

# AEON CO. (M) BHD.

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

Unaudited results of the Group for the third quarter ended 30 September 2015.

## Condensed consolidated statement of profit or loss

For the nine months ended 30 September 2015

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	940,799	930,593	2,858,975	2,733,818
Total operating expenses	(893,371)	(869,895)	(2,716,233)	(2,552,781)
Other operating income	2,433	2,279	5,148	19,103
<b>Profit from operations</b>	<u>49,861</u>	<u>62,977</u>	<u>147,890</u>	<u>200,140</u>
Interest expense	(5,159)	(998)	(11,671)	(1,152)
Interest income	503	243	1,517	2,080
Share of results of associates	(23)	59	4	108
<b>Profit before tax</b>	<u>45,182</u>	<u>62,281</u>	<u>137,740</u>	<u>201,176</u>
Tax expense	(15,608)	(18,691)	(43,831)	(63,773)
<b>Profit for the period</b>	<u><u>29,574</u></u>	<u><u>43,590</u></u>	<u><u>93,909</u></u>	<u><u>137,403</u></u>
<b>Profit attributable to:</b>				
Owners of the Company	30,034	43,664	95,093	137,495
Non-controlling interests	(460)	(74)	(1,184)	(92)
<b>Profit for the period</b>	<u><u>29,574</u></u>	<u><u>43,590</u></u>	<u><u>93,909</u></u>	<u><u>137,403</u></u>
Basic earnings per ordinary share (sen) (Note B11)	2.14	3.11	6.77	9.79

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 third quarter ended 30 September 2015.

## Condensed consolidated statement of other comprehensive income

For the nine months ended 30 September 2015

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	29,574	43,590	93,909	137,403
<b>Other comprehensive income:</b>				
Gain on fair value of available-for-sale investments	310	(3,158)	4,768	2,725
<b>Comprehensive income for the period</b>	<u>29,884</u>	<u>40,432</u>	<u>98,677</u>	<u>140,128</u>
<b>Comprehensive income attributable to:</b>				
Owners of the Company	30,344	40,506	99,861	140,220
Non-controlling interests	(460)	(74)	(1,184)	(92)
<b>Comprehensive income for the period</b>	<u>29,884</u>	<u>40,432</u>	<u>98,677</u>	<u>140,128</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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## Condensed consolidated statement of financial position

As at 30 September 2015

	30 September 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,866,988	2,608,538
Intangible assets	10,149	10,019
Investment in associates	6,815	6,811
Available-for-sale investments	41,920	37,152
	2,925,872	2,662,520
<b>Current assets</b>		
Inventories	502,960	518,842
Receivables, deposits and prepayments	150,617	101,900
Tax Recoverable	27,510	-
Cash and cash equivalents	88,745	76,742
	769,832	697,484
<b>TOTAL ASSETS</b>	<b>3,695,704</b>	<b>3,360,004</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	702,000	702,000
Reserves	1,098,363	1,068,702
<b>Equity attributable to owners of the Company</b>	<b>1,800,363</b>	<b>1,770,702</b>
Non-controlling interests	11,487	12,671
<b>TOTAL EQUITY</b>	<b>1,811,850</b>	<b>1,783,373</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,358	19,299
	16,358	19,299
<b>Current liabilities</b>		
Borrowings	555,000	136,400
Payables and accruals	1,312,496	1,417,439
Taxation	-	3,493
	1,867,496	1,557,332
<b>TOTAL LIABILITIES</b>	<b>1,883,854</b>	<b>1,576,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,695,704</b>	<b>3,360,004</b>

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.

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## Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2015

	← Attributable to owners of the Company →				Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
<b>At 1 January 2015</b>	702,000	36,122	1,032,580	1,770,702	12,671	1,783,373
Total comprehensive income for the period	-	4,768	95,093	99,861	(1,184)	98,677
Final dividend in respect of year ended 31 December 2014 (Note A7)	-	-	(70,200)	(70,200)	-	(70,200)
<b>At 30 September 2015</b>	<u>702,000</u>	<u>40,890</u>	<u>1,057,473</u>	<u>1,800,363</u>	<u>11,487</u>	<u>1,811,850</u>
 <b>At 1 January 2014</b>	 351,000	 44,543	 1,248,094	 1,643,637	 -	 1,643,637
Total comprehensive income for the period	-	2,725	137,495	140,220	(92)	140,128
Issuance of shares to non- controlling interest	-	-	-	-	7,425	7,425
Bonus Issue	351,000	-	(351,000)	-	-	-
Final dividend in respect of year ended 31 December 2013	-	-	(77,220)	(77,220)	-	(77,220)
<b>At 30 September 2014</b>	<u>702,000</u>	<u>47,268</u>	<u>957,369</u>	<u>1,706,637</u>	<u>7,333</u>	<u>1,713,970</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.

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( Company No. 126926 - H )

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## Condensed consolidated statement of cash flows

For the nine months ended 30 September 2015

	30 September 2015	30 September 2014
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	137,740	201,176
Adjustments for:		
Non-cash items	161,034	118,406
Non-operating items	9,208	(1,671)
Operating profit before changes in working capital	<u>307,982</u>	<u>317,911</u>
Changes in working capital:		
Net change in current assets	15,538	36,503
Net change in current liabilities	(104,943)	(62,878)
Cash generated from operations	<u>218,577</u>	<u>291,536</u>
Tax paid	<u>(77,775)</u>	<u>(75,056)</u>
<b>Net cash generated from operating activities</b>	<u>140,802</u>	<u>216,480</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(421,939)	(496,963)
Deposit paid as part of purchase consideration for acquisition of land	(48,372)	(21,431)
Proceeds from disposal of property, plant and equipment and intangible assets	2,320	3,680
Proceeds from disposal of assets classified as held for sale	-	20,000
Dividend received	916	743
Interest received	1,505	2,080
<b>Net cash used in investing activities</b>	<u>(465,570)</u>	<u>(491,891)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(11,629)	(1,152)
Net proceeds from borrowings	418,600	134,900
Dividend paid	(70,200)	(77,220)
Proceeds from issuance of shares to non-controlling interests	-	7,425
<b>Net cash generated from financing activities</b>	<u>336,771</u>	<u>63,953</u>
<b>Net change in cash and cash equivalents</b>	12,003	(211,458)
<b>Cash and cash equivalents at 1 January</b>	<u>76,742</u>	<u>313,560</u>
<b>Cash and cash equivalents at 30 September</b>	<u>88,745</u>	<u>102,102</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 September 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 third quarter was higher than the second quarter mainly due to the festive seasons in the third quarter.

**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	
	9 months ended		9 months ended		9 months ended	
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,454,174	2,354,965	404,801	378,853	2,858,975	2,733,818
Segmental profit	8,745	57,310	155,403	163,172	164,148	220,482
Less: Unallocated expenses					(16,258)	(20,342)
Profit from operations					147,890	200,140
Interest expense					(11,671)	(1,152)
Interest income					1,517	2,080
Share of results of associates					4	108
Profit before tax					137,740	201,176
Tax expense					(43,831)	(63,773)
Profit for the period					93,909	137,403
Segment assets	1,001,143	946,322	2,607,289	2,145,845	3,608,432	3,092,167
Unallocated assets					87,272	60,075
					3,695,704	3,152,242
Segment liabilities	1,006,967	976,295	305,530	296,639	1,312,497	1,272,934
Unallocated liabilities					571,357	165,338
					1,883,854	1,438,272

## 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 September 2015 are as follows:

	<b>30 Sep 2015</b>	<b>31 Dec 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
Authorised but not contracted for	2,339,124	3,297,279
Authorised and contracted for	621,347	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 RM940.8 million for the quarter ended 30 September 2015, an increase of 1.1% over the performance of the preceding year corresponding quarter despite the weaker consumer sentiments. Correspondingly, profit before tax of RM45.2 million was 27.5% lower as compared to RM62.3 million registered in the previous year corresponding quarter mainly attributed by higher operating costs, higher interest expenses and initial costs associated with new stores openings

Revenue from retail business segment increased by 0.3% to RM805.1 million as compared to the preceding year corresponding quarter despite the weaker consumer sentiment post-implementation of GST.

Revenue from its property management services segment recorded a growth of 5.2% at RM134.6 million over the previous year corresponding quarter of RM128.0 million mainly due to the contributions from its new shopping centres.

**Financial Year-to-date results**

For the 9 months ended 30 Sept 2015, the Group posted a total revenue of RM2.86 billion, which represent an increase of 4.6% as compared with the previous year corresponding period of RM2.73 billion. However, profit before tax for the financial year-to-date of RM137.7 million was 31.5% lower than the previous year corresponding period-to-date of RM201.2 million mainly due to higher operation costs, interest expenses and initial costs associated with new stores openings including its subsidiary. 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 4.2% to RM2.46 billion compared to RM2.35 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 6.8%, at RM404.8 million over the previous year corresponding period of RM378.9 million 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 RM45.2 million for the quarter was higher than the preceding quarter of RM22.3 million mainly due to the higher revenue registered. The revenue for the second quarter was affected by the weak consumer sentiment after GST implementation on 1 April 2015.

**3 Current Year Prospects**

The economic and business environment in the final quarter 2015 will remain challenging despite the current consumer sentiments post GST implementation, the decline of the Ringgit and the generally higher costs of living. Under the current environment, the Group will continue to deploy strategic sales and marketing promotional activities to increase its sales and enhance cost efficiency efforts to deliver a commendable performance for 2015.

#### 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		9 months ended	
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense	15,658	18,742	46,772	61,655
Deferred tax expense	(50)	(51)	(2,941)	2,118
	<u>15,608</u>	<u>18,691</u>	<u>43,831</u>	<u>63,773</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 Sept 2015 are as follows:

	30 Sep 2015	31 Dec 2014
	RM'000	RM'000
Current		
Revolving credit facilities	255,000	136,400
Short-term loan	300,000	-
	<u>555,000</u>	<u>136,400</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 Sept 2015.

#### 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		9 months ended	
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
Profit attributable to the owners for the period (RM'000)	30,034	43,664	95,093	137,495
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)	2.14	3.11	6.77	9.79

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 Sept 2015 is analysed as follows:

	30 Sep 2015 RM'000	31 Dec 2014 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,036,980	1,012,420
- unrealised	19,761	19,364
Total share of retained earnings of associates:		
- realised	862	796
Total retained earnings of the Group	1,057,603	1,032,580

## 13 Notes to the Statement of Comprehensive Income

	3 months ended		9 months ended	
	30 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	53,478	46,924	161,000	133,076
Impairment loss:				
- trade receivables	144	-	28	45
Loss/(Gain) on foreign exchange	867	(43)	745	(27)
Property, plant and equipment written off	81	157	341	409
And after crediting:				
Dividend income	916	743	962	743
Gain on disposal of property, plant and equipment	290	302	302	728
Gain on disposal of assets classified as held for sale	-	-	-	14,243
Reversal of impairment loss:				
- trade receivables	-	(1)	-	(1)

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