



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	Note	Unaudited Individual quarter			Unaudited Cumulative		
		3 months ended			financial year ended		
		28.2.2019 RM'000	28.2.2018 RM'000	Changes %	28.2.2019 RM'000	28.2.2018 RM'000	Changes %
Revenue	B4	359,536	309,173	16.3%	1,365,843	1,235,122	10.6%
Total operating expenses		(223,875)	(184,877)	21.1%	(794,479)	(735,960)	8.0%
Other income		48,133	38,751	24.2%	153,707	126,484	21.5%
Profit from operations	B5(a)	183,794	163,047	12.7%	725,071	625,646	15.9%
Finance cost		(68,671)	(57,681)	19.1%	(252,880)	(227,311)	11.2%
Profit before tax		115,123	105,366	9.3%	472,191	398,335	18.5%
Taxation	B6	(27,510)	(23,058)	19.3%	(117,567)	(98,278)	19.6%
Profit for the period/year		87,613	82,308	6.4%	354,624	300,057	18.2%
Other comprehensive income, net of tax							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Cash flow hedge	B5(b)	(4,354)	4,565	-195.4%	(11,509)	17,372	-166.3%
Fair value through other comprehensive income		(92)	-	-	37,528	-	-
Total comprehensive income for the period/year		83,167	86,873	-4.3%	380,643	317,429	19.9%
Profit attributable to equity holders of the Company		87,613	82,308	6.4%	354,624	300,057	18.2%
Total comprehensive income attributable to equity holders of the Company		83,167	86,873	-4.3%	380,643	317,429	19.9%
Earnings per share attributable to owners of the Company (sen)							
Basic	B13	33.04	38.44	-14.1%	133.55	139.23	-4.1%
Diluted	B13	33.04	38.44	-14.1%	133.55	139.23	-4.1%

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	Note	Unaudited As at 28.2.2019 RM'000	As at 28.02.2018 RM'000
ASSETS			
Non-current assets			
Plant and equipment		118,676	92,274
Investments		70,604	18,370
Deferred tax assets		153,916	51,813
Financing receivables		<u>6,003,628</u>	<u>5,030,204</u>
Total non-current assets		<u>6,346,824</u>	<u>5,192,661</u>
Current assets			
Financing receivables		2,102,151	2,126,095
Other receivables, deposits and prepayments		89,103	52,615
Amount owing by related companies		6,069	1,076
Derivative financial assets	B7	19,178	249,557
Cash and bank balances		<u>92,429</u>	<u>83,681</u>
Total current assets		<u>2,308,930</u>	<u>2,513,024</u>
TOTAL ASSETS		<u>8,655,754</u>	<u>7,705,685</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		534,907	508,629
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		43,800	68,306
Hedging reserve		(21,491)	(9,982)
Fair value reserve		37,528	-
Retained earnings		<u>904,237</u>	<u>1,014,550</u>
Equity attributable to ordinary equity holders of the Company		<u>1,498,981</u>	<u>1,581,503</u>
Perpetual notes and sukuk		<u>376,000</u>	<u>276,000</u>
Total equity		<u>1,874,981</u>	<u>1,857,503</u>



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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019 (Continued)

	Note	Unaudited As at 28.2.2019 RM'000	As at 28.02.2018 RM'000
Non-current liabilities			
Borrowings	B10	5,616,006	3,257,145
ICULS liabilities		<u>1,595</u>	<u>4,717</u>
Total non-current liabilities		<u>5,617,601</u>	<u>3,261,862</u>
Current liabilities			
Borrowings	B10	814,006	2,296,974
Trade payables		27,032	21,755
Other payables and accruals		168,962	121,589
Amount owing to immediate holding company		6,917	6,557
Amount owing to related companies		5,762	2,225
Derivative financial liabilities	B7	105,495	107,726
ICULS liabilities		1,635	2,650
Tax liabilities		<u>33,363</u>	<u>26,844</u>
Total current liabilities		<u>1,163,172</u>	<u>2,586,320</u>
Total liabilities		<u>6,780,773</u>	<u>5,848,182</u>
TOTAL EQUITY AND LIABILITIES		<u>8,655,754</u>	<u>7,705,685</u>
Net assets per share (RM)		5.98	6.37
Number of ordinary shares ('000)		250,840	248,449
Capital adequacy ratio (%)		22.39	25.14

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	Non-distributable				Distributable		
	Share capital	ICULS equity	Perpetual notes and sukuk	Hedging reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2017	116,012	-	276,000	(27,354)	-	866,329	1,230,987
Cash flow hedge (net of tax)	-	-	-	17,372	-	-	17,372
Profit for the year	-	-	-	-	-	300,057	300,057
Total comprehensive income for the year	-	-	-	17,372	-	300,057	317,429
Issuance of bonus shares	36,000	-	-	-	-	(36,000)	-
Issuance of ICULS	-	423,991	-	-	-	-	423,991
Conversion of ICULS equity	355,847	(355,847)	-	-	-	-	-
Conversion of ICULS liability	770	-	-	-	-	-	770
Deferred tax effects on ICULS	-	162	-	-	-	-	162
ICULS issuance expenses	-	-	-	-	-	(3,190)	(3,190)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(13,621)	(13,621)
Dividends	-	-	-	-	-	(99,025)	(99,025)
At 28 February 2018	508,629	68,306	276,000	(9,982)	-	1,014,550	1,857,503



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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019 (Continued)

	← Non-distributable →				Distributable		
	Share capital	ICULS equity	Perpetual notes and sukuk	Hedging reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2018	508,629	68,306	276,000	(9,982)	-	1,014,550	1,857,503
Effect of adoption MFRS 9	-	-	-	-	32,351	(344,527)	(312,176)
At 1 March 2018 as restated	508,629	68,306	276,000	(9,982)	32,351	670,023	1,545,327
Cash flow hedge (net of tax)	-	-	-	(11,509)	-	-	(11,509)
Fair value through other comprehensive income	-	-	-	-	5,177	-	5,177
Profit for the year	-	-	-	-	-	354,624	354,624
Total comprehensive income for the year	-	-	-	(11,509)	5,177	354,624	348,292
Conversion of ICULS equity	24,397	(24,397)	-	-	-	-	-
Conversion of ICULS liabilities	1,881	-	-	-	-	-	1,881
Deferred tax effects on ICULS	-	(109)	-	-	-	-	(109)
Distribution on perpetual notes and sukuk (net of tax)	-	-	-	-	-	(13,659)	(13,659)
Issuance of perpetual notes and sukuk	-	-	200,000	-	-	-	200,000
Placement fee of issuance perpetual notes and sukuk	-	-	-	-	-	(1,030)	(1,030)
Redemption of perpetual note	-	-	(100,000)	-	-	-	(100,000)
Dividends	-	-	-	-	-	(105,721)	(105,721)
At 28 February 2019	534,907	43,800	376,000	(21,491)	37,528	904,237	1,874,981

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

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CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019

	28.2.2019 RM'000	28.2.2018 RM'000
Cash flows used in operating activities		
Profit before tax	472,191	398,335
Adjustments for:		
Interest income	(1,207)	(2,768)
Gain on disposal of plant and equipment	(142)	(171)
Finance costs	252,880	227,311
Depreciation of plant and equipment	36,160	25,215
Impairment loss on financing receivables	308,372	335,920
Write off of plant and equipment	372	800
Impairment loss on investment in unquoted shares	-	675
Operating profit before changes in working capital	1,068,626	985,317
Changes in working capital:		
Financing receivables	(1,711,178)	(1,053,516)
Other receivables, deposits and prepayments	(36,488)	(4,755)
Amount owing by related companies	(4,993)	438
Trade payables	5,277	(8,070)
Other payables and accruals	40,937	13,323
Amount owing to immediate holding company	360	1,551
Amount owing to related companies	3,537	231
Cash held on behalf of a related company	3,873	1,084
Cash used in operations	(630,049)	(64,397)
Tax paid	(108,364)	(102,481)
Net cash used in operating activities	(738,413)	(166,878)
Cash flows used in investing activities		
Acquisition of plant and equipment	(62,935)	(56,058)
Proceeds from disposal of plant and equipment	143	173
Additions to investments	(2,855)	-
Interest received	1,207	2,768
Net cash used in investing activities	(64,440)	(53,117)



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CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2019 (continued)

	28.2.2019	28.2.2018
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(105,721)	(99,025)
Proceeds from borrowings	4,615,640	974,000
Repayment of borrowings	(3,489,930)	(847,122)
Proceeds from issuance of ICULS	-	432,000
Issuance expenses relating to ICULS	-	(3,190)
Coupon payment of ICULS	(2,144)	-
Distribution paid to perpetual notes and sukuk holders	(17,973)	(17,922)
Redemption of perpetual notes	(100,000)	-
Issuance of perpetual notes and sukuk	200,000	-
Issuance expenses relating to perpetual notes and sukuk	(1,030)	-
Finance costs paid	(246,556)	(223,667)
Net cash from financing activities	852,286	215,074
Net increase/(decrease) in cash and cash equivalents	49,433	(4,921)
Cash and cash equivalents at beginning of the year	18,755	23,676
Cash and cash equivalents at end of the year	68,188	18,755

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	28.2.2019	28.2.2018
	RM'000	RM'000
Cash and bank balances	83,112	78,915
Deposits placed with licensed banks	9,317	4,766
	92,429	83,681
Bank overdrafts	(19,290)	(56,102)
Cash held on behalf of a related company	(4,951)	(8,824)
	68,188	18,755

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



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Notes to the interim financial report for the financial year ended 28 February 2019

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The condensed 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.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 28 February 2018.

A2 Significant accounting policies

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the latest audited financial statements, except for the following:

Adoption of new and revised Malaysian Financial Reporting Standards (MFRSs)

In the current financial year, the Company adopted all the new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2018.

MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers and related clarifications
Amendments to MFRS 2	Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRSs 2014-2016 Cycle

The application of these amendments to MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Company and had no significant effect on the financial performance or position of the Company except as disclosed below:

MFRS 9 Financial Instruments

MFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(i) Classification of financial assets under MFRS 9

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which such assets are managed and also their cash flow characteristics. MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (“AC”), Fair Value through Other Comprehensive Income (“FVTOCI”) and Fair Value through Profit or Loss (“FVTPL”).



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A2 Significant accounting policies (continued)

MFRS 9 Financial Instruments (continued)

MFRS 9 replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Key requirements of MFRS 9:

Classification of financial assets

Based on the requirements, the financial assets held by the Company as at 28 February 2019 will be reclassified to the following classifications:

	28.2.2019 RM'000	Existing classification under MFRS 139	New classification under MFRS 9
Investments	70,604	Available for sale	FVTOCI
Financing receivables	8,105,779	Loans and receivables	Amortised Cost
Other receivables and deposits	89,103	Loans and receivables	Amortised Cost
Amount owing from related companies	6,069	Loans and receivables	Amortised Cost
Cash and bank balances	92,429	Loans and receivables	Amortised Cost
Derivatives financial assets	19,178	FVTPL	FVTPL

Unquoted investments classified as available-for-sale investments carried at fair value: these investments qualify for designation as measured at FVTOCI under MFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under MFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Company's profit or loss and other comprehensive income but will not affect total comprehensive income.

Impairment

Financial assets measured at amortised cost under MFRS 9 and contract assets under MFRS 15 will be subject to the impairment provisions of MFRS 9. Meanwhile, the equity investments carried at FVTOCI are outside the scope of impairment provisions of MFRS 9.

The application of the expected credit losses model of MFRS 9 will result in earlier recognition of credit losses on the Company's portfolio of financial assets and will correspondingly decrease the opening retained earnings.



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A2 Significant accounting policies (continued)

MFRS 9 Financial Instruments (continued)

The following table summarises the financial impact, net of tax, of transition to MFRS 9 on the statement of financial position of the Company:

	As at 1 March 2018 RM'000
Investments	
Closing balance under MFRS 139 as at 28 February 2018	18,370
- Unrealised gain on financial instruments at FVTOCI	42,567
Opening balance under MFRS 9 as at 1 March 2018	<u>60,937</u>
Deferred tax assets	
Closing balance under MFRS 139 as at 28 February 2018	51,813
- In respect of recognition of expected credit losses under MFRS 9	108,080
- Deferred tax in respect of unrealised gain on financial instruments at FVTOCI	(10,216)
Opening balance under MFRS 9 as at 1 March 2018	<u>149,677</u>
Financing receivables	
Closing balance under MFRS 139 as at 28 February 2018	7,156,299
- In respect of recognition of expected credit losses under MFRS 9	(453,325)
Opening balance under MFRS 9 as at 1 March 2018	<u>6,702,974</u>
Tax liabilities	
Closing balance under MFRS 139 as at 28 February 2018	26,844
- In respect of recognition of expected credit losses under MFRS 9	(718)
Opening balance under MFRS 9 as at 1 March 2018	<u>26,126</u>
Retained earnings	
Closing balance under MFRS 139 as at 28 February 2018	1,014,550
- In respect of recognition of expected credit losses under MFRS 9	(453,325)
- Tax effect arising from the recognition of expected credit losses under MFRS 9	108,798
Opening balance under MFRS 9 as at 1 March 2018	<u>670,023</u>
Fair value reserve	
Closing balance under MFRS 139 as at 28 February 2018	-
- Unrealised gain on financial instruments at FVTOCI	42,567
- Deferred tax in respect of unrealised gain on financial instruments at FVTOCI	(10,216)
Opening balance under MFRS 9 as at 1 March 2018	<u>32,351</u>
Capital ratio	
Closing balance under MFRS 139 as at 28 February 2018	25.14%
Opening balance under MFRS 9 as at 1 March 2018	21.70%



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A2 Significant accounting policies (continued)

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*.

MFRS 15 provides a principle based approach for revenue recognition, and introduces the concept of recognising revenue performance obligations as they are satisfied. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of MFRS 15 did not have any material impact on the financial statements of the Company as most of its revenues are already recognised in accordance with the principles of MFRS 15.

New and Revised Standards, Amendments and IC Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant new and revised MFRSs, Amendments to MFRSs and IC Interpretation, which were in issue but not yet effective and not early adopted by the Company are as listed below:

MFRS 16	Leases ¹
IC Interpretation 23	Uncertainty over Income Tax Treatments ¹
Amendments to:	
MFRS 3	Definition of a Business ²
MFRS 9	Prepayment Features with Negative Compensation ¹
MFRS 101 and MFRS 108	Definition of Material ²
MFRSs	Annual Improvements to MFRSs 2015 - 2017 ¹
MFRSs	Amendments to Reference to the Conceptual Framework in MFRS Standards ²

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the abovementioned new and revised MFRSs, Amendments to MFRSs and IC Interpretation will be adopted in the annual financial statements of the Company when they become effective and that the adoption of these Standards, Amendments and IC Interpretation will have no material impact on the financial statements of the Company in the period of initial application except for the below:

MFRS 16 Leases

MFRS 16 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*.

MFRS16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset 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 assessed the estimated financial impact on their financial statements as at 1 March 2019 upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Company has elected the modified retrospective approach with no restatement of comparative information. A detailed analysis indicates that the Company will recognise right-of-use assets of RM65,750,000 and lease liabilities of RM65,750,000 in respect of all leases.



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A3 Seasonal or Cyclical Factors

The Company normally benefits from the traditionally higher levels of consumer spending during festive seasons in Malaysia.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A5 Changes in Estimates

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

A6 Debt and Equity Securities

On 5 November 2018, the Company redeemed a total of RM100.0 million of the Perpetual Notes and Sukuk issued on 20 November 2013 and 27 November 2013.

On 10 December 2018, the Company has issued RM100.0 million in nominal value of the Perpetual Notes and RM100.0 million in nominal value of the Perpetual Sukuk. The Company has a total issuance of RM376.0 million in nominal value which comprised RM146.0 million in nominal value of the Perpetual Notes and RM230.0 million in nominal value of the Perpetual Sukuk. The distribution rates of Perpetual Notes and Sukuk are ranging from 6.50% to 6.65% per annum. The purpose of utilisation of Perpetual Notes and Sukuk is for working capital and investment in assets / Shariah-compliant assets.

Save as above, there were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the interim period under review except as disclosed in the condensed statement of cash flows.



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A7 Dividend Paid

	Cumulative Financial Year	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>28.2.2019</u>	<u>28.2.2018</u>
	RM'000	RM'000
Final dividend in respect of the financial year ended 28 February 2017		
- 32.50 sen single-tier dividend per ordinary share	-	46,800
Interim dividend in respect of the financial year ended 28 February 2018		
- 21.13 sen single-tier dividend per ordinary share	-	52,225
Final dividend in respect of the financial year ended 28 February 2018		
- 20.00 sen single-tier dividend per ordinary share	49,937	-
Interim dividend in respect of the financial year ended 28 February 2019		
- 22.25 sen single-tier dividend per ordinary share	55,784	-
	105,721	99,025

A8 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes for purchase of consumer durables and vehicles, personal financing schemes and credit cards business, all of which are categorised under consumer financing business.

On this basis, the Managing Director ("MD") reviews the business performance of the Company as a whole.

A9 Subsequent Event

There were no material events subsequent to the end of the current period under review up to the date of this report, which are likely to substantially affect the results of the quarter under review saved as disclosed in Note B6 (ii).

A10 Changes in the Composition of the Company

There were no changes in the composition of the Company during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and restructuring and discontinuing operations.



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A11 Fair Value Measurement

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

28.2.2019

Financial Assets

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investments	-	-	70,604	70,604
Derivatives designated as hedging instruments	-	19,178	-	19,178
Total financial assets carried at fair value	-	19,178	70,604	89,782

Financial Liabilities

Derivatives designated as hedging instruments	-	105,495	-	105,495
Total financial liabilities carried at fair value	-	105,495	-	105,495

28.02.2018

Financial Assets

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investments	-	-	18,370	18,370
Derivatives designated as hedging instruments	-	249,557	-	249,557
Total financial assets carried at fair value	-	249,557	18,370	267,927

Financial Liabilities

Derivatives designated as hedging instruments	-	107,726	-	107,726
Total financial liabilities carried at fair value	-	107,726	-	107,726

A12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 28 February 2019 and up to the date of this announcement.

A13 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any significant Related Party Transactions or Recurrent Related Party Transactions of revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 21 June 2018.

A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM15.621 million as at 28 February 2019.



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Performance Review

The Company's revenue recorded 16.3% and 10.6% growth for the current quarter and financial year ended 28 February 2019 respectively as compared to the previous year corresponding quarter and financial year ended 28 February 2018. Total transaction and financing volume in the current quarter and financial year ended 28 February 2019 had increased by 48.9% to RM1.449 billion and 31.8% to RM5.336 billion respectively as compared to the previous year corresponding quarter and financial year ended 28 February 2018.

The gross financing receivables as at 28 February 2019 was RM8.692 billion, representing an increase of 18.8% from RM7.319 billion as at 28 February 2018. The net financing receivables after impairment was RM8.106 billion as at 28 February 2019 as compared to RM6.703 billion as at 28 February 2018. Non-performing loans (NPL) ratio was 2.04% as at 28 February 2019 as compared to 2.33% as at 28 February 2018.

Other income recorded at RM48.133 million for the current quarter and RM153.707 million for the financial year ended 28 February 2019, mainly comprising bad debts recovered, commission income from sale of insurance products and loyalty programme processing fees.

Ratio of total operating expense against revenue recorded at 62.3% for the current quarter as compared to 59.8% in the preceding year corresponding quarter. The increase was in tandem with the growth of financing receivables.

The Company recorded a profit before tax of RM115.123 million for the current quarter and RM472.191 million for the financial year ended 28 February 2019, representing a growth of 9.3% and 18.5% respectively as compared to the previous year corresponding quarter and financial year ended 28 February 2018.

Funding cost for the current quarter was higher compared to the preceding year corresponding quarter mainly due to higher borrowings in line with the growth of receivables. The nominal value of the borrowings as at 28 February 2019 was RM6.488 billion as compared to RM5.399 billion as at 28 February 2018.

B2 Financial Review for Profit before Taxation of Current Quarter Compared with Immediate Preceding Quarter

	Current Quarter 28.2.2019 RM'000	Immediate Preceding Quarter 30.11.2018 RM'000	Changes %
Revenue	359,536	348,497	3.2%
Total operating expenses	223,875	193,899	15.5%
Other income	48,133	27,999	71.9%
Profit before tax	115,123	118,072	-2.5%
Profit for the period	87,613	87,136	0.5%

The Company recorded a profit before tax of RM115.123 million for the current quarter as compared to RM118.072 million in the immediate preceding quarter. The decrease of 2.5% was mainly due to higher impairment loss on financing receivables of RM94.525 million for the current quarter as compared to RM61.515 million for the immediate preceding quarter compensated by the increase in other income of RM20.134 million.



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B3 Current Year Prospects

The Malaysian economy expanded by 4.7% in the fourth quarter of 2018 while the annual economic growth forecast for 2019 is 4.3% to 4.8% by Bank Negara Malaysia. Domestic demand will continue to be one of the key drivers of growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded 10.6% and 18.5% growth in revenue and net profit respectively for the financial year ended 28 February 2019. The Company expects to be able to maintain its financial performance for the financial year ending 29 February 2020 based on the scheduled implementation of its business plan and leveraging on the strength of AEON brand.

B4 Revenue

	Individual quarter		Cumulative	
	3 months ended		financial year ended	
	<u>28.2.2019</u>	<u>28.2.2018</u>	<u>28.2.2019</u>	<u>28.2.2018</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	313,409	276,679	1,190,369	1,096,721
Fee income	46,127	32,494	175,474	138,401
	<u>359,536</u>	<u>309,173</u>	<u>1,365,843</u>	<u>1,235,122</u>

B5 Notes to the Statement of Comprehensive Income

Except as disclosed below, other disclosure items in item 16 of Appendix 9B of Bursa Malaysia's Listing Requirements are not applicable:

	Individual quarter		Cumulative	
	3 months ended		financial year ended	
	<u>28.2.2019</u>	<u>28.2.2018</u>	<u>28.2.2019</u>	<u>28.2.2018</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	43,482	32,213	135,647	108,362
Interest income	549	1,047	1,207	2,768
Gain on disposal of plant and equipment	4	104	142	171
Depreciation on plant and equipment	(10,586)	(7,096)	(36,160)	(25,215)
Impairment loss on financing receivables	(94,526)	(82,241)	(308,372)	(335,920)
Write off of plant and equipment	(280)	(604)	(372)	(800)
Impairment loss on investment in unquoted shares	-	(32)	-	(675)
(b) Included in Other comprehensive income:				
(Loss)/gain on cash flow hedge	(4,354)	4,565	(11,509)	17,372
Unrealised (loss)/gain on financial instruments at FVTOCI	(92)	-	37,528	-

Receivables amounting to RM83.604 million and RM337.945 million have been written off against allowance for impairment losses on receivables for the current quarter and financial year ended 28 February 2019 as compared with RM88.139 million and RM325.283 million written off in the previous year corresponding quarter/year.



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B6 Taxation

(i) Tax expense

	Individual quarter		Cumulative	
	3 months ended		financial year ended	
	<u>28.2.2019</u>	<u>28.2.2018</u>	<u>28.2.2019</u>	<u>28.2.2018</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current year	30,240	25,470	121,749	107,374
- over provision in prior years	-	-	(1,834)	(1,030)
	<u>30,240</u>	<u>25,470</u>	<u>119,915</u>	<u>106,344</u>
Deferred tax:				
- current year	(2,730)	(2,412)	(5,000)	(8,632)
- under provision in prior years	-	-	2,652	566
	<u>(2,730)</u>	<u>(2,412)</u>	<u>(2,348)</u>	<u>(8,066)</u>
	<u>27,510</u>	<u>23,058</u>	<u>117,567</u>	<u>98,278</u>

The Company's effective tax rate for the current financial year is higher than the statutory tax rate as certain expenses are not deductible for tax purpose.

(ii) Material litigation

Except as disclosed below, the Company is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which have a material effect on the financial position or business of the Company and the Directors are also not aware of any proceedings pending or threatened against the Company or of any facts likely to give rise to any proceedings which may affect the financial position or business of the Company.

On 12 December 2017, the Company was served with notices of additional assessment with penalties by the Director General of Inland Revenue ("DGIR") for year of assessment of 2010 till year of assessment of 2016. The additional assessments and penalties imposed amounted to RM96.820 million.

The said notices of additional assessment were raised by the DGIR among others, pursuant to:

- (a) The DGIR varying the loan transaction collateralised by receivables undertaken by the Company with a local financial institution to that of a sale of receivables. The DGIR did not specify which provision of the Income Tax Act 1967 it is relying on in making this variation.
- (b) The DGIR also raised time barred assessments for the years of assessment 2010 and 2011. The DGIR also did not provide any reason for raising the time barred assessments.
- (c) The DGIR imposed penalties for alleged submission of incorrect returns.

In consultation with its tax solicitors and corporate tax agents, the Company is of the view that there are reasonable grounds to disagree with the said notices of additional assessment raised by the DGIR.

Accordingly, the Company has concurrently initiated the necessary legal proceedings to defend and safeguard its position as follows:



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B6 Taxation (continued)

(ii) Material litigation (continued)

(a) Stay of Proceedings

The application for a stay of proceedings was filed with the Kuala Lumpur High Court on 14 December 2017. The Kuala Lumpur High Court did not grant the Company's application on 8 May 2018. The Company filed its appeal to the Court of Appeal against this decision on the same day. However, on 5 April 2019, the Court of Appeal dismissed the Company's appeal. The Company will continue to pursue this matter through its Judicial Review application.

(b) Judicial Review

On 14 December 2017, the Company also commenced proceedings to seek a Judicial Review on this matter. However, the Kuala Lumpur High Court did not grant the required leave on 5 March 2018. On the same day, the Company filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court. The appeal is fixed for the hearing on 1 July 2019.

(c) Appeal to Special Commissioners of Income Tax ("SCIT")

On 5 January 2018, the Company has filed an appeal to the SCIT pursuant to Section 99(1) of the Income Tax Act 1967. To date, the hearing date has yet to be fixed.

B7 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding as at 28 February 2019 are as follows:

	Notional Amount		Fair Value	
	28.2.2019	28.2.2018	28.2.2019	28.2.2018
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	-	1,510,872	-	239,690
1 – 3 years	270,222	260,728	19,178	9,867
Total	270,222	1,771,600	19,178	249,557
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
1 – 3 years	1,515,448	667,347	75,197	52,196
More than 3 years	640,336	549,070	30,298	55,530
Total	2,155,784	1,216,417	105,495	107,726

(b) Fair value of financial liabilities

There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.



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B8 Provision of Financial Assistance

The Company has not extended any loans/advances to any party or received any loan/advances from any party in the ordinary course of its business as a licensed moneylender and therefore, there are no outstanding loans/advances from 15 January 2019 (the effective date of the Money Lending Licence) up to the financial quarter ended 28 February 2019.

B9 Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this report.

B10 Borrowings

The borrowings of the Company as at 28 February 2019 comprised the following:

	<u>28.2.2019</u>	<u>28.2.2018</u>
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans	5,616,006	3,257,145
	<u>5,616,006</u>	<u>3,257,145</u>
Current :		
- Bank overdrafts	19,290	56,102
- Revolving credits	245,000	-
- Commercial paper	149,716	-
- Term loans	400,000	2,240,872
	<u>814,006</u>	<u>2,296,974</u>
Total	<u><u>6,430,012</u></u>	<u><u>5,554,119</u></u>

The borrowings were denominated in the following currencies:

	<u>28.2.2019</u>	<u>28.2.2018</u>
	Foreign	Foreign
	Currency	Currency
	'000	'000
	Unsecured	Unsecured
	Equivalent	Equivalent
	RM'000	RM'000
Ringgit Malaysia	4,004,006	2,566,102
United States Dollar	596,288	761,168
	<u>2,426,006</u>	<u>2,988,017</u>
	<u><u>6,430,012</u></u>	<u><u>5,554,119</u></u>

The bank overdrafts, revolving credits, commercial paper and term loans of the Company are on clean basis.



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B11 Material Litigation

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Company except as disclosed in Note B6 (ii).

B12 Dividend

Final dividend

- (a) (i) A final single-tier dividend has been recommended for the financial year ended 28 February 2019;
(ii) Amount per share – 22.35 sen (previous corresponding period – 20.00 sen per share);
(iii) Total net dividend payable amounted to RM56,063,000;
(iv) Date payable – 18 July 2019; and
(v) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 4 July 2019.
- (b) The final dividend recommended for year ended 28 February 2019 is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date which shall be announced later.

B13 Earnings per share

	Individual quarter 3 months ended		Cumulative financial year ended	
	<u>28.2.2019</u>	<u>28.2.2018</u>	<u>28.2.2019</u>	<u>28.2.2018</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	87,613	82,308	354,624	300,057
Distribution on perpetual notes and sukuk, net of tax	(3,258)	(3,219)	(13,659)	(13,621)
Profit attributable to ordinary equity holders	<u>84,355</u>	<u>79,089</u>	<u>340,965</u>	<u>286,436</u>

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit after distribution on Perpetual Notes and Sukuk by the weighted average number of ordinary shares outstanding during the period/year.

	Individual quarter 3 months ended		Cumulative financial year ended	
	<u>28.2.2019</u>	<u>28.2.2018</u>	<u>28.2.2019</u>	<u>28.2.2018</u>
Profit attributable to ordinary equity holders (RM'000)	84,355	79,089	340,965	286,436
Weighted average number of ordinary shares ('000 unit)	<u>255,308</u>	<u>205,722</u>	<u>255,308</u>	<u>205,722</u>
Basic earnings per share (sen)	<u>33.04</u>	<u>38.44</u>	<u>133.55</u>	<u>139.23</u>

Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 28 February 2019. As a result, the diluted earnings per share is equivalent to the basic earnings per share.



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B14 Auditors' Report on the Preceding Annual Financial Statements

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

B15 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 25 April 2019.

By order of the Board
25 April 2019