

AEON CO. (M) BHD.

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

Unaudited results of the Group for the second quarter ended 30 June 2015.

Condensed consolidated statement of profit or loss

For the six months ended 30 June 2015

	3 months ended		6 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	811,103	857,719	1,918,176	1,803,225
Total operating expenses	(786,179)	(801,679)	(1,822,862)	(1,682,886)
Other operating income	1,325	15,650	2,715	16,824
Profit from operations	<u>26,249</u>	<u>71,690</u>	<u>98,029</u>	<u>137,163</u>
Interest expense	(4,469)	(152)	(6,512)	(154)
Interest income	482	316	1,014	1,837
Share of results of associates	39	296	27	49
Profit before tax	<u>22,301</u>	<u>72,150</u>	<u>92,558</u>	<u>138,895</u>
Tax expense	(7,040)	(25,212)	(28,223)	(45,082)
Profit for the period	<u><u>15,261</u></u>	<u><u>46,938</u></u>	<u><u>64,335</u></u>	<u><u>93,813</u></u>
Profit attributable to:				
Owners of the Company	15,662	46,956	65,059	93,831
Non-controlling interests	(401)	(18)	(724)	(18)
Profit for the period	<u><u>15,261</u></u>	<u><u>46,938</u></u>	<u><u>64,335</u></u>	<u><u>93,813</u></u>
Basic earnings per ordinary share (sen) (Note B10)	1.12	3.34	4.63	6.68

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 2014 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 second quarter ended 30 June 2015.

Condensed consolidated statement of other comprehensive income

For the six months ended 30 June 2015

	3 months ended		6 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	15,261	46,938	64,335	93,813
Other comprehensive income:				
Gain on fair value of available-for-sale investments	805	3,963	4,458	3,901
Comprehensive income for the period	<u>16,066</u>	<u>50,901</u>	<u>68,793</u>	<u>97,714</u>
Comprehensive income attributable to:				
Owners of the Company	16,467	50,919	69,517	97,732
Non-controlling interests	(401)	(18)	(724)	(18)
Comprehensive income for the period	<u>16,066</u>	<u>50,901</u>	<u>68,793</u>	<u>97,714</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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(Company No. 126926 - H)

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Condensed consolidated statement of financial position

As at 30 June 2015

	30 June 2015 RM'000	31 December 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,781,619	2,608,538
Intangible assets	10,519	10,019
Investment in associates	6,838	6,811
Available-for-sale investments	41,610	37,152
	2,840,586	2,662,520
Current assets		
Inventories	510,524	518,842
Receivables, deposits and prepayments	150,825	101,900
Tax Recoverable	22,621	-
Cash and cash equivalents	93,298	76,742
	777,268	697,484
TOTAL ASSETS	3,617,854	3,360,004
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,138,219	1,068,702
Equity attributable to owners of the Company	1,840,219	1,770,702
Non-controlling interests	11,947	12,671
TOTAL EQUITY	1,852,166	1,783,373
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	16,408	19,299
	16,408	19,299
Current liabilities		
Borrowings	424,400	136,400
Payables and accruals	1,324,880	1,417,439
Taxation	-	3,493
	1,749,280	1,557,332
TOTAL LIABILITIES	1,765,688	1,576,631
TOTAL EQUITY AND LIABILITIES	3,617,854	3,360,004

The Condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 six months ended 30 June 2015

	← Attributable to owners of the Company →				Non-controlling interests	Total equity
	Non-distributable Share capital	Fair value reserve	Distributable Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	4,458	65,059	69,517	(724)	68,793
At 30 June 2015	<u>702,000</u>	<u>40,580</u>	<u>1,097,639</u>	<u>1,840,219</u>	<u>11,947</u>	<u>1,852,166</u>
At 1 January 2014	351,000	44,543	1,248,094	1,643,637	-	1,643,637
Total comprehensive income for the period	-	3,901	93,831	97,732	(18)	97,714
Issuance of shares to non-controlling interest	-	-	-	-	1,350	1,350
Bonus Issue	351,000	-	(351,000)	-	-	-
Final dividend in respect of year ended 31 December 2013	-	-	(77,220)	(77,220)	-	(77,220)
At 30 June 2014	<u>702,000</u>	<u>48,444</u>	<u>913,705</u>	<u>1,664,149</u>	<u>1,332</u>	<u>1,665,481</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 2014 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 six months ended 30 June 2015

	30 June 2015 RM'000	30 June 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	92,558	138,895
Adjustments for:		
Non-cash items	107,743	71,688
Non-operating items	5,498	(1,683)
Operating profit before changes in working capital	<u>205,799</u>	<u>208,900</u>
Changes in working capital:		
Net change in current assets	7,765	31,029
Net change in current liabilities	(92,559)	17,730
Cash generated from operations	<u>121,005</u>	<u>257,659</u>
Tax paid	(57,228)	(50,858)
Net cash generated from operating activities	<u>63,777</u>	<u>206,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(281,607)	(340,307)
Deposit paid as part of purchase consideration for acquisition of land	(48,372)	(18,295)
Proceeds from disposal of property, plant and equipment and intangible assets	256	3,378
Proceeds from disposal of assets classified as held for sale	-	20,000
Interest received	1,014	1,837
Net cash used in investing activities	<u>(328,709)</u>	<u>(333,387)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,512)	(154)
Net proceeds from borrowings	288,000	-
Dividend paid	-	(77,220)
Proceeds from issuance of shares to non-controlling interests	-	1,350
Net cash generated from/(used in) financing activities	<u>281,488</u>	<u>(76,024)</u>
Net change in cash and cash equivalents	16,556	(202,610)
Cash and cash equivalents at 1 January	<u>76,742</u>	<u>313,560</u>
Cash and cash equivalents at 30 June	<u>93,298</u>	<u>110,950</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the period ended 30 June 2015

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 2014.

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 2014 except for the adoption of the following Amendments to Standards during the current financial period:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)

3 Seasonality or Cyclicity of Interim Operations

The Group's revenue for the second quarter was lower than the first quarter mainly due to the festive season in the first quarter and also the softer consumer sentiments post-implementation of Goods & Services Tax ("GST").

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

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.

A first and final single tier dividend of 5.0 sen per share amounting to RM70,200,000 in respect of the financial year ended 31 December 2014 was approved by shareholders at the Thirtieth Annual General Meeting and was paid to shareholders on 8 July 2015.

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 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	6 months ended		6 months ended		6 months ended	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,647,950	1,552,338	270,226	250,887	1,918,176	1,803,225
Segmental profit	2,318	33,984	104,515	115,731	106,833	149,715
Less: Unallocated expenses					(8,804)	(12,552)
Profit from operations					98,029	137,163
Interest expense					(6,512)	(154)
Interest income					1,014	1,837
Share of results of associates					27	49
Profit before tax					92,558	138,895
Tax expense					(28,223)	(45,082)
Profit for the period					64,335	93,813
Segment assets	1,021,680	954,188	2,518,505	2,049,698	3,540,185	3,003,886
Unallocated assets					77,669	51,082
					3,617,854	3,054,968
Segment liabilities	1,025,807	1,057,232	299,073	296,310	1,324,880	1,353,542
Unallocated liabilities					440,808	35,945
					1,765,688	1,389,487

10 Effects of Changes in the Composition of the Group

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

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 2014.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2015 are as follows:

	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	2,511,919	3,297,279
Authorised and contracted for	703,529	679,537

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 RM811.1 million for the quarter ended 30 June 2015, a decrease of 5.4% over the performance of the preceding year corresponding quarter mainly due to weaker consumer spending after the implementation of GST in April 2015. Correspondingly, profit before tax of RM22.3 million was 69.1% lower as compared to RM72.2 million registered in the previous year corresponding quarter mainly attributed by lower sales, higher operating costs, higher interest expenses and the results of previous year corresponding quarter had included a gain on disposal of 18.18% undivided share of the land and building of AEON Taman Universiti Shopping Centre of RM14.2 million.

Revenue from retail business segment decreased by 7.8% to RM677.1 million as compared to the preceding year corresponding quarter as a result of the softer consumer sentiments post-implementation of GST in the second quarter.

Revenue from its property management services segment recorded a growth of 8.7%, at RM134.0 million over the previous year corresponding quarter of RM123.3 million mainly due to the contributions from its new shopping centres which commenced operations in 2014.

Financial Year-to-date results

For the first half ended 30 June 2015, the Group posted a total revenue of RM1.92 billion, which represent an increase of 6.4% as compared with the previous year corresponding period of RM1.80 billion. However, profit before tax for the financial year-to-date of RM92.6 million was 33.4% lower than the previous year corresponding period-to-date of RM138.9 million due to higher operation costs, initial costs associated with new stores openings including its subsidiary and the results of previous year corresponding period had included a gain on disposal of 18.18% undivided share of the land and building of AEON Taman Universiti Shopping Centre of RM14.2 million.

Total revenue registered by the retail business segment for the financial year-to-date increased by 6.2% to RM1.65 billion compared to RM1.55 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 7.7%, at RM270.2 million over the previous year corresponding period-to-date due to contributions from its new shopping centres that were opened in 2014.

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

The profit before tax of RM22.3 million for the quarter was lower than the preceding quarter of RM70.3 million mainly due to the lower revenue registered in post GST implementation period as a result of weaker consumer sentiments. The revenue for the first quarter was also higher due to festive seasons and pre-GST buying by consumers.

3 Current Year Prospects

The economic and business environment in the second half 2015 will remain challenging with the dampened consumer sentiment as a result of higher cost of living and impact from GST implementation. The Group will continue to deploy strategic marketing promotions including brand loyalty activities together with cost efficiency efforts to deliver a satisfactory performance in 2015.

4 Tax expense

Tax expense comprises:

	3 months ended		6 months ended	
	30 Jun 2015 RM'000	30 Jun 2014 RM'000	30 Jun 2015 RM'000	30 Jun 2014 RM'000
Current tax expense	7,090	22,993	31,114	42,913
Deferred tax expense	(50)	2,219	(2,891)	2,169
	<u>7,040</u>	<u>25,212</u>	<u>28,223</u>	<u>45,082</u>

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

5 Status of Corporate Proposals

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

6 Borrowings and Debt Securities

The Group's borrowings as at 30 June 2015 are as follows:

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Current		
Revolving credit facilities	224,400	136,400
Short-term loan	200,000	-
	<u>424,000</u>	<u>136,400</u>

The borrowings are unsecured and denominated in Ringgit Malaysia.

7 Changes in Material Litigation

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

8 Dividend

No dividend was proposed or declared for the current financial period ended 30 June 2015.

9 Qualification of Audit Report of the Preceding Annual Financial Statements

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

10 Earnings Per Share

	3 months ended		6 months ended	
	30 Jun 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014
Profit attributable to the owners for the period (RM'000)	15,662	46,956	65,059	93,831
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)	<u>1.12</u>	<u>3.34</u>	<u>4.63</u>	<u>6.68</u>

Diluted earnings per share is not applicable for the Group.

11 Disclosure of Realised and Unrealised Profit or Losses

The retained earnings as at 30 June 2015 is analysed as follows:

	30 Jun 2015	31 Dec 2014
	RM'000	RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,061,696	1,012,420
- unrealised	35,120	19,364
Total share of retained earnings of associates:		
- realised	823	796
Total retained earnings of the Group	<u>1,097,639</u>	<u>1,032,580</u>

12 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	53,391	43,986	107,522	86,152
Impairment loss:				
- trade receivables	-	2	-	45
Loss on foreign exchange	18	3	18	16
Property, plant and equipment written off	96	93	260	252
And after crediting:				
Gain on disposal of property, plant and equipment	11	427	12	426
Gain on disposal of assets classified as held for sale	-	14,243	-	14,243
Reversal of impairment loss:				
- trade receivables	83	-	117	-

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