

# AEON CO. (M) BHD.

(Company No. 198401014370 (126926-H))

(Incorporated in Malaysia)

Unaudited results of the Company for the second quarter ended 30 June 2021.

## Condensed statement of profit or loss

For the six months ended 30 June 2021

	3 months ended		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	874,204	954,323	1,887,703	2,145,192
Total operating expenses	(817,730)	(914,377)	(1,762,741)	(2,042,644)
Other operating income	4,212	1,407	8,415	2,852
<b>Profit from operations</b>	<u>60,686</u>	<u>41,353</u>	<u>133,377</u>	<u>105,400</u>
Interest expense				
- Lease interest	(26,627)	(29,033)	(53,254)	(58,098)
- Interest charges	(4,810)	(8,741)	(10,282)	(17,197)
	<u>(31,437)</u>	<u>(37,774)</u>	<u>(63,536)</u>	<u>(75,295)</u>
Interest income	152	142	288	386
Share of results of associates	(1,402)	(2,891)	(299)	(4,293)
<b>Profit before tax</b>	<u>27,999</u>	<u>830</u>	<u>69,830</u>	<u>26,198</u>
Tax expense	(17,056)	(10,392)	(36,854)	(28,287)
<b>Profit/(Loss) for the period</b>	<u><u>10,943</u></u>	<u><u>(9,562)</u></u>	<u><u>32,976</u></u>	<u><u>(2,089)</u></u>
Basic earnings per ordinary share (sen) (Note B11)	0.78	(0.68)	2.35	(0.15)

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 2020 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 second quarter ended 30 June 2021.

## Condensed statement of other comprehensive income

For the six months ended 30 June 2021

	3 months ended		6 months ended	
	30 June		30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(Loss) for the period</b>	10,943	(9,562)	32,976	(2,089)
<b>Other comprehensive income:</b>				
(Loss) / Gain on fair value of other investments	(2,601)	5,154	(1,765)	(21,502)
<b>Comprehensive income for the period</b>	<u>8,342</u>	<u>(4,408)</u>	<u>31,211</u>	<u>(23,591)</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 2020 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 30 June 2021

	30 June 2021 RM'000	31 December 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,240,546	3,366,955
Intangible assets	8,431	9,638
Right-of-use Assets	1,605,282	1,689,636
Investment in associates	1,821	2,120
Other investments	53,963	55,728
Other assets	18,306	18,424
Deferred tax assets	147,172	147,071
	5,075,521	5,289,572
<b>Current assets</b>		
Inventories	594,088	623,644
Contract Assets	7,000	9,764
Receivables, deposits and prepayments	135,976	99,026
Cash and cash equivalents	29,773	71,385
	766,837	803,819
<b>TOTAL ASSETS</b>	<b>5,842,358</b>	<b>6,093,391</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	702,000	702,000
Reserves	1,000,206	968,995
<b>TOTAL EQUITY</b>	<b>1,702,206</b>	<b>1,670,995</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	66,667	-
Lease Liabilities	1,987,891	2,072,147
Other liabilities	21,533	21,534
	2,076,091	2,093,681
<b>Current liabilities</b>		
Contract Liabilities	103,734	126,146
Borrowings	626,373	933,580
Lease Liabilities	163,352	158,192
Payables and accruals	1,123,337	1,075,553
Current tax liability	47,265	35,244
	2,064,061	2,328,715
<b>TOTAL LIABILITIES</b>	<b>4,140,152</b>	<b>4,422,396</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,842,358</b>	<b>6,093,391</b>

The Condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 six months ended 30 June 2021

	Non-distributable		Distributable	
	Share capital	Fair value reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2021</b>	702,000	54,698	914,297	1,670,995
Total comprehensive income for the period	-	(1,765)	32,976	31,211
<b>At 30 June 2021</b>	<u>702,000</u>	<u>52,933</u>	<u>947,273</u>	<u>1,702,206</u>
<b>At 1 January 2020</b>	702,000	64,636	929,034	1,695,670
Total comprehensive income for the period	-	(21,502)	(2,089)	(23,591)
<b>At 30 June 2020</b>	<u>702,000</u>	<u>43,134</u>	<u>926,945</u>	<u>1,672,079</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 2020 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 six months ended 30 June 2021

	30 June 2021 RM'000	30 June 2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	69,830	26,198
Adjustments for:		
Non-cash items		
- Right-of-use asset depreciation	84,354	82,031
- Others	153,551	169,598
	237,905	251,629
Non-operating items		
- Lease interest	52,354	58,098
- Others	10,894	16,812
	63,248	74,910
Operating profit before changes in working capital	370,983	352,737
Changes in working capital:		
Net change in current assets	(4,512)	78,718
Net change in current liabilities	25,372	(383,001)
Cash generated from operations	391,843	48,454
Tax paid	(24,934)	(21,958)
<b>Net cash generated from operating activities</b>	<b>366,909</b>	<b>26,496</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(27,417)	(37,770)
Proceeds from disposal of property, plant and equipment	1,781	10
Interest received	288	386
<b>Net cash used in investing activities</b>	<b>(25,348)</b>	<b>(37,374)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(132,351)	(131,378)
Net borrowings	(240,540)	147,630
Interest paid	(10,282)	(17,197)
<b>Net cash used in financing activities</b>	<b>(383,173)</b>	<b>(945)</b>
<b>Net change in cash and cash equivalents</b>	<b>(41,612)</b>	<b>(11,823)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>71,385</b>	<b>66,982</b>
<b>Cash and cash equivalents at 30 June</b>	<b>29,773</b>	<b>55,159</b>

The Condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

**Notes to the interim financial statements for the year ended 30 June 2021**

**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 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 2020.

**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 2020 except for the adoption of the following Amendments to Standards during the current financial period:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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 April 2021:

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

(iii) Financial year beginning on or after 1 January 2023:

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

(iv) 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 Company plans to apply the abovementioned accounting standards, interpretation and amendments in the respective financial years when the above accounting standards, interpretation and amendments become effective where applicable.

### **3 Seasonality or Cyclicity of Interim Operations**

The Company's revenue for the second quarter was lower than the preceding quarter by 13.7% mainly due to adverse effect arising from the COVID-19 pandemic. In the second quarter, the Company had reduced operating days due to some store closures as required by the government pursuant to the Hotspot Identification for Dynamic Engagement ("HIDE") list over and above closure of non-essential departments and tenants pursuant to the enforcement of the various Movement Control Order (MCO).

### **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, other than explained in Section B, Note 1.

### **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.

An ordinary dividend of 1.5 sen per ordinary share amounting to RM21,060,000 in respect of the financial year ended 31 December 2020 was approved by shareholders at the Thirty-Sixth Annual General Meeting and was paid to shareholders on 29 July 2021.

### **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 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	
	6 months ended		6 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,611,996	1,832,569	275,707	312,623	1,887,703	2,145,192
Segmental profit	63,739	22,940	98,712	109,703	162,451	132,643
Less: Unallocated expenses					(29,074)	(27,243)
Profit from operations					133,377	105,400
Interest expense						
- Lease interest					(53,254)	(58,098)
- Interest charges					(10,282)	(17,197)
Interest income					288	386
Share of results of associates					(299)	(4,293)
Profit before tax					69,830	26,198
Tax expense					(36,854)	(28,287)
Profit/(Loss) for the year					32,976	(2,089)
Segment assets	1,398,503	1,535,278	4,276,075	4,525,945	5,674,578	6,061,223
Unallocated assets					167,780	148,404
					5,842,358	6,209,627
Segment liabilities	1,271,806	1,253,597	2,106,508	2,173,212	3,378,314	3,426,809
Unallocated liabilities					761,838	1,110,739
					4,140,152	4,537,548

Year-to-date retail business segment posted a lower revenue of RM1.612 billion, 12.0% lower compared to previous corresponding period of RM1.833 billion due to decline in revenue. The Company's retail revenue is lower due to lower demand during current year festive Chinese New Year season as a result of the pandemic compared to the corresponding period last year. Furthermore, the Company had to close some stores as required by the government pursuant to the HIDE over and above closure of non-essential departments pursuant to the various MCO directives.

The Company's personal shopper service that had been introduced in the corresponding period last year allowed the Company to engage closely with customers to understand their needs and wants during this pandemic. This personalised service enabled the Company to provide a targeted merchandise mix especially in expanding Seafood and Frozen products to cater to customers staying indoors. Furthermore, the increase of footfall in the supermarket areas prior to the closures had a spill over effect to Softline and Hardline sales especially in Malay market segments stores in the build up to Hari Raya Aidilfitri celebrations.

Due to the COVID-19 pandemic situation and pursuant to MCO directives, for H1 2021 the Company experienced 57 days of closure of non-essential services, compared to 46 days in the corresponding period last year.

The retail segmental profit recorded at RM63.7 million is 178% higher compared to RM22.9 million recorded in the previous corresponding period. Albeit the lower revenue, major focus on profitable merchandise assortment and change in product sourcing strategy, as described above, has improved overall segmental profit margin.



Revenue from the property management services segment for year-to-date is at RM275.7 million, lower by 11.8% compared to the previous year of RM312.6 million. Subsequent to the first MCO in March 2020, the Company has been actively revamping its rent structure with its tenants to include variable rent payments via sales commission as part of the strategy to retain existing tenants and to recruit new tenants during this economic downturn. Our tenants' sales had experienced a decline pursuant to the closure of Mall as required by the government pursuant to HIDE and closure of non-essential departments pursuant to the various MCO directives.

The year-to-date segmental profit from property management services is at RM98.7 million, 10.0% lower compared to corresponding period last year of RM109.7 million due to lower revenue. Despite the lower segmental profit, segmental profit margin has improved to 35.8% as compared to prior year's margin of 35.0% due to closer engagement with tenants to regain their confidence in operating their business resulting in improvements in the Company's debt recovery.

## 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 23 June 2021.

## 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 2020.

## 13 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2021 are as follows:

	<b>30 June 2021</b> <b>RM'000</b>	<b>31 Dec 2020</b> <b>RM'000</b>
Property, plant and equipment		
Contracted but not provided for and not payable	5,240	7,950

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

**1 Review of Performance**

**Quarter results**

	<b>Current Year Quarter 30 June 2021 RM'000</b>	<b>Preceding Year Corresponding Quarter 30 June 2020 RM'000</b>	<b>Changes %</b>
Revenue	874,204	954,323	(8.4%)
Profit from operations	60,686	41,353	46.8%
Profit before tax	27,999	830	3,273.4%

For the quarter under review, the Company registered a total revenue of RM874.2 million, 8.4% lower as compared the preceding year corresponding quarter of RM954.3 million.

Retail business revenue registered of RM732.9 million, 9.6% lower compared to the preceding year corresponding quarter of RM810.7 million due to mall closures, non-operations of our non-essential offerings namely the Hardline and Softline departments as well as shorter operating hours. Pursuant to instructions under the HIDE list and additional rounds of MCO introduced due to the pandemic, the Company experienced a 34 days of store closures across various locations during the 2<sup>nd</sup> quarter. The sales contribution from the Company's online platform, although still immaterial to total revenue, has seen growth of more than ten times compared to the preceding quarter.

Revenue from the property management services segment at RM141.2 million, is lower by 1.7% compared to the preceding year corresponding quarter of RM143.6 million. The shortfall in revenue was mainly due to lower base rent income from tenants pursuant to changes to the rent structure, closure of malls due to the instruction of the government pursuant to HIDE list over and above closure of non-essential service tenants in the mall following new MCO directives.

The management continues to explore measures to improve cost efficiency in response to the current market condition. This continues the strategy implemented last year to review all the non-trade contracts as well as taking steps to ensure marketing expenses are self-funded.

The Company registered a higher profit before tax for the quarter of RM28.0 million compared to previous year corresponding quarter of RM0.8 million mainly due to improvement in merchandise gross margin and improvement in marketing mechanics, for instance the knife redemption program. which is both self-funded whilst driving improvements in sales performance.

**Financial Year-to-date results**

	<b>Current Year- to-date 30 June 2021 RM'000</b>	<b>Preceding Year Corresponding Period 30 June 2020 RM'000</b>	<b>Changes %</b>
Revenue	1,887,703	2,145,192	(12.0%)
Profit from operations	133,377	105,400	26.5%
Profit before tax	69,830	26,198	166.5%

For the first half ended 30 June 2021, the Company posted a total revenue of RM1.888 billion, which represented a decrease of 12.0% as compared with the previous year corresponding period of RM2.145 billion mainly due to decline in revenue. The decreased as compared to the previous year corresponding period is mainly due to closure of stores and malls due to HIDE over and above various MCO directives, as well as

lower demand during current year festive Chinese New Year season due to the pandemic as opposed to preceding year correspondence period.

The profit before tax of RM69.8 million was 166.5% higher than the previous year corresponding period of RM26.2 million mainly due to improved gross profit margin attributed to better product assortment mix in the Softline and Hardline division, which provides for higher profit margin as well as offering products that are relevant to the current situation of our customers having to stay indoors and work from home.

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

	<b>Current Quarter 30 June 2021 RM'000</b>	<b>Immediate Preceding Quarter 31 Mar 2021 RM'000</b>	<b>Changes %</b>
Revenue	874,204	1,013,499	(13.7%)
Profit from operations	60,686	72,691	(16.5%)
Profit before tax	27,999	41,831	(33.1%)

The Company registered a lower revenue by 13.7% to RM874.2 million in current quarter compared with the immediate preceding quarter attributed to closure of stores and malls due to HIDE over and above various MCO directives which resulted in the closure of the Company's Hardline and Softline divisions. As such, this resulted in the profit before tax of RM28.0 million for the quarter being lower than the immediate preceding quarter of RM41.8 million.

## 3 Current Year Prospects

World Bank has recently revised down the GDP projection for Malaysia to 4.5% from previous projection of 6.0% (Source: Press Release dated 23 June 2021) due to raising concerns about the overall capacity of Malaysia's health and economic system concerns.

According to the BNM Monetary Policy statement dated 8 July 2021, Malaysian economy has experienced better than expected economic activity in the first quarter of 2021 continued into April, as reflected by latest indicators, particularly on exports, retail spending and labour market conditions. The re-imposition of nationwide containment measures to curb the resurgence in COVID-19 cases, however will dampen the growth momentum. The degree of impact to the economy is highly dependent on the stringency and duration of containment measures. Nevertheless, continued allowances for essential economic sectors to operate, albeit at a reduced capacity, and higher adaptability to remote work, automation and digitalization will partly mitigate the impact of restrictions.

With the recently announced measures under the National Recovery Plan to re-opening of the economy in Phase 2 and 3, coupled with the country achieving herd immunity by December, the Company expects the business prospects to remain stable by staying resilient and taking steps to proactively manage the business.

The Company announced the launching of its new digital platform which went live in August 2021. This new digital platform is part of Pillar 3 of the Company's strategy to Enable its Engine 2.0 which is its New Retail business model of enabling a seamless experience in offline and online channels. The Company's New Retail business models are estimated to contribute 15% to 20% of its retail revenue over the next five years.

## 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		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Current tax expense	17,107	10,443	36,955	28,388
Deferred tax expense	(51)	(51)	(101)	(101)
	17,056	10,392	36,854	28,287

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 30 Jun 2021		
	Long term	Short term	Total borrowings
	RM denomination (RM'000)	RM denomination (RM'000)	RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	66,667	55,873	122,540
Revolving credit facilities	-	100,500	100,500
Islamic Medium-Term Notes/ Commercial Papers	-	470,000	470,000
	66,667	626,373	693,040

	As at 30 Jun 2020		
	Long term	Short term	Total borrowings
	RM denomination (RM'000)	RM denomination (RM'000)	RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	102,540	175,080	277,620
Revolving credit facilities	-	498,670	498,670
Islamic Commercial Papers	-	300,000	300,000
	102,540	973,750	1,076,290

- (i) The term loans are unsecured, bear interest ranging from 2.99% to 4.39% (2020: 3.30% to 4.39%) per annum and are repayable on quarterly basis up to 16 April 2024.
- (ii) The unsecured revolving credit bear interest rates ranging from 2.20% (2020: 2.45% to 3.45%) per annum.
- (iii) The unsecured Islamic Commercial Papers and Islamic Medium-Term Note, bear interest rate of 2.08% to 3.15% (2020: 2.76% to 3.04%) per annum.

## **8 Changes in Material Litigation**

On 2 March 2021, the Company received a legal suit from Betanaz Properties Sdn. Bhd. (“Plaintiff”). The Plaintiff alleged that the Company did not comply with its obligations under the Tenancy Agreement dated 24 August 2017 (“Tenancy Agreement”) to fulfill the conditions precedent under the Tenancy Agreement and had wrongfully terminated the Tenancy Agreement. The Plaintiff is seeking for, among others, the following reliefs:

- (i) Rental payment payable to the Plaintiff for the tenancy period between 1 April 2020 to 17 December 2021 and for the initial term of ten (10) years of the lease amounting to a total sum of RM59,302,302.97; or
- (ii) Expenditure incurred by the Plaintiff for the project, including but not limited to site clearance and earthworks, consultancy fees, financing costs and other incidental costs arising from the banking facilities and others costs amounting to RM18,936,207.76.

On 29 March 2021, the Company filed and served its defense against the Plaintiff. Further, the Company, as the plaintiff, filed a counterclaim against Betanaz Properties Sdn. Bhd. as the first defendant, and Ahmad Zaki Resources Berhad (“AZRB”) as the second defendant due to the non-fulfillment of the conditions precedent on the part of the defendants prior to the expiry of the respective conditional periods and the Tenancy Agreement and Commercial Agreement dated 24 August 2017 had been rendered void due to the expiry of the conditional periods on 23 October 2020 and 23 January 2020 respectively.

The Company is claiming, among others, the return or payment of approximately RM2,303,087.00 being the consultation fees for the project from the Plaintiff as first defendant and approximately RM28,415,094.44 being the contribution towards the construction of the bridge connecting Bandar Kuantan to Bandar Putra, Tanjung Lumpur, Pahang, from AZRB as the second defendant.

AZRB filed and served its defense to the Company’s counterclaim on 7 May 2021. The Plaintiff filed and served its reply to the Company’s defense and defense to the Company’s counterclaim on 19 April 2021.

AZRB further filed the application to strike out the Company’s counterclaim against AZRB on 7 May 2021. AEON and AZRB filed and exchanged the respective cause papers and written submissions. The High Court Judge has fixed the hearing for AZRB’s strike out application on 2 September 2021.

Based on the advice by the Company’s legal counsel, the Directors are of the view that the abovementioned general damages sought by the Plaintiff are contradictory to the Rules of Court as the same should not have been quantified as if it were special damages. Hence, provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

## **9 Dividend**

No dividend was proposed or declared for the current financial period ended 30 June 2021.

## **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 June 2021	30 June 2020	30 June 2021	30 June 2020
Profit/(Loss) attributable to the owners for the period (RM'000)	10,943	(9,562)	32,976	(2,089)
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000	1,404,000	1,404,000
Basic earnings/(loss) per ordinary share (sen)	0.78	(0.68)	2.35	(0.15)

Diluted earnings per share is not applicable for the Company.

## 12 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Profit for the period is arrived at after charging/(crediting):				
Depreciation and amortisation	73,691	82,170	151,902	164,269
Depreciation of right of use assets	42,177	40,890	84,354	82,031
Lease rental	1,790	(4,373)	4,620	2,159
Interest expense				
- lease interest	26,627	29,033	53,254	58,098
- interest charges	4,810	8,741	10,282	17,198
(Reversal)/Impairment loss:				
- trade receivables	(6,691)	6,763	966	7,701
Bad debts written off	723	0	723	0
Loss on foreign exchange	38	228	58	221
Property, plant and equipment written off	1,115	2	1,350	1,220
Loss/(Gain) on disposal of property, plant and equipment	1,081	(8)	1,081	(8)
Interest income	(152)	(142)	(288)	(386)

## 13 Significant changes in accounting policies

There were 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.