

# AEON CO. (M) BHD.

( Company No. 126926 - H )

( Incorporated in Malaysia )

Unaudited results of the Company for the third quarter ended 30 September 2018.

## Condensed statement of profit or loss

For the nine months ended 30 September 2018

	3 months ended 30 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue	1,064,808	961,441	3,243,122	3,047,692
Total operating expenses	(1,033,819)	(934,198)	(3,097,985)	(2,914,435)
Other operating income	2,694	3,865	5,818	8,147
<b>Profit from operations</b>	<u>33,683</u>	<u>31,108</u>	<u>150,955</u>	<u>141,404</u>
Interest expense	(10,995)	(10,262)	(29,764)	(30,053)
Interest income	385	293	1,050	794
Share of results of associates	314	107	(12,320)	(234)
Impairment loss on investment in associate	-	-	(8,010)	-
<b>Profit before tax</b>	<u>23,387</u>	<u>21,246</u>	<u>101,911</u>	<u>111,911</u>
Tax expense	(9,536)	(9,165)	(50,330)	(46,077)
<b>Profit for the period</b>	<u><u>13,851</u></u>	<u><u>12,081</u></u>	<u><u>51,581</u></u>	<u><u>65,834</u></u>
Basic earnings per ordinary share (sen) (Note B11)	0.99	0.86	3.67	4.69

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 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 third quarter ended 30 September 2018.

## Condensed statement of other comprehensive income

For the nine months ended 30 September 2018

	3 months ended 30 September		9 months ended 30 September	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
<b>Profit for the period</b>	13,851	12,081	51,581	65,834
<b>Other comprehensive income:</b>				
Gain on fair value of other investments	7,895	372	12,260	15,170
<b>Comprehensive income for the period</b>	<u>21,746</u>	<u>12,453</u>	<u>63,841</u>	<u>81,004</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 September 2018

	30 September 2018 RM'000	31 December 2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,672,217	3,504,045
Intangible assets	15,373	17,228
Investment in associates	9,854	30,182
Other investments	74,768	62,508
Other assets	17,903	17,427
	3,790,115	3,631,390
<b>Current assets</b>		
Inventories	590,836	610,731
Receivables, deposits and prepayments	105,733	88,849
Cash and cash equivalents	65,627	78,594
	762,196	778,174
<b>TOTAL ASSETS</b>	<b>4,552,311</b>	<b>4,409,564</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	702,000	702,000
Reserves	1,268,549	1,260,867
<b>TOTAL EQUITY</b>	<b>1,970,549</b>	<b>1,962,867</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	97,533	155,323
Other liabilities	14,213	14,213
Deferred tax liabilities	11,166	11,316
	122,912	180,852
<b>Current liabilities</b>		
Borrowings	1,011,427	782,347
Payables and accruals	1,440,207	1,463,191
Current tax liability	7,216	20,307
	2,458,850	2,265,845
<b>TOTAL LIABILITIES</b>	<b>2,581,762</b>	<b>2,446,697</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,552,311</b>	<b>4,409,564</b>

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 nine months ended 30 September 2018

	Non-distributable		Distributable	
	Share	Fair value	Retained	Total
	capital	reserve	earnings	equity
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	702,000	61,478	1,199,390	1,962,868
Total comprehensive income for the period	-	12,260	51,581	63,841
Final dividend in respect of year ended 31 December 2017	-	-	(56,160)	(56,160)
<b>At 30 September 2018</b>	<u>702,000</u>	<u>73,738</u>	<u>1,194,811</u>	<u>1,970,549</u>
<b>Restated at 1 January 2017</b>	702,000	43,429	1,136,504	1,881,933
Total comprehensive income for the period (restated)	-	15,170	65,834	81,004
Final dividend in respect of year ended 31 December 2016	-	-	(42,120)	(42,120)
<b>At 30 September 2017</b>	<u>702,000</u>	<u>58,599</u>	<u>1,160,218</u>	<u>1,920,817</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 )

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## Condensed statement of cash flows

For the nine months ended 30 September 2018

	30 September 2018 RM'000	30 September 2017 RM'000 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	101,911	111,911
Adjustments for:		
Non-cash items	245,721	218,518
Non-operating items	27,644	28,060
Operating profit before changes in working capital	<u>375,276</u>	<u>358,489</u>
Changes in working capital:		
Net change in current assets	2,534	13,144
Net change in current liabilities	(22,983)	(118,307)
Cash generated from operations	<u>354,827</u>	<u>253,326</u>
Tax paid	(63,571)	(56,206)
<b>Net cash generated from operating activities</b>	<u>291,256</u>	<u>197,120</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	(391,709)	(238,661)
Deposit refunded for cancellation of acquisition of land	-	3,485
Proceeds from disposal of property, plant and equipment and intangible assets	-	130
Dividend received	1,070	1,199
Interest received	1,050	794
<b>Net cash used in investing activities</b>	<u>(389,589)</u>	<u>(233,053)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings	171,290	85,540
Interest paid	(29,764)	(30,053)
Dividend paid	(56,160)	(42,120)
<b>Net cash generated from financing activities</b>	<u>85,366</u>	<u>13,367</u>
<b>Net change in cash and cash equivalents</b>	(12,967)	(22,566)
<b>Cash and cash equivalents at 1 January</b>	<u>78,594</u>	<u>81,488</u>
<b>Cash and cash equivalents at 30 September</b>	<u>65,627</u>	<u>58,922</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 September 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
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(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
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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 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 Cyclicalities of Interim Operations**

The Company's revenue for the third quarter was slightly higher than the second quarter mainly due to more promotion activities and tax holiday during the 0% GST implementation from June 2018 to August 2018.

### **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 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.

### **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.

## 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. 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 will be revised to 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. AEON Index changed its name to Index Living Mall Malaysia Sdn. Bhd. on 9 January 2018.

Since there is no other subsidiary in the Company as at 31 December 2017, the Company is no longer required to prepare consolidated financial information

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.

Upon adoption of MFRS 127, the profit or loss for period ended 30 September 2017 excluded the share of loss results of subsidiary amounted to RM8,574,000.

## 10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	9 months ended		9 months ended		9 months ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Revenue	2,732,729	2,557,706	510,393	489,986	3,243,122	3,047,692
Segmental profit	16,608	2,670	155,685	163,252	172,293	165,922
Less: Unallocated expenses					(21,338)	(24,518)
Profit from operations					150,955	141,404
Interest expense					(29,764)	(30,053)
Interest income					1,050	794
Share of results of associates					(12,320)	(234)
Impairment loss on investment in an associate					(8,010)	-
Profit before tax					101,911	111,911
Tax expense					(50,330)	(46,077)
Profit for the year					51,581	65,834
Segment assets	1,273,483	1,271,097	3,267,698	3,103,271	4,541,181	4,374,368
Unallocated assets					11,130	45,316
					4,552,311	4,419,684
Segment liabilities	1,058,397	1,046,997	381,810	365,353	1,440,207	1,412,350
Unallocated liabilities					1,141,555	1,086,517
					2,581,762	2,498,867

Total revenue registered by the retail business segment for the financial year-to-date at RM2.73 billion was higher by 6.8% compared to RM2.56 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 RM16.6 million was higher as compared to RM2.7 million segmental profit recorded in the preceding year corresponding period mainly due to increase in revenue with better merchandise assortment.

Revenue from its property management services segment for financial year-to-date, at RM510.4 million recorded a growth of 4.2%, over the previous year corresponding year of RM490.0 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 RM155.7 million was lower as compared to RM163.3 million recorded in the preceding year. The decrease in segmental profit were mainly due to higher operating expenses including more promotion activities and events that was organised in the Malls to attract customers.

#### 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 September 2018 are as follows:

	<b>30 Sept 2018 RM'000</b>	<b>31 Dec 2017 RM'000</b>
Property, plant and equipment		
Authorised but not contracted for	514,806	790,729
Authorised and contracted for	149,581	356,978

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

**1 Review of Performance**

**Quarter results**

	<b>Current Year Quarter 30 Sept 2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 30 Sept 2017 RM'000 Restated</b>	<b>Changes (%)</b>
Revenue	1,064,808	961,441	10.8%
Profit from Operations	33,683	31,108	8.3%
Profit Before Tax	23,387	21,246	10.1%
Profit After Tax	13,851	12,081	14.7%

For the quarter under review, the Company registered a total revenue of RM1.06 billion, which was higher by 10.8% as compared with RM0.96 billion recorded in the preceding year corresponding quarter. The profit before tax of RM23.4 million was higher by RM2.1 million or 10.1% as compared to the previous year corresponding quarter due to increase in revenue with better merchandise assortment.

Retail business revenue registered RM895.7 million, which was higher by 11.9% as compared to the preceding year corresponding quarter of RM800.4 million mainly due to new stores which was opened in September 2017 and April 2018 respectively and also contributions from newly renovated stores.

Revenue from the property management services segment recorded a growth of 5.0% at RM169.1 million over the previous year corresponding quarter of RM161.1 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**

	<b>Current Year To-date 30 Sept 2018 RM'000</b>	<b>Preceding Year Corresponding Period 30 Sept 2017 RM'000 Restated</b>	<b>Changes (%)</b>
Revenue	3,243,122	3,047,692	6.4%
Profit from Operations	150,955	141,404	6.7%
Profit Before Tax	101,911	111,911	(8.9%)
Profit After Tax	51,581	65,834	(21.7%)

For the period ended 30 September 2018, the Company posted a total revenue of RM3.24 billion, which represented an increase of 6.4% as compared with the previous year corresponding period of RM3.05 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 period-to-date of RM101.9 million was 8.9% lower than the previous year corresponding period-to-date of RM111.9 million mainly due to recognition on the impairment loss on investment in an associate company, Index Living Mall Malaysia Sdn. Bhd. ("Index Living"), which amounted to RM8.01 million and also share of its operating loss year to-date which amounted to RM13.7 million.

However, if without the Index Living's impairment and loss recognition, the profit before tax for the financial period-to-date was RM123.6 million, which represented an increase of 10.5% as compared with the previous year corresponding period.

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

	<b>Current Quarter 30 Sept 2018 RM'000</b>	<b>Immediate Preceding Quarter 30 June 2018 RM'000</b>	<b>Changes (%)</b>
Revenue	1,064,808	1,064,029	0.1%
Profit from Operations	33,683	48,833	(31.0%)
Profit Before Tax	23,387	28,745	(18.6%)
Profit After Tax	13,851	9,788	41.5%

The profit before tax of RM23.4 million for the quarter was lower than the preceding quarter of RM28.7 million mainly due to more promotion activities during the 0% GST tax holiday and post SST implementation to capture the market.

## 3 Current Year Prospects

The 2018 Malaysia's GDP growth rate is projected to be 4.8% with the private sector and domestic demand remaining the key growth drivers for the economy. However, with general concerns on increase cost of living and higher cost of doing business, 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 to maintain its position as a shopping destination.

The current year performance will also be impacted by the share of operating and 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:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sept 2018 RM'000</b>	<b>30 Sept 2017 RM'000</b>	<b>30 Sept 2018 RM'000</b>	<b>30 Sept 2017 RM'000</b>
Current tax expense	9,586	9,216	50,481	46,228
Deferred tax expense	(50)	(51)	(151)	(151)
	9,536	9,165	50,330	46,077

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 Sept 2018		
	Long term	Short term	Total borrowings
	RM denomination (RM'000)	RM denomination (RM'000)	RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	97,533	160,227	257,760
Revolving credit facilities	-	551,200	551,200
Islamic Medium Term Notes/Commercial papers	-	300,000	300,000
	97,533	1,011,427	1,108,960

	As at 30 Sept 2017		
	Long term	Short term	Total borrowings
	RM denomination (RM'000)	RM denomination (RM'000)	RM denomination (RM'000)
<b>Unsecured</b>			
Term loan	197,761	232,872	430,633
Revolving credit facilities	-	385,300	385,300
Islamic Medium Term Notes/Commercial papers	-	235,000	235,000
	197,761	853,172	1,050,933

- (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 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**

No dividend was proposed or declared for the current financial period ended 30 September 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		9 months ended	
	30 Sept 2018	30 Sept 2017 Restated	30 Sept 2018	30 Sept 2017 Restated
Profit attributable to the owners for the period (RM'000)	13,851	12,081	51,581	65,834
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)	0.99	0.86	3.67	4.69

Diluted earnings per share is not applicable for the Company.

## 12 Notes to the Statement of Comprehensive Income

	3 months ended		9 months ended	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000 Restated	30 Sept 2018 RM'000	30 Sept 2017 RM'000 Restated
Profit from operations for the period is arrived at after charging:				
Depreciation and amortisation	77,109	72,018	227,800	216,387
Impairment loss:				
- trade receivables	1,572	231	2,672	1,666
Bad debts written off	-	-	21	-
Interest expense	10,995	10,262	29,764	30,053
Loss on foreign exchange	62	48	154	156
Property, plant and equipment written off	664	399	2,251	1,903
And after crediting:				
Gain on disposal of property, plant and equipment	92	-	92	6
Interest income	385	293	1,050	794
Dividend income	1,070	1,006	1,070	1,199

### 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 30.9.2017			
	Before Restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	After restated RM'000
<b>Assets</b>				
Property, plant and equipment	3,459,244	-	-	3,459,244
Intangible assets	16,708	-	-	16,708
Investment in a subsidiary	49,000	-	-	49,000
Investments in associates	9,200	(1,465)	-	7,735
Other investments	59,629	-	-	59,629
Other assets	17,119	-	-	17,119
<b>Total non-current assets</b>	<b>3,610,900</b>	<b>(1,465)</b>	<b>-</b>	<b>3,609,435</b>
Inventories	572,298	-	-	572,298
Receivables, deposits and prepayments	80,034	-	-	80,034
Tax recoverable	31,613	-	-	31,613
Cash and cash equivalents	58,922	-	-	58,922
	742,867	-	-	742,867
Assets classified as held for sale	67,382	-	-	67,382
<b>Total current assets</b>	<b>810,249</b>	<b>-</b>	<b>-</b>	<b>810,249</b>
<b>Total assets</b>	<b>4,421,149</b>	<b>(1,465)</b>	<b>-</b>	<b>4,419,684</b>

	<b>Impact of change in accounting policy 30.9.2017</b>			
	<b>Before restated RM'000</b>	<b>MFRS 127 Adjustments RM'000</b>	<b>MFRS 15 Adjustments RM'000</b>	
<b>Equity</b>				
Share capital	702,000	-	-	702,000
Fair value reserve	58,599	-	-	58,599
Retained earnings	1,161,683	(1,465)	-	1,160,218
<b>Equity attributable to owners of the Company</b>	<b>1,922,282</b>	<b>(1,465)</b>	<b>-</b>	<b>1,920,817</b>
<b>Liabilities</b>				
Borrowings	197,761	-	-	197,761
Other liabilities	7,746	-	-	7,746
Deferred tax liabilities	27,839	-	-	27,839
<b>Total non-current liabilities</b>	<b>233,346</b>	<b>-</b>	<b>-</b>	<b>233,346</b>
Borrowings	853,172	-	-	853,172
Payables and accruals	1,412,349	-	-	1,412,349
<b>Total current liabilities</b>	<b>2,265,521</b>	<b>-</b>	<b>-</b>	<b>2,265,521</b>
<b>Total liabilities</b>	<b>2,498,867</b>	<b>-</b>	<b>-</b>	<b>2,498,867</b>
<b>Total equity and liabilities</b>	<b>4,421,149</b>	<b>(1,465)</b>	<b>-</b>	<b>4,419,684</b>

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

	<b>Impact of change in accounting policy 30.9.2017</b>			
	<b>Before restated RM'000</b>	<b>MFRS 127 Adjustments RM'000</b>	<b>MFRS 15 Adjustments RM'000</b>	
<b>Continuing operations</b>				
Revenue	3,020,961	-	26,731	3,047,692
Total operating expenses	(2,887,704)	-	(26,731)	(2,914,435)
Other operating income	8,147	-	-	8,147
<b>Results from operating activities</b>	<b>141,404</b>	<b>-</b>	<b>-</b>	<b>141,404</b>
Interest expense	(30,053)	-	-	(30,053)
Interest income	794	-	-	794
Share of profit of equity-accounted associates, net of tax	-	(234)	-	(234)
<b>Profit before tax</b>	<b>112,145</b>	<b>(234)</b>	<b>-</b>	<b>111,911</b>
Tax expense	(46,077)	-	-	(46,077)
<b>Profit for the year</b>	<b>66,068</b>	<b>(234)</b>	<b>-</b>	<b>65,834</b>
<b>Other comprehensive income, net of tax</b>				
<b>Item that is or may be reclassified subsequently to profit or loss</b>				
Fair value of available-for-sale financial assets	15,170	-	-	15,170
<b>Total comprehensive income for the year</b>	<b>81,238</b>	<b>(234)</b>	<b>-</b>	<b>81,004</b>

(iii) Statement of cash flow

	Impact of change in accounting policy for the year ended 30.9.2017			
	Before restated RM'000	MFRS 127 Adjustments RM'000	MFRS 15 Adjustments RM'000	After restated RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	112,145	(234)	-	111,911
Adjustments for:				
Non-cash item	218,284	234	-	218,518
Non-operating items	28,060	-	-	28,060
<b>Operating profit before changes in working capital</b>	358,489	-	-	358,489
Changes in working capital:				
Net change in current assets	13,144	-	-	13,144
Net change in current liabilities	(118,307)	-	-	(118,307)
<b>Cash generated from operations</b>	253,326	-	-	253,326
Tax paid	(56,206)	-	-	(56,206)
<b>Net cash from operating activities</b>	197,120	-	-	197,120

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