

AEON CO. (M) BHD.
(Incorporated in Malaysia)
(Company No. 198401014370 (126926-H))

**QUARTERLY REPORT FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2023**

AEON CO. (M) BHD.
(Incorporated in Malaysia)
(Company No. 198401014370 (126926 - H))

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

ANNOUNCEMENT

The Board of Directors of AEON Co. (M) Bhd. (“AEON” or “the Company”) presents the following unaudited condensed consolidated financial statements for the second quarter ended 30 June 2023 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Quarter ended		Period ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'm	RM'm	RM'm	RM'm
Revenue	1,033.0	1,095.5	2,139.8	2,097.3
Total operating expenses	(967.2)	(979.3)	(1,998.2)	(1,905.5)
Other operating income	6.9	5.1	14.8	12.9
Profit from operations	72.7	121.3	156.4	204.7
Interest expense				
- Lease interest	(22.2)	(25.4)	(42.7)	(50.0)
- Interest charges	(4.1)	(4.3)	(8.3)	(9.1)
	(26.3)	(29.7)	(51.0)	(59.1)
Finance income	2.7	0.7	5.8	1.5
Profit before tax	49.1	92.3	111.2	147.1
Tax expense	(18.9)	(45.0)	(42.8)	(71.7)
Profit for the period	30.2	47.3	68.4	75.4
Basic earnings per ordinary share (sen) (Note B11)	2.15	3.37	4.87	5.37

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Quarter ended		Period ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'm	RM'm	RM'm	RM'm
Profit for the period	30.2	47.3	68.4	75.4
Other comprehensive income:				
(Loss)/gain on fair value of other investments	(0.7)	(5.7)	(6.1)	1.2
Total comprehensive income for the period	29.5	41.6	62.3	76.6

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2023 RM'm	31 December 2022 RM'm
ASSETS		
Non-current assets		
Property, plant and equipment	3,034.0	2,951.7
Intangible assets	43.2	51.8
Right-of-use assets	1,163.5	1,211.2
Investments in associates	0.7	0.7
Other investment	52.3	58.4
Other assets	18.4	18.2
Deferred tax assets	193.7	180.6
	4,505.8	4,472.6
Current assets		
Inventories	520.7	605.5
Contract assets	16.5	17.2
Receivables, deposits and prepayments	81.7	93.5
Cash and cash equivalents	97.2	237.5
	716.1	953.7
TOTAL ASSETS	5,221.9	5,426.3

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2023 RM'm	31 December 2022 RM'm
EQUITY AND LIABILITIES		
Share capital	702.0	702.0
Reserves	1,111.1	1,105.0
TOTAL EQUITY	1,813.1	1,807.0
LIABILITIES		
Non-current liabilities		
Borrowings	181.1	50.0
Lease liabilities	1,530.3	1,612.6
Payables and accruals	11.0	13.1
Other liabilities	24.3	23.6
	1,746.7	1,699.3
Current liabilities		
Contract liabilities	74.7	84.6
Borrowings	277.8	447.8
Lease liabilities	190.7	166.8
Payables and accruals	1,106.1	1,214.0
Current tax liability	12.8	6.8
	1,662.1	1,920.0
TOTAL LIABILITIES	3,408.8	3,619.3
TOTAL EQUITY AND LIABILITIES	5,221.9	5,426.3

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable		Distributable	Total equity RM'm
	Share capital RM'm	Fair value reserve RM'm	Retained earnings RM'm	
At 1 January 2023	702.0	57.4	1,047.6	1,807.0
Total comprehensive income for the period	-	(6.1)	68.4	62.3
Final dividend in respect of year ended 31 December 2022	-	-	(56.2)	(56.2)
At 30 June 2023	<u>702.0</u>	<u>51.3</u>	<u>1,059.8</u>	<u>1,813.1</u>
At 1 January 2022	702.0	62.2	978.5	1,742.7
Total comprehensive income for the period	-	1.2	75.4	76.6
Final dividend in respect of year ended 31 December 2021	-	-	(42.1)	(42.1)
At 30 June 2022	<u>702.0</u>	<u>63.4</u>	<u>1,011.8</u>	<u>1,777.2</u>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30 June 2023 RM'm	30 June 2022 RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	111.2	147.1
Adjustments for:		
Depreciation and amortisation	212.1	223.0
Other non-cash items	2.8	(4.4)
Interest expense	51.0	59.1
Finance income	(5.8)	(1.5)
Operating profit before changes in working capital	371.3	423.3
Changes in working capital	(26.1)	123.1
Cash generated from operations	345.2	546.4
Tax paid	(49.9)	(52.0)
Net cash generated from operating activities	295.3	494.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(219.2)	(56.7)
Proceeds from disposal of property, plant and equipment	0.6	0.9
Finance income received	5.8	1.5
Net cash used in investing activities	(212.8)	(54.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(81.1)	(82.9)
Net repayment of borrowings	(38.9)	(191.7)
Interest paid	(46.8)	(59.2)
Dividend paid [^]	(56.0)	(42.1)
Net cash used in financing activities	(222.8)	(375.9)
Net change in cash and cash equivalents	(140.3)	64.2
Cash and cash equivalents at 1 January	237.5	193.6
Cash and cash equivalents at 30 June	97.2	257.8

[^] As at 30 June 2023, there is dividend payable amounting RM0.2 million in relation to final dividend declared for financial year ended 31 December 2022.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134**

1 Basis of Preparation

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

2 Significant Accounting Policies

The accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2022 except for the adoption of the Amendments to Standards effective from 1 January 2023.

Standards, amendments to published standards and interpretations that are effective for financial period beginning on or after 1 January 2023:

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules.*

The Company has applied the abovementioned accounting standards, amendments and interpretations, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Company.

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 2024:
 - Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
 - Amendments to MFRS101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*
 - Amendments to MFRS107, *Statement of Cash Flows* and MFRS 7 – *Financial Instruments: Disclosures – Supplier Finance Arrangements*
- (ii) 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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

3 Seasonal/Cyclical Factors

The operations of the Company typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive seasons.

4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no items affecting the assets, liability, equity, net income or cash flows that were unusual because of their nature, size or incidence for the financial period ended 30 June 2023.

5 Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect for the financial period ended 30 June 2023.

6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period ended 30 June 2023, other than as disclosed in this quarterly report.

7 Dividends Paid

During the financial period ended 30 June 2023, the final single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting RM56,160,000 was declared and paid/payable.

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 financial period ended 30 June 2023, other than as disclosed in this quarterly report.

9 Effects of Changes in the Composition of the Company

There were no changes in the composition of the Company for the financial period ended 30 June 2023.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	Period ended		Period ended		Period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Revenue	1,805.4	1,795.7	334.4	301.6	2,139.8	2,097.3
Segmental profit	41.9	109.1	126.6	109.3	168.5	218.4
Less: Unallocated expenses					(12.1)	(13.7)
Profit from operations					156.4	204.7
Interest expense						
- Lease interest					(42.7)	(50.0)
- Interest charges					(8.3)	(9.1)
Finance income					5.8	1.5
Profit before tax					111.2	147.1
Tax expense					(42.8)	(71.7)
Profit for the period					68.4	75.4

* As part of the Company's re-alignment of segmental operating result, the comparatives are restated by re-allocating expenses across the segments.

11 Revenue

	Quarter ended		Period ended	
	30 June 2023 RM'm	30 June 2022 RM'm	30 June 2023 RM'm	30 June 2022 RM'm
Sale of goods	739.6	797.3	1,551.5	1,537.5
Net commission from concessionaire sales	109.4	128.6	224.4	233.0
Property management services	170.8	159.2	338.5	305.5
Others	13.2	10.4	25.4	21.3
	1,033.0	1,095.5	2,139.8	2,097.3

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

12 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 17 May 2023.

13 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 2022.

14 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2023 are as follows:

	30 June 2023 RM'm	31 December 2022 RM'm
Property, plant and equipment		
Contracted but not provided for and not payable	29.3	13.9

15 Fair value measurements

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

15 Fair value measurements (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Carrying amount RM'm
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	
30 June 2023							
Financial Asset							
Investment in quoted equities	52.3	-	-	-	-	-	52.3
Financial Liabilities							
Borrowings	-	-	-	-	-	(451.7)	(458.9)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Carrying amount RM'm
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	
31 December 2022							
Financial Asset							
Investment in quoted equities	58.4	-	-	-	-	-	58.4
Financial Liabilities							
Borrowings	-	-	-	-	-	(496.0)	(497.8)

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

1 Review of Performance

- a. Performance of the current quarter (Second Quarter FY23) against the corresponding quarter (Second Quarter FY22)

	Quarter Ended 30 June 2023 RM'm	Quarter Ended 30 June 2022 RM'm	Changes %
Revenue by segment:			
Retail business	864.0	938.3	-7.9%
Property management services	169.0	157.2	7.5%
Total Revenue	1,033.0	1,095.5	-5.7%
Profit from operations	72.7	121.3	-40.0%
Profit before tax	49.1	92.3	-46.8%

For the current quarter, the Company registered a total revenue of RM1,033.0 million, 5.7% lower as compared to corresponding quarter of RM1,095.5 million.

Retail business recorded revenue at RM864.0 million, 7.9% lower compared to corresponding quarter of RM938.3 million. The decline in revenue is mainly due to pent-up festivities spending in the corresponding quarter.

Revenue from the property management services segment at RM169.0 million, is 7.5% higher compared to corresponding quarter of RM157.2 million. The growth was contributed by improvement in occupancy rate.

The Company registered a profit before tax of RM49.1 million for the quarter, as compared to the corresponding quarter of RM92.3 million, which recorded a 46.8% decline, mainly contributed by decrease in revenue and increase in operating costs.

- b. Performance of the current quarter (Second Quarter FY23) against the preceding quarter (First Quarter FY23)

	Current Quarter 30 June 2023 RM'm	Preceding Quarter 31 March 2023 RM'm	Changes %
Revenue by segment:			
Retail business	864.0	941.4	-8.2%
Property management services	169.0	165.4	2.2%
Total Revenue	1,033.0	1,106.8	-6.7%
Profit from operations	72.7	83.7	-13.1%
Profit before tax	49.1	62.1	-20.9%

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

1 Review of Performance (continued)

- b. Performance of the current quarter (Second Quarter FY23) against the preceding quarter (First Quarter FY23) (continued)

For the current quarter, the Company registered a total revenue of RM1,033.0 million, 6.7% lower compared to preceding quarter of RM1,106.8 million.

Retail business recorded revenue at RM864.0 million, is 8.2% lower compared to preceding quarter of RM941.4 million. The decline in revenue is mainly due to higher preceding quarter's revenue contributed by festivities spending.

Revenue from the property management services segment at RM169.0 million, is 2.2% higher compared to preceding quarter of RM165.4 million. The growth was contributed mainly from rental rate renewal.

The Company's profit before tax for the current quarter of RM49.1 million, is 20.9% lower compared to preceding quarter of RM62.1 million, contributed by decline in revenue and mitigated by reduced operating costs.

- c. Performance of the current period (YTD June 2023) against the corresponding period (YTD June 2022)

	Period Ended 30 June 2023 RM'm	Period Ended 30 June 2022 RM'm	Changes %
Revenue by segment:			
Retail business	1,805.4	1,795.7	0.5%
Property management services	334.4	301.6	10.9%
Total Revenue	2,139.8	2,097.3	2.0%
Profit from operations	156.4	204.7	-23.6%
Profit before tax	111.2	147.1	-24.4%

For the current period, the Company registered a total revenue of RM2,139.8 million, 2.0% higher as compared to corresponding period of RM2,097.3 million.

Retail business recorded revenue at RM1,805.4 million, is 0.5% higher compared to corresponding period of RM1,795.7 million. The increase is mainly contributed by new IOI Putrajaya store and Southern region stores.

Revenue from the property management services segment at RM334.4 million, is 10.9% higher compared to corresponding quarter of RM301.6 million. The growth was contributed by improvement in occupancy rate and rental rate renewal.

The Company registered a profit before tax of RM111.2 million for the period compared to corresponding period of RM147.1 million, which recorded 24.4% decline attributed to lower gross margin, coupled with higher operating costs.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

2 Prospects for the Financial Year Ending 31 December 2023 (FY2023)

Global economy continues to be challenging due to unstable international situations affecting supplies and value of money. Whilst international travelling and improved employment supported the local economy, impending inflationary pressures on basic essentials will further subdue domestic discretionary spending.

Amidst the challenge ahead, the Company will continue to leverage on its ecosystem in partnering and collaborating with its tenant partners, suppliers and AEON group of companies to optimise the value in consumer spending and enhance the value of the Company's assets. The Company continues to offer promotions, enhance product assortments, optimise tenant mix and cautiously manage the operating expenses.

Furthermore, the Company is committed to enhance the effectiveness of its plan to accelerate digital shift, establish private brand that capture diverse customer values, create AEON Living Zone in local community and implement sustainability initiatives.

3 Profit Forecast/Profit Guarantee

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

4 Tax expense

Tax expense comprises:

	Quarter ended		Period ended	
	30 June 2023 RM'm	30 June 2022 RM'm	30 June 2023 RM'm	30 June 2022 RM'm
Current tax expense	24.6	45.0	55.9	71.7
Deferred tax expense	(5.7)	-	(13.1)	-
	18.9	45.0	42.8	71.7

The Company's effective tax rate is higher than the statutory tax rate mainly due to expenses not deductible for tax purposes.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

5 Notes to the Statement of Profit or Loss

	Quarter ended		Period ended	
	30 June 2023 RM'm	30 June 2022 RM'm	30 June 2023 RM'm	30 June 2022 RM'm
Profit before tax is arrived at after charging/(crediting):				
Depreciation and amortisation	72.1	71.1	141.6	141.2
Depreciation of right of use assets	37.4	41.3	70.5	81.8
Interest expense				
- lease interest	22.2	25.4	42.7	50.0
- interest charges	4.1	4.3	8.3	9.1
Impairment loss/(Reversal of impairment) on trade receivables	0.7	(1.7)	2.4	(3.4)
Fixed assets written off	0.1	0.5	0.3	0.8
Finance income:				
- interest income	(1.3)	(0.7)	(4.1)	(1.5)
- gain on disposal of unit trusts	(1.4)	-	(1.7)	-

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

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 June 2023		
	Long term RM denomination (RM'm)	Short term RM denomination (RM'm)	Total borrowings RM denomination (RM'm)
Unsecured			
Term loan	11.1	77.8	88.9
Islamic Medium Term Notes	170.0	200.0	370.0
	181.1	277.8	458.9

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

7 Borrowings and Debt Securities (continued)

	As at 30 June 2022		
	Long term	Short term	Total borrowings
	RM denomination (RM'm)	RM denomination (RM'm)	RM denomination (RM'm)
Unsecured			
Term loan	88.9	77.8	166.7
Islamic Medium Term Notes	200.0	170.0	370.0
	288.9	247.8	536.7

- (i) The term loans are unsecured, bear interest ranging from 2.99% to 3.03% (2022: 2.99% to 3.03%) per annum and are repayable on quarterly basis up to 29 July 2024.
- (ii) The unsecured Islamic Medium Term Notes bear interest rate of 3.15% to 3.65% (2022: 3.09% to 3.15%) per annum.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

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 (“Bridge”), from AZRB as the second defendant.

AZRB further filed the application to strike out the Company’s counterclaim against AZRB on 7 May 2021 and on 22 October 2021, the High Court allowed AZRB’s application to strike out the Company’s counterclaim against AZRB on the basis that the bridge across the Kuantan River, connecting Bandar Kuantan to Bandar Putra, Tanjung Lumpur (“Bridge”) was completed and the Company’s counterclaim is not sustainable.

On 26 October 2021, the Company filed and served the Notice of Appeal against the decision of the High Court judge and the hearing date is fixed on 9 May 2022.

Pursuant to the Company’s appeal against the High Court’s decision to allow AZRB’s application to strike out the Company’s counterclaim against AZRB on 9 May 2022, the Court of Appeal has decided in favor of the Company, and as a result, AZRB will be reinstated as a party to the Company’s counterclaim as the second defendant in the trial for the Main Suit, which is fixed on 20 to 21 May 2024 and 13 to 14 June 2024, respectively. Subsequently on 13 June 2022, the Court agreed to bring forward the trial dates for the Main Suit to 6 to 7 July 2023 and 3 to 4 August 2023, respectively.

The trial for the Main Suit has commenced on 6 and 7 July 2023 and the Court has vacated the trial dates fixed on 3 and 4 August 2023. The Court has subsequently fixed further trial dates for the continuation of the trial from September 2023 to January 2024.

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.

AEON CO. (M) BHD.
(Incorporated in Malaysia)
(Company No. 198401014370 (126926 - H))

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS (continued)

9 Dividend

No dividend was proposed or declared for the financial period ended 30 June 2023.

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

	Quarter ended		Period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit attributable to the owners for the period (RM'm)	30.2	47.3	68.4	75.4
Weighted average number of ordinary shares in issue ('m)	1,404	1,404	1,404	1,404
Basic earnings per ordinary share (sen)	2.15	3.37	4.87	5.37

Diluted earnings per share is not applicable for the Company.

12 Material Events Subsequent to End of Financial Period

a. Islamic Medium Term Notes (“IMTN”) Subscription Agreement

On 30 June 2023, the Company has entered into an IMTN Subscription Agreement with AmBank (M) Berhad, AmInvestment Bank Berhad and Maybank Investment Bank Berhad in respect of the issuance of IMTN amounting to RM370 million in nominal value.

On 5 July 2023, the IMTN funds were fully issued with RM230 million maturing on 3 July 2026 and RM140 million maturing on 5 July 2028. The interest rate is ranging from 4.28% to 4.41% per annum, payable semi-annually. The funds were utilised to repay the RM170 million IMTN due on 14 July 2023.

b. Acquisition of property

On 20 April 2023, the Company entered into a Sale and Purchase Agreement (“SPA”) with Liziz Standaco Sdn. Bhd. (“Liziz”) to acquire land held under PN 12273, Lot 10048, Seksyen 17 situated at Bandar Kota Bharu, Daerah Jajahan Kota Bharu, Negeri Kelantan for a total cash consideration of RM165 million.

On 20 July 2023, the Company entered into a Supplemental Agreement with Liziz to facilitate completion of the SPA, with ancillary costs amounting RM10.8 million payable to Liziz.

As at 27 July 2023, the acquisition is completed.