

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the second quarter ended 30 June 2018.

Condensed statement of profit or loss

For the six months ended 30 June 2018

	3 months ended 30 June		6 months ended 30 June	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	1,064,029	1,009,392	2,178,315	2,086,251
Total operating expenses	(1,008,762)	(953,342)	(2,064,167)	(1,980,237)
Other operating income	1,576	2,163	3,124	4,282
Profit from operations	56,843	58,213	117,272	110,296
Interest expense	(10,054)	(10,304)	(18,769)	(19,791)
Interest income	323	250	665	501
Share of results of associates	(10,357)	(353)	(12,634)	(341)
Impairment loss on investment in associate	(8,010)	-	(8,010)	-
Profit before tax	28,745	47,806	78,524	90,665
Tax expense	(18,957)	(20,255)	(40,794)	(36,912)
Profit for the period	9,788	27,551	37,730	53,753
Basic earnings per ordinary share (sen) (Note B11)	0.70	1.96	2.69	3.83

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 second quarter ended 30 June 2018.

Condensed statement of other comprehensive income

For the six months ended 30 June 2018

	3 months ended		6 months ended	
	30 June		30 June	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Profit for the period	9,788	27,551	37,730	53,753
Other comprehensive income:				
Gain on fair value of other investments	9,474	9,722	4,366	14,799
Comprehensive income for the period	<u>19,262</u>	<u>37,273</u>	<u>42,096</u>	<u>68,552</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.

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

Condensed statement of financial position

As at 30 June 2018

	30 June 2018 RM'000	31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,596,291	3,504,045
Intangible assets	16,133	17,228
Investment in associates	9,540	30,182
Other investments	66,874	62,508
Other assets	17,783	17,427
	3,706,621	3,631,390
Current assets		
Inventories	600,672	610,731
Receivables, deposits and prepayments	89,709	88,849
Cash and cash equivalents	57,915	78,594
	748,296	778,174
TOTAL ASSETS	4,454,917	4,409,564
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,302,964	1,260,867
TOTAL EQUITY	2,004,964	1,962,867
LIABILITIES		
Non-current liabilities		
Borrowings	131,637	155,323
Other liabilities	14,213	14,213
Deferred tax liabilities	11,216	11,316
	157,066	180,852
Current liabilities		
Borrowings	760,460	782,347
Payables and accruals	1,505,851	1,463,191
Current tax liability	26,576	20,307
	2,292,887	2,265,845
TOTAL LIABILITIES	2,449,953	2,446,697
TOTAL EQUITY AND LIABILITIES	4,454,917	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.

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Condensed statement of changes in equity

For the six months ended 30 June 2018

	Non-distributable		Distributable	Total
	Share capital	Fair value reserve	Retained earnings	equity
	RM'000	RM'000	RM'000	RM'000
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	<u>702,000</u>	<u>65,844</u>	<u>1,237,120</u>	<u>2,004,964</u>
Restated at 1 January 2017	702,000	43,429	1,136,504	1,881,933
Total comprehensive income for the period (restated)	-	14,799	53,753	68,552
At 30 June 2017	<u>702,000</u>	<u>58,228</u>	<u>1,190,257</u>	<u>1,950,485</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 six months ended 30 June 2018

	30 June 2018 RM'000	30 June 2017 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	78,524	90,665
Adjustments for:		
Non-cash items	169,830	146,208
Non-operating items	18,104	19,097
Operating profit before changes in working capital	<u>266,458</u>	<u>255,970</u>
Changes in working capital:		
Net change in current assets	8,843	65,303
Net change in current liabilities	42,660	(67,141)
Cash generated from operations	<u>317,961</u>	<u>254,132</u>
Tax paid	<u>(34,625)</u>	<u>(38,333)</u>
Net cash generated from operating activities	<u>283,336</u>	<u>215,799</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(240,338)	(133,614)
Deposit refunded for cancellation of acquisition of land	-	3,485
Proceeds from disposal of property, plant and equipment and intangible assets	-	130
Dividend received	-	193
Interest received	665	501
Net cash used in investing activities	<u>(239,673)</u>	<u>(129,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings	(45,573)	(69,798)
Interest paid	(18,769)	(19,791)
Net cash (used in)/ generated from financing activities	<u>(64,342)</u>	<u>(89,589)</u>
Net change in cash and cash equivalents	(20,679)	(3,095)
Cash and cash equivalents at 1 January	78,594	81,488
Cash and cash equivalents at 30 June	<u>57,915</u>	<u>78,393</u>

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 30 June 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 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, interpretations or amendments that are effective from 1 January 2018 do not have any material financial impacts to the current and prior financial period 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 material 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.

Financial year beginning on or after 1 January 2019

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 is currently assessing the financial impact that may arise from the adoption of MFRS 16 in 2019.

3 Seasonality or Cyclicity of Interim Operations

The Company's revenue for the second quarter was lower than the first quarter mainly due to more member days promotion activities 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 financial year, except for the share of loss and recognition of impairment loss on the investment in its associate company as further disclosed in Note A8 and B2.

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 interim period.

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 period except disclosed under note B8 and below:

The Company's associate company, Index Living Mall Malaysia Sdn. Bhd. will be closing down the remaining of its outlets in Malaysia. The closure of all its outlets are expected to reduce the earnings per share and net assets per share of the Company approximately 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.

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.

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 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000 Restated	RM'000	RM'000	RM'000	RM'000 Restated
Revenue	1,837,034	1,757,319	341,281	328,932	2,178,315	2,086,251
Segmental profit	23,746	11,950	107,399	109,916	131,145	121,866
Less: Unallocated expenses					(13,873)	(11,570)
Profit from operations					117,272	110,296
Interest expense					(18,769)	(19,791)
Interest income					665	501
Share of results of associates					(12,634)	(341)
Impairment loss on investment in an associate					(8,010)	-
Profit before tax					78,524	90,665
Tax expense					(40,794)	(36,912)
Profit for the year					37,730	53,753
Segment assets	1,242,064	1,180,159	3,200,614	3,099,272	4,442,678	4,279,431
Unallocated assets					12,239	65,798
					4,454,917	4,345,229
Segment liabilities	1,118,893	1,083,742	386,958	379,774	1,505,851	1,463,516
Unallocated liabilities					944,102	931,229
					2,449,953	2,394,745

Total revenue registered by the retail business segment for the financial year-to-date at RM1.84 billion was higher by 4.5% compared to RM1.76 billion recorded in the preceding year corresponding period mainly due to new stores which were opened in September 2017 and April 2018. The segmental profit of RM23.7 million was higher as compared to RM12.0 million segmental profit recorded in the preceding year corresponding period mainly due to better merchandise assortment and operational efficiencies recorded in current year to date.

Revenue from its property management services segment for financial year-to-date, at RM341.3 million recorded a growth of 3.8%, over the previous year corresponding year of RM328.9 million. The increase was mainly due to contributions from new shopping malls which was opened in last year September and beginning of current year and also contributions from shopping malls that were newly renovated and expanded. The segmental profit of RM107.4 million was lower as compared to RM109.9 million recorded in the preceding year. The decrease in segmental profit were mainly due to start-up cost for AEON Kuching Mall which opened in April 2018 and increased in promotion expenses during festive seasons.

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 30 June 2018 are as follows:

	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Property, plant and equipment		
Authorised but not contracted for	560,153	790,729
Authorised and contracted for	232,385	356,978

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

1 Review of Performance

Quarter results

	Current Year Quarter 30 Jun 2018 RM'000	Preceding Year Corresponding Quarter 30 Jun 2017 RM'000 Restated	Changes (%)
Revenue	1,064,029	1,009,392	5.4%
Profit from Operations	48,833	58,213	(16.1%)
Profit Before Tax	28,745	47,806	(39.9%)
Profit After Tax	9,788	27,551	(64.5%)

For the quarter under review, the Company registered a total revenue of RM1.06 billion, which was higher by 5.4% as compared with RM1.01 billion recorded in the preceding year corresponding quarter. The profit before tax of RM28.7 million was lower by RM19.1 million or 39.9% as compared to the previous year corresponding quarter due to the recognition of impairment loss on investment in an associate company, Index Living Mall Malaysia Sdn. Bhd., amounted to RM8.01 million and also share of its operating loss amounting to RM11.4 million. The Company's associate company, Index Living Mall Malaysia Sdn. Bhd. will be closing down the remaining of its outlets in Malaysia.

Retail business revenue registered RM893.2 million, which was higher by 5.8% as compared to the preceding year corresponding quarter of RM844.1 million mainly due to new stores which was opened in September 2017 and April 2018 and also contribution from newly renovated store.

Revenue from the property management services segment recorded a growth of 3.4% at RM170.9 million over the previous year corresponding quarter of RM165.3 million mainly due to contributions from its new shopping malls that were opened in September 2017 and April 2018 respectively and also contributions from shopping malls that were newly renovated and expanded.

Financial Year-to-date results

	Current Year To-date 30 June 2018 RM'000	Preceding Year Corresponding Period 30 June 2017 RM'000	Changes (%)
Revenue	2,178,315	2,086,251	4.4%
Profit from Operations	109,262	110,296	(0.9%)
Profit Before Tax	78,524	90,665	(13.4%)
Profit After Tax	37,730	53,753	(29.8%)

For the first half ended 30 June 2018, the Company posted a total revenue of RM2.18 billion, which represented an increase of 4.4% as compared with the previous year corresponding period of RM2.09 billion mainly due to contributions from its new stores and shopping malls that opened in September last year and April this year respectively. The profit before tax for the financial year-to-date of RM78.5 million was 13.4% lower than the previous year corresponding period-to-date of RM90.7 million mainly due to recognition on the impairment loss on investment in an associate company, Index Living Mall Malaysia Sdn. Bhd., which amounted to RM8.01 million and also share of its operating loss year to-date which amounted to RM13.7 million.

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

	Current Quarter 30 Jun 2018 RM'000	Immediate Preceding Quarter 31 Mar 2018 RM'000	Changes (%)
Revenue	1,064,029	1,114,285	(4.5%)
Profit from Operations	48,833	60,429	(19.2%)
Profit Before Tax	28,745	49,778	(42.3%)
Profit After Tax	9,788	27,941	(65.0%)

The profit before tax of RM28.7 million for the quarter was lower than the preceding quarter of RM49.8 million mainly due to the recognition of impairment loss on the investment in its associate company, Index Living Mall Malaysia Sdn. Bhd., amounted to RM8.01 million and also share of its loss for the quarter amounted to RM11.4 million..

3 Current Year Prospects

The long term outlook on the country's retail market is expected to remain positive as the economy and consumer sentiments are also expected to be positive in the long run. Nevertheless there are expected to be uncertainties and challenges in the short to medium term. The implementation of Sales and Services Tax (SST) from 1 September 2018 will to some extent have an impact on consumer spending and pricing of products. With such outlook, 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 stable and sustainable. 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.

The current year performance will also be impacted by the recognition of impairment loss on its investment in its associate which have opted to close down its business outlets.

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 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Current tax expense	19,008	20,305	40,895	37,012
Deferred tax expense	(51)	(50)	(101)	(100)
	18,957	20,255	40,794	36,912

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 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

	As at 30 Jun 2017		
	Long term	Short term	Total borrowings
	RM denomination (RM'000)	RM denomination (RM'000)	RM denomination (RM'000)
Unsecured			
Term loan	129,167	87,500	216,667
Revolving credit facilities	-	423,400	423,400
Islamic Medium Term Notes/Commercial papers	-	224,600	224,600
	129,167	735,500	864,667

- (i) The term loans are unsecured, bears interest ranging from 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 3.45% to 4.26% per annum.
- (iii) The unsecured Islamic Medium Term Note and Islamic Commercial Papers, bear interest rate ranging from 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 save and except as the Company made voluntary announcements on 9 November 2017, 7 December 2017, 30 April 2018 and the most recent on 25 July 2018 as follows :

Reference is made to the Company's announcement on 9 November 2017, 7 December 2017 and 30 April 2018 pertaining to the suit against Gemilang Waras Sdn. Bhd. (496922-H) ("the Defendant") in the High Court of Malaya in Kuala Lumpur on the renewal of lease for AEON Mall Bukit Tinggi.

The Company wishes to inform that the Company has filed a stay application on 8 May 2018 in accordance with the High Court's direction. A Notice of Appeal against the High Court's decision delivered on 27 April 2018 was subsequently filed on 15 May 2018. The hearing for the stay application was fixed on 4 July 2018.

At the hearing for the stay application, the Company and the Defendant ("Parties") have entered into a consent order on 4 July 2018 pending the disposal of the appeal in the Court of Appeal. The Company has on 24 July 2018 received the sealed consent order ("the Consent Order") through its solicitors. The Consent Order provides as follows:-

- i) That the Order dated 27 April 2018 made pursuant to the High Court's decision be stayed until the disposal of the Company's Notice of Appeal;
- ii) That the Company is to pay the sum of RM2,419,295.45 (being equivalent to the current monthly rental sum) to the Defendant by the 14th day of each month until the disposal of the Notice of Appeal or until November 2019, whichever is earlier;
- iii) That subject to the above payment, the Company shall remain in possession of AEON Mall Bukit Tinggi until the disposal of the Notice of Appeal;
- iv) That the Company is to pay into a trust account the costs and expenses incurred by the Defendant for the maintenance, repair, servicing and upkeep of AEON Mall Bukit Tinggi on the part of the Company in relation to the Lease Agreement dated 23 November 2007;
- v) That Parties are at liberty to apply to court for such directions as is necessary; and
- vi) That the Order made is without prejudice to the Company and Defendant's rights to the main action and counterclaim.

At this juncture, the Board is unable to ascertain the financial impact to the Company pending the outcome of the appeal. If there is any development in this matter, a further announcement will be made accordingly where necessary.

9 Dividend

No dividend was proposed or declared for the current financial period ended 30 June 2018.

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 2018	30 June 2017	30 June 2018	30 June 2017
Profit attributable to the owners for the period (RM'000)	9,788	27,551	37,730	53,753
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)	0.70	1.96	2.69	3.83

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 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 RM'000
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	75,989	71,431	150,691	144,369
Impairment loss:				
- trade receivables	889	534	1,100	1,435
Interest expense	10,054	10,303	18,769	19,791
Loss on foreign exchange	45	13	92	108
Property, plant and equipment written off	786	557	1,587	1,504
And after crediting:				
Gain on disposal of property, plant and equipment	-	-	-	6
Interest income	323	250	665	501

13 Significant changes in accounting policies

(a) Accounting for cost of investment in associates

The Company adopted Amendments to MFRS 127, Equity Method in Separate Financial Statements. Previously the investments in associates are measured at cost less any impairment losses. However, with the adoption of Amendments to MFRS 127, Equity Method in Separate Financial Statements, the investments in associates are accounted for in the Company's statement of financial statements using equity method less any impairment losses, unless it is classified as held for sale or distribution.

(b) Accounting for revenue from contracts with customers

The Company adopted MFRS 15, Revenue from Contracts with Customers from 1 January 2018 and no material 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.

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

The Amendments to MFRS 127 and MFRS 15 are applied retrospectively. The details and quantitative impact of the changes in accounting policies are disclosed below:

Impact on Financial Statement

(i) Statement of financial position

	Impact of change in accounting policy 30.6.2017			
	Before Restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	After restated RM'000
Assets				
Property, plant and equipment	3,425,786	-	-	3,425,786
Intangible assets	17,537	-	-	17,537
Investment in a subsidiary	49,000	-	-	49,000
Investments in associates	9,200	(1,573)	-	7,627
Other investments	59,257	-	-	59,257
Other assets	16,967	-	-	16,967
Total non-current assets	3,577,747	(1,573)	-	3,576,174
Inventories	532,831	-	-	532,831
Receivables, deposits and prepayments	67,494	-	-	67,494
Tax recoverable	22,956	-	-	22,956
Cash and cash equivalents	78,393	-	-	78,393
	701,674	-	-	701,674
Assets classified as held for sale	67,382	-	-	67,382
Total current assets	769,056	-	-	769,056
Total assets	4,346,803	(1,573)	-	4,345,230

	Impact of change in accounting policy 30.6.2017			After restated RM'000
	Before restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	
Equity				
Share capital	702,000	-	-	702,000
Fair value reserve	58,228	-	-	58,228
Retained earnings	1,191,830	(1,573)	-	1,190,257
Equity attributable to owners of the Company	1,952,058	(1,573)	-	1,950,485
Liabilities				
Borrowings	240,197	-	-	240,197
Other liabilities	7,746	-	-	7,746
Deferred tax liabilities	27,889	-	-	27,889
Total non-current liabilities	275,832	-	-	275,832
Borrowings	655,397	-	-	655,397
Payables and accruals	1,463,516	-	-	1,463,516
Total current liabilities	2,118,913	-	-	2,118,913
Total liabilities	2,394,745	-	-	2,394,745
Total equity and liabilities	4,346,803	(1,573)	-	4,345,230

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

	Impact of change in accounting policy 30.6.2017			After restated RM'000
	Before restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	
Continuing operations				
Revenue	2,064,787	-	21,464	2,086,251
Total operating expenses	(1,958,773)	-	(21,464)	(1,980,237)
Other operating income	4,282	-	-	4,282
Results from operating activities	110,296	-	-	110,296
Interest expense	(19,791)	-	-	(19,791)
Interest income	501	-	-	501
Share of profit of equity-accounted associates, net of tax	-	(341)	-	(341)
Profit before tax	91,006	(341)	-	90,665
Tax expense	(36,912)	-	-	(36,912)
Profit for the year	54,094	(341)	-	53,753
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	14,799	-	-	14,799
Total comprehensive income for the year	68,893	(341)	-	68,552

(iii) Statement of cash flow

	Impact of change in accounting policy for the year ended 30.6.2017			After restated RM'000
	Before restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	
Cash flows from operating activities				
Profit before tax	91,006	(341)	-	90,665
Adjustments for:				
Non-cash item	145,867	341	-	146,208
Non-operating items	19,097	-	-	19,097
Operating profit before changes in working capital	255,970	-	-	255,970
Changes in working capital:				
Net change in current assets	65,303	-	-	65,303
Net change in current liabilities	(67,141)	-	-	(67,141)
Cash generated from operations	254,132	-	-	254,132
Tax paid	(38,333)	-	-	(38,333)
Net cash from operating activities	215,799	-	-	215,799

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