

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Group for the first quarter ended 31 March 2016.

Condensed consolidated statement of profit or loss

For the three months ended 31 March 2016

	3 months ended		3 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	1,075,675	1,107,073	1,075,675	1,107,073
Total operating expenses	(1,027,359)	(1,036,683)	(1,027,359)	(1,036,683)
Other operating income	1,490	1,390	1,490	1,390
Profit from operations	<u>49,806</u>	<u>71,780</u>	<u>49,806</u>	<u>71,780</u>
Interest expense	(5,735)	(2,043)	(5,735)	(2,043)
Interest income	632	532	632	532
Share of results of associates	221	(12)	221	(12)
Profit before tax	<u>44,924</u>	<u>70,257</u>	<u>44,924</u>	<u>70,257</u>
Tax expense	(16,913)	(21,183)	(16,913)	(21,183)
Profit for the period	<u><u>28,011</u></u>	<u><u>49,074</u></u>	<u><u>28,011</u></u>	<u><u>49,074</u></u>
Profit attributable to:				
Owners of the Company	28,706	49,397	28,706	49,397
Non-controlling interests	(695)	(323)	(695)	(323)
Profit for the period	<u><u>28,011</u></u>	<u><u>49,074</u></u>	<u><u>28,011</u></u>	<u><u>49,074</u></u>
Basic earnings per ordinary share (sen) (Note B11)	2.04	3.52	2.04	3.52

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.

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(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Group for the first quarter ended 31 March 2016.

Condensed consolidated statement of other comprehensive income

For the three months ended 31 March 2016

	3 months ended		3 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	28,011	49,074	28,011	49,074
Other comprehensive income:				
Gain on fair value of available-for-sale investments	2,663	3,653	2,663	3,653
Comprehensive income for the period	<u>30,674</u>	<u>52,727</u>	<u>30,674</u>	<u>52,727</u>
Comprehensive income attributable to:				
Owners of the Company	31,369	53,050	31,369	53,050
Non-controlling interests	(695)	(323)	(695)	(323)
Comprehensive income for the period	<u>30,674</u>	<u>52,727</u>	<u>30,674</u>	<u>52,727</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.

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Condensed consolidated statement of financial position

As at 31 March 2016

	31 March 2016 RM'000	31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,200,729	3,032,092
Intangible assets	17,249	18,393
Investment in associates	7,329	7,108
Available-for-sale investments	39,505	36,842
Other assets	16,386	16,208
	3,281,198	3,110,643
Current assets		
Inventories	568,545	577,517
Receivables, deposits and prepayments	79,841	70,870
Tax Recoverable	6,986	3,908
Cash and cash equivalents	91,111	213,857
Assets classified as held for sale	65,508	65,508
	811,991	931,660
TOTAL ASSETS	<u>4,093,189</u>	<u>4,042,303</u>
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,162,968	1,131,599
Equity attributable to owners of the Company	<u>1,864,968</u>	<u>1,833,599</u>
Non-controlling interests	10,240	10,935
TOTAL EQUITY	<u>1,875,208</u>	<u>1,844,534</u>
LIABILITIES		
Non-current liabilities		
Borrowings	67,708	79,167
Other liabilities	6,771	6,771
Deferred tax liabilities	21,858	21,151
	96,337	107,089
Current liabilities		
Borrowings	678,634	690,705
Payables and accruals	1,443,010	1,399,975
	2,121,644	2,090,680
TOTAL LIABILITIES	2,217,981	2,197,769
TOTAL EQUITY AND LIABILITIES	<u>4,093,189</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.

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Condensed consolidated statement of changes in equity

For the three months ended 31 March 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	-	2,663	28,706	31,369	(695)	30,674
At 31 March 2016	<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>
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	-	3,653	49,397	53,050	(323)	52,727
At 31 March 2015	<u>702,000</u>	<u>39,775</u>	<u>1,081,977</u>	<u>1,823,752</u>	<u>12,348</u>	<u>1,836,100</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

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(Incorporated in Malaysia)

Condensed consolidated statement of cash flows

For the three months ended 31 March 2016

	31 March 2016 RM'000	31 March 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	44,924	70,257
Adjustments for:		
Non-cash items	58,342	54,306
Non-operating items	5,103	1,510
Operating profit before changes in working capital	<u>108,369</u>	<u>126,073</u>
Changes in working capital:		
Net change in current assets	(173)	94,185
Net change in current liabilities	43,033	4,344
Cash generated from operations	<u>151,229</u>	<u>224,602</u>
Tax paid	<u>(19,285)</u>	<u>(30,749)</u>
Net cash generated from operating activities	<u>131,944</u>	<u>193,853</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(226,087)	(167,924)
Deposit paid as part of purchase consideration for acquisition of land	-	(34,331)
Proceeds from disposal of property, plant and equipment and intangible assets	30	89
Interest received	632	532
Net cash used in investing activities	<u>(225,425)</u>	<u>(201,634)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,735)	(2,043)
Net proceeds from borrowings	<u>(23,530)</u>	<u>43,500</u>
Net cash (used in)/generated from financing activities	<u>(29,265)</u>	<u>41,457</u>
Net change in cash and cash equivalents	(122,746)	33,676
Cash and cash equivalents at 1 January	<u>213,857</u>	<u>76,742</u>
Cash and cash equivalents at 31 March	<u><u>91,111</u></u>	<u><u>110,418</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 31 March 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 first quarter, as in the preceding quarter, was good due to the festive seasons in the first 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.

8 Events Subsequent to the end of reporting period

- a) On 21 April 2016, further to the Group's announcement on 25 February 2016 in relation to the Islamic Commercial Papers ("ICP") Programme with a limit of up to RM300.0 million in nominal value and the Islamic Medium Term Notes ("IMTN") Programme with a limit of up to RM1.0 billion in nominal value, under a combined master limit of up to RM1.0 billion in nominal value, the Group announced its first issuance of RM150.0 million in nominal value under the ICP Programme and RM50.0 million in nominal value under the IMTN Programme.
- b) On 29 April 2016, further to the Group's announcement on 3 June 2011, in relation to the SPA with Asia Plywood Company Sdn. Bhd. ("Vendor") dated 3 June 2011 in respect of the acquisition of a piece of freehold land held under GRN 181086, Lot No. 2834 Seksyen 47, Bandar Sungai Petani, Daerah Kuala Muda, Negeri Kedah, for the purpose of constructing a shopping centre, the Group announced that the SPA dated 3 June 2011 pertaining to the said property has been aborted on 29 April 2016, due to the non fulfilment of the Conditions Precedents within the extended conditional period. As at the date of this report, the Group has obtained the refund of the Earnest Deposit, Balance Deposit and the First Payment totalling RM6,483,463.42 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	31 Mar	31 Mar	31 Mar	31 Mar	31 Mar
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	932,519	970,888	143,156	136,185	1,075,675	1,107,073
Segmental profit	1,519	20,575	54,649	51,861	56,168	72,436
Less: Unallocated expenses					(6,362)	(656)
Profit from operations					49,806	71,780
Interest expense					(5,735)	(2,043)
Interest income					632	532
Share of results of associates					221	(12)
Profit before tax					44,924	70,257
Tax expense					(16,913)	(21,183)
Profit for the period					28,011	49,074
Segment assets	1,146,933	956,947	2,884,893	2,430,181	4,031,826	3,387,128
Unallocated assets					61,363	67,113
					4,093,189	3,454,241
Segment liabilities	1,113,274	1,088,048	336,507	333,735	1,449,781	1,421,783
Unallocated liabilities					768,200	196,358
					2,217,981	1,618,141

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 21 May 2015.

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 31 March 2016 are as follows:

	31 Mar 2016	31 Dec 2015
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	2,322,099	2,412,268
Authorised and contracted for	698,888	649,441

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

1 Review of Performance

Quarter results

The Group registered a total revenue of RM1.08 billion for the quarter ended 31 March 2016, which was lower by 2.8% when compared to the preceding year corresponding quarter of RM1.11 billion mainly due to weaker consumer sentiments in current period and the pre Goods and Services Tax implementation buying by consumers in the previous year corresponding quarter. Profit before tax of RM44.9 million was 36.0% lower as compared to RM70.2 million registered in the previous year corresponding quarter mainly due to lower margin, higher operating costs, interest expenses and initial costs associated with newly opened stores.

Retail business registered RM932.5 million, which was lower by 3.9% as compared to the preceding year corresponding quarter as a result of the weaker consumer sentiments and pre Goods and Services Tax implementation buying in previous year's first quarter.

Revenue from its property management services segment recorded a growth of 5.1% at RM143.2 million over the previous year corresponding quarter of RM136.2 million mainly due to the contributions from its new shopping centres.

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

The profit before tax of RM44.9 million for the quarter was lower than the preceding quarter of RM73.1 million mainly due to the higher trading rebates received in the preceding quarter.

3 Current Year Prospects

In the light of the current economic environment, consumer spending behaviour and rising cost of living, the Group expects its performance for the financial year 2016 to be difficult. The Group, with its established presence and competitive strengths believes that by employing appropriate pricing, merchandise assortment, marketing strategies together with operational efficiency efforts will ensure that its core businesses continue to be challenging.

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	
	31 Mar 2016	31 Mar 2015
	RM'000	RM'000
Current tax expense	16,963	24,024
Deferred tax expense	(50)	(2,841)
	<u>16,913</u>	<u>21,183</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 2016 are as follows:

	31 Mar 2016	31 Dec 2015
	RM'000	RM'000
Non-Current		
Bank loan	67,708	79,167
	<u>67,708</u>	<u>79,167</u>
Current		
Revolving credit facilities - unsecured	632,800	644,872
Bank loan	45,834	45,833
	<u>678,634</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 31 March 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	
	31 Mar 2016	31 Mar 2015
Profit attributable to the owners for the period (RM'000)	28,706	49,397
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	<u>2.04</u>	<u>3.52</u>

Diluted earnings per share is not applicable for the Group.

12 Disclosure of Realised and Unrealised Profit or Losses

The retained earnings as at 31 March 2016 is analysed as follows:

	31 Mar 2016	31 Dec 2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,105,999	1,078,181
- unrealised	17,180	16,513
Total share of retained earnings of associates:		
- realised	1,314	1,093
Total retained earnings of the Group	<u>1,124,493</u>	<u>1,095,787</u>

13 Notes to the Statement of Comprehensive Income

	3 months ended	
	31 Mar	31 Mar
	2016	2015
	RM'000	RM'000
Profit from operations for the period is arrived at after charging:		
Depreciation and amortisation	58,527	54,131
Impairment loss:		
- trade receivables	57	-
Interest expense	5,735	2,043
Loss/(Gain) on foreign exchange	204	(132)
Property, plant and equipment written off	52	164
And after crediting:		
Gain on disposal of property, plant and equipment	16	1
Interest income	632	532
Reversal of impairment loss:		
- trade receivables	-	34

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