

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

**QUARTERLY REPORT FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2024**

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 2024 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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	
	2024	2023	2024	2023
	RM'm	RM'm	RM'm	RM'm
Revenue	1,020.9	1,033.0	2,188.3	2,139.8
Total operating expenses	(962.5)	(967.2)	(2,018.9)	(1,998.2)
Other operating income	8.4	6.9	14.4	14.8
Profit from operations	66.8	72.7	183.8	156.4
Interest expense				
- Lease interest	(19.3)	(22.2)	(39.1)	(42.7)
- Interest charges	(4.4)	(4.1)	(8.9)	(8.3)
	(23.7)	(26.3)	(48.0)	(51.0)
Finance income	1.6	2.7	3.6	5.8
Share of results of associate	0.8	-	0.9	-
Profit before tax	45.5	49.1	140.3	111.2
Tax expense	(17.8)	(18.9)	(55.1)	(42.8)
Profit for the period	27.7	30.2	85.2	68.4
Basic earnings per ordinary share (sen) (Note B11)	1.97	2.15	6.07	4.87

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Quarter ended		Period ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'm	RM'm	RM'm	RM'm
Profit for the period	27.7	30.2	85.2	68.4
Other comprehensive income:				
Gain/(loss) on fair value of other investments	11.2	(0.7)	17.7	(6.1)
Total comprehensive income for the period	38.9	29.5	102.9	62.3

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2024 RM'm	31 December 2023 RM'm
ASSETS		
Non-current assets		
Property, plant and equipment	3,046.3	3,090.2
Intangible assets	32.5	39.3
Right-of-use assets	1,016.3	1,071.2
Investments in associates	1.8	0.9
Other investment	69.4	51.7
Other assets	27.9	17.9
Deferred tax assets	184.9	183.1
	4,379.1	4,454.3
Current assets		
Inventories	535.1	553.4
Contract assets	16.9	16.4
Receivables, deposits and prepayments	112.8	98.1
Tax recoverable	-	1.5
Cash and cash equivalents	111.8	99.8
	776.6	769.2
TOTAL ASSETS	5,155.7	5,223.5

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2024 RM'm	31 December 2023 RM'm
EQUITY AND LIABILITIES		
Share capital	702.0	702.0
Reserves	1,203.6	1,156.9
TOTAL EQUITY	1,905.6	1,858.9
LIABILITIES		
Non-current liabilities		
Borrowings	370.0	370.0
Lease liabilities	1,377.5	1,441.7
Payables and accruals	1.6	4.9
Other liabilities	51.5	48.5
	1,800.6	1,865.1
Current liabilities		
Contract liabilities	70.2	81.7
Borrowings	71.1	50.0
Lease liabilities	174.9	182.2
Payables and accruals	1,118.9	1,185.6
Current tax liability	14.4	-
	1,449.5	1,499.5
TOTAL LIABILITIES	3,250.1	3,364.6
TOTAL EQUITY AND LIABILITIES	5,155.7	5,223.5

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 2024	702.0	50.7	1,106.2	1,858.9
Total comprehensive income for the period	-	17.7	85.2	102.9
Final dividend in respect of year ended 31 December 2023	-	-	(56.2)	(56.2)
At 30 June 2024	<u>702.0</u>	<u>68.4</u>	<u>1,135.2</u>	<u>1,905.6</u>
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>

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Cumulative Period Ended	
	30 June 2024 RM'm	30 June 2023 RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	140.3	111.2
Adjustments for:		
Depreciation and amortisation	207.7	212.1
Other non-cash items	(4.2)	2.8
Interest expense	48.0	51.0
Finance income	(3.6)	(5.8)
Operating profit before changes in working capital	388.2	371.3
Changes in working capital	(87.1)	(26.1)
Cash generated from operations	301.1	345.2
Tax paid	(41.0)	(49.9)
Net cash generated from operating activities	260.1	295.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(79.1)	(219.2)
Proceeds from disposal of property, plant and equipment	1.1	0.6
Finance income received	3.6	5.8
Net cash used in investing activities	(74.4)	(212.8)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(90.6)	(81.1)
Net drawdown/(repayment) of borrowings	21.1	(38.9)
Interest paid	(47.8)	(46.8)
Dividend paid [^]	(56.4)	(56.0)
Net cash used in financing activities	(173.7)	(222.8)
Net change in cash and cash equivalents	12.0	(140.3)
Cash and cash equivalents at 1 January	99.8	237.5
Cash and cash equivalents at 30 June	111.8	97.2

[^] 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. The dividend payable has been paid as at 30 June 2024.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

**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 2023.

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 2023 except for the adoption of the following Amendments to Standards during the current financial period:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2025:

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

(ii) Financial year beginning on or after 1 January 2026:

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

(iii) Financial year beginning on or after 1 January 2027:

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosure*

(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.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

**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 unusual items affecting the assets, liability, equity, net income or cash flows for the financial period ended 30 June 2024.

5 Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect for the financial period ended 30 June 2024.

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 2024, other than as disclosed in this quarterly report.

7 Dividends Paid

During the financial period ended 30 June 2024, the final single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM56,160,000 was paid on 20 June 2024.

8 Material Events Subsequent to End of Financial Period

There were no material events subsequent to end of financial period to be disclosed in the financial statements for the financial period ended 30 June 2024, 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 2024.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

**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 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Revenue	1,817.3	1,805.4	371.0	334.4	2,188.3	2,139.8
Segmental profit	54.2	40.0	147.8	125.6	202.0	165.6
Less: Unallocated expenses					(18.2)	(9.2)
Profit from operations					183.8	156.4
Interest expense						
- Lease interest					(39.1)	(42.7)
- Interest charges					(8.9)	(8.3)
Finance income					3.6	5.8
Share of results of associate					0.9	-
Profit before tax					140.3	111.2
Tax expense					(55.1)	(42.8)
Profit for the period					85.2	68.4

* 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 2024	30 June 2023	30 June 2024	30 June 2023
	RM'm	RM'm	RM'm	RM'm
Sale of goods	728.7	739.6	1,571.7	1,551.5
Net commission from concessionaire sales	91.8	109.4	215.9	224.4
Property management services	186.3	170.8	375.1	338.5
Others	14.1	13.2	25.6	25.4
	1,020.9	1,033.0	2,188.3	2,139.8

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

**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 23 May 2024.

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 2023.

14 Capital Commitments

Capital commitments not provided for in the financial statements as at the end of the financial period are as follows:

	30 June 2024	31 December 2023
	RM'm	RM'm
Property, plant and equipment		
Contracted but not provided for and not payable	157.8	13.8

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 2024							
Financial Asset							
Investment in quoted equities	69.4	-	-	-	-	-	69.4
Financial Liabilities							
Borrowings	-	-	-	-	-	(448.8)	(441.1)

	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 2023							
Financial Asset							
Investment in quoted equities	51.7	-	-	-	-	-	51.7
Financial Liabilities							
Borrowings	-	-	-	-	-	(429.7)	(420.0)

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 FY24) against the corresponding quarter (Second Quarter FY23)

	Quarter Ended 30 June 2024	Quarter Ended 30 June 2023	Changes %
	RM'm	RM'm	
Revenue by segment:			
Retail business	836.8	864.0	-3.1%
Property management services	184.1	169.0	8.9%
Total Revenue	1,020.9	1,033.0	-1.2%
Profit from operations	66.8	72.7	-8.1%
Profit before tax	45.5	49.1	-7.3%

For the current quarter, the Company registered a total revenue of RM1,020.9 million, 1.2% lower as compared to corresponding quarter of RM1,033.0 million.

Retail business recorded revenue at RM836.8 million, 3.1% lower compared to corresponding quarter of RM864.0 million. The decline in revenue is mainly due to timing of the festive season.

Revenue from the property management services segment at RM184.1 million, is 8.9% higher compared to corresponding quarter of RM169.0 million. The growth was contributed by improvement in occupancy rate and effective rental renewals.

The Company registered a profit before tax of RM45.5 million for the quarter, as compared to the corresponding quarter of RM49.1 million, which recorded a 7.3% decline, mainly driven by lower revenue.

- b. Performance of the current quarter (Second Quarter FY24) against the preceding quarter (First Quarter FY24)

	Current Quarter 30 June 2024	Preceding Quarter 31 March 2024	Changes %
	RM'm	RM'm	
Revenue by segment:			
Retail business	836.8	980.5	-14.7%
Property management services	184.1	186.9	-1.5%
Total Revenue	1,020.9	1,167.4	-12.5%
Profit from operations	66.8	117.0	-42.9%
Profit before tax	45.5	94.8	-52.0%

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 FY24) against the preceding quarter (First Quarter FY24) (continued)

For the current quarter, the Company registered a total revenue of RM1,020.9 million, 12.5% lower compared to preceding quarter of RM1,167.4 million.

Retail business recorded revenue at RM836.8 million, is 14.7% lower compared to preceding quarter of RM980.5 million. The decline in revenue is mainly due to higher festivities spending in the preceding quarter.

Revenue from the property management services segment at RM184.1 million, is 1.5% lower compared to preceding quarter of RM186.9 million. The decline is mainly from higher sales commission in preceding quarter during the festive season.

The Company's profit before tax for the current quarter of RM45.5 million, is 52.0% lower compared to preceding quarter of RM94.8 million, mainly driven by lower revenue.

- c. Performance of the current period (YTD June 2024) against the corresponding period (YTD June 2023)

	Period Ended 30 June 2024	Period Ended 30 June 2023	Changes %
	RM'm	RM'm	
Revenue by segment:			
Retail business	1,817.3	1,805.4	0.7%
Property management services	371.0	334.4	10.9%
Total Revenue	2,188.3	2,139.8	2.3%
Profit from operations	183.8	156.4	17.5%
Profit before tax	140.3	111.2	26.2%

For the current period, the Company registered a total revenue of RM2,188.3 million, 2.3% higher as compared to corresponding period of RM2,139.8 million.

Retail business recorded revenue at RM1,817.3 million, is 0.7% higher compared to corresponding period of RM1,805.4 million, supported by higher customer spending.

Revenue from the property management services segment at RM371.0 million, is 10.9% higher compared to corresponding period of RM334.4 million. The growth was contributed by improvement in occupancy rate and effective rental renewal.

The Company registered a profit before tax of RM140.3 million for the period compared to corresponding period of RM111.2 million, which recorded 26.2% increase, contributed by higher revenue and disciplined cost management.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

2 Prospects for the Financial Year Ending 31 December 2024 (FY2024)

The Malaysian economy grew in the first half of 2024 on the back of strong domestic consumption, improved labour market and the recovery in tourism. While inflation remained relatively stable with pressures seen from global commodity prices (exacerbated by geopolitical factors) and the impending RON95 fuel subsidy rationalisation plan, AEON expects challenging conditions reflecting the current economic environment of subdued consumer sentiment and constrained purchasing power.

In conjunction with AEON’s 40th Anniversary celebration and its Vision “to create more smiles and connect to the hearts” of our customers, a series of promotional events, activities and reward programmes, in collaboration with our tenant partners and suppliers, have been rolled out and planned for in FY2024. Some of these include attractive product assortments along with special events such as A-Day and store re-opening promotions to bring more value to AEON customers. In the coming months, we are also accelerating renovation projects at selected AEON stores and malls to provide customers with greater shopping experience.

Looking ahead, the Company remains focused on executing its strategic priorities, both on the retail business and property management services front, accelerate digital initiatives, grow private brands, create more AEON Living Zones in local community, implement sustainability initiatives while managing operating cost efficiently.

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 2024	30 June 2023	30 June 2024	30 June 2023
	RM'm	RM'm	RM'm	RM'm
Current tax expense	18.4	24.6	56.9	55.9
Deferred tax expense	(0.6)	(5.7)	(1.8)	(13.1)
	17.8	18.9	55.1	42.8

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 2024

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 2024	30 June 2023	30 June 2024	30 June 2023
	RM'm	RM'm	RM'm	RM'm
Profit before tax is arrived at after charging/(crediting):				
Depreciation and amortisation	65.5	72.1	131.5	141.6
Depreciation of right of use assets	38.4	37.4	76.2	70.5
Interest expense				
- lease interest	19.3	22.2	39.1	42.7
- interest charges	4.4	4.1	8.9	8.3
(Reversal of impairment)/Impairment loss on trade receivables	(1.0)	0.7	(0.8)	2.4
Reversal of impairment loss on property, plant and equipment	-	-	(0.9)	-
Fixed assets written off	0.2	0.1	1.3	0.3
Finance income:				
- interest income	(1.6)	(1.3)	(3.6)	(4.1)
- 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 Proposal

There was no corporate proposal announced but not completed as at the date of this report.

7 Borrowings and Debt Securities

	As at 30 June 2024		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
	RM'm	RM'm	RM'm
Unsecured			
Term loan	-	11.1	11.1
Revolving credits	-	60.0	60.0
Islamic Medium Term Notes	370.0	-	370.0
	370.0	71.1	441.1

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 2023		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
	RM'm	RM'm	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

- (i) The term loans are unsecured, bear interest ranging from 2.99% to 3.03% (2023: 2.99% to 3.03%) per annum and are repayable on quarterly basis up to 29 July 2024.
- (ii) The unsecured revolving credits bear interest rate of 3.92% (2023: Nil) per annum.
- (iii) The unsecured Islamic Medium Term Notes bear interest rate of 4.28% to 4.41% (2023: 3.15% to 3.65%) per annum.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 allegedly 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 defence 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 condition precedents 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. 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 August 2024.

Based on the advice by the Company’s legal counsel, the Directors are of the view that the Plaintiff is not entitled to the reliefs because 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. In addition, the damages sought by the Plaintiff in relation to the rental are contradictory to the Rules of Court as the said category of claim is general damages which 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 2024

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 2024.

10 Qualification of the Preceding Audited Annual Financial Statements

There was no qualification to the preceding audited annual financial statements for the financial year ended 31 December 2023.

11 Earnings Per Share

	Quarter ended		Period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Profit attributable to the owners for the period (RM'm)	27.7	30.2	85.2	68.4
Weighted average number of ordinary shares in issue ('m)	1,404	1,404	1,404	1,404
Basic earnings per ordinary share (sen)	1.97	2.15	6.07	4.87

Diluted earnings per share is not applicable for the Company.

12 Material Event During the Financial Period

Acquisition of property, plant and equipment

On 4 June 2024, the Company entered into a Sale and Purchase Agreement (“SPA”) with Real Attraction Sdn. Bhd., in respect of the acquisition of two (2) pieces of land both situated in Seremban, Negeri Sembilan, the details are as below:

- PAJAKAN NEGERI 49354, LOT 50880, Bandar Seremban Utama, Daerah Seremban, Negeri Sembilan measuring approximately 2.382 acres or 9,639 square metres or 103,753.33 square feet (“the Leasehold Land”); and
- GERAN 281688, LOT 50465, Bandar Seremban Utama, Daerah Seremban, Negeri Sembilan measuring approximately 20.663 acres or 83,620 square metres or 900,078.18 square feet (“the Freehold Land”)

The purchase consideration in accordance to the SPA is RM102,891,466. The Company will pay 10% of the purchase price upon signing SPA and remaining 90% of the purchase price shall be paid progressively to the vendor until the successful transfer of title in the Company’s name based on the agreed milestones.

On 7 June 2024, first progress payment amounting to RM10,289,146.60 was paid and classified in “Other assets” as at 30 June 2024. The balance consideration is included in capital commitment.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

13 Material Event Subsequent to End of Financial Period

Establishment and issuance of Sukuk Wakalah Programmes

On 2 July 2024, the Company has established an Islamic Commercial Papers ("ICP") Programme ("ICP Programme") and an Islamic Medium Term Notes ("IMTN") Programme ("IMTN Programme") with a combined aggregate limit of up to RM2.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar. The ICP Programme shall have a programme tenure of seven (7) years while the IMTN Programme shall have a perpetual programme tenure. The Company intends to utilise the proceeds for the following purposes:

- (a) Working capital requirements, capital expenditures, investments and other general corporate purposes of the Issuer;
- (b) Refinancing of existing conventional borrowings/existing corporate bonds and refinancing of existing and/or future Islamic financing/existing and/or future Sukuk issues of the Issuer; and/or
- (c) Payment of fees, costs and expenses in relation to the Sukuk Wakalah Programmes

On 16 August 2024, the Company issued the first series of IMTN amounting RM220.0 million with tenure of 5 years and ICP amounting RM30.0 million with tenure of 6 months.