



## AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MAY 2019

|   | Note  | Unaudited<br>Individual quarter |                     |              | Unaudited<br>Cumulative quarter |                     |              |
|---|-------|---------------------------------|---------------------|--------------|---------------------------------|---------------------|--------------|
|   |       | 3 months ended                  |                     |              | 3 months ended                  |                     |              |
|   |       | 31.5.2019<br>RM'000             | 31.5.2018<br>RM'000 | Changes<br>% | 31.5.2019<br>RM'000             | 31.5.2018<br>RM'000 | Changes<br>% |
| Revenue   | B4    | 378,588                         | 325,718             | 16.2%        | 378,588                         | 325,718             | 16.2%        |
| Total operating expenses  |       | (222,131)                       | (164,699)           | 34.9%        | (222,131)                       | (164,699)           | 34.9%        |
| Other income  |       | 31,599                          | 29,253              | 8.0%         | 31,599                          | 29,253              | 8.0%         |
| <b>Profit from operations</b>   | B5(a) | <b>188,056</b>                  | 190,272             | -1.2%        | <b>188,056</b>                  | 190,272             | -1.2%        |
| Finance cost  | B6    | (75,388)                        | (58,509)            | 28.8%        | (75,388)                        | (58,509)            | 28.8%        |
| Profit before tax   |       | 112,668                         | 131,763             | -14.5%       | 112,668                         | 131,763             | -14.5%       |
| Taxation  | B7    | (28,068)                        | (32,528)            | -13.7%       | (28,068)                        | (32,528)            | -13.7%       |
| <b>Profit for the period</b>  |       | <b>84,600</b>                   | 99,235              | -14.7%       | <b>84,600</b>                   | 99,235              | -14.7%       |
| <b>Other comprehensive<br/>income, net of tax</b>                                       |       |                                 |                     |              |                                 |                     |              |
| <i>Item that may be<br/>reclassified subsequently<br/>to profit or loss:</i>            |       |                                 |                     |              |                                 |                     |              |
| Cash flow hedge   | B5(b) | (18,280)                        | (7,479)             | 144.4%       | (18,280)                        | (7,479)             | 144.4%       |
| Fair value through other<br>comprehensive income  |       | 2,217                           | 32,351              | -93.1%       | 2,217                           | 32,351              | -93.1%       |
| <b>Total comprehensive<br/>income for the period</b>                                    |       | <b>68,537</b>                   | 124,107             | -44.8%       | <b>68,537</b>                   | 124,107             | -44.8%       |
| <b>Profit attributable to equity<br/>holders of the Company</b>                         |       | <b>84,600</b>                   | 99,235              | -14.7%       | <b>84,600</b>                   | 99,235              | -14.7%       |
| <b>Total comprehensive income<br/>attributable to equity<br/>holders of the Company</b> |       | <b>68,537</b>                   | 124,107             | -44.8%       | <b>68,537</b>                   | 124,107             | -44.8%       |
| <b>Earnings per share<br/>attributable to owners of the<br/>Company (sen)</b>           |       |                                 |                     |              |                                 |                     |              |
| Basic   | B14   | 32.69                           | 37.46               | -12.7%       | 32.69                           | 37.46               | -12.7%       |

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 2019 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 31 MAY 2019**

|  | Note | Unaudited<br>As at<br>31.5.2019<br>RM'000 | As at<br>28.2.2019<br>RM'000 |
|--|------|---|------------------------------|
| <b>ASSETS</b>  |      |   |                              |
| <b>Non-current assets</b>  |      |   |                              |
| Plant and equipment  |      | 120,677                                   | 118,676                      |
| Right-of-use assets  |      | 65,754                                    | -                            |
| Investments  |      | 73,521                                    | 70,604                       |
| Deferred tax assets  |      | 157,512                                   | 153,916                      |
| Financing receivables  |      | <u>6,342,677</u>                          | <u>6,003,628</u>             |
| <b>Total non-current assets</b>                                      |      | <u><b>6,760,141</b></u>                   | <u><b>6,346,824</b></u>      |
| <b>Current assets</b>  |      |   |                              |
| Financing receivables  |      | 2,210,316                                 | 2,102,151                    |
| Other receivables, deposits and prepayments                          |      | 80,042                                    | 89,103                       |
| Amount owing by related companies                                    |      | 5,678                                     | 6,069                        |
| Derivative financial assets  | B8   | 26,685                                    | 19,178                       |
| Cash and bank balances   |      | <u>110,435</u>                            | <u>92,429</u>                |
| <b>Total current assets</b>  |      | <u><b>2,433,156</b></u>                   | <u><b>2,308,930</b></u>      |
| <b>TOTAL ASSETS</b>  |      | <u><b>9,193,297</b></u>                   | <u><b>8,655,754</b></u>      |
| <b>EQUITY AND LIABILITIES</b>  |      |   |                              |
| <b>Capital and reserves</b>  |      |   |                              |
| Share capital  |      | 535,222                                   | 534,907                      |
| Irredeemable Convertible Unsecured Loan Stocks ("ICULS")             |      | 43,506                                    | 43,800                       |
| Hedging reserve  |      | (39,771)                                  | (21,491)                     |
| Fair value reserve   |      | 39,745                                    | 37,528                       |
| Retained earnings  |      | <u>987,704</u>                            | <u>904,237</u>               |
| <b>Equity attributable to ordinary equity holders of the Company</b> |      | <u><b>1,566,406</b></u>                   | <u><b>1,498,981</b></u>      |
| Perpetual notes and sukuk  |      | <u>330,000</u>                            | <u>376,000</u>               |
| <b>Total equity</b>  |      | <u><b>1,896,406</b></u>                   | <u><b>1,874,981</b></u>      |



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

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2019 (Continued)**

|   | Note | Unaudited<br>As at<br>31.5.2019<br>RM'000 | As at<br>28.2.2019<br>RM'000 |
|---|------|---|------------------------------|
| <b>Non-current liabilities</b>            |      |   |                              |
| Borrowings                                | B11  | 5,580,198                                 | 5,616,006                    |
| ICULS liabilities                         |      | <u>1,561</u>                              | <u>1,595</u>                 |
| <b>Total non-current liabilities</b>      |      | <u><b>5,581,759</b></u>                   | <u><b>5,617,601</b></u>      |
| <b>Current liabilities</b>                |      |   |                              |
| Borrowings                                | B11  | 1,365,685                                 | 814,006                      |
| Trade payables                            |      | 24,014                                    | 27,032                       |
| Other payables and accruals               |      | 160,281                                   | 168,962                      |
| Amount owing to immediate holding company |      | 3,344                                     | 6,917                        |
| Amount owing to related companies         |      | 92  | 5,762                        |
| Derivative financial liabilities          | B8   | 59,609                                    | 105,495                      |
| Lease liabilities                         |      | 65,500                                    | -                            |
| ICULS liabilities                         |      | 1,652                                     | 1,635                        |
| Tax liabilities                           |      | <u>34,955</u>                             | <u>33,363</u>                |
| <b>Total current liabilities</b>          |      | <u><b>1,715,132</b></u>                   | <u><b>1,163,172</b></u>      |
| <b>Total liabilities</b>                  |      | <u><b>7,296,891</b></u>                   | <u><b>6,780,773</b></u>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |      | <u><b>9,193,297</b></u>                   | <u><b>8,655,754</b></u>      |
| Net assets per share (RM)                 |      | 6.24                                      | 5.98                         |
| Number of ordinary shares ('000)          |      | 250,869                                   | 250,840                      |
| Capital adequacy ratio (%)                |      | 21.66                                     | 22.39                        |

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 2019 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 PERIOD ENDED 31 MAY 2019

|  | ← Non-distributable →      |                           |   |                              | Distributable                   |                                | Total<br>RM'000 |
|--|----------------------------|---------------------------|---|------------------------------|---------------------------------|--------------------------------|-----------------|
|  | Share<br>capital<br>RM'000 | ICULS<br>equity<br>RM'000 | Perpetual<br>notes and<br>sukuk<br>RM'000 | Hedging<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 |                 |
| <b>As 1 March 2018, as<br/>previously reported</b>                             | 508,629                    | 68,306                    | 276,000                                   | (9,982)                      | -                               | 1,014,550                      | 1,857,503       |
| Effect of change in accounting<br>policy due to adoption<br>MFRS 9, net of tax | -                          | -                         | -   | -                            | 32,351                          | (344,527)                      | (312,176)       |
| <b>At 1 March 2018, as restated</b>  | 508,629                    | 68,306                    | 276,000                                   | (9,982)                      | 32,351                          | 670,023                        | 1,545,327       |
| Cash flow hedge, net of tax  | -                          | -                         | -   | (7,479)                      | -                               | -                              | (7,479)         |
| Profit for the period  | -                          | -                         | -   | -                            | -                               | 99,235                         | 99,235          |
| <b>Total comprehensive income<br/>for the period</b>                           | -                          | -                         | -   | (7,479)                      | -                               | 99,235                         | 91,756          |
| Conversion of ICULS equity   | 7,722                      | (7,722)                   | -   | -                            | -                               | -                              | -               |
| Conversion of ICULS liability  | 820                        | -                         | -   | -                            | -                               | -                              | 820             |
| Deferred tax effects on ICULS  | -                          | (18)                      | -   | -                            | -                               | -                              | (18)            |
| Distribution on perpetual notes<br>and sukuk, net of tax                       | -                          | -                         | -   | -                            | -                               | (3,596)                        | (3,596)         |
| <b>At 31 May 2018</b>  | 517,171                    | 60,566                    | 276,000                                   | (17,461)                     | 32,351                          | 765,662                        | 1,634,289       |



## AEON Credit Service (M) Berhad

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### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MAY 2019 (Continued)

|   | ← <u>Non-distributable</u> → |                           |   |                              | <u>Distributable</u>            |                                | Total<br>RM'000  |
|---|------------------------------|---------------------------|---|------------------------------|---------------------------------|--------------------------------|------------------|
|   | Share<br>capital<br>RM'000   | ICULS<br>equity<br>RM'000 | Perpetual<br>notes and<br>sukuk<br>RM'000 | Hedging<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 |                  |
| <b>At 1 March 2019</b>                                    | 534,907                      | 43,800                    | 376,000                                   | (21,491)                     | 37,528                          | 904,237                        | 1,874,981        |
| Cash flow hedge, net of tax                               | -                            | -                         | -   | (18,280)                     | -                               | -                              | (18,280)         |
| Fair value through other<br>comprehensive income          | -                            | -                         | -   | -                            | 2,217                           | -                              | 2,217            |
| Profit for the period                                     | -                            | -                         | -   | -                            | -                               | 84,600                         | 84,600           |
| <b>Total comprehensive income<br/>for the period</b>      | -                            | -                         | -   | (18,280)                     | 2,217                           | 84,600                         | 68,537           |
| Conversion of ICULS equity                                | 294                          | (294)                     | -   | -                            | -                               | -                              | -                |
| Conversion of ICULS liabilities                           | 21                           | -                         | -   | -                            | -                               | -                              | 21               |
| Distribution on perpetual notes<br>and sukuk (net of tax) | -                            | -                         | -   | -                            | -                               | (1,133)                        | (1,133)          |
| Redemption of perpetual note                              | -                            | -                         | (46,000)                                  | -                            | -                               | -                              | (46,000)         |
| <b>At 31 May 2019</b>                                     | <u>535,222</u>               | <u>43,506</u>             | <u>330,000</u>                            | <u>(39,771)</u>              | <u>39,745</u>                   | <u>987,704</u>                 | <u>1,896,406</u> |

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 2019 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 PERIOD ENDED 31 MAY 2019**

|  | 31.5.2019        | 31.5.2018       |
|--|------------------|-----------------|
|  | RM'000           | RM'000          |
| <b>Cash flows used in operating activities</b>     |                  |                 |
| Profit before tax                                  | 112,668          | 131,763         |
| Adjustments for:                                   |                  |                 |
| Interest income                                    | (388)            | (265)           |
| Gain on disposal of plant and equipment            | (92)             | -               |
| Finance costs                                      | 74,709           | 58,509          |
| Interest on lease liabilities                      | 679              | -               |
| Depreciation of plant and equipment                | 10,855           | 7,956           |
| Depreciation of right-of-use assets                | 4,517            | -               |
| Impairment loss on financing receivables           | 93,338           | 57,096          |
| Write-off of plant and equipment                   | 41               | 27              |
| Operating profit before changes in working capital | <u>296,327</u>   | <u>255,086</u>  |
| Changes in working capital:                        |                  |                 |
| Financing receivables                              | (540,550)        | (273,914)       |
| Other receivables, deposits and prepayments        | 9,061            | (5,507)         |
| Amount owing by related companies                  | 390              | (438)           |
| Trade payables                                     | (3,018)          | 4,205           |
| Othe payables and accruals                         | (13,831)         | (9,005)         |
| Amount owing to immediate holding company          | (3,573)          | (2,918)         |
| Amount owing to related companies                  | (5,669)          | (502)           |
| Cash held in trust for customers                   | (401)            | -               |
| Cash held in trust for a related company           | (36)             | (66)            |
| Cash used in operations                            | <u>(261,300)</u> | <u>(33,059)</u> |
| Tax paid   | <u>(24,643)</u>  | <u>(23,539)</u> |
| <b>Net cash used in operating activities</b>       | <u>(285,943)</u> | <u>(56,598)</u> |
| <b>Cash flows used in investing activities</b>     |                  |                 |
| Acquisition of plant and equipment                 | (12,903)         | (17,641)        |
| Proceeds from disposal of plant and equipment      | 97               | -               |
| Interest received                                  | 388              | 265             |
| <b>Net cash used in investing activities</b>       | <u>(12,418)</u>  | <u>(17,376)</u> |



**AEON Credit Service (M) Berhad**  
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**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MAY 2019 (continued)**

|  | 31.5.2019            | 31.5.2018            |
|--|----------------------|----------------------|
|  | RM'000               | RM'000               |
| <b>Cash flows from financing activities</b>            |                      |                      |
| Proceeds from borrowings                               | 1,595,000            | 560,000              |
| Repayment of borrowings                                | (1,192,047)          | (410,115)            |
| Distribution paid to perpetual notes and sukuk holders | (1,491)              | (4,732)              |
| Redemption of perpetual notes                          | (46,000)             | -                    |
| Repayment of lease liabilities                         | (5,449)              | -                    |
| Finance costs paid                                     | <u>(69,554)</u>      | <u>(56,060)</u>      |
| <b>Net cash from financing activities</b>              | <u>280,459</u>       | <u>89,093</u>        |
| Net (decrease)/increase in cash and cash equivalents   | (17,902)             | 15,119               |
| Cash and cash equivalents at beginning of the year     | <u>67,183</u>        | <u>18,755</u>        |
| <b>Cash and cash equivalents at end of the period</b>  | <u><u>49,281</u></u> | <u><u>33,874</u></u> |

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

|  | 31.5.2019            | 31.5.2018            |
|--|----------------------|----------------------|
|  | RM'000               | RM'000               |
| Cash and bank balances                   | 99,085               | 63,854               |
| Deposits placed with licensed banks      | <u>11,350</u>        | <u>13,755</u>        |
|  | 110,435              | 77,609               |
| Bank overdrafts                          | (54,760)             | (34,844)             |
| Cash held in trust for a related company | (4,988)              | (8,891)              |
| Cash held in trust for customers         | <u>(1,406)</u>       | <u>-</u>             |
|  | <u><u>49,281</u></u> | <u><u>33,874</u></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 2019 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 period ended 31 May 2019**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of Preparation**

The condensed interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 28 February 2019.

**A2 Significant accounting policies**

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

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

In the current financial year, the Company adopted all the new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2019.

**MFRSs, Amendments to MFRSs and IC Interpretation**

|                      |  |
|----------------------|--|
| MFRS 16              | Leases   |
| IC Interpretation 23 | Uncertainty over Income Tax Treatments         |
| Amendments to:       |  |
| MFRS 9               | Prepayment Features with Negative Compensation |
| MFRSs                | Annual Improvements to MFRSs 2015 - 2017       |

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

**MFRS 16 Leases**

MFRS 16, *Leases* 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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.





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**A2 Significant accounting policies (continued)**

The Company applied MFRS16 using modified retrospective approach and measured the right-of-use assets equals to the lease liabilities at 1 March 2019 with no restatement of comparative information. The following table analyses the impact of transition to MFRS 16 on the statement of financial position of the Company:

|  | <b>As at<br/>1 March 2019<br/>RM'000</b> |
|--|--|
| <b>Right-of-use assets</b>                         |  |
| Closing balance as at 28 February 2019             | -  |
| - Recognition of right-of-use assets under MFRS 16 | 67,550                                   |
| Opening balance as at 1 March 2019                 | <u>67,550</u>                            |
| <b>Lease liabilities</b>                           |  |
| Closing balance as at 28 February 2019             | -  |
| - Recognition of lease liabilities under MFRS 16   | 67,550                                   |
| Opening balance as at 1 March 2019                 | <u>67,550</u>                            |

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

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

|                       |   |
|-----------------------|---|
| Amendments to:        |   |
| MFRS 3                | Definition of a Business  |
| MFRS 101 and MFRS 108 | Definition of Material  |
| MFRSs                 | Amendments to Reference to the Conceptual Framework in MFRS Standards |

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

**A3 Seasonal or Cyclical Factors**

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

**A4 Unusual Items**

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

**A5 Changes in Estimates**

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



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**A6 Debt and Equity Securities**

On 11 April 2019 and 22 April 2019, the Company redeemed the perpetual notes issued on 11 April 2014 and 21 April 2014, amounting to RM30,000,000 and RM16,000,000 respectively.

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

**A7 Dividend Paid**

There were no dividend paid during the quarter under review.

**A8 Segmental Reporting**

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

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

**A9 Subsequent Event**

There were no material events subsequent to the end of the current period under review up to the date of this report, which are likely to substantially affect the results of the quarter under review saved as disclosed in Note B7 (ii).

**A10 Changes in the Composition of the Company**

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



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**A11 Fair Value Measurement**

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

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

| <b>31.5.2019</b>   | <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>  |
| Investments  | -              | -              | 73,521         | 73,521         |
| Derivatives designated as hedging instruments            | -              | 26,685         | -              | 26,685         |
| <b>Total financial assets carried at fair value</b>      | <b>-</b>       | <b>26,685</b>  | <b>73,521</b>  | <b>100,206</b> |
| <u>Financial liabilities</u>                             |                |                |                |                |
| Derivatives designated as hedging instruments            | -              | 59,609         | -              | 59,609         |
| <b>Total financial liabilities carried at fair value</b> | <b>-</b>       | <b>59,609</b>  | <b>-</b>       | <b>59,609</b>  |
| <br>   |                |                |                |                |
| <b>28.02.2019</b>  | <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>  |
| Investments  | -              | -              | 70,604         | 70,604         |
| Derivatives designated as hedging instruments            | -              | 19,178         | -              | 19,178         |
| <b>Total financial assets carried at fair value</b>      | <b>-</b>       | <b>19,178</b>  | <b>70,604</b>  | <b>89,782</b>  |
| <u>Financial liabilities</u>                             |                |                |                |                |
| Derivatives designated as hedging instruments            | -              | 105,495        | -              | 105,495        |
| <b>Total financial liabilities carried at fair value</b> | <b>-</b>       | <b>105,495</b> | <b>-</b>       | <b>105,495</b> |

**A12 Contingent Liabilities and Contingent Assets**

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 31 May 2019 and up to the date of this announcement.

**A13 Related Party Transactions**

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

**A14 Capital Commitments**

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM15.788 million as at 31 May 2019.



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

**B1 Performance Review**

|                        | <b>Current<br/>Quarter<br/>31.5.2019<br/>RM'000</b> | Preceding Year<br>Corresponding<br>Quarter<br>31.5.2018<br>RM'000 | Changes<br>% |
|------------------------|---|---|--------------|
| Revenue                | <b>378,588</b>                                      | 325,718   | 16.2%        |
| Other income           | <b>31,599</b>                                       | 29,253  | 8.0%         |
| Profit from operations | <b>188,056</b>                                      | 190,272   | -1.2%        |
| Profit before tax      | <b>112,668</b>                                      | 131,763   | -14.5%       |
| Profit for the period  | <b>84,600</b>                                       | 99,235  | -14.7%       |

The Company recorded a total revenue of RM378.588 million, which was higher by 16.2% for the current quarter as compared to the preceding year corresponding quarter. Total transaction and financing volume in the current quarter ended 31 May 2019 had increased by 50.4% to RM1.647 billion as compared to the preceding year corresponding quarter.

The gross financing receivables as at 31 May 2019 was RM9.144 billion, representing an increase of 21.8%, RM1.636 billion as compared to 31 May 2018. The net financing receivables after impairment was RM8.553 billion as at 31 May 2019 as compared to RM6.920 billion as at 31 May 2018. Non-Performing Loans (NPL) ratio was 1.92% as at 31 May 2019 as compared to 2.26% as at 31 May 2018.

Other income recorded at RM31.599 million for the current quarter mainly comprising bad debts recovered and commission income from sale of insurance products.

Ratio of total operating expense against revenue recorded at 58.7% for the current quarter as compared to 50.6% in the preceding year corresponding quarter. The increase was mainly due to higher allowance for impairment losses on financing receivables and promotional expenses in tandem with the growth in transaction and financing volume.

The Company recorded a profit before tax of RM112.668 million for the current quarter, a reduction of 14.5% as compared to the preceding year corresponding quarter.

Funding cost for the current quarter was higher compared to the preceding year corresponding quarter mainly due to higher borrowings in line with the growth of receivables. The nominal value of the borrowings as at 31 May 2019 was RM6.926 billion as compared to RM5.528 billion as at 31 May 2018.



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

|                          | <b>Current<br/>Quarter<br/>31.5.2019<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>28.2.2019<br/>RM'000</b> | <b>Changes<br/>%</b> |
|--------------------------|---|---|----------------------|
| Revenue                  | <b>378,588</b>                                      | 359,536   | 5.3%                 |
| Total operating expenses | <b>222,131</b>                                      | 223,875   | -0.8%                |
| Other income             | <b>31,599</b>                                       | 48,133  | -34.4%               |
| Profit before tax        | <b>112,668</b>                                      | 115,123   | -2.1%                |
| Profit for the period    | <b>84,600</b>                                       | 87,613  | -3.4%                |

The Company recorded a profit before tax of RM112.668 million for the current quarter as compared to RM115.123 million in the immediate preceding quarter. The decrease of 2.1% was mainly due to higher finance cost for the current quarter due to higher borrowings.

**B3 Current Year Prospects**

The Malaysian economy posted a GDP growth of 4.5% in the first quarter of 2019 while the annual economic growth forecast for 2019 is 4.3% to 4.8% by Bank Negara Malaysia. Domestic demand will continue to be one of the key drivers of growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded 16.2% growth in revenue for the period ended 31 May 2019. The Company expects to be able to maintain its financial performance for the financial year ending 29 February 2020 based on the scheduled implementation of its business plan and leveraging on the strength of AEON brand.

**B4 Revenue**

|  | <b>Individual quarter</b> |                         | <b>Cumulative quarter</b> |                         |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
|  | <b>3 months ended</b>     |                         | <b>3 months ended</b>     |                         |
|  | <u><b>31.5.2019</b></u>   | <u><b>31.5.2018</b></u> | <u><b>31.5.2019</b></u>   | <u><b>31.5.2018</b></u> |
|  | <b>RM'000</b>             | <b>RM'000</b>           | <b>RM'000</b>             | <b>RM'000</b>           |
| Revenue comprises:                                     |                           |                         |                           |                         |
| Interest income, profit revenue and<br>finance charges | 328,802                   | 287,004                 | 328,802                   | 287,004                 |
| Fee income   | 49,786                    | 38,714                  | 49,786                    | 38,714                  |
|  | <u><u>378,588</u></u>     | <u><u>325,718</u></u>   | <u><u>378,588</u></u>     | <u><u>325,718</u></u>   |



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**B5 Notes to the Statement of Comprehensive Income**

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

|   | Individual quarter |                  | Cumulative quarter |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | 3 months ended     |                  | 3 months ended     |                  |
|   | <u>31.5.2019</u>   | <u>31.5.2018</u> | <u>31.5.2019</u>   | <u>31.5.2018</u> |
|   | RM'000             | RM'000           | RM'000             | RM'000           |
| (a) Included in Profit from operations:               |                    |                  |                    |                  |
| Bad debts recovered                                   | 26,654             | 25,518           | 26,654             | 25,518           |
| Interest income                                       | 388                | 265              | 388                | 265              |
| Gain on disposal of plant and equipment               | 92                 | -                | 92                 | -                |
| Depreciation of plant and equipment                   | (10,855)           | (7,956)          | (10,855)           | (7,956)          |
| Depreciation of right-of-use assets                   | (4,517)            | -                | (4,517)            | -                |
| Impairment loss on financing receivables              | (93,338)           | (57,096)         | (93,338)           | (57,096)         |
| Write off of plant and equipment                      | (41)               | (27)             | (41)               | (27)             |
| (b) Included in Other comprehensive income:           |                    |                  |                    |                  |
| Loss on cash flow hedge                               | (18,280)           | (7,479)          | (18,280)           | (7,479)          |
| Unrealised gain on financial instruments<br>at FVTOCI | 2,217              | 32,351           | 2,217              | 32,351           |

Receivables amounting to RM88.812 million have been written off against allowance for impairment losses on receivables for the current quarter as compared with RM84.935 million written off in the preceding year corresponding quarter.

**B6 Finance cost**

|   | Individual quarter |                  | Cumulative quarter |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | 3 months ended     |                  | 3 months ended     |                  |
|   | <u>31.5.2019</u>   | <u>31.5.2018</u> | <u>31.5.2019</u>   | <u>31.5.2018</u> |
|   | RM'000             | RM'000           | RM'000             | RM'000           |
| Interest expense on financial liabilities<br>that are not stated at fair value through<br>profit or loss: |                    |                  |                    |                  |
| Bank overdraft  | 51                 | 172              | 51                 | 172              |
| Commercial paper  | 2,107              | 163              | 2,107              | 163              |
| Revolving credits   | 2,360              | 94               | 2,360              | 94               |
| Term loans/financing  | 70,187             | 58,078           | 70,187             | 58,078           |
| ICULS interest  | 4                  | 2                | 4                  | 2                |
| Interest on lease liabilities   | 679                | -                | 679                | -                |
|   | <u>75,388</u>      | <u>58,509</u>    | <u>75,388</u>      | <u>58,509</u>    |



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### B7 Taxation

#### (i) Tax expense

|                            | Individual quarter |                  | Cumulative quarter |                  |
|----------------------------|--------------------|------------------|--------------------|------------------|
|                            | 3 months ended     |                  | 3 months ended     |                  |
|                            | <u>31.5.2019</u>   | <u>31.5.2018</u> | <u>31.5.2019</u>   | <u>31.5.2018</u> |
|                            | RM'000             | RM'000           | RM'000             | RM'000           |
| <b>Income tax payable:</b> |                    |                  |                    |                  |
| - current year             | 26,592             | 31,543           | 26,592             | 31,543           |
| <b>Deferred tax:</b>       |                    |                  |                    |                  |
| - current year             | 1,476              | 985              | 1,476              | 985              |
|                            | <u>28,068</u>      | <u>32,528</u>    | <u>28,068</u>      | <u>32,528</u>    |

The Company's effective tax rate for the current quarter is broadly in line with the statutory tax rate.

#### (ii) Material litigation

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

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

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

- The DGIR varying the loan transaction collateralised by receivables undertaken by the Company with a local financial institution to that of a sale of receivables. The DGIR did not specify which provision of the Income Tax Act 1967 it is relying on in making this variation.
- 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 DGIR.

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

#### (a) Stay of Proceedings

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



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**B7 Taxation (continued)**

(b) Judicial Review

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

(c) Appeal to Special Commissioners of Income Tax (“SCIT”)

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

No tax provisions have therefore been made in relation to the aforesaid matter.

**B8 Derivatives and Fair Value Changes of Financial Liabilities**

(a) Details of derivative financial instruments outstanding as at 31 May 2019 are as follows:

|   | Notional Amount  |                  | Fair Value             |                  |
|---|------------------|------------------|------------------------|------------------|
|   | 31.5.2019        | 28.2.2019        | Assets / (Liabilities) |                  |
|   | RM'000           | RM'000           | 31.5.2019              | 28.2.2019        |
|   |                  |                  | RM'000                 | RM'000           |
| <u>Derivative financial assets</u>      |                  |                  |                        |                  |
| <u>Cross currency swaps:</u>            |                  |                  |                        |                  |
| Less than 1 year                        | 113,254          | -                | 12,802                 | -                |
| 1 – 3 years                             | 165,064          | 270,222          | 13,883                 | 19,178           |
| <b>Total</b>                            | <b>278,318</b>   | <b>270,222</b>   | <b>26,685</b>          | <b>19,178</b>    |
| <u>Derivative financial liabilities</u> |                  |                  |                        |                  |
| <u>Cross currency swaps:</u>            |                  |                  |                        |                  |
| 1 – 3 years                             | 1,560,853        | 1,515,448        | (34,822)               | (75,197)         |
| More than 3 years                       | 864,281          | 640,336          | (24,787)               | (30,298)         |
| <b>Total</b>                            | <b>2,425,134</b> | <b>2,155,784</b> | <b>(59,609)</b>        | <b>(105,495)</b> |

(b) Fair value of financial liabilities

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

**B9 Provision of Financial Assistance**

The Company has not extended any loans/advances to any party or received any loan/advances from any party in the ordinary course of its business as a licensed moneylender and therefore, there are no outstanding loans/advances as at 31 May 2019.





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**B10 Status of Corporate Proposal**

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

**B11 Borrowings**

The borrowings of the Company as at 31 May 2019 comprised the following:

|                        | <u>31.5.2019</u> | <u>28.2.2019</u> |
|------------------------|------------------|------------------|
|                        | <b>Unsecured</b> | <b>Unsecured</b> |
|                        | <b>RM'000</b>    | <b>RM'000</b>    |
| Non-current :          |                  |                  |
| - Term loans/financing | 5,580,198        | 5,616,006        |
|                        | <u>5,580,198</u> | <u>5,616,006</u> |
| Current :              |                  |                  |
| - Bank overdrafts      | 54,760           | 19,290           |
| - Revolving credits    | 450,000          | 245,000          |
| - Commercial paper     | 147,670          | 149,716          |
| - Term loans/financing | 713,255          | 400,000          |
|                        | <u>1,365,685</u> | <u>814,006</u>   |
| Total                  | <u>6,945,883</u> | <u>6,430,012</u> |

The borrowings were denominated in the following currencies:

|                      | <u>31.5.2019</u> |                   | <u>28.2.2019</u> |                   |
|----------------------|------------------|-------------------|------------------|-------------------|
|                      | <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     |                  | 4,242,431         |                  | 4,004,006         |
| United States Dollar | 645,152          | 2,703,452         | 596,288          | 2,426,006         |
|                      |                  | <u>6,945,883</u>  |                  | <u>6,430,012</u>  |

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

**B12 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 B7 (ii).

**B13 Dividend**

No dividend was proposed or declared during the current quarter.



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**B14 Earnings per share**

|  | Individual quarter |                  | Cumulative quarter |                  |
|--|--------------------|------------------|--------------------|------------------|
|  | 3 months ended     |                  | 3 months ended     |                  |
|  | <u>31.5.2019</u>   | <u>31.5.2018</u> | <u>31.5.2019</u>   | <u>31.5.2018</u> |
|  | RM'000             | RM'000           | RM'000             | RM'000           |
| Profit attributable to equity holders                    | 84,600             | 99,235           | 84,600             | 99,235           |
| Distribution on perpetual notes and sukuk,<br>net of tax | (1,133)            | (3,596)          | (1,133)            | (3,596)          |
| Profit attributable to ordinary equity holders           | <u>83,467</u>      | <u>95,639</u>    | <u>83,467</u>      | <u>95,639</u>    |

**Basic Earnings Per Share**

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

|  | Individual quarter |                  | Cumulative quarter |                  |
|--|--------------------|------------------|--------------------|------------------|
|  | 3 months ended     |                  | 3 months ended     |                  |
|  | <u>31.5.2019</u>   | <u>31.5.2018</u> | <u>31.5.2019</u>   | <u>31.5.2018</u> |
| Profit attributable to ordinary equity holders<br>(RM'000) | 83,467             | 95,639           | 83,467             | 95,639           |
| Weighted average number of ordinary shares<br>('000 unit)  | <u>255,308</u>     | <u>255,308</u>   | <u>255,308</u>     | <u>255,308</u>   |
| Basic earnings per share (sen)                             | <u>32.69</u>       | <u>37.46</u>     | <u>32.69</u>       | <u>37.46</u>     |

**Diluted Earnings Per Share**

There were no dilutive potential ordinary shares outstanding as at 31 May 2019. As a result, the diluted earnings per share is equivalent to the basic earnings per share.

**B15 Auditors' Report on the Preceding Annual Financial Statements**

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

**B16 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 June 2019.

By order of the Board  
27 June 2019