

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

**QUARTERLY REPORT FOR THE  
FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**ANNOUNCEMENT**

The Board of Directors of Aeon Co. (M) Bhd. (“Aeon” or “the Company”) presents the following unaudited condensed consolidated financial statements for the fourth quarter ended 31 December 2021 which 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 unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3 months ended		12 months ended	
	31 December		31 December	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	992,101	916,487	3,630,364	4,051,302
Total operating expenses	(870,085)	(844,567)	(3,390,736)	(3,803,062)
Other operating income	6,726	6,451	21,284	11,017
<b>Profit from operations</b>	128,742	78,371	260,912	259,257
Interest expense				
- Lease interest	(26,865)	(28,560)	(107,064)	(116,500)
- Interest charges	(7,177)	(7,943)	(22,835)	(32,863)
	(34,042)	(36,503)	(129,899)	(149,363)
Interest income	212	138	645	676
Share of results of associates	(303)	(2,196)	(644)	(8,814)
<b>Profit before tax</b>	94,609	39,810	131,014	101,756
Tax expense	(23,625)	(12,655)	(45,727)	(60,333)
<b>Profit for the period</b>	70,984	27,155	85,287	41,423
Basic earnings per ordinary share (sen) (Note B11)	5.06	1.93	6.07	2.95

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		12 months ended	
	31 December		31 December	
	Unaudited	Unaudited	Unaudited	Audited
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	70,984	27,155	85,287	41,423
<b>Other comprehensive income:</b>				
Gain/(Loss) on fair value of other investments	5,851	7,523	7,523	(9,938)
<b>Comprehensive income for the period</b>	<u>76,835</u>	<u>34,678</u>	<u>92,810</u>	<u>31,485</u>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31 December 2021 RM'000	31 December 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,108,208	3,366,955
Intangible assets	62,963	9,638
Right-of-use assets	1,501,217	1,689,636
Investment in associates	676	2,120
Other investments	63,251	55,728
Other assets	18,101	18,424
Deferred tax assets	168,264	147,071
	4,922,680	5,289,572
<b>Current assets</b>		
Inventories	601,176	623,644
Contract assets	14,485	9,764
Receivables, deposits and prepayments	130,892	99,026
Cash and cash equivalents	193,562	71,385
	940,115	803,819
<b>TOTAL ASSETS</b>	<b>5,862,795</b>	<b>6,093,391</b>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

	31 December 2021 RM'000	31 December 2020 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	702,000	702,000
Reserves	1,040,745	968,995
<b>TOTAL EQUITY</b>	1,742,745	1,670,995
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	327,776	-
Lease liabilities	1,888,947	2,072,147
Payables and accruals	19,590	-
Other liabilities	22,299	21,534
	2,258,612	2,093,681
<b>Current liabilities</b>		
Contract liabilities	92,456	126,146
Borrowings	400,557	933,580
Lease liabilities	176,041	158,192
Payables and accruals	1,165,644	1,075,553
Current tax liability	26,740	35,244
	1,861,438	2,328,715
<b>TOTAL LIABILITIES</b>	4,120,050	4,422,396
<b>TOTAL EQUITY AND LIABILITIES</b>	5,862,795	6,093,391

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2021</b>	702,000	54,698	914,297	1,670,995
Total comprehensive income for the period	-	7,523	85,287	92,810
Final dividend in respect of year ended 31 December 2020	-	-	(21,060)	(21,060)
<b>At 31 December 2021</b>	<u>702,000</u>	<u>62,221</u>	<u>978,524</u>	<u>1,742,745</u>
<b>At 1 January 2020</b>	702,000	64,636	929,034	1,695,670
Total comprehensive income for the period	-	(9,938)	41,423	31,485
Final dividend in respect of year ended 31 December 2019	-	-	(56,160)	(56,160)
<b>At 31 December 2020</b>	<u>702,000</u>	<u>54,698</u>	<u>914,297</u>	<u>1,670,995</u>

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	31 December 2021 RM'000	31 December 2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	131,014	101,756
Adjustments for:		
Depreciation and amortisation	464,384	495,684
Other non-cash items	16,264	11,336
Interest expense	129,899	149,363
Interest income	(645)	(676)
Dividend income	(2,252)	(1,077)
Operating profit before changes in working capital	738,664	756,386
Changes in working capital	35,650	(298,048)
Cash generated from operations	774,314	458,338
Tax paid	(75,424)	(62,251)
<b>Net cash generated from operating activities</b>	698,890	396,087
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(67,128)	(46,365)
Proceeds from disposal of property, plant and equipment	700	23
Dividend received	3,052	1,077
Interest received	645	676
<b>Net cash used in investing activities</b>	(62,731)	(44,589)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(158,966)	(149,242)
Net borrowings	(205,247)	4,920
Interest paid	(128,709)	(146,613)
Dividend paid	(21,060)	(56,160)
<b>Net cash used in financing activities</b>	(513,982)	(347,095)
<b>Net change in cash and cash equivalents</b>	122,177	4,403
<b>Cash and cash equivalents at 1 January</b>	71,385	66,982
<b>Cash and cash equivalents at 31 December</b>	193,562	71,385

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**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 2020.

**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 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*, MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2* and Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*

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 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 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)*

(ii) 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 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*

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**2 Significant Accounting Policies (continued)**

(iii) Effective date yet to be confirmed:

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

The 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 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 periods such as Chinese New Year, Hari Raya, Deepavali and Christmas. Additionally, the various stages of Movement Control Orders (“MCO”) have an influence on operating hours and hence phasing of sales.

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

The COVID-19 pandemic continues to disrupt both local business environments and global supply chains and financial markets. Notwithstanding the national vaccination programme that is being rolled out, the MCO continues to be implemented nationwide with lockdown restrictions tightening since June 2021. During the period, the lockdown restrictions impacted the Company’s revenue.

Save as disclosed above, there were no other significant unusual items affecting the assets, liability, equity, net income or cash flows for the financial period ended 31 December 2021.

**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 31 December 2021.

**6 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period ended 31 December 2021, other than as disclosed in this quarterly report.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**7 Dividends Paid**

There was no dividend paid for the financial period ended 31 December 2021.

A final single-tier 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.

Refer to Note B9 for dividends proposed.

**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 31 December 2021.

**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 31 December 2021.

**10 Operating Segments**

The operating segments analysis is as follows:

	<b>Retailing</b>		<b>Property Management Services</b>		<b>Total</b>	
	<b>12 months ended</b>		<b>12 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	3,099,107	3,444,661	531,257	606,641	3,630,364	4,051,302
Segmental profit	129,651	77,863	199,593	229,620	329,244	307,483
Less: Unallocated expenses					(68,332)	(48,226)
Profit from operations					260,912	259,257
Interest expense						
- Lease interest					(107,064)	(116,500)
- Interest charges					(22,835)	(32,863)
Interest income					645	676
Share of results of associates					(644)	(8,814)
Profit before tax					131,014	101,756
Tax expense					(45,727)	(60,333)
Profit for the period					85,287	41,423

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**11 Revenue**

	3 months ended		12 months ended	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Sale of goods	722,365	688,512	2,740,507	3,083,577
Net commission from concessionaire sales	118,459	74,559	300,280	294,706
Property management services	137,850	140,624	531,257	606,641
Others	13,427	12,792	58,320	66,378
	992,101	916,487	3,630,364	4,051,302

**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 23 June 2021.

**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 2020.

**14 Capital Commitments**

Capital commitments not provided for in the financial statements as at 31 December 2021 are as follows:

	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Property, plant and equipment		
Contracted but not provided for and not payable	37,995	7,950

**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).

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**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'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>31 December 2021</b>							
<b>Financial Asset</b>							
Investment in quoted equities	63,251	-	-	-	-	-	63,251
<b>Financial Liabilities</b>							
Borrowings	-	-	-	-	-	(741,239)	(728,333)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Carrying amount RM'000
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>31 December 2020</b>							
<b>Financial Asset</b>							
Investment in quoted equities	55,728	-	-	-	-	-	55,728
<b>Financial Liabilities</b>							
Borrowings	-	-	-	-	-	(931,105)	(933,580)

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**1 Review of Performance**

- a. Performance of the current quarter (Fourth Quarter FY21) against the corresponding quarter (Fourth Quarter FY20)

	Quarter Ended 31 Dec 2021 RM'000	Quarter Ended 31 Dec 2020 RM'000	Changes %
Revenue by segment:			
Retail business	854,251	775,863	10.1%
Property management services	137,850	140,624	(2.0%)
Total Revenue	992,101	916,487	8.3%
Profit from operations	128,742	78,371	64.3%
Profit before tax	94,609	39,810	137.7%

For the quarter under review, the Company registered a total revenue of RM992.1 million, 8.3% higher as compared to corresponding quarter of RM916.5 million.

Retail business revenue at RM854.3 million is 10.1% higher compared to corresponding quarter of RM775.9 million encouraged by the relaxation of Movement Control Order restrictions in September 2021 which facilitated recovery of sales for Softline and Hardline categories.

Revenue from the property management services segment at RM137.9 million, is lower by 2.0% compared to corresponding quarter of RM140.6 million. The decline in revenue was mainly due to lower tenants' sales as part of the strategy to revamp the rent structure with its tenants to include variable rent payments via sales commission.

The Company registered a profit before tax of RM94.6 million for the quarter under review compared to corresponding quarter of RM39.8 million, which recorded 137.7% growth mainly due to higher revenue and lower cost.

- b. Performance of the current quarter (Fourth Quarter FY21) against the preceding quarter (Third Quarter FY21)

	Current Quarter 31 Dec 2021 RM'000	Immediate Preceding Quarter 30 Sep 2021 RM'000	Changes %
Revenue by segment:			
Retail business	854,251	632,860	35.0%
Property management services	137,850	117,700	17.1%
Total Revenue	992,101	750,560	32.2%
Profit/(Loss) from operations	128,742	(1,207)	> 3 times
Profit/(Loss) before tax	94,609	(33,425)	> 3 times

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

**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 (Fourth Quarter FY21) against the preceding quarter (Third Quarter FY21) (continued)

For the quarter under review, the Company registered a total revenue of RM992.1 million, 32.2% higher compared to preceding quarter of RM750.6 million.

Retail business recorded revenue at RM854.3 million, is higher by 35.0% compared to preceding quarter of RM632.9 million. The growth was contributed by higher consumer spending on festive and year-end sales.

Revenue from the property management services segment at RM137.9 million, is higher by 17.1% compared to preceding quarter of RM117.7 million. The increase in revenue was supported by the higher sales commission and temporary space rental received in line with various promotional events and year-end sales.

The Company recorded a profit before tax of RM94.6 million for the fourth quarter as compared to preceding quarter at a loss before tax of RM33.4 million mainly due to higher revenue.

- c. Performance of the current year (YTD December 2021) against the preceding year (YTD December 2020)

	<b>Period Ended 31 Dec 2021 RM'000</b>	<b>Period Ended 31 Dec 2020 RM'000</b>	<b>Changes %</b>
Revenue by segment:			
Retail business	3,099,107	3,444,661	(10.0%)
Property management services	531,257	606,641	(12.4%)
Total Revenue	3,630,364	4,051,302	(10.4%)
Profit from operations	260,912	259,257	0.6%
Profit before tax	131,014	101,756	28.8%

For the year ended 31 December 2021, the Company posted a total revenue of RM3.630 billion, which represented a decrease of 10.4% as compared with the preceding year of RM4.051 billion.

Retail business revenue at RM3.099 billion is 10.0% lower compared to preceding year of RM3.445 billion. The decrease is mainly due to prolonged closure of stores totalling 119 days, due to MCO directives, especially during the implementation of FMCO phases started from 1 June 2021, as well as lower demand during current year's festivities as opposed to preceding year.

Revenue from the property management services segment at RM531.3 million, is lower by 12.4% compared to preceding year of RM606.6 million. The decline in revenue mainly due to lower tenants' rental income as part of the Company strategy to revamp the rent structure in order to retain existing tenants and to recruit new tenants subsequent to MCO in March 2020, cushioned by higher contribution of sales commission from tenants.

The Company's profit before tax of RM131.0 million was 28.8% higher than the preceding year of RM101.8 million as Management continuously control and improve its cost efficiency as well as lower interest cost incurred due to lower debts.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**2 Prospects for the Financial Year Ending 31 December 2022 (FY22)**

As the national vaccination rate accelerates and restriction on activities amongst the communities loosen, consumers spending nationwide is expected to improve.

To capture the consumers spending in coming year, the Company will accelerate and evolve its digital shift especially to grow adoption of myaeon2go amongst its consumers, create Aeon Living Zone to integrate both online and offline shopping engagement experiences, advance health and wellness, as well as to deepen its customer engagement and experience via its Aeon loyalty program and iAeon app. In addition to the above, the Company will continue to accelerate the green initiatives, as part of its sustainability program, including solar panel projects, waste management projects and vertical farming.

The emergence of new COVID-19 variant continues to pose uncertainty globally and any tightening of the National Recovery Plan to curb COVID-19 outbreaks may impact revenue. The Company will continue to monitor and assess business conditions, whilst remaining proactive in executing the strategies and cost management to ensure sustainable operations and business performances.

**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:

	3 months ended		12 months ended	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Current tax expense	44,774	39,516	66,920	87,345
Deferred tax expense	(21,149)	(26,861)	(21,193)	(27,012)
	23,625	12,655	45,727	60,333

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**5 Notes to the Statement of Comprehensive Income**

	3 months ended		12 months ended	
	31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation and amortisation	70,303	80,006	294,881	326,089
Depreciation of right of use assets	42,760	47,388	169,503	169,595
Interest expense				
- lease interest	26,865	28,560	107,064	116,500
- interest charges	7,177	7,943	22,835	32,863
(Reversal of impairment)/Impairment loss on trade receivables	(7,329)	2,967	(5,281)	15,302
(Gain)/Loss on foreign exchange	(35)	2	259	235
Fixed assets written off	454	1,487	2,009	2,855
Impairment loss on right-of-use assets	13,500	-	13,500	-
Interest income	(212)	(138)	(645)	(676)
Dividend income	(1,323)	(427)	(2,252)	(1,077)

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 31 December 2021		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	127,776	55,557	183,333
Islamic Medium-Term Notes/ Commercial Papers	200,000	345,000	545,000
	327,776	400,557	728,333

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**7 Borrowings and Debt Securities (continued)**

	As at 31 December 2020		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	-	205,080	205,080
Revolving credit facilities	-	313,500	313,500
Islamic Medium-Term Notes/ Commercial Papers	-	415,000	415,000
	-	933,580	933,580

- (i) The term loans are unsecured, bear interest ranging from 2.99% to 4.39% (2020: 2.98% to 4.39%) per annum and are repayable on quarterly basis up to 29 July 2024.
- (ii) There is no unsecured revolving credit outstanding as at 31 December 2021 (2020: 2.20% to 2.53% per annum).
- (iii) The unsecured Islamic Commercial Papers and Islamic Medium-Term Note bear interest rate of 2.14% to 3.15% (2020: 2.43% to 3.15%) 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 (“Bridge”), from AZRB as the second defendant.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

**8 Changes in Material Litigation (continued)**

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.

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**

The Board of Directors recommended for shareholders’ approval at the forthcoming Annual General Meeting a final single-tier dividend of 3.00 sen per share, based on 1,404,000,000 ordinary shares in respect of the financial year ended 31 December 2021, to be paid on a date to be determined.

**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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Profit attributable to the owners for the period (RM’000)	70,984	27,155	85,287	41,423
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)	5.06	1.93	6.07	2.95

Diluted earnings per share is not applicable for the Company.