

# AEON CO. (M) BHD.

( Company No. 126926 - H )

( Incorporated in Malaysia )

Unaudited results of the Group for the first quarter ended 31 March 2017.

## Condensed consolidated statement of profit or loss

For the three months ended 31 March 2017

	3 months ended 31 March		3 months ended 31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	1,071,970	1,075,675	1,071,970	1,075,675
Total operating expenses	(1,027,288)	(1,027,359)	(1,027,288)	(1,027,359)
Other operating income	2,225	1,490	2,225	1,490
<b>Profit from operations</b>	<u>46,907</u>	<u>49,806</u>	<u>46,907</u>	<u>49,806</u>
Interest expense	(9,487)	(5,735)	(9,487)	(5,735)
Interest income	358	632	358	632
Share of results of associates	11	221	11	221
<b>Profit before tax</b>	<u>37,789</u>	<u>44,924</u>	<u>37,789</u>	<u>44,924</u>
Tax expense	(16,656)	(16,913)	(16,656)	(16,913)
<b>Profit for the period</b>	<u><u>21,133</u></u>	<u><u>28,011</u></u>	<u><u>21,133</u></u>	<u><u>28,011</u></u>
<b>Profit attributable to:</b>				
Owners of the Company	22,654	28,706	22,654	28,706
Non-controlling interests	(1,521)	(695)	(1,521)	(695)
<b>Profit for the period</b>	<u><u>21,133</u></u>	<u><u>28,011</u></u>	<u><u>21,133</u></u>	<u><u>28,011</u></u>
Basic earnings per ordinary share (sen) (Note B11)	1.61	2.04	1.61	2.04

The Condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

# AEON CO. (M) BHD.

( Company No. 126926 - H )

( Incorporated in Malaysia )

Unaudited results of the Group for the first quarter ended 31 March 2017.

## Condensed consolidated statement of other comprehensive income

For the three months ended 31 March 2017

	3 months ended 31 March		3 months ended 31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	21,133	28,011	21,133	28,011
<b>Other comprehensive income:</b>				
Gain on fair value of available-for-sale investments	5,077	2,663	5,077	2,663
<b>Comprehensive income for the period</b>	<u>26,210</u>	<u>30,674</u>	<u>26,210</u>	<u>30,674</u>
<b>Comprehensive income attributable to:</b>				
Owners of the Company	27,731	31,369	27,731	31,369
Non-controlling interests	(1,521)	(695)	(1,521)	(695)
<b>Comprehensive income for the period</b>	<u>26,210</u>	<u>30,674</u>	<u>26,210</u>	<u>30,674</u>

The Condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed consolidated statement of financial position

As at 31 March 2017

	31 March 2017 RM'000	31 December 2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,443,700	3,460,465
Intangible assets	19,214	20,649
Investment in associates	7,980	7,968
Available-for-sale investments	49,536	44,459
Other assets	17,171	17,151
	3,537,601	3,550,692
<b>Current assets</b>		
Inventories	533,203	614,733
Receivables, deposits and prepayments	69,120	67,287
Tax Recoverable	24,512	21,635
Cash and cash equivalents	56,826	96,012
Assets classified as held for sale	67,382	67,382
	751,043	867,049
<b>TOTAL ASSETS</b>	<u>4,288,644</u>	<u>4,417,741</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	702,000	702,000
Reserves	1,190,530	1,162,799
<b>Equity attributable to owners of the Company</b>	<u>1,892,530</u>	<u>1,864,799</u>
Non-controlling interests	12,136	13,657
<b>TOTAL EQUITY</b>	<u>1,904,666</u>	<u>1,878,456</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	282,634	325,070
Other liabilities	7,977	7,977
Deferred tax liabilities	27,940	27,990
	318,551	361,037
<b>Current liabilities</b>		
Borrowings	778,925	640,322
Payables and accruals	1,286,502	1,537,926
	2,065,427	2,178,248
<b>TOTAL LIABILITIES</b>	2,383,978	2,539,285
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>4,288,644</u>	<u>4,417,741</u>

The Condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

# AEON CO. (M) BHD.

( Company No. 126926 - H )

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## Condensed consolidated statement of changes in equity

For the three months ended 31 March 2017

	← Attributable to owners of the Company →				Non-controlling interests RM'000	Total equity RM'000
	Non-distributable Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
<b>At 1 January 2017</b>	702,000	43,429	1,119,370	1,864,799	13,657	1,878,456
Total comprehensive income for the period	-	5,077	22,654	27,731	(1,521)	26,210
<b>At 31 March 2017</b>	<u>702,000</u>	<u>48,506</u>	<u>1,142,024</u>	<u>1,892,530</u>	<u>12,136</u>	<u>1,904,666</u>
<b>At 1 January 2016</b>	702,000	35,812	1,095,787	1,833,599	10,935	1,844,534
Total comprehensive income for the period	-	2,663	28,706	31,369	(695)	30,674
<b>At 31 March 2016</b>	<u>702,000</u>	<u>38,475</u>	<u>1,124,493</u>	<u>1,864,968</u>	<u>10,240</u>	<u>1,875,208</u>

The Condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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## Condensed consolidated statement of cash flows

For the three months ended 31 March 2017

	31 March 2017 RM'000	31 March 2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	37,789	44,924
Adjustments for:		
Non-cash items	74,929	58,342
Non-operating items	9,129	5,103
Operating profit before changes in working capital	<u>121,847</u>	<u>108,369</u>
Changes in working capital:		
Net change in current assets	80,521	(173)
Net change in current liabilities	(252,269)	43,033
Cash generated from operations	<u>(49,901)</u>	<u>151,229</u>
Tax paid	<u>(19,584)</u>	<u>(19,285)</u>
<b>Net cash generated from operating activities</b>	<u>(69,485)</u>	<u>131,944</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(56,865)	(226,087)
Proceeds from disposal of property, plant and equipment and intangible assets	127	30
Interest received	358	632
<b>Net cash used in investing activities</b>	<u>(56,380)</u>	<u>(225,425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from borrowings	96,166	(23,530)
Interest paid	(9,487)	(5,735)
<b>Net cash generated from financing activities</b>	<u>86,679</u>	<u>(29,265)</u>
<b>Net change in cash and cash equivalents</b>	(39,186)	(122,746)
<b>Cash and cash equivalents at 1 January</b>	<u>96,012</u>	<u>213,857</u>
<b>Cash and cash equivalents at 31 March</b>	<u><u>56,826</u></u>	<u><u>91,111</u></u>

The Condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the interim financial statements for the period ended 31 March 2017**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with *MFRS 134: Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

**2 Significant Accounting Policies**

The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its annual financial statements for the year ended 31 December 2016 except for the adoption of the following Amendments to Standards during the current financial period:

Amendments to MFRS 12	Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Malaysian Accounting Standards Board had issued the following amendments and new standards which are effective for the following financial years:

(i) Financial year beginning on or after 1 January 2018:

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 2	Share-based Payment – Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 140	Investment Property – Transfers of Investment Property

(ii) Financial year beginning on or after 1 January 2019:

MFRS 16	Leases
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(iii) Effective date yet to be confirmed:

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

The Group's revenue for the first quarter, as in the preceding quarter was high due to the festive seasons.

### **4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

One of the Group's shopping mall had been transferred to assets classified as held for sale as its sale is highly probable.

Other than the above, there were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the financial period.

### **5 Changes in Estimates**

There were no changes in the nature and amount of estimates reported in prior interim period of prior financial years that have a material effect in the current interim period.

### **6 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period.

### **7 Dividends Paid**

There was no dividend paid in respect of the current financial period to date.

### **8 Events Subsequent to the end of reporting period**

On 5 April 2017, further to the Group's announcement on 10 July 2014 in relation to the to the SPA with Genting Property Sdn. Bhd. ("Vendor") dated 10 July 2014 in respect of the acquisition of a piece of freehold land held under H.S.(D) 61139, PTD 52836, Mukim Simpang Kanan, Daerah Batu Pahat, Negeri Johor, for the purpose of constructing a shopping centre, the Group announced that the SPA dated 10 July 2014 pertaining to the said property has been terminated on 5 April 2017, due to the non-fulfilment of the Condition Precedents within the conditional period and both parties could not reach an agreement to further extend the conditional period. The Group has obtained the refund of the Earnest Deposit, Balance Deposit, First and Second Payment totaling of RM13,939,200.00 from the Vendor.

### **9 Effects of Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial period.

## 10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	3 months ended		3 months ended		3 months ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	908,838	932,519	163,132	143,156	1,071,970	1,075,675
Segmental profit	1,424	1,519	54,083	54,649	55,507	56,168
Less: Unallocated expenses					(8,600)	(6,362)
Profit from operations					46,907	49,806
Interest expense					(9,487)	(5,735)
Interest income					358	632
Share of results of associates					11	221
Profit before tax					37,789	44,924
Tax expense					(16,656)	(16,913)
Profit for the period					21,133	28,011
Segment assets	1,156,577	1,146,933	3,082,392	2,884,893	4,238,969	4,031,826
Unallocated assets					49,675	61,363
					4,288,644	4,093,189
Segment liabilities	942,012	1,113,274	344,722	336,507	1,286,734	1,449,781
Unallocated liabilities					1,097,244	768,200
					2,383,978	2,217,981

## 11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Group did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded the estimated value by 10% or more of the total aggregate amount which had been mandated by the shareholders during the Annual General Meeting held on 19 May 2016.

## 12 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2016.

## 13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2017 are as follows:

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Property, plant and equipment		
Authorised but not contracted for	883,661	920,241
Authorised and contracted for	535,467	544,121



**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BHD.**  
**MAIN MARKET LISTING REQUIREMENTS**

**1 Review of Performance**

**Quarter results**

For the quarter under review, the Group registered a total revenue of RM1,071.9 million, which was marginally lower by 0.3% from RM1,075.7 million recorded in the preceding year corresponding quarter. The profit before tax of RM37.8 million was lower as compared to RM44.9 million registered in the previous year corresponding quarter mainly due to non-operating expenses and higher interest expense incurred in the current year quarter.

Retail business revenue registered RM908.8 million, which was lower by 2.5% as compared to the preceding year corresponding quarter of RM932.5 million as a result of the continuous weak consumer sentiments and cautious spending.

Revenue from its property management services segment recorded a growth of 14.0% at RM163.1 million over the previous year corresponding quarter of RM143.2 million mainly due to the contributions from its new and refurbished shopping malls.

**2 Changes in the Quarterly Profit Before Tax Compared to the Results of the Preceding Quarter**

The profit before tax of RM37.8 million for the quarter was lower than the preceding quarter of RM57.4 million mainly due to non-operating expenses incurred in current quarter and the higher margin generated in the preceding quarter.

**3 Current Year Prospects**

The economic and business environment remains challenging with the current consumer sentiments and continuous rising cost of living. The Group expects its performance for the financial year 2017 to be equally challenging. The Group will continue to employ appropriate pricing, re-aligning the merchandise mix and assortment, active promotion activities and strengthening operational efficiency to ensure that its performance will improve.

**4 Variance of Profit Forecast/Profit Guarantee**

Not applicable as the Group did not publish any profit forecast or profit guarantee.

**5 Tax expense**

Tax expense comprises:

	<b>3 months ended</b>	
	<b>31 Mar</b>	<b>31 Mar</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	16,706	16,963
Deferred tax expense	(50)	(50)
	<u>16,656</u>	<u>16,913</u>

The Group's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

**6 Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report.

## 7 Borrowings and Debt Securities

The Group's borrowings as at 31 March 2017 are as follows:

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Non-Current		
Term loan	282,634	325,070
	<u>282,634</u>	<u>325,070</u>
Current		
Revolving credit facilities	144,375	213,500
Term loan	449,947	242,247
Islamic Medium Term Notes/Commercial papers	184,603	184,575
	<u>778,925</u>	<u>640,322</u>

The borrowings are unsecured and denominated in Ringgit Malaysia.

## 8 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

## 9 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2017.

## 10 Qualification of Audit Report of the Preceding Annual Financial Statements

There was no qualification on audit report of the preceding annual financial statements.

## 11 Earnings Per Share

	3 months ended	
	31 Mar 2017	31 Mar 2016
Profit attributable to the owners for the period (RM'000)	22,654	28,706
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	<u>1.61</u>	<u>2.04</u>

Diluted earnings per share is not applicable for the Group.

## 12 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 31 March 2017 is analysed as follows:

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,131,835	1,109,260
- unrealised	8,223	8,156
Total share of retained earnings of associates:		
- realised	1,966	1,954
Total retained earnings of the Group	<u>1,142,024</u>	<u>1,119,370</u>

### 13 Notes to the Statement of Comprehensive Income

	3 months ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	73,999	58,527
Impairment loss:		
- trade receivables	902	57
Interest expense	9,487	5,735
Loss on foreign exchange	95	204
Property, plant and equipment written off	947	52
And after crediting:		
Gain on disposal of property, plant and equipment	6	16
Interest income	358	632

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.