

AEON CO. (M) BHD.

Registration No. 198401014370 (126926 - H)
(Incorporated in Malaysia)

Unaudited results of the Company for the fourth quarter ended 31 December 2019.

Condensed statement of profit or loss

For the twelve months ended 31 December 2019

	3 months ended 31 December		12 months ended 31 December	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	1,170,107	1,110,518	4,538,884	4,353,640
Total operating expenses	(1,043,046)	(1,016,368)	(4,189,162)	(4,114,355)
Other operating income	2,784	2,596	9,002	8,414
Profit from operations	<u>129,845</u>	<u>96,746</u>	<u>358,724</u>	<u>247,699</u>
Interest expense				
- Lease interest	(31,131)	-	(122,331)	-
- Interest charges	(11,800)	(13,172)	(40,596)	(42,935)
	<u>(42,931)</u>	<u>(13,172)</u>	<u>(162,927)</u>	<u>(42,935)</u>
Interest income	215	353	1,210	1,403
Share of results of associates	165	1,200	(120)	(11,120)
Impairment loss on investment in associate	-	-	-	(8,009)
Profit before tax	<u>87,294</u>	<u>85,127</u>	<u>196,887</u>	<u>187,038</u>
Tax expense	(37,414)	(31,584)	(87,595)	(81,915)
Profit for the period/year	<u><u>49,880</u></u>	<u><u>53,543</u></u>	<u><u>109,292</u></u>	<u><u>105,123</u></u>
Basic earnings per ordinary share (sen) (Note B11)	3.55	3.81	7.78	7.49

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

AEON CO. (M) BHD.

Registration No. 198401014370 (126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the fourth quarter ended 31 December 2019.

Condensed statement of other comprehensive income

For the twelve months ended 31 December 2019

	3 months ended		12 months ended	
	31 December		31 December	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	49,880	53,543	109,292	105,123
Other comprehensive income:				
Gain on fair value of other investments	(2,043)	(3,715)	(5,387)	8,545
Comprehensive income for the period/year	<u>47,837</u>	<u>49,828</u>	<u>103,905</u>	<u>113,668</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed statement of financial position

As at 31 December 2019

	31 December 2019 RM'000	31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,646,996	3,699,455
Intangible assets	11,980	14,179
Right-of-use Assets	1,772,427	-
Investment in associates	10,934	11,053
Other investments	65,666	71,053
Other assets	19,024	17,954
Deferred tax assets	120,059	2,242
	5,647,086	3,815,936
Current assets		
Inventories	754,072	680,140
Contract Assets	19,728	18,771
Receivables, deposits and prepayments	49,906	49,705
Cash and cash equivalents	66,982	82,154
	890,688	830,770
TOTAL ASSETS	6,537,774	4,646,706
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	993,670	1,318,375
TOTAL EQUITY	1,695,670	2,020,375
LIABILITIES		
Non-current liabilities		
Borrowings	205,080	350,160
Lease Liabilities	2,146,022	-
Other liabilities	20,774	17,734
	2,371,876	367,894
Current liabilities		
Contract Liabilities	154,182	157,981
Borrowings	723,580	645,263
Lease Liabilities	147,076	-
Payables and accruals	1,435,240	1,429,834
Current tax liability	10,150	25,359
	2,470,228	2,258,437
TOTAL LIABILITIES	4,842,104	2,626,331
TOTAL EQUITY AND LIABILITIES	6,537,774	4,646,706

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

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Condensed statement of changes in equity

For the twelve months ended 31 December 2019

	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 January 2019	702,000	70,023	1,248,352	2,020,375
Impact of change in accounting policy	-	-	(372,450)	(372,450)
Adjusted balance at 1 January 2019	702,000	70,023	875,902	1,647,925
Total comprehensive income for the year	-	(5,387)	109,292	103,905
Final dividend in respect of year ended 31 December 2018	-	-	(56,160)	(56,160)
At 31 December 2019	702,000	64,636	929,034	1,695,670
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	702,000	70,023	1,248,352	2,020,375

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

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

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Condensed statement of cash flows

For the twelve months ended 31 December 2019

	31 December 2019 RM'000	31 December 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	196,887	187,038
Adjustments for:		
Non-cash items		
- Right-of-use asset depreciation	163,726	-
- Others	344,015	348,425
	507,741	348,425
Non-operating items		
- Lease interest	122,331	-
- Others	37,047	39,429
	159,378	39,429
Operating profit before changes in working capital	864,006	574,892
Changes in working capital:		
Net change in current assets	(75,355)	(50,181)
Net change in current liabilities	3,246	129,472
Cash generated from operations	791,897	654,183
Tax paid	(103,005)	(90,421)
Net cash generated from operating activities	688,892	563,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(278,874)	(522,198)
Proceeds from disposal of property, plant and equipment and intangible assets	268	541
Dividend received	2,339	2,103
Interest received	1,210	1,403
Net cash used in investing activities	(275,057)	(518,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(266,085)	-
Net borrowings	(66,763)	57,753
Interest paid	(39,999)	(43,644)
Dividend paid	(56,160)	(56,160)
Net cash used in financing activities	(429,007)	(42,051)
Net change in cash and cash equivalents	(15,172)	3,560
Cash and cash equivalents at 1 January	82,154	78,594
Cash and cash equivalents at 31 December	66,982	82,154

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

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

Notes to the interim financial statements for the year ended 31 December 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

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

2 Significant Accounting Policies

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

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

Malaysian Accounting Standards Board had issued the following amendments and new standards which are effective for the following financial years:

(i) Financial year beginning on or after 1 January 2020:

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to MFRS 9	Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform

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

(i) **MFRS 16, Leases**

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

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

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

	As at 31 December 2018 RM'000	Initial recognition RM'000	As at 1 January 2019 RM'000
Non-current assets			
Right-of-use assets	-	1,811,501	1,811,501
Deferred tax assets	2,242	117,616	119,858
Non-current liabilities			
Lease liabilities	-	(2,159,771)	(2,159,771)
Current liabilities			
Lease liabilities	-	(141,796)	(141,796)
Equity			
Distributable retained earnings	(1,248,352)	372,450	(875,902)

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

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

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

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

Since adoption of amendments to MFRS 123, the Company capitalized interest amounted to RM4.8 million for the current financial year.

3 Seasonality or Cyclicalities 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 the 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 current financial year.

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 2018 was approved by shareholders at the Thirty-Fourth Annual General Meeting and was paid to shareholders on 11 July 2019.

8 Events Subsequent to the end of reporting period

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

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 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,832,247	3,666,306	706,637	687,334	4,538,884	4,353,640
Segmental profit	114,617	51,727	268,799	209,831	383,416	261,558
Less: Unallocated expenses					(24,692)	(13,859)
Profit from operations					358,724	247,699
Interest expense						
- Lease interest					(122,331)	-
- Interest charges					(40,596)	(42,935)
Interest income					1,210	1,403
Share of results of associates						
- Other Companies					(120)	2,621
- Index					-	(13,741)
Impairment loss on investment in an associate - Index					-	(8,009)
Profit before tax					196,887	187,038
Tax expense					(87,595)	(81,915)
Profit for the year					109,292	105,123
Segment assets	1,783,177	1,338,365	4,614,288	3,259,951	6,397,465	4,598,316
Unallocated assets					140,309	48,390
					6,537,774	4,646,706
Segment liabilities	1,656,044	1,210,213	2,226,476	377,602	3,882,520	1,587,815
Unallocated liabilities					959,584	1,038,516
					4,842,104	2,626,331

Total revenue registered by the retail business segment for the financial year-to-date at RM3.83 billion was higher by 4.5% compared to RM3.67 billion recorded in the preceding year mainly due to contributions from newly renovated stores and newly opened stores in April 2018 and January 2019 as well as newly opened specialty stores in the current year. The higher growth was however mitigated by additional stores renovation in this year and downsizing of a store at end of previous year.

Revenue from its property management services segment for financial year-to-date, at RM706.6 million recorded a growth of 2.8%, over the preceding year of RM687.3 million. The increase was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019.

Besides the MFRS 16 impact, the retailing segmental profit of RM114.6 million was higher as compared to RM51.7 million segmental profit recorded in the preceding year mainly due to higher revenue and better margin.

After adjusting for the adoption of MFRS 16 impact excluding lease interest component, retailing segmental profit remained high at RM98.9 million (as shown in the table below) as compared to the preceding year of RM51.7 million.

Segmental profit from property management services of RM268.8 million was higher as compared to RM209.8 million recorded in the preceding year due to MFRS 16 impact. However, after adjusting for MFRS 16 impact excluding lease interest component, segmental profit recorded at RM182.3 million (as shown in the table below) is lower than preceding year at RM209.8 million mainly due to higher operating expenses growth especially rental, utilities and depreciation as compared to income growth.

	Retailing		Property Management Services		Total	
	12 months ended		12 months ended		12 months ended	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segmental profit	114,617	51,727	268,799	209,831	383,416	261,558
MFRS 16 Impact:						
- Rental	(51,215)	-	(214,187)	-	(265,402)	-
- Right-of-use asset depreciation	35,526	-	127,729	-	163,255	-
Segmental profit exclude MFRS 16 adjustments	98,928	51,727	182,341	209,831	281,269	261,558

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

11 Related Party Transactions

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

12 Contingent Liabilities or Contingent Assets

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

13 Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2019 are as follows:

	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Property, plant and equipment		
Contracted but not provided for and not payable	11,546	86,511

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

1 Review of Performance

Quarter results

	Current Year Quarter 31 Dec 2019 RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000	Changes %
Revenue	1,170,107	1,110,518	5.4%
Profit from Operations	129,845	96,746	34.2%
Profit Before Tax	87,294	85,127	2.5%

For the quarter under review, the Company registered a total revenue of RM1.17 billion, which was higher by 5.4% as compared with RM1.11 billion recorded in the preceding year corresponding quarter.

Retail business revenue registered RM987.5 million, which was higher by 5.8% as compared to the preceding year corresponding quarter of RM933.6 million mainly due to new store which was opened in January 2019 and also contributions from newly renovated stores and newly opened specialty stores.

Revenue from the Property Management Services segment recorded a growth of 3.2%, at RM182.6 million over the preceding year corresponding quarter of RM176.9 million. The increase was mainly due to contributions from a new shopping mall which was opened in January 2019.

The profit before tax for the quarter under review was RM87.3 million and was higher by 2.5% compared to the preceding year corresponding quarter of RM85.1 million. After adjusting for the adoption of MFRS 16 and amendments to MFRS 123 impacts, profit before tax for current quarter recorded at RM103.0 million which was higher by 21.0% compared to the preceding year corresponding quarter of RM85.1 million (table below). The higher profit before tax was mainly due to higher revenue and margin compared to preceding year corresponding quarter.

	Current Year Quarter 31 Dec 2019 RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000	Changes %
Profit Before Tax	87,294	85,127	2.5%
Add Back/(Deduct)			
MFRS 16 Impact			
- Lease rental	(67,741)	-	
- Right-of-use asset depreciation	41,910	-	
- Lease interest	31,131	-	
- Right-of-use asset impairment	10,567	-	
MFRS 123 Amendment Impact	(124)	-	
Profit Before Tax after MFRS adjustments	103,037	85,127	21.0%

Financial Year-to-date results

	Current Year To-date 31 Dec 2019 RM'000	Preceding Year To-date 31 Dec 2018 RM'000	Changes (%)
Revenue	4,538,884	4,353,640	4.3%
Profit from Operations	358,724	247,699	44.8%
Profit Before Tax	196,887	187,038	5.3%

For the period ended 31 December 2019, the Company posted a total revenue of RM4.54 billion, which represented an increase of 4.3% as compared with preceding year of RM4.35 billion mainly due to contributions from newly renovated stores and newly opened specialty stores in this reporting year as well as new stores which were opened in April 2018 and January 2019. The higher growth was however mitigated by the temporary closure of stores for renovation in this year and the downsizing of a store at end of previous year.

The profit before tax of RM196.9 million was 5.3% higher than the previous financial year of RM187.0 million.

After adjusting for the adoption of MFRS 16 and amendments to MFRS 123's impacts and taking into account share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd. ("Index") in preceding year corresponding period, profit before tax for current financial year recorded at RM222.6 million, an increased of 6.6% compared to the preceding financial year of RM208.8 million (table below). The higher profit before tax for the financial year was mainly due to revenue growth compared to preceding financial year.

	Current Year To-date 31 Dec 2019 RM'000	Preceding Year To-date 31 Dec 2018 RM'000	Changes %
Profit Before Tax	196,887	187,038	5.3%
Add Back/(Deduct)			
MFRS 16 Impact			
- Lease rental	(266,083)	-	
- Right-of-use asset depreciation	163,726	-	
- Lease interest	122,331	-	
- Right-of-use asset impairment	10,567	-	
MFRS 123 Amendment Impact	(4,824)	-	
Profit Before Tax exclude MFRS adjustments	222,604	187,038	19.0%
Share of Index's operating loss	-	21,751	
Profit Before Tax after adjustments	222,604	208,789	6.6%

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

	Current Quarter 31 Dec 2019 RM'000	Immediate Preceding Quarter 30 Sep 2019 RM'000	Changes %
Revenue	1,170,107	1,062,416	10.1%
Profit from Operations	129,845	58,447	22.2%
Profit Before Tax	87,294	13,966	25.0%

For the quarter under review, the Company registered a total revenue of RM1.17 billion, which was higher by 10.1% from RM1.06 billion recorded in the immediate preceding quarter and the profit before tax of RM87.3 million for the quarter was higher than the immediate preceding quarter of RM13.9 million mainly due to higher festive season sales and year-end rebate.

3 Current Year Prospects

The outbreak of the Covid-19 has affected the economy in general, including the retail sector and it remains to be seen as to how long the outbreak will persist. Barring the economic stimulus package to be announced by the Government, the Company is expecting a moderate growth due to the challenging environment.

The Company is taking active measures to ensure that its businesses remain resilient during this period through innovative marketing strategy, realignment of its merchandise assortment to be in line with the current sentiment of the consumers and tackling the crisis together with its business partners.

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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Current tax expense	37,464	44,992	87,796	95,473
Deferred tax expense	(50)	(13,408)	(201)	(13,558)
	37,414	31,584	87,595	81,915

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 2019		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	205,080	145,080	350,160
Revolving credit facilities	-	278,500	278,500
Islamic Commercial Papers	-	300,000	300,000
	205,080	723,580	928,660

	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 Commercial Papers	-	-	-
	350,160	645,263	995,423

- (i) The term loans are unsecured, bears interest ranging from 3.96% to 4.39% (2018: 3.96% to 4.58%) per annum and are repayable on quarterly basis up to 30 November 2021.
- (ii) The unsecured revolving credit bear interest rates ranging from 3.45% to 3.82% (2018: 3.70% to 4.26%) per annum.
- (iii) The unsecured Islamic Commercial Papers, bear interest rate of 3.44% (2018: Nil) per annum.

8 Changes in Material Litigation

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

9 Dividend

- (a) (i) An ordinary dividend of 4.00 sen per share has been recommended for the financial year ended 31 December 2019;
(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 2018, an ordinary dividend of 4.00 sen per share amounting to RM56,160,000 was paid on 11 July 2019.
- (c) The ordinary dividend recommended for year ended 31 December 2019 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 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Profit attributable to the owners for the period (RM'000)	49,880	53,543	109,292	105,123
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)	3.55	3.81	7.78	7.49

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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortisation	82,179	76,198	321,072	303,998
Right-of-use asset depreciation	41,910	-	163,726	-
Lease rental	4,201	65,753	14,745	252,972
Interest expense				
- lease interest	31,131	-	122,331	-
- interest charges	11,800	13,172	40,596	42,935
Impairment loss:				
- trade receivables	446	2,246	2,239	4,918
- property, plant and equipment	10,598	17,740	10,598	17,740
- right-of-use asset impairment	10,567	-	10,567	-
Bad debts written off	-	335	-	355
(Gain)/Loss on foreign exchange	(3)	85	214	239
Property, plant and equipment written off	842	5,045	1,862	7,296
And after crediting:				
Gain/(Loss) on disposal of property, plant and equipment	102	(352)	268	(261)
Interest income	215	353	1,210	1,403
Dividend income	1,033	1,033	2,339	2,103

13 Significant changes in accounting policies

(a) Accounting for leases

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

(b) Accounting for borrowing costs

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

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