



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 2017**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative financial year ended	
		28.02.2017 RM'000	29.02.2016 RM'000	28.02.2017 RM'000	29.02.2016 RM'000
Revenue	B4	290,842	258,292	1,101,955	965,234
Total operating expenses		(174,658)	(148,092)	(670,983)	(590,387)
Other operating income		39,235	24,650	120,237	89,974
Profit from operations	B5(a)	155,419	134,850	551,209	464,821
Finance costs		(52,355)	(44,299)	(200,047)	(163,230)
Profit before taxation		103,064	90,551	351,162	301,591
Taxation	B6	(23,011)	(22,418)	(86,135)	(73,369)
Profit for the year		80,053	68,133	265,027	228,222
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		(4,491)	(15,469)	5,367	(23,877)
Other comprehensive income for the year, net of tax		(4,491)	(15,469)	5,367	(23,877)
Total comprehensive income for the year		75,562	52,664	270,394	204,345
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B12	53.38	45.08	174.55	149.02
Diluted (sen)	B12	-	-	-	-

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 29 February 2016 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2017

	Note	Unaudited As at 28.02.2017 RM'000	As at 29.02.2016 RM'000
ASSETS			
Non-current assets			
Plant and equipment		62,233	52,076
Investments		19,045	24,239
Deferred tax assets		49,070	39,043
Financing receivables		4,480,990	3,630,038
		<u>4,611,338</u>	<u>3,745,396</u>
Current assets			
Financing receivables		1,957,713	1,774,878
Other receivables, deposits and prepayments		49,374	31,759
Derivative financial assets		579,977	478,224
Cash and bank balances		73,667	67,250
		<u>2,660,731</u>	<u>2,352,111</u>
TOTAL ASSETS		<u><u>7,272,069</u></u>	<u><u>6,097,507</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		116,012	72,000
Share premium		-	44,012
Reserves		838,975	668,806
Equity attributable to equity holders of the Company		<u>954,987</u>	<u>784,818</u>
Perpetual notes and sukuk		276,000	276,000
Total equity		<u>1,230,987</u>	<u>1,060,818</u>
Non-current liability			
Borrowings	B9	4,898,808	4,214,649
		<u>4,898,808</u>	<u>4,214,649</u>
Current liabilities			
Borrowings	B9	973,417	693,528
Payables and accruals		141,575	113,584
Taxation		27,282	14,928
		<u>1,142,274</u>	<u>822,040</u>
Total liabilities		<u>6,041,082</u>	<u>5,036,689</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,272,069</u></u>	<u><u>6,097,507</u></u>
Net assets per share (RM)		6.63	5.45

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2016 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

	Non-distributable					Distributable	
	Share capital RM'000	Share premium RM'000	Perpetual Notes RM'000	Perpetual Sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 March 2015	72,000	44,012	146,000	130,000	(8,844)	572,544	955,712
Final dividend paid in respect of the financial period ended 28 February 2015	-	-	-	-	-	(42,624)	(42,624)
Interim dividend paid in respect of the financial year ended 29 February 2016	-	-	-	-	-	(42,984)	(42,984)
Total comprehensive income for the year	-	-	-	-	(23,877)	228,222	204,345
Distribution on perpetual notes/sukuk, net of tax	-	-	-	-	-	(13,631)	(13,631)
At 29 February 2016	72,000	44,012	146,000	130,000	(32,721)	701,527	1,060,818
At 1 March 2016	72,000	44,012	146,000	130,000	(32,721)	701,527	1,060,818
Final dividend paid in respect of the financial year ended 29 February 2016	-	-	-	-	-	(42,624)	(42,624)
Interim dividend paid in respect of the financial year ended 28 February 2017	-	-	-	-	-	(43,920)	(43,920)
Total comprehensive income for the year	-	-	-	-	5,367	265,027	270,394
Distribution on perpetual notes/sukuk, net of tax	-	-	-	-	-	(13,681)	(13,681)
	72,000	44,012	146,000	130,000	(27,354)	866,329	1,230,987
Transfer pursuant to S618(2) of Companies Act 2016	44,012	(44,012)	-	-	-	-	-
At 28 February 2017	116,012	-	146,000	130,000	(27,354)	866,329	1,230,987

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 29 February 2016 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

	28.02.2017 RM'000	29.02.2016 RM'000
Cash flows from operating activities		
Profit before tax	351,162	301,591
Adjustments for:		
Depreciation of plant and equipment	22,887	19,499
Gain on disposal of plant and equipment	(6)	(537)
Finance costs	200,047	163,230
Plant and equipment written off	-	6
Impairment loss on investment in unquoted shares	5,194	-
Allowance for impairment losses	306,163	288,420
Operating profit before working capital changes	885,447	772,209
Changes in working capital:		
Receivables, deposits and prepayments	(1,357,563)	(1,151,867)
Payables and accruals	23,520	(11,968)
Derivative financial assets	-	(49,800)
Cash held on behalf for a related company	(920)	(3,305)
Cash used in operations	(449,516)	(444,731)
Income taxes paid	(81,183)	(88,312)
Finance costs paid	(195,577)	(156,288)
Net cash used in operating activities	(726,276)	(689,331)
Cash flows from investing activities		
Acquisition of plant and equipment	(33,044)	(26,710)
Proceeds from disposal of plant and equipment	6	900
Subscription of equity shares	-	(5,684)
Net cash used in investing activities	(33,038)	(31,494)
Cash flows from financing activities		
Repayment of borrowings	(580,700)	(1,001,656)
Proceeds from borrowings	1,460,000	1,866,129
Payment of perpetual notes issuance expenses	-	(100)
Distribution paid to perpetual notes holders	(18,002)	(17,935)
Dividends paid to shareholders of the Company	(86,544)	(85,608)
Net cash generated from financing activities	774,754	760,830
Net increase in cash and cash equivalents	15,440	40,005
Cash and cash equivalents at 1 March	8,236	(31,769)
Cash and cash equivalents at 28/29 February	23,676	8,236

Cash and cash equivalents

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

Cash and bank balances	73,667	67,250
Cash held on behalf of a related company	(9,908)	(8,988)
Bank overdrafts	(40,083)	(50,026)
	23,676	8,236

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2016 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 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. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's audited financial statements as at and for the year ended 29 February 2016.

2 Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its annual financial statements as at and for the year ended 29 February 2016.

3 Seasonal or Cyclical Factors

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

4 Unusual Items

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

5 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.

6 Debt and Equity Securities

There were no 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.



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

7 Dividend Paid

	Cumulative Financial Year	
	Current Year	Preceding Year
	Year To Date	Year To Date
	<u>28.02.2017</u>	<u>29.02.2016</u>
	RM'000	RM'000
Final dividend in respect of the financial period ended 28 February 2015		42,624
- 29.60 sen single tier dividend per ordinary share	-	
Final dividend in respect of the financial year ended 29 February 2016		
- 29.60 sen single tier dividend per ordinary share	42,624	-
Interim dividend in respect of the financial year ended 29 February 2016		
- 29.85 sen single tier dividend per ordinary share	-	42,984
Interim dividend in respect of the financial year ended 28 February 2017		
- 30.50 sen single tier dividend per ordinary share	43,920	-
	<u>86,544</u>	<u>85,608</u>

8 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. Further analysis will be provided or furnished upon request from the MD.

9 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, other than as disclosed in Note B8.

10 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.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

11 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).

<u>28.02.2017</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	579,977	-	579,977
Total financial assets carried at fair value	-	579,977	-	579,977

<u>29.02.2016</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	478,224	-	478,224
Total financial assets carried at fair value	-	478,224	-	478,224

12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 28 February 2017 and up to the date of this announcement.

13 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 a revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 21 June 2016.

14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 28 February 2017 amounted to RM1.1 million.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 12.60% and 14.16% growth for the current quarter and financial year ended 28 February 2017 respectively compared with the previous year corresponding periods. Total transaction and financing volume in the fourth quarter and for the financial year ended 28 February 2017 increased by 3.51% to RM991.031 million and 11.03% to RM4.015 billion respectively as compared with the previous year corresponding periods.

The financing receivables as at 28 February 2017 was RM6.439 billion, representing an increase of 19.13% from RM5.405 billion as at 29 February 2016. Non-performing loans (NPL) ratio was 2.28% as at 28 February 2017 compared to 2.47% as at 29 February 2016.

Other operating income was recorded at RM39.235 million and RM120.237 million for the fourth quarter and financial year ended 28 February 2017 respectively and comprised mainly bad debts recovered, commission income from sale of insurance products and AEON Big loyalty programme processing fees.

Total operating expenses increased by 17.94% and 13.65% in the current quarter and for the financial year ended 28 February 2017 respectively compared with the previous year corresponding periods due to higher allowance for impairment losses on financing receivables, higher personnel expenses and the recognition of impairment loss on investment in AEON Credit Service India Private Limited in the current quarter.

The Company recorded a profit before tax of RM103.064 million for the fourth quarter and RM351.162 million for the financial year ended 28 February 2017 represent a growth of 13.82% and 16.44% respectively compared with previous year corresponding periods.

Average funding cost for the financial year ended 28 February 2017 was marginally higher compared to the previous financial year due to higher funding cost for new long term funding.

2 Material Change in Profit before Taxation of Current Quarter Compared with Preceding Quarter

The profit before taxation for the quarter under review was higher by RM12.257 million compared with the preceding quarter mainly attributable to higher revenue and higher operating income.

3 Current Year Prospects

The Malaysian economy posted a growth of 4.2% in 2016 while the annual economic growth forecast for 2017 is 4.3% to 4.8% by Bank Negara Malaysia. Domestic demand will be the key driver for growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded 14.16% and 16.13% growth in revenue and net profit respectively for the financial year ended 28 February 2017. The Company expects to be able to maintain its financial performance for the year ending 28 February 2018 based on the scheduled implementation of its business plan.



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

4 Revenue

	Individual quarter 3 months		Cumulative financial year	
	ended 28.02.2017	ended 29.02.2016	ended 28.02.2017	ended 29.02.2016
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	254,725	225,558	964,437	835,802
Fee income	36,117	32,734	137,518	129,432
	<u>290,842</u>	<u>258,292</u>	<u>1,101,955</u>	<u>965,234</u>

5 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 3 months		Cumulative financial year	
	ended 28.02.2017	ended 29.02.2016	ended 28.02.2017	ended 29.02.2016
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	35,429	19,647	105,382	70,354
Depreciation of plant and equipment	(5,954)	(5,189)	(22,887)	(19,499)
Allowance for impairment losses on receivables	(76,982)	(67,179)	(306,163)	(288,420)
Impairment loss on investment in unquoted shares	(5,194)	-	(5,194)	-
(b) Included in Other Comprehensive Income:				
(Loss)/Gain on cash flow hedge	(4,491)	(15,469)	5,367	(23,877)

Receivables amounting to RM74.196 million and RM291.890 million have been written off against allowance for impairment losses on receivables for the fourth quarter and financial year ended 28 February 2017 respectively compared with RM81.040 million and RM285.797 million written off in the previous corresponding period ended 29 February 2016.



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

6 Taxation

	Individual quarter		Cumulative financial	
	3 months		year	
	ended	ended	ended	ended
	<u>28.02.2017</u>	<u>29.02.2016</u>	<u>28.02.2017</u>	<u>29.02.2016</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- current tax	29,860	17,166	97,465	79,960
- deferred tax	(6,849)	5,252	(11,722)	(6,965)
	<u>23,011</u>	<u>22,418</u>	<u>85,743</u>	<u>72,995</u>
In respect of prior year:				
- current tax	-	-	392	374
	<u>23,011</u>	<u>22,418</u>	<u>86,135</u>	<u>73,369</u>

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

7 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding as at 28 February 2017 are as follows:

	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Cross currency swaps:</u>		
1 – 3 years	1,473,628	2,004,138
More than 3 years	1,172,545	1,258,004
Total	<u>2,646,173</u>	<u>3,262,142</u>

(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.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

8 Status of Corporate Proposal

As at the date of this report, the status of corporate proposal announced but not completed is as follows:

On 23 March 2017, CIMB Investment Bank Berhad ("CIMB IB"), the principal adviser, had on behalf of the Board of Directors announced the following proposals:

- (i) Proposed bonus issue of 72,000,000 new ordinary shares in the Company ("Bonus Shares") at an issue price of RM0.50 each on the basis of 1 bonus share for every 2 existing ordinary shares of the Company ("ACSM Shares") held ("Proposed Bonus Issue"); and
- (ii) Proposed renounceable rights issue of 3-year minimum 3.5% irredeemable convertible unsecured loan stocks ("ICULS") on the basis of 2 ICULS for every 1 existing ACSM Share held to raise RM432,000,000 in cash ("Proposed Rights Issue").

(collectively referred to as the "Proposals")

Subsequently on 27 March 2017, CIMB IB announced that the application for the issuance of the ICULS has been submitted to the Securities Commission Malaysia ("SC").

The Proposals are subject to, amongst others, the following approvals being obtained:

- (i) the SC for the issuance of the ICULS under the SC's Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors;
- (ii) Bursa Securities for:
 - (a) the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities;
 - (b) the admission of the ICULS on the Official List of Bursa Securities and the listing of and quotation for the ICULS on the Main Market of Bursa Securities; and
 - (c) the listing of and quotation for the new ACSM Shares to be issued upon conversion of ICULS on the Main Market of Bursa Securities;
- (iii) shareholders of the Company for the Proposals at an EGM to be convened; and
- (iv) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue is not conditional upon the completion of the Proposed Bonus Issue, and vice versa.

The Proposals are not conditional upon any other proposal undertaken or to be undertaken by the Company.

The Proposals are expected to be completed during the third quarter of 2017.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

9 Borrowings

The borrowings of the Company as at 28 February 2017 comprised the following:

	Unsecured RM'000
Non-current :	
- Term loans / financing	4,898,808
	<u>4,898,808</u>
Current :	
- Bank overdrafts	40,083
- Revolving credits	260,000
- Term loans / financing	473,334
- Medium term note	200,000
	<u>973,417</u>
Total	<u><u>5,872,225</u></u>

The borrowings were denominated in the following currencies:

	Unsecured RM'000 Equivalent	
Ringgit Malaysia	2,610,083	
United States Dollar	<u>3,262,142</u>	(Equivalent to USD733.88 million)
	<u><u>5,872,225</u></u>	

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



AEON Credit Service (M) Berhad
(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

10 Material Litigation

As at 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.

11 Dividend

Final dividend

- (a) (i) A final single tier dividend has been recommended for the financial year ended 28 February 2017;
(ii) Amount per share – 32.50 sen (previous corresponding period – 29.60 sen per share);
(iii) Total net dividend payable amounted to RM46,800,000;
(iv) Date payable – 19 July 2017; and
(v) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 29 June 2017.
- (b) The ordinary dividend recommended for year ended 28 February 2017 is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date which shall be announced later.

12 Earnings per share

	Individual quarter 3 months		Cumulative financial year	
	ended 28.02.2017	ended 29.02.2016	ended 28.02.2017	ended 29.02.2016
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders	80,053	68,133	265,027	228,222
Distribution on perpetual notes, net of tax	(3,192)	(3,220)	(13,681)	(13,631)
Net profit attributable to ordinary equity holders	76,861	64,913	251,346	214,591
Net profit attributable to ordinary equity holders (RM)	76,861	64,913	251,346	214,591
Weighted average number of ordinary shares (unit)	144,000	144,000	144,000	144,000
Basic earnings per share (sen)	53.38	45.08	174.55	149.02

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

The Company does not have in issue any financial instruments or other contract that may entitle its holder to ordinary shares that are dilutive to its basic earnings per share.



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the financial year ended 28 February 2017

13 Auditors' Report on the Preceding Annual Financial Statements

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

14 Realised and Unrealised Profits

	As at 28.02.2017 RM'000	As at 29.02.2016 RM'000
Total retained earnings of the Company		
- Realised	817,259	662,484
- Unrealised	49,070	39,043
Total retained earnings as per statement of changes in equity	<u>866,329</u>	<u>701,527</u>

15 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 2017.

By order of the Board
25 April 2017