

AEON CO. (M) BHD.

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

Unaudited results of the Group for the second quarter ended 30 June 2016.

Condensed consolidated statement of profit or loss

For the six months ended 30 June 2016

	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	974,771	811,103	2,050,446	1,918,176
Total operating expenses	(935,254)	(786,179)	(1,962,613)	(1,822,862)
Other operating income	1,805	1,325	3,295	2,715
Profit from operations	<u>41,322</u>	<u>26,249</u>	<u>91,128</u>	<u>98,029</u>
Interest expense	(9,659)	(4,469)	(15,394)	(6,512)
Interest income	398	482	1,030	1,014
Share of results of associates	104	39	325	27
Profit before tax	<u>32,165</u>	<u>22,301</u>	<u>77,089</u>	<u>92,558</u>
Tax expense	(14,170)	(7,040)	(31,083)	(28,223)
Profit for the period	<u><u>17,995</u></u>	<u><u>15,261</u></u>	<u><u>46,006</u></u>	<u><u>64,335</u></u>
Profit attributable to:				
Owners of the Company	19,076	15,662	47,782	65,059
Non-controlling interests	(1,081)	(401)	(1,776)	(724)
Profit for the period	<u><u>17,995</u></u>	<u><u>15,261</u></u>	<u><u>46,006</u></u>	<u><u>64,335</u></u>
Basic earnings per ordinary share (sen) (Note B11)	1.36	1.12	3.40	4.63

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 second quarter ended 30 June 2016.

Condensed consolidated statement of other comprehensive income

For the six months ended 30 June 2016

	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	17,995	15,261	46,006	64,335
Other comprehensive income:				
Gain on fair value of available-for-sale investments	557	805	3,220	4,458
Comprehensive income for the period	<u>18,552</u>	<u>16,066</u>	<u>49,226</u>	<u>68,793</u>
Comprehensive income attributable to:				
Owners of the Company	19,633	16,467	51,002	69,517
Non-controlling interests	(1,081)	(401)	(1,776)	(724)
Comprehensive income for the period	<u>18,552</u>	<u>16,066</u>	<u>49,226</u>	<u>68,793</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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(Incorporated in Malaysia)

Condensed consolidated statement of financial position

As at 30 June 2016

	30 June 2016 RM'000	31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,312,415	3,032,092
Intangible assets	21,179	18,393
Investment in associates	7,434	7,108
Available-for-sale investments	40,062	36,842
Other assets	16,583	16,208
	3,397,673	3,110,643
Current assets		
Inventories	641,733	577,517
Receivables, deposits and prepayments	79,175	70,870
Tax Recoverable	13,248	3,908
Cash and cash equivalents	110,103	213,857
Assets classified as held for sale	65,533	65,508
	909,792	931,660
TOTAL ASSETS	<u>4,307,465</u>	<u>4,042,303</u>
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,182,601	1,131,599
Equity attributable to owners of the Company	<u>1,884,601</u>	<u>1,833,599</u>
Non-controlling interests	16,659	10,935
TOTAL EQUITY	<u>1,901,260</u>	<u>1,844,534</u>
LIABILITIES		
Non-current liabilities		
Borrowings	129,167	79,167
Other liabilities	6,771	6,771
Deferred tax liabilities	21,050	21,151
	156,988	107,089
Current liabilities		
Borrowings	735,500	690,705
Payables and accruals	1,513,717	1,399,975
	2,249,217	2,090,680
TOTAL LIABILITIES	2,406,205	2,197,769
TOTAL EQUITY AND LIABILITIES	<u>4,307,465</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 six months ended 30 June 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	-	3,220	47,782	51,002	(1,776)	49,226
Issuance of shares to non- controlling interests	-	-	-	-	7,500	7,500
At 30 June 2016	<u>702,000</u>	<u>39,032</u>	<u>1,143,569</u>	<u>1,884,601</u>	<u>16,659</u>	<u>1,901,260</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	-	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>

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 six months ended 30 June 2016

	30 June 2016 RM'000	30 June 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	77,089	92,558
Adjustments for:		
Non-cash items	124,553	107,743
Non-operating items	14,203	5,498
Operating profit before changes in working capital	<u>215,845</u>	<u>205,799</u>
Changes in working capital:		
Net change in current assets	(72,930)	7,765
Net change in current liabilities	113,778	(92,559)
Cash generated from operations	<u>256,693</u>	<u>121,005</u>
Tax paid	<u>(40,525)</u>	<u>(57,228)</u>
Net cash generated from operating activities	<u>216,168</u>	<u>63,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(408,354)	(281,607)
Deposit paid as part of purchase consideration for acquisition of land	-	(48,372)
Proceeds from disposal of property, plant and equipment and intangible assets	340	256
Dividend received	161	-
Interest received	1,030	1,014
Net cash used in investing activities	<u>(406,823)</u>	<u>(328,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(15,394)	(6,512)
Proceeds from issuance of shares to non-controlling interests	7,500	-
Net proceeds from borrowings	94,795	288,000
Net cash generated from financing activities	<u>86,901</u>	<u>281,488</u>
Net change in cash and cash equivalents	(103,754)	16,556
Cash and cash equivalents at 1 January	<u>213,857</u>	<u>76,742</u>
Cash and cash equivalents at 30 June	<u>110,103</u>	<u>93,298</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 June 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 second quarter was lower than the first quarter mainly 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.

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 2015.

8 Events Subsequent to the end of reporting period

On 12 July 2016, further to the Group's announcement on 26 December 2014, in relation to the SPA with Ireka Engineering & Construction Company Sdn. Bhd. ("Vendor") dated 26 December 2014 in respect of the acquisition of a piece of freehold land held under H.S.(D) 64701, Lot PT 10334, Pekan Senawang, Daerah Seremban, Negeri Sembilan, for the purpose of constructing a shopping centre, the Group announced that the SPA dated 26 December 2014 pertaining to the said property has been aborted on 12 July 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 and Balance Deposit totaling RM5,366,243.52 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	
	6 months ended		6 months ended		6 months ended	
	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,756,910	1,647,950	293,536	270,226	2,050,446	1,918,176
Segmental profit/(loss)	2,521	2,318	103,937	104,515	106,458	106,833
Less: Unallocated expenses					(15,330)	(8,804)
Profit from operations					91,128	98,029
Interest expense					(15,394)	(6,512)
Interest income					1,030	1,014
Share of results of associates					325	27
Profit before tax					77,089	92,558
Tax expense					(31,083)	(28,223)
Profit for the period					46,006	64,335
Segment assets	1,273,419	1,021,680	2,959,988	2,518,505	4,233,407	3,540,185
Unallocated assets					74,058	77,669
					4,307,465	3,617,854
Segment liabilities	1,159,226	1,025,807	361,262	299,073	1,520,488	1,324,880
Unallocated liabilities					885,717	440,808
					2,406,205	1,765,688

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 June 2016 are as follows:

	30 Jun 2016	31 Dec 2015
	RM'000	RM'000
Property, plant and equipment		
Authorised but not contracted for	1,831,846	2,412,268
Authorised and contracted for	504,154	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 RM974.8 million for the quarter ended 30 June 2016, which was increased by 20.2% when compared to the preceding year corresponding quarter of RM811.1 million mainly due to the lower revenue generated in post Goods and Services Tax environment in previous year corresponding quarter. Profit before tax of RM32.2 million was 44.2% higher as compared to RM22.3 million registered in the previous year corresponding quarter mainly due to the higher revenue registered in the current year quarter.

Retail business registered RM824.4 million, which was higher by 21.8% as compared to the preceding year corresponding quarter mainly attributed by the contributions from its new stores and the lower revenue generated after Goods and Service Tax implementation.

Revenue from its property management services segment recorded a growth of 12.2% at RM150.3 million over the previous year corresponding quarter of RM134.0 million mainly due to the contributions from its new shopping malls.

Financial Year-to-date results

For the first half ended 30 June 2016, the Group posted a total revenue of RM2.05 billion, which represent an increase of 6.9% as compared with the previous year corresponding period of RM1.92 billion. However, profit before tax for the financial year-to-date of RM77.1 million was 16.7% lower than the previous year corresponding period-to-date of RM92.6 million due to higher operation and interest costs 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 6.6% to RM1.76 billion compared to RM1.65 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 8.6%, at RM293.5 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 RM32.2 million for the quarter was lower than the preceding quarter of RM44.9 million mainly due to the higher revenue recorded in the preceding quarter as a result of the festive seasons.

3 Current Year Prospects

The economic and business environment in the second half of 2016 remains as challenging with the cautious consumer sentiment as a result of higher cost of living. The Group expects its performance for the second half of the financial year 2016 to be equally difficult. The Group with its established presence and competitive strengths, will continue to employ appropriate pricing, merchandise assortment, store layouts, marketing strategies and operational efficiency efforts to ensure that its core businesses remain improved.

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		6 months ended	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	14,220	7,090	31,183	31,114
Deferred tax expense	(50)	(50)	(100)	(2,891)
	<u>14,170</u>	<u>7,040</u>	<u>31,083</u>	<u>28,223</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 June 2016 are as follows:

	30 Jun 2016	31 Dec 2015
	RM'000	RM'000
Non-Current		
Term loan	129,167	79,167
	<u>129,167</u>	<u>79,167</u>
Current		
Revolving credit facilities	423,400	644,872
Term loan	87,500	45,833
Islamic Medium Term Notes/Commercial papers	224,600	-
	<u>735,500</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 June 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		6 months ended	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Profit attributable to the owners for the period (RM'000)	19,076	15,662	47,782	65,059
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)	1.36	1.12	3.40	4.63

Diluted earnings per share is not applicable for the Group.

12 Disclosure of Realised and Unrealised Profit or Losses

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

	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,125,963	1,078,181
- unrealised	16,187	16,513
Total share of retained earnings of associates:		
- realised	1,419	1,093
Total retained earnings of the Group	1,143,569	1,095,787

13 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 Jun 2016 RM'000	30 Jun 2015 RM'000	30 Jun 2016 RM'000	30 Jun 2015 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	66,383	53,391	124,910	107,522
Impairment loss:				
- trade receivables	546	-	603	-
Interest expense	9,659	4,469	15,394	6,512
Loss/(Gain) on foreign exchange	(12)	18	191	18
Property, plant and equipment written off	135	96	187	260
And after crediting:				
Gain on disposal of property, plant and equipment	203	11	219	12
Interest income	398	482	1,031	1,014
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.