following success in earlier stores, SmartWonderWorld, the Company's amusement business division is now being planned and extended to all other existing and new stores. Specialty merchandise of Jeans Studio, ti:zed and Orange Sorbet are being planned by the Company for inclusion in new shopping centers, which the Company will operate.

On our J CARD loyalty program, to date, the Company's J CARD membership has expanded to over 500,000 principal members with their purchases at JUSCO contributing 60% of monthly retail sales.



J CARD will continue to be featured prominently in the Company's business strategy and the Company intends to explore and expand more and better benefits for the members. In the year under review, the innovative J CARD Privilege Shopping Day for members to shop at their convenience had proven to be successful and will continue. On 18 November 2005, the Company together with its related company, AEON Credit Service (M) Sdn. Bhd. launched a co-branded credit card called "JUSCO Credit Card", through which J CARD members will be given more incentives to shop using the co-branded credit card in the form of increased J CARD bonus points.

#### Property Management Services

The financial year ended 28 February 2006 was another good year for our property management services division, which registered a growth of

13.67% versus 15.8% in the previous year. In absolute terms, this translates to RM154.69 million in income as compared with RM136.09 million recorded in the previous year. Income from our property management services division continued to be steady and reliable. Our shopping centers continued to enjoy high occupancy rates at average 99% as opposed to the industry average of 80%, attributable mainly to the Company's own JUSCO general merchandise stores and supermarkets being the strong anchor tenants and the Company's astute and right understanding of target market needs that enables it to establish the right tenant mix. During the year under review, continuous review of tenant mix, refurbishment and maintenance were carried out in our shopping centers to meet customer demands and to ensure that the shopping centers stay competitive. Various

activities and events were carried out to draw in the crowd. Kiosks offering variety of attractive merchandise are also now a feature of our shopping centers. Given the aforesaid, the Company is confident that its property management services division will continue to do well in the new financial year, particularly with the opening of more shopping centers in the pipeline.

During the year, the Company added two new shopping centers to its property management services division with the opening of JUSCO Seremban 2 Shopping Center, which the Company leased, and AEON Tebrau City Shopping Center, Johor, which the Company built on the land that it had bought. The JUSCO Seremban 2 Shopping Center with a net lettable area of approximately 395,000 square feet, is an



An artist impression of AEON Taman Equine Shopping Center.



innovatively designed community shopping center with two levels of retail space, ample parking space, interesting mix of 100 tenants besides JUSCO departmental store and supermarket. JUSCO Seremban 2 Shopping Center is the Company's twelfth store and first in the state of Negeri Sembilan. Reflecting the concept of "community shopping center" themed fun and good dining, JUSCO Seremban 2 Shopping Center features an entertainment zone, which includes bowling and amusement parks, fashion, specialty stores and a restaurant street, offering wholesome entertainment, dining and shopping for the whole family and also the young customers,

thus bringing a whole new lifestyle to the people of Seremban.

AEON Tebrau City Shopping Center, the Company's thirteenth store and the third in the state of Johor, is a three-story complex with a net lettable floor area of approximately 690,000 square feet and 3,800 parking bays is the largest stand-alone shopping center in Johor Bahru. The shopping center enjoys 100% occupancy and has a total of about 200 attractive retail, dining and entertainment outlets including international brands retailers and retailers new to shoppers in Johor Bahru. Through AEON Tebrau

City Shopping Center, world class shopping and dining is now in Johor. It is set to be a major attraction for shopping and dining not only to the people from the southern region but also shoppers and diners from Singapore.

As part of the Company's strategy to unlock value in its assets and provide funds for expansion through its existing assets, the Company had on 28 December 2005 signed a conditional sale and leaseback agreement with Equity Nirvana Sdn. Bhd., the locally incorporated company of institutional funds managed by Pramerica Real Estate Investors (Asia) Pte. Ltd., for the



sale of its Kinta City Shopping Center for a total cash consideration of RM121.0 million. The Company will, through long-term leaseback, continue to maintain its presence and operate the retail and shopping center management business on the property as before, upon completion of the transaction. As at the end of February 2006, the terms and conditions of the transaction had yet to be fully completed.

### Human Resource Management

As a leading retailer in the country, the Company is committed to the highest quality of customer service to maintain its competitive edge over other retailers. With a current operating workforce of about 8,000 employees, the Company recognises that its employees are its most valuable and vital asset and as such, continue to place great emphasis on human resource development to ensure that it has a well trained and competent workforce. To ensure this, checks on manpower productivity were monitored through various performance indicators regularly.

During the year, several job and organisational changes involving the staff were effected which provided the staff with the opportunity to acquire new skills and career advancement. With expansion plans and growth in organisation size, the Company has to ensure that it has the right caliber of employees with the required skills and experience to meet the needs of the organisation as it strives to rising expectations and demands of consumers. As such, the Company has continued to tap into the pool of new graduates via its management trainee scheme for suitable and interested candidates with a view to a career in retailing. The Company regularly recruits between 200 to 300 management trainees annually.

Interested staff or eligible workforce are also encouraged to attend a formal education and training program at the JUSCO-OUM Retail Center for a Career Certificate in Retailing Operations or a Diploma in Management (Retailing). The year 2005 also saw the Company embarking on selecting its first batch of employees to participate in the "New Leader Development Program", a program designed to groom the candidates into leaders of tomorrow. The first batch graduated on 4 October 2005 and is now entrusted with various supervisory and management positions in the Company. A second intake was launched on 20 October 2005.

The Company's Japan Management Trainee Program is on going and for selected candidates who have passed the program, their experiences gained while on attachment with selected AEON stores in Japan have been found to be truly beneficial and enriching both to themselves and the Company.

### Holding Company And Change of Accounting Year End

Subsequent to the year under review, the Company became a subsidiary of AEON Co., Ltd., Japan on 24 April 2006. AEON Co., Ltd., Japan now holds 51% shareholding in the Company.

The Company is also changing its accounting year end from 28 February to 31 December starting from the new financial year. Thus, the first financial year after the change, the Company's financial statements would be based on ten months from March 2006 to December 2006.

### Prospects and Challenges

The Company envisaged yet another challenging year as competition grow more intense in the coming year and retailers strive to maintain

and grow market share amidst a weakening consumer market. Besides competition, given the recent rounds of petrol price and interest rate increases, consumers' spending is likely to be more cautious in the near future. The petrol and interest rate hike are also expected to have an impact on the costs of operations from increase in direct and associated costs. On the competition, price war among retailers especially the hypermarkets is expected to be ongoing as each retailer seeks to maintain or increase its market share. Though essentially targeting at different consumer markets from the specialty retailers and hypermarkets, the Company monitors closely the changing retail industry trend and customer behaviors to ensure that it always remains competitive and maintain its leading edge in the industry.

Notwithstanding that however, the Company is confident that with the measures that it had taken during the year through, among others, costs operational efficiency, continuous innovation in J CARD benefits and services, development of in-house brands, expansion of specialty business as well as creating new tenant mix for its shopping center, they will ensure that the Company's retail sales and property management division will continue to register growth in the new financial year. New stores such as JUSCO Seremban 2 and JUSCO Tebrau City are also expected to make significant contributions to the Company's growth in the new financial year.

On its expansion, the Company will strategise to extend its retail dominance through the expected opening of another two new shopping centers and an anchor tenant store in the new financial year.

The shopping centers to be opened will be at Taman Equine and Cheras Selatan, both in Selangor. The shopping centers in Taman Equine and Cheras Selatan, which again have JUSCO departmental store and supermarket as anchor tenants and supported by about 80 and 100 tenants respectively, will further contribute to the Company's growth in the coming years. In the case of AEON Taman Equine Shopping Center, which had a net lettable area of approximately 290,000 square feet, the Company leases the land and builds the building whereas in AEON Cheras Selatan Shopping Center, with an approximate net lettable area of 368,000 square feet, the Company will build and own both the shopping center and the land.

In Queensbay Mall, Penang, which is set to be the largest and longest mall in Penang, the Company will be an anchor tenant with its general merchandise store and supermarket, occupying approximately 250,000 square feet. The outlet is scheduled to be opened in December 2006.

In the new financial year, the Company will also be opening its second J-One Supermarket at the Pearl Point Shopping Mall, Kuala Lumpur. Occupying an area of approximately 34,000 square

feet, the opening of JUSCO J-One Pearl Point will provide residents in residential housing estates along Jalan Klang Lama with a new, convenient and rewarding supermarket experience. Its opening is scheduled for July 2006.

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

The Company remains confident that its established presence, expansion plans and focus on competitive strengths, business strategies and retail formats will enable the Company to achieve continuous growth in the coming years.

#### Activities In The Financial Year

Among many others, a JUSCO Double Prosperity Bonanza



competition was held from 10 January till 22 January 2006. The selection process for winners was held at the AEON Headquarter on 27 January 2006 by Encik Rashid Adam, General Manager of Corporate Affairs Division and was audited by the Company's Internal Audit Manager, Mr. Eddy Tang. Thousands of applications were received from AEON customers from thirteen JUSCO stores nationwide.

On 20 May 2005, AEON Headquarter held its fire drill exercise for the first time since moving from Menara Kausar at Wangsa Maju to the new premise at 3<sup>rd</sup> Floor of JUSCO Taman Maluri Shopping Center. The Fire and Rescue Department Kuala Lumpur was present to supervise the program. It is hoped that this program will prepare AEON CO. (M) BHD.'s headquarter staff to handle the situation in the event of a fire. Similiar fire drills were carried out at all JUSCO Stores & Shopping Centers. It was held to train the staff in the event of a real fire.

#### Information Technology

During the financial year, the main focus was the Company's Information Technology system infrastructure to support the company's expansion plans.





The following are some of the enhancement systems implemented during the year under review:-

**(i) Financial Management Tools**

The budget management system of the Company has been further enhanced with the incorporation of a built-in intelligent tool to deal with budget analysis. The credit card data entry management and reconciliation system was also further enhanced.

**(ii) Human Resource**

For cost effectiveness and efficiency, beginning with the new stores, the human resource database is now decentralised to allow store operations limited access to the system for reports and data processing.

**(iii) J CARD Management**

For the convenience of the Company's J CARD members

which had grown considerably over the last two years, members can now check their accumulated points, rebate entitlement, gift redemption, shopping privileges and the list of participating J CARD establishments etc at the Company's homepage at the HYPERLINK "<http://www.jusco.com.my>" which had been revamped during the year to provide for the added features.

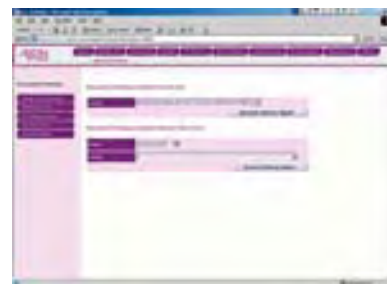
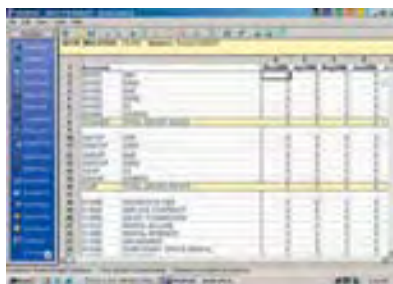
**(iv) Stock and Logistic Management**

An Itemised Inventory System ("IIS") with data warehousing capabilities that manages the logistic of stock movement between the Distribution Centre and the stores was also implemented during the year. This allows further improvement in the efficiencies of stores and merchandising operations through its price management, goods

transfer processing and item master maintenance capabilities features.

**(v) Infrastructure**

On the infrastructure side, various wireless device facilities were employed to provide real-time information to improve prompt and urgent decision-making and to improve operations efficiency.





# STATEMENT ON CORPORATE GOVERNANCE

## Board Responsibilities

The Board of Directors, 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 of Directors assumes responsibilities in corporate governance and has established various processes and committees to assist the Board in discharging of 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

### Board Balance

The Board of Directors consists of nine (9) members; comprising one (1) Non-Executive Chairman, one (1) Non-Executive Vice Chairman, two (2) Executive Directors and five (5) Non-Executive Directors. Of the five (5) Non-Executive Directors, three (3) are Independent Directors.

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 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 21 to page 23 of the Annual Report.

## Board Meetings

The Board met five (5) times at regular intervals during the financial year ended 28 February 2006. The details of attendance of each Director at the Board meetings held during the financial year are as the table below.

## Supply of Information

The Company Secretary ensures that all Board meetings are furnished with proper agendas. Board papers and reports providing updates on financial, operational and corporate developments including matters such as the Company's corporate citizenship program and staff welfare matters are circulated prior to the meetings to all Directors for them to discharge their duties effectively. The Directors have full access to the advice and services of the Company Secretary. In addition, the Directors, if necessary, may also seek professional advice, at the Company's expense. The Directors may also consult the Chairman and other Board members prior to seeking any independent professional advice.

No	Name of Directors	Number of meetings attended/held during the Director's term in office
1	Dato' Abdullah bin Mohd Yusof	5/5
2	Mr. Toshiji Tokiwa	5/5
3	Mr. Tatsuichi Yamaguchi	4/5
4	Mr. Nagahisa Oyama (appointed on 22 June 2005)	4/4
5	Mr. Masato Yokoyama	5/5
6	Datuk Ramli bin Ibrahim	5/5
7	Brig. Jen. (B) Dato' Mohd Idris bin Saman	5/5
8	Datuk Zawawi bin Mahmuddin	5/5
9	Dato' Chew Kong Seng	5/5
10	Mr. Soichi Okazaki (retired on 22 June 2005)	1/1

### Directors' Training

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

### Board Committees

The Board of Directors are assisted by its Committees, which have been established under defined terms of reference. The Committees are the Nomination Committee, the Remuneration Committee and the Audit Committee.

### The Nomination Committee

The Nomination Committee members are Mr. Tatsuichi Yamaguchi (Chairman), Dato' Abdullah bin Yusof, Dato' Chew Kong Seng, Brig. Jen. (B) Dato' Mohd Idris bin Saman and Datuk Zawawi bin Mahmuddin. The committee met one (1) time in the financial year under review.

The duties and responsibilities of the 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, on 21 April 2006 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 Board is pleased to state that its current composition of members meets the requirement of a competent and effective Board.

### The Remuneration Committee

The Remuneration Committee members is made up of Non-Executive Directors whose members are Mr. Tatsuichi Yamaguchi (Chairman), Dato' Abdullah bin Yusof and Datuk Ramli bin Ibrahim. The duties of the committee shall be to 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.

The committee met one (1) time in the financial year under review to determine the remuneration

packages of all Directors, including the Non-Executive Chairman and Non-Executive Vice Chairman and is a matter for the Board as a whole. Individual Directors concerned do not participate in the discussion on their own remuneration.

### The Audit Committee

The Board is also assisted by the Audit Committee whose members, terms of reference and activities for the financial year under review are stated on page 40 to 42 of the Annual Report.

### Re-election

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



## B) Directors Remuneration

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

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

	<b>Executive Directors RM</b>	<b>Non Executive Directors RM</b>	<b>Total RM</b>
Fees	252,000	796,000	1,048,000
Salaries	858,812	-	858,812
Benefits-in-kind	44,688	14,700	59,388
Other emoluments	162,308	-	162,308
	<b>1,317,808</b>	<b>810,700</b>	<b>2,128,508</b>

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

<b>Range of Remuneration</b>	<b>Number of Directors</b>		<b>Total</b>
	<b>Executive</b>	<b>Non-Executive</b>	
RM50,001 to RM100,000	-	5	5
RM100,001 to RM150,000	-	-	-
RM150,001 to RM200,000	-	1	1
RM200,001 to RM250,000	1	1	2
RM250,001 to RM300,000	-	-	-
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	1	-	1
RM550,001 to RM600,000	1	-	1
RM600,001 to RM650,000	-	-	-
	<b>3</b>	<b>7</b>	<b>10</b>

## 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 practice.

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](http://www.jusco.com.my)) provides an update of the Company's latest performance released to Bursa Malaysia Securities Berhad as well as other corporate information to the public.

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 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 its 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.

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

The Board of Directors is responsible for the preparation of the financial statements for the 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 of Directors 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 judgment 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.

### Going Concern

The Board of Directors 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 43 on the Annual Report provides an overview of the state of internal controls within the Company.

### Relationship With The External Auditors

The Board of Directors with the assistance of the Audit Committee maintains a formal and transparent relationship with the Company's External Auditors through the Audit Committee, Board and formal

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 of Directors is pleased to state that the Company was in compliance with all the principles and 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' Mohd. 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 3 members of whom a majority shall be Independent 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 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 specified in Part II of the said Schedule or fulfils such other requirements as prescribed 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 who is not an Executive Director or employee of the company or any related corporation. 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 term of office of Committee members no less than every three years.

## Meetings

The Committee shall meet at least four 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.

## Attendance At Meetings

The General Manager of Finance, the Head of Internal Audit, the Company Secretary, the Senior Finance Manager, the Compliance Officer 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.

## Secretary To Audit Committee

The Company Secretary 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 about 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 Listing Requirements of Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

## Quorum

A quorum shall consist of a majority of committee members present at the meeting who are independent directors.

## 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 and person(s) carrying out the internal audit function or activity.
  - 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 members of the Company, whenever deemed necessary.
- 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.
  - The External Auditors' audit report, areas of concern arising from the audit and any other matters the external 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.
  - 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.
- 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 making recommendations to the Board on 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.

### 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.

### 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 Internal Auditor 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 Internal Auditor 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' Mohd 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' Mohd Idris bin Saman	4/4

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

The Company Secretary was present in all the meetings. A representative of the External Auditors, Messrs KPMG Desa Megat & Co., the General Manager of Finance, the Head of Internal Audit, the Senior Finance Manager, the Compliance Officer, attended the meetings and 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 quarterly unaudited financial results and annual audited financial statements 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 and the terms of reference of their appointment.
- 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 related party transactions.
- Reported to the Board on its activities and significant findings and results of the External and Internal Audits.

On 9 January 2006, the Audit Committee held one meeting with the External Auditors without the presence of the management, to allow the 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 carried out the following activities:

- Presented and obtained approval from Audit Committee, the annual internal audit plan, which supplemented the approved 3-

year internal audit plan, its audit strategy and audit scope of work.

- Reviewed and analysed certain key business processes identified in the annual audit plan, reported ineffective and inadequated controls, and made recommendations to improve their effectiveness.
- Monitored and ensured management implemented corrective action plans.
- Monitored compliance with policies and procedures
- Reviewed the adequacy and effectiveness of the internal control structures of the Company.
- Assisted the Board of Directors and Management on compliance matters required by the Malaysian Code on Corporate Governance.
- Assisted the Board of Directors and Management by reviewing the risk policy and control strategies in the organisation.
- Carried out investigative assignments.
- Continued inculcating good risk management practices throughout the Company.

# STATEMENT ON INTERNAL CONTROL

## Board's Responsibilities

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

The Audit Committee assists the Board to review the adequacy and integrity of the system of internal controls in the Company and to ensure that an appropriate 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 Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system on internal controls. The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the management, conducts audits that encompasses 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 a three-year 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 of Directors 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. 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 aspects 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 Committee and Management Meetings;
- The Board approves the annual budget and reviews key business variables 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 reviews 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 to Bursa Malaysia Securities Berhad 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 ongoing 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 of Directors 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 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 28 February 2006, or entered into since the end of the previous financial year, comprise the following:

- a) On 12 October 2000 and through a supplemental agreement on 1 January 2006, the Company entered into a Technical Service Agreement with AEON Co., Ltd. whereby the Company is granted the exclusive right by AEON Co., Ltd. to use their trademark in relation to goods and services. The Company is also granted the non-exclusive right to use the information and know-how, employed or developed by AEON Co., Ltd. for the management and operation of retail stores, wholesale business and related supporting activities. The total cash consideration payable by the Company to AEON Co., Ltd. for the year under review amounted to RM10.84 million. AEON Co., Ltd. is a holding company of AEON CO. (M) BHD.
- b) On 1 July 1997, the Company entered into a Factoring Agreement with a related company, AEON Credit Service (M) Sdn. Bhd. whereby the Company's goods sold on credit under its easy payment scheme are factored to AEON Credit Service (M) Sdn. Bhd. The debts sold to AEON Credit Service (M) Sdn. Bhd. 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) Sdn. Bhd. in the year under review amounted to RM4.46 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) Sdn. Bhd. Mr. Masato Yokoyama, a Director of AEON CO. (M) BHD. is also a shareholder of AEON Credit Service (M) Sdn. Bhd. AEON Co., Ltd. has an indirect interest in AEON Credit Service (M) Sdn. Bhd. through AEON Credit Service Co. Ltd.

- c) On 23 June 2005, the Company entered into a JUSCO Credit Card Agreement with AEON Credit Service (M) Sdn. Bhd. to set out the terms and conditions for the issuance of a credit card called JUSCO Credit Card by AEON Credit Service (M) Sdn. Bhd., in affiliation or association with the Company, to further promote and enhance AEON Credit Service (M) Sdn. Bhd.'s credit card business and the Company's retailing business. The Company permits AEON Credit Service (M) Sdn. Bhd. 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) Sdn. Bhd. 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) Sdn. Bhd. was RM15 thousand. The Company further agreed to appoint AEON Credit Service (M) Sdn. Bhd. as the sole acquirer of the card transactions transacted using AEON Credit Service (M) Sdn. Bhd.'s issued cards.

On 29 December 2005, the Company entered into a credit card merchant agreement with AEON Credit Services (M) Sdn. Bhd. whereby for the Company's goods sold on credit through

credit cards issued by AEON Credit Service (M) Sdn. Bhd., AEON Credit Service (M) Sdn. Bhd. 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) Sdn. Bhd. in the year under review was RM5.91 million and the total credit card commission payable is RM83 thousand. 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) Sdn. Bhd. Mr. Masato Yokoyama, a director of AEON CO. (M) BHD. is also a shareholder of AEON Credit Service (M) Sdn. Bhd. AEON Co., Ltd. has an indirect interest in AEON Credit Service (M) Sdn. Bhd. through AEON Credit Service Co. Ltd.

### Non Audit Fees

The amount of non-statutory audit fees paid to the external auditor and its affiliates during the year under review is RM41,325, comprising of mainly advisory, review and tax services.

### Revaluation Policy on Landed Properties

There is 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 56 of this Annual Report.



# FINANCIAL STATEMENTS

for the year ended 28 February 2006

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# DIRECTORS' REPORT

for the year ended 28 February 2006

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 28 February 2006.

## Principal activities

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

## Results

RM'000

Net profit for the year

73,204

## Reserves and provisions

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

## Dividend

Since the end of the previous financial year, the Company paid a first and final dividend of 12% less tax of 28%, amounting to RM15,163,200 in respect of the year ended 28 February 2005 on 20 July 2005.

The first and final dividend recommended by the Directors in respect of the year ended 28 February 2006 is 15% less tax of 28%, amounting to RM18,954,000, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

## Directors of the Company

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

Dato' Abdullah bin Mohd Yusof

Toshiji Tokiwa

Masato Yokoyama

Tatsuichi Yamaguchi

Datuk Ramli bin Ibrahim

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

Datuk Zawawi bin Mahmuddin

Dato' Chew Kong Seng @ Chew Kong Huat

Nagahisa Oyama (appointed on 22.6.2005)

Nagahisa Oyama (ceased as Alternate Director to Soichi Okazaki on 22.6.2005)

Soichi Okazaki (retired on 22.6.2005)

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

	Number of ordinary shares of RM1 each			
	At 1.3.2005	Acquired	Sold	At 28.2.2006
Shareholdings in which Directors have direct interest in the Company				
Dato' Abdullah bin Mohd Yusof	308,000	-	-	308,000
Masato Yokoyama	30,000	-	-	30,000
Shareholdings in which Directors have indirect interest in the Company				
Dato' Abdullah bin Mohd Yusof	7,650,000	-	(3,620,000)	4,030,000
Datuk Ramli bin Ibrahim	280,000	-	-	280,000

None of the other Directors holding office at 28 February 2006 had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

### Directors' benefits

Since the end of the previous financial 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) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for certain Directors who may be deemed to derive a benefit by virtue of those transactions, advisory services and tenancy between the Company and corporations in which the Directors are deemed to have interest.

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

### Issue of shares and debentures

There were no changes in the 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.

### Significant event during the financial year

During the financial year, the Company entered into a conditional Sale and Leaseback Agreement ("SLA") with Equity Nirvana Sdn. Bhd. for the sale of its property known as Kinta City Shopping Center, comprising a freehold land located in the Mukim of Hulu Kinta, District of Kinta, Perak and a three (3) storey shopping mall constructed thereon together with specified plant and machinery, for a total cash consideration of RM121 million. To date the SLA is yet to be completed.

Equity Nirvana Sdn. Bhd. shall leaseback the same property to the Company for an initial period of nine (9) years with options for renewals upon completion of the sale and purchase of the property.



### Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

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

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

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

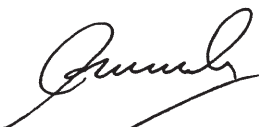
No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations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

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 28 February 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

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

Signed in accordance with a resolution of the Directors:



.....  
Dato' Abdullah bin Mohd Yusof



.....  
Nagahisa Oyama

Kuala Lumpur,

Date: 21 April 2006

# BALANCE SHEET

at 28 February 2006

	Note	2006 RM'000	2005 RM'000
<b>Property, plant and equipment</b>	2	971,256	756,335
<b>Investments</b>	3	1,075	175
<b>Current assets</b>			
Inventories	4	159,061	139,296
Trade and other receivables	5	26,695	26,677
Cash and cash equivalents	6	53,405	92,363
		239,161	258,336
<b>Current liabilities</b>			
Trade and other payables	7	547,152	413,549
Borrowings (unsecured)	8	625	307
Taxation		12,583	12,751
		560,360	426,607
<b>Net current liabilities</b>		(321,199)	(168,271)
		651,132	588,239
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Share capital	9	175,500	175,500
Reserves	10	446,351	388,310
<b>Shareholders' funds</b>		621,851	563,810
<b>Long term and deferred liabilities</b>			
Deferred tax liabilities	11	29,281	24,429
		651,132	588,239

The financial statements were approved and authorised for issue by the Board of Directors on 21 April 2006.

The notes set out on pages 53 to 67 form an integral part of, and should be read in conjunction with, these financial statements.

# INCOME STATEMENT

for the year ended 28 February 2006

	Note	2006 RM'000	2005 RM'000
<b>Revenue</b>		1,962,445	1,784,564
Other operating income		1,067	900
Changes in inventories		19,765	(6,982)
Net purchases		(1,433,814)	(1,306,326)
Staff costs	13	(111,708)	(93,862)
Depreciation	2	(59,227)	(55,273)
Operating expenses		(266,080)	(223,445)
<b>Operating profit</b>	12	112,448	99,576
Interest expense	14	(595)	(987)
Interest income		345	421
<b>Profit before taxation</b>		112,198	99,010
Tax expense	15	(38,994)	(34,763)
<b>Net profit for the year</b>		73,204	64,247
Basic earnings per ordinary share (sen)	16	41.7	36.6
Dividend per ordinary share - net (sen)	17	10.8	8.6

The notes set out on pages 53 to 67 form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## for the year ended 28 February 2006

		Share capital RM'000	Non-distributable Share premium RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
	Note					
<b>At 1 March 2004</b>		87,750	108,488	34,682	281,408	512,328
Net profit for the year		-	-	-	64,247	64,247
Dividend - 2004 final	17	-	-	-	(12,636)	(12,636)
Issuance of shares for bonus issue		87,750	(87,750)	-	-	-
Net gains and losses not recognised in the income statement:						
Transfer from revaluation reserve to retained profits		-	-	(517)	517	-
Bonus issue expenses		-	(129)	-	-	(129)
<b>At 28 February 2005/ 1 March 2005</b>		175,500	20,609	34,165	333,536	563,810
Net profit for the year		-	-	-	73,204	73,204
Dividend - 2005 final	17	-	-	-	(15,163)	(15,163)
Net gains and losses not recognised in the income statement:						
Transfer from revaluation reserve to retained profits		-	-	(517)	517	-
<b>At 28 February 2006</b>		175,500	20,609	33,648	392,094	621,851
		Note 9	Note 10	Note 10	Note 10	

The notes set out on pages 53 to 67 form an integral part of, and should be read in conjunction with, these financial statements.



# CASH FLOW STATEMENT

for the year ended 28 February 2006

	2006 RM'000	2005 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	112,198	99,010
Adjustments for:		
Depreciation	59,227	55,273
Interest expense	595	987
Interest income	(345)	(421)
Loss/(gain) on disposal of property, plant and equipment	83	(15)
Property, plant and equipment written off	824	407
Operating profit before working capital changes	172,582	155,241
Changes in working capital:		
Inventories	(19,765)	6,982
Trade and other receivables	(18)	3,780
Trade and other payables	133,603	4,593
Cash generated from operations	286,402	170,596
Income taxes paid	(34,310)	(28,668)
<b>Net cash generated from operating activities</b>	252,092	141,928
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(275,375)	(119,237)
Proceeds from disposal of property, plant and equipment	320	87
Purchase of unquoted shares	(900)	-
Interest received	345	421
<b>Net cash used in investing activities</b>	(275,610)	(118,729)
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(15,163)	(12,636)
Interest paid	(595)	(987)
Bonus issue expenses	-	(129)
<b>Net cash used in financing activities</b>	(15,758)	(13,752)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(39,276)	9,447
<b>Cash and cash equivalents at beginning of year</b>	92,056	82,609
<b>Cash and cash equivalents at end of year</b>	52,780	92,056
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	27,105	29,663
Deposits with licensed financial institutions	26,300	62,700
Bank overdraft	(625)	(307)
	52,780	92,056

The notes set out on pages 53 to 67 form an integral part of, and should be read in conjunction with, these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Summary of significant accounting policies

The following accounting policies are adopted by the Company and are consistent with those adopted in the previous years.

### (a) Basis of accounting

The financial statements of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Affiliated company

An affiliated company is a company that holds a long term equity interest of 20% to 50% in the Company.

### (c) Property, plant and equipment

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

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

#### **Depreciation**

Freehold land and construction work-in-progress are not amortised. Long term leasehold land is amortised over a period of 95-99 years. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2% - 5%	Furniture, fixtures and fittings	20%
Structures	10%	Motor vehicles	20%
Office equipment	10%	IT equipment	20%
Machinery and equipment	10% - 20%		

### (d) Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

### (e) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts, where applicable.

### (f) Employee benefits

#### **(i) Short term employee benefits**

Wages, salaries and bonuses are recognised as expense in the year in which the associated services are rendered by the employees of the Company. Accumulating compensated absences such as paid annual leave, should they occur, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### **(ii) Defined contribution plan**

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

### (g) Liabilities

Trade and other payables are stated at cost.

### (h) Inventories

Inventories are stated 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.

### (i) Cash and cash equivalents

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

## (j) Impairment

The carrying amount of assets, other than inventories and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

## (k) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

## (l) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency assets and liabilities are as follows:

	2006 RM	2005 RM
Japanese Yen 100	3.20	3.50

## (m) Revenue

### i) Goods sold and services rendered

Revenue from the sale of goods represents gross trading sales, including concessionaires less returns and discounts and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

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

### ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

## (n) Expenses

### i) Operating lease payments

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

### ii) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

## 2. Property, plant and equipment

	Balance at 1.3.2005 RM'000	Additions RM'000	(Disposal/ Write off) RM'000	Transfer in/(out) RM'000	Balance at 28.2.2006 RM'000
<b>Cost/Valuation</b>					
Freehold land at cost	87,666	-	-	-	87,666
Leasehold land at valuation	60,761	-	-	-	60,761
Buildings at valuation	126,003	-	-	-	126,003
Leasehold land at cost	75,607	-	-	-	75,607
Buildings at cost	245,198	121,247	-	3,150	369,595
Structures	82,878	14,135	(461)	4,132	100,684
Office equipment	6,551	1,870	(758)	-	7,663
Machinery and equipment	173,346	84,046	(1,809)	2,014	257,597
Furniture, fixtures and fittings	141,308	32,803	(517)	255	173,849
Motor vehicles	4,386	1,095	(550)	-	4,931
IT equipment	260	48	-	-	308
Construction work-in- progress	18,993	20,131	-	(9,551)	29,573
	1,022,957	275,375	(4,095)	-	1,294,237
<b>Accumulated depreciation</b>					
Leasehold land at valuation	6,540	614	-	-	7,154
Buildings at valuation	26,931	2,520	-	-	29,451
Leasehold land at cost	2,443	763	-	-	3,206
Buildings at cost	39,917	5,840	-	-	45,757
Structures	25,368	8,641	(198)	-	33,811
Office equipment	3,614	536	(696)	-	3,454
Machinery and equipment	61,854	21,718	(1,123)	-	82,449
Furniture, fixtures and fittings	96,832	17,943	(469)	-	114,306
Motor vehicles	2,901	637	(382)	-	3,156
IT equipment	222	15	-	-	237
	266,622	59,227	(2,868)	-	322,981



## 2. Property, plant and equipment (continued)

	Net Book Value		Depreciation
	2006	2005	2005
	RM'000	RM'000	RM'000
Freehold land at cost	87,666	87,666	-
Leasehold land at valuation	53,607	54,221	614
Buildings at valuation	96,552	99,072	2,520
Leasehold land at cost	72,401	73,164	616
Buildings at cost	323,838	205,281	5,620
Structures	66,873	57,510	7,503
Office equipment	4,209	2,937	540
Machinery and equipment	175,148	111,492	18,520
Furniture, fixtures and fittings	59,543	44,476	18,737
Motor vehicles	1,775	1,485	586
IT equipment	71	38	17
Construction work-in-progress	29,573	18,993	-
	<u>971,256</u>	<u>756,335</u>	<u>55,273</u>

One of the buildings of the Company is situated on land belonging to a third party.

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

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

	2006	2005
	RM'000	RM'000
Long term leasehold land	9,469	9,586
Buildings	60,538	62,234
	<u>70,007</u>	<u>71,820</u>

### 3. Investments

	2006 RM'000	2005 RM'000
Unquoted shares, at cost		
Golf membership	45	45
Equity investment	1,030	130
	<u>1,075</u>	<u>175</u>

### 4. Inventories

	2006 RM'000	2005 RM'000
At cost:		
Retail merchandise	113,430	96,553
Food and others	45,631	42,743
	<u>159,061</u>	<u>139,296</u>

### 5. Trade and other receivables

	2006 RM'000	2005 RM'000
Trade receivables	8,671	8,932
Other receivables and prepayments	4,545	3,796
Rental and utility deposits	13,479	13,949
	<u>26,695</u>	<u>26,677</u>

Included in trade receivables is an amount of RM470,006 (2005 - RM622,032) due from companies with common Directors.

Included in other receivables and prepayments is an amount of RM3,422 (2005 - RM130,359) due from a company with common Directors.

### 6. Cash and cash equivalents

	2006 RM'000	2005 RM'000
Cash and bank balances	27,105	29,663
Deposits with licensed financial institutions	26,300	62,700
	<u>53,405</u>	<u>92,363</u>

## 7. Trade and other payables

	2006 RM'000	2005 RM'000
Trade payables	324,716	276,152
Other payables and accrued expenses	133,918	87,711
Progress claim from contractors	19,766	3,986
Rental and utility deposits	67,308	44,913
Affiliated company	1,444	787
	<u>547,152</u>	<u>413,549</u>

The affiliated company is AEON Co., Ltd., a company incorporated in Japan. The amount due to affiliated company is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

## 8. Borrowings (unsecured)

	2006 RM'000	2005 RM'000
Bank overdrafts	<u>625</u>	<u>307</u>

The bank overdrafts of the Company are subject to interest at 0.5% (2005 – 0.5% to 0.625%) above the lender's base lending rates.

## 9. Share capital

	2006 RM'000	2005 RM'000
Ordinary shares of RM1.00 each:		
Authorised		
Opening balance	500,000	100,000
Created during the year	-	400,000
Closing balance	<u>500,000</u>	<u>500,000</u>
Issued and fully paid		
Opening balance	175,500	87,750
Bonus issue	-	87,750
Closing balance	<u>175,500</u>	<u>175,500</u>

## 10. Reserves

	2006 RM'000	2005 RM'000
Non-distributable		
Share premium	20,609	20,609
Revaluation reserve	33,648	34,165
	<u>54,257</u>	<u>54,774</u>
Distributable		
Retained profits	392,094	333,536
	<u>446,351</u>	<u>388,310</u>

Subject to agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 28 February 2006 if paid out as dividends.

## 11. Deferred tax liabilities

Movement in deferred tax liabilities (prior to offsetting of balances) during the year are as follows:

	At 1.3.2005 RM'000	Debited/(Credited) to income statement (Note 15) RM'000	At 28.2.2006 RM'000
<b>Deferred tax liabilities</b>			
Property, plant and equipment			
- capital allowance	11,888	5,975	17,863
- revaluation	13,286	(202)	13,084
	<u>25,174</u>	<u>5,773</u>	<u>30,947</u>
<b>Deferred tax assets</b>			
Provisions / allowance	(745)	(921)	(1,666)
	<u>24,429</u>	<u>4,852</u>	<u>29,281</u>

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.



## 12. Operating profit

	2006 RM'000	2005 RM'000
Operating profit is arrived at after crediting:		
Gain on disposal of property, plant and equipment	-	15
Rental income on shopping center operation	128,574	117,365
and after charging:		
Auditors' remuneration	120	120
Depreciation	59,227	55,273
Directors' emoluments		
- remuneration	1,021	852
- fees	1,048	1,048
Loss on disposal of property, plant and equipment	83	-
Property, plant and equipment written off	824	407
Rental expense		
- land	1,132	1,048
- buildings	42,995	36,825
- equipment	249	61
- fixtures and fittings	362	325
- hostel	203	130
Royalty payable to affiliated company	10,835	9,295

The estimated monetary value of other benefits not included in salaries and other emoluments received by the Directors of the Company is RM59,388 (2005 - RM39,300).

## 13. Employee information

	2006 RM'000	2005 RM'000
Salaries and wages	100,572	83,943
EPF contributions	11,136	9,919
Staff costs	111,708	93,862

The average number of full time employees in the Company during the financial year was 5,907 (2005 - 4,686).

#### 14. Interest expense

	2006 RM'000	2005 RM'000
Bank overdrafts	37	40
Other borrowings	558	947
	<u>595</u>	<u>987</u>

#### 15. Tax expense

	2006 RM'000	2005 RM'000
Current tax expense	34,142	34,656
Deferred tax expense (Note 11)		
- origination and reversal of temporary differences	4,852	107
	<u>38,994</u>	<u>34,763</u>
Tax expense	<u>38,994</u>	<u>34,763</u>
<b>Reconciliation of effective tax expense</b>		
Profit before taxation	112,198	99,010
	<u>31,415</u>	<u>27,723</u>
Income tax using Malaysian tax rate	31,415	27,723
Non-deductible expenses	7,781	7,242
Reversal of deferred tax liabilities on crystallisation of revaluation reserves of property, plant and equipment	(202)	(202)
	<u>38,994</u>	<u>34,763</u>
Tax expense	<u>38,994</u>	<u>34,763</u>

#### 16. Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2006	2005
Net profit attributable to ordinary shareholders (RM'000)	73,204	64,247
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at beginning of year ('000)	175,500	87,750
Effects of bonus issue ('000)	-	87,750
	<u>175,500</u>	<u>175,500</u>
Weighted average number of ordinary shares ('000)	<u>175,500</u>	<u>175,500</u>

## 17. Dividend

	2006 RM'000	2005 RM'000
Ordinary		
Final paid:		
2005 - 12% per share less 28% tax		
(2004 - 20% per share less 28% tax)	15,163	12,636

The proposed first and final dividend of 15% per share less 28% tax, amounting to RM18,954,000 has not been accounted for in the financial statements.

## 18. Segmental reporting

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue and income taxes.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### Business segments

The Company comprises the following main business segments:

Retailing The operations of a chain of superstores selling clothing, food, household goods and other merchandise.

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

The business segment analysis is as follows:

	Retailing		Property management services		Total	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<i>Business segments</i>						
Revenue from external customers	1,807,753	1,648,475	154,692	136,089	1,962,445	1,784,564
<b>Total revenue</b>	<b>1,807,753</b>	<b>1,648,475</b>	<b>154,692</b>	<b>136,089</b>	<b>1,962,445</b>	<b>1,784,564</b>
Operating profit	72,629	69,418	39,819	30,158	112,448	99,576
Interest expense					(595)	(987)
Interest income					345	421
Profit before taxation					112,198	99,010
Tax expense					(38,994)	(34,763)
<b>Net profit for the year</b>					<b>73,204</b>	<b>64,247</b>

## 18. Segmental reporting (continued)

	Retailing		Property management services		Total	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Segment assets</b>	<b>386,606</b>	<b>346,883</b>	<b>798,586</b>	<b>605,263</b>	<b>1,185,192</b>	<b>952,146</b>
Unallocated assets					26,300	62,700
<b>Total assets</b>					<b>1,211,492</b>	<b>1,014,846</b>
<b>Segment liabilities</b>	<b>(438,778)</b>	<b>(348,811)</b>	<b>(108,999)</b>	<b>(65,045)</b>	<b>(547,777)</b>	<b>(413,856)</b>
Unallocated liabilities					(41,864)	(37,180)
<b>Total liabilities</b>					<b>(589,641)</b>	<b>(451,036)</b>
Capital expenditure	62,535	37,666	212,840	81,571	275,375	119,237
Depreciation	38,738	36,967	20,489	18,306	59,227	55,273
Non-cash expenses other than depreciation	299	403	525	204	824	607

## 19. Operating leases

### *Leases as lessee*

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

	2006 RM'000	2005 RM'000
Less than one year	44,369	31,092
Between one and five years	262,459	136,267
More than five years	325,806	150,607
	<u>632,634</u>	<u>317,966</u>

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

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



## 20. Commitments

	2006 RM'000	2005 RM'000
Capital commitments:		
Property, plant and equipment		
Authorised and contracted for	64,013	15,081
Authorised but not contracted for	185,849	306,679
	<u>249,862</u>	<u>321,760</u>

## 21. Related parties

### Identity of related parties

The Company has a related party relationship with its Directors, its affiliated company and the affiliated company's subsidiaries.

### Transactions with Directors

Significant transactions and balances with companies in which certain Directors have interest other than those disclosed elsewhere in the financial statements are as follows:

	2006 RM'000	2005 RM'000
<b>Balances</b>		
With companies in which Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim have interests:		
Laura Ashley (Malaysia) Sdn. Bhd.		
Amount due from in respect of management fee receivable	3	12
Amount due from in respect of reimbursement of operational payments	-	118
With companies in which Dato' Abdullah bin Mohd Yusof, Toshiji Tokiwa, Masato Yokoyama and Datuk Ramli bin Ibrahim have interests:		
AEON Credit Service (M) Sdn. Bhd.		
Amount due from in respect of sales through easy payment scheme financing	470	622
Amount due from in respect of rental income	4	-
Amount due to in respect of sales through AEON credit card	(456)	-
	<u>21</u>	<u>6</u>
<b>Transactions</b>		
With companies in which Dato' Abdullah bin Mohd Yusof has interest:		
Abdullah & Zainudin		
Legal fees payable	21	6
With companies in which Dato' Abdullah bin Mohd Yusof and Datuk Ramli bin Ibrahim have interests:		
Laura Ashley (Malaysia) Sdn. Bhd.		
Management fee receivable	58	67
Rental income receivable	436	437
	<u>58</u>	<u>67</u>

## 21. Related parties (continued)

	2006 RM'000	2005 RM'000
<b>Transactions</b>		
With companies in which Dato' Abdullah bin Mohd Yusof, Toshiji Tokiwa, Masato Yokoyama and Datuk Ramli bin Ibrahim, have interests:		
AEON Credit Service (M) Sdn. Bhd.		
Sales through easy payment scheme financing	4,467	4,403
Rental income	44	-
Sales through AEON credit card	5,908	-
Convertible J CARD points income	15	-
Credit card sales commission expenses	(83)	-
	<u>          </u>	<u>          </u>

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

### Other related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	2006 RM'000	2005 RM'000
<b>Transactions</b>		
Affiliated company		
Royalty expenses	10,835	9,295
	<u>          </u>	<u>          </u>
Affiliated company's subsidiaries		
Purchase of merchandise	1,568	381
Consultation fees	171	126
	<u>          </u>	<u>          </u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

## 22. Financial instruments

### Financial risk management objectives and policies

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

### Credit risk

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

### Interest rate risk

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

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

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

### Foreign currency risk

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

### Liquidity risk

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

*The following table shows information about the Company's exposure to interest rate.*

### Effective interest rates and repricing analysis

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

		2006			2005	
	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
<b>Financial assets</b>						
Deposits placed with licensed financial institutions	2.85	26,300	26,300	2.60	62,700	62,700
<b>Financial liabilities</b>						
Bank overdrafts	7.00	625	625	6.50	307	307

## 22. Financial instruments (continued)

### Fair values

#### **Recognised financial instruments**

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

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

	2006		2005	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>				
Long-term investments for which it is:				
Practical to estimate fair value	45	36	45	40
Not practical to estimate fair value	1,030	-	130	-

It was not practicable to estimate the fair value of an investment in an unquoted company. That investment is carried at its original cost of RM1,030,000 (2005 - RM130,000) in the balance sheet. At year end, the share of the net tangible assets in this unquoted company is RM2,260,224 (2005 – RM828,783).

## 23. Events subsequent to the balance sheet date

Subsequent to the financial year, the Company changed its financial year from 28 February to 31 December.

## 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 49 to 67 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company at 28 February 2006 and its results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....  
**Dato' Abdullah bin Mohd Yusof**



.....  
**Nagahisa Oyama**

Kuala Lumpur,

Date: 21 April 2006

## 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 49 to 67 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 21 April 2006



.....  
**Poh Ying Loo**

Before me:





# REPORT OF THE AUDITORS

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

We have audited the financial statements set out on pages 49 to 67. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Company at 28 February 2006 and its results and cash flows for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



**KPMG Desa Megat & Co.**

Firm Number: AF 0759

Chartered Accountants



**Abdullah Abu Samah**

Partner

Approval Number: 2013/06/06(J)

Kuala Lumpur,  
Date: 21 April 2006

# ANALYSIS OF SHAREHOLDINGS

analysis of shareholdings as at 28 April 2006

Authorised Share Capital: RM500,000,000  
 Paid-up Share Capital : RM175,500,000  
 Class of Shares : Ordinary Share of RM1 each  
 Voting Rights : 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	78	5.95	1,400	0.00
100 - 1,000	306	23.36	236,700	0.13
1,001 - 10,000	754	57.56	2,675,400	1.52
10,001 - 100,000	117	8.93	3,398,100	1.94
100,001 - 8,774,999	53	4.05	67,776,300	38.62
8,775,000 and above	2	0.15	101,412,100	57.78
TOTAL	1,310	100.00	175,500,000	100.00

## Substantial Shareholders as per Register of Substantial Shareholders

No.	Name	No. of shares	Percentage
1	AEON Co., Ltd.	89,505,000	51.0000
2	Employees Provident Fund Board	13,622,100	7.7619
3	Aberdeen Asset Management PLC	10,857,100	6.1864

## Directors' Interests

No.	Name	Direct Interest	Indirect Interest
1	Dato' Abdullah Bin Mohd Yusof	308,000	1,596,000
2	Masato Yokoyama	30,000	-
3	Datuk Ramli Bin Ibrahim	-	280,000

# LIST OF 30 LARGEST SHAREHOLDERS

as at 28 April 2006

No.	Name of Shareholders	No. of Shares	% of shares held
1	AEON Co., Ltd.	89,505,000	51.00
2	Employees Provident Fund Board	11,907,100	6.78
3	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	8,080,000	4.60
4	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	6,079,300	3.46
5	HSBC Nominees (Asing) Sdn Bhd Exempt An for BNP Paribas Securities Services (Convert In USD)	5,383,000	3.07
6	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J for Emerging Markets Global Small Capitalization Fund (TEMMUF )	4,907,500	2.80
7	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	3,750,000	2.14
8	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Genesis SIVAC)	3,336,900	1.90
9	Cartaban Nominees (Asing) Sdn Bhd Nordea Bank Danmark A/S for Unibank S.A. Luxembourg	3,272,600	1.86
10	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for Apollo Asia Fund Ltd	2,130,000	1.21
11	Syarikat Maluri Sdn Bhd	1,865,000	1.06
12	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore ( C )	1,824,000	1.04
13	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (JERSEY)	1,733,500	0.99
14	Mayban Nominees (Tempatan) Sdn Bhd Aberdeen Asset Management Sdn Bhd for the Employees' Provident Fund Board (250416)	1,715,000	0.98

No.	Name of Shareholders	No. of Shares	% of shares held
15	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCB9 for Aberdeen Asian Smaller Companies Investment Trust PLC	1,441,100	0.82
16	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Smaller Companies Portfolio (GEMOFL)	1,309,900	0.75
17	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Aberdeen Malaysia Equity Fund	1,215,000	0.69
18	Takuya Okada	1,200,000	0.68
19	Rozilawati Binti Haji Basir	1,155,000	0.66
20	Rozana Zeti Binti Basir	1,155,000	0.66
21	Roshayati Binti Basir	1,155,000	0.66
22	Status Resources Sdn Bhd	1,096,000	0.62
23	Amanah Raya Berhad SBB Double Growth Fund	1,070,000	0.61
24	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	947,200	0.54
25	Manulife Insurance (Malaysia) Berhad	896,000	0.51
26	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	750,000	0.43
27	MCIS Zurich Insurance Berhad	730,200	0.42
28	Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	681,800	0.39
29	Cartaban Nominees (Asing) Sdn Bhd Nordea Bank Danmark A/S for Investeringsforeningen Nordea Invest Global Value	673,600	0.38
30	Hidenori Futagi	600,000	0.34
<b>TOTAL</b>		<b>161,564,700</b>	<b>92.06</b>

## PARTICULARS OF PROPERTIES

Details of the Company's properties as at 28 February 2006 are set out below:

Location	Description/ Existing use	Land/ Built-up area (sq ft)	Date of Acquisition (A)/ Completion (C)/ Revaluation (R)	Approx. age of building (year)	Tenure (Year of expiry for leasehold)	Net book value as at 28/02/2006 (RM'000)
Lot 7041, Mukim of Bukit Baru, District of Melaka Tengah, Melaka.	Leasehold commercial land/ Existing two-storey shopping center Extension/Renovation	436,036/ 200,316 179,989	February 1995 (R)	14  7½	99 years expiring on 19/12/2089	59,096
Lot 23551, Mukim of Setapak, District and State of Wilayah Persekutuan.	Leasehold commercial land/ Two-storey shopping center and three-storey car park	368,516/ 666,694	February 1995 (R)	13	95 years expiring on 28/03/2085	89,819
Lot PT 21441, Mukim of Kapar, District of Klang, Selangor.	Leasehold commercial land/ Two-storey shopping center and two-storey car park	643,753/ 691,414	June 1994 (A)/ October 1995 (C)	10	99 years expiring on 09/05/2093	68,150
Lot PT 162010, Mukim of Ulu Kinta, District of Kinta, Perak.	Freehold land/Two-storey shopping center and two-storey car park	609,840/ 794,806	April 1996 (A)/ August 1997 (C)	9	Freehold	82,800
Lot 49045, Mukim of Pulai, District of Johor Bahru, Johor.	Freehold land/Two-storey shopping center including covered car park	377,490/ 483,299	April 2002 (A)/ August 2002 (C)	3½	Freehold	28,951
Lot 4086, Kawasan A, Mukim Batu, Daerah Kuala Lumpur, Wilayah Persekutuan.	Leasehold land/ Two-storey shopping center and two-storey car park	410,815/ 906,497	January 2004 (C)	2	99 years expiring on April 2101	92,490
Lot PTD 114179, Mukim of Tebrau, District of Johor Bahru, Johor.	Freehold land/ Three-storey shopping center and one-storey car park	1,308,035/ 1,468,693	March 2004 (A)/ January 2006 (C)	⅙	Freehold	165,936
Lot PT 41977, Mukim of Cheras, District of Ulu Langat, Selangor.	Leasehold land	550,910	April 2004 (A)	-	99 years expiring on 12/04/2103	14,100
Lot 3144, Mukim of Cheras, District of Ulu Langat, Selangor.	Freehold land	113,451	April 2004 (A)	-	Freehold	11,224

# JUSCO STORES & SHOPPING CENTERS

## Directory

### JUSCO TAMAN MALURI

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

### JUSCO TAMAN MALURI SHOPPING CENTER

Taman Maluri  
Tel: 03-9200 1004



### JUSCO MELAKA

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

### JUSCO MELAKA SHOPPING CENTER

Melaka  
Tel: 06-233 2988



### JUSCO WANGSA MAJU

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

### ALPHA ANGLE SHOPPING CENTER

Wangsa Maju  
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

### 1 UTAMA SHOPPING CENTER

Bandar Utama  
Tel: 03-7726 6033



### JUSCO BANDAR BARU KLANG

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

### BUKIT RAJA SHOPPING CENTER

Bandar Baru Klang  
Tel: 03-3343 2166

### 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 CENTER

Ipoh  
Tel: 05-548 4668



### JUSCO MID VALLEY

AT3 Mid Valley Megamall,  
Mid Valley City,  
Lingkaran 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 TAMAN UNIVERSITI

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

### JUSCO TAMAN UNIVERSITI SHOPPING CENTER

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 CENTER

Tel: 07-386 0600

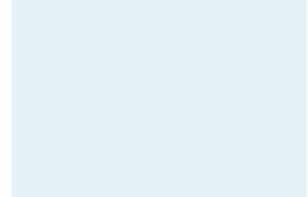


### JUSCO METRO PRIMA

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

### JUSCO METRO PRIMA SHOPPING CENTER

Tel: 03-6259 1122



### JUSCO SEREMBAN 2

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

### JUSCO SEREMBAN 2 SHOPPING CENTER

Tel: 06-601 5618



### JUSCO TEBRAU CITY

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

### AEONTEBRAU CITY SHOPPING CENTER

Tel: 07-3522 220



### J-ONE

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



## HIGHLIGHTS OF THE YEAR



*In recognition of AEON CO. (M) BHD.'s commitment in greening the earth, Jabatan Lanskap Negara invited the company's representative to attend its "Hari Lanskap Negara" function on 3 March 2005. Prime Minister Abdullah Ahmad Badawi presented the certificate of appreciation to Encik Rashid bin Adam at the function.*



*A meeting with the Mentri Besar of Negeri Sembilan in August 2005 prior to the opening of JUSCO Seremban 2 Shopping Center.*

## MILESTONES

- 1984 SEPTEMBER** – JAYA JUSCO STORES SDN BHD established, in response to a request from Prime Minister Y.A.B. Datuk Seri Dr Mahathir bin Mohamad, to help modernise the retailing industry in Malaysia.
- 1985 JUNE DECEMBER** – The first pilot store, JAYA JUSCO Dayabumi, opened.  
– The second pilot store, JAYA JUSCO Taman Tun, opened.
- 1989 JUNE OCTOBER** – JAYA JUSCO Dayabumi closed.  
– The first Superstore, JAYA JUSCO Taman Maluri, opened.
- 1990 JUNE NOVEMBER** – “Japan Management Training Programme” begun.  
– 28 Malaysian students invited to Japan as “Ambassadors” through the 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 Center), our first Shopping Center, opened.
- 1994 AUGUST OCTOBER** – Our Distribution Center begun operations.  
– Japanese Trainee Programme begun.
- 1995 JUNE AUGUST OCTOBER** – JAYA JUSCO Taman Tun Dr. Ismail closed.  
– JUSCO Bandar Utama (1 Utama Shopping Center) opened.  
– JUSCO Bandar Baru Klang (Bukit Raja Shopping Center) opened.
- 1996 DECEMBER** – JAYA JUSCO STORES BHD was listed on the Main Board of the KLSE.
- 1997 AUGUST** – JUSCO Ipoh (Kinta City Shopping Center) opened.
- 1998 DECEMBER** – JUSCO Melaka Shopping Center reopened.
- 1999 DECEMBER** – JUSCO Mid Valley opened.
- 2000 DECEMBER** – JUSCO Taman Maluri Shopping Center re-opened.  
– JUSCO Bandar Puchong opened.
- 2001 OCTOBER NOVEMBER** – Launch of WAOH Charity Fund / JUSCO Fest / JUSCO’s 17<sup>th</sup> Anniversary.  
– 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 JULY** – Establishment of JUSCO-OUM Retail Center in Alpha Angle Shopping Center, at Wangsa Maju.  
– JUSCO Taman Universiti opened, Japan Management Training Programme reactivated.
- 2003 JULY AUGUST OCTOBER DECEMBER** – WAOH Charity Bazaar.  
– Smart Wonder World opened in JUSCO Taman Maluri.  
– JUSCO Home Centre opened in 1 Utama Shopping Center.  
– 3,000 seedlings 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 Shopping Center opened.
- 2004 JANUARY** – JUSCO Metro Prima Tree Planting Ceremony was held. 2,000 seedlings were planted.  
– JUSCO Metro Prima Shopping Center opened.
- JUNE SEPTEMBER** – WAOH Charity Fund officially registered as the “WAOH” Malaysian JUSCO Foundation.  
– JAYA JUSCO STORES BHD. officially changed name to AEON CO. (M) BHD.  
– JUSCO celebrated 20<sup>th</sup> Anniversary in Malaysia with Gala Dinner.  
– Official launch of “WAOH” Malaysian JUSCO Foundation.
- AUGUST OCTOBER** – 30,000 seedlings planted in the Malaysia-Japan Friendship Forest, AEON Woodland, Paya Indah Wetlands.  
– Company authorised share capital increased from RM100,000,000 to RM500,000,000.  
– Completed Bonus Issue (1:1) for 87,750,000 new Ordinary Shares.
- 2005 MARCH** – AEON CO. (M) BHD. received a certificate of appreciation from the Prime Minister for its tree planting activities.
- JULY AUGUST** – Charity Gala Dinner was held.  
– The management of AEON CO. (M) BHD. met with the Menteri Besar of Negeri Sembilan, Y.A.B. Datuk Seri Utama Hj Mohamad Bin Hj Hasan.
- SEPTEMBER** – JUSCO Seremban 2 Tree Planting ceremony was held. 3,300 seedlings were planted.
- OCTOBER** – JUSCO Seremban 2 opened.  
– J-One Supermarket opened.
- 2006 JANUARY** – AEON Tebrau City Tree Planting ceremony was held. 6,000 seedlings were planted.  
– AEON Tebrau City Shopping Center opened.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of AEON CO. (M) BHD. will be held at Ballroom 1, Level 2, Hotel Nikko, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 22 June 2006 at 10:30 am for the following purposes:-

## AGENDA

### As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 28 February 2006 together with the Reports of the Directors and Auditors thereon.
2. To declare a First and Final Dividend of 15 sen per share less 28% tax for the financial year ended 28 February 2006.
3. To approve the payment of Directors' Fees for the financial year ended 28 February 2006.
4. To re-elect the following Directors retiring under Article 74 of the Articles of Association of the Company:-
  - i) Dato' Abdullah bin Mohd Yusof
  - ii) Mr. Toshiji Tokiwa
  - iii) Mr. Tatsuichi Yamaguchi
  - iv) Mr. Nagahisa Oyama
  - v) Mr. Masato Yokoyama
  - vi) Datuk Ramli bin Ibrahim
  - vii) Brig. Jen. (B) Dato' Mohd Idris bin Saman
  - viii) Datuk Zawawi bin Mahmuddin
  - ix) Dato' Chew Kong Seng
5. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

**Ordinary Resolution 7**

**Ordinary Resolution 8**

**Ordinary Resolution 9**

**Ordinary Resolution 10**

**Ordinary Resolution 11**

**Ordinary Resolution 12**

**Ordinary Resolution 13**

### As Special Business

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

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

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related parties as stated in Section 2.2 of the Circular to Shareholders dated 31 May 2006 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 14

## NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Twenty-First Annual General Meeting, a first and final dividend of 15 sen per share less 28% tax in respect of the financial year ended 28 February 2006 will be paid to shareholders on 20 July 2006. The entitlement date for the said dividend shall be 4 July 2006.

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 4 July 2006 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



SAW BEE LEAN (MAICSA 0793472)  
Secretary

Kuala Lumpur  
Date: 31 May 2006

### 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 shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3rd Floor, JUSCO Taman Maluri Shopping Center, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting.
5. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

6. Explanatory Note on the Special Business.

#### Ordinary Resolution 14 on the Proposed Shareholders' Mandate

The proposed Ordinary Resolution 14, if passed, will empower the Directors from the date of the Twenty-First Annual General Meeting, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and subject always to provision (ii) of the resolution. The details of the recurrent related party transactions are set out in the Circular to the Shareholders dated 31 May 2006, which is despatched together with this Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia  
Securities Berhad

## 1. Directors standing for re-election at the Twenty-First Annual General Meeting (21<sup>st</sup> AGM):-

Pursuant to Article 74 of the Articles of Association

- (i) Dato' Abdullah bin Mohd Yusof
- (ii) Mr. Toshiji Tokiwa
- (iii) Mr. Tatsuichi Yamaguchi
- (iv) Mr. Nagahisa Oyama
- (v) Mr. Masato Yokoyama
- (vi) Datuk Ramli bin Ibrahim
- (vii) Brig. Jen. (B) Dato' Mohd Idris bin Saman
- (viii) Datuk Zawawi bin Mahmuddin
- (ix) Dato' Chew Kong Seng

## 2. Details of attendance of Directors at Board Meetings

There were five Board Meetings held during the financial year ended 28 February 2006. Details of attendance of the Directors are set out in Statement of Corporate Governance appearing on page 36 of the Annual Report.

## 3. Place, Date and Time of Meeting

The Twenty-First Annual General Meeting of the Company will be held at Ballroom 1, Level 2, Hotel Nikko, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 22 June 2006 at 10.30 a.m.

## 4. Further details of Directors standing for re-election

Details of Directors standing for re-election are set out in Directors' Profiles appearing on pages 21-23 of the Annual Report.



PROXY FORM

CDS account no. of authorised nominee

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(s) of the abovenamed Company, 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) failing him/her the Chairman  
of the Meeting as my/our proxy to vote for me/us on my/our behalf at the ..... Annual General Meeting of the  
Company to be held at..... on ..... and at each and every adjournment thereof.  
My/our proxy is to vote as indicated below :

	RESOLUTION		FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports for the financial year ended 28 February 2006	Resolution 1		
2	Declaration of a first and final dividend of 15 sen per share less 28% tax for the financial year ended 28 February 2006.	Resolution 2		
3	Approval of Directors' Fees	Resolution 3		
4	Re-election of Dato' Abdullah Bin Mohd Yusof	Resolution 4		
5	Re-election of Mr. Toshiji Tokiwa	Resolution 5		
6	Re-election of Mr. Tatsuichi Yamaguchi	Resolution 6		
7	Re-election of Mr. Nagahisa Oyama	Resolution 7		
8	Re-election of Mr. Masato Yokoyama	Resolution 8		
9	Re-election of Datuk Ramli Bin Ibrahim	Resolution 9		
10	Re-election of Brig. Jen (B) Dato' Mohd Idris bin Saman	Resolution 10		
11	Re-election of Datuk Zawawi bin Mahmuddin	Resolution 11		
12	Re-election of Dato' Chew Kong Seng	Resolution 12		
13	Re-appointment of Messrs KPMG Desa Megat & Co.	Resolution 13		
14	Proposed Renewal of existing Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 14		

[Please indicate with an "X" in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.]

Signature/Common Seal \_\_\_\_\_  
  
Number of shares held: \_\_\_\_\_  
  
Date: \_\_\_\_\_

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
No. of shares	Percentage
Proxy 1 _____	_____ %
Proxy 2 _____	_____ %
Total _____	100 %

NOTE :

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 shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3rd Floor, JUSCO Taman Maluri Shopping Center, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur not less than 48 hours before the time set for holding the meeting.
5. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.

Place  
Stamp  
Here

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

AEON

JUSCO



Do you have a J CARD?



AEON CO. (M) BHD. (126926-H)  
3rd Floor, JUSCO Taman Maluri Shopping Center, Jalan Jejaka, Taman Maluri, Cheras, 55100 Kuala Lumpur.