

AEON CO. (M) BHD.

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

Unaudited results of the Company for the first quarter ended 31 March 2019.

Condensed statement of profit or loss

For the three months ended 31 March 2019

	3 months ended 31 March		3 months ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	1,206,876	1,114,285	1,206,876	1,114,285
Total operating expenses	(1,116,253)	(1,055,404)	(1,116,253)	(1,055,404)
Other operating income	1,554	1,548	1,554	1,548
Profit from operations	<u>92,177</u>	<u>60,429</u>	<u>92,177</u>	<u>60,429</u>
Interest expense				
- Lease interest	(28,483)	-	(28,483)	-
- Interest charges	(8,506)	(8,715)	(8,506)	(8,715)
	<u>(36,989)</u>	<u>(8,715)</u>	<u>(36,989)</u>	<u>(8,715)</u>
Interest income	414	342	414	342
Share of results of associates	87	(2,278)	87	(2,278)
Profit before tax	<u>55,689</u>	<u>49,778</u>	<u>55,689</u>	<u>49,778</u>
Tax expense	(23,053)	(21,837)	(23,053)	(21,837)
Profit for the period	<u><u>32,636</u></u>	<u><u>27,941</u></u>	<u><u>32,636</u></u>	<u><u>27,941</u></u>
Basic earnings per ordinary share (sen) (Note B11)	2.32	1.99	2.32	1.99

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

AEON CO. (M) BHD.

(Company No. 126926 - H)

(Incorporated in Malaysia)

Unaudited results of the Company for the first quarter ended 31 March 2019.

Condensed statement of other comprehensive income

For the three months ended 31 March 2019

	3 months ended 31 March		3 months ended 31 March	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the period	32,636	27,941	32,636	27,941
Other comprehensive income:				
Gain on fair value of other investments	6,966	(5,108)	6,966	(5,108)
Comprehensive income for the period	<u>39,602</u>	<u>22,833</u>	<u>39,602</u>	<u>22,833</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.

AEON CO. (M) BHD.

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Condensed statement of financial position

As at 31 March 2019

	31 March 2019 RM'000	31 December 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,690,528	3,699,455
Intangible assets	13,057	14,179
Right-of-use Assets	1,758,037	-
Investment in associates	11,140	11,053
Other investments	78,019	71,053
Other assets	17,250	17,954
Deferred tax assets	111,119	2,242
	5,679,150	3,815,936
Current assets		
Inventories	624,195	680,140
Contract Assets	14,697	18,771
Receivables, deposits and prepayments	82,182	49,705
Cash and cash equivalents	61,645	82,154
	782,719	830,770
TOTAL ASSETS	6,461,869	4,646,706
EQUITY AND LIABILITIES		
Share capital	702,000	702,000
Reserves	1,013,359	1,318,375
TOTAL EQUITY	1,715,359	2,020,375
LIABILITIES		
Non-current liabilities		
Borrowings	313,890	350,160
Lease Liabilities	2,067,073	-
Other liabilities	17,733	17,734
	2,398,696	367,894
Current liabilities		
Contract Liabilities	149,125	157,981
Borrowings	752,247	645,263
Lease Liabilities	148,057	-
Payables and accruals	1,271,264	1,429,834
Current tax liability	27,121	25,359
	2,347,814	2,258,437
TOTAL LIABILITIES	4,746,510	2,626,331
TOTAL EQUITY AND LIABILITIES	6,461,869	4,646,706

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

AEON CO. (M) BHD.

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Condensed statement of changes in equity

For the three months ended 31 March 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	-	-	(344,618)	(344,618)
Adjusted balance at 1 January 2019	702,000	70,023	903,734	1,675,757
Total comprehensive income for the year	-	6,966	32,636	39,602
At 31 March 2019	<u>702,000</u>	<u>76,989</u>	<u>936,370</u>	<u>1,715,359</u>
At 1 January 2018	702,000	61,478	1,199,389	1,962,867
Total comprehensive income for the year	-	(5,108)	27,941	22,833
At 31 March 2018	<u>702,000</u>	<u>56,370</u>	<u>1,227,330</u>	<u>1,985,700</u>

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

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

AEON CO. (M) BHD.

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

Condensed statement of cash flows

For the three months ended 31 March 2019

	31 March 2019 RM'000	31 March 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	55,689	49,778
Adjustments for:		
Non-cash items		
- Right-of-use asset amortisation	40,998	-
- Others	78,502	76,250
	119,500	76,250
Non-operating items		
- Lease interest	28,483	-
- Others	8,092	8,373
	36,575	8,373
Operating profit before changes in working capital	211,764	134,401
Changes in working capital:		
Net change in current assets	28,245	30,369
Net change in current liabilities	(167,426)	(53,901)
Cash generated from operations	72,583	110,869
Tax paid	(21,341)	(18,050)
Net cash generated from operating activities	51,242	92,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(68,540)	(84,413)
Interest received	414	342
Net cash used in investing activities	(68,126)	(84,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(65,832)	-
Net borrowings	70,713	(31,936)
Interest paid	(8,506)	(8,715)
Net cash used in financing activities	(3,625)	(40,651)
Net change in cash and cash equivalents	(20,509)	(31,903)
Cash and cash equivalents at 1 January	82,154	78,594
Cash and cash equivalents at 31 March	61,645	46,691

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

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

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

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

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

2 Significant Accounting Policies

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

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

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

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

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

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

MFRS 17	Insurance Contracts
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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	-	1,741,814	1,741,814
Deferred tax assets	2,242	108,827	111,069
	<hr/>	<hr/>	<hr/>
Non-current liabilities			
Lease liabilities	-	(2,047,724)	(2,047,724)
	<hr/>	<hr/>	<hr/>
Current liabilities			
Lease liabilities	-	(147,535)	(147,535)
	<hr/>	<hr/>	<hr/>
Equity			
Distributable retained earnings	(1,248,352)	344,618	(903,734)
	<hr/>	<hr/>	<hr/>

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.

Upon adoption of amendments to MFRS 123, the Company capitalized of interest amounted to RM1.8 million for the current financial period.

3 Seasonality or Cyclicalities of Interim Operations

The Company's revenue for the first quarter was higher than the preceding quarter mainly due to festive season and opening of a new store in January 2019.

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 period.

5 Changes in Estimates

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

6 Debt and Equity Securities

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

7 Dividends Paid

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

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.

10 Operating Segments

The operating segments analysis is as follows:

	Retailing		Property Management Services		Total	
	3 months ended		3 months ended		3 months ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,031,652	943,872	175,224	170,413	1,206,876	1,114,285
Segmental profit	33,562	6,767	66,999	57,321	100,561	64,088
Less: Unallocated expenses					(8,384)	(3,659)
Profit from operations					92,177	60,429
Interest expense						
- Lease interest					(28,483)	-
- Interest charges					(8,506)	(8,715)
Interest income					414	342
Share of results of associates					87	(2,278)
Profit before tax					55,689	49,778
Tax expense					(23,053)	(21,837)
Profit for the year					32,636	27,941
Segment assets	1,666,268	1,215,128	4,669,998	3,122,610	6,336,266	4,337,738
Unallocated assets					125,603	12,609
					6,461,869	4,350,347
Segment liabilities	1,457,945	1,056,107	2,177,574	353,183	3,635,519	1,409,290
Unallocated liabilities					1,110,991	955,356
					4,746,510	2,364,646

Total revenue registered by the retail business segment for the financial year-to-date at RM1.0 billion was higher by 9.3% compared to RM943.9 million recorded in the preceding year corresponding period mainly due to new stores which were opened in April 2018 and January 2019 and also from newly renovated stores.

Revenue from its property management services segment for financial year-to-date, at RM175.2 million recorded a growth of 2.8%, over the preceding year corresponding period of RM170.4 million. The increase was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019.

The retailing segmental profit of RM33.6 million was higher as compared to RM6.8 million segmental profit recorded in the preceding year corresponding period. After adjusting for the adoption of MFRS 16 impact, segmental profit will still be high at RM29.8 million (as shown in the table below) which represents RM23.0 million higher as compared to the preceding year corresponding quarter. This is mainly due to higher revenue and better margin.

Segmental profit from property management services of RM67.0 million was higher as compared to RM57.3 million recorded in the preceding year corresponding period. However, excluding MFRS 16 impact, segmental profit recorded at RM46.0 million (as shown in the table below) which is lower than preceding year corresponding quarter mainly due to higher operating expenses especially rental and depreciation.

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

	Retailing		Property Management Services		Total	
	3 months ended		3 months ended		3 months ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segmental profit	33,562	6,767	66,999	57,321	100,561	64,088
MFRS 16 Impact:						
- Rental	(12,115)	-	(53,546)	-	(65,661)	-
- Right-of-use asset amortisation	8,320	-	32,560	-	40,880	-
Segmental profit after adjustments	29,767	6,767	46,013	57,321	75,780	64,088

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 2018.

13 Capital Commitments

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

	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Property, plant and equipment		
Contracted but not provided for and not payable	112,225	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 Mar 2019 RM'000	Preceding Year Corresponding Quarter 31 Mar 2018 RM'000	Changes %
Revenue	1,206,876	1,114,285	8.3%
Profit from Operations	92,177	60,429	52.5%
Profit Before Tax	55,689	49,778	11.9%
Profit After Tax	32,636	27,941	16.8%

For the quarter under review, the Company registered a total revenue of RM1.21 billion, which was higher by 8.3% as compared with RM1.11 billion recorded in the preceding year corresponding quarter.

The substantially higher profit from operations was mainly due to the impact of MFRS 16 accounting changes relating to lease rental and right-of-use asset amortization.

The profit before tax for the quarter under review was RM55.7 million and was higher by RM5.9 million or 11.9% as compared to the previous year corresponding quarter.

However, after adjusting for the adoption of MFRS 16 and amendments to MFRS 123's impacts and taking into account share of operating loss of its associate, Index Living Mall Malaysia Sdn. Bhd. ("Index") in preceding year corresponding quarter, profit before tax for current quarter will be RM57.5 million or an increase of 10.2% compared to the preceding year corresponding quarter of RM52.2 million (table below). The higher profit before tax was mainly due to the higher retail revenue and margin.

	Current Year Quarter 31 Mar 2019 RM'000	Preceding Year Corresponding Quarter 31 Mar 2018 RM'000	Changes %
Profit Before Tax	55,689	49,778	11.9%
Add Back/(Deduct)			
MFRS 16 Impact			
- Lease rental	(65,832)	-	
- Right-of-use asset amortisation	40,998	-	
- Lease interest	28,483	-	
MFRS 123 Amendment Impact			
- MFRS 123 Amendment Impact	(1,838)	-	
Profit Before Tax exclude MFRS adjustments	57,500	49,778	15.5%
Share of Index's operating loss	-	2,389	
Profit Before Tax after adjustments	57,500	52,167	10.2%

Total revenue registered by the retail business segment for the financial period-to-date at RM1.0 billion was higher by 9.3% compared to RM943.9 million recorded in the preceding year corresponding period mainly due to contributions from new stores which were opened in April 2018 and January 2019 and also from newly renovated stores.

Revenue from its property management services segment for financial period-to-date, at RM175.2 million recorded a growth of 2.8%, over the preceding year corresponding period of RM170.4 million. The increase was mainly due to contributions from new shopping malls which were opened in April 2018 and January 2019.

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

	Current Quarter 31 Mar 2019 RM'000	Immediate Preceding Quarter 31 Dec 2018 RM'000	Changes %
Revenue	1,206,876	1,110,518	8.7%
Profit from Operations	92,177	96,746	(4.7%)
Profit Before Tax	55,689	85,127	(34.6%)
Profit After Tax	32,636	53,543	(39.0%)

For the quarter under review, the Company registered a total revenue of RM1.21 billion, which was higher by 8.7% from RM1.11 billion recorded in the immediate preceding quarter mainly due to higher festive season sales in current quarter and the contribution from newly opened store. The profit before tax of RM55.7 million for the quarter was lower than the immediate preceding quarter of RM85.1 million mainly due to seasonal year end annual rebate recognition in preceding quarter.

Even after adjusting for the adoption of MFRS 16 and MFRS 123 impact, profit before tax for current quarter at RM57.5 million will still be lower by 32.5% compared to the immediate preceding quarter, mainly due to the rebate.

3 Current Year Prospects

The 2019 Malaysia's GDP growth rate is projected to be 4.9% with the private sector and domestic demand remaining the key growth drivers for the economy. However, with general concerns on increase cost of living, higher cost of doing business and rising global trade conflict, the Board expect the performance for the financial year 2019 remains challenging.

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

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

4 Variance of Profit Forecast/Profit Guarantee

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

5 Tax expense

Tax expense comprises:

	3 months ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Current tax expense	23,103	21,887
Deferred tax expense	(50)	(50)
	23,053	21,837

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 Mar 2019		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	313,890	172,747	486,637
Revolving credit facilities	-	579,500	579,500
Islamic Medium Term Notes/Commercial papers	-	-	-
	313,890	752,247	1,066,137

	As at 31 Mar 2018		
	Long term RM denomination (RM'000)	Short term RM denomination (RM'000)	Total borrowings RM denomination (RM'000)
Unsecured			
Term loan	131,637	210,997	342,634
Revolving credit facilities	-	328,100	328,100
Islamic Medium Term Notes/Commercial papers	-	235,000	235,000
	131,637	774,097	905,734

- (i) The term loans are unsecured, bears interest ranging from 3.96% to 4.58% (2018: 3.92% to 4.10%) per annum and are repayable on quarterly basis up to 30 November 2021.
- (ii) The unsecured revolving credit bear interest rates ranging from 3.70% to 4.26% (2018: 3.45% to 4.25%) per annum.
- (iii) The unsecured Islamic Medium Term Note and Islamic Commercial Papers in previous year bore interest rate ranging from 3.75% to 3.95% per annum.

8 Changes in Material Litigation

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

9 Dividend

No dividend was proposed or declared for the current financial period ended 31 March 2019.

10 Qualification of Audit Report of the Preceding Annual Financial Statements

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

11 Earnings Per Share

	3 months ended	
	31 Mar 2019	31 Mar 2018
Profit attributable to the owners for the period (RM'000)	32,636	27,941
Weighted average number of ordinary shares in issue ('000)	1,404,000	1,404,000
Basic earnings per ordinary share (sen)	2.32	1.99

Diluted earnings per share is not applicable for the Company.

12 Notes to the Statement of Comprehensive Income

	3 months ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortisation	78,442	74,702
Right-of-use asset amortisation	40,998	-
Lease rental	3,353	58,864
Interest expense		
- lease interest	28,483	-
- interest charges	8,506	8,715
Impairment loss:		
- trade receivables	447	211
Bad debts written off	-	21
Loss on foreign exchange	33	47
Property, plant and equipment written off	146	801
And after crediting:		
Gain on disposal of property, plant and equipment	166	64
Interest income	414	342

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 is ready for its intended use or sole, that borrowing costs becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. Amendment to MFRS 123 only applied to borrowing costs incurred on or after the date it first apply the amendments which is 1 January 2019.

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