

AEON CO. (M) BHD.

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

Unaudited results of the Group for the fourth quarter ended 31 December 2015.

Condensed consolidated statement of profit or loss

For the twelve months ended 31 December 2015

	3 months ended 31 December		12 months ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	975,665	971,659	3,834,640	3,705,477
Total operating expenses	(900,580)	(882,519)	(3,616,813)	(3,435,300)
Other operating income	4,022	12,859	9,170	31,962
Profit from operations	<u>79,107</u>	<u>101,999</u>	<u>226,997</u>	<u>302,139</u>
Interest expense	(6,781)	(2,737)	(18,452)	(3,889)
Interest income	481	573	1,998	2,653
Share of results of associates	294	316	298	424
Profit before tax	<u>73,101</u>	<u>100,151</u>	<u>210,841</u>	<u>301,327</u>
Tax expense	(35,339)	(25,677)	(79,170)	(89,450)
Profit for the period	<u><u>37,762</u></u>	<u><u>74,474</u></u>	<u><u>131,671</u></u>	<u><u>211,877</u></u>
Profit attributable to:				
Owners of the Company	38,314	75,211	133,407	212,706
Non-controlling interests	(552)	(737)	(1,736)	(829)
Profit for the period	<u><u>37,762</u></u>	<u><u>74,474</u></u>	<u><u>131,671</u></u>	<u><u>211,877</u></u>
Basic earnings per ordinary share (sen) (Note B11)	2.73	5.36	9.50	15.15

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 fourth quarter ended 31 December 2015.

Condensed consolidated statement of other comprehensive income

For the twelve months ended 31 December 2015

	3 months ended 31 December		12 months ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	37,762	74,474	131,671	211,877
Other comprehensive income:				
Gain/(loss) on fair value of available-for-sale investments	(5,077)	(11,146)	(310)	(8,421)
Comprehensive income for the period	<u>32,685</u>	<u>63,328</u>	<u>131,361</u>	<u>203,456</u>
Comprehensive income attributable to:				
Owners of the Company	33,237	64,065	133,097	204,285
Non-controlling interests	(552)	(737)	(1,736)	(829)
Comprehensive income for the period	<u>32,685</u>	<u>63,328</u>	<u>131,361</u>	<u>203,456</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.

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position

As at 31 December 2015

	31 December 2015 RM'000	31 December 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,032,092	2,608,538
Intangible assets	18,393	10,019
Investment in associates	7,108	6,811
Available-for-sale investments	36,842	37,152
	3,094,435	2,662,520
Current assets		
Inventories	577,517	518,842
Receivables, deposits and prepayments	87,078	101,900
Tax Recoverable	3,908	-
Cash and cash equivalents	213,857	76,742
Assets classified as held for sale	65,508	-
	947,868	697,484
TOTAL ASSETS	4,042,303	3,360,004
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,131,599	1,068,702
Equity attributable to owners of the Company	1,833,599	1,770,702
Non-controlling interests	10,935	12,671
TOTAL EQUITY	1,844,534	1,783,373
LIABILITIES		
Non-current liabilities		
Long term borrowings	79,167	-
Deferred tax liabilities	21,151	19,299
	100,318	19,299
Current liabilities		
Short term borrowings	690,705	136,400
Payables and accruals	1,406,746	1,417,439
Taxation	-	3,493
	2,097,451	1,557,332
TOTAL LIABILITIES	2,197,769	1,576,631
TOTAL EQUITY AND LIABILITIES	4,042,303	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 twelve months ended 31 December 2015

	← Attributable to owners of the Company →					
	Non-distributable		Distributable		Non-controlling interests	Total equity
	Share capital	Fair value reserve	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	-	(310)	133,407	133,097	(1,736)	131,361
Final dividend in respect of year ended 31 December 2014 (Note A7)	-	-	(70,200)	(70,200)	-	(70,200)
At 31 December 2015	<u>702,000</u>	<u>35,812</u>	<u>1,095,787</u>	<u>1,833,599</u>	<u>10,935</u>	<u>1,844,534</u>
At 1 January 2014	351,000	44,543	1,248,094	1,643,637	-	1,643,637
Total comprehensive income for the period	-	(8,421)	212,706	204,285	(829)	203,456
Issuance of shares to non-controlling interests	-	-	-	-	13,500	13,500
Bonus Issue	351,000	-	(351,000)	-	-	-
Final dividend in respect of year ended 31 December 2013	-	-	(77,220)	(77,220)	-	(77,220)
At 31 December 2014	<u>702,000</u>	<u>36,122</u>	<u>1,032,580</u>	<u>1,770,702</u>	<u>12,671</u>	<u>1,783,373</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 twelve months ended 31 December 2015

	31 December 2015	31 December 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	210,841	301,327
Adjustments for:		
Non-cash items	222,671	168,919
Non-operating items	14,613	(356)
Operating profit before changes in working capital	<u>448,125</u>	<u>469,890</u>
Changes in working capital:		
Net change in current assets	(55,862)	(78,854)
Net change in current liabilities	(10,693)	81,977
Cash generated from operations	<u>381,570</u>	<u>473,013</u>
Tax paid	<u>(84,719)</u>	<u>(108,379)</u>
Net cash generated from operating activities	<u>296,851</u>	<u>364,634</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(709,479)	(676,265)
Deposit paid as part of purchase consideration for acquisition of land	(4,850)	(21,431)
Deposit refunded for cancellation of acquisition of land	2,819	-
Proceeds from disposal of property, plant and equipment and intangible assets	3,115	3,959
Proceeds from disposal of assets classified as held for sale	-	19,250
Dividend received	1,841	1,591
Interest received	1,998	2,653
Net cash used in investing activities	<u>(704,556)</u>	<u>(670,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(18,452)	(3,889)
Proceeds from short term borrowings	554,305	136,400
Proceeds from long term borrowings	79,167	-
Dividend paid	(70,200)	(77,220)
Proceeds from issuance of shares to non-controlling interests	-	13,500
Net cash generated from financing activities	<u>544,820</u>	<u>68,791</u>
Net change in cash and cash equivalents	137,115	(236,818)
Cash and cash equivalents at 1 January	<u>76,742</u>	<u>313,560</u>
Cash and cash equivalents at 31 December	<u>213,857</u>	<u>76,742</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 31 December 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 fourth quarter was higher than the third quarter mainly due to the festive seasons in the fourth 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.

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

On 25 February 2016, the Company announced a proposal to establish an Islamic Commercial Papers Programme (“ICP Programme”) with a limit of up to RM300.0 million and an Islamic Medium Term Notes Programme (“IMTN Programme”) with a limit of up to RM1.0 billion, under a combined master limit of up to RM1.0 billion in nominal value based on the Shariah principle of Murabahah via Tawarruq arrangement (collectively, the “Sukuk Programmes”)

The Sukuk Programmes were lodged with the Securities Commission Malaysia (“SC”) on 24 February 2016 subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Sukuk issued by the SC.

The ICP Programme shall have a tenure of seven (7) years from the date of first issue of ICP. Each ICP shall have maturities of any tenure from one (1) to twelve (12) months from the date of issuance, as the Company may select, provided that the ICP mature on or prior to the expiry of the ICP Programme. The IMTN Programme shall have a tenure of fifteen (15) years from the date of first issue of IMTN. Each IMTN shall have maturities of any tenure of more than one (1) year and up to ten (10) years, as the Company may select, provided that the IMTN mature on or prior to the expiry of the IMTN Programme.

Proceeds from the issuance of the Sukuk Programmes shall be utilised by the Company for financing capital expenditure and/or working capital, expansion and/or acquisition, refinance existing Islamic financing and/or borrowings and defray expenses in setting up the Sukuk Programmes.

9 Effects of Changes in the Composition of the Group

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

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	12 months ended		12 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,288,832	3,193,194	545,808	512,283	3,834,640	3,705,477
Segmental profit	44,474	117,769	208,028	218,020	252,502	335,789
Less: Unallocated expenses					(25,505)	(33,650)
Profit from operations					226,997	302,139
Interest expense					(18,452)	(3,889)
Interest income					1,998	2,653
Share of results of associates					298	424
Profit before tax					210,841	301,327
Tax expense					(79,170)	(89,450)
Profit for the period					131,671	211,877
Segment assets	1,098,619	1,066,512	2,767,211	2,244,904	3,865,830	3,311,416
Unallocated assets					176,473	48,588
					4,042,303	3,360,004
Segment liabilities	1,073,207	1,078,897	333,539	338,543	1,406,746	1,417,440
Unallocated liabilities					791,023	159,191
					2,197,769	1,576,631

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 31 December 2015 are as follows:

	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Property, plant and equipment		
Authorised but not contracted for	2,412,268	3,297,279
Authorised and contracted for	649,441	679,537

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's total revenue increased by 0.4% to RM975.7 million compared to RM971.7 million recorded in the previous year corresponding quarter. However, profit before tax of RM73.1 million was 27.0% lower as compared to RM100.2 million registered in the previous year corresponding quarter mainly due to higher operating costs, higher interest expenses and initial costs associated with newly opened stores.

Revenue from retail business segment decreased by 0.4% to RM834.7 million as compared to the preceding year corresponding quarter of RM838.2 million due to the weaker consumer sentiment post-implementation of GST and weakening of the Ringgit.

Revenue from its property management services segment recorded a growth of 5.7% at RM141.0 million over the previous year corresponding quarter of RM133.4 million mainly due to the contributions from its new shopping centres.

Financial Year-to-date results

For the year ended 31 December 2015, the Group posted a total revenue of RM3.83 billion, which represent an increase of 3.5% as compared with the previous year of RM3.71 billion. However, profit before tax for the financial year of RM210.8 million was 30.0% lower than the previous year of RM301.3 million mainly due to higher operating costs, interest expenses and initial costs associated with newly opened stores including its subsidiary. The results of previous year 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 increased by 3.0% to RM3.29 billion compared to RM3.19 billion recorded in the preceding financial year. The higher revenue was mainly attributed by the contributions from the full year operations of its new stores that opened in the previous year.

Revenue from its property management services segment for the financial year at RM545.8 million registered growth of 6.5% over the previous financial year of RM512.3 million mainly 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 RM73.1 million for the quarter was higher than the preceding quarter of RM45.2 million mainly due to the higher revenue and margin generated in the current quarter.

3 Current Year Prospects

In the light of the current tough economic environment, current 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 grow.

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		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense	30,546	33,070	77,318	94,725
Deferred tax expense	4,793	(7,393)	1,852	(5,275)
	<u>35,339</u>	<u>25,677</u>	<u>79,170</u>	<u>89,450</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

In relation to note A8, there were no other 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 December 2015 are as follows:

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Non-Current		
Long-term loan	<u>79,167</u>	-
	<u>79,167</u>	-
Current		
Revolving credit facilities	644,872	136,400
Short-term loan	<u>45,833</u>	-
	<u>690,705</u>	<u>136,400</u>

The borrowings are unsecured and denominated in Ringgit Malaysia except for RM46.7 million which is denominated in US Dollar of which the foreign exchange exposure had been hedged and the loan was subsequently settled after year end.

8 Changes in Material Litigation

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

9 Dividend

- (a) (i) A first and final dividend of 4.0 sen per share have been recommended for the financial year ended 31 December 2015;
(ii) total net dividend payable amounted to RM56,160,000;
(iii) date payable to be determined later; and
(iv) in respect of deposited securities, the date of entitlement to dividend will be determined later.
- (b) For the year ended 31 December 2014, a first and final dividend of 5.0 sen per share amounting to RM70,200,000 was paid on 8 July 2015.
- (c) The dividend recommended for year ended 31 December 2015 will be subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on the day which shall be announced later.

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		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Profit attributable to the owners for the period (RM'000)	38,314	75,211	133,407	212,706
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)	2.73	5.36	9.50	15.15

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 December 2015 is analysed as follows:

	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,078,181	1,012,420
- unrealised	16,513	19,364
Total share of retained earnings of associates:		
- realised	1,093	796
Total retained earnings of the Group	1,095,787	1,032,580

13 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortization	55,937	50,435	216,937	183,511
Impairment loss:				
- trade receivables	(14)	43	14	43
- property, plant and equipment	2,003	-	2,003	-
Interest expense	6,781	2,737	18,452	3,889
Loss/(Gain) on foreign exchange	(177)	(8)	568	(35)
Property, plant and equipment written off	436	401	777	810
And after crediting:				
Dividend income	924	848	1,841	1,591
Gain on disposal of property, plant and equipment	710	1	1,013	736
Gain on disposal of assets classified as held for sale	-	-	-	14,243
Interest income	481	573	1,998	2,653
Reversal of impairment loss:				
- trade receivables	-	61	-	17

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