

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Group for the third quarter ended 30 September 2016.

Condensed consolidated statement of profit or loss

For the nine months ended 30 September 2016

	3 months ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	965,335	940,799	3,015,781	2,858,975
Total operating expenses	(946,713)	(893,371)	(2,909,326)	(2,716,233)
Other operating income	3,731	2,433	7,026	5,148
Profit from operations	<u>22,353</u>	<u>49,861</u>	<u>113,481</u>	<u>147,890</u>
Interest expense	(10,296)	(5,159)	(25,690)	(11,671)
Interest income	449	503	1,479	1,517
Share of results of associates	120	(23)	445	4
Profit before tax	<u>12,626</u>	<u>45,182</u>	<u>89,715</u>	<u>137,740</u>
Tax expense	(8,306)	(15,608)	(39,389)	(43,831)
Profit for the period	<u><u>4,320</u></u>	<u><u>29,574</u></u>	<u><u>50,326</u></u>	<u><u>93,909</u></u>
Profit attributable to:				
Owners of the Company	5,420	30,034	53,202	95,093
Non-controlling interests	(1,100)	(460)	(2,876)	(1,184)
Profit for the period	<u><u>4,320</u></u>	<u><u>29,574</u></u>	<u><u>50,326</u></u>	<u><u>93,909</u></u>
Basic earnings per ordinary share (sen) (Note B11)	0.39	2.14	3.79	6.77

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 2015 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 third quarter ended 30 September 2016.

Condensed consolidated statement of other comprehensive income

For the nine months ended 30 September 2016

	3 months ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,320	29,574	50,326	93,909
Other comprehensive income:				
Gain on fair value of available-for-sale investments	4,520	310	7,740	4,768
Comprehensive income for the period	<u>8,840</u>	<u>29,884</u>	<u>58,066</u>	<u>98,677</u>
Comprehensive income attributable to:				
Owners of the Company	9,940	30,344	60,942	99,861
Non-controlling interests	(1,100)	(460)	(2,876)	(1,184)
Comprehensive income for the period	<u>8,840</u>	<u>29,884</u>	<u>58,066</u>	<u>98,677</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

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Condensed consolidated statement of financial position

As at 30 September 2016

	30 September 2016 RM'000	31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,405,148	3,032,092
Intangible assets	19,784	18,393
Investment in associates	7,554	7,108
Available-for-sale investments	44,583	36,842
Other assets	16,675	16,208
	3,493,744	3,110,643
Current assets		
Inventories	588,658	577,517
Receivables, deposits and prepayments	85,058	70,870
Tax Recoverable	26,142	3,908
Cash and cash equivalents	158,633	213,857
Assets classified as held for sale	67,362	65,508
	925,853	931,660
TOTAL ASSETS	<u>4,419,597</u>	<u>4,042,303</u>
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,136,381	1,131,599
Equity attributable to owners of the Company	<u>1,838,381</u>	<u>1,833,599</u>
Non-controlling interests	15,559	10,935
TOTAL EQUITY	<u>1,853,940</u>	<u>1,844,534</u>
LIABILITIES		
Non-current liabilities		
Borrowings	107,292	79,167
Other liabilities	6,771	6,771
Deferred tax liabilities	21,000	21,151
	135,063	107,089
Current liabilities		
Borrowings	1,145,743	690,705
Payables and accruals	1,284,851	1,399,975
	2,430,594	2,090,680
TOTAL LIABILITIES	2,565,657	2,197,769
TOTAL EQUITY AND LIABILITIES	<u>4,419,597</u>	<u>4,042,303</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2016

	← 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		
At 1 January 2016	702,000	35,812	1,095,787	1,833,599	10,935	1,844,534
Total comprehensive income for the period	-	7,740	53,202	60,942	(2,876)	58,066
Issuance of shares to non- controlling interests	-	-	-	-	7,500	7,500
Final dividend in respect of year ended 31 December 2015	-	-	(56,160)	(56,160)	-	(56,160)
At 30 September 2016	702,000	43,552	1,092,829	1,838,381	15,559	1,853,940
At 1 January 2015	702,000	36,122	1,032,580	1,770,702	12,671	1,783,373
Total comprehensive income for the period	-	4,768	95,093	99,861	(1,184)	98,677
Final dividend in respect of year ended 31 December 2014	-	-	(70,200)	(70,200)	-	(70,200)
At 30 September 2015	702,000	40,890	1,057,473	1,800,363	11,487	1,811,850

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Condensed consolidated statement of cash flows

For the nine months ended 30 September 2016

	30 September 2016	30 September 2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	89,715	137,740
Adjustments for:		
Non-cash items	194,139	161,034
Non-operating items	23,133	9,208
Operating profit before changes in working capital	<u>306,987</u>	<u>307,982</u>
Changes in working capital:		
Net change in current assets	(37,667)	15,538
Net change in current liabilities	(115,102)	(104,943)
Cash generated from operations	<u>154,218</u>	<u>218,577</u>
Tax paid	<u>(61,775)</u>	<u>(77,775)</u>
Net cash generated from operating activities	<u>92,443</u>	<u>140,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(571,432)	(421,939)
Deposit paid as part of purchase consideration for acquisition of land	-	(48,372)
Deposit refunded for cancellation of acquisition of land	11,850	-
Proceeds from disposal of property, plant and equipment and intangible assets	545	2,320
Dividend received	1,078	916
Interest received	1,479	1,505
Net cash used in investing activities	<u>(556,480)</u>	<u>(465,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares to non-controlling interests	7,500	-
Net proceeds from borrowings	483,163	418,600
Dividend paid	(56,160)	(70,200)
Interest paid	(25,690)	(11,629)
Net cash generated from financing activities	<u>408,813</u>	<u>336,771</u>
Net change in cash and cash equivalents	(55,224)	12,003
Cash and cash equivalents at 1 January	<u>213,857</u>	<u>76,742</u>
Cash and cash equivalents at 30 September	<u>158,633</u>	<u>88,745</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 30 September 2016

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 2015.

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 2015 except for the adoption of the following Amendments to Standards during the current financial period:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements – Equity Method in Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

3 Seasonality or Cyclicity of Interim Operations

The Group's revenue for the third quarter was lower than the second quarter due to the festive season timing which fall on the beginning of third quarter.

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.

An ordinary dividend of 4.0 sen per share amounting to RM56,160,000 in respect of the financial year ended 31 December 2015 was approved by shareholders at the Thirty-First Annual General Meeting and was paid to shareholders on 14 July 2016.

8 Events Subsequent to the end of reporting period

There were no material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period.

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	
	9 months ended 30 Sep 2016 RM'000	9 months ended 30 Sep 2015 RM'000	9 months ended 30 Sep 2016 RM'000	9 months ended 30 Sep 2015 RM'000	9 months ended 30 Sep 2016 RM'000	9 months ended 30 Sep 2015 RM'000
Revenue	2,573,420	2,454,174	442,361	404,801	3,015,781	2,858,975
Segmental profit/(loss)	(11,584)	8,745	155,188	155,403	143,604	164,148
Less: Unallocated expenses					(30,123)	(16,258)
Profit from operations					113,481	147,890
Interest expense					(25,690)	(11,671)
Interest income					1,479	1,517
Share of results of associates					445	4
Profit before tax					89,715	137,740
Tax expense					(39,389)	(43,831)
Profit for the period					50,326	93,909
Segment assets	1,258,420	1,001,143	3,012,920	2,607,289	4,271,340	3,608,432
Unallocated assets					148,257	87,272
					4,419,597	3,695,704
Segment liabilities	914,996	1,006,967	369,962	305,530	1,284,958	1,312,497
Unallocated liabilities					1,280,699	571,357
					2,565,657	1,883,854

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 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 2015.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2016 are as follows:

	30 Sep 2016	31 Dec 2015
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	1,761,654	2,412,268
Authorised and contracted for	382,409	649,441

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 RM965.3 million, an increased by 2.6% from RM940.8 million in the preceding year corresponding quarter. However, profit before tax of RM12.6 million was lower as compared to RM45.2 million registered in the previous year corresponding quarter mainly due to the higher operating costs, new store and malls expenses and higher interest expense registered in the current year quarter.

Retail business registered RM816.5 million, which was higher by 1.4% as compared to the preceding year corresponding quarter mainly attributed by the contributions from its new stores.

Revenue from its property management services segment recorded a growth of 10.5% at RM148.8 million over the previous year corresponding quarter of RM134.6 million mainly due to the contributions from its new shopping malls.

Financial Year-to-date results

For the 9 months ended 30 September 2016, the Group posted a total revenue of RM3.02 billion, which represent an increase of 5.6% as compared with the previous year corresponding period of RM2.86 billion. However, profit before tax for the financial year-to-date of RM89.7 million was lower than the previous year corresponding period-to-date of RM137.7 million due to higher operation costs and interest expense as well as initial costs associated with new stores and malls openings.

Total revenue registered by the retail business segment for the financial year-to-date increased by 4.9% to RM2.57 billion compared to RM2.45 billion recorded in the preceding year corresponding period. The higher revenue was mainly attributed by the contributions from its new stores.

Revenue from its property management services segment for financial year-to-date recorded a growth of 9.3%, at RM442.4 million over the previous year corresponding period mainly due to contributions from its new shopping malls that were opened during the period.

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

The profit before tax of RM12.6 million for the quarter was lower than the preceding quarter of RM32.2 million mainly due to the lower revenue recorded and higher operating costs recorded in current quarter.

3 Current Year Prospects

The economic and business environment in the final quarter of 2016 remains as challenging with the rising cost of living. The Group expects its performance for the final quarter of the financial year 2016 to be equally challenging. The Group will continue to employ appropriate pricing, high value merchandise assortment, marketing strategies and operational efficiency efforts to ensure that its performance remains creditable.

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:

	3 months ended		9 months ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	8,357	15,658	39,540	46,772
Deferred tax expense	(51)	(50)	(151)	(2,941)
	<u>8,306</u>	<u>15,608</u>	<u>39,389</u>	<u>43,831</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 30 September 2016 are as follows:

	30 Sep 2016	31 Dec 2015
	RM'000	RM'000
Non-Current		
Term loan	107,292	79,167
	<u>107,292</u>	<u>79,167</u>
Current		
Revolving credit facilities	708,600	644,872
Term loan	87,500	45,833
Islamic Medium Term Notes/Commercial papers	349,643	-
	<u>1,145,743</u>	<u>690,705</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 30 September 2016.

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		9 months ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
Profit attributable to the owners for the period (RM'000)	5,420	30,034	53,202	95,093
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	0.39	2.14	3.79	6.77

Diluted earnings per share is not applicable for the Group.

12 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 30 September 2016 is analysed as follows:

	30 Sep 2016 RM'000	31 Dec 2015 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,075,663	1,078,181
- unrealised	15,627	16,513
Total share of retained earnings of associates:		
- realised	1,539	1,093
Total retained earnings of the Group	1,092,829	1,095,787

13 Notes to the Statement of Comprehensive Income

	3 months ended		9 months ended	
	30 Sep 2016 RM'000	30 Sep 2015 RM'000	30 Sep 2016 RM'000	30 Sep 2015 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	67,937	53,478	192,847	161,000
Impairment loss:				
- trade receivables	388	144	992	28
Interest expense	10,296	5,159	25,690	11,671
Loss on foreign exchange	67	867	258	745
Property, plant and equipment written off	122	81	310	341
And after crediting:				
Dividend income	916	916	1,078	916
Gain on disposal of property, plant and equipment	160	290	380	302
Interest income	449	503	1,479	1,517

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