

AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))

(Incorporated in Malaysia)

Unaudited results of the Company for the first quarter ended 31 March 2020.

Condensed statement of profit or loss

For the three months ended 31 March 2020

| | 3 months ended 31 March | | 3 months ended 31 March | |
|---|----------------------------|----------------------|----------------------------|----------------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Revenue | 1,190,869 | 1,206,876 | 1,190,869 | 1,206,876 |
| Total operating expenses | (1,128,267) | (1,116,253) | (1,128,267) | (1,116,253) |
| Other operating income | 1,445 | 1,554 | 1,445 | 1,554 |
| Profit from operations | <u>64,047</u> | <u>92,177</u> | <u>64,047</u> | <u>92,177</u> |
| Interest expense | | | | |
| - Lease interest | (29,065) | (28,483) | (29,065) | (28,483) |
| - Interest charges | (8,456) | (8,506) | (8,456) | (8,506) |
| | <u>(37,521)</u> | <u>(36,989)</u> | <u>(37,521)</u> | <u>(36,989)</u> |
| Interest income | 244 | 414 | 244 | 414 |
| Share of results of associates | (1,402) | 87 | (1,402) | 87 |
| Profit before tax | <u>25,368</u> | <u>55,689</u> | <u>25,368</u> | <u>55,689</u> |
| Tax expense | (17,895) | (23,053) | (17,895) | (23,053) |
| Profit for the period | <u><u>7,473</u></u> | <u><u>32,636</u></u> | <u><u>7,473</u></u> | <u><u>32,636</u></u> |
| Basic earnings per ordinary share (sen) (Note B11) | 0.53 | 2.32 | 0.53 | 2.32 |

The Condensed 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))

(Incorporated in Malaysia)

Unaudited results of the Company for the first quarter ended 31 March 2020.

Condensed statement of other comprehensive income

For the three months ended 31 March 2020

| | 3 months ended 31 March | | 3 months ended 31 March | |
|---|----------------------------|----------------|----------------------------|----------------|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Profit for the period | 7,473 | 32,636 | 7,473 | 32,636 |
| Other comprehensive income: | | | | |
| (Loss) / Gain on fair value of other investments | (26,656) | 6,966 | (26,656) | 6,966 |
| Comprehensive income for the period | <u>(19,183)</u> | <u>39,602</u> | <u>(19,183)</u> | <u>39,602</u> |

The Condensed 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))
(Incorporated in Malaysia)

Condensed statement of financial position

As at 31 March 2020

| | 31 March 2020 RM'000 | 31 December 2019 RM'000 |
|---------------------------------------|-------------------------|----------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 3,591,415 | 3,647,203 |
| Intangible assets | 13,542 | 11,980 |
| Right-of-use Assets | 1,731,286 | 1,772,427 |
| Investment in associates | 9,532 | 10,934 |
| Other investments | 39,010 | 65,666 |
| Other assets | 18,713 | 19,024 |
| Deferred tax assets | 120,109 | 120,059 |
| | 5,523,607 | 5,647,293 |
| Current assets | | |
| Inventories | 705,175 | 754,072 |
| Contract Assets | 6,458 | 19,728 |
| Receivables, deposits and prepayments | 76,911 | 49,699 |
| Cash and cash equivalents | 24,974 | 66,982 |
| | 813,518 | 890,481 |
| TOTAL ASSETS | 6,337,125 | 6,537,774 |
| EQUITY AND LIABILITIES | | |
| Share capital | 702,000 | 702,000 |
| Reserves | 974,487 | 993,670 |
| TOTAL EQUITY | 1,676,487 | 1,695,670 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 153,810 | 205,080 |
| Lease Liabilities | 2,107,947 | 2,146,022 |
| Other liabilities | 20,774 | 20,774 |
| | 2,282,531 | 2,371,876 |
| Current liabilities | | |
| Contract Liabilities | 140,136 | 154,182 |
| Borrowings | 877,080 | 723,580 |
| Lease Liabilities | 148,382 | 147,076 |
| Payables and accruals | 1,206,372 | 1,435,240 |
| Current tax liability | 6,137 | 10,150 |
| | 2,378,107 | 2,470,228 |
| TOTAL LIABILITIES | 4,660,638 | 4,842,104 |
| TOTAL EQUITY AND LIABILITIES | 6,337,125 | 6,537,774 |

The Condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))
(Incorporated in Malaysia)

Condensed statement of changes in equity For the three months ended 31 March 2020

| | Non-distributable | | Distributable | Total |
|---|-------------------|--------------------|-------------------|------------------|
| | Share capital | Fair value reserve | Retained earnings | equity |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2020 | 702,000 | 64,636 | 929,034 | 1,695,670 |
| Total comprehensive income for the period | - | (26,656) | 7,473 | (19,183) |
| At 31 March 2020 | <u>702,000</u> | <u>37,980</u> | <u>936,507</u> | <u>1,676,487</u> |
| At 1 January 2019 | 702,000 | 70,023 | 1,248,352 | 2,020,375 |
| Impact of change in accounting policy | - | - | (372,450) | (372,450) |
| Adjusted balance at 1 January 2019 | 702,000 | 70,023 | 875,902 | 1,647,925 |
| Total comprehensive income for the period | - | 6,966 | 32,636 | 39,602 |
| At 31 March 2019 | <u>702,000</u> | <u>76,989</u> | <u>908,538</u> | <u>1,687,527</u> |

The Condensed statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))

(Incorporated in Malaysia)

Condensed statement of cash flows

For the three months ended 31 March 2020

| | 31 March 2020 RM'000 | 31 March 2019 RM'000 |
|--|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 25,368 | 55,689 |
| Adjustments for: | | |
| Non-cash items | | |
| - Right-of-use asset depreciation | 41,141 | 40,998 |
| - Others | 84,718 | 78,502 |
| | 125,859 | 119,500 |
| Non-operating items | | |
| - Lease interest | 29,065 | 28,483 |
| - Others | 8,213 | 8,092 |
| | 37,278 | 36,575 |
| Operating profit before changes in working capital | 188,505 | 211,764 |
| Changes in working capital: | | |
| Net change in current assets | 35,266 | 28,245 |
| Net change in current liabilities | (242,915) | (167,426) |
| Cash generated from operations | (19,144) | 72,583 |
| Tax paid | (21,958) | (21,341) |
| Net cash generated from operating activities | (41,102) | 51,242 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment and intangible assets | (29,090) | (68,540) |
| Interest received | 244 | 414 |
| Net cash used in investing activities | (28,846) | (68,126) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of lease liabilities | (65,834) | (65,832) |
| Net borrowings | 102,230 | 70,713 |
| Interest paid | (8,456) | (8,506) |
| Net cash used in financing activities | 27,940 | (3,625) |
| Net change in cash and cash equivalents | (42,008) | (20,509) |
| Cash and cash equivalents at 1 January | 66,982 | 82,154 |
| Cash and cash equivalents at 31 March | 24,974 | 61,645 |

The Condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the year ended 31 March 2020

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 2019.

2 Significant Accounting Policies

The accounting policies applied by the Company in these interim financial statements are consistent with those applied by the Company in its annual financial statements for the year ended 31 December 2019 except for the adoption of the following Amendments to Standards during the current financial period:

| | |
|------------------------|---|
| Amendments to MFRS 3 | Business Combinations – Definition of a Business |
| Amendments to MFRS 101 | Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material |
| Amendments to MFRS 9 | Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform |

Malaysian Accounting Standards Board had issued the following amendments and new standards which are effective for the following financial years:

(i) Financial year beginning on or after 1 January 2021:

| | |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

(ii) Financial year beginning on or after 1 January 2022:

| | |
|------------------------|--|
| Amendments to MFRS 101 | Presentation of Financial Statements – Classification of Liabilities as Current or Non-current |
|------------------------|--|

(iii) Effective date yet to be confirmed:

| | |
|-----------------------|--|
| Amendments to MFRS 10 | Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|-----------------------|--|

The initial application of the accounting standards, amendments and interpretations that are effective from 1 January 2020 do not have any material financial impacts to the current and prior financial year of the Company.

3 Seasonality or Cyclicity of Interim Operations

The Company's revenue for the first quarter was slightly higher than the preceding quarter by 1.8% mainly due to the festive season in the current quarter, though this is mitigated by the impact from the first phase movement control restriction in March as a result of the Covid-19 outbreak.

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 current financial period.

5 Changes in Estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current financial 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

Subsequent to 31 December 2019, the World Health Organisation declared the Covid-19 a pandemic. This Covid-19 outbreak will have an impact on the economy, both global and domestically, including the retail industry sector in which the Company operates. Authorities worldwide have announced economic stimulus packages to shield their economies from this outbreak to protect businesses and employment. The Company considers this outbreak as a non-adjusting subsequent event. While the Company may experience business interruption from its core businesses, the Company is actively monitoring and managing the operations to minimise any potential impact.

Other than the above, 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 Company

There were no changes in the composition of the Company 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 2020 | 31 Mar 2019 | 31 Mar 2020 | 31 Mar 2019 | 31 Mar 2020 | 31 Mar 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,021,868 | 1,031,652 | 169,001 | 175,224 | 1,190,869 | 1,206,876 |
| Segmental profit | 20,219 | 33,562 | 55,677 | 66,999 | 75,896 | 100,561 |
| Less: Unallocated expenses | | | | | (11,848) | (8,384) |
| Profit from operations | | | | | 64,047 | 92,177 |
| Interest expense | | | | | | |
| - Lease interest | | | | | (29,065) | (28,483) |
| - Interest charges | | | | | (8,456) | (8,506) |
| Interest income | | | | | 244 | 414 |
| Share of results of associates | | | | | (1,402) | 87 |
| Profit before tax | | | | | 25,368 | 55,689 |
| Tax expense | | | | | (17,895) | (23,053) |
| Profit for the year | | | | | 7,473 | 32,636 |
| Segment assets | 1,655,787 | 1,666,268 | 4,552,952 | 4,669,998 | 6,208,739 | 6,336,266 |
| Unallocated assets | | | | | 128,386 | 125,603 |
| | | | | | 6,337,125 | 6,461,869 |
| Segment liabilities | 1,400,734 | 1,457,945 | 2,202,103 | 2,177,574 | 3,602,837 | 3,635,519 |
| Unallocated liabilities | | | | | 1,057,801 | 1,110,991 |
| | | | | | 4,660,638 | 4,746,510 |

Total revenue registered by the retail business segment for the quarter at RM1.02 billion was marginally lower by 0.9% compared to RM1.03 billion recorded in the previous year corresponding quarter mainly due to the lower general merchandise (“GMS”) sales recorded especially during the Movement Control Order (“MCO”) period whereby GMS were not allowed to operate. The segmental profit of RM20.2 million recorded lower as compared to RM33.6 million in the previous year corresponding period mainly due to the overall lower revenue recorded in GMS compared to previous year corresponding period.

Revenue from its property management services segment for the quarter at RM169.0 million was lower by 3.6%, over the previous year corresponding quarter of RM175.2 million. The shortfall in revenue was mainly due to the lower sales commission receivable from tenants, especially during the MCO period where non-essential services tenants were not allowed to operate. The segmental profit of RM55.7 million was lower as compared to RM66.9 million recorded in the previous year corresponding period mainly due to the same reasons.

11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company 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 of the total aggregate amount which had been mandated by the shareholders during the Annual General Meeting held on 30 May 2019.

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 2019.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2020 are as follows:

| | 31 Mar 2020 RM'000 | 31 Dec 2019 RM'000 |
|---|-------------------------------|-------------------------------|
| Property, plant and equipment | | |
| Contracted but not provided for and not payable | 8,571 | 11,546 |
| | | |

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

1 Review of Performance

Quarter results

| | Current Year Quarter 31 Mar 2020 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2019 RM'000 | Changes % |
|------------------------|--|--|----------------------|
| Revenue | 1,190,869 | 1,206,876 | (1.3%) |
| Profit from Operations | 64,047 | 92,177 | (30.7%) |
| Profit Before Tax | 25,368 | 55,689 | (54.4%) |

For the quarter under review, the Company registered a total revenue of RM1.19 billion, which was lower by 1.3% as compared with RM1.21 billion recorded in the preceding year corresponding quarter.

Retail business revenue registered RM1.02 billion, which was lower by 0.9% compared to the previous year corresponding quarter of RM1.03 billion mainly due to the lower GMS sales recorded especially during the MCO period. GMS being considered non-essential services was not allowed to operate during this period.

Revenue from its property management services segment at RM169.0 million, which was lower by 3.6% over the previous year corresponding quarter of RM175.2 million mainly due to the lower sales commission receivable from tenants, especially during the MCO period. Non-essential services tenants were not allowed to operate during the MCO period.

The profit before tax for the quarter under review at RM25.4 million was impacted by the lower revenue recorded and was lower by 54.4% compared to the previous year corresponding quarter of RM55.7 million.

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

| | Current Quarter 31 Mar 2020 RM'000 | Immediate Preceding Quarter 31 Dec 2019 RM'000 | Changes % |
|------------------------|---|---|----------------------|
| Revenue | 1,190,869 | 1,170,107 | 1.8% |
| Profit from Operations | 64,047 | 129,845 | (50.7%) |
| Profit Before Tax | 25,368 | 87,294 | (70.9%) |

The profit before tax of RM25.4 million for the quarter was lower than the immediate preceding quarter of RM87.3 million mainly due to the year-end rebate and higher profit margin in immediate preceding quarter.

3 Current Year Prospects

The COVID-19 outbreak declared as a pandemic by World Health Organisation has impacted the economy, both globally and domestically including retail industry sector. The Government has provided various economic stimulus packages to continue supporting businesses.

Under such challenging environment, while the Company experienced business interruptions to its core businesses during MCO period, the Company has actively taken pro-active business initiatives and operational measures including austerity cost measures, customer safety measures as well as welfare of its employees to ensure that its businesses remain resilient for the year.

4 Variance of Profit Forecast/Profit Guarantee

Not applicable as the Company did not publish any profit forecast or profit guarantee.

5 Tax expense

Tax expense comprises:

| | 3 months ended | |
|----------------------|-----------------------|-----------------------|
| | 31 Mar 2020 RM'000 | 31 Mar 2019 RM'000 |
| Current tax expense | 17,945 | 23,103 |
| Deferred tax expense | (50) | (50) |
| | 17,895 | 23,053 |

The Company'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

| | As at 31 Mar 2020 | | |
|-----------------------------|--|---|---|
| | Long term RM denomination (RM'000) | Short term RM denomination (RM'000) | Total borrowings RM denomination (RM'000) |
| Unsecured | | | |
| Term loan | 153,810 | 160,080 | 313,890 |
| Revolving credit facilities | - | 417,000 | 417,000 |
| Islamic Commercial Papers | - | 300,000 | 300,000 |
| | 153,810 | 877,080 | 1,030,890 |

| | As at 31 Mar 2019 | | |
|-----------------------------|--|---|---|
| | Long term RM denomination (RM'000) | Short term RM denomination (RM'000) | Total borrowings RM denomination (RM'000) |
| Unsecured | | | |
| Term loan | 313,890 | 172,747 | 486,637 |
| Revolving credit facilities | - | 579,500 | 579,500 |
| Islamic Commercial Papers | - | - | - |
| | 313,890 | 752,247 | 1,066,137 |

- (i) The term loans are unsecured, bears interest ranging from 3.81% to 4.39% (2019: 3.96% to 4.58%) per annum and are repayable on quarterly basis up to 30 November 2021.
- (ii) The unsecured revolving credit bear interest rates ranging from 2.95% to 3.27% (2019: 3.70% to 4.26%) per annum.
- (iii) The unsecured Islamic Commercial Papers, bear interest rate of 2.86% (2019: Nil) per annum.

8 Changes in Material Litigation

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

9 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2020.

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 2020 | 31 Mar 2019 |
| Profit attributable to the owners for the period (RM'000) | 7,473 | 32,636 |
| Weighted average number of ordinary shares in issue ('000) | 1,404,000 | 1,404,000 |
| Basic earnings per ordinary share (sen) | 0.53 | 2.32 |

Diluted earnings per share is not applicable for the Company.

12 Notes to the Statement of Comprehensive Income

| | 3 months ended | |
|---|-----------------------|-----------------------|
| | 31 Mar 2020 RM'000 | 31 Mar 2019 RM'000 |
| Profit for the period is arrived at after charging: | | |
| Depreciation and amortisation | 82,099 | 78,442 |
| Right-of-use asset depreciation | 41,141 | 40,998 |
| Lease rental | 6,533 | 3,353 |
| Interest expense | | |
| - lease interest | 29,065 | 28,483 |
| - interest charges | 8,456 | 8,506 |
| Impairment loss: | | |
| - trade receivables | 938 | 447 |
| (Gain)/Loss on foreign exchange | (7) | 33 |
| Property, plant and equipment written off | 1,218 | 146 |
| And after crediting: | | |
| Gain on disposal of property, plant and equipment | - | 166 |
| Interest income | 244 | 414 |

13 Significant changes in accounting policies

There was no significant changes in accounting policies as at the reporting date.

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