

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

**QUARTERLY REPORT FOR THE
FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 30 September		9 months ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	750,560	989,623	2,638,263	3,134,815
Total operating expenses	(757,909)	(915,851)	(2,520,651)	(2,958,495)
Other operating income	6,142	1,714	14,558	4,566
(Loss)/Profit from operations	<u>(1,207)</u>	<u>75,486</u>	<u>132,170</u>	<u>180,886</u>
Interest expense				
- Lease interest	(26,945)	(29,842)	(80,199)	(87,940)
- Interest charges	(5,376)	(7,723)	(15,658)	(24,920)
	<u>(32,321)</u>	<u>(37,565)</u>	<u>(95,857)</u>	<u>(112,860)</u>
Interest income	145	152	433	538
Share of results of associates	(42)	(2,325)	(341)	(6,618)
(Loss)/Profit before tax	<u>(33,425)</u>	<u>35,748</u>	<u>36,405</u>	<u>61,946</u>
Tax expense	14,752	(19,391)	(22,102)	(47,678)
(Loss)/Profit for the period	<u><u>(18,673)</u></u>	<u><u>16,357</u></u>	<u><u>14,303</u></u>	<u><u>14,268</u></u>
Basic earnings per ordinary share (sen) (Note B11)	(1.33)	1.17	1.02	1.02

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		9 months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(18,673)	16,357	14,303	14,268
Other comprehensive income:				
Gain/(Loss) on fair value of other investments	3,437	4,041	1,672	(17,461)
Comprehensive income for the period	<u>(15,236)</u>	<u>20,398</u>	<u>15,975</u>	<u>(3,193)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2021 RM'000	31 December 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,158,281	3,366,955
Intangible assets	31,446	9,638
Right-of-use Assets	1,557,476	1,689,636
Investment in associates	1,779	2,120
Other investments	57,400	55,728
Other assets	18,208	18,424
Deferred tax assets	147,115	147,071
	4,971,705	5,289,572
Current assets		
Inventories	591,820	623,644
Contract Assets	10,139	9,764
Receivables, deposits and prepayments	159,645	99,026
Cash and cash equivalents	28,517	71,385
	790,121	803,819
TOTAL ASSETS	5,761,826	6,093,391

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 September 2021	31 December 2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	963,910	968,995
TOTAL EQUITY	1,665,910	1,670,995
LIABILITIES		
Non-current liabilities		
Borrowings	147,221	-
Lease Liabilities	1,939,388	2,072,147
Other liabilities	21,533	21,534
	2,108,142	2,093,681
Current liabilities		
Contract Liabilities	97,978	126,146
Borrowings	751,715	933,580
Lease Liabilities	165,820	158,192
Payables and accruals	939,805	1,075,553
Current tax liability	32,456	35,244
	1,987,774	2,328,715
TOTAL LIABILITIES	4,095,916	4,422,396
TOTAL EQUITY AND LIABILITIES	5,761,826	6,093,391

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	
At 1 January 2021	702,000	54,698	914,297	1,670,995
Total comprehensive income for the period	-	1,672	14,303	15,975
Final dividend in respect of year ended 31 December 2020	-	-	(21,060)	(21,060)
At 30 September 2021	<u>702,000</u>	<u>56,370</u>	<u>907,540</u>	<u>1,665,910</u>
At 1 January 2020	702,000	64,636	929,034	1,695,670
Total comprehensive income for the period	-	(17,461)	14,268	(3,193)
Final dividend in respect of year ended 31 December 2019	-	-	(56,160)	(56,160)
At 30 September 2020	<u>702,000</u>	<u>47,175</u>	<u>887,142</u>	<u>1,636,317</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	30 September 2021 RM'000	30 September 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	36,405	61,946
Adjustments for:		
Depreciation and amortisation	351,321	368,290
Other non-cash items	926	7,802
Interest expense	95,857	112,860
Interest income	(434)	(538)
Dividend income	(929)	(650)
Operating profit before changes in working capital	483,146	549,710
Changes in working capital	(192,873)	(224,402)
Cash generated from operations	290,273	325,308
Tax paid	(24,934)	(21,958)
Net cash generated from operating activities	265,339	303,350
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(41,046)	(42,672)
Proceeds from disposal of property, plant and equipment	1,781	10
Dividend received	929	650
Interest received	434	538
Net cash used in investing activities	(37,902)	(41,474)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(198,944)	(196,974)
Net borrowings	(34,643)	(17,710)
Interest paid	(15,658)	(24,920)
Dividend paid	(21,060)	(56,160)
Net cash used in financing activities	(270,305)	(295,764)
Net change in cash and cash equivalents	(42,868)	(33,888)
Cash and cash equivalents at 1 January	71,385	66,982
Cash and cash equivalents at 30 September	28,517	33,094

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

1 Basis of Preparation

The unaudited quarterly report has been prepared 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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (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 30 September 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 30 September 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 30 September 2021, other than as disclosed in this quarterly report.

7 Dividends Paid

There was no dividend paid for the financial period ended 30 September 2021.

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.

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

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 September 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 30 September 2021.

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	9 months ended		9 months ended		9 months ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,244,856	2,668,798	393,407	466,017	2,638,263	3,134,815
Segmental profit	41,358	54,205	137,225	181,584	178,583	235,789
Less: Unallocated expenses					(46,413)	(54,903)
Profit from operations					132,170	180,886
Interest expense						
- Lease interest					(80,199)	(87,940)
- Interest charges					(15,658)	(24,920)
Interest income					433	538
Share of results of associates					(341)	(6,618)
Profit before tax					36,405	61,946
Tax expense					(22,102)	(47,678)
Profit/(Loss) for the period					14,303	14,268

11 Revenue

	3 months ended		9 months ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
Sale of goods	585,987	738,301	2,018,142	2,395,065
Net commission from concessionaire sales	33,883	81,379	181,821	220,147
Property management services	117,700	153,395	393,407	466,017
Others	12,990	16,548	44,893	53,586
	750,560	989,623	2,638,263	3,134,815

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

**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 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 30 September 2021 are as follows:

	30 Sep 2021 RM'000	31 Dec 2020 RM'000
Property, plant and equipment		
Contracted but not provided for and not payable	13,731	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).

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	
30 September 2021							
Financial Asset							
Investment in quoted equities	57,400	-	-	-	-	-	57,400
Financial Liabilities							
Bank loans	-	-	-	-	-	(200,494)	(202,937)

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

15 Fair value measurements (continued)

	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	
31 December 2020							
Financial Asset							
Investment in quoted equities	55,728	-	-	-	-	-	55,728
Financial Liabilities							
Bank loans	-	-	-	-	-	(202,605)	(205,080)

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 (Third Quarter FY21) against the corresponding quarter (Third Quarter FY20)

	Quarter Ended 30 Sep 2021 RM'000	Quarter Ended 30 Sep 2020 RM'000	Changes %
Revenue by segment:			
Retail business	632,860	836,228	(24.3%)
Property management services	117,700	153,395	(23.3%)
Total Revenue	750,560	989,623	(24.2%)
(Loss)/Profit from operations	(1,207)	75,486	(101.6%)
(Loss)/Profit before tax	(33,425)	35,748	(193.5%)

For the quarter under review, the Company registered a total revenue of RM750.6 million, 24.2% lower as compared the preceding year corresponding quarter of RM989.6 million.

Retail business revenue at RM632.9 million is 24.3% lower compared to the preceding year's corresponding quarter of RM836.2 million. The decline was due to MCO restrictions on operating sectors such as non-essential offering of Hardline and Softline, shorter operating hours and store closures arising from COVID-19 sanitisation.

Revenue from the property management services segment at RM117.7 million, is lower by 23.3% compared to the preceding year corresponding quarter of RM153.4 million. The shortfall in revenue was mainly due to lower tenants' sales leading to lower sales commission and income reduction from temporary space rental.

Notwithstanding Management's effort to improve cost efficiency in light of current market condition, the Company registered a loss before tax, for the quarter of RM33.4 million compared to previous year corresponding quarter a profit before tax of RM35.7 million, mainly due to lower revenue.

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

	Current Quarter 30 Sep 2021 RM'000	Immediate Preceding Quarter 30 Jun 2021 RM'000	Changes %
Revenue by segment:			
Retail business	632,860	732,989	(13.6%)
Property management services	117,700	141,215	(16.6%)
Total Revenue	750,560	874,204	(14.1%)
(Loss)/Profit from operations	(1,207)	60,686	(102.0%)
(Loss)/Profit before tax	(33,425)	27,999	(219.4%)

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

For the quarter under review, the Company registered a total revenue of RM750.6 million, 14.1% lower compared to the preceding quarter of RM874.2 million.

Retail business revenue at RM632.9 million is 13.6% lower compared to the preceding quarter of RM732.9 million. The decline was due predominantly to stricter lockdowns in the quarter which restricted both operating sectors and operating hours, coupled with store closures arising from COVID-19 sanitisation. The Company's online platform sales, although immaterial, has doubled compared to the preceding quarter.

Revenue from the property management services segment at RM117.7 million, is lower by 16.6% compared to the preceding quarter of RM141.2 million. The shortfall in revenue was mainly due to the closure of Malls as required by the government pursuant to various MCO directives.

The Company recorded a loss before tax of RM33.4 million for the third quarter as compared to the profit before tax of RM28.0 million for the preceding quarter mainly due to lower revenue.

- c. Performance of the current period (YTD September 2021) against the corresponding period (YTD September 2020)

	Period Ended 30 Sep 2021 RM'000	Period Ended 30 Sep 2020 RM'000	Changes %
Revenue by segment:			
Retail business	2,244,856	2,668,798	(15.9%)
Property management services	393,407	466,017	(15.6%)
Total Revenue	2,638,263	3,134,815	(15.8%)
Profit from operations	132,170	180,886	(26.9%)
Profit before tax	36,405	61,946	(41.2%)

For the period ended 30 September 2021, the Company posted a total revenue of RM2.638 billion, which represented a decrease of 15.8% as compared with the previous year corresponding period of RM3.135 billion.

Retail business revenue at RM2.245 billion is 15.9% lower compared to the preceding year's corresponding period of RM2.669 billion. The decrease is mainly due to prolonged closure of stores due to MCO directives, as well as lower demand during current year's festivities as opposed to preceding year's corresponding period.

The retail segmental profit recorded at RM41.4 million, 23.7% lower compared to RM54.2 million recorded in the previous corresponding period due to lower revenue for the same reason as stated above.

Revenue from the property management services segment at RM393.4 million, is lower by 15.6% compared to the preceding year corresponding period of RM466.0 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 due to closure of Malls as required by the government pursuant to HIDE and closure of non-essential departments pursuant to the various MCO directives.

The Company's profit before tax of RM36.4 million was 41.2% lower than the previous year corresponding period of RM61.9 million mainly due to lower revenue as Management continued its effort to improve cost efficiency.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 2021 (FY21)

With the recently announced measures under the National Recovery Plan whereby business communities are progressively re-opening and inter-state travels resuming, the Company expects this would bolster consumer confidence and thereby improvement to our overall revenue; both retail and mall incomes. With the forthcoming year end and festivities, we expect mall footfall to continue in an upward trend. This is also expected to improve mall tenancy including our temporary event spaces. We also continue to see encouraging demands for our online revenue and personal shoppers.

As the near-term challenges remain with the COVID-19 endemic, the Company will continue to monitor and assess business conditions, whilst remaining proactive in 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		9 months ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
Current tax expense	(14,809)	19,441	22,146	47,829
Deferred tax expense	57	(50)	(44)	(151)
	(14,752)	19,391	22,102	47,678

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

5 Notes to the Statement of Comprehensive Income

	3 months ended		9 months ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
(Loss)/Profit for the period is arrived at after charging/(crediting):				
Depreciation and amortisation	72,676	81,814	224,578	246,083
Depreciation of right of use assets	42,389	40,176	126,743	122,207
Interest expense				
- lease interest	26,945	29,842	80,199	87,940
- interest charges	5,376	7,723	15,658	24,920
Impairment loss:				
- trade receivables	1,082	4,634	2,048	12,335
Loss on foreign exchange	236	12	294	233

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

5 Notes to the Statement of Comprehensive Income (continued)

	3 months ended		9 months ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
(Loss)/Profit for the period is arrived at after charging/(crediting) (continued):				
Property, plant and equipment written off	205	148	1,555	1,368
Interest income	(145)	(152)	(433)	(538)
Dividend income	(929)	(650)	(929)	(650)

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 September 2021		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	147,222	55,715	202,937
Revolving credit facilities	-	226,000	226,000
Islamic Medium-Term Notes/ Commercial Papers	-	470,000	470,000
	147,222	751,715	898,937

	As at 30 September 2020		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	51,270	190,080	241,350
Revolving credit facilities	-	199,600	199,600
Islamic Medium-Term Notes/ Commercial Papers	-	470,000	470,000
	51,270	859,680	910,950

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

7 Borrowings and Debt Securities (continued)

- (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 16 April 2024.
- (ii) The unsecured revolving credit bear interest rates ranging from 2.20% to 2.38% (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 3.09% (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.

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.

During the hearing on 2 September 2021, the High Court Judge fixed the decision for AZRB’s strike out application on 22 October 2021. 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.

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

8 Changes in Material Litigation (continued)

The Company has been advised by its legal counsel and will be appealing against the decision of the High Court judge as the Bridge was not completed on or before the expiry of the condition precedent period of the Tenancy Agreement dated 24 August 2017 and Commercial Agreement dated 24 August 2017. The Company and AZRB will exchange and file such cause papers and written submission according to the directions of the court. The Company will make a further announcement when the decision of the appeal is provided by the court.

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 September 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		9 months ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
(Loss)/Profit attributable to the owners for the period (RM'000)	(18,673)	16,357	14,303	14,268
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000	1,404,000	1,404,000
Basic (loss)/earnings per ordinary share (sen)	(1.33)	1.17	1.02	1.02

Diluted earnings per share is not applicable for the Company.