



## AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018

	Note	Unaudited Individual quarter			Unaudited Cumulative		
		3 months ended			financial year ended		
		28.02.2018	28.02.2017	Changes	28.02.2018	28.02.2017	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B4	<b>309,173</b>	290,842	6.3%	<b>1,235,122</b>	1,101,955	12.1%
Total operating expenses		<b>(184,877)</b>	(174,658)	5.9%	<b>(735,960)</b>	(670,983)	9.7%
Other operating income		<b>38,751</b>	39,235	-1.2%	<b>126,484</b>	120,237	5.2%
<b>Profit from operations</b>	B5(a)	<b>163,047</b>	155,419	4.9%	<b>625,646</b>	551,209	13.5%
Finance costs		<b>(57,681)</b>	(52,355)	10.2%	<b>(227,311)</b>	(200,047)	13.6%
Profit before taxation		<b>105,366</b>	103,064	2.2%	<b>398,335</b>	351,162	13.4%
Taxation	B6	<b>(23,058)</b>	(23,011)	0.2%	<b>(98,278)</b>	(86,135)	14.1%
<b>Profit for the period/year</b>		<b>82,308</b>	80,053	2.8%	<b>300,057</b>	265,027	13.2%
<b>Other comprehensive income, net of tax</b>							
Cash flow hedge	B5(b)	<b>4,565</b>	(4,491)	-201.6%	<b>17,372</b>	5,367	223.7%
<b>Other comprehensive income for the period/year, net of tax</b>		<b>4,565</b>	(4,491)	-201.6%	<b>17,372</b>	5,367	223.7%
<b>Total comprehensive income for the period/year</b>		<b>86,873</b>	75,562	15.0%	<b>317,429</b>	270,394	17.4%
<b>Earnings per share attributable to equity holders of the Company:</b>							
Basic (sen)	B12	<b>31.87</b>	30.94	3.0%	<b>143.01</b>	101.17	41.4%
Diluted (sen)	B12	<b>31.04</b>	NA		<b>138.34</b>	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

(412767-V) (Incorporated in Malaysia)

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018

	Note	Unaudited As at 28.02.2018 RM'000	As at 28.02.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		92,274	62,233
Investments		18,370	19,045
Deferred tax assets		51,813	49,070
Financing receivables		5,030,204	4,480,990
		<u>5,192,661</u>	<u>4,611,338</u>
<b>Current assets</b>			
Financing receivables		2,126,095	1,957,713
Other receivables, deposits and prepayments		52,615	47,860
Amount owing from related companies		1,076	1,514
Derivative financial assets		249,557	586,268
Cash and bank balances		83,681	73,667
		<u>2,513,024</u>	<u>2,667,022</u>
<b>TOTAL ASSETS</b>		<u><b>7,705,685</b></u>	<u><b>7,278,360</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		508,629	116,012
ICULS equity		68,306	-
Reserves		1,004,568	838,975
<b>Equity attributable to equity holders of the Company</b>		<u><b>1,581,503</b></u>	<u>954,987</u>
Perpetual notes and sukuk		276,000	276,000
<b>Total equity</b>		<u><b>1,857,503</b></u>	<u>1,230,987</u>
<b>Non-current liabilities</b>			
Borrowings	B9	3,257,145	4,898,808
ICULS liability		4,717	-
		<u>3,261,862</u>	<u>4,898,808</u>
<b>Current liabilities</b>			
Borrowings	B9	2,296,974	973,417
Trade payables		21,755	29,825
Other payables and accruals		121,589	104,750
Amount owing to immediate holding company		6,557	5,006
Amount owing to related companies		2,225	1,994
Derivative financial liabilities		107,726	6,291
ICULS liability		2,650	-
Taxation		26,844	27,282
		<u>2,586,320</u>	<u>1,148,565</u>
Total liabilities		<u>5,848,182</u>	<u>6,047,373</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>7,705,685</b></u>	<u><b>7,278,360</b></u>
Net assets per share (RM)		6.37	6.63
Number of ordinary shares ('000)		248,449	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

(412767-V) (Incorporated in Malaysia)

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018

	← Non-distributable →				Distributable	Total Equity RM'000
	Share capital	Share premium*	Perpetual Notes and Sukuk	Hedging reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 March 2016</b>	72,000	44,012	276,000	(32,721)	701,527	1,060,818
Dividends	-	-	-	-	(86,544)	(86,544)
Total comprehensive income for the year	-	-	-	5,367	265,027	270,394
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(13,681)	(13,681)
Transfer pursuant to S618(2) of	44,012	(44,012)	-	-	-	-
<b>At 28 February 2017</b>	<u>116,012</u>	<u>-</u>	<u>276,000</u>	<u>(27,354)</u>	<u>866,329</u>	<u>1,230,987</u>

	← Non-distributable →				Distributable	Total Equity RM'000	
	Share capital	Share premium*	Perpetual Notes and Sukuk	ICULS Equity	Hedging reserve		Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>At 1 March 2017</b>	116,012	-	276,000	-	(27,354)	866,329	1,230,987
Dividends	-	-	-	-	-	(99,025)	(99,025)
Issuance of Bonus Shares	36,000	-	-	-	-	(36,000)	-
Issuance of ICULS	-	-	-	423,991	-	-	423,991
Conversion of ICULS	356,617	-	-	(355,847)	-	-	770
Deferred tax effects on ICULS	-	-	-	162	-	-	162
ICULS issuance expenses	-	-	-	-	-	(3,190)	(3,190)
Total comprehensive income for the year	-	-	-	-	17,372	300,057	317,429
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(13,621)	(13,621)
<b>At 28 February 2018</b>	<u>508,629</u>	<u>-</u>	<u>276,000</u>	<u>68,306</u>	<u>(9,982)</u>	<u>1,014,550</u>	<u>1,857,503</u>

\* 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.

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.



**AEON Credit Service (M) Berhad**  
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**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018**

	28.02.2018	28.02.2017
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	398,335	351,162
Adjustments for:		
Depreciation on plant and equipment	25,215	22,887
Interest income	(2,768)	-
Finance costs	227,311	200,047
Gain on disposal of plant and equipment	(171)	(6)
Impairment loss on receivables	335,920	306,163
Impairment loss on investment in unquoted shares	675	5,194
Written-off of plant and equipment	800	-
Operating profit before changes in working capital	985,317	885,447
Changes in working capital:		
Financing receivables	(1,053,516)	(1,339,950)
Receivables, deposits and prepayments	(4,755)	(21,027)
Amount owing from related companies	438	3,414
Trade payables	(8,070)	(1,735)
Othe payables and accruals	13,323	23,693
Amount owing to immediate holding company	1,551	731
Amount owing to related companies	231	831
Cash held on behalf for a related company	1,084	(920)
Cash used in operations	(64,397)	(449,516)
Tax paid	(102,481)	(81,183)
<b>Net cash used in operating activities</b>	(166,878)	(530,699)
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(56,058)	(33,044)
Proceeds from disposal of plant and equipment	173	6
<b>Net cash used in investing activities</b>	(55,885)	(33,038)
<b>Cash flows from financing activities</b>		
Interest received	2,768	-
Dividends paid to shareholders of the Company	(99,025)	(86,544)
Proceeds from borrowings	974,000	1,460,000
Repayment of borrowings	(847,122)	(580,700)
Proceeds from issuance of ICULS	432,000	-
Issuance expenses of ICULS	(3,190)	-
Distribution paid to perpetual notes and sukuk holders	(17,922)	(18,002)
Finance costs paid	(223,667)	(195,577)
<b>Net cash generated from financing activities</b>	217,842	579,177
Net (decrease)/increase in cash and cash equivalents	(4,921)	15,440
Cash and cash equivalents at 1 March	23,676	8,236
<b>Cash and cash equivalents at 28 February</b>	18,755	23,676



**AEON Credit Service (M) Berhad**  
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**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2018 (Cont'd)**

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

	<b>28.02.2018</b>	28.02.2017
	<b>RM'000</b>	RM'000
Cash and bank balances	<b>83,681</b>	73,667
Cash held on behalf of a related company	<b>(8,824)</b>	(9,908)
Bank overdrafts	<b>(56,102)</b>	(40,083)
	<b><u>18,755</u></b>	<u>23,676</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.



**AEON Credit Service (M) Berhad**  
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**Notes to the interim financial report for the financial year ended 28 February 2018**

**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 year ended 28 February 2018**

**7 Dividend Paid**

	<b>Cumulative Financial Year</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Year-To-Date</b>	<b>Year-To-Date</b>
	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>
	<b>RM'000</b>	<b>RM'000</b>
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	-
	<u>99,025</u>	<u>86,544</u>

**8 Segmental Reporting**

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

On this basis, the Managing Director (“MD”) reviews the business performance of the Company as a whole. Further analysis will be provided or furnished upon request from the MD.

**9 Subsequent Event**

There were no material events subsequent to the end of the current period under review up to the date of this report, which are likely to substantially affect the results of the quarter under review.

**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 year ended 28 February 2018**

**11 Fair Value Measurement**

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

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

<u>28.02.2018</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial Assets</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivatives designated as hedging instruments	-	249,557	-	249,557
Total financial assets carried at fair value	-	249,557	-	249,557

<u>Financial Liabilities</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial Liabilities</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivatives designated as hedging instruments	-	107,726	-	107,726
Total financial liabilities carried at fair value	-	107,726	-	107,726

<u>28.02.2017</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial Assets</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivatives designated as hedging instruments	-	586,268	-	586,268
Total financial assets carried at fair value	-	586,268	-	586,268

<u>Financial Liabilities</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial Liabilities</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Derivatives designated as hedging instruments	-	6,291	-	6,291
Total financial liabilities carried at fair value	-	6,291	-	6,291

**12 Contingent Liabilities and Contingent Assets**

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 28 February 2018 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 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 RM13,507 million as at 28 February 2018.





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**Notes to the interim financial report for the financial year ended 28 February 2018**

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**

**1 Performance Review**

The Company's revenue recorded 6.3% and 12.1% growth for the current quarter and current financial year-to-date as compared with the previous year corresponding period. Total transaction and financing volume during the current quarter and current financial year-to-date was RM973.116 million and RM4.048 billion respectively, whilst for the preceding corresponding quarter and preceding financial year-to-date was RM991.031 million and RM4.015 billion respectively.

The financing receivables as at 28 February 2018 was RM7.156 billion, representing an increase of 11.1% from RM6.439 billion as at 28 February 2017. Non-performing loans (NPL) ratio was 2.33% as at 28 February 2018 compared to 2.28% as at 28 February 2017.

Other operating income was recorded at RM38.751 million and RM126.484 million for the current quarter and financial year ended 28 February 2018 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 59.8% for the current quarter as compared to 60.1% in the preceding corresponding quarter. The decrease is mainly attributable to higher growth of interest income and marginal increase in operating expenses.

The Company recorded a profit before tax of RM105.366 million for the current quarter and RM398.335 million for the financial year ended 28 February 2018, representing a growth of 2.8% and 13.2% respectively as compared with previous year corresponding periods.

Funding cost for the current financial year-to-date was higher compared to the preceding financial year-to-date mainly due to increase in borrowings of 2.7% in line with the growth of receivables. The nominal value of borrowings as at 28 February 2018 was RM5.399 billion as compared to RM5.256 billion as at 28 February 2017.

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

	<b>Current Quarter 28.02.2018 RM'000</b>	Immediate Preceding Quarter 30.11.2017 RM'000	Changes %
Revenue	<b>309,173</b>	312,345	-1.0%
Total Operating Expenses	<b>184,877</b>	190,213	-2.8%
Other Operating Income	<b>38,751</b>	29,490	31.4%
Profit Before Taxation	<b>105,366</b>	95,307	10.6%
Profit After Taxation	<b>82,308</b>	70,552	16.7%

The Company recorded a profit before tax of RM105.366 million for the current quarter as compared to RM95.307 million in the immediate preceding quarter. The increase of 10.6% was mainly due to higher other operating income resulting from bad debts recovered.



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**3 Current Year Prospects**

The Malaysian economy posted a GDP growth of 5.9% in the fourth quarter of 2017 while the annual economic growth forecast for 2018 is 5.4% 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 12.1% and 13.2% growth in revenue and net profit respectively for the financial year ended 28 February 2018. The Company expects to be able to sustain its financial performance for the year ending 28 February 2019 based on the scheduled implementation of its business plan.

**4 Revenue**

	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<u>28.02.2018</u>	<u>28.02.2017</u>	<u>28.02.2018</u>	<u>28.02.2017</u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue comprises:				
Interest income, profit revenue and finance charges	276,679	254,725	1,096,721	965,159
Fee income	32,494	36,117	138,401	136,796
	<u>309,173</u>	<u>290,842</u>	<u>1,235,122</u>	<u>1,101,955</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:

	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<u>28.02.2018</u>	<u>28.02.2017</u>	<u>28.02.2018</u>	<u>28.02.2017</u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Included in Profit from operations:				
Bad debts recovered	32,213	35,429	108,362	105,382
Gain on disposal of plant and equipment	104	-	171	6
Depreciation on plant and equipment	(7,096)	(5,954)	(25,215)	(22,887)
Written-off of plant and equipment	(604)	-	(800)	-
Impairment losses on receivables	(82,241)	(76,982)	(335,920)	(306,163)
Impairment loss on investment in unquoted shares	(32)	(5,194)	(675)	(5,194)
(b) Included in Other Comprehensive Income:				
Gain/(Loss) on cash flow hedge	4,565	(4,491)	17,372	5,367

Receivables amounting to RM88.139 million and RM325.283 million have been written off against allowance for impairment losses on receivables for the current quarter and financial year ended 28 February 2018 respectively compared with RM74.196 million and RM291.890 million written off in the previous corresponding periods.



## AEON Credit Service (M) Berhad

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### Notes to the interim financial report for the financial year ended 28 February 2018

#### 6 Taxation

##### i) Tax expense

	Individual quarter		Cumulative financial	
	3 months ended		year ended	
	<u>28.02.2018</u>	<u>28.02.2017</u>	<u>28.02.2018</u>	<u>28.02.2017</u>
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
- current tax	25,470	29,860	107,374	97,465
- deferred tax	(2,412)	(6,849)	(8,632)	(13,564)
	<u>23,058</u>	<u>23,011</u>	<u>98,742</u>	<u>83,901</u>
<b>In respect of prior year:</b>				
- current tax	-	-	(1,030)	392
- deferred tax	-	-	566	1,842
	<u>23,058</u>	<u>23,011</u>	<u>98,278</u>	<u>86,135</u>

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

##### ii) 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 RM96,820,000.

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

- 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.
- 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.
- The DGIR imposed penalties for alleged submission of incorrect returns.

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

The Company has initiated the necessary legal proceedings to appeal to the Special Commissioners of Income Tax pursuant to Section 99(1) of the Income Tax Act 1967. To date, the Notice of Appeal (Form Q) filed by the Company is currently under review by the DGIR.



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**7 Derivatives and Fair Value Changes of Financial Liabilities**

(a) Details of derivative financial instruments outstanding as at 28 February 2018 are as follows:

	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value RM'000</b>
<u>Derivative financial assets</u>		
<u>Cross currency swaps:</u>		
Less than 1 year	1,510,872	239,690
1 – 3 years	260,728	9,867
Total	<u>1,771,600</u>	<u>249,557</u>
 <u>Derivative financial liabilities</u>		
<u>Cross currency swaps:</u>		
1 – 3 years	667,347	52,196
More than 3 years	549,070	55,530
Total	<u>1,216,417</u>	<u>107,726</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.

**8 Status of Corporate Proposal**

As at the date of this report, the corporate proposals announced and undertaken by the Company are as follows:

- (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”).

The above proposals had been completed during the year.



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**8 Status of Corporate Proposal (continued)**

Utilisation of proceeds from the above corporate proposal

As at 28 February 2018, the total proceeds of RM432,000,000 arising from the right issue of ICULS were utilised as follow:

<b>Purposes</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>
Repayment of bank borrowings	155,000	154,921	79
Working capital	272,400	273,889	(1,489)
Estimated expenses for the proposals*	4,600	3,190	1,410
<b>Total</b>	<b>432,000</b>	<b>432,000</b>	<b>-</b>

\* 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.

**9 Borrowings**

The borrowings of the Company as at 28 February 2018 comprised the following:

	<b>28.02.2018</b>	<b>28.02.2017</b>
	<b>Unsecured</b>	<b>Unsecured</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current :		
- Term loans / financing	3,257,145	4,898,808
	<u>3,257,145</u>	<u>4,898,808</u>
Current :		
- Bank overdrafts	56,102	40,083
- Revolving credits	-	260,000
- Term loans / financing	2,240,872	473,334
- Medium term note	-	200,000
	<u>2,296,974</u>	<u>973,417</u>
<b>Total</b>	<u><u>5,554,119</u></u>	<u><u>5,872,225</u></u>



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**9 Borrowings (continued)**

The borrowings were denominated in the following currencies:

	<b>28.02.2018</b>		<b>28.02.2017</b>	
	<b>Foreign</b>	<b>Unsecured</b>	<b>Foreign</b>	<b>Unsecured</b>
	<b>Currency</b>	<b>Equivalent</b>	<b>Currency</b>	<b>Equivalent</b>
	<b>'000</b>	<b>RM'000</b>	<b>'000</b>	<b>RM'000</b>
Ringgit Malaysia		2,566,102		2,610,083
United States Dollar	761,168	2,988,017	733,880	3,262,142
		<u>5,554,119</u>		<u>5,872,225</u>

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

**10 Material Litigation**

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Company except as disclosed in Note 6.

**11 Dividend**

Final dividend

- (a)
  - (i) A final single tier dividend has been recommended for the financial year ended 28 February 2018;
  - (ii) Amount per share – 20.00 sen (previous corresponding period – 32.50 sen per share);
  - (iii) Total net dividend payable amounted to RM49,704,000;
  - (iv) Date payable – 19 July 2018; and
  - (v) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 29 June 2018.
  
- (b) The ordinary dividend recommended for year ended 28 February 2018 is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date which shall be announced later.



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**12 Earnings per share**

	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to equity holders	82,308	80,053	300,057	265,027
Distribution on perpetual notes and sukuk, net of tax	(3,219)	(3,192)	(13,621)	(13,681)
Net profit attributable to ordinary equity holders	<u>79,089</u>	<u>76,861</u>	<u>286,436</u>	<u>251,346</u>

**Basic EPS**

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

	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>
Net profit attributable to equity holders (RM'000)	79,089	76,861	286,436	251,346
Weighted average number of ordinary shares ('000 unit)	248,137	248,449*	200,290	248,449*
Basic earnings per share (sen)	<u>31.87</u>	<u>30.94</u>	<u>143.01</u>	<u>101.17</u>



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**Notes to the interim financial report for the financial year ended 28 February 2018**

**12 Earnings per share (Continued)**

**Diluted EPS**

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

	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to equity holders	79,089	76,861	286,436	251,346
Add: accrual of interest	54	-	128	-
Adjusted profit attributable to the owners of the Company	<u>79,143</u>	<u>76,861</u>	<u>286,564</u>	<u>251,346</u>
	<b>Individual quarter</b>		<b>Cumulative financial</b>	
	<b>3 months ended</b>		<b>year ended</b>	
	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>	<b><u>28.02.2018</u></b>	<b><u>28.02.2017</u></b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares	248,137	248,449*	200,290	248,449*
Potential dilution arising from outstanding ICULS	6,859	NA	6,859	NA
	<u>254,996</u>	<u>248,449</u>	<u>207,149</u>	<u>248,449</u>
Diluted earnings per share (sen)	<u>31.04</u>	<u>NA</u>	<u>138.34</u>	<u>NA</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.

**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 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 27 April 2018.

By order of the Board  
27 April 2018