



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 NOVEMBER 2017

	Note	Unaudited Individual quarter 3 months ended			Unaudited Cumulative 9 months ended		
		30.11.2017 RM'000	30.11.2016 RM'000	Changes %	30.11.2017 RM'000	30.11.2016 RM'000	Changes %
Revenue	B4	312,345	280,347	11.4%	925,949	811,113	14.2%
Total operating expenses		(190,213)	(166,851)	14.0%	(551,083)	(496,325)	11.0%
Other operating income		29,490	28,417	3.8%	87,733	81,002	8.3%
Profit from operations	B5(a)	151,622	141,913	6.8%	462,599	395,790	16.9%
Finance costs		(56,315)	(51,106)	10.2%	(169,630)	(147,692)	14.9%
Profit before taxation		95,307	90,807	5.0%	292,969	248,098	18.1%
Taxation	B6	(24,755)	(23,754)	4.2%	(75,220)	(63,124)	19.2%
Profit for the year		70,552	67,053	5.2%	217,749	184,974	17.7%
Other comprehensive income, net of tax							
Cash flow hedge	B5(b)	14,527	9,069	60.2%	12,807	9,858	29.9%
Other comprehensive income for the period, net of tax		14,527	9,069	60.2%	12,807	9,858	29.9%
Total comprehensive income for the period		85,079	76,122	11.8%	230,556	194,832	18.3%
Earnings per share attributable to equity holders of the Company:							
Basic (sen)	B12	28.86	27.32	5.6%	112.30	94.50	18.8%
Diluted (sen)	B12	27.01	NA		109.13	NA	

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.



AEON Credit Service (M) Berhad
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2017

	Note	Unaudited As at 30.11.2017 RM'000	As at 28.02.2017 RM'000
ASSETS			
Non-current assets			
Plant and equipment		80,143	62,233
Investments		18,402	19,045
Deferred tax assets		50,725	49,070
Financing receivables		4,958,781	4,480,990
		<u>5,108,051</u>	<u>4,611,338</u>
Current assets			
Financing receivables		2,075,693	1,957,713
Other receivables, deposits and prepayments		46,749	49,374
Derivative financial assets		345,613	579,977
Cash and bank balances		241,585	73,667
		<u>2,709,640</u>	<u>2,660,731</u>
TOTAL ASSETS		<u><u>7,817,691</u></u>	<u><u>7,272,069</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		500,616	116,012
ICULS equity		75,432	-
Reserves		920,942	838,975
Equity attributable to equity holders of the Company		<u>1,496,990</u>	954,987
Perpetual notes and sukuk		276,000	276,000
Total equity		<u>1,772,990</u>	1,230,987
Non-current liability			
Borrowings	B9	4,605,395	4,898,808
		<u>4,605,395</u>	<u>4,898,808</u>
Current liabilities			
Borrowings	B9	1,209,926	973,417
Payables and accruals		122,636	141,575
Derivative financial liabilities		62,867	-
ICULS liability		8,009	-
Taxation		35,868	27,282
		<u>1,439,306</u>	<u>1,142,274</u>
Total liabilities		<u>6,044,701</u>	6,041,082
TOTAL EQUITY AND LIABILITIES		<u><u>7,817,691</u></u>	<u><u>7,272,069</u></u>
Net assets per share (RM)		6.04	6.63
Number of ordinary shares ('000)		247,720	144,000

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.



AEON Credit Service (M) Berhad
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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 NOVEMBER 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
Final dividend paid in respect of the financial year ended 29 February 2016	-	-	-	-	-	(42,624)	(42,624)
Interim dividend paid in respect of the financial year ended 28 February 2017	-	-	-	-	-	(43,920)	(43,920)
Total comprehensive income for the period	-	-	-	-	9,858	184,974	194,832
Distribution on perpetual notes/ sukuk, net of tax	-	-	-	-	-	(10,489)	(10,489)
At 30 November 2016	72,000	44,012	146,000	130,000	(22,863)	789,468	1,158,617



AEON Credit Service (M) Berhad

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 NOVEMBER 2017 (CONTINUED)

	← Non-distributable →				→ Distributable ←			
	Share capital RM'000	Share premium RM'000	Perpetual Notes RM'000	Perpetual Sukuk RM'000	ICULS Equity RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 March 2017	116,012	-*	146,000	130,000	-	(27,354)	866,329	1,230,987
Final dividend paid in respect of the financial year ended 28 February 2017	-	-	-	-	-	-	(46,800)	(46,800)
Interim dividend paid in respect of the financial year ended 28 February 2018	-	-	-	-	-	-	(52,225)	(52,225)
Issuance of Bonus Shares	36,000	-	-	-	-	-	(36,000)	-
Issuance of ICULS	-	-	-	-	423,991	-	-	423,991
Conversion of ICULS	348,604	-	-	-	(348,604)	-	-	-
Deferred tax effects on ICULS	-	-	-	-	45	-	-	45
ICULS issuance expenses	-	-	-	-	-	-	(3,162)	(3,162)
Total comprehensive income for the period	-	-	-	-	-	12,807	217,749	230,556
Distribution on perpetual notes/ sukuk, net of tax	-	-	-	-	-	-	(10,402)	(10,402)
At 30 November 2017	500,616	-	146,000	130,000	75,432	(14,547)	935,489	1,772,990

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.

* Pursuant to Section 618(2) of the new Companies Act 2016, the sum of RM44,012,000 standing to the credit of the Company's share premium account had been transferred and became part of the Company's share capital as at 28 Feb 2017.



AEON Credit Service (M) Berhad

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CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 NOVEMBER 2017

	30.11.2017 RM'000	30.11.2016 RM'000
Cash flows from operating activities		
Profit before tax	292,969	248,098
Adjustments for:		
Depreciation of plant and equipment	18,119	16,933
Gain on disposal of plant and equipment	(67)	(4)
Finance costs	169,630	147,692
Plant and equipment written off	196	-
Impairment loss on investment in unquoted shares	643	-
Allowance for impairment losses	253,679	229,181
Operating profit before working capital changes	<u>735,169</u>	<u>641,900</u>
Changes in working capital:		
Receivables, deposits and prepayments	(846,825)	(1,041,988)
Payables and accruals	(23,584)	12,927
Cash held on behalf for a related company	1,141	(1,294)
Cash used in operations	<u>(134,099)</u>	<u>(388,455)</u>
Income taxes paid	(69,004)	(52,437)
Finance costs paid	(164,985)	(140,623)
Net cash used in operating activities	<u>(368,088)</u>	<u>(581,515)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(36,241)	(22,977)
Proceeds from disposal of plant and equipment	82	11
Net cash used in investing activities	<u>(36,159)</u>	<u>(22,966)</u>
Cash flows from financing activities		
Repayment of borrowings	(692,200)	(430,700)
Proceeds from borrowings	916,445	1,150,000
Proceeds from issuance of ICULS	432,000	-
ICULS issuance expenses	(3,162)	-
Distribution paid to perpetual notes and sukuk holders	(13,687)	(13,792)
Dividends paid to shareholders of the Company	(99,025)	(86,544)
Net cash generated from financing activities	<u>540,371</u>	<u>618,964</u>
Net increase in cash and cash equivalents	136,124	14,483
Cash and cash equivalents at 1 March	23,676	8,236
Cash and cash equivalents at 30 November	<u>159,800</u>	<u>22,719</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	241,585	68,016
Cash held on behalf of a related company	(8,769)	(10,282)
Bank overdrafts	(73,016)	(35,015)
	<u>159,800</u>	<u>22,719</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.



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Notes to the interim financial report for the financial period ended 30 November 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 and Note B8.



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Notes to the interim financial report for the financial period ended 30 November 2017

7 Dividend Paid

	Cumulative Quarter (9 months)	
	Current Year	Preceding Year
	Period To Date	Period To Date
	<u>30.11.2017</u>	<u>30.11.2016</u>
	RM'000	RM'000
Final dividend in respect of the financial year ended 29 February 2016		
- 29.60 sen single tier dividend per ordinary share	-	42,624
Interim dividend in respect of the financial year ended 28 February 2017		
- 30.50 sen single tier dividend per ordinary share	-	43,920
Final dividend in respect of the financial year ended 28 February 2017		
- 32.50 sen single tier dividend per ordinary share	46,800	-
Interim dividend in respect of the financial year ended 28 February 2018		
- 21.13 sen single tier dividend per ordinary share	52,225	-
	<hr/> <hr/>	<hr/> <hr/>
	99,025	86,544

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.

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.



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Notes to the interim financial report for the financial period ended 30 November 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>30.11.2017</u> Financial Assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Derivatives designated as hedging instruments	-	345,613	-	345,613
Total financial assets carried at fair value	-	345,613	-	345,613
<u>Financial Liabilities</u>				
Derivatives designated as hedging instruments	-	62,867	-	62,867
Total financial liabilities carried at fair value	-	62,867	-	62,867

<u>28.02.2017</u> Financial Assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total 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 30 November 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 2017.

14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM5.661 million and those authorised but not contracted for amounted RM0.212 million as at 30 November 2017.



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Notes to the interim financial report for the financial period ended 30 November 2017

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 11.4% and 14.2% growth for the current quarter and nine months ended 30 November 2017 as compared with the previous year corresponding period ended 30 November 2016. Total transaction and financing volume in the third quarter and nine months ended 30 November 2017 recorded RM0.955 billion (30 November 2016: RM1.038 billion) and RM3.075 billion (30 November 2016: RM3.024 billion) respectively as compared with the previous corresponding period ended 30 November 2016.

The financing receivables as at 30 November 2017 was RM7.034 billion, representing an increase of 13.2% from RM6.213 billion as at 30 November 2016. Non-performing loans (NPL) ratio was 2.48% as at 30 November 2017 compared to 2.33% as at 30 November 2016.

Other operating income was recorded at RM29.490 million and RM87.537 million for the current quarter and nine months ended 30 November 2017 respectively, mainly comprising bad debts recovered, commission income from sale of insurance products and loyalty programme processing fees.

Ratio of total operating expense against revenue was recorded at 60.9% for the current quarter as compared to 59.5% in the quarter ended 30 November 2016. The increase was due to increase in operating expenses.

The Company recorded a profit before tax of RM95.307 million for the current quarter and RM292.969 million for the nine months ended 30 November 2017, representing a growth of 5.0% and 18.1% respectively as compared with previous year corresponding period.

Funding cost for the quarter ended 30 November 2017 was higher compared to the quarter ended 30 November 2016 mainly due to increase in borrowings of 8.3% in line with the growth of receivables. The nominal value of borrowings as at 30 November 2017 was RM5.513 billion as compared to RM5.091 billion as at 30 November 2016.

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

	Current Quarter	Immediate Preceding Quarter	Changes
	30.11.2017	31.08.2017	%
	RM'000	RM'000	
Revenue	312,345	311,322	0.3%
Total Operating Expenses	190,213	184,747	3.0%
Other Operating Income	29,490	26,887	9.7%
Profit Before Taxation	95,307	95,793	-0.5%
Profit After Taxation	70,552	71,385	-1.2%

The Company recorded a profit before tax of RM95.307 million for the current quarter as compared to RM95.793 million in the immediate preceding quarter. The decrease of 0.5% was mainly due to higher operating expenses.



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Notes to the interim financial report for the financial period ended 30 November 2017

3 Current Year Prospects

The Malaysian economy posted a GDP growth of 6.2% in the third quarter of 2017 while the annual economic growth forecast for 2017 is 5.2% by the World Bank. Domestic demand will be the key driver for growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded 14.2% and 17.7% growth in revenue and net profit respectively for the nine months ended 30 November 2017 as compared with corresponding period ended 30 November 2016. The Company expects to be able to maintain its financial performance for the year ending 28 February 2018 based on the scheduled implementation of its business plan.

4 Revenue

	Individual quarter 3 months		Cumulative quarter 9 months	
	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	277,746	244,760	820,042	709,712
Fee income	34,599	35,587	105,907	101,401
	<u>312,345</u>	<u>280,347</u>	<u>925,949</u>	<u>811,113</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 9 months	
	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000
(a) Included in Profit from operations:				
Bad debts recovered	25,742	24,503	76,149	69,953
Gain on disposal of plant and equipment	13	-	67	4
Depreciation of plant and equipment	(6,132)	(5,659)	(18,119)	(16,933)
Allowance for impairment losses on receivables	(86,485)	(75,337)	(253,679)	(229,181)
Impairment loss on investment in unquoted shares	-	-	(643)	-
(b) Included in Other Comprehensive Income:				
Gain on cash flow hedge	14,527	9,069	12,807	9,858

Receivables amounting to RM86.197 million and RM237.144 million have been written off against allowance for impairment losses on receivables for the third quarter and nine months ended 30 November 2017 respectively compared with RM75.014 million and RM217.694 million written off in the previous corresponding period ended 30 November 2016.



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Notes to the interim financial report for the financial period ended 30 November 2017

6 Taxation

	Individual quarter		Cumulative quarter	
	3 months		9 months	
	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000
In respect of current period:				
- current tax	27,990	24,404	81,904	67,605
- deferred tax	(2,771)	(1,883)	(6,220)	(6,715)
	<u>25,219</u>	<u>22,521</u>	<u>75,684</u>	<u>60,890</u>
In respect of prior year:				
- current tax	(1,030)	(609)	(1,030)	392
- deferred tax	566	1,842	566	1,842
	<u>24,755</u>	<u>23,754</u>	<u>75,220</u>	<u>63,124</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 30 November 2017 are as follows:

	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Derivative financial assets</u>		
<u>Cross currency swaps:</u>		
0 – 3 years	<u>1,591,428</u>	<u>345,613</u>
Total	<u>1,591,428</u>	<u>345,613</u>
<u>Derivative financial liabilities</u>		
Forward exchange contracts		
0 – 3 years	62,445	1,162
<u>Cross currency swaps:</u>		
0 – 3 years	294,000	7,950
More than 3 years	<u>1,022,545</u>	<u>53,755</u>
Total	<u>1,378,990</u>	<u>62,867</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.



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Notes to the interim financial report for the financial period ended 30 November 2017

8 Status of Corporate Proposal

As at the date of this report, the status of the corporate proposal announced and undertaken by the Company 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.

On 19 July 2017, the Company completed the bonus issue of 72,000,000 new ordinary shares at an issue price of RM0.50 each in ACSM to be credited as fully paid up, on the basis of one (1) Bonus Share for every two (2) existing ACSM Shares held.

On 27 July 2017, CIMB IB had on behalf of the Board of Directors announced that in respect of the Rights issue, the Board has determined that:



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Notes to the interim financial report for the financial period ended 30 November 2017

8 Status of Corporate Proposal (continued)

- (i) The conversion price for the Rights ICULS has been fixed at RM10.99 for each new Share (“Conversion Price”); and
- (ii) The final entitlement basis for the Rights Issue is two (2) Rights ICULS for every one (1) existing Share held.

On 1 August 2017, CIMB IB had on behalf of the Board of Directors announced that ACSM had entered into an underwriting agreement with CIMB IB and Nomura Securities Malaysia Sdn Bhd for the underwriting of an aggregate of up to 174,096,000 Rights ICULS, representing 40.30% of the total issue size of the Rights Issue (the “Underwritten ICULS”). The underwritten ICULS represent the remaining Rights ICULS for which no undertaking to subscribe has been obtained by ACSM.

On 12 September 2017, CIMB IB had on behalf of the Board of Directors announced that pursuant to the close of acceptance, excess applications and payment for the Rights ICULS on 6 September 2017 (“Closing Date”), the Company had received valid acceptances and excess applications for a total of 446,302,434 Rights ICULS. This represents an over subscription of 3.31% over the total number of Rights ICULS available for subscription under the Rights Issue.

The Rights ICULS were listed on the Main Market of Bursa Securities on 21 September 2017.

Utilisation of proceeds from the above corporate proposal

As at 30 November 2017, the total proceeds of RM432,000,000 arising from the right issue of ICULS were utilised as follow:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Intended timeframe for from completion date
Repayment of bank borrowings	155,000	-	155,000	Within 6 months
Working capital	272,400	273,813	(1,413)	
Estimated expenses for the proposals*	4,600	3,162	1,438	Within 1 month
Total	432,000	276,975	155,025	

* Pursuant to the Circular to shareholder in relation to the Bonus Issue and Rights Issue dated 6 June 2017, any surplus or shortfall of funds for the payment of expenses for the corporate proposal will be utilized for working capital or be funded from working capital respectively.



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Notes to the interim financial report for the financial period ended 30 November 2017

9 Borrowings

The borrowings of the Company as at 30 November 2017 comprised the following:

	30.11.2017	28.2.2017
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans / financing	4,605,395	4,898,808
	<u>4,605,395</u>	<u>4,898,808</u>
Current :		
- Bank overdrafts	73,016	40,083
- Revolving credits	121,305	260,000
- Term loans / financing	1,015,605	473,334
- Medium term note	-	200,000
	<u>1,209,926</u>	<u>973,417</u>
Total	<u>5,815,321</u>	<u>5,872,225</u>

The borrowings were denominated in the following currencies:

	Foreign	30.11.2017	Foreign	28.2.2017
	Currency	Unsecured	Currency	Unsecured
	'000	Equivalent	'000	Equivalent
		RM'000		RM'000
Ringgit Malaysia		2,543,016		2,610,083
United States Dollar	800,668	3,272,305	733,880	3,262,142
		<u>5,815,321</u>		<u>5,872,225</u>

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



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10 Material Litigation

On 12 December 2017, The Company was served with notices of additional assessment with penalties by the Director General of Inland Revenue (“DGIR”) for year of assessment of 2010 till year of assessment of 2016. The additional assessments and penalties imposed amounted to RM 96.820 million.

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

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

The Company has appointed tax solicitors and is initiating legal proceedings to challenge the validity and legality of the said notices of additional assessment. Upon consulting its tax solicitors, the Company is of the view that there are reasonable grounds to challenge the validity of the said notices of additional assessment raised by the DGIR and the penalties imposed. The Company had filed a judicial review application and applied for a stay order on 14 December 2017. There will not be any material effect on the financial position of the Company arising from the additional assessments.

11 Dividend

There was no dividend declared during the current quarter. The interim single tier dividend of 21.13 sen declared on 5 October 2017 for the financial year ending 28 February 2018 was paid to shareholders on 7 November 2017.

12 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months		9 months	
	ended	ended	ended	ended
	<u>30.11.2017</u>	<u>30.11.2016</u>	<u>30.11.2017</u>	<u>30.11.2016</u>
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders	70,552	67,053	217,749	184,974
Distribution on perpetual notes, net of tax	(3,607)	(3,674)	(10,402)	(10,489)
Net profit attributable to ordinary equity holders	<u>66,945</u>	<u>63,379</u>	<u>207,347</u>	<u>174,485</u>



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12 Earnings per share (Continued)

Basic EPS

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.

	Individual quarter 3 months		Cumulative quarter 9 months	
	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000
Net profit attributable to ordinary equity holders (RM'000)	66,945	63,379	207,347	174,485
Weighted average number of ordinary shares ('000)	231,974	231,974*	184,631	184,631*
Basic earnings per share (sen)	<u>28.86</u>	<u>27.32</u>	<u>112.30</u>	<u>94.50</u>

* The previous year's earnings per share have been restated to reflect the bonus issue which was completed on 19 July 2017 and the latest conversion of 3-year, 3.5%, Irredeemable Convertible Unsecured Loan Stocks to Ordinary shares.

Diluted EPS

Diluted earnings per share is calculated by dividing the net profit after distribution on Perpetual Notes by the weighted average number of ordinary shares would that have been in issue upon the full exercise of the conversion under the ICULS issued.

	Individual quarter 3 months		Cumulative quarter 9 months	
	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000	ended <u>30.11.2017</u> RM'000	ended <u>30.11.2016</u> RM'000
Net profit attributable to ordinary equity holders (RM'000)	66,945	63,379	207,347	174,485
Add back coupon	74	-	74	-
Adjusted profit attributable to the owners of the Company	<u>67,019</u>	<u>63,379</u>	<u>207,421</u>	<u>174,485</u>
Weighted average number of ordinary shares ('000)				
Ordinary shares	216,000	NA	179,345	NA
Conversion of ICULS	26,840	NA	8,882	NA
ICULS	6,421	NA	2,125	NA
	<u>249,261</u>	<u>NA</u>	<u>190,352</u>	<u>NA</u>
Diluted earnings per share (sen)	<u>26.89</u>	<u>NA</u>	<u>108.97</u>	<u>NA</u>

13 Auditors' Report on the Preceding Annual Financial Statements

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



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14 Realised and Unrealised Profits

	As at <u>30.11.2017</u> RM'000	As at <u>28.02.2017</u> RM'000
Total retained earnings of the Company		
- Realised	884,764	817,259
- Unrealised	50,725	49,070
Total retained earnings as per statement of changes in equity	<u>935,489</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 21 December 2017.

By order of the Board
21 December 2017