

All abbreviations and defined names contained herein are defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your Shares, you should hand this Abridged Prospectus, together with the NPA and the RSF at once to the agent/broker through whom you have affected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights Issue of ICULS, which is the subject of this Abridged Prospectus, should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICULS or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of these Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these Documents.

These Documents are only despatched to our shareholders whose names appear in our Record of Depositors as at 5:00 p.m. on 15 August 2017 who have a registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5:00 p.m. on 15 August 2017. These Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICULS complies with the laws of any country or jurisdiction other than the laws of Malaysia. These Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of ICULS in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia, these Documents have not been and will not be despatched to shareholders with a registered address outside Malaysia unless they have provided an address in Malaysia for the service of these Documents by the Entitlement Date. Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of all or any part of the Rights Issue of ICULS, the application for Excess Rights ICULS, or the subscription, offer, sale, resale, pledge or other transfer of the Rights ICULS would result in the contravention of any laws of such countries or jurisdictions. Neither ACSM, CIMB, our other advisers nor any of their respective directors and officers or affiliates shall accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation (as the case may be) of the Rights Issue of ICULS, the application for Excess Rights ICULS, or the subscription, offer, sale, resale, pledge or other transfer of the Rights ICULS made by any Entitled Shareholder and/or their renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or their renounee(s) and/or transferee(s) (if applicable) is a resident.

The approval from our shareholders for the Rights Issue of ICULS was obtained at our EGM held on 21 June 2017. Approval from Bursa Securities has been obtained on 2 June 2017 for, amongst others, the admission of the Rights ICULS to the Official List of the Main Market as well as the listing of and quotation for the Rights ICULS and the new Shares to be issued upon conversion of the Rights ICULS on the Main Market. Approval from the SC has also been obtained on 2 May 2017 for the issuance of the Rights ICULS to the shareholders of ACSM. The approval by the SC and Bursa Securities is not an indication that they recommend the Rights Issue of ICULS and is in no way reflective of the merits of the Rights Issue of ICULS. Bursa Securities takes no responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The official listing of and quotation for all the Rights ICULS will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited with the Rights ICULS allotted to them and notices of allotment have been despatched to them. Admission of the Rights ICULS to the Official List of Bursa Securities and the listing of and quotation for the Rights ICULS are in no way reflective of the merits of the Rights Issue of ICULS.

Our Board has seen and approved all the documentation relating to this Rights Issue of ICULS including these Documents. They individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these Documents false or misleading.

CIMB, being the Principal Adviser and Lead Arranger for the Rights Issue of ICULS, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 5 OF THIS ABRIDGED PROSPECTUS.



AEON CREDIT SERVICE (M) BERHAD

(Company No. 412767-V)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF 432,000,000 3-YEAR, 3.5%, IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS AT 100% OF ITS NOMINAL VALUE OF RM1.00 EACH IN CASH ("RIGHTS ICULS") ON THE BASIS OF TWO (2) RIGHTS ICULS FOR EVERY ONE (1) EXISTING SHARE HELD AS AT 5.00 P.M. ON 15 AUGUST 2017 TO RAISE RM432,000,000

Principal Adviser, Lead Arranger and Joint Underwriter

Joint Underwriter

Trustee



CIMB Investment Bank Berhad
(Company No. 18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



Nomura Securities Malaysia Sdn Bhd
(Company No. 839320-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



Pacific Trustees Berhad
(Company No. 317001-A)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Tuesday, 15 August 2017 at 5.00 p.m.
Last date and time for the sale of Provisional Allotments	:	Friday, 25 August 2017 at 5.00 p.m.
Last date and time for the transfer of Provisional Allotments	:	Wednesday, 30 August 2017 at 4.00 p.m.
Last date and time for the acceptance and payment for the Rights ICULS	:	Wednesday, 6 September 2017 at 5.00 p.m.*
Last date and time for the excess application and payment for the Rights ICULS	:	Wednesday, 6 September 2017 at 5.00 p.m.*

* or such later date as our Board, Principal Adviser, Lead Arranger and Joint Underwriters may decide and announce at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 15 August 2017

ALL ABBREVIATIONS AND DEFINED NAMES CONTAINED HEREIN ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE OF ICULS AND ANY INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE OF ICULS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THESE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THESE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN (AND WILL NOT TAKE) ANY ACTION TO PERMIT AN OFFERING OF THE RIGHTS ICULS BASED ON THESE DOCUMENTS OR THE DISTRIBUTION OF THESE DOCUMENTS OUTSIDE OF MALAYSIA. THESE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE RIGHTS ICULS IN ANY OTHER COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THESE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE OF ICULS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THESE DOCUMENTS.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus:

Abridged Prospectus	: This Abridged Prospectus dated 15 August 2017 and its accompanying documents issued by our Company in connection with the Rights Issue of ICULS
ACSM or Company	: AEON Credit Service (M) Berhad
Act	: Companies Act 2016 as amended from time to time and all regulations made thereunder and any re-enactment thereof
ATM(s)	: Automated teller machine(s)
Authorised Nominee	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
BNM	: Bank Negara Malaysia
Board	: The Board of Directors of our Company
Bonus Issue	: The bonus issue of 72,000,000 new Shares at an issue price of RM0.50 each capitalised from our Company's retained earnings on the basis of one (1) Bonus Share for every two (2) Shares held, which has been completed on 19 July 2017
Bonus Share(s)	: The 72,000,000 Shares issued pursuant to the Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
CAR	: Capital adequacy ratio
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	: A securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors
CIMB or Principal Adviser and Lead Arranger	: CIMB Investment Bank Berhad
Closing Date	: 6 September 2017 at 5:00 p.m., being the last date and time for the acceptance of and payment for the Rights ICULS and the Excess Rights ICULS
CMSA	: Capital Markets and Services Act, 2007 as amended from time to time and all regulations made thereunder and any re-enactment thereof
Code	: Malaysian Code on Take-overs and Mergers, 2016 and the Rules on Take-overs, Mergers and Compulsory Acquisition issued by the SC
Conversion Price	: RM10.99
Coupon Rate	: 3.5% per annum on the nominal value of the ICULS payable on an annual basis
Director(s)	: A member(s) of our Board
Documents	: Collectively, this Abridged Prospectus and the accompanying NPA and RSF

DEFINITIONS (CONT'D)

EGM	:	Extraordinary General Meeting
Electronic Application(s)	:	Application(s) for the Rights ICULS and/or the Excess Rights ICULS through the ATMs of the Participating Financial Institutions
Entitled Shareholders	:	Shareholders of our Company whose names appear in the Record of Depositors of our Company on the Entitlement Date
Entitlement Date	:	15 August 2017 at 5.00 p.m., being the date and time on which the names of our shareholders must appear in the Record of Depositors of our Company in order to be entitled to participate in the Rights Issue of ICULS
EPS	:	Earnings per Share
Excess Rights ICULS	:	Any Rights ICULS which are not taken up or validly taken up by the Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable), prior to excess application
Foreign Addressed Shareholders	:	Entitled Shareholders of our Company: <ul style="list-style-type: none"> (i) whose address in the Record of Depositors of our Company on the Entitlement Date is not a Malaysian address; or (ii) who failed to notify our Share Registrar of a mailing address in Malaysia, by the Entitlement Date
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Government	:	Government of Malaysia
Internet Application(s)	:	Application(s) for the Rights ICULS and/or the Excess Rights ICULS within Malaysia through an Internet Participating Financial Institution
Internet Participating Financial Institutions	:	Participating financial institutions for Internet Applications as referred to in Section 9.4.3 of this Abridged Prospectus
Issue Price	:	RM1.00, being the nominal value of each ICULS
Joint Underwriters	:	Collectively, CIMB and Nomura Securities Malaysia Sdn Bhd
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	18 July 2017, being the latest practicable date prior to the date of this Abridged Prospectus
Main Market	:	Main Market of Bursa Securities
Market Day	:	A day between Monday to Friday (inclusive) which is not a market holiday or public holiday on which Bursa Securities is open for trading in securities
Maturity Date	:	Three (3) years / third (3 rd) anniversary from the ICULS issue date
NA	:	Net assets
NPA	:	Notice of provisional allotment of the Rights ICULS
NRS	:	The Nominee Rights Subscription service offered by Bursa Depository to Authorised Nominees for electronic subscription of the Rights ICULS through Bursa Depository's existing network facility with the Authorised Nominees

DEFINITIONS (CONT'D)

Official List	: A list specifying all securities which have been admitted for listing on the Main Market
Participating Financial Institutions	: Participating financial institutions for Electronic Applications as referred to in Section 9.4.2 of this Abridged Prospectus
PBT	: Profit before tax
Price-Fixing Date	: 27 July 2017, being the date on which the Conversion Price and the final entitlement basis for the Rights Issue of ICULS was determined and announced by our Board
Provisional Allotments	: Rights ICULS provisionally allotted to our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable), pursuant to the Rights Issue of ICULS
Record of Depositors	: A record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Rights ICULS or ICULS	: The 3-year, 3.5%, irredeemable convertible unsecured loan stocks with a nominal value of RM1.00 each to be issued pursuant to the Rights Issue of ICULS
Rights ICULS Subscription File	: An electronic file forwarded by an Authorised Nominee who has subscribed for NRS to Bursa Depository, containing information of such Authorised Nominee's subscription of the Rights ICULS and/or Excess Rights ICULS
Rights Issue Entitlement File	: An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlement under the Rights Issue of ICULS as at the Entitlement Date
Rights Issue of ICULS	: The renouneable rights issue of 432,000,000 Rights ICULS at 100% of its nominal value of RM1.00 each in cash on the basis of two (2) Rights ICULS for every one (1) existing Share held as at the Entitlement Date to raise RM432,000,000
RM and sen	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia
RSF	: Rights subscription form for the Rights Issue of ICULS
Rules of Bursa Depository	: The rules of Bursa Depository as issued pursuant to the SICDA
SC	: Securities Commission Malaysia
Share(s)	: Ordinary share(s) in the share capital of our Company
Share Registrar	: Symphony Share Registrars Sdn Bhd
SICDA	: Securities Industry (Central Depositories) Act, 1991 as amended from time to time and all regulations made thereunder and any re-enactment thereof
TEAP	: Theoretical ex-all price
Trust Deed	: The document constituting the ICULS executed by our Company and the Trustee on 28 July 2017
Trustee	: Pacific Trustees Berhad, being the trustee appointed by our Company to act for the benefit of the holders of the ICULS

DEFINITIONS (CONT'D)

Undertaking Shareholder or AFS : AEON Financial Service Co., Ltd.

Underwriting Agreement : Underwriting agreement dated 1 August 2017 entered into between our Company and the Joint Underwriters for the Rights Issue of ICULS for the Underwritten ICULS

Underwritten ICULS : The remaining 174,096,000 Rights ICULS, for which no undertaking to subscribe has been obtained by our Company

VWAMP : Volume-weighted average market price

All references to “**our Company**” or “**ACSM**” in this Abridged Prospectus are to AEON Credit Service (M) Berhad. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company.

All references to “**you**” and “**your**” in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s) (if applicable).

Unless otherwise specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

In respect of a company incorporated under the Companies Act 1965 and still existing on 31 January 2017, it will be deemed registered under Section 619(5) of the Act.

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TABLE OF CONTENTS

	PAGE
CORPORATE DIRECTORY	vii
LETTER TO THE SHAREHOLDERS OF ACSM CONTAINING	
1. INTRODUCTION	1
2. DETAILS OF THE RIGHTS ISSUE OF ICULS	3
2.1 Particulars of the Rights Issue of ICULS	3
2.2 Basis and justification of determining the Issue Price and the Conversion Price	4
2.3 Conversion of ICULS	4
2.4 Ranking of the new Shares arising from the conversion of the ICULS	5
2.5 Salient terms of the Rights ICULS	5
2.6 Undertaking	10
2.7 Underwriting	11
2.8 Details of other corporate proposals	11
3. RATIONALE FOR THE RIGHTS ISSUE OF ICULS	11
4. UTILISATION OF PROCEEDS	12
4.1 Repayment of bank borrowings	12
4.2 Working capital	13
4.3 Defrayment of estimated expenses	14
5. RISK FACTORS	14
5.1 Risks relating to the operations and business of our Company	14
5.2 Risks relating to the Rights Issue of ICULS	23
5.3 Other risk	25
6. EFFECTS OF THE RIGHTS ISSUE OF ICULS	26
6.1 Share capital	26
6.2 NA, NA per Share and gearing	27
6.3 Earnings and EPS	29
7. INDUSTRY OVERVIEW AND PROSPECTS OF OUR COMPANY	30
7.1 The Malaysian economy	30
7.2 Prospects for 2017	31
7.3 Malaysian finance market overview and outlook	32
7.4 Prospects of our Company	32
8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS	33
8.1 Working capital	33
8.2 Borrowings	33
8.3 Contingent liabilities	33
8.4 Material commitments	34

TABLE OF CONTENTS (CONT'D)

	PAGE
9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION	34
9.1 General	34
9.2 Last time and date for acceptance and payment	35
9.3 Methods of acceptance and application	35
9.4 Procedures for acceptance and payment for the Provisional Allotments	35
9.5 Procedures for sale or transfer of Provisional Allotments	50
9.6 Procedures for application for Excess Rights ICULS	50
9.7 Procedures to be followed by renounee(s) and/or transferees	55
9.8 Form of issuance	55
9.9 Procedures for acceptance and application by the Foreign Addressed Shareholders and Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who are subject to the laws of foreign countries or jurisdictions	56
10. TERMS AND CONDITIONS	58
11. FURTHER INFORMATION	58
APPENDICES	
APPENDIX I : THE CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EGM HELD ON 21 JUNE 2017 IN RESPECT OF THE ORDINARY RESOLUTION FOR THE RIGHTS ISSUE OF ICULS	59
APPENDIX II : INFORMATION ON ACSM	62
APPENDIX III : PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER	69
APPENDIX IV : AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT	82
APPENDIX V : THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES	156
APPENDIX VI : DIRECTORS' REPORT	170
APPENDIX VII : ADDITIONAL INFORMATION	171

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/Designation	Age	Nationality	Address	Profession
Dato' Abdullah bin Mohd Yusof <i>(Chairman and Independent Non-Executive Director)</i>	78	Malaysian	No. 28, Jalan Setia-Murni 12 Bukit Damansara 50490 Kuala Lumpur Malaysia	Lawyer
Kenji Fujita <i>(Managing Director)</i>	47	Japanese	Unit No. 37-15-3 Sri Penaga Condominium Jalan Medang Serai Bukit Bandaraya 59100 Kuala Lumpur Malaysia	Managing Director
Datuk Ramli bin Ibrahim <i>(Independent Non-Executive Director)</i>	76	Malaysian	15, Jalan Balau Damansara Heights 50490 Kuala Lumpur Malaysia	Company Director
Dato' Md Kamal bin Ismaun <i>(Independent Non-Executive Director)</i>	69	Malaysian	No. 7, SS7/9 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Entrepreneur
Ng Eng Kiat <i>(Independent Non-Executive Director)</i>	63	Malaysian	59, Medan Athinahapan 1 Taman Tun Dr. Ismail 60000 Kuala Lumpur Malaysia	Practising Accountant
Tomokatsu Yoshitoshi <i>(Independent Non-Executive Director)</i>	64	Japanese	2-3-1 Denenchofu Ohta-ku, Tokyo 145-0071 Japan	Director
Tetsuro Takano <i>(Non-Independent Non-Executive Director)</i>	54	Japanese	#D-704-3-12 Ichikawaminami Ichikawa City Chiba 272-0033 Japan	General Manager
Lee Tyan Jen <i>(Executive Director)</i>	42	Malaysian	7A-10-12 Tiara Indah Condominium Bukit Indah 68000 Ampang Selangor Darul Ehsan Malaysia	Chief Operating Officer and Head of Customer Service and Operation Division
Lee Kit Seong <i>(Executive Director)</i>	47	Malaysian	No. 26, Jalan Pertiwi Taman Maluri Cheras 55100 Kuala Lumpur Malaysia	Chief Financial Officer and Head of Corporate Management Division
Kiyoaki Takano <i>(Executive Director)</i>	53	Japanese	A-16-4, Mont Kiara Aman Jalan Kiara 2 Mont Kiara 50480 Kuala Lumpur Malaysia	Chief Marketing Officer and Head of Sales and Marketing Division

CORPORATE DIRECTORY (CONT'D)

Name/Designation	Age	Nationality	Address	Profession
Ajith A/L Jayaram (Executive Director)	36	Malaysian	22A, Jalan Seri Sungai Long 12 Taman Seri Sungai Long 43300 Kajang Selangor Darul Ehsan Malaysia	Chief Strategy Officer and Head of Corporate Strategy

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Eng Kiat	Chairman	Independent Non-Executive Director
Datuk Ramli bin Ibrahim	Member	Independent Non-Executive Director
Dato' Md Kamal bin Ismaun	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Tai Yit Chan (MAICSA 7009143)
 Choong Lee Wah (MAICSA 7019418)
 Lot 6.05, Level 6, KPMG Tower
 8 First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel no. : +603-7720 1188
 Fax no. : +603-7720 1111

HEAD/MANAGEMENT/ BUSINESS OFFICE : Level 29, Menara Olympia
 No.8, Jalan Raja Chulan
 50200 Kuala Lumpur
 Tel no. : +603-2772 9000
 Fax no. : +603-2711 4110
 Email: ir_info@aeoncredit.com.my
 Website: www.aeoncredit.com.my
 (Information on this website does not constitute part of this Abridged Prospectus)

REGISTERED OFFICE : Lot 6.05, Level 6, KPMG Tower
 8, First Avenue
 Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel no. : +603-7720 1188
 Fax no. : +603-7720 1111

SHARE REGISTRAR AND PAYING AGENT : Symphony Share Registrars Sdn Bhd
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 Tel no. : +603-7849 0777 (Helpdesk)
 Fax no. : +603-7841 8151/8152

CORPORATE DIRECTORY (CONT'D)

CURRENT AUDITORS¹ : Deloitte PLT (LLP0010145-LCA & AF 0080)
Chartered Accountants
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel no. : +603-7610 8888
Fax no. : +603-7726 8986

AUDITORS² AND REPORTING ACCOUNTANTS FOR THE RIGHTS ISSUE OF ICULS : KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel no. : +603-7721 3388
Fax no. : +603-7721 3399

PRINCIPAL BANKERS : Affin Islamic Bank Berhad
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur
Tel no. : +603-2055 9000
Fax no. : +603-2026 6405

Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
Level 9-11, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no. : +603-2034 8000
Fax no. : +603-2078 8870

CIMB Bank Berhad
17th Floor, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel no. : +603-2261 8888
Fax no. : +603-2261 8889

Citibank Berhad
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur
Tel no. : +603-2383 8585
Fax no. : +603-2710 2232

Deutsche Bank (Malaysia) Berhad
Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no. : +603-2053 6788
Fax no. : +603-2031 9822

¹ Deloitte PLT was appointed as auditors of our Company at the Twentieth Annual General Meeting held on 21 June 2017 (“**20th AGM**”).

² KPMG PLT was the auditors of our Company up to the FYE 28 February 2017 and retired as auditors at the 20th AGM.

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS : Malayan Banking Berhad
(CONT'D) Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel no. : +603-2070 8833
Fax no. : +603-2715 9442

Maybank Islamic Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel no. : +603-2070 8833
Fax no. : +603-2715 9442

Mizuho Bank, Ltd.
Labuan Branch
Level 9(B) & (C),
Main Office Tower
Financial Park Labuan,
Jalan Merdeka
87000 W.P. Labuan
Tel no. : +6087-417766
Fax no. : +6087-419766

Mizuho Bank (Malaysia) Berhad
Level 27, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel no. : +603-2058 6881
Fax no. : +603-2058 6988

RHB Bank Berhad
Level 7, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel no. : +603-9287 8888
Fax no. : +603-9287 9000

RHB Islamic Bank Berhad
Level 7, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel no. : +603-9280 6801
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Sumitomo Mitsui Banking Corporation Malaysia Berhad
Suite 22-03, Level 22, Integra Tower
The Intermark
348, Jalan Tun Razak
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Fax no. : +603-2165 1599

Standard Chartered Saadiq Berhad
Level 16, Menara Standard Chartered
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50250, Kuala Lumpur
Tel no. : +603-2117 7777
Fax no. : +603-2711 6006

CORPORATE DIRECTORY (CONT'D)

- SOLICITORS FOR THE RIGHTS ISSUE OF ICULS** : Adnan Sundra & Low
Level 11, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur
Tel no. : +603-2070 0466
Fax no. : +603-2078 3382
- PRINCIPAL ADVISER, LEAD ARRANGER AND JOINT UNDERWRITER** : CIMB Investment Bank Berhad
Level 17, Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel no. : +603-2261 8888
Fax no. : +603-2261 8889
- JOINT UNDERWRITER** : Nomura Securities Malaysia Sdn Bhd
Suite No. 16.5, Level 16, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no. : +603-2027 6811
Fax no. : +603-2027 6836
- TRUSTEE** : Pacific Trustees Berhad
Unit A-9-8, 9th Floor
Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
Tel no. : +603-2166 7830
Fax no. : +603-2166 9830
- STOCK EXCHANGE LISTED AND LISTING SOUGHT FOR THE ICULS** : Main Market of Bursa Securities

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AEON CREDIT SERVICE (M) BERHAD

(Company No.412767-V)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

Registered office:

Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

15 August 2017

Board of Directors

Dato' Abdullah bin Mohd Yusof (*Chairman & Independent Non-Executive Director*)

Kenji Fujita (*Managing Director*)

Datuk Ramli bin Ibrahim (*Independent Non-Executive Director*)

Dato' Md Kamal bin Ismaun (*Independent Non-Executive Director*)

Ng Eng Kiat (*Independent Non-Executive Director*)

Tomokatsu Yoshitoshi (*Independent Non-Executive Director*)

Tetsuro Takano (*Non-Independent Non-Executive Director*)

Lee Tyan Jen (*Executive Director*)

Lee Kit Seong (*Executive Director*)

Kiyooki Takano (*Executive Director*)

Ajith A/L Jayaram (*Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 432,000,000 RIGHTS ICULS AT 100% OF ITS NOMINAL VALUE OF RM1.00 EACH IN CASH ON THE BASIS OF TWO (2) RIGHTS ICULS FOR EVERY ONE (1) EXISTING SHARE HELD AS AT THE ENTITLEMENT DATE TO RAISE RM432,000,000

1. INTRODUCTION

On 23 March 2017, CIMB, on behalf of our Board, announced that our Company proposes to undertake the Bonus Issue and the Rights Issue of ICULS.

On 3 May 2017, CIMB, on behalf of our Board, announced that the SC had, vide its letter dated 2 May 2017, granted its approval for the issuance of the Rights ICULS under the Rights Issue of ICULS on the Main Market under Section 214(1) of the CMSA, subject to compliance with the standard conditions and continuing obligations as stipulated in the SC's Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.

On 5 June 2017, CIMB, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 2 June 2017, approved the following in respect of the Rights Issue of ICULS:

- (a) listing and quotation of the new ICULS to be issued pursuant to the Rights Issue of ICULS on the Main Market; and
- (b) listing and quotation of the new Shares to be issued pursuant to the conversion of the ICULS,

subject to the following conditions:

<u>No.</u>	<u>Conditions</u>	<u>Status of compliance</u>
(i)	ACSM and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICULS	Noted
(ii)	ACSM and CIMB to inform Bursa Securities upon the completion of the Rights Issue of ICULS	To be complied
(iii)	ACSM and CIMB to furnish a certified true copy of the resolution passed by shareholders at the shareholders' meeting for the Rights Issue of ICULS	Complied
(iv)	ACSM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICULS is completed	To be complied
(v)	To incorporate Bursa Securities' comments in respect of the draft circular to shareholders	Complied

On 21 June 2017, we announced that our shareholders had at the EGM convened on the same day approved the Bonus Issue and the Rights Issue of ICULS. A certified true extract of the minutes of the EGM held on 21 June 2017 in respect of the ordinary resolution for the Rights Issue of ICULS passed at the aforesaid EGM is attached as Appendix I of this Abridged Prospectus.

On 19 July 2017, we announced that the Bonus Issue was completed following the listing of and quotation for the Bonus Shares on the Main Market.

On 27 July 2017, CIMB, on behalf of our Board, announced the fixing of the Conversion Price and the final entitlement basis for the Rights Issue of ICULS.

We had also on 1 August 2017 announced our Company's execution of the Underwriting Agreement and the Entitlement Date.

No person is authorised to give any information or to make any representation not contained in these Documents, and if given or made, such information or representation must not be relied upon as having been authorised by us or CIMB in connection to the Rights Issue of ICULS.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE OF ICULS

2.1 Particulars of the Rights Issue of ICULS

Subject to the terms and conditions of these Documents, the Rights Issue of ICULS, to be undertaken on a renounceable basis, entails the issuance of 432,000,000 Rights ICULS at 100% of its nominal value of RM1.00 each in cash on the basis of two (2) Rights ICULS for every one (1) existing Share held by our Entitled Shareholders as at the Entitlement Date.

The Rights Issue of ICULS is renounceable in full or in part. This means that our Entitled Shareholders can subscribe for or renounce their entitlements to the Rights ICULS in full or in part. In addition to taking up their respective entitlements under the Rights Issue of ICULS, our Entitled Shareholders may also apply for Excess Rights ICULS under the excess applications for Rights ICULS. Any Rights ICULS not subscribed or not validly subscribed for shall be made available for excess applications by our Entitled Shareholders or their renounee(s)/transferee(s) (if applicable).

It is the intention of our Board to allocate the Excess Rights ICULS, if any, in a fair and equitable manner and in the manner as set out in Section 9.6 of this Abridged Prospectus.

You have been provisionally allotted the Rights ICULS on the Entitlement Date. In determining the Provisional Allotments, any fractional entitlements of Rights ICULS under the Rights Issue of ICULS will be disregarded and shall be dealt with at our Board's absolute discretion in such manner as it deems fit and in the best interests of our Company.

As the Rights ICULS are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotments for which you are entitled to subscribe for in full or in part in accordance with the terms of the Rights Issue of ICULS.

You will find enclosed in this Abridged Prospectus, the NPA notifying you of the number of Rights ICULS which you are entitled to subscribe for under the terms of the Rights Issue of ICULS and the RSF to enable you to subscribe for the Provisional Allotments as well as to apply for the Excess Rights ICULS if you choose to do so. The Rights ICULS that are not taken up for any reason will be made available for excess application as set out in Section 9.6 of this Abridged Prospectus.

If you wish to subscribe for your Provisional Allotments (in full or in part) as specified in your NPA or apply for Excess Rights ICULS, please refer to our instructions for acceptance, payment, sale/transfer and excess application set out in Section 9 of this Abridged Prospectus.

Any dealings in our securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, successful subscription of the Rights ICULS and the new Shares to be issued and allotted pursuant to the conversion of the Rights ICULS will be credited directly into your CDS Account.

We will not issue any physical loan stock certificates to you and/or your renounee(s)/transferee(s) (if applicable). Further, we will not issue any physical share certificates to you for the new Shares arising from the conversion of the ICULS.

Within eight (8) Market Days from the last date of acceptance and payment for the Rights ICULS or such other period as may be prescribed by Bursa Securities, we must:

- (i) issue and allot the Rights ICULS;
- (ii) despatch notices of allotment to the allottees; and
- (iii) apply for quotation of the Rights ICULS on the Main Market.

The official listing of and quotation for the Rights ICULS will commence after, amongst others, receipt of confirmation from Bursa Depository that all CDS Accounts of successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The Rights ICULS will then be listed and quoted on the Main Market two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis and justification of determining the Issue Price and the Conversion Price

Each Rights ICULS shall be issued at 100% of its nominal value of RM1.00 and our Board has fixed the conversion price of the Rights ICULS at RM10.99 for one (1) new Share.

The Issue Price was determined based on the ICULS's nominal value which was fixed after taking into account the aggregate proceeds of RM432,000,000 to be raised from the Rights Issue of ICULS, represented by the 432,000,000 ICULS to be issued.

The Conversion Price represents:

- (i) a 15% discount to the TEAP of RM12.93 per Share taking into account the Rights Issue of ICULS, calculated based on the 5-Market Day VWAMP of RM13.28 of our Shares up to and including 26 July 2017, being the last trading day before the Price-Fixing Date; and
- (ii) approximately 17.2% discount to the 5-Market Day VWAMP of RM13.28 of our Shares up to and including 26 July 2017, being the last trading day before the Price-Fixing Date.

The Conversion Price was also determined after taking into account the ICULS' coupon rate of 3.5% per annum, the prevailing market conditions, market sentiments and performance of the Malaysian stock exchange. The discount of the Conversion Price to the TEAP is also in line with the average discount of 19.0% of precedent major rights issues of other listed issuers on Bursa Securities over the past twelve (12) months preceding the LPD.

2.3 Conversion of ICULS

The ICULS can be converted into new Shares anytime at the option of the ICULS holders from the date of its issue up to its Maturity Date. Any ICULS not converted would be mandatorily converted into new Shares on the Maturity Date.

The conversion of the ICULS will not require any cash payment and is satisfied by surrendering the ICULS with an aggregate nominal value equivalent to the Conversion Price for cancellation. Any fractional new Shares arising from the conversion of the Rights ICULS will be disregarded and will be dealt with at our Board's absolute discretion in such manner as it deems fit and in the best interest of our Company.

Ultimately, a total of 39,308,462 new Shares would be allotted and issued upon the full conversion of the ICULS by the Maturity Date. This represents 15.4% of our Company's enlarged share capital.

For illustration purposes, if you hold 150,000 Shares as at the Entitlement Date, you would be provisionally allotted 300,000 Rights ICULS. If you choose to subscribe for your entire Provisional Allotments, the total subscription price would be RM300,000 at the Issue Price for each Rights ICULS. Assuming that you continue to hold the Rights ICULS until maturity, on the Maturity Date, the Rights ICULS will be mandatorily converted into 27,297 new Shares (excluding fractional entitlements).

There can be no assurances that the market price of the Rights ICULS will be "in-the-money" or that our Company's Shares will be traded above the Conversion Price after the completion of the Rights Issue of ICULS and during its exercise period.

2.4 Ranking of the new Shares arising from the conversion of the ICULS

The new Shares to be issued from the conversion of the ICULS shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date of which is prior to the date of allotment of the new Shares.

2.5 Salient terms of the Rights ICULS

The ICULS will be issued in registered form and constituted by the Trust Deed and represented by a global certificate. The salient terms of the ICULS are as follows:

Issuer	: ACSM
Type of Offering	: Irredeemable convertible unsecured loan stocks
Issue Price	: 100% of the nominal value of RM1.00 each.
Issue Date	: The issue date of the ICULS shall be a Market Day and shall take place within the period commencing from the date of fulfilment of the conditions precedent for issuance of the ICULS and ending no later than one (1) year from the date of approval by the SC.
Maturity Date	: Three (3) years / third (3 rd) anniversary from the ICULS issue date.
Coupon	: 3.5% per annum on the nominal value of the ICULS payable on an annual basis.
Conversion Price	: RM10.99 for every one (1) new Share.
Conversion Period	: The ICULS may be converted at any time at the option of the ICULS holders within a period of three (3) years commencing from and including the issue date of the ICULS and expiring on the Maturity Date.
Ranking and status of the ICULS	: The ICULS shall constitute direct, unconditional, unsecured and unsubordinated obligations of our Company and subject to the provisions contained in the Trust Deed, at all times rank equally, without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except those which are preferred by law.

Rights of the ICULS holders upon liquidation : Upon the occurrence of an event of default, the Trustee may, and if so directed by the ICULS holders via a special resolution, shall declare the outstanding ICULS to be immediately due and payable, together with the accrued interest up to and including the date of the repayment and the Trustee is entitled to enforce its rights under the Trust Deed.

Event of Default : Each of the following shall be an event of default:

- (a) our Company fails to pay any amount due and payable under the ICULS, whether formally demanded or not;
- (b) our Company fails to pay any amount (other than such amount due and payable under the ICULS as set out in paragraph (a) above) due under the Trust Deed, the global certificates and the definitive certificates (if applicable) and any other documents relating to the ICULS as shall be determined by our Company and the Trustee, any amendments, variations and/or supplementals thereto from time to time, and where the context so requires (collectively, "**Transaction Documents**") on the due date or, if so payable, on demand and such failure to pay is not remedied within seven (7) days from the date such amount is due or demanded, as the case may be;
- (c) any representation or warranty made or given by our Company under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the ICULS and/or any of the Transaction Documents is or proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, our Company does not remedy the failure within a period of seven (7) business days after our Company became aware or having been notified by the Trustee of the failure, whichever is the earlier;
- (d) our Company fails to observe or perform our obligations under the ICULS or under any of the Transaction Documents or under any undertaking or arrangement entered into in connection thereof (other than any covenant to pay as set out under paragraphs (a) and (b) above) and which if capable of remedy, is not remedied within thirty (30) days after our Company becoming aware of such default;
- (e) our Company takes any action or any bona fide proceedings are commenced or other steps taken for:
 - (i) our Company to be adjudicated or found insolvent;

- Event of Default** : (ii) the winding-up or dissolution of our Company either by an order of a court of competent jurisdiction or by way of voluntary winding-up, save and except to effect a reorganisation of the business of our Company; or
- (cont'd)
- (iii) the appointment of a liquidator, trustee, receiver or similar officer over the whole or any part of our Company's undertakings, assets, rights or revenues, including a scheme of arrangement under the Act has been instituted against our Company, other than a winding-up for the purpose of amalgamation or reconstruction which has been previously approved by the Trustee (on behalf of the ICULS holders) or any order of a court of competent jurisdiction;
- (f) our Company suspends or ceases or threatens to suspend or cease to carry on our business;
- (g) any other indebtedness of our Company (other than such amount due and payable under the ICULS as set out in paragraph (a) above) becomes due and payable prior to its stated maturity or where the security created for any other indebtedness (other than such amount due and payable under the ICULS as set out in paragraph (a) above) becomes enforceable or any guarantee or similar obligations of our Company is not discharged at maturity or when called and such declaration or indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by our Company in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call;
- (h) where there is a revocation, withholding, invalidation or modification of a licence, authorisation or approval that impairs or prejudices our Company's ability to comply with the terms and conditions of the ICULS or the provisions of the Transaction Documents;
- (i) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial³ part of the business or assets of our Company, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against our Company, or any security interest which may for the time being affect any of our assets becomes enforceable.

³ For purposes of this sub-condition, references to "substantial" shall mean such value equivalent to or more than five percent (5%) of our Company's net tangible assets as reflected in our Company's latest annual audited financial statements.

- Event of Default** : (j) our Company fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;
- (k) any step is taken for the winding up, dissolution or liquidation of our Company or a resolution is passed for the winding up of our Company or a petition for winding up is presented against our Company and our Company has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding-up order has been made against any of our Company;
- (l) our Company convenes a meeting of our creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with our creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of our indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of our indebtedness or any assignment is made for the benefit of our creditors (other than for the purposes of and followed by a reconstruction which has been approved in writing by the Trustee, unless during or following such reconstruction our Company becomes or is declared to be insolvent) or where a scheme of arrangement under Section 366 of the Act has been instituted against our Company;
- (m) any creditor of our Company exercises a contractual right to take over the financial management of our Company;
- (n) our Company changes or threatens to change the nature or scope of a substantial part of our business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of our business which it now conducts directly or indirectly;
- (o) any of the assets, undertakings, rights or revenue of our Company are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body;
- (p) our Company is deemed unable to pay any of our debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of our debts, provided that if the failure to pay is due to a bona fide dispute and such dispute has been resolved or discharged within six (6) months from the commencement of the dispute, it will not result in an Event of Default;

- Event of Default (cont'd)** : (q) at any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable; or
- (r) our Company repudiates any of the Transaction Documents or our Company does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents.
- Mandatory conversion** : Unless the ICULS are converted prior to the Maturity Date, the ICULS will be mandatorily converted into new Shares at the Conversion Price upon the Maturity Date.
- Mode of conversion** : The conversion of the ICULS will not require any cash payment by the ICULS holders.
- The Conversion Price shall be satisfied by surrendering the ICULS with an aggregate nominal value equivalent to the Conversion Price for cancellation by our Company.
- Any fractional new Shares arising from the conversion of the ICULS shall be disregarded and shall be dealt with in our Board's absolute discretion in such manner as it deems fit and in the best interests of our Company.
- Voting rights of ICULS holders** : The ICULS holders are not entitled to any voting rights and shall not have any participating rights in any distribution and/or offer of securities in our Company until and unless such ICULS holders convert their ICULS into new Shares.
- Board lot** : For purposes of trading on Bursa Securities, a board lot of ICULS shall be 100 units of ICULS, unless otherwise revised by the relevant authorities.
- Ranking of new Shares to be issued pursuant to the conversion of ICULS** : The new Shares to be issued pursuant to the conversion of ICULS shall, upon issue and allotment rank equally in all respects with the then existing Shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date is before the date of allotment of the new Shares.
- Adjustments in the Conversion Price** : Necessary adjustments to the Conversion Price shall be made in the event of any alteration in our Company's share capital on or before the Maturity Date, whether by way of rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Trust Deed.
- Amendment to the ICULS holders' rights** : Save as otherwise provided in the Trust Deed and consented to in writing by our Company, approval of the ICULS holders by way of special resolution is required to sanction any modification, variation or arrangement requested by our Company in respect of the rights of the ICULS holders.

- Participation in any distribution and/or offer of further securities** : The ICULS holders are not entitled to any dividends, rights, allotments, distribution and/or offer of securities in our Company until and unless such ICULS holders have validly converted the ICULS into new Shares, and such Shares are allotted prior to the entitlement date of such dividend, right, allotment, distribution and/or offer of securities.
- Governing laws** : Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia.
- Redemption** : The ICULS will not be redeemable.
- Rating** : The ICULS will not be rated.
- Listing** : ICULS will be listed on the Main Market.

2.6 Undertaking

The Rights Issue of ICULS is intended to be undertaken on a full subscription basis and not on a minimum subscription basis to meet the funding requirements of our Company for utilisation in the manner as set out in Section 4 of this Abridged Prospectus.

Our Company had on 28 April 2017 procured an irrevocable and unconditional undertaking from the Undertaking Shareholder to subscribe in full for its entitlement under the Rights Issue of ICULS (“**Undertaking**”), details of which are as set out in the table below:

Undertaking Shareholder	Shareholding as at 28 April 2017		Shareholding as at LPD ⁽¹⁾		Undertaking	
	Number of Shares held	% of total Shares	Number of Shares held	% of total Shares	Number of ICULS	% of total ICULS
AFS	85,968,000	59.7	128,952,000	59.7	257,904,000	59.7

Note:

(1) *After allotment and issuance of the Bonus Shares on 18 July 2017.*

Further, in order to ensure that this subscription level is maintained, the Undertaking Shareholder has also irrevocably and unconditionally undertaken not to reduce its shareholding in ACSM so that its shareholding in ACSM as at the Entitlement Date for the Rights Issue of ICULS, is no less than its existing shareholding in ACSM.

The Undertaking Shareholder has confirmed, via the Undertaking that sufficient financial resources are available to enable it to subscribe in full for its entitlement to the Rights ICULS as at the Entitlement Date. CIMB has verified that the Undertaking Shareholder has the financial resources to fulfil its commitment pursuant to the Undertaking.

The Undertaking Shareholder is not expected to trigger any mandatory take-over offer obligations in accordance with the Code following the subscription of its entitlement to the Rights ICULS under the Rights Issue of ICULS. In addition, the Undertaking Shareholder has also undertaken to observe and comply at all times with the provisions of the CMSA, and the Code in relation to the consequences of the Undertaking.

In addition to the Undertaking, AFS has on 2 August 2017 agreed with the Joint Underwriters to undertake to purchase, at the election of the Joint Underwriters, any portion of the Underwritten ICULS which the Joint Underwriters are obliged to subscribe for under the Underwriting Agreement, at the Issue Price only.

2.7 Underwriting

On 1 August 2017, we entered into an underwriting agreement with the Joint Underwriters to underwrite the remaining 174,096,000 Rights ICULS, for which no undertaking to subscribe has been obtained by our Company.

The underwriting of the Underwritten ICULS is subject to the terms and conditions of the Underwriting Agreement. The Underwritten ICULS are made up as follows:

Joint Underwriters	Underwritten ICULS (No. of ICULS)	Agreed proportions (%)
CIMB	104,457,600	60.0
Nomura Securities Malaysia Sdn Bhd	69,638,400	40.0
Total	174,096,000	100.0

The underwriting commission payable to the Joint Underwriters is 1% of the value of the Underwritten ICULS (Issue Price multiplied by the number of Underwritten ICULS), to be paid to the Joint Underwriters in the agreed proportion between them. The underwriting commission payable to the Joint Underwriters and all other incidental costs in relation to the Underwriting Agreement will be fully borne by our Company.

2.8 Details of other corporate proposals

Save for the Rights Issue of ICULS, our Board confirms that there is no other outstanding corporate proposal announced but not completed by our Company as at the LPD.

3. RATIONALE FOR THE RIGHTS ISSUE OF ICULS

After due consideration of the various funding options available, our Board is of the view that the Rights Issue of ICULS is the most optimal avenue for raising funds for our Company, taking into account our Company's objectives and capital management strategy.

The Rights Issue of ICULS:

- (i) provides an avenue to raise funds that will allow our Company to improve our CAR and with the strengthening of our CAR upon ICULS conversion, this will facilitate the build-up of an adequate level of capital buffer in anticipation of meeting sufficient capital requirements for our Company's business activities and to support continuous business growth;
- (ii) improves our Company's liquidity and financial flexibility by strengthening our financial position to meet requirements as described in Section 4 of this Abridged Prospectus;
- (iii) provides you with an opportunity to participate in an equity offering on an equal basis based on your proportionate shareholdings in our Company and serves to reward you for your continued support and loyalty in our Company without diluting your interests, assuming you fully subscribe for your respective entitlements; and

- (iv) results in the issue of the ICULS:
- (a) that minimizes the immediate dilution effect on the EPS of our Company, which would otherwise have an immediate upfront effect if the fund raising exercise was an issuance of ordinary shares. This is due to the ICULS expecting to be converted over a period of time and fully converted only on the Maturity Date;
 - (b) where the Coupon Rate is determined upfront and offers certainty to our Company's coupon commitments for the funds raised as compared to variable interest rates which are subject to fluctuation;
 - (c) that provides the ability to convert into new Shares. Entitled Shareholders who subscribe for their entitlements may benefit from any upside from potential future capital appreciation of the Shares when converted since the Conversion Price is fixed at a discount; and
 - (d) where Entitled Shareholders who subscribe for their entitlements will be given the opportunity to trade the ICULS, hence may also benefit from any upside from potential capital appreciation as the ICULS will also be listed and quoted on the Main Market.

4. UTILISATION OF PROCEEDS

The Rights Issue of ICULS is expected to raise gross proceeds of RM432,000,000.

Our Company intends to utilise the proceeds arising from the Rights Issue of ICULS in the following manner:

<u>Description</u>	<u>Amount</u> <u>(RM'Million)</u>	<u>Estimated timeframe for the</u> <u>utilisation of the proceeds from</u> <u>the date of receipt</u>
Repayment of bank borrowings	155.0	within six (6) months
Working capital	272.4	within six (6) months
Estimated expenses	4.6	within one (1) month
Total	432.0	

4.1 Repayment of bank borrowings

As at the LPD, the total borrowings (nominal) of our Company amount to RM5.5 billion.

We will utilise part of the proceeds raised from the Rights Issue of ICULS of RM155.0 million to repay our existing long-term bank borrowings which are expected to be due for repayment within six (6) months from the date of receipt of the proceeds.

The partial repayment of our Company's long-term bank borrowings is expected to result in an annual interest savings of approximately RM6.0 million to our Company, based on the average interest rate of approximately 3.88% per annum of these existing long-term borrowings.

These existing long-term borrowings were utilised for our Company's working capital.

4.2 Working capital

Part of the proceeds raised from the Rights Issue of ICULS are expected to be utilised for our Company's working capital which consists primarily of the provision of financing to our customers incurred in the ordinary course of our Company's day-to-day business operations.

Our Company intends to allocate RM272.4 million for our core businesses comprising provision of Easy Payment schemes for purchase of consumer durables and motor vehicles, personal financing schemes, issuance of credit cards and equipment financing for small businesses. The financing schemes are based on both Islamic and conventional principles. It is estimated that RM229.4 million and RM43.0 million of the proceeds would be channeled towards Islamic and conventional financing schemes/products, respectively.

Brief details of the key product segments and the estimated amount of proceeds to be channeled to each of the segments are set out below:

(a) Easy Payment schemes (RM146.4 million)

Our Company's Easy Payment schemes involve the provision of financing for the purchase of motorcycles, cars (both new and used) and consumer durable products such as electronic goods, home appliances, furniture, etc. The financing receivables for our car and motorcycle portfolios grew by 23.9% and 13.0% respectively in the FYE 28 February 2017 compared to the previous financial year.

(b) Personal financing schemes (RM113.0 million)

Our Company provides financing to individual customers for a diverse range of personal needs including but not limited to medical costs, education fees and business start-up costs, etc. The financing receivables for our Company's personal financing portfolio grew by 36.2% in the FYE 28 February 2017 compared to the previous financial year.

(c) AEON Cards (RM12.0 million)

Our Company offers a range of credit cards and prepaid cards to our customers, serving as a payment instrument for customers' cashless transactions as well as revolving credit to finance their various day-to-day needs. The proceeds from the Rights Issue of ICULS will be utilised as settlement for credit card purchases. Credit card financing receivables grew by 8.9% for the FYE 28 February 2017 compared to the previous financial year.

(d) Small & Medium Enterprise ("SME") financing schemes (RM1.0 million)

Our Company provides funding to SMEs through a diverse range of schemes that are aimed at financing equipment and commercial vehicles. Funding tenures range up to 60 months for up to 90% of the value of the equipment or commercial vehicles financed.

The eventual utilisation under each component of the business segments may differ subject to the operating requirements of the respective business segments, hence the breakdown and details of these items may vary.

Based on the growth in our various business segments, our Company recorded total revenue growth of 14.2% and transaction and financing volume growth of 11.0% in the FYE 28 February 2017 compared to the FYE 29 February 2016. Meanwhile, total financing receivables recorded growth of RM1.0 billion compared to the previous financial year.

We expect demand for our financial products and services to be sustained moving forward with a positive economic outlook being forecasted for the FYE 28 February 2018.

Continued sourcing of funds to meet business requirements for portfolio growth in various product segments is essential for our Company, from both equity and debt funding sources, including from the Rights Issue of ICULS. Appropriate funding structure would play a key role in our Company's ability to maximise profitability, return on assets and drive lending growth.

4.3 Defrayment of estimated expenses

The estimated expenses of approximately RM4.6 million comprises, amongst others, professional fees, fees payable to the relevant authorities and costs related to convening the EGM in connection with the Rights Issue of ICULS and the Bonus Issue. Any surplus or shortfall of funds for the payment of expenses for the Rights Issue of ICULS will be utilised for working capital or be funded from internally generated funds, respectively.

Pending the utilisation by our Company, the proceeds will be placed in interest-bearing deposit accounts with licensed financial institutions or as investment in money markets as our Board may deem fit. The interest derived from deposits with financial institutions and/or gains arising from the short-term money market instruments will be used for working capital purposes.

5. RISK FACTORS

You should carefully consider, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors and investment considerations before subscribing for or investing in the Rights Issue of ICULS. You should note that the following list is not an exhaustive list of all the risks that we face in Malaysia, or risks that may develop in the future. There are other risks whether known or unknown, which may have a material adverse effect on our Company, our Shares, the ICULS or other securities issued by us.

5.1 Risks relating to the operations and business of our Company

(i) Credit risks

We are exposed to credit risks which may have a material effect on our financial results arising from customers' default in making payments due to us on credit facilities granted.

Credit risks arising from adverse changes in the recoverability of loans, advances and amounts due from our counterparties are inherent in our Company's business. Such risks could arise from the deterioration in credit quality of specific counterparties of our Company, from a general deterioration in local or global economic conditions, or from systemic risks within the financial systems.

As at 31 May 2017, our gross financing receivables⁴ are approximately RM6.7 billion compared to RM6.6 billion as at 28 February 2017. The allowance for impairment losses on receivables for the FYE 28 February 2017 is RM152.2 million.

⁴ Being total financing receivables less unearned carrying charges but prior to taking into account allowance for impairment loss.

In mitigating our exposure to credit risks, we have put in place sound credit evaluation policies in assessing and approving credit applications. Through these policies, we have registered annualized net credit costs⁵ of 3.31% for the FYE 28 February 2017.

Other than the credit evaluation process, we have placed strong emphasis on close monitoring and efficient collection of accounts as well as disciplined follow-up mechanisms to minimise delinquency. Follow-up mechanisms include reminder letters and calls, field visits, outsourcing to collection agencies and commencing litigation process.

Although we have implemented and will continue to improve on our credit assessment and credit risk management based on our experience and the experience of our substantial shareholder, AFS, to minimise the risk of credit default, there can be no assurance that credit default will not occur and if occurs will not materially and adversely affect our operations, results and financial condition.

(ii) Fraud risks

In our day-to-day operations when assessing credit applications, there can be no complete assurance that the information furnished by credit applicants is true and correct. There is also no complete assurance that any application received is genuine, namely applications not arising from any fraudster using the personal information or documents of third parties to apply for credit facilities, including applying for credit cards under a third party's name. Any forged application or any false or fraudulent information furnished by credit applicants, which may in some instances involve collusion with merchants offering our financing schemes to consumers, may allow credit applicants, fraudsters or merchants to exploit cash, products or services which may then cause credit losses to our Company.

In addition, internet, mail and telephone order facilities have expanded possibilities for making credit card purchases without the need to physically present the credit card to the seller or merchant, thereby creating avenues for fraud. Losses may similarly arise from use by fraudsters of credit cards lost by or stolen from cardholders.

We are aware of the risks arising from such unethical and fraudulent behaviour. To manage such risks, we conduct a vigilant and stringent credit assessment and approval process by undertaking verification of the information furnished by credit applicants such as data screening with our in-house database, verification calls to the credit applicants' home and office as well as to referees provided by the applicant, independent checks with established credit reference organisations including through the Central Credit Reference Information System, a database on credit information on borrowers in Malaysia maintained by BNM.

To enhance the security of payment card usage at point of sale terminals in Malaysia, we have implemented a chip-based infrastructure for our credit cards in line with BNM's adoption of the Europay-MasterCard-Visa (EMV) chip standard and Personal Identification Number (PIN)-based credit card. The adoption of these standards has almost eliminated the risk of "cloning" or illegal duplication of credit cards issued to customers and tremendously reduced the fraud losses incurred in Malaysia.

⁵ Being allowance for impairment loss less bad debts recovered as a percentage of average total financing receivables.

Although other fraud types arising from lost or stolen credit cards, mail orders, telephone orders and internet transactions cannot be totally prevented, we utilise an online monitoring system, which is a robust fraud control system that is able to identify suspicious or irregular transactions emerging from a cardholder's account.

However, notwithstanding the abovementioned detection and control measures, there can be no assurance that our operations and financial conditions will not be affected by the occurrences of fraud which may have a material and adverse impact on our financial condition and performance.

(iii) Levels of borrowings, dependency on sources of funding and interest cover

Our Company extends credit to our customers by lending borrowed funds that are mainly derived from bank borrowings and the debt capital markets. As at 31 May 2017, our Company's working capital raised from bank borrowings and the debt capital markets amounted to approximately RM5.9 billion. In this regard, our Company is dependent on the continued support from financial institutions to provide working capital at competitive rates.

We are aware of such risk of dependency on any major sources of funds and have diversified our sources of funds by borrowing from thirteen (13) financial institutions as at the LPD. In addition, our Company has also issued RM276.0 million in perpetual notes and sukuk presently.

We constantly assess our cash flow and liquidity position to ensure that we have the ability to service the interest on our borrowings. For the FYE 28 February 2017 and the 3-month FPE 31 May 2017, our interest cover (being the multiple of earnings before finance cost and taxation over finance cost) is approximately 2.76 times and 2.83 times, respectively.

We attribute our ability to service our finance cost to our sound cash management practice and continuous review of our financial position. To this effect, we have not defaulted on any principal and interest payments and we have not restructured the repayment schedule of any borrowings. We are also of the opinion that our current level of borrowings and finance costs are justifiable as our total financing receivables is approximately 1.10 times and 1.13 times of our total borrowings as at 28 February 2017 and 31 May 2017, respectively.

Whilst no absolute assurance can be given that we will be able to repay all our borrowings and service all our finance cost in the future, our ability to make payments on our loan principal and to service our finance cost depends on our ability to generate sufficient cash in the future, which is subject to many factors beyond our control. Furthermore, there is no assurance that our Company will always be able to continue to source for funds from a large pool of financial institutions and the debt capital markets in the future.

(iv) Interest or profit rate fluctuation risk

Our Company's business is financed both by internally generated funds and borrowings. In view of the nature of our business, we are susceptible to fluctuations in interest or profit rates. The interest or profit rates at which we obtain our financing vary, depending on, amongst others BNM's monetary policy and the interest or profit rates charged by financial institutions.

We manage our exposure to interest or profit rate fluctuations by:

- (a) our Company's efforts in sourcing funds from various financial institutions which offer competitive interest or profit rates;

- (b) maintaining a prudent level of long term borrowings ranging from two (2) to six (6) years and using cross currency interest rate swap instruments to hedge our Company's interest rate risk arising from foreign currency bank borrowings; and
- (c) maintaining a diversified source of funding, such as banking facilities and funding from the debt capital markets.

Despite our efforts in mitigating our exposure to interest or profit rate fluctuations, there can be no assurance that changes in the interest or profit rate environment in Malaysia will not have a material adverse effect on our Company's operations and financial results.

(v) **Competition**

Easy Payment schemes

Under our Easy Payment schemes, we offer the General Easy Payment scheme and Vehicles Easy Payment scheme.

Competitors for our Easy Payment schemes include, amongst others, the following:

- (a) credit cards issued by local and foreign financial institutions, which also frequently provide easy payment schemes for purchase of goods and services;
- (b) financial institutions and credit companies providing vehicle financing; and
- (c) merchants providing their own financing for products sold by them on credit sale terms.

Although there is always competition, the threat from new entrants is relatively low due to barriers of entry such as having financial strength and other resources to undertake large-scale operations, the requirement to have an established track record to gain the confidence of merchants and industry knowledge to handle consumer financing and collection.

Further, our Easy Payment schemes in comparison to the credit services offered by other retailers is uniquely structured to allow consumers to purchase a wider and diversified range of products from our wide network of more than 12,000 merchant outlets nationwide as at the LPD. We offer competitive agreement fees, interest/profit rates and fast processing under our Easy Payment schemes.

We are also well positioned to face competition as we have strong domain knowledge of the Malaysian customer and market requirements. We have access to our AEON Express Card database consisting of more than 1.7 million card members as at the LPD and have developed a good track record for our Easy Payment schemes over the past twenty (20) years.

However, there is no assurance that we will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect our business, operations, results or financial condition.

Personal financing schemes

Our primary target market for personal financing schemes is the underserved micro-financing segment of the Malaysian consumer financing industry. Although there are few players in the micro-financing segment, we have experienced and expect to experience competition in this segment from, amongst others, the following:

- (a) licensed financial institutions offering personal loans and other financing schemes including cash advances under credit cards issued;
- (b) co-operatives offering personal loans and other financing to their members;
- (c) pawn shops which carry on the business of pawn broking; and
- (d) licensed moneylenders.

With increased financial sector liberalisation, we expect competition to intensify as local financial institutions realign their strategies and may focus their effort and considerable resources on expanding their involvement in the micro-financing segment.

Although there is always competition, the threat from new entrants is relatively low due to barriers of entry such as financial strength to operate any large-scale personal financing schemes to realise economies of scale.

We are well positioned to face competition as we have established a good reputation amongst our customers and have developed a strong customer base for our personal financing schemes over the years. We have improved our personal financing schemes to cater for a broader range of income levels and higher financing amount, expedited the approval process and introduced instant withdrawal through our ATMs.

However, there is no assurance that we will be able to compete successfully against current and future competitors or that competitive pressures will not materially and adversely affect our business, operations, results or financial condition.

Credit Cards

The credit cards sector is a competitive industry and our Company will continue to face competition from other foreign and local financial institutions. Competitive factors include promotions, privileges and benefits offered to cardholders.

Although there is always competition among credit card issuers, the threat from new entrants is relatively low due to high barriers of entry. Any new entrant would be required to incur high investment costs in information and control systems, and profitability would only be realised upon achieving high transaction volumes.

We are well positioned to face competition as we have markets to be potentially tapped based on our Company's collaboration with major consumer product distributors, merchants and business partners in Malaysia. However, there is no assurance that we will be able to compete successfully against current and future competitors, or that competitive pressures will not materially and adversely affect our business, operations, results or financial condition.

(vi) Exposure to lawsuits

Our Company is exposed to lawsuits by our customers due to reasons ranging from accusation of unethical practices, breach of consumer confidentiality requirement, identity theft, debt recovery and breach of financing terms to fraudulent transactions.

Such lawsuits may result in additional financial liabilities to our Company in terms of financial compensation to our customers, if the lawsuit is in the customers' favour, and legal costs incurred by our Company to defend the lawsuit. In addition, our Company and the AEON brand names may lose credibility and the reputation of our Company may be affected if legal actions were brought against us by our customers.

In Malaysia, most customer complaints are settled through BNM mediation, the Consumer Claims Tribunal, or individual court claims, depending on the severity of the contested breach of responsibility. Claims through the Consumer Claims Tribunal, however, are subject to an upper limit of RM25,000. While we have in place controls in our operating policies and procedures, there can be no assurance that our customers will not take legal action against us or that any lawsuits would not have an adverse effect on the operations and financial performance of our Company.

(vii) Brand recognition and reliance on good relationships with our customers and merchants

Good relationships with our customers and merchants underpin the sustainability and success of our Company, as satisfied customers tend to make recurring transactions with our Company and satisfied merchants continue to be part of our merchant outlet network. Furthermore, our continued success and growth are partly dependent on the continued awareness, loyalty and goodwill associated with our Company and the AEON brand names which we have built up over the course of twenty (20) years of operations in Malaysia.

We continuously endeavour to build and maintain good relationships with our customers by, amongst others, improving on the quality of our customer service, introducing new and innovative products and services, and rewarding our customers for their loyalty. As at the LPD, we have a database of more than 4.0 million card members in Malaysia together with 63 branches and service centres nationwide, from which we actively market our products and provide customer service. Our customer service employees are trained to be customer sensitive and are equipped with the right facilities to serve our customers to the expected levels of satisfaction in keeping with our Company's image.

We also focus on maintaining good relations with our merchants by communicating with them on our policies and being receptive to their concerns and feedback. In addition we actively diversify and increase our merchant base to attract a larger consumer base. As at the LPD, our merchants consist of more than 12,000 outlets who have endorsed our image, products and services to their customers.

Although we will make all reasonable efforts to promote our brand recognition and loyalty through our distribution channels and other public relations activities, there can be no assurance that our Company will be able to continue to build and maintain good relationships with our customers and merchants or maintain our brand awareness in the future. Any deterioration in our relationships with our customers and merchants may have an adverse effect on our Company's business, operations, financial position and performance.

There is also no assurance that there will be an increase in the awareness and loyalty from consumers on our brand names and that any negative publicity or goodwill associated with our branding will not have a material effect on our business.

(viii) Insurance coverage

Our Company purchases insurance policies over the assets of our Company, which include insurance coverage on information technology (“IT”) infrastructure and other equipment at our head office, IT centre and all other business locations.

Our Company also purchases insurance policies to cover potential losses arising from, amongst others incidents of fire and theft at our business locations and our IT infrastructure.

Although we believe that our current insurance coverage is adequate for our existing business and level of operations, we are unable to guarantee that the insurance coverage would be adequate to cover the losses or damages, which we may incur in the course of our business operations. To such extent that any such risks are uninsured, not covered under our insurance policies, or when the insurance protection is not sufficient to cover such risks, we may have to bear such losses or damages and consequently our business and financial condition may suffer a material adverse impact.

(ix) Risk from IT

Our Company, being in the financial services sector, is highly dependent on IT and our IT infrastructure to operate our business in terms of maintaining customer transaction and other data. Our Company utilises proprietary credit card systems and an in-house developed system to cater for our Easy Payment schemes and personal financing schemes. Other sub-systems which our Company utilises are for, amongst others, credit assessment, recovery and credit card fraud detection.

Some of the potential risks from IT which we may face include the risk of unauthorised access of confidential information, loss or unauthorised modification of information and exposure to malware. We are also susceptible to risk of interruption to our business operations or loss of data if we experience any malfunctions or system failure in our IT infrastructure, hardware or network.

We have implemented security controls to recognise and address security risks by establishing IT control protocols, procedures, policies and best practices for information, personnel, network and physical security. We also continuously enhance and develop sub-systems to improve efficiency, functionality and security for our systems as well as have in place proper information security management systems, business continuity plans and off-site back-up support.

However, there is no assurance that any loss of information or unauthorised access to our database or system malfunction or failure will not occur and it will not have a material adverse effect on our Company’s operation and financial results.

(x) Licences, registration and certification requirements

The General Easy Payment scheme for financing consumer products as provided by our Company falls within the scope of a factoring business under the Financial Services Act 2013 (“FSA”). Our Company’s personal financing scheme and Vehicle Easy Payment scheme under the Islamic financing concept are Shariah-compliant. Our Company has obtained BNM’s approval to issue credit cards and has entered into agreements with Visa International Service Association (“VISA”) and MasterCard International Incorporated (“MasterCard”) to issue credit cards in Malaysia under the Visa and MasterCard brand names, respectively. However, in the event that BNM’s approval is revoked or the agreements with Visa and MasterCard are terminated, there is no assurance that it will not have a material adverse effect on our Company’s operation and financial results.

At present, save for general company, contract and commercial laws, our business is not subject to any specific regulations or licensing except for the FSA and Consumer Protection (Credit Sales) Regulations 2012 which governs our General Easy Payment scheme and Vehicle Easy Payment scheme. However, there can be no assurance that changes in legislative or regulatory policy in the future will not affect our operations.

In the event that there is a change to the existing laws, rules, or regulations which requires us to apply for a licence and/or obtain a certification from the relevant authorities, the costs associated with obtaining the licence and certification from the relevant authorities and failure to comply with the conditions imposed by the relevant authorities may have a material adverse effect on our existing operations and financial results.

(xi) Changes in accounting policies

The Malaysian Financial Reporting Standard (“MFRS”) 9 is scheduled to replace the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. MFRS 9 is expected to become effective on 1 January 2018.

One notable consequence from the adoption of MFRS 9 will be the application of expected loss methodology in allowance for impairment loss, as opposed to the current application of incurred loss methodology. Under expected loss methodology, there will be a requirement to provide for provisioning for any existing and new loans extended. Consequently, it is possible that this change in accounting policy may impact our Company’s credit costs which may ultimately impact our Company’s financial performance.

Our Company is currently assessing the financial impact that may arise from the adoption of MFRS 9 including the effects on our Company’s future financial results. However, there is no assurance that the implementation of MFRS 9 will not have a material adverse effect on our Company’s financial results in the future.

(xii) Political, economic and market factors that are outside our control

External factors beyond our control can cause volatility in, and adversely affect demand for our services and operating margins. Examples of such external factors include:

- (a) downturn in general economic conditions;
- (b) competitors’ actions, including significant enhancements in services provided by competitors or reduction in interest/profit rates or charges offered to consumers;

- (c) reduction in consumer spending patterns;
- (d) adverse currency fluctuations;
- (e) international events and circumstances such as wars, terrorist attacks and political instability; and
- (f) adverse changes in legal regimes and governmental regulations, such as taxation, duties and tariffs in Malaysia.

Whilst our Company strives to take effective measures such as prudent financial management and ensure efficient operating procedures, there can be no assurance that adverse political, economic and market factors will not materially affect our Company's operations and financial results.

(xiii) CAR imposed on our Company

Under the letter of approval from BNM to our Company to issue credit cards in Malaysia, we are required to maintain a CAR⁶ of 16%, where "capital" refers to total equity. Based on our audited financial position as at 28 February 2017, our CAR stood at 19.5%.

Notwithstanding the above, if our CAR falls below 16%, we will be required take the necessary actions to raise requisite capital to accommodate the growth in our Company's financing receivables and increase our CAR to meet the minimum level imposed on our Company. However, there is no assurance that the Company will be able to raise the requisite capital to increase CAR in a timely manner. As mentioned in Section 3 of this Abridged Prospectus, the Rights Issue of ICULS provides an avenue to allow our Company to improve our CAR upon conversion.

(xiv) Dependency on our Directors and key senior management

Our Board and key management team comprise of foreign and local employees. Our substantial shareholder, AFS, second its employees to our Company for the position of Managing Director and certain Directors and key management positions to oversee the day-to-day operations and performance of our Company whilst certain Directors and key management positions are filled by local employees.

Our performance and growth to date have been achieved with the contribution and involvement of both the foreign and local members of our Board and the services of our key members of management. Our senior management team comprises persons who have many years of relevant working experience and in-depth knowledge of easy payment schemes, personal financing schemes and the credit cards industry. Our current Managing Director, Kenji Fujita, began his career in AEON Co. Ltd., Japan in 1992, and has held various roles in Japan, Malaysia and Hong Kong prior to being appointed as an Executive Director of our Company in June 2013 and subsequently as Managing Director in June 2014. Our management team have over the last twenty (20) years steered our Company towards continued growth in terms of business volume and profitability.

Nevertheless, our continued success does not depend solely upon the continued employment and performance of our existing key management personnel as we have in place succession plans for our key management personnel as well as having a structured organisation and operations management systems in place. Our Company has the benefit of sharing knowledge and expertise in consumer credit business management with our substantial shareholder, AFS, which has continuously given guidance and support over the years.

⁶ Computed based on our Company's total equity excluding hedging reserve divided by the total value of receivables.

Furthermore, we also have in place our Nomination Committee and Remuneration Committee whose responsibilities include, amongst others, to recommend candidates for appointments to our Board, board committees, consultative panels, regulatory committees and key management positions. The work carried out by our Nomination Committee and Remuneration Committee is aimed at mitigating any adverse effects to our Company in the event of the departure of any existing Directors or key management personnel of our Company.

Our future success will, to a large extent, depend on our ability to retain our key management personnel and also our ability to attract and retain highly talented managerial personnel. Competition for such talented personnel is intense.

Notwithstanding that we have management succession plans in place which would facilitate the continuity of our management with the appropriate experience, expertise and calibre in the event of the departure of any of our key management personnel, there can be no assurance that we will be successful in retaining or attracting the personnel we require. Accordingly, there is no assurance that any loss of key members of our management will not have an adverse effect on our business.

(xv) Foreign exchange risks

Our Company's foreign currency risk exposure primarily relates to our Company's U.S. Dollar ("USD") bank borrowings and Japanese Yen ("JPY") denominated inter-company balances. The carrying amount of such bank borrowings and inter-company balances as at 31 May 2017 was RM3.2 billion exposure to USD borrowings and inter-company balances of RM2.7 million in JPY. Changes in foreign exchange rates between the RM and USD may have an effect on our financial results. Our Company adopts a policy of hedging all foreign exchange borrowings by entering into forward foreign exchange contracts and cross currency interest rate swap contracts upon initial drawdown of the facilities.

There can be no assurance that fluctuations in the foreign exchange rate between the RM and USD/JPY will not have any adverse effect on our financial results and operations.

5.2 Risks relating to the Rights Issue of ICULS

(i) Market risk

Various factors could influence the fluctuations of our Shares' market price on the Main Market, which include, the prevailing market sentiments, the liquidity of our Shares, the volatility of the equity markets, interest rate movements, the outlook of the industry in which our Company operates in, corporate developments and future financial performance of our Company as well as changes in regulatory requirements or market conditions.

In addition to the above, the future price performance of our Shares will also depend upon various external factors such as general economic, political and industry conditions, the performance of regional and global bourses as well as sentiments and liquidity in the domestic stock market.

There can be no assurance that the market share price of our Company's Shares (together with the new Shares allotted and issued upon the conversion of the ICULS) will be traded above the Conversion Price after the completion of the Rights Issue of ICULS and during its exercise period. There can also be no assurance that the market share price of the new Shares allotted and issued upon the conversion of the ICULS once it is listed will be at a level that meets the specific investment objectives or targets of any ICULS holder.

(ii) No prior market for the Rights ICULS

The Rights ICULS upon issue will be listed and traded separately from our Company's Shares on the Main Market.

There is currently no prior market for the Rights ICULS. As such, there can be no assurance that an active market for the Rights ICULS will develop upon or subsequent to its listing and quotation on the Main Market or, if developed, that such a market is sustainable or adequately liquid during the tenure of the Rights ICULS.

The market price of the Rights ICULS, like all listed securities traded on Bursa Securities, being new issue of securities is subject to, amongst others, price discovery by investors, fluctuation in tandem with the overall outlook of the Malaysian and global stock exchanges, and will be influenced by, amongst others, the market price and volatility of our Company's Shares, potential payments of dividends, our Company's operating financial results and the remaining exercise period of the Rights ICULS.

There can be no assurance that the market price of the Rights ICULS will be "in-the-money" during the tenure of the ICULS or that it will trade at a level that meets the specific investment objectives or targets of any ICULS holder.

(iii) Repayment risks of the Rights ICULS

The Rights ICULS shall constitute direct, unconditional, unsecured and unsubordinated obligations of our Company and subject to the provisions contained in the Trust Deed, at all times rank equally, without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of our Company except those which are preferred by law.

In the event of the ICULS becoming payable upon the occurrence of an event of default under the terms of the Trust Deed (as set out in Section 2.5 of this Abridged Prospectus), the amount which is immediately due and payable by our Company to the ICULS holders shall be the value of the outstanding ICULS together with all accrued interest, or an amount which the holders of the ICULS may prove for in the liquidation of our Company. There is no assurance that the financial performance of our Group would continue to be profitable and be able to sustain at a satisfactory level to make such payments in the case of an event of default.

Our Company will endeavour and use our best efforts to comply with the provisions as set out in the Trust Deed to avoid any event of default.

(iv) Delay in or abortion of the Rights Issue of ICULS

There is a risk that the Rights Issue of ICULS may be delayed or aborted if any material adverse change of events or circumstances, which is beyond the control of our Company, arises prior to the completion of the Rights Issue of ICULS. Such events or circumstances include, amongst others:

- (a) our Company being unable to meet the public spread requirements for the Rights ICULS, which is a minimum of 100 ICULS holders holding not less than 1 board lot;
- (b) the Undertaking Shareholder who has given the Undertaking fails to or does not fulfil its obligations; or

- (c) where the Joint Underwriters may terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement that include, amongst others, events which may potentially prejudice the success of the Rights Issue of ICULS, have a material effect on the condition (financial or otherwise), business, management, prospects, results of operations, properties or assets of our Company as a whole which in the reasonable opinion of the Joint Underwriters would be likely to be materially adverse to proceed with the Rights Issue of ICULS, on the terms and in the manner contemplated in these Documents and the Underwriting Agreement.

Pursuant to Section 243 of the CMSA, if the Rights Issue of ICULS is aborted, our Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest, in respect of the accepted application for the subscription of the Rights ICULS and the Excess Rights ICULS within fourteen (14) days after our Company is required to do so. If such monies are not refunded within fourteen (14) days after our Company becomes liable, our Company will repay such monies with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC.

Despite the above, our Company will use our best efforts to ensure the successful implementation of the Rights Issue of ICULS. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue of ICULS.

(v) **Potential dilution**

Entitled Shareholders who do not or are not able to accept the Provisional Allotments will have their proportionate ownership and voting interests in our Company reduced upon the conversion of the ICULS into new Shares, and hence the percentage of their shareholdings in our Company will also be reduced accordingly with our enlarged share capital.

5.3 Other risk

Forward-looking statements

This Abridged Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Abridged Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives for future operations of our Company, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “shall”, “should”, “can”, “could”, “may” and “might”. However you should note that these words are not the exclusive means of identifying forward-looking statements. Such forward-looking statements are made by our Board and our Company’s senior management based on numerous estimates and assumptions regarding our present and future business strategies and environments in which our Company will operate. Such factors include general economic and business conditions, competition, impact of new laws and regulations affecting our Company and the industry that we operate in, changes of interest rates and changes in foreign currency exchange rates. Although believed to be reasonable as at the LPD, the forward-looking statements are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or a warranty by us or by CIMB, in connection with the Rights Issue of ICULS, that such plans and objectives of our Company will be achieved.

Additional factors that could cause actual results, performance or achievements to differ materially include but are not limited to those discussed elsewhere in this section of this Abridged Prospectus on “Risk Factors”. We cannot give assurance that the forward-looking statements made in this Abridged Prospectus will be realised.

Save as required by Section 238(1) of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Abridged Prospectus to reflect any changes in our expectations or any change in events, conditions or circumstances on which such statements are based.

6. EFFECTS OF THE RIGHTS ISSUE OF ICULS

6.1 Share capital

The pro forma effects of the Rights Issue of ICULS on the share capital of our Company are as follows:

	<u>No. of Shares</u> (’000)	<u>Amount</u> (RM’000)
As at the LPD	216,000	152,012
To be issued pursuant to the Rights Issue of ICULS ⁽¹⁾	39,308	432,000
Enlarged share capital	<u>255,308</u>	<u>584,012</u>

Note:

(1) *Based on the Conversion Price.*

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6.2 NA, NA per Share and gearing

Based on our Company's latest audited statements of financial position as at 28 February 2017, the pro forma effects of the Rights Issue of ICULS on our Company's NA, NA per Share and gearing are as follows:

	Pro forma				
	Audited	(I)	(II)	(III)	(IV)
As at FYE 28 February 2017	After the Bonus Issue	After (I) and Rights Issue of ICULS ⁽¹⁾	After (II) and the utilisation of proceeds ⁽²⁾	After (III) and full conversion of Rights ICULS ⁽³⁾	
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	116,012	152,012	152,012	152,012	584,012
Hedging reserve	(27,354)	(27,354)	(27,354)	(27,354)	(27,354)
Retained earnings	866,329	830,329	825,719	825,719	825,719
ICULS reserves	-	-	391,444	391,444	-
Equity attributable to ordinary equity holders of the Company/NA	954,987	954,987	1,341,821	1,341,821	1,382,377
Perpetual notes and sukuk	276,000	276,000	276,000	276,000	276,000
Total equity	1,230,987	1,230,987	1,617,821	1,617,821	1,658,377
No. of Shares ('000)	144,000	216,000	216,000	216,000	255,308
NA per Share (RM) ⁽⁴⁾	6.63	4.42	6.21	6.21	5.41
Total borrowings	5,872,225	5,872,225	5,913,711	5,758,711	5,717,225
Total cash and bank balances	73,667	73,667	505,667	346,057	346,057
Gearing ⁽⁵⁾ (times)	4.77	4.77	3.66	3.56	3.45
Net gearing ⁽⁵⁾ (times)	4.71	4.71	3.34	3.35	3.24

Notes:

- (1) *After deducting the estimated expenses of approximately RM4.6 million in relation to the Rights Issue of ICULS. On the issuance of the Rights ICULS, the fair value of the Rights ICULS is determined and allocated into its liability and equity components, as the Rights ICULS are accounted for as a compound instrument. The equity component of the Rights ICULS of RM391.4 million represents the difference between the fair value of the Rights ICULS as a whole and the fair value of the liability component of Rights ICULS. Deferred tax asset on the compound financial instrument of RM0.9 million is also added directly to the carrying amount of the equity component. The liability component is initially determined at the fair value of RM41.5 million, which is derived from the present value of all the Rights ICULS coupon obligations throughout its tenure based on the discount rate of 4.6%.*
- (2) *Details of the utilisation of proceeds of the Rights Issue are described in Section 4 of this Abridged Prospectus.*
- (3) *Based on the Conversion Price resulting in the issuance of 39,308,462 new Shares upon full conversion.*
- (4) *Based on the equity attributable to the ordinary equity holders of the Company over the number of Shares.*
- (5) *Gearing was computed by dividing the total borrowings with total equity. Net gearing was computed by dividing the total borrowings less total cash and bank balances with total equity.*

For illustration purposes only and based on our Company's audited financial position as at 28 February 2017, the CAR is expected to improve from 19.5% to 26.2% upon full conversion of the Rights ICULS.

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6.3 Earnings and EPS

The Rights Issue of ICULS is not expected to have any material effect on the earnings and EPS of our Company for the FYE 28 February 2018.

For illustration purposes only, the dilutive impact on the EPS attributable to the ordinary equity holders of our Company for the FYE 28 February 2017 from the increase in the number of Shares pursuant to the completion of the Bonus Issue and the conversion of the ICULS are as follows:

	FYE 28 February 2017	After Bonus Issue	After the Bonus Issue and full conversion of ICULS
	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to equity holders	265,027	265,027	265,027
Distribution to the holders of perpetual notes and perpetual sukuk, net of tax	<u>(13,681)</u>	<u>(13,681)</u>	<u>(13,681)</u>
Net profit attributable to ordinary equity holders	251,346	251,346	251,346
No. of Shares ('000)	<u>144,000</u>	<u>216,000⁽¹⁾</u>	<u>255,308⁽²⁾</u>
EPS (Sen)	<u>174.55</u>	<u>116.36</u>	<u>98.45</u>

Notes:

- (1) *Following the completion of the Bonus Issue on 19 July 2017.*
- (2) *Based on the Conversion Price.*

The EPS in the future financial years may be affected by the conversion of the ICULS subject to the level of returns to be generated from the utilisation of the proceeds raised from the Rights Issue of ICULS. However, the extent of dilution to the EPS is dependent on, amongst others, the actual number of ICULS converted and the future earnings of our Company after incorporating coupon payments for the ICULS during its tenure.

Barring unforeseen circumstances, the utilisation of the proceeds arising from the Rights Issue of ICULS is expected to contribute positively to the future earnings of our Company.

7. INDUSTRY OVERVIEW AND PROSPECTS OF OUR COMPANY

7.1 The Malaysian economy

The Malaysian economy recorded a higher growth of 5.6% in the first quarter of 2017 (4Q 2016: 4.5%). Private sector activity was higher and remained as the main driver of growth. Growth was further lifted by higher exports, as increased demand for manufactured products led to a strong growth in real exports (9.8%; 4Q 2016: 2.2%). Real imports also increased at a faster rate of 12.9% (4Q 2016: 1.6%) on account of higher growth of capital and intermediate goods. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.8% (4Q 2016: 1.3%).

Domestic demand growth increased to 7.7% in the first quarter of the year (4Q 2016: 3.2%), supported by continued expansion in private sector expenditure (8.2%; 4Q 2016: 5.9%) and the turnaround in public sector expenditure. Private consumption grew by 6.6% (4Q 2016: 6.1%). Household spending remained supported by continued expansion in employment and wage growth. The implementation of selected Government measures, including the higher amount of Bantuan Rakyat 1Malaysia cash transfers, also provided additional impetus to household spending. Public consumption recorded a stronger growth of 7.5% (4Q 2016: -4.2%) attributed to higher spending on both emoluments and supplies and services. Private investment grew at a robust pace of 12.9% (4Q 2016: 4.9%), following continued capital spending in the services and manufacturing sectors. Investments in machinery and equipment were higher during the quarter, supported by the implementation of several large-scale projects in the manufacturing sector.

Business sentiments improved during the quarter amid the better international economic environment and more stable financial markets. Public investment registered a higher growth of 3.2% (4Q 2016: -0.4%), driven mainly by higher spending on fixed assets by public corporations. Gross fixed capital formation rose by 10.0% (4Q 2016: 2.4%), due to a turnaround in public investment and higher private investment growth. The stronger growth in total investment was due to broad based increases in capital spending in machinery and equipment (21.8%; 4Q 2016: 2.9%), structures (3.8%; 4Q 2016: 2.8%) and other types of assets (1.4%; 4Q 2016: -2.0%).

On the supply side, most economic sectors expanded at a faster pace. The improvement in the overall growth was contributed primarily by the turnaround in the agriculture sector and higher growth in the manufacturing and services sectors. The services sector expanded at a faster pace in the first quarter. Growth in the wholesale and retail sub-sector improved in line with higher household spending. The finance and insurance sub-sector also registered higher growth, supported by improvements in loan growth and capital market activity amid higher issuance of IPOs (initial public offerings). Growth in the construction sector was stronger, supported by civil engineering activity in the petrochemical, power plant and transportation segments.

Headline inflation was higher at 4.3% in the first quarter of 2017 (4Q 2016: 1.7%) driven mainly by cost factors. During the quarter, prices of RON95 petrol averaged higher at RM2.23 per litre compared to an average of RM1.73 per litre during its base period in the 1Q 2016. This resulted in significantly higher inflation in the transport category at 16.2% (4Q 2016: -2.6%). Higher domestic fuel prices were primarily an outcome of the increase in global oil prices following OPEC's (Organization of Petroleum Exporting Countries) agreement to cut production effective 1 January 2017. Inflation in the food and non-alcoholic beverages category was higher at 4.2% (4Q 2016: 3.3%) with the food away from home sub-category registering a growth of 4.0% (4Q 2016: 3.4%). The increase in food inflation was due to shortages in fresh food supplies amid adverse weather conditions, which were also transmitted into the higher prices for food away from home. However, in March 2017, food inflation started to moderate as supply conditions improved.

Labour market conditions remained stable in the first quarter, with slightly higher labour force participation, at 67.7% of the working age population (4Q 2016: 67.6%). During the quarter, the labour force expansion of 98,700 people was met with a corresponding net employment gain of 95,300 people. As such, the unemployment rate remained unchanged at 3.5% of the labour force (4Q 2016: 3.5%). Higher vacancies posted on a major job search website at 61,760 positions suggest increasing demand for new hires (4Q 2016: 53,214). Private sector wages continued to expand at a sustained pace of 4.5% in 1Q 2017 (4Q 2016: 4.4%), as the stronger wage growth in the major services sub-sectors (5.1%; 4Q 2016: 3.7%) offset the moderating wage growth in the manufacturing sector during the quarter (3.2%; 4Q 2016: 5.9%). Wage expansion during the quarter was supported by both domestic- and export-oriented manufacturing and services industries.

The ringgit and most regional currencies appreciated against the US dollar during the quarter amid the broad weakening of the US dollar. Despite reaching the highest level in 14 years in early January, the dollar index went on a downward trend during the quarter. The weaker US dollar sentiments were driven mainly by market uncertainties on the direction and implication of policies in the US. Regional currencies were also supported by renewed investor interest in financial assets of regional countries following the Federal Reserve's decision to maintain the path of interest rate normalisation in March. In addition, the ringgit showed more stability during the quarter compared to the previous quarter following the measures announced by the Financial Market Committee of Bank Negara Malaysia in December 2016.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2017, Bank Negara Malaysia)

7.2 Prospects for 2017

Global growth enters the year 2017 on a stronger footing with positive economic data releases across regions. In the advanced economies, private consumption continues to support domestic activity amid improvement in the labour market conditions and recovery in household wealth. Recent data suggests a more favourable outlook for investment compared to 2016, which will translate into stronger global trade. Growth in the emerging market economies is benefitting from the recovery in commodity prices as external demand improves. This outlook is reinforced by sustained domestic demand against a supportive policy environment. Against this backdrop, global growth is expected to expand at a faster pace in 2017.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2017, Bank Negara Malaysia)

The world economy is projected to expand 3.4% in 2017 supported by rising growth in emerging and developing economies as well as a modest pickup in the advanced economies (2016: 3.1%). Meanwhile, world trade is envisaged to accelerate 3.8% (2016: 2.3%). However, several downside risks remain, which include a further slowdown in the world growth and heightening volatility in global financial markets.

The Malaysian economy is expected to expand between 4% and 5% in 2017 (2016: 4%-4.5%) with nominal gross national income per capita increasing 5% to RM39,699 (2016: 4.8%; RM37,812). Economic growth will be underpinned by strong domestic demand, especially private sector expenditure. Private sector activity will be supported by pro-growth fiscal and accommodative monetary policies in an environment of stable inflation, which is projected to range between 2% to 3% (2016: 2%-2.5%). Meanwhile, public sector expenditure will be driven mainly by higher capital investment by public corporations.

On the supply side, growth is expected to be broad-based with all sectors recording positive growth. Value-added in the services sector is expected to increase 5.7% in 2017 driven by expansion across all subsectors (2016: 5.6%). The wholesale and retail trade as well as food & beverages and accommodation subsectors are expected to grow 6.7% and 6.5%, respectively supported by strong domestic consumption and tourism-related activities (2016: 6.2%; 6.1%). The information and communication subsector is anticipated to expand 9.6% driven by growing adoption of digital services and devices by small and medium enterprises as well as households (2016: 9.4%). Meanwhile, value-added of real estate and business services subsector is expected to increase 6.5% (2016: 6.6%) in view of increased demand for professional services. The transport and storage subsector is projected to expand further by 5.8% (2016: 5.7%), largely driven by higher passenger volume following the commencement of Mass Rapid Transit (MRT) services.

(Source: Economic Report 2016/2017, Ministry of Finance, Malaysia)

7.3 Malaysian finance market overview and outlook

During the first quarter of 2017, the finance and insurance subsector increased 3.5% (Q1 2016: 0.02%) supported by the finance segment. During the quarter, the finance segment rose 3.9% (Q1 2016: 0.2%) led by higher growth in Financial Intermediation Services Indirectly Measured and fee-based income. Meanwhile, the insurance segment rebounded 2.2% (Q1 2016: -0.5%) following higher claims in general insurance amid moderate premium income.

(Source: Quarterly Update on the Malaysian Economy - 1st Quarter 2017, Ministry of Finance, Malaysia)

During the first five months of 2017, total loans approved increased by 7.3% to RM145.8 billion (January-May 2016: -14.0%, RM135.9 billion), with approved loans to households increasing by 15.0% to RM81.0 billion (January-May 2016: -22.0%, RM70.5 billion). Total outstanding loans recorded a growth of 5.5% to RM1,539.1 billion (January-May 2016: 6.18%; RM1,458.5 billion), particularly from the household sector which increased 5.1% to RM877.5 billion of total outstanding loans (January-May 2016: 6.20%; RM834.8 billion).

(Source: Monthly Highlights and Statistics, May 2017, Bank Negara Malaysia)

7.4 Prospects of our Company

For the FYE 28 February 2017, our Company recorded an audited revenue of RM1,102.0 million and a PBT of RM351.2 million as compared to a revenue of RM965.2 million and a PBT of RM301.6 million in the previous financial year. Vehicle Easy Payment and personal financing schemes have been key contributors to the revenue of our Company for the financial year.

While the economic environment was challenging in 2016, both globally and domestically, our Company expects to maintain its current financial performance during the FYE 28 February 2018 based on the implementation of our Company's business plans and, on the back of a favourable economic outlook for the year. The key focus areas for the FYE 28 February 2018 include branch transformation through web application and self-service terminals, embarking on digital marketing to enhance the service level to customers and introducing innovative card services under E-money platform.

Our Company's long-term strategy is to continue to serve a wide spectrum of customers in terms of income group, including consumers from the lower socioeconomic group who may be underserved by the mainstream banking players, and to offer competitive and flexible product pricing to cater for different customer segments with different risk profiles.

Our Company is fully cognisant that product value proposition and understanding of customer needs, excellent customer service and strong branding awareness and reputation in the market are key elements for long-term business sustainability in the market.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

Our Board is in the opinion that after taking into consideration the proceeds from the Rights Issue of ICULS, banking facilities available to our Company and the cash flow generated from operations, our Company will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

8.2 Borrowings

As at the LPD, the total borrowings (nominal) of our Company, all of which are interest-bearing, are as follows:

	(RM'000)
Non-current:	
Term loans/financing	4,334,052
	<u>4,334,052</u>
Current:	
Bank overdrafts	14,286
Revolving credits	471,407
Term loans/financing	689,920
	<u>1,175,613</u>
Total borrowings (nominal)	<u>5,509,665</u>

The borrowings were denominated in the following currencies:

	(RM'000)
Ringgit Malaysia	2,794,285
United States Dollar	2,715,380 ⁽¹⁾
	<u>5,509,665</u>

Note:

(1) Equivalent to USD746.88 million.

There has been no default on payments of either interest or principal sums on any of the above borrowings throughout the FYE 28 February 2017, and the subsequent financial period up to the LPD.

8.3 Contingent liabilities

Our Board confirms that as at the LPD, there are no other contingent liabilities incurred or known to be incurred by our Company which, upon becoming enforceable, may have a material impact on the financial position or results of our Company.

8.4 Material commitments

Save as disclosed below, our Board confirms that as at the LPD, there are no other material commitments incurred or known to be incurred by our Company that has not been provided for, which upon becoming enforceable, may have a material effect on the financial position or results of our Company:

Capital expenditure commitments	(RM'000)
Plant and equipment (contracted but not provided for)	3,572

9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, EXCESS APPLICATION FOR THE RIGHTS ICULS AND PAYMENT FOR THE EXCESS RIGHTS ICULS AS WELL AS APPLICATION AND THE PROCEDURES TO BE FOLLOWED, SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL AND/OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

9.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights ICULS.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments, which you are entitled to subscribe for in full or in part in accordance with the terms and conditions of the Rights Issue of ICULS.

You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed with this Abridged Prospectus, an NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and an RSF to enable you to subscribe for such Rights ICULS provisionally allotted to you, as well as to apply for the Excess Rights ICULS, if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (www.bursamalaysia.com).

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights ICULS Subscription File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 9.4 and 9.6 of this Abridged Prospectus for the procedures for acceptance of your Provisional Allotments and to apply for Excess Rights ICULS respectively, if you choose to do so.

You should take note that a trading board lot for the Rights ICULS will comprise of 100 Rights ICULS. The minimum number of Rights ICULS that can be subscribed for or accepted is two (2) Rights ICULS for every one (1) Share held. Fractions of an ICULS will be disregarded and shall be dealt with at our Board's absolute discretion in such manner as it deems fit and in the best interest of our Company.

9.2 Last time and date for acceptance and payment

The last time and date for acceptance and payment for the Provisional Allotments (whether in full or in part) is at **5:00 p.m. on 6 September 2017** or such later date as our Board, Principal Adviser, Lead Arranger and Joint Underwriters may decide and announce at their absolute discretion not less than two (2) Market Days before the Closing Date.

9.3 Methods of acceptance and application

You may subscribe for your Provisional Allotments and apply for Excess Rights ICULS, if you so choose to do so, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾	All Entitled Shareholders
Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS

Notes:

- (1) *A copy of the RSF is enclosed together with this Abridged Prospectus. The RSF is also available on the Bursa Securities' website (www.bursamalaysia.com).*
- (2) *The following surcharge per Electronic Application will be charged by the respective Participating Financial Institutions:*
- Affin Bank Berhad – RM4.24 (inclusive of 6% GST); and
Public Bank Berhad – RM4.24 (inclusive of 6% GST).*
- (3) *The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institutions:*
- Affin Bank Berhad – RM4.24 (inclusive of 6% GST); and
Public Bank Berhad – RM4.24 (inclusive of 6% GST).*

9.4 Procedures for acceptance and payment for the Provisional Allotments

9.4.1 By way of RSF

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE.

If you wish to accept the Provisional Allotments, either in full or in part, please complete Parts I and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed RSF together with the relevant payment must be despatched **BY ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address and arrive **by the Closing Date**, or such later time and date as our Board, Principal Adviser, Lead Arranger and Joint Underwriters may decide and announce at their absolute discretion not less than two (2) Market Days before the Closing Date:

BY ORDINARY POST

Symphony Share Registrars Sdn Bhd

Peti Surat 9150
Pejabat Pos
Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

BY COURIER or DELIVERED BY HAND

Symphony Share Registrars Sdn Bhd

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel no : +603-7849 0777 (Helpdesk)
Fax no : +603-7841 8151/8152

Only one (1) RSF can be used for acceptance of Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for separate CDS Account(s). The Rights ICULS subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

If acceptance and payment for the Provisional Allotments (whether in full or in part) are not received by our Share Registrar by the Closing Date, or such later time and date as our Board, Principal Adviser, Lead Arranger and Joint Underwriters may decide and announce at their absolute discretion not less than two (2) Market Days before the Closing Date, you will be deemed to have declined the Provisional Allotments made to you and it will be cancelled. Such Rights ICULS not taken up will be allotted to the applicants applying for Excess Rights ICULS in the manner as set out in Section 9.6 of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of this Abridged Prospectus or the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar at the address stated above, or at our registered office.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Provisional Allotments accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia, crossed "A/C PAYEE ONLY" and made payable to "ACSM ICULS RIGHTS ACCOUNT" and endorsed on the reverse side with your name, address, contact number and CDS Account number in block letters.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF ICULS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

ALL RIGHTS ICULS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICULS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS ICULS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL CERTIFICATES WILL BE ISSUED BUT NOTICES OF ALLOTMENT WILL BE DESPATCHED TO SUCCESSFUL APPLICANTS.

Notification on the outcome of your application for the Provisional Allotments will be despatched to you by ordinary post to the address as shown in Bursa Depository's record at your own risk within the timelines as follows:

- (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
- (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

9.4.2 By way of Electronic Application

Only Entitled Shareholders who are individuals may apply for the Rights ICULS by way of Electronic Application.

If you wish to accept the Provisional Allotments, either in full or in part, by way of Electronic Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Applications and the procedures set out at the ATMs of the Participating Financial Institutions before making an Electronic Application.

(1) Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

- (a) Affin Bank Berhad; and
- (b) Public Bank Berhad.

(2) Steps for Electronic Applications through an ATM of Participating Financial Institutions within Malaysia

The procedures for Electronic Application at the ATMs of the Participating Financial Institutions are set out on their ATM screens. For illustrative purposes, the following steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully and follow the terms of this Abridged Prospectus, the steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by the Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights ICULS at an ATM belonging to another Participating Financial Institution;
- (b) You are advised to read and understand this Abridged Prospectus before making the application; and
- (c) You may apply for your Provisional Allotments via the ATMs of the Participating Financial Institutions by choosing the Electronic Application option. The details required in the application are as set out in “**Terms and conditions for Electronic Applications**” below. You should follow the instructions on the ATM screen, and when required to do so, you should provide at least the following information:
 - (i) Enter personal identification number (“**PIN**”);
 - (ii) Select “**ACSM ICULS RIGHTS ACCOUNT**”;
 - (iii) Enter your CDS Account number;
 - (iv) Enter the number of Rights ICULS applied for and the RM amount to be debited from the account;
 - (v) Enter your current contact number (for example your mobile phone number); and
 - (vi) Confirm several mandatory statements.

Upon completion of the Electronic Application transaction, you will receive a computer generated transaction slip (“**Transaction Record**”) confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or our Share Registrar. The Transaction Record is for your record only and is not required to be submitted with your application.

FOR ELECTRONIC APPLICATIONS THROUGH AN ATM OF PARTICIPATING FINANCIAL INSTITUTIONS, THE RSF AND TRANSACTION RECORD ARE NOT REQUIRED TO BE SUBMITTED. AS SUCH, THE STAMP DUTY OF RM10.00 AFFIXED ON THE RSF IS NOT REQUIRED.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION MAY BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(3) Terms and conditions for Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
 - (i) You have attained eighteen (18) years of age as at the Closing Date;
 - (ii) You have read this Abridged Prospectus and understood and agreed with the terms and conditions of the application; and
 - (iii) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, the respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself, and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any persons as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosures as described above;

- (b) You confirm that you are not applying for the Rights ICULS as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner;
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application which does not strictly conform to the instructions set out on the screen of the ATM, through which the Electronic Application is being made, may be rejected;

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights ICULS applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by action of pressing the pre-designated keys or buttons on the ATM) of the number of Rights ICULS applied for will signify, and will be treated as, your acceptance of the number of Rights ICULS that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the relevant Participating Financial Institutions;

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Rights ICULS allotted to you into your CDS Account;

- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions and irrevocably agree that if:

(i) our Company, Bursa Depository or our Share Registrar does not receive your Electronic Application; or

(ii) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,

you will be deemed not to have made an Electronic Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions for the Rights ICULS applied for or for any compensation, loss or damage relating to the application for the Rights ICULS;

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application must be true and correct, and our Company, Bursa Depository, our Share Registrar and the relevant Participating Financial Institutions are entitled to rely on the accuracy thereof;

- (h) You will ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application may be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your address last maintained with Bursa Depository;

- (i) By making and completing an Electronic Application, you agree that:

(i) in consideration of our Company agreeing to allow and accept your application for the Rights ICULS via the Electronic Application facility established by the relevant Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

- (ii) our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions will not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Rights ICULS for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and
 - (iv) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia;
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- (k) Notification on the outcome of your application for the Rights ICULS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:
- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
 - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.2(3) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

9.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights ICULS by way of Internet Application. However, the application must be made within Malaysia.

If you wish to accept the Provisional Allotments, either in full or in part, by way of Internet Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Applications and the procedures set out on the internet financial services website of the relevant Internet Participating Financial Institutions before making an Internet Application.

(1) Internet Participating Financial Institutions

Internet Applications may be made through the internet financial services facilities of the following Internet Participating Financial Institutions:

- (a) Affin Bank Berhad at (www.affinbank.com.my); and
- (b) Public Bank Berhad at (www.pbebank.com).

(2) Steps for Internet Applications through Internet Participating Financial Institutions

Before making an application by way of Internet Application, you must have all of the following:

- (a) An existing account with access to internet financial services with the Internet Participating Financial Institutions. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) A CDS Account registered in your name.

You are advised to read and understand this Abridged Prospectus before making your application.

While our Company will attempt to provide you with assistance in your application for the Rights ICULS through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of the Internet Participating Financial Institutions may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only:

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of the Rights Issue of ICULS;
- (iv) Select the counter in respect of the Rights ICULS to launch the terms and conditions of the Internet Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;

- (vii) Check that the information contained in your online application form, such as the share counter (in this case, “**ACSM ICULS RIGHTS ACCOUNT**”), your NRIC number, your current contact number (for example your mobile phone number), your CDS Account number, number of Rights ICULS applied for, the amount of payment of application monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;
- (viii) As soon as the transaction is completed, a message from the relevant Internet Participating Financial Institution with details of your application will appear on the screen of the website; and
- (ix) You are advised to print out the confirmation screen in respect of your Internet Application (“**Confirmation Screen**”) for your own reference and record.

FOR INTERNET APPLICATIONS, THE RSF AND CONFIRMATION SCREEN PRINTOUT ARE NOT REQUIRED TO BE SUBMITTED. AS SUCH, THE STAMP DUTY OF RM10.00 AFFIXED ON THE RSF IS NOT REQUIRED.

YOU MUST ENSURE TO ENTER THE CDS ACCOUNT NUMBER HELD IN YOUR NAME WHEN MAKING AN INTERNET APPLICATION.

(3) Terms and conditions for Internet Applications

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
 - (i) You have attained eighteen (18) years of age as at the Closing Date;
 - (ii) You have, prior to making the Internet Application, received a printed copy of this Abridged Prospectus or have had access to the electronic copy of this Abridged Prospectus from Bursa Securities’ website at (www.bursamalaysia.com), the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
 - (iv) You authorise the relevant Internet Participating Financial Institution with which you have a bank account to deduct the full amount payable for the Rights ICULS (including the processing fee as mentioned in Section 9.3 (Note 3) of this Abridged Prospectus) from your bank account with the said Internet Participating Financial Institution; and

(v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the FSA and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, or information pertaining to yourself, the Internet Application made by you, your account with the relevant Internet Participating Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund;

(b) You confirm that you are not applying for the Rights ICULS as a nominee of any other person and that the Internet Application is made in your own name, as the beneficial owner and subject to the risks referred to in this Abridged Prospectus;

(c) You agree and undertake to subscribe for or purchase and to accept the number of Rights ICULS applied for as stated on the Confirmation Screen. Your confirmation of the number of Rights ICULS applied for will signify, and will be treated as, your acceptance of the number of Rights ICULS that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the relevant Internet Participating Financial Institution;

(d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights ICULS allotted to you into your CDS Account;

(e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Bursa Depository, our Share Registrar or the relevant Internet Participating Financial Institutions and irrevocably agrees that if:

(i) our Company, Bursa Depository or our Share Registrar does not receive your Internet Application; or

(ii) data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,

you will be deemed not to have made an Internet Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Internet Participating Financial Institutions for the Rights ICULS applied for or for any compensation, loss or damage relating to the application for the Rights ICULS;

(f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application must be true and correct, and our Company, Bursa Depository, our Share Registrar and the relevant Internet Participating Financial Institutions are entitled to rely on the accuracy thereof;

- (g) You will ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institutions are correct and identical. Otherwise, your Internet Application may be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your address last maintained with Bursa Depository;
- (h) By making and completing an Internet Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept your application for the Rights ICULS via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services websites, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) our Company, Bursa Depository, our Share Registrar or the relevant Internet Participating Financial Institutions will not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Rights ICULS for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and
 - (iv) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia;
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- (j) Notification on the outcome of your application for the Rights ICULS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
 - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.3(3) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account from which your Internet Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk;

- (k) A surcharge is imposed on each Internet Application which will be charged by the respective Internet Participating Financial Institutions as mentioned in Section 9.3 of this Abridged Prospectus; and
- (l) You authorise the relevant Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of ICULS, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the relevant Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with Rights ICULS. Further, the relevant Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the relevant Internet Participating Financial Institution in connection with the use of their Internet Application services.

9.4.4 By way of NRS

We have appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only the Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(1) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, NPA or RSF by post.
- (b) Instead, this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominee in the manner as set out in Bursa Depository's user guide for NRS, on the next Market Day after the Entitlement Date.

- (c) A notification of the electronic delivery of this Abridged Prospectus and the Rights Issue Entitlement File will be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, before making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of ICULS.
- (f) To apply for the Provisional Allotments, you will be required to submit your subscription information via a Rights ICULS Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.
- (g) Once completed, you will need to submit the Rights ICULS Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the Closing Date.
- (h) Together with the Rights ICULS Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights ICULS which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank	: CIMB BANK BERHAD
Account Name	: ACSM ICULS RIGHTS ACCOUNT
Bank Account No.	: 8008730415

prior to submitting the Rights ICULS Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Provisional Allotments electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days after the Closing Date.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 9.4.4(2) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights ICULS Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights ICULS allotted to you into your CDS Account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Provisional Allotments submitted under NRS will be irrevocable upon submission of the Rights ICULS Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(2) Terms and Conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights ICULS applied for as stated on your Rights ICULS Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights ICULS that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights ICULS Subscription File to Bursa Depository, you, if successful, request and authorise our Company to credit the Rights ICULS allotted to you into the respective CDS Account(s) as indicated in the Rights ICULS Subscription File.

(d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:

- (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
- (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights ICULS applied for or for any compensation, loss or damage relating to the application for the Rights ICULS.

(e) By completing and submitting the Rights ICULS Subscription File to Bursa Depository, you agree that:

- (i) In consideration of our Company agreeing to allow and accept your application for the Rights ICULS via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
- (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights ICULS issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights ICULS; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserve the right to reject applications which do not conform to these instructions.

9.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you and/or your renounee(s) and/or your transferee(s) (if applicable) wish to sell or transfer all or part of your entitlement to one (1) or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale and transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

Renounee(s) or transferee(s) of the Provisional Allotments may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar at our registered office. This Abridged Prospectus and the RSF is also available on Bursa Securities' website at (www.bursamalaysia.com).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS FOR THE SETTLEMENT OR TRANSFER.

If you and/or your renounee(s) and/or transferee(s) (if applicable) have sold or transferred only part of the Provisional Allotments, you may still accept the balance of your Provisional Allotments by using the procedures described in Section 9.4 of this Abridged Prospectus.

YOU SHOULD NOTE THAT ACCEPTANCES AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

9.6 Procedures for application for Excess Rights ICULS

The portion of the Provisional Allotments that have not been accepted shall be allotted to the successful applicants who have applied for the Excess Rights ICULS.

If you are an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may apply for Excess Rights ICULS in addition to your Provisional Allotments.

It is the intention of our Board to allot the Excess Rights ICULS, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for the Excess Rights ICULS in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights ICULS on a pro-rata basis and in board lots, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights ICULS on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights ICULS applied for; and

- (iv) fourthly, for allocation to renounee(s) and/or transferee(s) (if applicable) who have applied for Excess Rights ICULS on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights ICULS applied for.

In the event of any balance of Excess Rights ICULS after steps (i), (ii), (iii) and (iv) are carried out, steps (ii), (iii) and (iv) will be repeated to allocate the balance Excess Rights ICULS.

In the event of an undersubscription by you and/or your renounee(s) and/or transferee(s) (if applicable), even after all Excess Rights ICULS have been taken into consideration, the remaining unsubscribed Rights ICULS will be subscribed by the Joint Underwriters in accordance with the terms and conditions set out in the Underwriting Agreement.

Our Board reserves the right to allot any Excess Rights ICULS applied for in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intentions of our Board set out above is achieved. Our Board also reserves the right not to accept or accept the Excess Rights ICULS application, in full or in part, without assigning any reason.

9.6.1 By way of RSF

If you are an Entitled Shareholder and/or a renounee/transferee (if applicable), you may apply for Excess Rights ICULS in addition to your Provisional Allotments. If you wish to do so, please complete Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** made in RM for the **FULL** and **EXACT** amount payable in respect of your Excess Rights ICULS applied for) using the envelope provided. Each completed RSF together with the relevant payment must be despatched **BY ORDINARY POST, COURIER** or **DELIVERED BY HAND** (at your own risk) to our Share Registrar at the address as set out in Section 9.4.1 of this Abridged Prospectus, so as to arrive **by the Closing Date**, or such later time and date as our Board, Principal Adviser, Lead Arranger and Joint Underwriters may decide and announce at their absolute discretion not less than two (2) Market Days before the Closing Date.

Payment for the Excess Rights ICULS applied should be made in the same manner described in Section 9.4.1 of this Abridged Prospectus except that the banker's draft(s) or cashier's order(s) or money order(s) or postal order(s) drawn on a bank or post office in Malaysia be crossed "A/C PAYEE ONLY" and made payable to "ACSM ICULS EXCESS RIGHTS ACCOUNT", and endorsed on the reverse side with your name, address, contact number and CDS Account number in block letters.

The payment must be made for the **FULL** and **EXACT** amount payable for the Excess Rights ICULS applied for. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other modes of payment not prescribed herein are not acceptable. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF EXCESS APPLICATION FOR THE RIGHTS ISSUE OF ICULS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

IN RESPECT OF UNSUCCESSFUL OR LATE APPLICATIONS OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS OF OUR COMPANY AT YOUR OWN RISK.

9.6.2 By way of Electronic Application

If you are an Entitled Shareholder and/or renouncee(s)/transferee(s) (if applicable) who is an individual, you may apply for the Excess Rights ICULS via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights ICULS by following the same steps as set out in Section 9.4.2 of this Abridged Prospectus save and except that you should proceed with the option for Excess Rights ICULS application and the amount payable to be directed to **"ACSM ICULS EXCESS RIGHTS ACCOUNT"** for the Excess Rights ICULS applied.

The Electronic Application for Excess Rights ICULS will be made on, and subject to, the same terms and conditions appearing in Section 9.4.2(3) of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (a) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights ICULS applied for as stated on the Transaction Record or any lesser number of Excess Rights ICULS that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys or buttons on the ATM) of the number of Excess Rights ICULS applied for will signify, and will be treated as, your acceptance of the number of Excess Rights ICULS that may be allotted to you;
- (b) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- (c) Notification on the outcome of your application for Excess Rights ICULS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:
 - (i) successful application — a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
 - (ii) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.2(3) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made, is unsuccessful the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

9.6.3 By way of Internet Application

If you are an Entitled Shareholder and/or renounee(s)/transferee(s) (if applicable), you may apply for the Excess Rights ICULS via Internet Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights ICULS by following the same steps as set out in Section 9.4.3 of this Abridged Prospectus save and except that you should proceed with the option for Excess Rights ICULS application and the amount payable to be directed to "ACSM ICULS EXCESS RIGHTS ACCOUNT" for the Excess Rights ICULS applied.

The Internet Application for Excess Rights ICULS will be made on, and subject to, the same terms and conditions appearing in Section 9.4.3(3) of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (a) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights ICULS applied for as stated on the Confirmation Screen or any lesser number of Excess Rights ICULS that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights ICULS applied for will signify, and will be treated as, your acceptance of the number of Excess Rights ICULS that may be allotted to you;
- (b) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- (c) Notification on the outcome of your application for Excess Rights ICULS will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:
 - (i) successful application — a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
 - (ii) unsuccessful/partially successful application — the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 9.4.3(3) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account from which your Internet Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

9.6.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renouncee and/or a transferee (if applicable) and/or if you have purchased any Provisional Allotments, and wish to apply for Excess Rights ICULS via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 9.4.4 of this Abridged Prospectus save and except for the amount payable to be directed to:

Bank	:	CIMB BANK BERHAD
Account Name	:	ACSM ICULS EXCESS RIGHTS ACCOUNT
Bank Account No.	:	8008730427

You should complete the details for excess rights application at the designated fields for the Excess Rights ICULS application in the Rights ICULS Subscription File.

The application for Excess Rights ICULS via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 9.4.4(2) of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:

- (a) You agree and undertake to subscribe for or purchase and to apply the number of Excess Rights ICULS as stated on the Rights ICULS Subscription File. In the event that our Company decides to allot any lesser number of such Excess Rights ICULS or not to allot any Excess Rights ICULS to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights ICULS Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights ICULS that may have applied.
- (b) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (c) You will be notified on the outcome of your application for the Excess Rights ICULS electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the Closing Date or such other period as prescribed by Bursa Securities; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights ICULS Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 9.4.4(2) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

9.7 Procedures to be followed by renounee(s) and/or transferee(s)

Renounee(s) or transferee(s) who wish to accept Provisional Allotments must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website (www.bursamalaysia.com), our Share Registrar or our registered office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the address set out in Section 9.4.1 of this Abridged Prospectus.

As a renounee and/or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Allotments are the same as that applicable to our Entitled Shareholders as set out in Sections 9.3, 9.4 and 9.5 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

9.8 Form of issuance

Bursa Securities has already prescribed the Rights ICULS listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights ICULS are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical loan stock certificate shall be issued to you under the Rights Issue of ICULS. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors of our Company provided by Bursa Depository within eight (8) Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

Subscription of Rights ICULS by Entitled Shareholders

Where the Rights ICULS are provisionally allotted to you as an Entitled Shareholder in respect of your existing Shares standing to the credit of your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotments shall mean that you consent to receive such Rights ICULS as prescribed or deposited securities credited directly into your CDS Account. Hence, the Rights ICULS will be credited directly into your CDS Account upon allotment and issue.

Subscription of Rights ICULS by renounee(s) or transferee(s) (if applicable)

Any person who wishes to subscribe for the Rights ICULS as a renounee or a transferee by purchasing the Provisional Allotments or to whom the Provisional Allotments have been transferred from an Entitled Shareholder, will have his/her Rights ICULS credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issuance.

Application for the Excess Rights ICULS by an Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable)

The Excess Rights ICULS, if allotted to the successful applicant who applies for Excess Rights ICULS, will be credited directly as prescribed securities or deposited securities into his/her CDS Account.

9.9 Procedures for acceptance and application by the Foreign Addressed Shareholders and Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are subject to the laws of foreign countries or jurisdictions

These Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any jurisdiction other than Malaysia.

These Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICULS complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of ICULS only to the extent that it would be lawful to do so.

The Principal Adviser, Lead Arranger, our Company and our Directors and officers (collectively, the “Parties”) would not, in connection with the Rights Issue of ICULS, be in breach of the laws of any jurisdiction to which the Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to. Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, these Documents will not be sent to the Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect these Documents from our Share Registrar, who shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these Documents.

The Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be fully indemnified and held harmless by such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue of ICULS. Such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in relation to the Rights Issue of ICULS.

By signing any of the forms in these Documents, the Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue of ICULS, be in breach of the laws of any jurisdiction to which those Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (ii) Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;
- (iii) Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights ICULS; and
- (vi) Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights ICULS, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights ICULS.

Persons receiving these Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction outside of Malaysia where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights ICULS unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights ICULS as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights ICULS available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue of ICULS or to any net proceeds thereof.

10. TERMS AND CONDITIONS

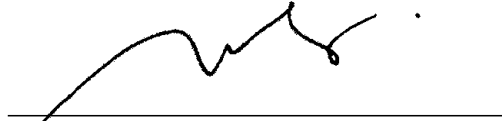
The issuance of the Rights ICULS pursuant to the Rights Issue of ICULS is governed by the terms and conditions as set out in the Documents and the Trust Deed.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,

For and on behalf of the Board of
AEON CREDIT SERVICE (M) BERHAD



Kenji Fujita
Managing Director

THE CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EGM HELD ON 21 JUNE 2017 IN RESPECT OF THE ORDINARY RESOLUTION FOR THE RIGHTS ISSUE OF ICULS

AEON CREDIT SERVICE (M) BERHAD
(Company No. 412767-V)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 21 JUNE 2017

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 3-YEAR, 3.5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) TO RAISE RM432,000,000 IN CASH (“PROPOSED RIGHTS ISSUE”)

Dato’ Chairman put the Ordinary Resolution 2 on the Proposed Rights Issue to the Meeting to be voted by poll.

The results of the poll for Ordinary Resolution 2 on the Proposed Rights Issue were as follows:-

Resolution	Votes For		Votes Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 2 Proposed Rights Issue	109,528,082	99.51	538,625	0.49	CARRIED

It was RESOLVED:-

“THAT conditional upon the requisite approvals of all relevant authorities/parties for the issuance of the ICULS and the admission of the ICULS on the Official List of Bursa Securities, the listing of and quotation for the ICULS on the Main Market of Bursa Securities and the listing of and quotation for the new ACSM Shares to be issued upon conversion of the ICULS on the Main Market of Bursa Securities being obtained, the Board be and is hereby authorised to offer, provisionally allot and issue by way of a renounceable rights issue of 432,000,000 ICULS at 100% of its nominal value of RM1.00 each in cash, such that a gross proceeds of RM432,000,000 be raised from the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced at a later date by ACSM, where:

- (i) in the event that the Proposed Bonus Issue (as described in Ordinary Resolution 1) is completed, the Proposed Rights Issue will be undertaken on the basis of two (2) ICULS for every one (1) existing ACSM Share held by ICULS entitled shareholders of ACSM;
or

THE CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EGM HELD ON 21 JUNE 2017 IN RESPECT OF THE ORDINARY RESOLUTION FOR THE RIGHTS ISSUE OF ICULS (CONT'D)

Page 2

AEON CREDIT SERVICE (M) BERHAD

(Company No. 412767-V)

- *Certified Extract of the Minutes of the Extraordinary General Meeting of the Company held on 21 June 2017 (cont'd)*

- (ii) in the event that Proposed Bonus Issue is not completed for whatsoever reason, the Proposed Rights Issue will be undertaken on the basis of three (3) ICULS for every one (1) existing ACSM Share held by ICULS entitled shareholders of ACSM,

based on the indicative terms and conditions of the ICULS set out in Appendix I of the Company's circular to the shareholders of ACSM dated 6 June 2017 ("Circular");

THAT the Board be and is hereby authorised to determine, and vary if deemed fit, necessary or expedient, the conversion price of the ICULS to be issued in connection with the Proposed Rights Issue;

THAT the Board be and is hereby authorised to allot and issue up to 58,064,516 new ACSM Shares arising from the conversion of the ICULS, from time to time during the tenure of the ICULS in accordance with the provisions of the trust deed constituting the ICULS to be executed by the Company and as supplemented from time to time;

THAT the Board be and is hereby authorised to allot and issue such additional ICULS, the number of ACSM Shares which the ICULS holder is entitled to convert or adjust from time to time the ICULS conversion price, as a result of any adjustments under the provisions of the ICULS trust deed or as may be required by the relevant authorities;

THAT any fractional entitlements of ICULS under the Proposed Rights Issue will be disregarded and shall be dealt with at the Board's absolute discretion in such manner as it deems fit and in the best interests of the Company;

THAT the ICULS will be constituted by a trust deed to be executed between the Company and an appointed trustee for the benefit of the ICULS holders and the Board be and is hereby authorised to enter into and execute the ICULS trust deed with full powers to assent to any condition, modifications, variations or amendments in any manner as may be required by the relevant authorities or as the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the ICULS trust deed;

THAT any ICULS not subscribed or not validly subscribed for shall be made available for excess applications by the ICULS entitled shareholders or their renouncee(s)/transferee(s) and the Board be and is hereby authorised to allocate such excess ICULS in a fair and equitable manner on a basis to be determined later by the Board;

THAT the new ACSM Shares to be issued arising from the conversion of the ICULS shall, upon allotment and issuance, rank equally in all respects with the existing ACSM Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date is before the allotment date of the new ACSM Shares;

THAT any fractional new ACSM Shares arising from the conversion of the ICULS shall be disregarded and shall be dealt with at the Board's absolute discretion in such manner as it deems fit and in the best interests of the Company;

THE CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE EGM HELD ON 21 JUNE 2017 IN RESPECT OF THE ORDINARY RESOLUTION FOR THE RIGHTS ISSUE OF ICULS (CONT'D)

Page 3

AEON CREDIT SERVICE (M) BERHAD

(Company No. 412767-V)

- *Certified Extract of the Minutes of the Extraordinary General Meeting of the Company held on 21 June 2017 (cont'd)*

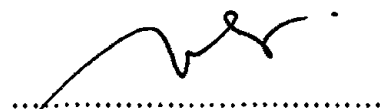
THAT the ICULS shall constitute direct, unconditional, unsecured and unsubordinated obligations of ACSM and subject to the provisions contained in the trust deed, at all times rank equally, without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of ACSM except those which are preferred by law;

THAT the Board be and is hereby authorised to utilise the proceeds from the Proposed Rights Issue in the manner and for the purpose as set out in Section 4 of the Circular and the Board be and is hereby authorised with full powers to vary the manner, timing and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities/parties (where required);

THAT the Board be and is hereby authorised to enter into and execute underwriting agreement(s) for such portion of the ICULS for which no undertaking has been procured and with full powers to assent to any condition, modifications, variations or amendments in any manner as may be required by the relevant authorities or as the Board may consider necessary and with full powers to implement and give effect to the terms and conditions of the underwriting agreement(s) to be executed by the Company;

AND THAT the Board be and is hereby further authorised to take all such necessary steps to give full effect to the Proposed Rights Issue with full powers to make and/or assent to any condition, modification, variation and/or amendment (if any) as the Board may deem fit, necessary and/or expedient in the interest of the Company or as may be imposed by any relevant authorities in order to implement, finalise and give full effect to the Proposed Rights Issue in the best interest of the Company.”

CERTIFIED TRUE COPY:



Kenji Fujita
(Managing Director)



Lee Kit Seong
(Director)

INFORMATION ON ACSM

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 6 December 1996 as a private limited company under the name of ACS Credit Service (M) Sdn Bhd and subsequently changed its name to AEON Credit Service (M) Sdn Bhd on 23 September 2002. It was converted to a public limited company and adopted the name of AEON Credit Service (M) Berhad on 9 February 2007. On 12 December 2007, our Company was listed on the Main Market (then known as the Main Board of Bursa Securities).

2. PRINCIPAL ACTIVITIES

The principal activity of our Company is providing easy payment schemes, personal financing schemes and issuance of credit cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

3. SHARE CAPITAL

Our share capital as at the LPD is RM152,012,000 which comprises 216,000,000 Shares.

Details of the changes in our Company's issued share capital for the past three (3) years preceding the LPD are as follows:

Date of reclassification / allotment	Number of Shares allotted	Details of changes	Cumulative	
			Number of Shares	Issued share capital (RM)
28 February 2017 ⁽¹⁾	-	Reclassification of share premium of RM44,012,000 into share capital pursuant to Section 618(2) of the Act	144,000,000	116,012,000
18 July 2017	72,000,000	Bonus issue at an issue price of RM0.50 capitalised from retained earnings	216,000,000	152,012,000

Note:

(1) Based on our Company's audited financial statements for the FYE 28 February 2017.

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INFORMATION ON ACSM (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

Assuming all the Entitled Shareholders subscribe in full their respective entitlements under the Rights Issue of ICULS, the pro forma effects of the Rights Issue of ICULS on the substantial shareholders' shareholdings in our Company based on register of substantial shareholders of our Company as at LPD are as follows:

Name	As at LPD				After the Rights Issue of ICULS				After the full conversion of the Rights ICULS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
AFS	128,952	59.70	-	-	128,952	59.70	-	-	152,419	59.70	-	-
AEON Co., Ltd	-	-	133,596 ⁽¹⁾	61.85	-	-	133,596 ⁽¹⁾	61.85	157,908 ⁽¹⁾	61.85	-	-

Note:

(1) Deemed interested in the Shares held by AFS and AEON Co. (M) Bhd. by virtue of Section 8 of the Act.

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INFORMATION ON ACSM (CONT'D)

5. DIRECTORS' SHAREHOLDINGS

Assuming all Directors who are Entitled Shareholders subscribe for their respective entitlements in full under the Rights Issue of ICULS, the pro forma effects of the Rights Issue of ICULS on the Directors' shareholdings of our Company as at LPD are as follows:

Name	As at LPD			After the Rights Issue of ICULS			After the full conversion of the Rights ICULS					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Dato' Abdullah bin Mohd Yusof	7,770	0.004	76,500 ⁽¹⁾	0.035	7,770	0.004	76,500 ⁽¹⁾	0.035	9,184	0.004	90,421 ⁽¹⁾	0.035
Kenji Fujita	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Ramli bin Ibrahim	150,000	0.069	-	-	150,000	0.069	-	-	177,297	0.069	-	-
Dato' Md Kamal bin Ismaun	9,000	0.004	-	-	9,000	0.004	-	-	10,637	0.004	-	-
Ng Eng Kiat	18,000	0.008	-	-	18,000	0.008	-	-	21,275	0.008	-	-
Tomokatsu Yoshitoshi	-	-	-	-	-	-	-	-	-	-	-	-
Tetsuro Takano	-	-	-	-	-	-	-	-	-	-	-	-
Lee Tyan Jen	35,714	0.017	-	-	35,714	0.017	-	-	42,213	0.017	-	-
Lee Kit Seong	-	-	-	-	-	-	-	-	-	-	-	-
Kiyooki Takano	54,000	0.025	-	-	54,000	0.025	-	-	63,827	0.025	-	-
Ajith A/L Jayaram	3,240	0.002	-	-	3,240	0.002	-	-	3,829	0.002	-	-

Note:

(1) Deemed interested by virtue of Section 59(11)(c) of the Act.

INFORMATION ON ACSM (CONT'D)

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, our Company does not have any subsidiaries or associated companies.

7. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited financial statements for the FPE 28 February 2015, FYE 29 February 2016, FYE 28 February 2017 and our unaudited financial statements for the 3-month FPE 31 May 2017 are as follows:

	Audited			Unaudited
	FPE 28 February 2015	FYE 29 February 2016	FYE 28 February 2017	FPE 31 May 2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	871,600	965,234	1,101,955	302,282
Total operating expenses ⁽¹⁾	(501,817)	(590,387)	(670,983)	(175,927)
Other income	56,780	89,974	120,237	31,160
Profit from operations	426,563	464,821	551,209	157,515
Finance costs	(137,294)	(163,230)	(200,047)	(55,646)
Profit before taxation	289,269	301,591	351,162	101,869
Taxation	(73,543)	(73,369)	(86,135)	(26,057)
Profit for the period/year	215,726	228,222	265,027	75,812
Distribution to the holders of perpetual notes and perpetual sukuk, net of tax	(6,007)	(13,631)	(13,681)	(3,596)
Net profit attributable to ordinary equity holders	209,719	214,591	251,346	72,216
Number of Shares ('000)	144,000	144,000	144,000	144,000
EPS attributable to ordinary equity holders of the Company:				
Basic (sen) ⁽²⁾	145.64	149.02	174.55	50.15
Illustrative (sen) ⁽³⁾	97.09	99.35	116.36	33.43
PAT margin ⁽⁴⁾ (%)	24.75	23.64	24.05	25.07
Total dividend declared and paid out (RM '000)	82,080	85,608	90,720	-
Dividend per Share (sen) ⁽²⁾	57.00	59.45	63.00	-
Illustrative dividend per Share (sen) ⁽³⁾	38.00	39.63	42.00	-
EBITDA ⁽⁵⁾ (RM'000)	445,636	484,320	574,096	163,448

INFORMATION ON ACSM (CONT'D)**Notes:**

- (1) *Comprising staff cost, depreciation of plant and equipment and operating expenses.*
- (2) *Basic EPS and dividend per Share are computed based on the net profit attributable to ordinary equity holders and total dividend declared and paid out for each of the financial periods/years, respectively, over our Company's 144,000,000 Shares-in-issue as at the end of the respective financial periods/years.*
- (3) *Illustrative EPS and illustrative dividend per Share are computed based on the net profit attributable to ordinary equity holders and total dividend declared and paid out for each of the financial periods/years, respectively, over our Company's existing 216,000,000 Shares-in-issue (after the Bonus Issue but before the conversion of the ICULS) to provide an illustration of the EPS and dividend per Share on the assumption that our current capital structure is in existence throughout the relevant financial periods/years.*
- (4) *Profit for the period/year over revenue.*
- (5) *Earnings before interest (finance cost), taxation, depreciation and amortisation ("EBITDA") was computed by adding depreciation expenses for the financial year/period to profit from operations. The EBITDA presented here is a supplemental measure of our Company's performance and liquidity that is not required by, or prescribed in accordance with the MFRS or the International Financial Reporting Standards ("IFRS"). EBITDA is not a measurement of financial performance or liquidity under MFRS or IFRS and should not be considered an alternative to net income, operating income or any other performance measure defined in accordance with MFRS and IFRS or an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such a term may not be possible as other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.*

Commentaries on Financial Performance**FPE 28 February 2015**

Total revenue for the financial period from 21 February 2014 to 28 February 2015 of RM871.6 million represented growth of 29.6% from the total revenue of RM672.8 million in the previous year. Similar to the previous financial year, stronger growth was realised in the vehicle financing segment.

PBT recorded for the FPE 28 February 2015 of RM289.3 million was 23.7% higher than the RM233.9 million recorded in the previous financial year while the net profit for the FPE 28 February 2015 stood at RM215.7 million, an increase of 23.0% from the previous financial year. Profitability was driven by expansion and growth in all our product segments, with higher growth levels recorded in vehicle financing operations. Correspondingly, EPS had also increased from 121.77 sen in the previous financial year to 145.64 sen in the FPE 28 February 2015.

Total financing receivables as at 28 February 2015 was RM4.5 billion, representing growth of 26.5% from RM3.6 billion recorded as at 20 February 2014. Of the total financing receivables, vehicle financing made up 55.9% followed by personal financing which made up 18.8%.

There was slight deterioration in overall asset quality for the FPE 28 February 2015 with a higher non-performing loans ("NPL") ratio of 2.76% as at 28 February 2015 compared to 2.14% as at 20 February 2014. Correspondingly, net credit cost ratio of 4.43% per annum was higher compared to 4.06% per annum in the preceding financial year.

INFORMATION ON ACSM (CONT'D)

FYE 29 February 2016

Total revenue for the FYE 29 February 2016 of RM965.2 million represented growth of 10.7% from total revenue of RM871.6 million in the FPE 28 February 2015. Vehicle financing and personal financing portfolios continued to contribute stronger growth compared to other products.

PBT recorded for the FYE 29 February 2016 of RM301.6 million was 4.3% higher than the RM289.3 million PBT recorded in the previous financial period while the net profit for the FYE 29 February 2016 stood at RM228.2 million, an increase of 5.8% from the previous financial period. Profitability was driven by expansion and growth in vehicle financing and personal financing operations which offset the decrease in new financing for consumer durables. EPS had also increased from 145.64 sen in the previous financial period to 149.02 sen in the FYE 29 February 2016.

Total financing receivables as at 29 February 2016 was RM5.4 billion, representing growth of 19.7% from RM4.5 billion as at 28 February 2015. Of the total financing receivables, vehicle financing and personal financing continued to grow, making up 59.0% followed by personal financing which made up 21.7%.

There was an improvement in overall asset quality for the FYE 29 February 2016 with a lower NPL ratio of 2.5% as at 29 February 2016 compared to 2.8% as at 28 February 2015. Correspondingly, net credit cost ratio of 4.28% per annum was also slightly lower compared to 4.43% per annum in the preceding financial period.

FYE 28 February 2017

Total revenue for the FYE 28 February 2017 of RM1,102.0 million represented growth of 14.2% from total revenue of RM965.2 million in the FYE 29 February 2016. Stronger growth continued to be realised from vehicle easy payment and personal financing portfolios compared to other products.

PBT recorded for the FYE 28 February 2017 of RM351.2 million, was 16.4% higher than the RM301.6 million recorded in the previous financial year while our net profit for the FYE 28 February 2017 stood at RM265.0 million, an increase of 16.1% from the previous financial year. Profitability continued to be driven by expansion and growth in vehicle financing and personal financing operations. EPS had also increased from 149.02 sen in the previous financial year to 174.55 sen in the FYE 28 February 2017.

Total financing receivables as at 28 February 2017 was RM6.4 billion, representing growth of 19.1% from RM5.4 billion as at 29 February 2016. Of the total financing receivables, vehicle financing continued to make up the largest contribution at 58.8% followed by personal financing which made up 24.9%.

There continued to be an improvement in overall asset quality for the FYE 28 February 2017 with a lower NPL ratio of 2.28% as at 28 February 2017 compared to 2.47% as at 29 February 2016. Correspondingly, net credit cost ratio of 3.31% per annum was also lower compared to 4.28% per annum in the preceding financial year.

3-month FPE 31 May 2017 (unaudited)

Total revenue for the 3-month FPE 31 May 2017 of RM302.3 million represented growth of 15.5% from the total revenue of RM261.6 million in the corresponding 3-month FPE 31 May 2016. Stronger growth was realised in the vehicle easy payment and personal financing portfolios compared to other products.

PBT recorded for the 3-month FPE 31 May 2017 of RM101.9 million was 21.1% higher than the RM84.1 million recorded in the same period in the previous financial year, while net profit for the 3-month FPE 31 May 2017 stood at RM75.8 million, an increase of 20.9% from the 3-month FPE 31 May 2016. Profitability was driven by expansion and growth in vehicle financing, personal financing and credit card operations. EPS had also increased from 41.06 sen in the 3-month FPE 31 May 2016 to 50.15 sen for the 3-month FPE 31 May 2017.

INFORMATION ON ACSM (CONT'D)

Total financing receivables as at 31 May 2017 was RM6.7 billion, representing growth of 17.4% from RM5.7 billion as at 31 May 2016. Vehicle financing and personal financing made up 58.7% and 25.5% of the total financing receivables, respectively.

The NPL ratio as at 31 May 2017 was marginally higher at 2.43% compared to 2.42% as at 31 May 2016.

8. HISTORICAL SHARE PRICES

	<u>Highest⁽¹⁾</u>	<u>Lowest⁽¹⁾</u>
	(RM)	(RM)
2016		
August	10.12	9.17
September	10.09	9.47
October	10.01	9.59
November	9.83	8.83
December	9.71	8.88
2017		
January	10.80	9.43
February	10.80	10.03
March	11.48	10.16
April	11.12	10.25
May	13.23	11.00
June	13.01	12.60
July	13.98	12.69

The last transacted market price of Shares on 22 March 2017, being the last Market Day immediately prior to the initial announcement of the Rights Issue of ICULS on 23 March 2017⁽¹⁾ 11.00

Last transacted price on Bursa Securities as at the LPD⁽¹⁾ 13.18

Last transacted market price of Shares on 10 August 2017, being the last Market Day immediately prior to the ex-date for the Rights Issue of ICULS on 11 August 2017 12.80

(Source: Bloomberg Finance L.P.)

Note:

(1) Represents the adjusted Share price of our Company after taking into account the Bonus Issue which was completed on 19 July 2017.

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**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER**



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The Board of Directors
AEON Credit Service (M) Berhad
Level 29, Menara Olympia
No.8, Jalan Raja Chulan
50200 Kuala Lumpur

Our ref: G/KC/TCYAP/mdmi

2 August 2017

Dear Sirs

**AEON Credit Service (M) Berhad (“the Company” or “ACSM”)
Reporting Accountants’ letter on the Pro Forma Statements of Financial Position
for inclusion in the Company’s Abridged Prospectus to be dated 15 August 2017
(“Abridged Prospectus”) in relation to the renounceable rights issue of
432,000,000, 3-year, 3.5%, Irredeemable Convertible Unsecured Loan stocks
(“ICULS”) at 100% of its nominal value of RM1.00 each in cash (“Rights ICULS”)
on the basis of two (2) Rights ICULS for every 1 existing ordinary share held
(“ACSM Share”) to raise RM432,000,000 (“Rights Issue of ICULS”).**

We have completed our assurance engagement to report on the compilation of the Pro Forma Statements of Financial Position of the Company as at 28 February 2017, and the notes therein as set out in Attachment A (which we have stamped for the purpose of identification). The applicable criteria on the basis of which the Board of Directors of the Company (“Directors”) has compiled the pro forma statements of financial position are set out in Note 3 of the Pro Forma Statements of Financial Position.

The Pro Forma Statements of Financial Position have been compiled by the Directors for inclusion in the Abridged Prospectus solely to illustrate the impact of the Rights Issue of ICULS on the Company’s statement of financial position as at 28 February 2017, as if the Rights Issue of ICULS had occurred on 28 February 2017. As part of this process, information about the financial position has been extracted by the Directors from the financial statements of the Company for the year ended 28 February 2017, on which an audit report has been published.

KPMG PLT, a limited liability partnership established under Malaysian law is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG PLT (LLP0010081-LCA) was registered on 27.12.2016 and from the date thereof, was converted from a conventional partnership, KPMG, to a limited liability partnership.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**



AEON Credit Service (M) Berhad
*Reporting Accountants' letter on the Pro Forma Statements of
Financial Position for inclusion in the Company's Abridged Prospectus*
2 August 2017
Page 2 of 3

Directors' Responsibilities

The Directors are responsible for compiling the Pro Forma Statements of Financial Position on the basis set out in Note 3 in Attachment A.

Reporting Accountants' Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis stated in the notes to the Pro Forma Statements of Financial Position.

We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis stated in Note 3 in Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of the Pro Forma Statements of Financial Position included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**



AEON Credit Service (M) Berhad
Reporting Accountants' letter on the Pro Forma Statements of
Financial Position for inclusion in the Company's Abridged Prospectus
2 August 2017
Page 3 of 3

Reporting Accountants' Responsibilities (continued)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Statements of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effects to those criteria; and
- the Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis stated in Note 3 in Attachment A.

Other Matters

Our report on the Pro Forma Statements of Financial Position has been prepared for inclusion in the Abridged Prospectus in connection with the Rights Issue of ICULS and should not be relied upon for any other purposes.

Yours faithfully,

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Chan Kam Chiew
Approval Number: 2055/06/18(J)
Chartered Accountant

**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)****Attachment A****AEON Credit Service (M) Berhad**

Pro Forma Statements of Financial Position and the notes thereon

1. Introduction

The Pro Forma Statements of Financial Position of AEON Credit Service (M) Berhad ("ACSM" or the "Company") has been prepared for inclusion in the Company's Abridged Prospectus to be dated 15 August 2017 in connection with the renounceable rights issue of 432,000,000, 3-year, 3.5% Irredeemable Convertible Unsecured Loan stocks ("ICULS") at 100% of its nominal value of RM1.00 each in cash ("Rights ICULS") on the basis of two (2) Rights ICULS for every 1 existing ordinary share held ("ACSM Share") to raise RM432,000,000 ("Rights Issue of ICULS").

2. Details of the Rights Issue of ICULS

The Rights Issue of ICULS, to be undertaken on a renounceable basis, involves the issuance of 432,000,000 ICULS at 100% of its nominal value of RM1.00 each in cash on the basis of 2 ICULS for every 1 existing ACSM Share held by the shareholders of ACSM whose names appear in the Record of Depositors of ACSM as at 5.00 p.m. on 15 August 2017 ("Entitled Shareholders").

The Rights Issue of ICULS will raise RM432,000,000 for the Company from the issuance of a total of 432,000,000 ICULS under the Rights Issue of ICULS.

The Rights Issue of ICULS is renounceable in full or in part. This means that the Entitled Shareholders can subscribe for or renounce their entitlements to the ICULS in full or in part. Any ICULS not subscribed or not validly subscribed for shall be made available for excess applications by the Entitled Shareholders or their renounee(s)/transferee(s). The Board of Directors of the Company ("Directors") intends to allocate such excess ICULS in a fair and equitable manner on the basis as presented in the Abridged Prospectus.

The ICULS will be provisionally allotted to the Entitled Shareholders on 15 August 2017. Any fractional entitlements of ICULS under the Rights Issue of ICULS will be disregarded and shall be dealt with at the Directors absolute discretion in such manner as it deem fits and in the best interests of ACSM.

The coupon rate for the ICULS has been fixed at 3.5% per annum, payable on an annual basis ("Coupon Rate"). The conversion price of the Rights ICULS has been fixed at RM10.99 for one (1) new ACSM Share.

Upon issuance, the ICULS will be constituted by a trust deed executed on 28 July 2017 between ACSM and Pacific Trustees Berhad, a trustee for the benefit of the ICULS holders.



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

3. Basis of preparation of the Pro Forma Statements of Financial Position

The Pro Forma Statements of Financial Position of ACSM as at 28 February 2017 of which the Directors are solely responsible, have been prepared to show the effects on the audited statements of financial position of ACSM had the events / transactions in Note 4 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro Forma Statements of Financial Position of ACSM as at 28 February 2017 have been prepared based on the audited statement of financial position of ACSM as at 28 February 2017, which had been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The auditors' report of the audited financial statements of ACSM for the financial year ended 28 February 2017 was not subject to any qualification, modification or disclaimer of opinion.

Pursuant to the Rights Issue of ICULS, the segregation of the ICULS equity and liability components is derived as follows:

(i) Segregation of equity and liability components of ICULS

ICULS is segregated into equity and liability components. The following fair value of liability component of the ICULS is arrived at by discounting the annual coupon payments over the tenure of three (3) years at a discount rate of 4.60%.

	RM'000
Liability component of ICULS	<u>41,486</u>

The ICULS reserves (equity component) is determined based on the proceeds from the issuance of ICULS, net of the liability component of ICULS and the deferred tax asset arising from the temporary differences of the liability component of ICULS.

	RM'000
Proceeds from ICULS	432,000
Deferred tax asset arising from the temporary difference of the liability components of ICULS, computed based on income tax rate of 24%	<u>930</u>
	432,930
Less: Liability component of ICULS	<u>(41,486)</u>
ICULS reserves	<u>391,444</u>



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

4. Pro forma adjustments to the Pro Forma Statements of Financial Position

The Pro Forma Statements of Financial Position incorporate the following events or transactions:

(i) Pro Forma I – Bonus Issue

Pro Forma I incorporates the effects of the Company's bonus issue which was completed on 19 July 2017 ("Bonus Issue").

The Bonus Issue involved the issuance of 72,000,000 new ordinary shares in ACSM at an issue price of RM0.50 each, capitalised from the Company's retained earnings on the basis of 1 bonus share ("Bonus Share") for every 2 existing ACSM Shares held, resulting in the Company's share capital being increased to RM152,012,000 represented by 216,000,000 ACSM shares.

(ii) Pro Forma II – Rights Issue of ICULS

Pro Forma II incorporates the effects of Pro Forma I and the effects of the Rights Issue of ICULS as detailed in Note 2.

(iii) Pro Forma III – Proposed Utilisation

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and the effects of the utilisation of the proceeds from the Rights Issue of ICULS.

The gross proceeds from the Rights Issue of ICULS is RM432,000,000.

The proceeds from the Rights Issue of ICULS of RM432,000,000 is intended to be utilised as follows:

	RM'million
Repayment of bank borrowings	155.0
Working capital	272.4
Defrayment of estimated expenses	4.6
	<u>432.0</u>

The estimated expenses of approximately RM4.6 million comprises, amongst others, professional fees, fees payable to the relevant authorities and costs related to convening the extraordinary general meeting ("EGM") in connection with the Bonus Issue and the Rights Issue of ICULS, which will be charged to the profit or loss account.



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A**AEON Credit Service (M) Berhad**Pro Forma Statements of Financial Position and the notes thereon

**4. Pro forma adjustments to the Pro Forma Statements of Financial Position
(continued)**

(iv) Pro Forma IV – ICULS Conversion

Pro Forma IV incorporates the effects of Pro Forma I, Pro Forma II, Pro Forma III, and the effects of the full conversion of ICULS into ordinary shares subsequent to the issuance of ICULS, prior to first interest payment.

The Rights Issue of ICULS shall be undertaken on the basis of 2 ICULS for every 1 existing ACSM Share held. Accordingly, the ICULS conversion price shall be RM10.99 based on a 15.0% discount to the theoretical ex-all price ("TEAP") of RM12.93, which is derived from the 5-Market Day volume weighted average market price ("VWAMP") per ACSM Share up to 26 July 2017 of RM13.28. Based on this ICULS conversion price, a total of 39,308,462 new ACSM Shares will be issued upon full conversion of the ICULS, resulting in a corresponding increase of RM432,000,000 to the Company's share capital and an enlarged number of 255,308,462 ACSM Shares in issue.



PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

5. Pro Forma Statements of Financial Position

The Pro Forma Statements of Financial Position of the Company as at 28 February 2017 as set out below have been prepared for illustrative purposes only to show the effects of all of the Pro Forma adjustments set out in Note 4, had these events been effected on 28 February 2017, and should be read in conjunction with the rest of the notes in this attachment.

	Audited	Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV
Note	As at 28 February 2017	After the Bonus Issue	After (I) and the Rights Issue of ICULS	After (II) and the proposed utilisation	After (III) and full conversion of ICULS
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Plant and equipment	62,233	62,233	62,233	62,233	62,233
Investments	19,045	19,045	19,045	19,045	19,045
Deferred tax assets	49,070	49,070	50,000	50,000	49,070
Receivables	4,480,990	4,480,990	4,480,990	4,480,990	4,480,990
Total non-current assets	4,611,338	4,611,338	4,612,268	4,612,268	4,611,338
Receivables and deposits	1,985,937	1,985,937	1,985,937	1,985,937	1,985,937
Prepayments	21,150	21,150	21,150	21,150	21,150
Derivative financial assets	579,977	579,977	579,977	579,977	579,977
Cash and bank balances	73,667	73,667	505,667	346,057	346,057
Total current assets	2,660,731	2,660,731	3,092,731	2,933,121	2,933,121
Total assets	7,272,069	7,272,069	7,704,999	7,545,389	7,544,459



PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)

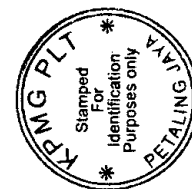
Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

5. Pro Forma Statements of Financial Position (continued)

Note	Audited As at 28 February 2017 RM'000	Pro Forma I After the Bonus Issue RM'000	Pro Forma II After (I) and the Rights Issue of ICULS RM'000	Pro Forma III After (II) and the proposed utilisation RM'000	Pro Forma IV After (III) and full conversion of ICULS RM'000
Equity					
6.3	116,012	152,012	152,012	152,012	584,012
	(27,354)	(27,354)	(27,354)	(27,354)	(27,354)
6.4	866,329	830,329	825,719	825,719	825,719
6.5	-	-	391,444	391,444	-
	954,987	954,987	1,341,821	1,341,821	1,382,377
	276,000	276,000	276,000	276,000	276,000
	<u>1,230,987</u>	<u>1,230,987</u>	<u>1,617,821</u>	<u>1,617,821</u>	<u>1,658,377</u>
Equity attributable to ordinary equity holders of the Company					
Perpetual notes and sukuk					
	4,898,808	4,898,808	4,898,808	4,898,808	4,898,808
	<u>4,898,808</u>	<u>4,898,808</u>	<u>4,898,808</u>	<u>4,898,808</u>	<u>4,898,808</u>
Total non-current liability					
6.6	973,417	973,417	973,417	818,417	818,417
6.7	-	-	41,486	41,486	-
6.8	141,575	141,575	146,185	141,575	141,575
	27,282	27,282	27,282	27,282	27,282
	<u>1,142,274</u>	<u>1,142,274</u>	<u>1,188,370</u>	<u>1,028,760</u>	<u>987,274</u>
Total current liabilities					
Total liabilities	<u>6,041,082</u>	<u>6,041,082</u>	<u>6,087,178</u>	<u>5,927,568</u>	<u>5,886,082</u>
Total equity and liabilities	<u>7,272,069</u>	<u>7,272,069</u>	<u>7,704,999</u>	<u>7,545,389</u>	<u>7,544,459</u>



PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

5. Pro Forma Statements of Financial Position (continued)

Supplementary Information

	<u>Audited</u>	<u>Pro Forma I</u>	<u>Pro Forma II</u>	<u>Pro Forma III</u>	<u>Pro Forma IV</u>
<u>Note</u>	<u>As at 28 February 2017</u>	<u>After the Bonus Issue</u>	<u>After (I) and the Rights Issue of ICULS</u>	<u>After (II) and the proposed utilisation</u>	<u>After (III) and full conversion of ICULS</u>
Number of ordinary shares ('000)	144,000	216,000	216,000	216,000	255,308
Net assets (RM'000)*	954,987	954,987	1,341,821	1,341,821	1,382,377
Net assets per share (RM)	6.63	4.42	6.21	6.21	5.41

* Net assets represents equity attributable to ordinary equity holders of the Company.



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

6 Effects on the Pro Forma Statements of Financial Position**6.1 Movement in deferred tax assets**

	RM'000
Balance as at 28 February 2017/ Pro Forma I	49,070
<i>Effects of Pro Forma II</i>	
- Temporary difference arising from the Rights Issue of ICULS	930
Pro Forma II/ III	50,000
<i>Effects of Pro Forma IV</i>	
- To be reversed pursuant to the full conversion of ICULS	(930)
Pro Forma IV	<u>49,070</u>

6.2 Movement in cash and bank balances

	RM'000
Balance as at 28 February 2017/ Pro Forma I	73,667
<i>Effects of Pro Forma II</i>	
- Rights Issue of ICULS	432,000
Pro Forma II	505,667
<i>Effects of Pro Forma III</i>	
- Repayment of bank borrowings	(155,000)
- Defrayment of estimated expenses	(4,610)
Pro Forma III/ IV	<u>346,057</u>

6.3 Movement in share capital

	RM'000
Balance as at 28 February 2017	116,012
<i>Effects of Pro Forma I</i>	
- Issued pursuant to the Bonus Issue	36,000
Pro Forma I/ II/ III	152,012
<i>Effects of Pro Forma IV</i>	
- To be issued pursuant to the full conversion of ICULS	432,000
Pro Forma IV	<u>584,012</u>



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

6 Effects on the Pro Forma Statements of Financial Position (continued)**6.4 Movement in retained earnings**

	RM'000
Balance as at 28 February 2017	866,329
<i>Effects of Pro Forma I</i>	
- Capitalisation of retained earnings pursuant to the Bonus Issue	(36,000)
Pro Forma I	<u>830,329</u>
<i>Effects of Pro Forma II</i>	
- Expenses to be incurred	(4,610)
Pro Forma II/ III/ IV	<u>825,719</u>

6.5 Movement in ICULS reserves

	RM'000
Balance as at 28 February 2017/ Pro Forma I	-
<i>Effects of Pro Forma II</i>	
- Rights Issue of ICULS	390,514
- Temporary difference arising from Rights Issue of ICULS	930
Pro Forma II/ III	<u>391,444</u>
<i>Effects of Pro Forma IV</i>	
- Transfer from liability component of ICULS	41,486
- Full conversion of ICULS	(432,000)
- Crystallisation of deferred tax assets	(930)
Pro Forma IV	<u>-</u>

6.6 Movement in Borrowings (Current)

	RM'000
Balance as at 28 February 2017/ Pro Forma II	973,417
<i>Effects of Pro Forma III</i>	
- Repayment of bank borrowings	(155,000)
Pro Forma III/ IV	<u>818,417</u>



**PRO FORMA STATEMENTS OF FINANCIAL POSITION OF ACSM AS AT 28 FEBRUARY 2017
TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER (CONT'D)**

Attachment A

AEON Credit Service (M) Berhad

Pro Forma Statements of Financial Position and the notes thereon

6 Effects on the Pro Forma Statements of Financial Position (continued)**6.7 Movement in liability component of ICULS**

	RM'000
Balance as at 28 February 2017/ Pro Forma I	-
<i>Effects of Pro Forma II</i>	
- Rights Issue of ICULS	41,486
Pro Forma II/ III	<u>41,486</u>
<i>Effects of Pro Forma IV</i>	
- Full conversion of ICULS	<u>(41,486)</u>
Pro Forma IV	<u>-</u>

6.8 Movement in payables and accruals

	RM'000
Balance as at 28 February 2017/ Pro Forma I	141,575
<i>Effects of Pro Forma II</i>	
- Expenses to be incurred	4,610
Pro Forma II	<u>146,185</u>
<i>Effects of Pro Forma III</i>	
- Defrayment of estimated expenses	<u>(4,610)</u>
Pro Forma III/ IV	<u>141,575</u>

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**AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER
WITH THE NOTES AND AUDITORS' REPORT**

AEON Credit Service (M) Berhad
(Company No. 412767-V)
(Incorporated in Malaysia)

**Financial statements for the year
ended 28 February 2017**

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

1

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

Directors' report for the year ended 28 February 2017

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 28 February 2017.

Ultimate holding corporation

The Directors regard AEON Co., Ltd. which is incorporated in Japan as the ultimate holding corporation, during the financial year and until the date of this report.

Principal activities

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles. There has been no significant change in the nature of the principal activities during the financial year.

Results

	RM'000
Profit for the year	<u>265,027</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- i) a final ordinary dividend of 29.60 sen per ordinary share, totalling RM42,624,000 in respect of the financial year ended 29 February 2016 on 15 July 2016; and
- ii) an interim ordinary dividend of 30.50 sen per ordinary share, totalling RM43,920,000 in respect of the financial year ended 28 February 2017 on 7 November 2016.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 28 February 2017 is 32.50 sen per ordinary share, totalling RM46,800,000. The proposed dividend will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

2

Company No. 412767-V

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Abdullah bin Mohd Yusof
 Kenji Fujita
 Datuk Ramli bin Ibrahim
 Dato' Md Kamal bin Ismaun
 Ng Eng Kiat
 Krishnappan A/L S.P.S Singaram
 Lee Tyan Jen
 Lee Kit Seong
 Kiyooki Takano
 Tomokatsu Yoshitoshi (appointed on 30 June 2016)
 Jiraporn Kongcharoenwanich (appointed on 30 June 2016)
 Koji Hatakeda (appointed on 30 June 2016)
 Nuntawat Chotvijit (retired on 21 June 2016)

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	/-----Number of ordinary shares -----/			
	At 1.3.2016/ Date of appointment #	Bought	Sold	At 28.2.2017
The Company				
Direct interest:				
Dato' Abdullah bin Mohd Yusof	30,180	-	(25,000)	5,180
Datuk Ramli bin Ibrahim	100,000	-	-	100,000
Dato' Md Kamal bin Ismaun	6,000	-	-	6,000
Ng Eng Kiat	12,000	-	-	12,000
Krishnappan A/L S.P.S. Singaram	108,000	-	-	108,000
Lee Tyan Jen	23,774	-	-	23,774
Kiyooki Takano	36,000	-	-	36,000
Koji Hatakeda #	36,000	-	-	36,000
Deemed interest:				
Dato' Abdullah bin Mohd Yusof				
- others*	51,000	-	-	51,000

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

3

Company No. 412767-V

Directors' interests in shares (continued)

	/-----Number of ordinary shares -----/			
	At 1.3.2016	Bought	Sold	At 28.2.2017
Ultimate holding corporation				
AEON Co., Ltd.				
Deemed interest:				
Kiyoaki Takano*	100	-	-	100
	/-----Number of ordinary shares -----/			
	At 1.3.2016	Bought	Sold	At 28.2.2017
Immediate holding corporation				
AEON Financial Service Co., Ltd.				
Direct interest:				
Kiyoaki Takano	6,520	-	-	6,520
Deemed interest:				
Kiyoaki Takano*	1,692	-	-	1,692
	/-----Number of ordinary shares -----/			
	At 1.3.2016	Bought	Sold	At 28.2.2017
Related company				
AEON CO. (M) BHD.				
Direct interest:				
Dato' Abdullah bin Mohd Yusof	2,070,000	-	-	2,070,000
Datuk Ramli bin Ibrahim	400,000	-	(110,000)	290,000
Deemed interest:				
Dato' Abdullah bin Mohd Yusof	2,805,000	-	455,000	2,350,000
Datuk Ramli bin Ibrahim*	400,000	-	(20,000)	380,000

* Deemed to have interest through spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.

Date of appointment

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

4

Company No. 412767-V

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid up capital of the Company during the financial year except for the transfer of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM44,012,000 and became part of the Company's share capital.

There were no issuance of debentures during the financial year.

Issue of other equity instruments

There were no issuance of other equity instruments during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance cost

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company are RM10,000,000 and RM28,700 respectively.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

5

Company No. 412767-V

Other statutory information (continued)

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 28 February 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

6

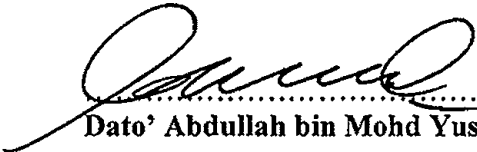
Company No. 412767-V


Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), will retire at the forthcoming Annual General Meeting.

The auditors' remuneration is disclosed in Note 13 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:


.....
Dato' Abdullah bin Mohd Yusof


.....
Kenji Fujita

Kuala Lumpur,

Date: 9 May 2017

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

7

Company No. 412767-V

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

Statement of financial position as at 28 February 2017

	Note	2017 RM'000	2016 RM'000
Assets			
Plant and equipment	3	62,233	52,076
Investments	4	19,045	24,239
Deferred tax assets	5	49,070	39,043
Receivables	6	4,480,990	3,630,038
Total non-current assets		<u>4,611,338</u>	<u>3,745,396</u>
Receivables and deposits	6	1,985,937	1,790,244
Prepayments		21,150	16,393
Derivative financial assets	7	579,977	478,224
Cash and bank balances	8	73,667	67,250
Total current assets		<u>2,660,731</u>	<u>2,352,111</u>
Total assets		<u>7,272,069</u>	<u>6,097,507</u>
Equity			
Share capital		116,012	72,000
Share premium		-	44,012
Reserves		838,975	668,806
Equity attributable to ordinary equity holders of the Company	9	954,987	784,818
Perpetual notes and sukuk		276,000	276,000
Total equity		<u>1,230,987</u>	<u>1,060,818</u>
Liabilities			
Borrowings	10	4,898,808	4,214,649
Total non-current liability		<u>4,898,808</u>	<u>4,214,649</u>
Borrowings	10	973,417	693,528
Payables and accruals	11	141,575	113,584
Taxation		27,282	14,928
Total current liabilities		<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>7,272,069</u>	<u>6,097,507</u>

The notes on pages 12 to 66 are an integral part of these financial statements

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

8

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

**Statement of profit or loss and other comprehensive income
for the year ended 28 February 2017**

	Note	2017 RM'000	2016 RM'000
Revenue	12	1,101,955	965,234
Staff costs		(183,167)	(158,182)
Depreciation of plant and equipment	3	(22,887)	(19,499)
Operating expenses		(464,929)	(412,706)
Other income		120,237	89,974
Operating profit	13	551,209	464,821
Finance costs	15	(200,047)	(163,230)
Profit before tax		351,162	301,591
Income tax expense	16	(86,135)	(73,369)
Profit for the year		265,027	228,222
Other comprehensive income, net of tax			
Cash flow hedge	17	5,367	(23,877)
Total other comprehensive income for the year, net of tax		5,367	(23,877)
Total comprehensive income for the year		270,394	204,345
Profit attributable to equity holders of the Company		265,027	228,222
Total comprehensive income attributable to equity holders of the Company		270,394	204,345
Basic earnings per ordinary share (sen)	19	174.55	149.02

The notes on pages 12 to 66 are an integral part of these financial statements

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

9

AEON Credit Service (M) Berhad
(Company No. 412767-V)
(Incorporated in Malaysia)

Statement of changes in equity for the year ended 28 February 2017

	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	
At 1 March 2015		72,000	44,012	276,000	(8,844)	572,544	955,712
Cash flow hedge (net of tax) Profit for the year		-	-	-	(23,877)	-	(23,877)
Total comprehensive income for the year		-	-	-	(23,877)	228,222	204,345
Distribution on perpetual notes (net of tax) Dividends to shareholders of the Company	18	-	-	-	-	(13,631) (85,608)	(13,631) (85,608)
At 29 February 2016/ 1 March 2016		72,000	44,012	276,000	(32,721)	701,527	1,060,818
Cash flow hedge (net of tax) Profit for the year		-	-	-	5,367	-	5,367
Total comprehensive income for the year		-	-	-	5,367	265,027	270,394
Distribution on perpetual notes (net of tax) Dividends to shareholders of the Company	18	-	-	-	-	(13,681) (86,544)	(13,681) (86,544)
Transfer pursuant to Section 618(2) of the Companies Act 2016		72,000	44,012	276,000	(27,354)	866,329	1,230,987
At 28 February 2017		44,012	(44,012)	-	-	-	-
		116,012	-	276,000	(27,354)	866,329	1,230,987
		Note 9.1	Note 9.2	Note 9.3	Note 9.4		

The notes on pages 12 to 66 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

10

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

Statement of cash flows for the year ended 28 February 2017

	Note	2017 RM'000	2016 RM'000
Cash flows from operating activities			
Profit before tax		351,162	301,591
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	22,887	19,499
Finance costs		200,047	163,230
Gain on disposal of plant and equipment		(6)	(537)
Impairment loss on receivables		306,163	288,420
Impairment loss on investment on unquoted shares		5,194	-
Write-off of plant and equipment	3	-	6
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 of a related company		(920)	(3,305)
Cash used in operations		(449,516)	(444,731)
Finance costs paid		(195,577)	(156,288)
Income taxes paid		(81,183)	(88,312)
Net cash used in operating activities		(726,276)	(689,331)
Cash flows from investing activities			
Acquisition of plant and equipment	3	(33,044)	(26,710)
Subscription of equity shares		-	(5,684)
Proceeds from disposal of plant and equipment		6	900
Net cash used in investing activities		(33,038)	(31,494)
Cash flows from financing activities			
Dividends paid to shareholders of the Company	18	(86,544)	(85,608)
Proceeds from bank borrowings		1,460,000	1,866,129
Repayment of bank borrowings		(580,700)	(976,656)
Repayment of asset backed medium term notes		-	(25,000)
Distribution paid to perpetual notes holders		(18,002)	(17,935)
Payment of perpetual notes issuance expenses		-	(100)
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 beginning of year		8,236	(31,769)
Cash and cash equivalents at end of year	(i)	23,676	8,236

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

11

Company No. 412767-V

Statement of cash flows for the year ended 28 February 2017 (continued)

Note to statement of cash flows

(i) Cash and cash equivalents

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

	Note	2017 RM'000	2016 RM'000
Cash and bank balances		60,287	53,427
Deposits placed with licensed banks		13,380	13,823
		<hr/>	<hr/>
	8	73,667	67,250
Bank overdrafts	10	(40,083)	(50,026)
Cash held on behalf for a related company	8	(9,908)	(8,988)
		<hr/>	<hr/>
		23,676	8,236
		<hr/>	<hr/>

The notes on pages 12 to 66 are an integral part of these financial statements.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

12

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

Notes to the financial statements

AEON Credit Service (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur

Registered office

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under the international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

The immediate and ultimate holding corporations are AEON Financial Service Co., Ltd. and AEON Co., Ltd. respectively. Both corporations were incorporated in Japan.

The financial statements were authorised for issue by the Board of Directors on 9 May 2017.

1. Basis of preparation**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

13

Company No. 412767-V

1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a 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*

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

14

Company No. 412767-V

1. Basis of preparation (continued)**(a) Statement of compliance (continued)**

The Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 March 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017, except for Amendments to MFRS 12 which is not applicable to the Company.
- from the annual period beginning on 1 March 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 128 and Amendments to MFRS 140 which are not applicable to the Company.
- from the annual period beginning on 1 March 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

15

Company No. 412767-V

1. Basis of preparation (continued)**(a) Statement of compliance (continue)****(iii) 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*.

The Company will assess the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than determination of the allowance for impairment losses as disclosed in Note 2(f)(i).

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

16

Company No. 412767-V

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise stated.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting year are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

17

Company No. 412767-V

2. Significant accounting policies (continued)**(b) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Company categorises financial instruments as follows:

Financial assets**(a) *Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Loans and receivables*

Loans and receivables category comprises financing receivables, other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(f)(i)).

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

19

Company No. 412767-V

2. Significant accounting policies (continued)**(b) Financial instruments (continued)****(iii) Hedge accounting (continued)***Cash flow hedge (continued)*

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Plant and equipment**(i) Recognition and measurement**

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

20

Company No. 412767-V

2. Significant accounting policies (continued)**(c) Plant and equipment (continued)****(i) Recognition and measurement (continued)**

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain and loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" or "operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative years are as follows:

- | | |
|-----------------------------------|-------------|
| • Office equipment | 2 - 5 years |
| • Computer equipment and software | 2 - 5 years |
| • Motor vehicles | 5 years |
| • Furniture and fittings | 2 - 4 years |
| • Renovation | 2 - 5 years |

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

2. Significant accounting policies (continued)**(d) Leased assets****Operating lease**

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(f) Impairment**(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

22

Company No. 412767-V

2. Significant accounting policies (continued)**(f) Impairment (continued)****(i) Financial assets (continued)***(a) Financing receivables*

For financing receivables ("loan(s)"), the Company first assesses whether objective evidence of impairment exists individually for loans that are individually significant, or collectively for loans that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan, the loan is then included in a group of loans with similar credit risk characteristics and collectively assessed for impairment.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ("EIR") of loans. The carrying amount of the loans is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

The Company addresses impairment of loans via either individually assessed allowance or collectively assessed allowance.

Individually assessed allowance

The Company determines the allowance appropriate for each individual significant loan on an individual basis. The allowances are established based primarily on estimates of the realisable value of the collateral pledged to secure the loan and is measured as the difference between the carrying amount of the loan and the present value of the expected future cash flows discounted at original EIR of the loan.

All loans that have been individually evaluated, but not considered to be individually impaired are assessed collectively for impairment.

Collectively assessed allowance

Collective allowances are maintained to reduce the carrying amount of portfolios of similar loans to their estimated recoverable amounts at the end of reporting year. For the purposes of a collective evaluation of impairment, exposures that are assessed collectively are placed into pools of similar loans with similar credit risk.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

2. Significant accounting policies (continued)**(f) Impairment (continued)****(i) Financial assets (continued)****(b) Renegotiated/restructured loans**

Where a loan shows evidence of credit weaknesses, the Company may seek to renegotiate the loan rather than to take possession of collateral. This may involve an extension or restructuring of the payment arrangements via renegotiation of new loan terms and conditions. These loans continue to be subject to individual or collective impairment assessment.

(c) Investments

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument carried at cost shall not be reversed.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

2. Significant accounting policies (continued)**(f) Impairment (continued)****(ii) Other assets (continued)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(g) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

25

Company No. 412767-V

2. Significant accounting policies (continued)**(g) Equity instruments (continued)****(ii) Perpetual notes**

Perpetual notes are classified as equity. Distributions on perpetual notes are recognised in equity in the year in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(iii) Perpetual sukuk

Perpetual sukuk are classified as equity. Distributions on perpetual sukuk are recognised in equity in the year in which they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(h) Employee benefits**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

26

Company No. 412767-V

2. Significant accounting policies (continued)**(j) Revenue recognition**

- (i) Interest income, profit revenue and finance charges from easy payment, personal financing schemes based on Islamic principles and credit card business**

Interest income, profit revenue and finance charges from easy payment, personal financing schemes and credit card business are recognised in the profit or loss using the Effective Interest/Profit Rate ("EIR") method.

EIR is a method of calculating the amortised cost of financing receivables ("receivable(s)") and of allocating the corresponding interest income, profit revenue and finance charges over the relevant year. EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the receivable or, when appropriate, a shorter year to the net carrying amount of the receivable.

- (ii) Fee income from easy payment, personal financing schemes based on Islamic principles and credit card business**

Fee income from easy payment and personal financing schemes comprise late payment / penalty charges, processing fees and credit recovery charges. Fee income from credit card business comprises credit recovery charges, cash advance fees, transaction charges, annual fees, merchant commission and Visa / MasterCard interchange fees.

Fee income is generally recognised on an accrual basis when services have been provided.

- (iii) Dividend income**

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(k) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the year in which they are incurred.

Cost of issuance of commercial papers / medium term notes are deferred and capitalised as part of the fair value of the commercial papers/medium term notes. The cost of issuance is amortised to profit or loss so as to give a constant periodic interest rate on the outstanding commercial papers/medium term notes at the end of each reporting year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

27

Company No. 412767-V

2. Significant accounting policies (continued)**(l) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Earnings per ordinary share

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

2. Significant accounting policies (continued)**(n) Operating segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(o) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

29

Company No. 412767-V

3. Plant and equipment

	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<i>Cost</i>							
At 1 March 2015	9,890	115,082	2,839	5,065	24,614	1,395	158,885
Additions	385	17,199	624	125	731	7,646	26,710
Disposals	-	(5,643)	-	(225)	-	-	(5,868)
Write-off	(186)	(1,710)	-	(18)	(85)	-	(1,999)
Reclassification	136	1,774	-	-	4,009	(5,919)	-
At 29 February 2016/1 March 2016	10,225	126,702	3,463	4,947	29,269	3,122	177,728
Additions	1,266	18,434	-	267	1,666	11,411	33,044
Disposals	(78)	(952)	-	-	-	-	(1,030)
Write-off	(31)	(96)	-	(8)	(45)	-	(180)
Reclassification	42	8,495	-	23	3,010	(11,570)	-
At 28 February 2017	11,424	152,583	3,463	5,229	33,900	2,963	209,562
<i>Accumulated depreciation</i>							
At 1 March 2015	8,401	82,977	903	4,824	16,546	-	113,651
Charge for the year	747	14,234	667	168	3,683	-	19,499
Disposals	-	(5,283)	-	(220)	(2)	-	(5,505)
Write-off	(184)	(1,709)	-	(20)	(80)	-	(1,993)
At 29 February 2016/1 March 2016	8,964	90,219	1,570	4,752	20,147	-	125,652
Charge for the year	744	17,111	691	174	4,167	-	22,887
Disposals	(78)	(952)	-	-	-	-	(1,030)
Write-off	(31)	(96)	-	(8)	(45)	-	(180)
At 28 February 2017	9,599	106,282	2,261	4,918	24,269	-	147,329
<i>Carrying amounts</i>							
At 1 March 2015	1,489	32,105	1,936	241	8,068	1,395	45,234
At 29 February 2016/1 March 2016	1,261	36,483	1,893	195	9,122	3,122	52,076
At 28 February 2017	1,825	46,301	1,202	311	9,631	2,963	62,233

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

30

Company No. 412767-V

4. Investments

	Note	2017 RM'000	2016 RM'000
At cost			
Unquoted shares		24,239	24,239
Less: Impairment loss	4.2	(5,194)	-
		<u>19,045</u>	<u>24,239</u>

4.1 The details of the unquoted shares are as follows:

Name of Company	Country of Incorporation	Principal activities	Interest in equity	
			2017 %	2016 %
AEON Credit Service (Philippines) Inc	Philippines	Provision of financial services	10	10
AEON Credit Service India Private Limited ("ACSI")	India	Provision of non- banking financial services	20	20
AEON Credit Service Systems (Philippines) Inc.	Philippines	Provision of information technology services	3	10

The Directors have determined that the above investments should be designated as "other investment" as the Company does not have influence over its activities and distribution policy.

4.2 During the financial year, due to ACSI's loss making position, the Company assessed the recoverable amount of the investment using discounting cash flow method to calculate the cash flows projection based on its 5-year approved financial budget and a pre-tax discount rate of 9.21% per annum.

Based on the assessment, the aggregate carrying amount of the investment exceeded the aggregate recoverable amount by RM5,194,000 and the impairment loss was recognised in operating expenses.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

31

Company No. 412767-V

5. Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	2017 RM'000	2016 RM'000
Plant and equipment	(4,040)	(4,727)
Hedging reserves	8,630	10,325
Impairment loss on receivables	11,956	9,861
Recognition of interest income / profit revenue	25,707	19,416
Provision for bonus and others	6,817	4,168
Net tax assets	<u>49,070</u>	<u>39,043</u>

Movement in temporary differences during the year

	At 28 February 2015 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 29 February 2016 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 28 February 2017 RM'000
Plant and equipment	(7,278)	2,551	-	(4,727)	687	-	(4,040)
Hedging reserves	2,940	-	7,385	10,325	-	(1,695)	8,630
Impairment loss on receivables	10,821	(960)	-	9,861	2,095	-	11,956
Recognition of interest income/ profit revenue	15,069	4,347	-	19,416	6,291	-	25,707
Provision for bonus and others	3,141	1,027	-	4,168	2,649	-	6,817
	<u>24,693</u>	<u>6,965</u>	<u>7,385</u>	<u>39,043</u>	<u>11,722</u>	<u>(1,695)</u>	<u>49,070</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

32

Company No. 412767-V

6. Receivables and deposits

	Note	2017 RM'000	2016 RM'000
Non-current			
Trade			
Financing receivables		<u>4,480,990</u>	<u>3,630,038</u>
Current			
Trade			
Total financing receivables		<u>8,950,745</u>	<u>7,452,737</u>
Less: Unearned carrying charges		<u>(2,359,848)</u>	<u>(1,909,900)</u>
Impairment loss on receivables	6.1	<u>(152,194)</u>	<u>(137,921)</u>
	6.2	<u>6,438,703</u>	<u>5,404,916</u>
Less: Financing receivables (Non-current)		<u>(4,480,990)</u>	<u>(3,630,038)</u>
Financing receivables (Current)		<u>1,957,713</u>	<u>1,774,878</u>
Non-trade			
Other receivables and deposits		26,710	10,438
Amount due from related companies and corporations	6.3	<u>1,514</u>	<u>4,928</u>
		<u>28,224</u>	<u>15,366</u>
		<u>1,985,937</u>	<u>1,790,244</u>

6.1 During the year, financing receivables amounting to RM291,890,000 (2016: RM285,797,000) was written off against the allowance for impairment losses.

6.2 Included in financing receivables are:

- i) an amount of RM5,444,395,000 (2016: RM4,419,672,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles.
- ii) an amount of RM2,254,000 (2016: RM2,291,000) due from a related company which is subject to normal trade terms.

6.3 The amount due from related companies and corporations are non-trade in nature, unsecured, interest free and repayable on demand.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

33

Company No. 412767-V

7. Derivative financial assets

	2017		2016	
	Nominal value RM'000	Assets RM'000	Nominal value RM'000	Assets RM'000
Derivative used for hedging				
- Forward exchange contracts	-	-	50,700	(482)
- Cross currency swaps	2,646,173	579,977	2,326,173	478,706
	<u>2,646,173</u>	<u>579,977</u>	<u>2,376,873</u>	<u>478,224</u>

Forward exchange contracts and cross currency swaps are used to manage the foreign currency and interest rate exposures arising from the borrowings denominated in foreign currency. Forward contracts have maturities of less than one year after the end of the reporting year and most of the cross currency swaps have maturities of more than one year after the end of the reporting year.

8. Cash and bank balances

	2017 RM'000	2016 RM'000
Cash and bank balances	60,287	53,427
Deposits placed with licensed banks	13,380	13,823
	<u>73,667</u>	<u>67,250</u>

Deposits placed with licensed banks include RM9,908,000 (2016: RM8,988,000) held on behalf of a related company.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

34

Company No. 412767-V

9. Capital and reserves**9.1 Share capital**

	Amount 2017 RM'000	Number of shares 2017 '000	Amount 2016 RM'000	Number of shares 2016 '000
Issued and fully paid:				
As at 1 March	72,000	144,000	72,000	144,000
Transfer pursuant to Section 618(2) of the Companies Act 2016*	44,012	-	-	-
As at 28 / 29 February	<u>116,012</u>	<u>144,000</u>	<u>72,000</u>	<u>144,000</u>

* The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

9.2 Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value. Pursuant to Section 618(2) of the Act, the sum of RM44,012,000 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

9.3 Perpetual notes and sukuk

	Note	2017 RM'000	2016 RM'000
Perpetual notes	a	146,000	146,000
Perpetual sukuk	b	<u>130,000</u>	<u>130,000</u>
At 28 / 29 February		<u>276,000</u>	<u>276,000</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

35

Company No. 412767-V

9. Capital and reserves (continued)**9.3 Perpetual notes and sukuk (continued)****(a) Perpetual notes**

On 11 April 2014 and 21 April 2014, the Company issued perpetual notes amounting to RM146,000,000 in total. The salient features of the perpetual notes issued are as follows:

- (i) The distribution rate for the year for five (5) years from issuance date is 6.5% (2016: 6.5%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual notes are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual notes on the date of the fifth anniversary of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual notes earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual notes do not have any voting rights in the Company; and
- (viii) The perpetual notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

36

Company No. 412767-V

9. Capital and reserves (continued)**9.3 Perpetual notes and sukuk (continued)****(b) Perpetual sukuk**

On 30 December 2014, the Company issued perpetual sukuk at par amounting to RM105,000,000. Subsequently on 16 February 2015, the Company further issued perpetual sukuk amounting to RM25,000,000.

The salient features of the perpetual sukuk issued are as follows:

- (i) The distribution rate for the year for five (5) years from issuance date is 6.5% (2016: 6.5%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual sukuk are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual sukuk on the date of the fifth anniversary of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual sukuk earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (viii) The perpetual sukuk rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

9.4 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

37

Company No. 412767-V

10. Borrowings

	Note	2017 RM'000	2016 RM'000
Non-current			
Term loans / financing (unsecured)	10.1	4,898,808	4,014,649
Medium term notes (unsecured)	10.2	-	200,000
		<u>4,898,808</u>	<u>4,214,649</u>
Current			
Bank overdrafts (unsecured)	10.1	40,083	50,026
Revolving credits (unsecured)	10.1	260,000	200,634
Term loans/financing (unsecured)	10.1	473,334	442,868
Medium term notes (unsecured)	10.2	200,000	-
		<u>973,417</u>	<u>693,528</u>
		<u>5,872,225</u>	<u>4,908,177</u>

10.1 Bank overdraft, revolving credits and term loans / financing

The bank overdrafts, revolving credits and term loans/financing are provided on the basis of a letter of awareness from the immediate holding corporation, standby letters of credit from various financial institutions or on clean basis.

The bank overdrafts are denominated in Ringgit Malaysia whilst the revolving credits and term loans/financing are denominated in the following currencies:

	2017 RM'000	2016 RM'000
Revolving credits		
Ringgit Malaysia	260,000	150,000
U.S. Dollar	-	50,634
	<u>260,000</u>	<u>200,634</u>
Term loans / financing		
Ringgit Malaysia	2,110,000	1,609,999
U.S. Dollar	3,262,142	2,847,518
	<u>5,372,142</u>	<u>4,457,517</u>

The long term loans/financing are granted for years ranging from two to six years and repayable by way of bullet payment upon expiry of the term loan/financing year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

38

Company No. 412767-V

10. Borrowings (continued)*10.2 Medium term notes ("MTN")*

	2017 RM'000	2016 RM'000
Medium term notes – Single Investor MTN		
Nominal value	<u>200,000</u>	<u>200,000</u>

The above represents RM200,000,000 (2016: RM200,000,000) Single Investor MTN.

The redemption year for MTN at its nominal value is as follows:

	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017				
Single Investor MTN	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
2016				
Single Investor MTN	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

39

Company No. 412767-V

11. Payables and accruals

	Note	2017 RM'000	2016 RM'000
Trade			
Trade payables		29,825	31,560
Amount due to related companies	11.1	<u>54</u>	<u>551</u>
		----- 29,879	----- 32,111
Non-trade			
Other payables and accruals		104,750	76,586
Amount due to immediate holding corporation	11.2	5,006	4,275
Amount due to related companies and corporations	11.2	<u>1,940</u>	<u>612</u>
		----- 111,696	----- 81,473
		<u>141,575</u>	<u>113,584</u>

11.1 Related companies

The amounts due to related companies are subject to normal trade terms.

11.2 Immediate holding corporation, related companies and corporations

The amounts due to immediate holding corporation, related companies and corporations are unsecured, interest free and repayable on demand.

12. Revenue

	2017 RM'000	2016 RM'000
Revenue from easy payment, personal financing based on Islamic principles and credit card business:		
Interest income, profit revenue and finance charges	964,437	835,802
Fee income	<u>137,518</u>	<u>129,432</u>
	<u>1,101,955</u>	<u>965,234</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

40

Company No. 412767-V

13. Operating profit

	2017 RM'000	2016 RM'000
Operating profit is arrived at after crediting:		
Bad debts recovered	105,382	70,354
Gain on disposal of plant and equipment	<u>6</u>	<u>537</u>
and after charging:		
Auditors' remuneration:		
- Audit fees		
KPMG Malaysia	193	175
- Non-audit fees		
KPMG Malaysia	136	208
Depreciation on plant and equipment	22,887	19,499
Write-off of plant and equipment	-	6
Impairment loss on:		
- Financing receivables	306,163	288,420
- Investment in unquoted shares	5,194	-
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	18,181	15,231
- Wages, salaries and others	164,986	142,951
Rental expense in respect of:		
- Office premises	16,703	15,145
- Motor vehicles	4	10
- Office equipment	<u>797</u>	<u>474</u>

14. Key management personnel compensation

The key management personnel compensations are as follows:

	2017 RM'000	2016 RM'000
Directors:		
- Fees	804	519
- Remuneration	2,808	2,441
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	<u>251</u>	<u>377</u>
	<u>3,863</u>	<u>3,337</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

41

Company No. 412767-V

15. Finance costs

	2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Bank overdrafts	846	1,220
- Revolving credits	5,964	9,113
- Term loans/financing and medium term notes	193,237	152,712
- Asset backed medium term notes	-	185
	<u>200,047</u>	<u>163,230</u>

16. Income tax expense*Recognised in profit or loss*

	2017 RM'000	2016 RM'000
Current tax expense		
- Current year	97,465	79,960
- Under provision in prior year	392	374
Total current tax recognised in profit or loss	97,857	80,334
Deferred tax expense		
- Origination and reversal of temporary differences	(11,722)	(6,965)
Total deferred tax recognised in profit or loss	(11,722)	(6,965)
Total income tax expense	<u>86,135</u>	<u>73,369</u>

Reconciliation of effective tax expense

Profit before tax	<u>351,162</u>	<u>301,591</u>
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	84,279	72,382
Tax effect of non-deductible expenses	3,442	613
	87,721	72,995
Under provision in prior year – current tax	392	374
Under provision in prior year – deferred tax	1,842	-
Effect of reduction in tax rate*	(3,820)	-
	<u>86,135</u>	<u>73,369</u>
Deferred tax recognised directly in other comprehensive income:		
Cash flow hedge reserves (Note 17)	<u>1,695</u>	<u>(7,385)</u>

* On 21 October 2016, the Government of Malaysia announced the reduction of income tax rate based on the percentage of increase in chargeable income.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

42

Company No. 412767-V

17. Other comprehensive income

	Before tax RM'000	Tax effect RM'000	Net of tax RM'000
2017			
Cash flow hedge			
- Gain arising during the year	7,062	(1,695)	5,367
2016			
Cash flow hedge			
- Loss arising during the year	(31,262)	7,385	(23,877)

18. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2017			
Interim 2017 ordinary	30.50	43,920	7 November 2016
Final 2016 ordinary	29.60	42,624	15 July 2016
		<u>86,544</u>	
2016			
Interim 2016 ordinary	29.85	42,984	4 November 2015
Final 2015 ordinary	29.60	42,624	15 July 2015
		<u>85,608</u>	

After the financial year end, the following dividend was proposed by the Directors.

	Sen per share	Total amount RM'000
Final 2017 ordinary	32.50	<u>46,800</u>

This dividend will be recognised in the subsequent financial year upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

43

Company No. 412767-V

19. Earnings per ordinary share**Basic earnings per ordinary share**

The basic earnings per share is calculated by dividing the net profit after distribution on perpetual notes and perpetual sukuk by the weighted average number of ordinary shares outstanding during the year.

	2017 RM'000	2016 RM'000
Net profit attributable to equity holders	265,027	228,222
Distribution to the holders of perpetual notes and perpetual sukuk, net of tax	<u>(13,681)</u>	<u>(13,631)</u>
Net profit attributable to ordinary equity holders	<u>251,346</u>	<u>214,591</u>
	2017 '000	2016 '000
Net profit attributable to ordinary equity holders (RM)	251,346	214,591
Weighted average number of ordinary shares (unit)	144,000	144,000
Basic earnings per share (sen)	<u>174.55</u>	<u>149.02</u>

There were no outstanding potential ordinary shares as at 28 February 2017 and 29 February 2016 respectively, accordingly, the diluted earnings per share is not presented.

20. Operating segments

The principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles 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.

Accordingly, the segmental reporting used is equivalent to the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

44

Company No. 412767-V

21. Related parties**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel comprise all the Directors of the Company. The key management personnel compensation is disclosed in Note 14.

Related party transactions have been entered into in the normal course of business under normal trade terms. Balances with immediate holding corporation, related companies and corporations are disclosed in Note 6 and Note 11. The significant related party transactions of the Company are shown below:

	2017 RM'000	2016 RM'000
Related companies		
AEON CO. (M) BHD.		
Customers' transactions via related company*		
Sales through Easy Payment Schemes	5,743	5,990
Sales through AEON Credit Cards	55,877	102,518
Revenue		
Credit cards commission income	848	1,491
Expenses		
Convertible AEON-Card points purchased	(2,386)	(2,168)
Office and promotion space rental	<u>(3,950)</u>	<u>(4,011)</u>
AEON Big (M) Sdn. Bhd.		
Customers' transactions via related company*		
Sales through Easy Payment Schemes	2,457	2,601
Sales through AEON Credit Cards	2,022	1,288
Revenue		
Loyalty programme processing fee	4,226	5,516
Credit cards commission income	72	45
Expenses		
Office and promotion space rental	<u>(2,791)</u>	<u>(2,095)</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

45

Company No. 412767-V

21. Related parties (continued)

	2017 RM'000	2016 RM'000
Related companies (continued)		
AEON Credit Service Systems (Philippines) Inc.		
Assets		
IT systems development cost	<u>(7,701)</u>	<u>(4,087)</u>
AEON Delight (Malaysia) Sdn. Bhd.		
Provision of financing		
Instalment scheme for purchase of equipment	779	-
Revenue		
Interest income from Easy Payment Schemes	151	184
Expenses		
Cleaning services	<u>(569)</u>	<u>(544)</u>
Immediate holding corporation		
AEON Financial Service Co., Ltd.		
Expenses		
Corporate support fees	<u>(10,193)</u>	<u>(8,577)</u>

* In the capacity as merchant of the Company.

22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 RM'000	2016 RM'000
Less than one year	13,368	9,372
Between one and five years	<u>7,582</u>	<u>11,731</u>

The Company leases a number of service centres and office premises under operating leases.

23. Capital commitment

	2017 RM'000	2016 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	<u>1,069</u>	<u>2,419</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

46

Company No. 412767-V

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS");
- (c) Financial liabilities measured at amortised cost ("FL"); and
- (d) Derivatives used for hedging.

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Derivatives used for hedging RM'000
2017				
Financial assets				
Investments	19,045	-	19,045	-
Financing receivables and other receivables	6,466,927	6,466,927	-	-
Cash and bank balances	73,667	73,667	-	-
Derivative financial assets	579,977	-	-	579,977
	<u>7,139,616</u>	<u>6,540,594</u>	<u>19,045</u>	<u>579,977</u>
Financial liabilities				
Borrowings	(5,872,225)	(5,872,225)	-	-
Trade and other payables	(141,575)	(141,575)	-	-
	<u>(6,013,800)</u>	<u>(6,013,800)</u>	<u>-</u>	<u>-</u>
2016				
Financial assets				
Investments	24,239	-	24,239	-
Financing receivables and other receivables	5,420,282	5,420,282	-	-
Cash and bank balances	67,250	67,250	-	-
Derivative financial assets	478,224	-	-	478,224
	<u>5,989,995</u>	<u>5,487,532</u>	<u>24,239</u>	<u>478,224</u>
Financial liabilities				
Borrowings	(4,908,177)	(4,908,177)	-	-
Trade and other payables	(113,584)	(113,584)	-	-
	<u>(5,021,761)</u>	<u>(5,021,761)</u>	<u>-</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

47

Company No. 412767-V

24. Financial instruments (continued)**24.2 Net gains and losses arising from financial instruments**

	2017 RM'000	2016 RM'000
Net gains/(losses) on:		
Loans and receivables	901,174	747,168
Financial liabilities measured at amortised cost	<u>(200,047)</u>	<u>(163,230)</u>
	<u>701,127</u>	<u>583,938</u>

24.3 Financial risk management**(a) Financial risk management objectives and policies**

Risk management forms an integral part of the Company's activities and remains an important feature in all its business, operations, delivery channels and decision making processes. The extent to which the Company is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Company's risk management function is independent of its operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to review by the Risk Management Committee ("RMC") prior to Management or Board approval.

The objectives of the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposure and risk requirements;
- (ii) Ensure high risk activities are in accordance with the approved policies and the aggregate risk position is within the risk level approved by the Board of Directors; and
- (iii) Help to create shareholder value through proper allocation and management of risk, and facilitate the risk assessment of new business and products independently.

(b) Risk management framework

The Company employs an Enterprise-wide Risk Management Framework ("ERMF") to manage its risks effectively. The framework involves on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Company through the RMC. This framework provides the Board of Directors and management with a tool to anticipate and manage both existing and potential risks, taking into consideration the dynamic risk profiles, as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

24. Financial instruments (continued)

24.3 Financial risk management (continued)

(c) Risk organisation and reporting

The responsibility of risk management lies with the Board of Directors, which comprises executive and non-executive directors of the Company. In line with best practices, the Board of Directors determines the risk policy objectives for the Company, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the RMC which undertakes the oversight function for overall risk limit and ensures that the Company is within the risk appetite as established by the Board. The RMC also deliberates the implementation of the enterprise-wide risk management framework which addresses credit, market, operational and strategic risks within the policies established by the Board of Directors and recommending policy changes to the Board of Directors.

Quarterly reporting is made to Audit Committee and the Board by RMC on risk exposures, impact and mitigation measures, covering all areas of risk faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Company due to the deterioration in credit worthiness of its borrowers and consequently their ability to discharge their contractual obligations to the Company. Credit risk remains the most significant risk to which the Company is exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level in line with the Company's risk appetite and to ensure that the returns are commensurate to the risk underwritten.

The Company's exposure to credit risk arises principally from its financing receivables from customers and investment securities.

Company No. 412767-V

24. Financial instruments (continued)

24.4 Credit risk (continued)

Receivables

(i) *Risk management objectives, policies and processes for managing the risk*

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit and the credit acceptance procedures are monitored by the management. Collateral is required for the business of financing vehicles. The Company does not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance business.

The Company has taken reasonable steps to ensure that receivables from customers that are neither past due nor impaired are stated at its realisable values.

The Company conducts regular monitoring on credit exposure trend, asset quality by impaired loans, portfolio concentration analysis.

(ii) *Exposure to credit risk, credit quality and collateral*

At end of the reporting year, the Company does not have any significant exposure to any individual customers or industry sector. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Financing receivables amounting to RM3,793,477,000 (2016: RM3,215,848,000) are secured by vehicles of customers financed by the Company.

(iii) *Credit risk reporting and monitoring*

The Company's credit portfolios are monitored through monthly and/or adhoc reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. Credit Policy and Review Department ("CPRD") undertakes regular and comprehensive analysis of credit portfolios and reports to the RMC on emerging credit issues.

(iv) *Credit risk mitigation*

All credit facilities are granted on the credit standing of the borrower, source of repayment, debt servicing ability and the collateral pledged. Personal guarantees are obtained when the borrower's credit worthiness is insufficient to justify granting facilities.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

50

Company No. 412767-V

24. Financial instruments (continued)**24.4 Credit risk (continued)***(v) Concentration risk*

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company monitors various portfolios, to identify and assess risk concentrations. The credit portfolios are monitored and reviewed to identify, assess and guard against unacceptable risk concentrations.

Credit quality and allowance for impairment losses

The ageing of receivables as at the end of the reporting year was:

	Gross RM'000	Collective impairment losses RM'000	Net RM'000
28.2.2017			
Not past due	5,886,483	(8,868)	5,877,615
Past due 1 month	400,954	(13,793)	387,161
Past due 2 to 3 months	152,938	(27,157)	125,781
Past due more than 3 months	150,522	(102,376)	48,146
	<u>704,414</u>	<u>(143,326)</u>	<u>561,088</u>
	<u>6,590,897</u>	<u>(152,194)</u>	<u>6,438,703</u>
		Note 24.4(a)	
29.2.2016			
Not past due	4,964,552	(6,061)	4,958,491
Past due 1 month	329,450	(12,715)	316,735
Past due 2 to 3 months	112,012	(22,317)	89,695
Past due more than 3 months	136,823	(96,828)	39,995
	<u>578,285</u>	<u>(131,860)</u>	<u>446,425</u>
	<u>5,542,837</u>	<u>(137,921)</u>	<u>5,404,916</u>
		Note 24.4(a)	

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

51

Company No. 412767-V

24. Financial instruments (continued)**24.4 Credit risk (continued)**

- (a) The movements in the allowance for impairment losses of receivables during the financial year were:

	2017 RM'000	2016 RM'000
At 1 March	137,921	135,298
Impairment loss recognised	306,163	288,420
Impairment loss written off	(291,890)	(285,797)
At 28 February / 29 February	<u>152,194</u>	<u>137,921</u>

- (b) Included in net financing receivables is an amount of RM151,249,000 (2016: RM135,704,000) which are under renegotiated/restructured activities.

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Company have impaired RM39,955,000 (2016: RM32,193,000) of the renegotiated/restructured financing receivables. The status of renegotiated/restructured receivables are as follows:

	2017 RM'000	2016 RM'000
Not past due	95,263	91,422
Past due 1 month	29,056	24,552
Past due 2 to 3 months	18,160	12,250
Past due more than 3 months	8,770	7,480
	<u>151,249</u>	<u>135,704</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

52

Company No. 412767-V

24. Financial instruments (continued)**24.4 Credit risk (continued)****Investments***Risk management objectives, policies and processes for managing the risk*

Investments are made after due evaluation by the Board of Directors of the Company.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the Company has only invested in securities of its foreign affiliated companies. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Impairment losses

An impairment loss in respect of investment in unquoted shares of RM5,194,000 (2016: RM Nil) was recognised by the Company during the financial year due to ACSI's loss making position and reassessment of its recoverable amount by the Company.

The movements in the allowance for impairment loss during the financial year were:

	2017 RM'000	2016 RM'000
At 1 March	-	-
Impairment loss recognised	5,194	-
At 28/29 February	<u>5,194</u>	<u>-</u>

Intercompany balances*Risk management objectives, policies and processes for managing the risk*

The Company provides advances to related companies and corporations and it monitors the repayment of the related companies and corporations regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting year, there was no indication that the advances to the related companies and corporations are not recoverable.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

24. Financial instruments (continued)**24.5 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Company's liquidity risk management practice is to maintain high quality and well diversified portfolios of liquid assets and source of funds under both normal business and stressed conditions. The Company maintains optimum ratio of long term funding, i.e. debts maturing after 12 months from the reporting date against total debts. This ratio significantly match the ratio of long term financing receivables determined based on customers' contracted terms of repayment and payment pattern for revolving credit limits granted.

The Treasury unit reviews the asset and liability maturity profile and identifies any maturity mismatch for escalation to the RMC which is responsible for the independent monitoring of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Company, and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

54

24. Financial instruments (continued)**24.5 Liquidity risk (continued)***Maturity analysis*

The table below summarises the maturity profile of the Company's financial assets and financial liabilities as at the end of the reporting year based on undiscounted contractual payments:

	2017	Carrying amount RM'000	Contractual profit/interest/ coupon rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<i>Financial assets</i>								
Cash and bank balances		60,287	-	60,287	60,287	-	-	-
Deposits placed with licensed banks		13,380	2.70% - 3.20%	13,380	13,380	-	-	-
Financing receivables		6,438,703	21.20%*	8,716,286	2,877,534	1,903,897	3,094,203	840,652
Other receivables and deposits		28,224	-	28,224	28,224	-	-	-
Investments		19,045	-	19,045	19,045	-	-	-
		<u>6,559,639</u>		<u>8,837,222</u>	<u>2,998,470</u>	<u>1,903,897</u>	<u>3,094,203</u>	<u>840,652</u>
<i>Financial liabilities</i>								
Bank overdraft		40,083	3.30%	40,087	40,087	-	-	-
Unsecured term loan/financing		5,372,142	3.85% - 4.51%	5,964,868	483,042	2,613,912	2,623,604	244,310
Unsecured medium term notes		200,000	4.00%	201,826	201,826	-	-	-
Unsecured revolving credits		260,000	3.65%	260,576	260,576	-	-	-
Trade and other payables		141,575	-	141,575	141,575	-	-	-
		<u>6,013,800</u>		<u>6,608,932</u>	<u>1,127,106</u>	<u>2,613,912</u>	<u>2,623,604</u>	<u>244,310</u>

Maturity analysis of derivatives financial liabilities is disclosed in Note 24.7.

* Note : This represents the average annual effective interest rate on financing receivables outstanding at the end of the reporting year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

55

24. Financial instruments (continued)**24.5 Liquidity risk (continued)***Maturity analysis (continued)*

2016

Financial assets

	Carrying amount RM'000	Contractual profit/interest/ coupon rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Cash and bank balances	53,427	-	53,427	53,427	-	-	-
Deposits placed with licensed banks	13,823	3.00% - 3.45%	13,823	13,823	-	-	-
Financing receivables	5,404,916	21.97%*	7,304,700	2,579,327	1,529,432	2,455,753	740,188
Other receivables and deposits	15,366	-	15,366	15,366	-	-	-
Investments	24,239	-	24,239	24,239	-	-	-
	<u>5,511,771</u>		<u>7,411,555</u>	<u>2,686,182</u>	<u>1,529,432</u>	<u>2,455,753</u>	<u>740,188</u>

Financial liabilities

Bank overdraft	50,026	3.65%	50,031	50,031	-	-	-
Unsecured term loan/financing	4,457,517	3.85% - 4.75%	4,997,676	455,574	486,508	4,055,594	-
Unsecured medium term notes	200,000	4.00%	209,826	-	209,826	-	-
Unsecured revolving credits	200,634	3.66% - 3.74%	200,978	200,978	-	-	-
Trade and other payables	113,584	-	113,584	113,584	-	-	-
	<u>5,021,761</u>		<u>5,572,095</u>	<u>820,167</u>	<u>696,334</u>	<u>4,055,594</u>	<u>-</u>

Maturity analysis of derivatives financial liabilities is disclosed in Note 24.7.

* Note : This represents the average annual effective interest rate on financing receivables outstanding at the end of the reporting year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

56

Company No. 412767-V

24. Financial instruments (continued)**24.6 Market risk**

Market risk is the risk of potential loss as a result of changes in the intrinsic value of financial instruments caused by movement in market variables such as interest rate, foreign exchange rates, equity pricing and other related macro economic factors that will eventually affect the Company's profitability, cash flows and capital preservation.

The Company's market risk management includes the monitoring of the fluctuations in net interest income or investment value due to changes in relevant risk factors. RMC monitors the exposure on monthly basis through reports and analysis with the support of the Treasury unit.

In managing interest rate risk, the Company intends to maximise net interest income and net interest margin; and to minimise the significant volatility in relation to the Company's assets and liabilities.

24.6.1 Currency risk

The Company is exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Japanese Yen (JPY).

Risk management objectives, policies and processes for managing the risk

The repayment of all borrowings in foreign currency is fully hedged by forward exchange contracts and/or cross currency interest rate swaps entered into by the Company upon initial drawdown of the borrowings. Most of the forward exchange contracts and cross currency interest rate swap contracts have maturities of 2 to 5 years after the end of the reporting year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

57

Company No. 412767-V

24. Financial instruments (continued)**24.6 Market risk (continued)****24.6.1 Currency risk (continued)***Exposure to foreign currency risk*

The Company's exposure to foreign currency (a currency which is other than the currency of the Company) risk, based on carrying amounts at the end of the reporting year was:

	Note	Denominated in	
		USD RM'000	JPY RM'000
2017			
Inter-company balances		-	(4,732)
Borrowings	(i)	<u>(3,262,142)</u>	<u>-</u>
Net exposure		<u>(3,262,142)</u>	<u>(4,732)</u>
2016			
Inter-company balances		-	(3,985)
Borrowings	(i)	<u>(2,898,152)</u>	<u>-</u>
Net exposure		<u>(2,898,152)</u>	<u>(3,985)</u>

- (i) The Company's foreign currency risk exposure primarily relates to its USD bank borrowings and JPY denominated inter-company balances. The carrying amount of such bank borrowings and inter-company balances as at 2017 was RM3,262,142,000 and RM4,732,000 (2016: RM2,898,152,000 and RM3,985,000) respectively. To minimise the foreign currency risk and interest rate risk of bank borrowings, the Company has been using forward exchange contracts and/or cross currency interest rate swap contracts as hedging instruments.

Currency risk sensitivity analysis

No sensitivity analysis was presented for USD currency which is fully hedged.

A 10% strengthening or weakening of JPY at the end of the reporting year would have (decreased)/increased post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rate, remained constant and ignores any impact of forecasted inter-company transactions.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

58

Company No. 412767-V

24. Financial instruments (continued)**24.6 Market risk (continued)****24.6.1 Currency risk (continued)****Currency risk sensitivity analysis (continued)**

	Profit or loss			
	2017		2016	
	10% increase RM'000	10% decrease RM'000	10% increase RM'000	10% decrease RM'000
JPY	<u>(360)</u>	<u>360</u>	<u>(303)</u>	<u>303</u>

24.6.2 Interest rate risk

The Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company borrows for its operations at fixed and variable rates and monitors the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Company also uses cross currency interest rate swap contracts to hedge its interest rate risk on bank borrowings as stated in Note 24.6.1(i). The management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year was:

	2017 RM'000	2016 RM'000
Fixed rate instruments		
Financial liabilities	<u>2,570,000</u>	<u>1,960,000</u>
Floating rate instruments		
Financial liabilities	<u>3,302,225</u>	<u>2,948,177</u>

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

59

Company No. 412767-V

24. Financial instruments (continued)**24.6 Market risk (continued)****24.6.2 Interest rate risk (continued)***Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting year would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2017		2016	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments	<u>(25,097)</u>	<u>25,097</u>	<u>(22,406)</u>	<u>22,406</u>

24.7 Hedging activities**Cash flow hedge**

The Company has entered into forward exchange contract and cross currency interest rate swaps to hedge the cash flow risk in relation to the foreign currency denominated borrowings of RM2,646,173,000 (2016: RM2,376,872,000). The forward exchange contracts and cross currency interest rate swaps have the same nominal value of RM2,646,173,000 (2016: RM2,376,872,000) and are to be settled in full upon maturity.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

60

Company No. 412767-V

24. Financial instruments (continued)**24.7 Hedging activities (continued)****Cash flow hedge (continued)**

The following table indicates the years in which the cash flows associated with the derivative financial assets with carrying amount of RM579,977,000 (2016: derivative financial assets with carrying amount of RM478,224,000) that are expected to occur and affect profit or loss:

	Expected cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(2,947,228)	(313,823)	(1,352,659)	(1,280,746)
Inflow	2,767,557	250,402	1,301,396	1,215,759
	<u>(179,671)</u>	<u>(63,421)</u>	<u>(51,263)</u>	<u>(64,987)</u>
2016				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(2,669,245)	(325,232)	(292,236)	(2,051,777)
Inflow	2,467,872	261,171	233,005	1,973,696
	<u>(201,373)</u>	<u>(64,061)</u>	<u>(59,231)</u>	<u>(78,081)</u>

During the financial year, a gain of RM5,367,000 (2016: loss of RM23,877,000) was recognised in other comprehensive income.

24.8 Fair value of financial instruments

Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting year.

Quoted and observable market prices, where available, are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the corresponding fair value estimates.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

24. Financial instruments (continued)**24.8 Fair value of financial instruments (continued)**

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of MFRS 132, *Financial Instruments: Presentation*, which requires the fair value information to be disclosed.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. 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).

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

62

24. Financial instruments (continued)**24.8 Fair value of financial instruments (continued)**

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2017								
Financial assets								
Financing receivables								
- current	-	-	-	-	-	1,957,713	1,957,713	1,957,713
- non-current	-	-	-	-	-	4,621,077	4,621,077	4,480,990
Other receivables and deposits	-	-	-	-	-	28,224	28,224	28,224
Derivatives designated as hedging instruments	-	579,977	-	-	-	-	579,977	579,977
	-	579,977	-	-	-	6,607,014	7,186,991	7,046,904
Financial liabilities								
Term loans/ financing (unsecured)	-	-	-	-	-	4,849,942	4,849,942	4,898,808
	-	-	-	-	-	4,849,942	4,849,942	4,898,808

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

63

24. Financial instruments (continued)**24.8 Fair value of financial instruments (continued)**

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2016								
Financial assets								
Financing receivables								
- current	-	-	-	-	-	1,774,878	1,774,878	1,774,878
- non-current	-	-	-	-	-	3,778,374	3,778,374	3,630,038
Other receivables and deposits	-	-	-	-	-	15,366	15,366	15,366
Derivatives designated as hedging instruments	-	478,224	-	-	478,224	-	478,224	478,224
	-	478,224	-	-	478,224	5,568,618	6,046,842	5,898,506
Financial liabilities								
Term loans/ financing (unsecured)	-	-	-	-	-	3,978,216	3,978,216	4,014,649
Medium term notes (unsecured)	-	-	-	-	-	199,945	199,945	200,000
	-	-	-	-	-	4,178,161	4,178,161	4,214,649

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

Company No. 412767-V

24. Financial instruments (continued)**24.8 Fair value of financial instruments (continued)**

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

Financial assets

The carrying amounts of cash and cash equivalents and short term receivables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of derivatives designated as hedging instruments is based on broker quotes. Where such prices are not available, reference is based on discounted cash flow analysis using applicable yield curve for the duration of the instruments.

The fair value of financing receivables with remaining maturity of less than one year is estimated to approximate their carrying values. The fair value of financing receivables with maturities of more than one year have been determined by discounting the relevant cash flows using market rates at the end of reporting year.

For investments, it was not practicable to estimate the fair value due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Financial liabilities

The carrying amounts of short term payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

Fair value for long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

65

Company No. 412767-V

25. Capital management

The Company's objectives when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial year, the Company has complied with debt to equity ratio requirement of less than 5.25:1. The debt-to-equity ratio in year 2017 and 2016 were as follows:

	2017 RM'000	2016 RM'000
Total borrowings (Note 10)	5,872,225	4,908,177
Less: Cash and bank balances (Note 8)	<u>(63,759)</u>	<u>(58,262)</u>
Net debt	<u>5,808,466</u>	<u>4,849,915</u>
Total equity	<u>1,230,987</u>	<u>1,060,818</u>
Debt-to-equity ratio	<u>4.72</u>	<u>4.57</u>

There were no changes in the Company's approach to capital management during the financial year.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

66

Company No. 412767-V

26. Supplementary financial information on the breakdown of realised and unrealised profit or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting year, into realised and unrealised profits or losses.

On 20 December 2010, the Malaysian Institute of Accountants further issued another directive on the disclosure and prescribed format of presentation.

The breakdown of retained earnings of the Company as at the end of reporting year, into realised and unrealised earnings, pursuant to the directive are as follows:

	2017 RM'000	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>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

67

AEON Credit Service (M) Berhad

(Company No. 412767-V)

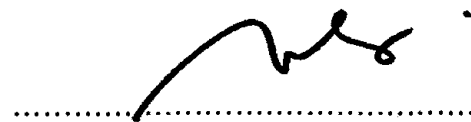
(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 7 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 28 February 2017 and of its financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 26 on page 66 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Abdullah bin Mohd Yusof.....
Kenji Fujita

Kuala Lumpur,

Date: 9 May 2017

AEON Credit Service (M) Berhad

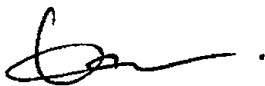
(Company No. 412767-V)

(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

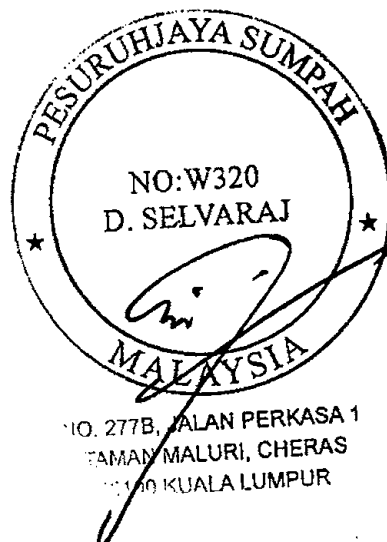
I, **Lee Kit Seong**, the Director primarily responsible for the financial management of AEON Credit Service (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 66 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Lee Kit Seong, NRIC: 690827-10-5611, at Kuala Lumpur in the State of Wilayah Persekutuan on 9 May 2017.



.....
Lee Kit Seong

Before me:



AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)

69



KPMG PLT
 (LLP0010081-LCA & AF 0758)
 Chartered Accountants
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 Selangor Darul Ehsan, Malaysia

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 Internet www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD

(Company No. 412767-V)
 (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AEON Credit Service (M) Berhad, which comprise the statement of financial position as at 28 February 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 65.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 28 February 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KPMG PLT, a limited liability partnership established under Malaysian law is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG PLT (LLP0010081-LCA) was registered on 27.12.2016 and from the date thereof, was converted from a conventional partnership, KPMG, to a limited liability partnership.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)



70

AEON Credit Service (M) Berhad
(Company No. 412767-V)
Independent Auditors' Report for the
financial year ended 28 February 2017

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p>Impairment of financing receivables The carrying value of financing receivables held at amortised costs may be misstated because the assessment of impairment loss on financing receivables involve estimates and significant judgement by Directors.</p> <p>Refer to the significant accounting policy in Note 2 (b) and 2 (f), the disclosure of receivables in Note 6 and the disclosure of credit risk in Note 24.4.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ol style="list-style-type: none"> i. evaluated the design and implementation of the key controls over the lending process and tested the operating effectiveness of these controls; ii. assessed the effectiveness of the process in place over credit assessment and credit management; iii. assessed whether the Company's impairment provisioning policy on financing receivables is in accordance with MFRS 139, <i>Financial Instruments: Recognition and Measurement</i>; and iv. checked the accuracy of ageing of financing receivables.
<p>Carrying value of investments in unquoted shares The valuation of the investments in unquoted shares is a key area of focus of our audit due to the complexity and significant judgement involved in the assessment of impairment on the investments in unquoted shares.</p> <p>Refer to the significant accounting policy in Note 2 (b) and 2 (f), and the disclosure of investments in Note 4.</p>	<p>Our audit procedures performed in this area included, amongst others:</p> <ol style="list-style-type: none"> i. assessed the operating results of respective investments for indications of impairment; ii. evaluated the investee business plans with regards to the investments and assessed the cash flow projections by challenging the key assumption used; and iii. challenged the Director's assessment and basis in arriving at the need for or adequacy of impairment made for the investments.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)



71

AEON Credit Service (M) Berhad
(Company No. 412767-V)
*Independent Auditors' Report for the
financial year ended 28 February 2017*

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)



72

*AEON Credit Service (M) Berhad
(Company No. 412767-V)
Independent Auditors' Report for the
financial year ended 28 February 2017*

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out in Note 26 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

AUDITED FINANCIAL STATEMENTS OF ACSM FOR THE FYE 28 FEBRUARY 2017 TOGETHER WITH THE NOTES AND AUDITORS' REPORT (CONT'D)



73

*AEON Credit Service (M) Berhad
(Company No. 412767-V)
Independent Auditors' Report for the
financial year ended 28 February 2017*

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Kam Chiew
Approval Number: 2055/06/18(J)
Chartered Accountant

Petaling Jaya,

Date: 9 May 2017

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES



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

CERTIFIED TRUE COPY

LEE KIT SEONG
Executive Director
AEON Credit Service (M) Berhad

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MAY 2017**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative 3 months ended	
		31.05.2017 RM'000	31.05.2016 RM'000	31.05.2017 RM'000	31.05.2016 RM'000
Revenue	B4	302,282	261,638	302,282	261,638
Total operating expenses		(175,927)	(158,176)	(175,927)	(158,176)
Other operating income		31,160	27,569	31,160	27,569
Profit from operations	B5(a)	157,515	131,031	157,515	131,031
Finance costs		(55,646)	(46,915)	(55,646)	(46,915)
Profit before taxation		101,869	84,116	101,869	84,116
Taxation	B6	(26,057)	(21,389)	(26,057)	(21,389)
Profit for the year		75,812	62,727	75,812	62,727
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		(393)	9,953	(393)	9,953
Other comprehensive income for the year, net of tax		(393)	9,953	(393)	9,953
Total comprehensive income for the year		75,419	72,680	75,419	72,680
Earnings per share attributable to equity holders of the Company:					
Basic (sen)	B12	50.15	41.06	50.15	41.06
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 28 February 2017 and the accompanying notes to the quarterly report attached hereto.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2017

	Note	Unaudited As at 31.05.2017 RM'000	As at 28.02.2017 RM'000
ASSETS			
Non-current assets			
Plant and equipment		60,809	62,233
Investments		19,045	19,045
Deferred tax assets		47,838	49,070
Financing receivables		4,078,136	4,480,990
		<u>4,205,828</u>	<u>4,611,338</u>
Current assets			
Financing receivables		2,591,607	1,957,713
Other receivables, deposits and prepayments		46,852	49,374
Derivative financial assets		441,834	579,977
Cash and bank balances		70,096	73,667
		<u>3,150,389</u>	<u>2,660,731</u>
TOTAL ASSETS		<u>7,356,217</u>	<u>7,272,069</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		116,012	116,012
Share premium		-	-
Reserves		910,798	838,975
Equity attributable to equity holders of the Company		<u>1,026,810</u>	<u>954,987</u>
Perpetual notes and sukuk		276,000	276,000
Total equity		<u>1,302,810</u>	<u>1,230,987</u>
Non-current liability			
Borrowings	B9	4,606,640	4,898,808
		<u>4,606,640</u>	<u>4,898,808</u>
Current liabilities			
Borrowings	B9	1,287,439	973,417
Payables and accruals		128,750	141,575
Taxation		30,578	27,282
		<u>1,446,767</u>	<u>1,142,274</u>
Total liabilities		<u>6,053,407</u>	<u>6,041,082</u>
TOTAL EQUITY AND LIABILITIES		<u>7,356,217</u>	<u>7,272,069</u>
Net assets per share (RM)		7.13	6.63

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 2017 and the accompanying notes to the quarterly report attached hereto.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MAY 2017**

	← Non-distributable →					Distributable	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Perpetual Notes RM'000	Perpetual Sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	
At 1 March 2016	72,000	44,012	146,000	130,000	(32,721)	701,527	1,060,818
Total comprehensive income for the period	-	-	-	-	9,953	62,727	72,680
Distribution on perpetual notes/sukuk, net of tax	-	-	-	-	-	(3,598)	(3,598)
At 31 May 2016	72,000	44,012	146,000	130,000	(22,768)	760,656	1,129,900
At 1 March 2017	116,012	-	146,000	130,000	(27,354)	866,329	1,230,987
Total comprehensive income for the period	-	-	-	-	(393)	75,812	75,419
Distribution on perpetual notes/sukuk, net of tax	-	-	-	-	-	(3,596)	(3,596)
At 31 May 2017	116,012	-	146,000	130,000	(27,747)	938,545	1,302,810

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 2017 and the accompanying notes to the quarterly report attached hereto.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MAY 2017**

	31.05.2017 RM'000	31.05.2016 RM'000
Cash flows from operating activities		
Profit before tax	101,870	84,116
Adjustments for:		
Depreciation of plant and equipment	5,933	5,406
Gain on disposal of plant and equipment	(1)	(2)
Finance costs	55,646	46,915
Plant and equipment written off	38	-
Allowance for impairment losses	82,651	71,247
Operating profit before working capital changes	<u>246,137</u>	<u>207,682</u>
Changes in working capital:		
Receivables, deposits and prepayments	(311,169)	(353,894)
Payables and accruals	(15,559)	(5,007)
Cash held on behalf for a related company	(585)	(920)
Cash used in operations	<u>(81,176)</u>	<u>(152,139)</u>
Income taxes paid	(20,270)	(16,448)
Finance costs paid	(52,913)	(43,007)
Net cash used in operating activities	<u>(154,359)</u>	<u>(211,594)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(4,559)	(9,157)
Proceeds from disposal of plant and equipment	12	2
Net cash used in investing activities	<u>(4,547)</u>	<u>(9,155)</u>
Cash flows from financing activities		
Repayment of borrowings	(537,200)	(230,700)
Proceeds from borrowings	676,407	460,000
Distribution paid to perpetual notes holders	(4,732)	(4,735)
Net cash generated from financing activities	<u>134,475</u>	<u>224,565</u>
Net increase in cash and cash equivalents	(24,431)	3,816
Cash and cash equivalents at 1 March	<u>23,676</u>	<u>8,236</u>
Cash and cash equivalents at 31 May	<u>(755)</u>	<u>12,052</u>

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	70,096	58,793
Cash held on behalf of a related company	(10,494)	(9,908)
Bank overdrafts	(60,357)	(36,833)
	<u>(755)</u>	<u>12,052</u>

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 2017 and the accompanying notes to the quarterly report attached hereto.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)

**AEON Credit Service (M) Berhad**

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the quarter ended 31 May 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 28 February 2017.

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 28 February 2017.

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.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the quarter ended 31 May 2017

7 Dividend Paid

There were no dividends paid during the quarter under review.

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.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the quarter ended 31 May 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>31.05.2017</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	-	441,834	-	441,834
Total financial assets carried at fair value	-	441,834	-	441,834

<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

12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 31 May 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 31 May 2017 amounted to RM1.4 million.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the quarter ended 31 May 2017

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company has achieved revenue of RM 302.282 million for the first quarter ended 31 May 2017. Total transaction and financing volume in the first quarter ended 31 May 2017 was RM 1.051 billion.

The financing receivables as at 31 May 2017 was RM6.669 billion, representing an increase of 17.4% from RM5.682 billion as at 31 May 2016. Non-performing loans (NPL) ratio was 2.43% as at 31 May 2017 compared to 2.42% as at 31 May 2016.

Other operating income was recorded at RM31.16 million for the first quarter ended 31 May 2017 mainly comprising bad debts recovered, commission income from sale of insurance products and AEON Big loyalty programme processing fees.

Ratio of total operating expense against revenue was recorded at 58.2% as compared to 60.5% in the quarter ended 31 May 2016. The decrease was mainly attributable to higher growth in interest income and corresponding lower increase in operating expenses.

The Company recorded a profit before tax of RM101.869 million for the first quarter ended 31 May 2017 representing a growth of 21.1% compared to previous year corresponding period.

Funding cost for the quarter ended 31 May 2017 was higher compared to the quarter ended 31 May 2016 due to increase in borrowings of 17.7%. The nominal value of borrowings as at 31 May 2017 was RM5.416 billion as compared to RM4.603 billion as at 31 May 2016.

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

There were no material changes in profit before taxation of current quarter compared with preceding quarter.

3 Current Year Prospects

The Malaysian economy posted a growth of 5.6% in the first quarter of 2017 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 15.5% and 20.9% growth in revenue and net profit respectively for the quarter ended 31 May 2017 as compared to previous year corresponding period. The Company expects to be able to continue with its financial performance for the year ending 28 February 2018 based on the scheduled implementation of its business plan.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE
3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

Notes to the interim financial report for the quarter ended 31 May 2017

4 Revenue

	Individual quarter 3 months		Cumulative quarter 3 months	
	ended <u>31.05.2017</u> RM'000	ended <u>31.05.2016</u> RM'000	ended <u>31.05.2017</u> RM'000	ended <u>31.05.2016</u> RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	266,627	228,801	266,627	228,801
Fee income	35,655	32,837	35,655	32,837
	<u>302,282</u>	<u>261,638</u>	<u>302,282</u>	<u>261,638</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 quarter 3 months	
	ended <u>31.05.2017</u> RM'000	ended <u>31.05.2016</u> RM'000	ended <u>31.05.2017</u> RM'000	ended <u>31.05.2016</u> RM'000
(a) Included in Profit from operations:				
Bad debts recovered	27,596	23,966	27,596	23,966
Depreciation of plant and equipment	(5,933)	(5,406)	(5,933)	(5,406)
Allowance for impairment losses on receivables	(82,651)	(71,247)	(82,651)	(71,247)
(b) Included in Other Comprehensive Income:				
(Loss)/Gain on cash flow hedge	(393)	9,953	(393)	9,953

Receivables amounting to RM72.518 million have been written off against allowance for impairment losses on receivables for the first quarter ended 31 May 2017 compared with RM67.267 million written off in the previous corresponding period ended 31 May 2016.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

Notes to the interim financial report for the quarter ended 31 May 2017

6 Taxation

	Individual quarter 3 months		Cumulative quarter 3 months	
	ended 31.05.2017 RM'000	ended 31.05.2016 RM'000	ended 31.05.2017 RM'000	ended 31.05.2016 RM'000
In respect of current period:				
- current tax	24,701	20,937	24,701	20,937
- deferred tax	1,356	(48)	1,356	(48)
	<u>26,057</u>	<u>20,889</u>	<u>26,057</u>	<u>20,889</u>
In respect of prior year:				
- current tax	-	500	-	500
	<u>26,057</u>	<u>21,389</u>	<u>26,057</u>	<u>21,389</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 31 May 2017 are as follows:

	Contract/ Notional Amount RM'000	Fair Value RM'000
Forward exchange contracts 0 – 3 years	101,407	98,349
<u>Cross currency swaps:</u>		
0 – 3 years	1,541,428	2,000,761
More than 3 years	1,072,545	1,094,613
Total	<u>2,715,380</u>	<u>3,193,723</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.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

Notes to the interim financial report for the quarter ended 31 May 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").

On 28 April 2017, CIMB IB had on behalf of the Board of Directors announced that ACSM had procured an irrevocable and unconditional undertaking from AEON Financial Service Co., Ltd ("AFS") to subscribe in full for its rights entitlement under the Proposed Rights Issue of approximately RM257.90 million based on its current shareholding in ACSM.

AFS had also irrevocably and unconditionally undertaken not to reduce its shareholding in ACSM so that its shareholding in ACSM as at the ICULS Entitlement Date for the Proposed Rights Issue, is no less than its existing shareholding in ACSM to ensure that this subscription level is maintained.

On 3 May 2017, CIMB IB had on behalf of the Board of Directors announced that the SC had granted its approval to ACSM for the issuance of the ICULS under the Proposed Right Issue, subject to the compliance with the standard conditions and continuing obligations as stipulated in SC's Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.

Subsequently, on 5 June 2017, CIMB IB announced that Bursa Securities had approved the following:

- (i) Listing and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
- (ii) Listing and quotation of the new ICULS to be issued pursuant to the Proposed Rights Issue; and
- (iii) Listing and quotation of the new ACSM Shares to be issued pursuant to the conversion of the ICULS

On 21 June 2017, the Board of Directors announced that the shareholders had granted their approval for the issuance of new ordinary shares under the Proposed Bonus Issue and the issuance of the ICULS under the Proposed Right Issue at the Extraordinary General Meeting.

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

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

Notes to the interim financial report for the quarter ended 31 May 2017

9 Borrowings

The borrowings of the Company as at 31 May 2017 comprised the following:

	Unsecured RM'000
Non-current :	
- Term loans / financing	4,606,640
	<u>4,606,640</u>
Current :	
- Bank overdrafts	60,356
- Revolving credits	328,349
- Term loans / financing	898,734
	<u>1,287,439</u>
Total	<u>5,894,079</u>

The borrowings were denominated in the following currencies:

	Unsecured RM'000 Equivalent
Ringgit Malaysia	2,700,356
United States Dollar	<u>3,193,723</u> (Equivalent to USD746.88 million)
	<u>5,894,079</u>

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

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

Notes to the interim financial report for the quarter ended 31 May 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

No dividend was proposed or declared for the current quarter ended 31 May 2017.

12 Earnings per share

	Individual quarter 3 months		Cumulative quarter 3 months	
	ended 31.05.2017 RM'000	ended 31.05.2016 RM'000	ended 31.05.2017 RM'000	ended 31.05.2016 RM'000
Net profit attributable to equity holders	75,812	62,727	75,812	62,727
Distribution on perpetual notes, net of tax	(3,596)	(3,598)	(3,596)	(3,598)
Net profit attributable to ordinary equity holders	72,216	59,129	72,216	59,129
Net profit attributable to ordinary equity holders (RM)	72,216	59,129	72,216	59,129
Weighted average number of ordinary shares (unit)	144,000	144,000	144,000	144,000
Basic earnings per share (sen)	50.15	41.06	50.15	41.06

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 subscribe for ordinary shares that are dilutive to its basic earnings per share.

THE LATEST AVAILABLE UNAUDITED FINANCIAL STATEMENTS OF ACSM FOR THE 3-MONTH FPE 31 MAY 2017 INCLUDING EXPLANATORY NOTES (CONT'D)



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

Notes to the interim financial report for the quarter ended 31 May 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

	<u>As at</u> <u>31.05.2017</u> RM'000	<u>As at</u> <u>28.02.2017</u> RM'000
Total retained earnings of the Company		
- Realised	890,707	817,259
- Unrealised	47,838	49,070
Total retained earnings as per statement of changes in equity	<u>938,545</u>	<u>866,329</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 4 July 2017.

By order of the Board
4 July 2017

DIRECTORS' REPORT



AEON Credit Service (M) Berhad (412767-V)

Level 29, Menara Olympia, No. 8, Jalan Raja Chulan, 50200 Kuala Lumpur. Tel: 603-2772 9000 (Corporate Line)
P.O.Box 12754, 50788 Kuala Lumpur. 603-2719 9999 (Customer Care)

Registered office:
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

04 AUG 2017

To: The Shareholders of AEON Credit Service (M) Berhad ("ACSM")

Dear Sir/Madam,

On behalf of the Board of Directors of ACSM ("Board"), I wish to report that after making due enquiries in relation to the period between 28 February 2017, being the date on which the last audited financial statement of ACSM have been made up, and up to the date hereof, being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus, that:

- (a) The business of ACSM has, in the opinion of the Board, been satisfactorily maintained;
- (b) In the opinion of the Board, no circumstances have arisen since the last audited financial statements of ACSM, which have adversely affected the trading or the value of the assets of ACSM;
- (c) The current assets of ACSM appears in the books at values which are believed to be realisable in the ordinary course of business;
- (d) There are no contingent liabilities by reason of any guarantees or indemnities given by ACSM;
- (e) There has been, since the last audited financial statements of ACSM, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of ACSM; and
- (f) Save as disclosed in this Abridged Prospectus, since the last audited financial statements of ACSM, there has been no material change in the published reserves or any unusual factors affecting the profits of ACSM.

Yours faithfully,

For and on behalf of the Board of
AEON CREDIT SERVICE (M) BERHAD


Kenji Fujita
Managing Director



ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) Save for the Rights ICULS and the new Shares to be issued upon the conversion of the Rights ICULS, no other securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in ACSM, namely ordinary shares, all of which rank equally with one another.
- (iii) Save for the Rights ICULS and the new Shares to be issued upon the conversion of the Rights ICULS, no other securities have been issued or proposed or agreed to be issued as fully or partly in cash or otherwise within the two (2) years preceding the date of this Abridged Prospectus.
- (iv) Save for the Rights Issue of ICULS, no person has been or is entitled to be granted an option to subscribe for any securities of ACSM as at the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

The following provisions are extracted from our Company's Articles of Association⁷. Terms defined in the Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

“Article 111 – Directors’ remuneration

Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting provided always:

- (1) *Directors’ fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;*
- (2) *salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or percentage of turnover;*
- (3) *all remuneration payable to Directors shall be deemed to accrue from day to day;*
- (4) *fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- (5) *any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor’s remuneration.*

Article 112 – Expenses

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

⁷ Pursuant to Section 619(3) of the Act, the memorandum of association and articles of association of an existing company in force and operative at the commencement of the Act, shall have effect as if made or adopted under the Act, unless otherwise resolved by the Company.

ADDITIONAL INFORMATION (CONT'D)

Article 113 – Special remuneration

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) *render any special or extra services to the Company; or*
- (2) *to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.*

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover."

3. CONSENTS

- 3.1 Our Principal Adviser and Lead Arranger, Joint Underwriters, Solicitors, Share Registrar and Paying Agent, Company Secretaries, Trustee, Principal Bankers and the Current Auditors have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in this Abridged Prospectus in the form and context in which they appear.
- 3.2 KPMG PLT, being the Auditors up to the FYE 28 February 2017 and Reporting Accountants for the Rights Issue of ICULS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto, including the Reporting Accountants' Letter relating to the pro forma statements of financial position of our Company as at 28 February 2017 and the Auditors' report relating to the audited financial statements of our Company for the FYE 28 February 2017 in the form and context in which they appear in this Abridged Prospectus.
- 3.3 Bloomberg Finance L.P., being named as the source for market data and historical share prices of our Shares, has given and has not subsequently withdrawn its written consent to the inclusion in this Abridged Prospectus of its name and all references thereto in the form and context in which it appears in this Abridged Prospectus.

4. DECLARATIONS OF CONFLICT OF INTEREST**4.1 CIMB**

CIMB, its related and associated companies as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("CIMB Group") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or any of its affiliates, in addition to the role as Principal Adviser, Lead Arranger and Joint Underwriter for the Rights Issue of ICULS. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other person(s), hold long or short positions in securities issued by our Company and/or its affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of CIMB Group generally acting independent of each other and accordingly, there may be situations where parts of the

ADDITIONAL INFORMATION (CONT'D)

CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Company.

As at LPD, CIMB Bank Berhad and CIMB Islamic Bank Berhad have granted credit facilities to our Company totalling RM57.0 million, none of which has been drawdown as at the LPD, and CIMB Bank Berhad also holds RM100.0 million worth of our Company's perpetual notes and sukuk.

CIMB is of the view that the above mentioned extension of credit facilities and holdings of our Company's perpetual notes and sukuk do not result in conflict of interest situation in respect of its capacity as Principal Adviser, Lead Arranger and Joint Underwriter for the Rights Issue of ICULS due to the following:

- (i) CIMB Bank Berhad is a licensed commercial bank, CIMB Islamic Bank Berhad is a licensed Islamic Bank and the extension of credit facilities to our Company and holdings of our Company's perpetual notes and sukuk arose in the ordinary course of business of these entities; and
- (ii) the total credit facilities granted and holdings of perpetual notes and sukuk by CIMB Bank Berhad and CIMB Islamic Bank Berhad are not material when compared to the audited net assets of the CIMB Group as at 31 December 2016 of RM47.1 billion.

4.2 KPMG PLT

KPMG PLT confirms that as at LPD, it is not aware of any circumstance or relationships which would give rise to a conflict of interest situation in its capacity to act as our Company's auditors up to the FYE 28 February 2017 and Reporting Accountants in connection with the Rights Issue of ICULS.

5. MATERIAL CONTRACT

Save for the Underwriting Agreement, our Company has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Abridged Prospectus.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Company is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings pending or threatened against our Company or of any other facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Company.

7. GENERAL

- (i) There are no existing or proposed service contracts entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of issuance of this Abridged Prospectus; and

ADDITIONAL INFORMATION (CONT'D)

- (ii) Save as disclosed in this Abridged Prospectus, our Board confirms that there are no:
 - (a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company;
 - (b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Company's liquidity;
 - (c) material commitments for capital expenditure;
 - (d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and
 - (e) known trends or uncertainties that have had, or that our Company reasonably expects to have, a material favourable or unfavourable impact on our Company's revenues or operating income.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from Monday to Friday (except for public holidays) at the registered office of our Company at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan for a period of twelve (12) months from the date of this Abridged Prospectus:

- (i) our Memorandum and Articles of Association;
- (ii) audited financial statements of our Company for the FYE 29 February 2016 and 28 February 2017;
- (iii) the latest unaudited results of our Company for the 3-month FPE 31 May 2017 referred to in Appendix V of this Abridged Prospectus;
- (iv) the pro forma statements of financial position as at 28 February 2017 together with the notes and Reporting Accountants' Letter in relation to the Rights Issue of ICULS referred to in Appendix III of this Abridged Prospectus;
- (v) the Undertaking referred to in Section 2.6 of this Abridged Prospectus;
- (vi) the Underwriting Agreement referred to in Section 2.7 of this Abridged Prospectus;
- (vii) the letters of consent referred to in Section 3 of this Appendix; and
- (viii) the Trust Deed.

ADDITIONAL INFORMATION (CONT'D)

9. RESPONSIBILITY STATEMENT

Our Board has seen and approved these Documents. They individually and collectively accept full responsibility for the accuracy of the information given in these Documents and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, if omitted, would make any statement in these Documents false or misleading.

CIMB, being the Principal Adviser and Lead Arranger for the Rights Issue of ICULS, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue of ICULS.

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