

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the fourth quarter ended 31 December 2018.

Condensed statement of profit or loss

For the twelve months ended 31 December 2018

	3 months ended 31 December		12 months ended 31 December	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	1,110,518	1,075,660	4,353,640	4,123,351
Total operating expenses	(1,016,368)	(978,257)	(4,114,354)	(3,892,690)
Other operating income	2,596	2,814	8,414	10,961
Profit from operations	<u>96,746</u>	<u>100,217</u>	<u>247,700</u>	<u>241,622</u>
Interest expense	(13,172)	(10,696)	(42,935)	(40,749)
Interest income	353	406	1,403	1,200
Share of results of associates	1,200	(6,951)	(11,120)	(7,186)
Gain on disposal of a shopping mall	-	18,519	-	18,519
Impairment loss on investment in associate / subsidiary	-	(19,600)	(8,010)	(19,600)
Profit before tax	<u>85,127</u>	<u>81,895</u>	<u>187,038</u>	<u>193,806</u>
Tax expense	(31,584)	(42,722)	(81,915)	(88,799)
Profit for the period/year	<u><u>53,543</u></u>	<u><u>39,173</u></u>	<u><u>105,123</u></u>	<u><u>105,007</u></u>
Basic earnings per ordinary share (sen) (Note B11)	3.81	2.79	7.49	7.48

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 2017 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 fourth quarter ended 31 December 2018.

Condensed statement of other comprehensive income

For the twelve months ended 31 December 2018

	3 months ended		12 months ended	
	31 December		31 December	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Profit for the period/year	53,543	39,173	105,123	105,007
Other comprehensive income:				
Gain on fair value of other investments	(3,715)	2,879	8,545	18,049
Comprehensive income for the period/year	<u>49,828</u>	<u>42,052</u>	<u>113,668</u>	<u>123,056</u>

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

AEON CO. (M) BHD.

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Condensed statement of financial position

As at 31 December 2018

	31 December 2018 RM'000	31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,699,455	3,504,045
Intangible assets	14,179	17,228
Investment in associates	11,053	30,182
Other investments	71,053	62,508
Other assets	17,954	17,427
Deferred tax assets	2,242	-
	3,815,936	3,631,390
Current assets		
Inventories	680,140	610,731
Receivables, deposits and prepayments	68,476	88,849
Cash and cash equivalents	82,154	78,594
	830,770	778,174
TOTAL ASSETS	4,646,706	4,409,564
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,318,375	1,260,867
TOTAL EQUITY	2,020,375	1,962,867
LIABILITIES		
Non-current liabilities		
Borrowings	350,160	155,323
Other liabilities	17,734	14,213
Deferred tax liabilities	-	11,316
	367,894	180,852
Current liabilities		
Borrowings	645,263	782,347
Payables and accruals	1,587,815	1,463,191
Current tax liability	25,359	20,307
	2,258,437	2,265,845
TOTAL LIABILITIES	2,626,331	2,446,697
TOTAL EQUITY AND LIABILITIES	4,646,706	4,409,564

The Condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 twelve months ended 31 December 2018

	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 January 2018	702,000	61,478	1,199,389	1,962,867
Total comprehensive income for the year	-	8,545	105,123	113,668
Final dividend in respect of year ended 31 December 2017	-	-	(56,160)	(56,160)
At 31 December 2018	<u>702,000</u>	<u>70,023</u>	<u>1,248,352</u>	<u>2,020,375</u>
Restated at 1 January 2017	702,000	43,429	1,136,502	1,881,931
Total comprehensive income for the year	-	18,049	105,007	123,056
Final dividend in respect of year ended 31 December 2016	-	-	(42,120)	(42,120)
At 31 December 2017	<u>702,000</u>	<u>61,478</u>	<u>1,199,389</u>	<u>1,962,867</u>

The Condensed statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 twelve months ended 31 December 2018

	31 December 2018 RM'000	31 December 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	187,038	193,806
Adjustments for:		
Non-cash items	348,425	314,540
Non-operating items	39,430	37,368
Operating profit before changes in working capital	574,893	545,714
Changes in working capital:		
Net change in current assets	(49,563)	(33,794)
Net change in current liabilities	128,853	(63,154)
Cash generated from operations	654,183	448,766
Tax paid	(90,421)	(63,531)
Net cash generated from operating activities	563,762	385,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(522,198)	(371,970)
Deposit refunded for cancellation of acquisition of land	-	3,485
Proceeds from disposal of property, plant and equipment and intangible assets	541	86,029
Dividend received	2,103	2,181
Interest received	1,403	1,200
Net cash used in investing activities	(518,151)	(279,075)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings	57,753	(27,722)
Interest paid	(43,644)	(39,212)
Dividend paid	(56,160)	(42,120)
Net cash used in financing activities	(42,051)	(109,054)
Net change in cash and cash equivalents	3,560	(2,894)
Cash and cash equivalents at 1 January	78,594	81,488
Cash and cash equivalents at 31 December	82,154	78,594

The Condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the interim financial statements for the year ended 31 December 2018

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 2017.

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 2017 except for the adoption of the following Amendments to Standards during the current financial period:

MFRS 9	Financial Instruments (2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS 2	Share-based Payment – Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
Amendments to MFRS140	Investment Property – Transfers of Investment Property

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 2019:

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 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
Amendments to MFRS 119	Employee Benefits-Plan amendment, Curtailment or Settlement

(ii) 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

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

MFRS 17	Insurance Contracts
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(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
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The initial application of the accounting standards, interpretations or amendments that are effective from 1 January 2018 do not have any material financial impacts to the current and prior financial year of the Company except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Company has established a team to manage the implementation of MFRS 15. The team reviewed the contracts with the customers to account for the financial impact of the adoption of the new standard.

The Company has assessed that the initial application of MFRS 15 on its financial statements for the year ended 31 December 2017 will have no impact on the net profit of the Company. Presentation of the financial statements will be affected as there is reclassification of affected items from expenses to revenue or vice versa. The financial effects of the adoption of MFRS 15 are discussed in Note B13 Significant Changes in Accounting Policies.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale.

The Company has concluded that the initial application of the new classification requirement does not have a material impact on accounting for its financial assets.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances will be measured on either 12-month ECLs or lifetime ECLs.

The Company has concluded that the initial application of the forward-looking expected credit loss (ECL) model does not have a material impact on accounting for its financial assets.

The initial application of the accounting standards, interpretations or amendments 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 plans to apply MFRS 16 initially on 1 January 2019, using modified retrospective approach. The Company chooses to measure the right-of-use asset as if MFRS 16 had always been applied with no restatement of comparative information.

Based on the information currently available, the Company estimates that it will recognise lease liabilities of RM2,195 million with a corresponding right-of-use assets of RM1,742 million, recognising the difference in retained earnings. The Company does not expect the adoption of MFRS 16 to impact its ability to comply with the regulatory capital requirements. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change until the Company presents its first financial statements that include the date of initial application.

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

3 Seasonality or Cyclicity of Interim Operations

The Company's revenue for the fourth quarter was higher than the third quarter mainly due to the year-end festive season and holidays in fourth 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 financial year, except for the share of loss and recognition of impairment loss on the investment in its associate company as reported in Second Quarterly Results and as further disclosed below.

The Company's associate company, Index Living Mall Malaysia Sdn. Bhd. had closed down the remaining of its outlets in Malaysia. As reported previously, the closure of all its outlets reduced the earnings per share and net assets per share of the Company by two cents respectively for the financial year ending 31 December 2018 due to the share of loss and recognition of impairment loss on its investment. Being a non-cash item, the financial impact will have no bearing to the Company's current and future cash position.

5 Changes in Estimates

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

6 Debt and Equity Securities

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

7 Dividends Paid

There was no dividend paid in respect of the current financial year 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 2017 was approved by shareholders at the Thirty-Third Annual General Meeting and was paid to shareholders on 11 July 2018.

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 year.

9 Effects of Changes in the Composition of the Company

There were no changes in the composition of the Company during the current financial year. However, the changes in previous financial year were as follows:

On 12 December 2017, the Company announced that it had entered into a Supplemental Agreement to the Joint Venture Agreement with Index Living Mall Company Limited (“ILM”) to revise the shareholding structure of AEON Index Living Sdn. Bhd. (“AEON Index”), a 70% owned subsidiary of the Company. The shareholding structure of AEON Index was 51% being held by ILM and the remaining 49% held by the Company. Consequent to the revision, AEON Index ceased to be a subsidiary of the Company on 31 December 2017. AEON Index changed its name to Index Living Mall Malaysia Sdn. Bhd. on 9 January 2018.

Upon the loss of control of a subsidiary, the Company had adopted equity accounting for its interest in associates in the Company level. This is in compliance with the provisions contained in Amendments to MFRS 127 Equity Method in Separate Financial Statements. The adoption of equity accounting for its interest in associates in the Company level is retrospective adjusted in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	12 months ended		12 months ended		12 months ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Revenue	3,666,306	3,348,981	687,334	664,370	4,353,640	4,123,351
Segmental profit	51,727	39,274	209,831	221,326	261,558	260,600
Less: Unallocated expenses					(13,858)	(18,978)
Profit from operations					247,700	241,622
Interest expense					(42,935)	(40,749)
Interest income					1,403	1,200
Share of results of associates					(11,120)	(7,186)
Gain on disposal of shopping mall					-	18,519
Impairment loss on investment in associate/subsidiary					(8,010)	(19,600)
Profit before tax					187,038	193,806
Tax expense					(81,915)	(88,799)
Profit for the year					105,123	105,007
Segment assets	1,338,365	1,287,717	3,259,951	3,104,140	4,598,316	4,391,857
Unallocated assets					48,390	17,707
					4,646,706	4,409,564
Segment liabilities	1,210,213	1,096,972	377,602	366,219	1,587,815	1,463,191
Unallocated liabilities					1,038,516	983,506
					2,626,331	2,446,697

Total revenue registered by the retail business segment for the financial year-to-date at RM3.67 billion was higher by 9.5% compared to RM3.35 billion recorded in the preceding year mainly due to new stores which were opened in 2017 and 2018 and also from newly renovated stores. The segmental profit of RM51.7 million was higher as compared to RM39.3 million segmental profit recorded in the preceding year mainly due to higher revenue and better margin.

Revenue from its property management services segment for financial year-to-date, at RM687.3 million recorded a growth of 3.5%, over the previous corresponding year of RM664.4 million. The increase was mainly due to contributions from new shopping malls which were opened in 2017 and 2018 and also contributions from shopping malls that were newly renovated and expanded. The segmental profit of RM209.8 million was lower as compared to RM221.3 million recorded in the preceding year. The decreased in segmental profit was mainly due to higher operating expenses especially higher rental expenses and depreciation.

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 24 May 2018.

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 2017.

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2018 are as follows:

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Property, plant and equipment		
Authorised but not contracted for	400,392	790,729
Authorised and contracted for	86,511	356,978

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

1 Review of Performance

Quarter results

	Current Year Quarter 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter 31 Dec 2017 RM'000 Restated	Changes %
Revenue	1,110,518	1,075,660	3.2%
Profit from Operations	96,746	100,217	(3.5%)
Profit Before Tax	85,127	81,895	3.9%
Profit After Tax	53,543	39,173	36.7%

For the quarter under review, the Company registered a total revenue of RM1.11 billion, which was higher by 3.2% as compared with RM1.08 billion recorded in the preceding year corresponding quarter. The profit from operations for current quarter of RM96.7 million was lower by 3.5% compared to the preceding year corresponding quarter mainly due to higher operating expenses especially higher rental and depreciation. The profit before tax for the quarter under review was RM85.1 million and was higher by RM3.2 million or 3.9% as compared to the previous year corresponding quarter mainly due to the share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd (“Index”), in preceding year corresponding quarter. The Company had fully impaired loss on investment in Index amounting to RM8.01 million in second quarter 2018.

Retail business revenue registered RM933.6 million, which was higher by 3.6% as compared to the preceding year corresponding quarter of RM901.3 million mainly due to new store which was opened in April 2018 and also contributions from newly opened or renovated stores.

Revenue from the property management services segment recorded a marginal growth of 1.4% at RM176.9 million over the previous year corresponding quarter of RM174.4 million mainly due to contributions from its new shopping mall that was opened in April 2018.

Financial Year-to-date results

	Current Year To-date 31 Dec 2018 RM'000	Preceding Year To-date 31 Dec 2017 RM'000 Restated	Changes %
Revenue	4,353,640	4,123,351	5.6%
Profit from Operations	247,700	241,622	2.5%
Profit Before Tax	187,038	193,806	(3.5%)
Profit After Tax	105,123	105,007	0.1%

For the year ended 31 December 2018, the Company posted a total revenue of RM4.35 billion, which represented an increase of 5.6% as compared with the previous corresponding year of RM4.12 billion mainly due to contributions from its new stores and shopping malls that opened in September last year and April this year. Newly renovated stores also further contributed to the increase in revenue.

The profit before tax for the financial year of RM187.0 million was 3.5% lower than the previous financial year of RM193.8 million. However, if after adjusting for the exceptional items as described below, the profit before tax for the current financial year and preceding financial year will be RM208.8 million and RM202.5 million respectively. This represented an increase of 3.1% as compared to the previous financial year, mainly due to higher revenue and better margin.

	Current Year To-date 31 Dec 2018 RM'000	Preceding Year To-date 31 Dec 2017 RM'000 Restated	Changes %
Profit Before Tax as reported	187,038	193,806	(3.5%)
Add Back/(Deduct) Exceptional Items:			
Share of Index's Operating Losses	13,741	7,648	
Impairment Loss on Investment in Index	8,010	19,600	
Gain on Disposal of a Shopping Mall	-	(18,519)	
Profit Before Tax excluding Exceptional Items	208,789	202,535	3.1%

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

	Current Quarter 31 Dec 2018 RM'000	Immediate Preceding Quarter 31 Dec 2018 RM'000	Changes %
Revenue	1,110,518	1,064,808	4.4%
Profit from Operations	96,746	33,683	187.2
Profit Before Tax	85,127	23,387	264.0%
Profit After Tax	53,543	13,851	286.6%

For the quarter under review, the Company registered a total revenue of RM1.11 billion, which was higher by 4.4% from RM1.06 billion recorded in the immediate preceding quarter mainly due to festive season sales in current quarter and the contribution from its newly opened and also renovated stores. The profit before tax of RM85.1 million for the quarter was higher than the immediate preceding quarter of RM23.4 million mainly due to higher revenue and year end rebate.

3 Current Year Prospects

The 2019 Malaysia's GDP growth rate is projected to be 4.9% with the private sector and domestic demand remaining the key growth drivers for the economy. However, with general concerns on increase cost of living, higher cost of doing business and rising global trade conflict, the Board expect the performance for the financial year 2019 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 to maintain 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		12 months ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Current tax expense	44,992	59,245	95,473	105,473
Deferred tax expense	(13,408)	(16,523)	(13,558)	(16,674)
	31,584	42,722	81,915	88,799

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 31 Dec 2018		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	350,160	165,163	515,323
Revolving credit facilities	-	480,100	480,100
Islamic Medium Term Notes/Commercial papers	-	-	-
	350,160	645,263	995,423

	As at 31 Dec 2017		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	155,323	229,747	385,070
Revolving credit facilities	-	317,600	317,600
Islamic Medium Term Notes/Commercial papers	-	235,000	235,000
	155,323	782,347	937,670

(i) The term loans are unsecured, bears interest ranging from 3.96% to 4.58% (2017: 3.92% to 4.10%) per annum and are repayable on quarterly basis up to 29 October 2021.

(ii) The unsecured revolving credit bear interest rates ranging from 3.70% to 4.26% (2017: 3.45% to 4.01%) per annum.

- (iii) The unsecured Islamic Medium Term Note and Islamic Commercial Papers in previous year bore interest rate ranging from 3.78% to 3.80% per annum.

8 Changes in Material Litigation

There was no material litigation against the Company as at the reporting date save and except for the Company has made voluntary announcements on 9 November 2017, 7 December 2017, 30 April 2018, 25 July 2018 respectively and the most recent announcement was made on 17 October 2018 as follows:

References are made to the Company's announcements on 9 November 2017, 7 December 2017, 30 April 2018, 25 July 2018 and 17 October 2018 pertaining to the suit against Gemilang Waras Sdn. Bhd. (496922-H) ("the Respondent") in the High Court of Malaya in Kuala Lumpur and the appeal in the Court of Appeal (Civil Appeal) on the renewal of lease for AEON Mall Bukit Tinggi ("the Suit").

The Company wishes to inform that the Company and the Respondent have reached an amicable settlement and entered into a Supplemental Lease Agreement dated 17 October 2018 which provides, among others, for the renewal of the lease for AEON Mall Bukit Tinggi for a term of 6 years commencing from 24 November 2017 until 23 November 2023 and the Company has the option to further renew the lease for a term of 6 years followed by a term of 3 years respectively.

In view thereof, the Company and the Respondent have jointly proceeded to withdraw the appeal and cross appeal before the Court of Appeal on 17 October 2018 and the Respondent has agreed and undertaken not to enforce the High Court Order dated 27 April 2018.

The settlement of the Suit is not expected to have any material financial or operational impact on the Company for the financial year ending 31 December 2018.

9 Dividend

- (a) (i) An ordinary dividend of 4.00 sen per share has been recommended for the financial year ended 31 December 2018;
(ii) total net dividend payable amounted to RM56,160,000;
(iii) date payable to be determined later; and
(iv) in respect of deposited securities, the date of entitlement to dividend will be determined later.
- (b) For the year ended 31 December 2017, an ordinary dividend of 4.0 sen per share amounting to RM56,160,000 was paid on 11 July 2018.
- (c) The ordinary dividend recommended for year ended 31 December 2018 will be subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on the day which shall be announced later.

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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Profit attributable to the owners for the period (RM'000)	53,543	39,173	105,123	105,007
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)	3.81	2.79	7.49	7.48

Diluted earnings per share is not applicable for the Company.

12 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Profit from operations for the year is arrived at after charging:				
Depreciation and amortisation	76,198	74,845	303,998	291,232
Impairment loss:				
- trade receivables	2,246	66	4,918	1,732
- property, plant and equipment	17,740	11,429	17,740	11,429
Bad debts written off	335	228	355	228
Interest expense	13,172	10,696	42,935	40,749
Loss/(Gain) on foreign exchange	85	(61)	239	95
Loss/(Gain) on disposal of property, plant and equipment	352	(58)	261	(64)
Impairment loss on investment in an associate/subsidiary	-	19,600	8,010	19,600
Property, plant and equipment written off	5,045	1,773	7,296	3,676
And after crediting:				
Gain on disposal of a shopping mall	-	18,519	-	18,519
Interest income	353	406	1,403	1,200
Dividend income	1,033	981	2,103	2,181

13 Significant changes in accounting policies

(a) Accounting for revenue from contracts with customers

The Company adopted MFRS 15, Revenue from Contracts with Customers from 1 January 2018 and no impact on the net profit of the Company. Presentation of the financial statements was affected by the reclassification of affected items from expenses to revenue or vice versa.

(b) Financial effects due to the changes in accounting policies

The Amendment to MFRS 15 is applied retrospectively. The details and quantitative impact of the changes in accounting policies are disclosed below:

Impact on Financial Statement

(i) Statement of profit or loss and other comprehensive income

	Impact of change in accounting policy for the year ended 31.12.2017		
	Before restated RM'000	MFRS 15 Adjustments RM'000	After restated RM'000
Continuing operations			
Revenue	4,088,164	35,189	4,123,353
Total operating expenses	(3,877,103)	(35,189)	(3,912,292)
Other operating income	29,480	-	29,480
Results from operating activities	240,541	-	240,541
Interest expense	(40,749)	-	(40,749)
Interest income	1,200	-	1,200
Share of profit of equity-accounted associates, net of tax	(7,186)	-	(7,186)
Profit before tax	193,806	-	193,806
Tax expense	(88,799)	-	(88,799)
Profit for the year	105,007	-	105,007
Other comprehensive income, net of tax			
Item that is or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets	18,049	-	18,049
Total comprehensive income for the year	123,056	-	123,056

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