

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Group for the fourth quarter ended 31 December 2016.

Condensed consolidated statement of profit or loss

For the twelve months ended 31 December 2016

	3 months ended		12 months ended	
	31 December		31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	1,022,873	975,665	4,038,655	3,834,640
Total operating expenses	(958,005)	(900,580)	(3,867,331)	(3,616,812)
Other operating income	2,897	4,022	9,922	9,170
Profit from operations	<u>67,765</u>	<u>79,107</u>	<u>181,246</u>	<u>226,998</u>
Interest expense	(11,274)	(6,781)	(36,964)	(18,452)
Interest income	481	481	1,960	1,998
Share of results of associates	415	294	860	297
Profit before tax	<u>57,387</u>	<u>73,101</u>	<u>147,102</u>	<u>210,841</u>
Tax expense	(32,747)	(35,339)	(72,137)	(79,170)
Profit for the period/year	<u><u>24,640</u></u>	<u><u>37,762</u></u>	<u><u>74,965</u></u>	<u><u>131,671</u></u>
Profit attributable to:				
Owners of the Company	26,542	38,314	79,743	133,407
Non-controlling interests	(1,902)	(552)	(4,778)	(1,736)
Profit for the period/year	<u><u>24,640</u></u>	<u><u>37,762</u></u>	<u><u>74,965</u></u>	<u><u>131,671</u></u>
Basic earnings per ordinary share (sen) (Note B11)	1.89	2.73	5.68	9.50

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 fourth quarter ended 31 December 2016.

Condensed consolidated statement of other comprehensive income

For the twelve months ended 31 December 2016

	3 months ended 31 December		12 months ended 31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	24,640	37,762	74,965	131,671
Other comprehensive income:				
Gain on fair value of available-for-sale investments	(124)	(5,077)	7,617	(310)
Comprehensive income for the period/year	<u>24,516</u>	<u>32,685</u>	<u>82,582</u>	<u>131,361</u>
Comprehensive income attributable to:				
Owners of the Company	26,418	33,237	87,360	133,097
Non-controlling interests	(1,902)	(552)	(4,778)	(1,736)
Comprehensive income for the period/year	<u>24,516</u>	<u>32,685</u>	<u>82,582</u>	<u>131,361</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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Condensed consolidated statement of financial position

As at 31 December 2016

	31 December 2016 RM'000	31 December 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,460,465	3,032,092
Intangible assets	20,649	18,393
Investment in associates	7,968	7,108
Available-for-sale investments	44,459	36,842
Other assets	17,151	16,208
	3,550,692	3,110,643
Current assets		
Inventories	614,733	577,517
Receivables, deposits and prepayments	67,287	70,870
Tax Recoverable	21,635	3,908
Cash and cash equivalents	96,012	213,857
Assets classified as held for sale	67,382	65,508
	867,049	931,660
TOTAL ASSETS	<u>4,417,741</u>	<u>4,042,303</u>
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,162,799	1,131,599
Equity attributable to owners of the Company	<u>1,864,799</u>	<u>1,833,599</u>
Non-controlling interests	13,657	10,935
TOTAL EQUITY	<u>1,878,456</u>	<u>1,844,534</u>
LIABILITIES		
Non-current liabilities		
Borrowings	325,070	79,167
Other liabilities	7,977	6,771
Deferred tax liabilities	27,990	21,151
	361,037	107,089
Current liabilities		
Borrowings	640,322	690,705
Payables and accruals	1,537,926	1,399,975
	2,178,248	2,090,680
TOTAL LIABILITIES	2,539,285	2,197,769
TOTAL EQUITY AND LIABILITIES	<u>4,417,741</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 twelve months ended 31 December 2016

	← Attributable to owners of the Company →					
	Non-distributable Share capital RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity 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	-	7,617	79,743	87,360	(4,778)	82,582
Issuance of shares to non- controlling interests	-	-	-	-	7,500	7,500
Final dividend in respect of year ended 31 December 2015	-	-	(56,160)	(56,160)	-	(56,160)
At 31 December 2016	<u>702,000</u>	<u>43,429</u>	<u>1,119,370</u>	<u>1,864,799</u>	<u>13,657</u>	<u>1,878,456</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	-	(310)	133,407	133,097	(1,736)	131,361
Final dividend in respect of year ended 31 December 2014	-	-	(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>

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 twelve months ended 31 December 2016

	31 December 2016	31 December 2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	147,102	210,841
Adjustments for:		
Non-cash items	276,024	218,407
Non-operating items	32,982	14,613
Operating profit before changes in working capital	456,108	443,861
Changes in working capital:		
Net change in current assets	(46,425)	(55,862)
Net change in current liabilities	138,792	(6,429)
Cash generated from operations	548,475	381,570
Tax paid	(83,025)	(84,719)
Net cash generated from operating activities	465,450	296,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(711,310)	(709,479)
Deposit paid as part of purchase consideration for acquisition of land	-	(4,850)
Deposit refunded for cancellation of acquisition of land	11,849	2,819
Proceeds from disposal of property, plant and equipment and intangible assets	1,923	3,115
Dividend received	2,022	1,841
Interest received	1,960	1,998
Net cash used in investing activities	(693,556)	(704,556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares to non-controlling interests	7,500	-
Net proceeds from borrowings	195,520	633,472
Dividend paid	(56,160)	(70,200)
Interest paid	(36,599)	(18,452)
Net cash generated from financing activities	110,261	544,820
Net change in cash and cash equivalents	(117,845)	137,115
Cash and cash equivalents at 1 January	213,857	76,742
Cash and cash equivalents at 31 December	96,012	213,857

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 31 December 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 year:

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 fourth quarter was higher than the third quarter mainly due to the year end festive seasons and holidays 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 year.

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 year.

7 Dividends Paid

There was no dividend paid in respect of the current financial year 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 2016.

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 year.

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 31 Dec 2016 RM'000	12 months ended 31 Dec 2015 RM'000	12 months ended 31 Dec 2016 RM'000	12 months ended 31 Dec 2015 RM'000	12 months ended 31 Dec 2016 RM'000	12 months ended 31 Dec 2015 RM'000
Revenue	3,439,131	3,288,832	599,524	545,808	4,038,655	3,834,640
Segmental profit	3,302	44,474	209,112	208,028	212,414	252,502
Less: Unallocated expenses					(31,168)	(25,504)
Profit from operations					181,246	226,998
Interest expense					(36,964)	(18,452)
Interest income					1,960	1,998
Share of results of associates					860	297
Profit before tax					147,102	210,841
Tax expense					(72,137)	(79,170)
Profit for the year					74,965	131,671
Segment assets	1,554,511	1,098,618	2,799,542	2,767,212	4,354,053	3,865,830
Unallocated assets					63,688	176,473
					4,417,741	4,042,303
Segment liabilities	1,136,024	1,072,849	402,134	333,897	1,538,158	1,406,746
Unallocated liabilities					1,001,127	791,023
					2,539,285	2,197,769

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 of the total aggregate amount 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 31 December 2016 are as follows:

	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Property, plant and equipment		
Authorised but not contracted for	1,138,930	2,412,268
Authorised and contracted for	570,481	649,441

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 registered a total revenue of RM1,022.9 million, an increased by 4.8% from RM975.7 million in the preceding year corresponding quarter. However, profit before tax of RM57.4 million was lower as compared to RM73.1 million registered in the previous year corresponding quarter mainly due to the higher operating costs, new store expenses and higher interest expense registered in the current year quarter.

Retail business registered RM865.7 million, which was higher by 3.7% as compared to the preceding year corresponding quarter of RM834.7 million mainly attributed by the contributions from its new stores.

Revenue from its property management services segment recorded a growth of 11.5% at RM157.2 million over the previous year corresponding quarter of RM141.0 million mainly due to the contributions from its new shopping malls.

Financial Year-to-date results

For the year ended 31 December 2016, the Group posted a total revenue of RM4.04 billion, which represent an increase of 5.5% as compared with the previous financial year of RM3.83 billion. However, profit before tax for the financial year of RM147.1 million was lower than the previous financial year of RM210.8 million due to higher operation costs and interest expense as well as initial costs associated with new stores and malls openings.

Total revenue registered by the retail business segment for the financial year increased by 4.6% to RM3.44 billion compared to RM3.29 billion recorded in the preceding financial year. The higher revenue was mainly attributed by the contributions from its new stores.

Revenue from its property management services segment for financial year recorded a growth of 9.8%, at RM599.5 million over the previous financial year of RM545.8 million mainly due to contributions from its new shopping malls that were opened during the year.

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

The profit before tax of RM57.4 million for the quarter was higher than the preceding quarter of RM12.6 million mainly due to the higher revenue and margin generated in the current quarter.

3 Current Year Prospects

The economic and business environment remains challenging with the continuous rising cost of living. The Group expects its performance for the financial year 2017 to be equally challenging. The Group will continue to employ appropriate pricing, merchandise assortment, marketing strategies and operational efficiency efforts to ensure that its performance remains creditable.

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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense	25,757	30,546	65,298	77,318
Deferred tax expense	6,990	4,793	6,839	1,852
	<u>32,747</u>	<u>35,339</u>	<u>72,137</u>	<u>79,170</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 31 December 2016 are as follows:

	31 Dec 2016	31 Dec 2015
	RM'000	RM'000
Non-Current		
Term loan	325,070	79,167
	<u>325,070</u>	<u>79,167</u>
Current		
Revolving credit facilities	213,500	644,872
Term loan	242,247	45,833
Islamic Medium Term Notes/Commercial papers	184,575	-
	<u>640,322</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

- (a) (i) An ordinary dividend of 3.00 sen per share has been recommended for the financial year ended 31 December 2016;
(ii) total net dividend payable amounted to RM42,120,000;
(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 2015, an ordinary dividend of 4.0 sen per share amounting to RM56,160,000 was paid on 14 July 2016.
- (c) The ordinary dividend recommended for year ended 31 December 2016 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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Profit attributable to the owners for the year (RM'000)	26,542	38,314	79,743	133,407
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)	1.89	2.73	5.68	9.50

Diluted earnings per share is not applicable for the Group.

12 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 31 December 2016 is analysed as follows:

	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Total retained earnings of the Company and its subsidiary:		
- realised	1,109,260	1,077,884
- unrealised	8,156	16,810
Total share of retained earnings of associates:		
- realised	1,954	1,093
Total retained earnings of the Group	1,119,370	1,095,787

13 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31 Dec 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	74,668	55,937	267,519	216,937
Impairment loss:				
- trade receivables	191	(847)	1,183	(847)
- property, plant and equipment	7,587	2,003	7,587	2,003
Interest expense	11,274	6,781	36,964	18,452
(Gain)/Loss on foreign exchange	(402)	(177)	(144)	568
Property, plant and equipment written off	584	436	2,700	777
And after crediting:				
Dividend income	944	924	2,022	1,841
Gain on disposal of property, plant and equipment	542	710	922	1,013
Interest income	481	481	1,960	1,998

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