AEON CO. (M) BHD.

(Company No. 126926 - H)
(Incorporated in Malaysia)

Unaudited results of the Company for the second quarter ended 30 June 2019.

Condensed statement of profit or loss

For the six months ended 30 June 2019

	3 months ended 30 June		**6 months ended 30 June**	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	1,099,486	1,064,029	2,306,362	2,178,315
Total operating expenses	(1,022,837)	(1,008,762)	(2,139,090)	(2,064,167)
Other operating income	1,607	1,576	3,161	3,124
Profit from operations	78,256	56,843	170,433	117,272
Interest expense				
- Lease interest	(28,642)	-	(57,125)	-
- Interest charges	(9,897)	(10,054)	(18,403)	(18,769)
	(38,539)	(10,054)	(75,528)	(18,769)
Interest income	320	323	734	665
Share of results of associates	(97)	(10,357)	(10)	(12,634)
Impairment loss on investment in associate	-	(8,010)	-	(8,010)
Profit before tax	39,940	28,745	95,629	78,524
Tax expense	(20,486)	(18,957)	(43,539)	(40,794)
Profit for the period	19,454	9,788	52,090	37,730
Basic earnings per ordinary share (sen) (Note B11)	1.39	0.70	3.71	2.69

The Condensed statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)
(Incorporated in Malaysia)

Unaudited results of the Company for the second quarter ended 30 June 2019.

Condensed statement of other comprehensive income

For the six months ended 30 June 2019

	3 months ended 30 June		6 months ended 30 June	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the period	19,454	9,788	52,090	37,730
Other comprehensive income:				
Gain on fair value of other investments	-	9,474	6,966	4,366
Comprehensive income for the period	19,454	19,262	59,056	42,096

The Condensed statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)
(Incorporated in Malaysia)

Condensed statement of financial position

As at 30 June 2019

	30 June 2019 RM'000	31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,672,267	3,699,455
Intangible assets	13,144	14,179
Right-of-use Assets	1,726,455	-
Investment in associates	11,043	11,053
Other investments	78,019	71,053
Other assets	17,320	17,954
Deferred tax assets	111,170	2,242
	5,629,418	3,815,936
Current assets		
Inventories	626,982	680,140
Contract Assets	14,235	18,771
Receivables, deposits and prepayments	84,903	49,705
Cash and cash equivalents	55,964	82,154
	782,084	830,770
TOTAL ASSETS	6,411,502	4,646,706
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,032,813	1,318,375
TOTAL EQUITY	1,734,813	2,020,375
LIABILITIES		
Non-current liabilities		
Borrowings	277,620	350,160
Lease Liabilities	2,039,814	-
Other liabilities	17,734	17,734
	2,335,168	367,894
Current liabilities		
Contract Liabilities	151,563	157,981
Borrowings	714,913	645,263
Lease Liabilities	147,544	-
Payables and accruals	1,296,844	1,429,834
Current tax liability	30,657	25,359
	2,341,521	2,258,437
TOTAL LIABILITIES	4,676,689	2,626,331
TOTAL EQUITY AND LIABILITIES	6,411,502	4,646,706

The Condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)
(Incorporated in Malaysia)

Condensed statement of changes in equity

For the six months ended 30 June 2019

	Non-distributable		Distributable	
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2019	702,000	70,023	1,248,352	2,020,375
Impact of change in accounting policy	-	-	(344,618)	(344,618)
Adjusted balance at 1 January 2019	702,000	70,023	903,734	1,675,757
Total comprehensive income for the period	-	6,966	52,090	59,056
At 30 June 2019	702,000	76,989	955,824	1,734,813
At 1 January 2018	702,000	61,478	1,199,390	1,962,868
Total comprehensive income for the period	-	4,366	37,730	42,096
At 30 June 2018	702,000	65,844	1,237,120	2,004,964

The Company has initially applied MFRS 16, *Leases* using modified retrospective approach and measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

The Condensed statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

(Company No. 126926 - H)
(Incorporated in Malaysia)

Condensed statement of cash flows

For the six months ended 30 June 2019

	30 June 2019 RM'000	30 June 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	95,629	78,524
Adjustments for:		
Non-cash items		
- Right-of-use asset amortisation	82,436	-
- Others	158,256	169,830
	240,692	169,830
Non-operating items		
- Lease interest	57,125	-
- Others	17,668	18,104
	74,793	18,104
Operating profit before changes in working capital	411,114	266,458
Changes in working capital:		
Net change in current assets	23,130	8,843
Net change in current liabilities	(139,408)	42,660
Cash generated from operations	294,836	317,961
Tax paid	(38,341)	(34,625)
Net cash generated from operating activities	256,495	283,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(129,937)	(240,338)
Interest received	734	665
Net cash used in investing activities	(129,203)	(239,673)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(132,189)	-
Net borrowings	(2,890)	(45,573)
Interest paid	(18,403)	(18,769)
Net cash used in financing activities	(153,482)	(64,342)
Net change in cash and cash equivalents	(26,190)	(20,679)
Cash and cash equivalents at 1 January	82,154	78,594
Cash and cash equivalents at 30 June	55,964	57,915

The Company has initially applied MFRS 16, *Leases* using modified retrospective approach and measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

The Condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

Notes to the interim financial statements for the year ended 30 June 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with *MFRS 134: Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

2 Significant Accounting Policies

The accounting policies applied by the Company in these interim financial statements are consistent with those applied by the Company in its annual financial statements for the year ended 31 December 2018 except for the adoption of the following Amendments to Standards during the current financial period:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments – Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefits – Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

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 2020:

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

(ii) Financial year beginning on or after 1 January 2021:

MFRS 17	Insurance Contracts

(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 initial application of the accounting standards, amendments and interpretations that are effective from 1 January 2019 do not have any material financial impacts to the current and prior financial year of the Company except as mentioned below:

(i) MFRS 16, *Leases*

MFRS 16, Leases which is effective from 1 January 2019 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Company has adopted the standard using modified retrospective approach, under which the cumulative effect of initial recognition is recognised in retained earnings. The Company measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information. The following table shows the impact of changes to the statements of financial position of the Company resulting from the adoption of MFRS 16, Leases as at 1 January 2019:

	As at 31 December 2018 RM'000	**Initial recognition RM'000**	**As at 1 January 2019 RM'000**
Non-current assets			
Right-of-use assets	-	1,741,814	1,741,814
Deferred tax assets	2,242	108,827	111,069
Non-current liabilities			
Lease liabilities	-	(2,047,724)	(2,047,724)
Current liabilities			
Lease liabilities	-	(147,535)	(147,535)
Equity			
Distributable retained earnings	(1,248,352)	344,618	(903,734)

No significant impact is expected for leases in which the Company is a lessor.

(ii) Amendments to MFRS 123*, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 123 clarifies that if any specific borrowing becomes outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally and the borrowing cost incurred are eligible for capitalisation to other qualifying assets..

Amendments to MFRS 123 will have impact to the financial statements of the Company for the year ending 31 December 2019 as it applies the amendments only to borrowing costs incurred on or after the date it first apply the amendments which is 1 January 2019.

Since adoption of amendments to MFRS 123, the Company capitalized of interest amounted to RM3.9 million for the current financial period to date.

3 Seasonality or Cyclicality of Interim Operations

The Company's revenue for the second quarter was lower than the first quarter mainly due to festive season in the first quarter.

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current financial period to date.

5 Changes in Estimates

There were no changes in the nature and amount of estimates reported in prior interim period of prior financial years that have a material effect in the current financial period to date.

6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period to date.

7 Dividends Paid

There was no dividend paid in respect of the current financial period to date.

An ordinary dividend of 4.0 sen per share amounting to RM56,160,000 in respect of the financial year ended 31 December 2018 was approved by shareholders at the Thirty-Fourth Annual General Meeting and was paid to shareholders on 11 July 2019.

8 Events Subsequent to the end of reporting period

There were no material events subsequent to the balance sheet date to be disclosed in the financial statements for the current financial period to date.

9 Effects of Changes in the Composition of the Company

There were no changes in the composition of the Company during the current financial period to date.

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	6 months ended		6 months ended		6 months ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,956,122	1,837,034	350,240	341,281	2,306,362	2,178,315
Segmental profit	53,338	23,746	138,260	107,399	191,598	131,145
Less: Unallocated expenses					(21,165)	(13,873)
Profit from operations					170,433	117,272
Interest expense						
- Lease interest					(57,125)	-
- Interest charges					(18,403)	(18,769)
Interest income					734	665
Share of results of associates						
- Other Companies					(10)	1,107
- Index					-	(13,741)
Impairment loss on investment in an associate - Index					-	(8,010)
Profit before tax					95,629	78,524
Tax expense					(43,539)	(40,794)
Profit for the year					52,090	37,730
Segment assets	1,670,594	1,242,064	4,619,496	3,200,614	6,290,090	4,442,678
Unallocated assets					121,412	12,239
					6,411,502	4,454,917
Segment liabilities	1,472,992	1,118,893	2,162,773	386,958	3,635,765	1,505,851
Unallocated liabilities					1,040,924	944,102
					4,676,689	2,449,953

Total revenue registered by the retail business segment for the financial year-to-date at RM1.96 billion was higher by 6.5% compared to RM1.84 billion recorded in the preceding year corresponding period mainly due to contributions from newly renovated stores and newly opened specialty stores in this reporting period as well as new stores which were opened in April 2018 and January 2019.The higher growth was however mitigated by additional stores renovation in this period.

Revenue from its property management services segment for financial year-to-date, at RM350.2 million recorded a growth of 2.6%, over the preceding year corresponding period of RM341.3 million. The increase was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019.

The retailing segmental profit of RM53.3 million was higher as compared to RM23.7 million segmental profit recorded in the preceding year corresponding period due to higher revenue and better margin.

After adjusting for the adoption of MFRS 16 impact excluding lease interest component, retailing segmental profit remains high at RM45.7 million (as shown in the table below) as compared to the preceding year corresponding period of RM23.7 million.

Segmental profit from property management services of RM138.3 million was higher as compared to RM107.4 million recorded in the preceding year corresponding period. However, after adjusting for MFRS 16 impact excluding lease interest component, segmental profit recorded at RM96.3 million (as shown in the table below) which is lower than preceding year corresponding period at RM107.4 million mainly due to higher operating expenses especially rental and utilities.

The segmental assets and liabilities included impact from adoption of MFRS 16.

	Retailing		**Property Management Services**		**Total**	
	6 months ended		**6 months ended**		**6 months ended**	
	30 Jun 2019	**30 Jun 2018**	**30 Jun 2019**	**30 Jun 2018**	**30 Jun 2019**	**30 Jun 2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Segmental profit	53,338	23,746	138,260	107,399	191,598	131,145
MFRS 16 Impact:						
- Rental	(24,754)	-	(107,093)	-	(131,847)	-
- Right-of-use asset amortisation	17,080	-	65,120	-	82,200	-
Segmental profit exclude MFRS 16 adjustments	45,664	23,746	96,287	107,399	141,951	131,145

11 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded the estimated value by 10% or more of the total aggregate amount which had been mandated by the shareholders during the Annual General Meeting held on 30 May 2019.

12 Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2018.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2019 are as follows:

	30 Jun 2019 RM'000	**31 Dec 2018 RM'000**
Property, plant and equipment		
Contracted but not provided for and not payable	120,085	86,511

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

1 Review of Performance

Quarter results

	Current Year Quarter 30 Jun 2019 RM'000	Preceding Year Corresponding Quarter 30 Jun 2018 RM'000	Changes %
Revenue	1,099,486	1,064,029	3.3%
Profit from Operations	78,256	56,843	37.7%
Profit Before Tax	39,940	28,745	38.9%

For the quarter under review, the Company registered a total revenue of RM1.099 billion, which was higher by 3.3% as compared with RM1.06 billion recorded in the preceding year corresponding quarter.

Retail business segment revenue registered RM924.5 million higher by 3.5% compared to RM893.2 million recorded in the preceding year corresponding quarter mainly due to contributions from newly renovated stores, newly opened specialty shops in this year and a new store which was opened in January 2019.

Revenue from the Property management services segment recorded a growth of 2.4%, at RM175.0 million over the preceding year corresponding quarter of RM170.9 million. The increase was mainly due to contributions from a new shopping mall which was opened in January 2019.

The profit before tax for the quarter under review was RM39.9 million and was higher by RM11.2 million or 38.9% as compared to the previous year corresponding quarter.

However, after adjusting for the adoption of MFRS 16 and amendments to MFRS 123 impacts and taking into account share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd. ("Index") in preceding year corresponding quarter, profit before tax for current quarter recorded at RM41.6 million or a decrease of 13.4% compared to the preceding year corresponding quarter of RM48.1 million (table below). The lower profit before tax was mainly due to higher expenses especially utilities and rental.

	Current Year Quarter 30 Jun 2019 RM'000	Preceding Year Corresponding Quarter 30 Jun 2018 RM'000	Changes %
Profit Before Tax	39,940	28,745	38.9%
Add Back/(Deduct)			
MFRS 16 Impact			
- Lease rental	(66,356)	-	
- Right-of-use asset amortization	41,438	-	
- Lease interest	28,642	-	
MFRS 123 Amendment Impact	(2,029)	-	
Profit Before Tax exclude MFRS adjustments	41,635	28,745	44.8%
Share of Index's operating loss	-	19,362	
Profit Before Tax after adjustments	41,635	48,107	(13.4%)

Financial Year-to-date results

	Current Year To-date 30 June 2019 RM'000	Preceding Year Corresponding Period 30 June 2018 RM'000	Changes (%)
Revenue	2,306,362	2,178,315	5.9%
Profit from Operations	170,433	117,272	45.3%
Profit Before Tax	95,629	78,524	21.8%

For the first half ended 30 June 2019, the Company posted a total revenue of RM2.31 billion, which represented an increase of 5.9% as compared with the previous year corresponding period of RM2.18 billion mainly due to contributions from newly renovated stores and newly opened specialty stores in this reporting period as well as new stores which were opened in April 2018 and January 2019.The higher growth was however mitigated by additional stores renovation in this period.

The profit before tax of RM95.6 million was 21.8% higher than the previous year corresponding period of RM78.5 million.

However, after adjusting for the adoption of MFRS 16 and amendments to MFRS 123's impacts and taking into account share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd. ("Index") in preceding year corresponding period, profit before tax for current financial period to date will be RM99.1 million or a decrease of 1.1% compared to the preceding year corresponding period of RM100.3 million (table below). The marginally lower profit before tax for the financial period to date was mainly due to the lower operating profit recorded in the current quarter as compared to the previous year corresponding quarter, as well as the lower profit recorded in associates other than Index.

	Current Year To-date 30 June 2019 RM'000	Preceding Year Corresponding Period 30 June 2018 RM'000	Changes %
Profit Before Tax	95,629	78,524	21.8%
Add Back/(Deduct)			
MFRS 16 Impact			
- Lease rental	(132,188)	-	
- Right-of-use asset amortisation	82,436	-	
- Lease interest	57,125	-	
MFRS 123 Amendment Impact	(3,867)	-	
Profit Before Tax exclude MFRS adjustments	99,135	78,524	26.2%
Share of Index's operating loss	-	21,751	
Profit Before Tax after adjustments	99,135	100,275	(1.1%)

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

	Current Quarter 30 Jun 2019 RM'000	Immediate Preceding Quarter 31 Mar 2019 RM'000	Changes %
Revenue	1,099,486	1,206,876	(8.9%)
Profit from Operations	78,256	92,177	(15.1%)
Profit Before Tax	39,940	55,689	(28.3%)

For the quarter under review, the Company registered a total revenue of RM1.10 billion, which was lower by 8.9% from RM1.21 billion recorded in the immediate preceding quarter and the profit before tax of RM39.9 million for the quarter was lower than the immediate preceding quarter of RM55.7 million mainly due to higher festive season sales in immediate preceding quarter.

Even after adjusting for the adoption of MFRS 16 and MFRS 123 impact, profit before tax for current quarter at RM41.6 million will still be lower by 27.6% compared to the immediate preceding quarter for the same reason stated above.

3 Current Year Prospects

The Malaysian economy grew better than expected in the second quarter driven by the stronger domestic demand. Going forward, however, the economy is expected to soften in the second half of the year from both internal and external factors including the global trade disputes. As such, the Board expect the performance for the current year to remain challenging.

For retail business, the Company will continue to refurbish its selected stores and employ appropriate marketing and pricing strategies, merchandise assortment reformation, maintaining quality customer service and operational efficiency efforts to ensure that its core businesses will benefit.

For property management services, the Company expects the occupancy rate and rental rates to remain challenging. The Company will continue to leverage on its competitive strengths to draw customer traffic to its malls so as to continue maintaining its position as a shopping destination.

4 Variance of Profit Forecast/Profit Guarantee

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

5 Tax expense

Tax expense comprises:

	3 months ended		6 months ended	
	30 June 2019 RM'000	**30 June 2018 RM'000**	**30 June 2019 RM'000**	**30 June 2018 RM'000**
Current tax expense	20,536	19,008	43,640	40,895
Deferred tax expense	(50)	(51)	(101)	(101)
	20,486	18,957	43,539	40,794

The Company's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

6 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

7 Borrowings and Debt Securities

	As at 30 Jun 2019		
	Long term	**Short term**	**Total borrowings**
	RM denomination (RM'000)	**RM denomination (RM'000)**	**RM denomination (RM'000)**
Unsecured			
Term loan	277,620	169,913	447,533
Revolving credit facilities	-	275,000	275,000
Islamic Medium Term Notes/Commercial papers	-	270,000	270,000
	277,620	714,913	992,533

	As at 30 Jun 2018		
	Long term	**Short term**	**Total borrowings**
	RM denomination (RM'000)	**RM denomination (RM'000)**	**RM denomination (RM'000)**
Unsecured			
Term loan	131,637	168,560	300,197
Revolving credit facilities	-	341,900	341,900
Islamic Medium Term Notes/Commercial papers	-	250,000	250,000
	131,637	760,460	892,097

(i) The term loans are unsecured, bears interest ranging from 3.96% to 4.39% (2018: 3.92% to 4.10%) per annum and are repayable on quarterly basis up to 30 November 2021.

(ii) The unsecured revolving credit bear interest rates ranging from 3.45% to 4.26% (2018: 3.45% to 4.26%) per annum.

(iii) The unsecured Islamic Medium Term Note and Islamic Commercial Papers, bear interest rate ranging from 3.58% to 3.89% (2018: 3.75% to 4.00%) per annum.

8 Changes in Material Litigation

There was no material litigation against the Company as at the reporting date.

9 Dividend

No dividend was proposed or declared for the current financial period ended 30 June 2019.

10 Qualification of Audit Report of the Preceding Annual Financial Statements

There was no qualification on audit report of the preceding annual financial statements.

11 Earnings Per Share

	3 months ended		6 months ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Profit attributable to the owners for the period (RM'000)	19,454	9,788	52,090	37,730
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)	1.39	0.70	3.71	2.69

Diluted earnings per share is not applicable for the Company.

12 Notes to the Statement of Comprehensive Income

	3 months ended		6 months ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortisation	78,865	75,989	157,308	150,691
Right-of-use asset amortisation	41,438	-	82,436	-
Lease rental	3,905	64,195	7,258	123,059
Interest expense				
- lease interest	28,642	-	57,125	-
- interest charges	9,897	10,054	18,403	18,769
Impairment loss:				
- trade receivables	273	889	721	1,100
Bad debts written off	-	-	-	21
Loss on foreign exchange	56	45	89	92
Property, plant and equipment written off	706	786	852	1,587
And after crediting:				
Gain on disposal of property, plant and equipment	-	-	166	-
Interest income	320	323	734	665

13 Significant changes in accounting policies

(a) Accounting for leases

The Company adopted MFRS 16, a single, on-balance sheet lease accounting model for lessee from 1 January 2019 onwards by using modified retrospective approach. The Company measured the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

(b) Accounting for borrowing costs

The Company adopted amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle) where specific borrowing becomes outstanding after the related assets are ready for its intended use or sole, that borrowing costs becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. Amendment to MFRS 123 only applied to borrowing costs incurred on or after the date it first apply the amendments which is 1 January 2019.

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