



# ANNUAL REPORT 2015



AEON CREDIT SERVICE



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# CORPORATE VISION AND MISSION

Our **CORPORATE VISION** is to establish AEON as a leading brand in consumer finance and service industry by providing excellent customer service.

As a reflection of this vision, **OUR MISSION** is to provide a wide range of consumer financial services that best meet customer needs and we are committed to serve customers to enhance their lifestyle through our products and services. We adhere to a strict code of corporate ethics and, at the same time, engage in activities which contribute to society.

# AN INTRODUCTION TO AEON CREDIT SERVICE (M) BERHAD



AEON Credit Service (M) Berhad (AEON Credit or the Company) was incorporated on 6 December 1996 and was converted into a public limited company on 9 February 2007 and listed on the Main Market at Bursa Malaysia Securities Berhad on 12 December 2007. AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores.

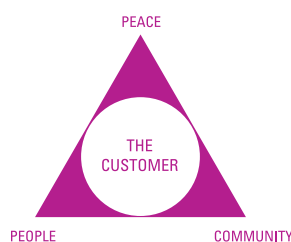
Today the business of the Company had expanded to include issuance of Credit Cards, Easy Payment schemes, Personal Finance scheme, Insurance business and other services. The Company currently has 5 Regional Offices, 55 branches and Service Centres located in major shopping centres and towns and a network of more than 9,000 participating merchant outlets nationwide. AEON Credit believes in working closely with its business partners to provide consumer financing products and services which meet customer needs. The Company currently has more than 3.0 million card members for the various products and more than 3,000 staff in service with the Company.

AEON Credit is a subsidiary of AEON Financial Service Co., Ltd. Japan (AFSJ), which is listed on the First Section of the Tokyo Stock Exchange. AFSJ is mainly involved in the issuance of credit cards, and it currently has more than 24.34 million card members in Japan. It is one of the biggest credit card issuers and leading consumer credit provider in Japan.

AFSJ is in turn part of the AEON Group of Companies (AEON Group), a global retail and financial services group. AEON Group consists of more than 260 subsidiaries and affiliated companies. AEON Group operates not only in Japan but also in Southeast Asia, China and India. The Fundamental principle of AEON is its “customer-centered approach.” AEON’s mission is to contribute to consumers.

AEON’s most basic and abiding principles are the pursuit of peace, respect for humanity, and contribution to local communities through customer-centered initiatives. Under these principles, we are determined to achieve global management standards.

All companies under the AEON Group are guided by the unchanging ‘Customer First’ philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services.



## AEON Basic Principles

- Peace** : AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.
- People** : AEON is a corporate group that respects human dignity and values personal relationships.
- Community** : AEON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

## The AEON Code of Conduct Commitment

1. AEON people are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. AEON people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. AEON people actively seek out ways to exceed customer expectations.
4. AEON people continually challenge themselves to find new ways to accomplish the AEON ideals.
5. AEON people support local community growth, acting as good corporate citizens in serving society.

# 2014 EVENTS

## Promotional Campaign & Contest

The Company launched the “Raya 2014” campaign which ran between 16 May and 15 August of 2014. Participation was open exclusively to all AEON Credit customers. 52 winners, took home prizes worth over RM200,000/-. Prizes included Toshiba LED TVs, Pioneer Home Theatre systems and Samsung Galaxy S5 smart phones. Subsequently, on 16 August 2014 another contest kicked off as a means to create momentum for the Easy Payment sales post the Raya holidays. Participation was open to all Easy Payment customers. Two winners took home Perodua Alzas worth RM62,000/- each and another 10 winners won Vespa Motorcycles worth over RM10,000/- each. The contest ended on 20 November 2014.



## Malaysia's 1st Badminton League

The Company is committed to supporting healthy community growth while effectively positioning and promoting its brand and products. On 28 November 2014, AEON Credit participated in the country's first ever badminton league. Endorsed by the Ministry of Sports, National Sports Council and the Badminton Association of Malaysia (BAM) the league season started on 28 November 2014 and ended on 2 February 2015. 12 clubs participated in the league games with AEON Credit as sponsor of the Kajang Badminton Club. Prolific international and local badminton exponents such as Liew Darren, Jan Jorgensen, Chong Wei Feng, Keninchi Tago and Kento Momota made special appearances as players for the respective clubs. All matches were broadcasted live by Astro Live TV sports channel exposing the AEON Credit brand to a wider and newer audience in over 10 countries around Asia.



## 2014 Events (continued)

### Expansion of AEON Credit Branch Network

The Company established 5 new branches and service centres during the financial period in the states of Kedah, Penang, Perak and Johor, bringing the total number of branches to 55 as of February 2015. The branch network expansion will serve to enhance the market penetration for the Company's products and provide better customer service to local area customers. Additionally, the Company embarked on a customer recruitment drive to promote its credit card products from 16 October to 4 November of 2014 at selected shopping malls. Lucky applicants received door gifts which comprised of AEON vouchers and AEON diaries.



### AFF Suzuki Cup Cash Rebate Campaign

In conjunction with the AFF Suzuki Cup 2014, the Company launched "5% Cash Rebate" campaign at AEON Big & AEON Co. stores nationwide on 22 November 2014. The rebates were exclusive to AEON cardholders who are required to spend a cumulative sum of RM350 during the campaign period.



### Chinese New Year RM88,888 Cash Rebate Contest 2015

The Company launched the "Spend & Win RM88,888 Cash Rebate". Commencing on 26 January 2015, the contest was held to coincide with the pre-CNY shopping spree and was open exclusively to AEON Credit cardholders. Participants were required to spend a certain amount at AEON Big or AEON Co. stores or at participating dining outlets

# ■ CORPORATE RESPONSIBILITY

AEON Credit is committed to supporting and enhancing the wellbeing of the community it serves. The Company and its employees participate in Corporate Responsibility Activities (CSR) and social welfare through internal and external activities towards preservation of the environment, charity and community contribution as well as employee training and development programmes. This in turn will indirectly contribute to a positive business environment.

## CARING FOR THE ENVIRONMENT

AEON Credit and the Company are committed to playing a more meaningful and sustainable role in preserving the environment. Studies have shown that tree plantings provide an opportunity for community involvement and empowerment that improves the quality of life in the community. Continuing the tradition of caring and healing the ecosystem, staff members of the Company participated in a tree planting event “Malaysia-Japan Friendship Forest” at Forest Research Institute Malaysia (FRIM), in Bidor, Perak on 14 September 2014 where over 1,000 AEON Group staff from both Japan and Malaysia, including from AEON Credit participated in planting approximately 8,000 trees.



## MALAYSIAN AEON FOUNDATION (“MAF”)

Established in June 2004, “With All Our Hearts” Malaysian AEON Foundation (“MAF”) is the charity arm of the AEON Group in Malaysia.



The mission of MAF is:-

1. To be continuously involved in fund-raising activities and events for the benefit of all Malaysians, irrespective of race, religion and creed, with special focus on the needs of Malaysian children;
2. To provide financial aid to those with the greatest needs, especially in the area of education, living environment and medical assistance. MAF also aim to provide activity-based resources to guide people away from today's social ills; and
3. To give children the opportunity to discover their self-worth and develop themselves to their fullest potential so that they may live fuller and more meaningful lives in the future.

Over the past decade, MAF has raised funds through continuous support and contribution from customers and business partners of AEON Group in Malaysia and from the members of the general public. The proceeds are donated to various organisations and needy individuals or spent on community contribution. During the financial period ended 28 February 2015, the Company and its business partners donated an amount of RM50,000/- and RM70,000/- respectively to the Foundation.



*Fund Raising Activities of MAF - “A Celebration of Hearts” Charity Gala Dinner*



## Corporate Responsibility (continued)

**Flood Relief Efforts and Financial Support for Victims**

In December 2014, several states in Malaysia experienced what has been described as the worst floods to hit the country in the past decade. As part of MAF's humanitarian efforts, the Foundation extended voluntary service to flood victims in affected areas, mainly in East Coast states. Between 29 December 2014 and 2 January 2015, volunteers from the Company worked with the Royal Malaysian Air Force (TUDM) in organising deliver of essential aids to the affected areas. Additionally, staff of AEON Credit donated RM13,000/- to the relief effort. Meanwhile, the Company also provided financial aid and support to staff affected by the floods and offered personal financing and financing for consumer durables and motorcycles at reduced interest/profit rates as well as debt restructuring scheme for customers impacted by the floods to ease their financial burden.

**Sharing CNY Joy With The Children**

The Company ushered in the Year of the Goat by sharing the joys of the Chinese New Year 2015 festivities with 150 orphaned children from the Ti-Ratana Welfare Society. The charity event took place on 7 February 2015 at the Quill City Mall, Kuala Lumpur. The children entertained guests with memorable performances which included a song recital performance in line with the festive occasion. The Foundation also extended RM200/- spending money to every child present at the event.

**COMMUNITY CONTRIBUTION****Blood donation events**

Blood donation is a gift that saves lives, helping patients with life-threatening conditions and those undergoing medical or surgical procedures. The Company organised two blood donation events at its Head Office to support the national blood bank (Pusat Darah Negara) in August 2014 and January 2015 with participation of more than 250 staff.

**HUMAN RESOURCE DEVELOPMENT AND WORKPLACE DIVERSITY**

Workforce diversity is an important asset to AEON Credit's business success, and it is recognised that the workforce needs to reflect the Company's customers and local communities. The Company is committed to leveraging the diverse backgrounds, experiences and perspectives of its human resources to provide excellent customer service to an equally diverse market for its products and services. There are no barriers to employment or development in the Company by reason of an individual's gender, ethnicity and age under Company policy. During the financial period, the Company invested extensively in training and development programmes for all levels of staff in various areas to enhance level of skills and leadership quality for career development. These efforts also complement management succession planning in the Company to identify and develop internal talent with potential to fill key business leadership positions.



# 5 YEAR FINANCIAL HIGHLIGHTS

(FPE 2015 refers to period from 21 February 2014 to 28 February 2015)

	FPE2015 RM'000	FYE2014 RM'000	FYE2013 RM'000	FYE2012 RM'000	FYE2011 RM'000
<b>STATEMENT OF PROFIT OR LOSS</b>					
Revenue	871,600	672,762	467,127	344,269	269,610
Profit before tax	289,269	233,875	181,107	128,061	85,024
<b>Profit after tax</b>	<b>215,726</b>	175,352	134,126	95,607	63,429
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Plant and equipment	45,234	46,599	41,036	27,452	24,137
Investments	18,555	5,542	5,542	1,283	1,797
Receivables	2,811,030	2,034,533	1,189,825	568,276	407,377
Deferred tax assets	24,693	11,040	5,057	4,128	-
<b>Total non-current assets</b>	<b>2,899,512</b>	2,097,714	1,241,460	601,139	433,311
Receivables, deposits, prepayments and derivative financial assets	1,975,119	1,657,003	1,187,561	959,435	736,526
Cash and bank balances	48,668	12,569	6,404	4,416	5,649
<b>Total current assets</b>	<b>2,023,787</b>	1,669,572	1,193,965	963,851	742,175
<b>Total assets</b>	<b>4,923,299</b>	3,767,286	2,435,425	1,564,990	1,175,486
<b>Equity</b>					
Share capital	72,000	72,000	72,000	60,000	60,000
Share premium	44,012	44,012	44,012	56,147	56,147
Reserves	563,700	429,552	313,195	225,087	166,070
<b>Equity attributable to ordinary equity holders of the Company</b>	<b>679,712</b>	545,564	429,207	341,234	282,217
Perpetual notes and sukuk	276,000	100,000	-	-	-
<b>Total equity</b>	<b>955,712</b>	645,564	429,207	341,234	282,217
<b>Liabilities</b>					
Borrowings	2,965,526	2,113,455	1,191,934	877,603	594,742
Deferred tax liabilities	-	-	-	-	1,807
<b>Total non-current liabilities</b>	<b>2,965,526</b>	2,113,455	1,191,934	877,603	596,549
Payables, accruals and derivative financial liabilities	118,709	143,798	124,999	105,763	55,577
Borrowings	856,141	840,908	670,499	228,591	238,302
Taxation	27,211	23,561	18,786	11,799	2,841
<b>Total current liabilities</b>	<b>1,002,061</b>	1,008,267	814,284	346,153	296,720
<b>Total liabilities</b>	<b>3,967,587</b>	3,121,722	2,006,218	1,223,756	893,269
<b>Total equity and liabilities</b>	<b>4,923,299</b>	3,767,286	2,435,425	1,564,990	1,175,486
<b>STATISTICS</b>					
Net earnings per share (sen) *	145.64	121.77	102.84	73.30 **	52.86
Net dividends per ordinary share (sen)	57.00	46.30	35.50	30.00	19.88
Net assets per share (RM) ***	4.72	3.79	2.98	2.84	2.35

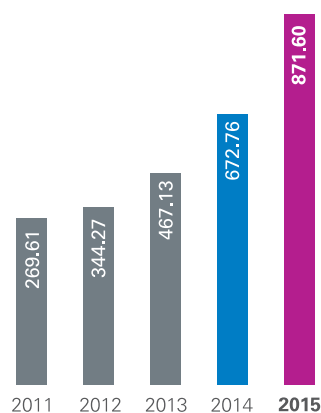
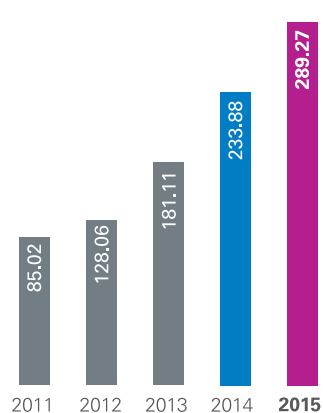
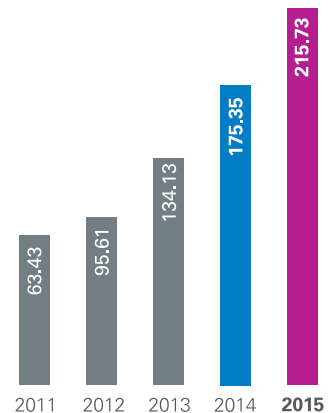
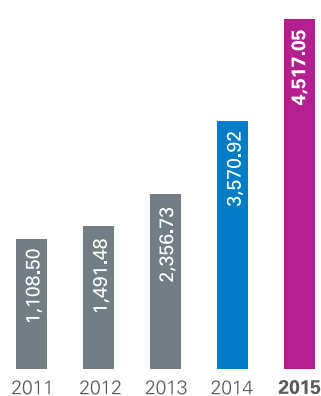
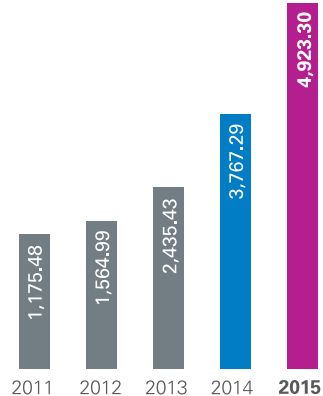
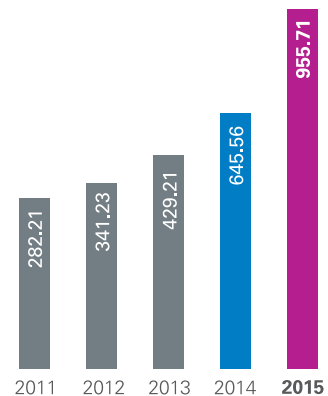
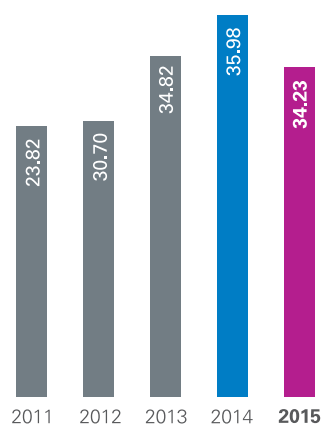
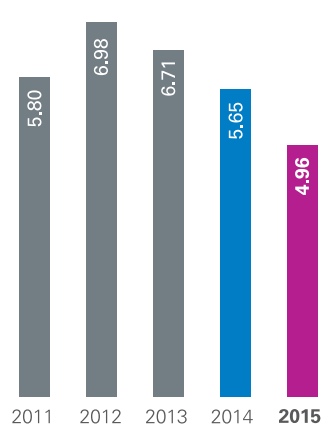
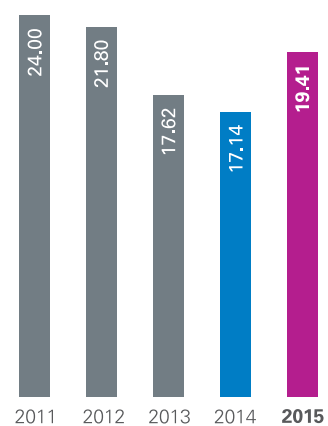
Note :-

\* Earnings per share has been calculated by dividing the net profit after distribution on Perpetual Notes by weighted average number of ordinary shares outstanding in the respective year.

\*\* Previous year's earnings per share has been restated to reflect the bonus issue implemented in FYE 2013.

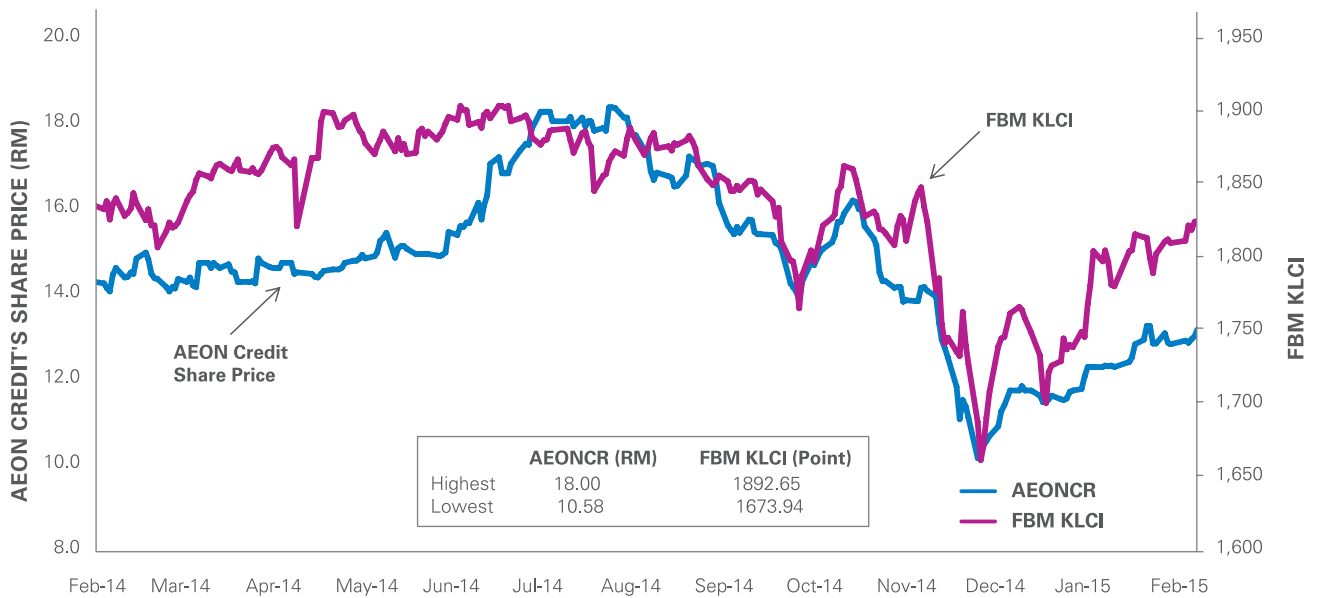
\*\*\* Net assets per share has been calculated with exclusion of perpetual notes and sukuk.

## 5 Year Financial Highlights (continued)

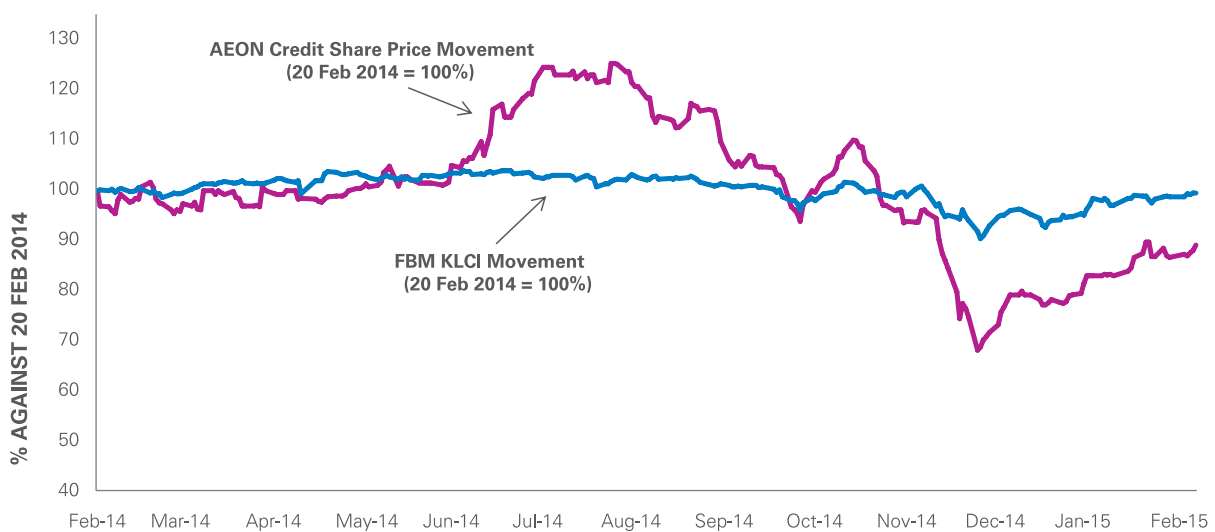
REVENUE  
(RM Million)PROFIT BEFORE TAX  
(RM Million)PROFIT AFTER TAX  
(RM Million)FINANCING RECEIVABLES  
(RM Million)TOTAL ASSETS  
(RM Million)TOTAL EQUITY  
(RM Million)RETURN ON EQUITY  
(%)RETURN ON ASSETS  
(%)CAPITAL ADEQUACY RATIO  
(%)

# ■ SHARE PRICE

AEON CREDIT SHARE PRICE VS. FBM KLCI (21-02-14 TO 28-02-15)



AEON CREDIT SHARE PRICE MOVEMENT VS. FBM KLCI MOVEMENT (21-02-14 TO 28-02-2015)



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Abdullah bin Mohd Yusof**, *Chairman*

**Mr. Kenji Fujita**, *Managing Director*

**Datuk Ramli bin Ibrahim**

**Dato' Md Kamal bin Ismaun**

**Mr. Ng Eng Kiat**

**Mr. Yasuhiro Kasai**

**Mr. Krishnappan A/L S.P.S Singaram**

**Ms. Lee Tyan Jen**

**Mr. Takayuki Araki**  
(appointed on 20 June 2014)

**Mr. Hiroaki Kobayashi**  
(appointed on 20 June 2014)

**Mr. Lee Kit Seong**  
(appointed on 20 June 2014)

**Mr. Jun Suzuki**  
(resigned on 20 June 2014)

**Mr. Masanori Kosaka**  
(retired on 19 June 2014)

## SECRETARIES

**Ms. Tai Yit Chan**  
(MAICSA 7009143)

**Ms. Choong Lee Wah**  
(MAICSA 7019418)

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
T: +603-7720 1188  
F: +603-7720 1111

## HEAD OFFICE

Level 29, Menara Olympia  
No. 8, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
T: +603-2772 9000  
F: +603-2711 4110

## AUDITORS

KPMG (AF No. 0758)  
Level 10, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
T: +603-7721 3388  
F: +603-7721 3399

## REGISTRARS

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House,  
Block D13, Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301, Petaling Jaya,  
Selangor Darul Ehsan.

## WEBPAGE

[www.aeonmalaysia.com.my](http://www.aeonmalaysia.com.my)

## STOCK EXCHANGE LISTING

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad

**STOCK NAME : AEONCR**

**STOCK CODE : 5139**

## PRINCIPLE BANKERS

Affin Islamic Bank Berhad  
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad  
Bank of Tokyo-Mitsubishi UFJ (M) Berhad  
Bank of Tokyo-Mitsubishi UFJ, Ltd.  
CIMB Bank Berhad  
CIMB Islamic Bank Berhad  
Citibank Berhad  
Deutsche Bank (Malaysia) Berhad  
Malayan Banking Berhad  
Maybank Islamic Berhad  
Mizuho Bank, Ltd.  
National Bank of Abu Dhabi Malaysia Berhad  
RHB Bank Berhad  
RHB Islamic Bank Berhad  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Banking Corporation Malaysia Berhad  
Standard Chartered Saadiq Berhad

## CORPORATE CALENDAR

<b>Notice of Annual General Meeting</b>	28 May 2014
<b>Annual General Meeting</b>	19 June 2014
<b>Payment of Dividend (Interim)</b>	Book Closure – 3 October 2014 Payment – 21 October 2014
<b>Payment of Dividend (Final)</b>	Book Closure – 1 July 2015 Payment – 15 July 2015
<b>First Quarter Results Announcement</b>	19 June 2014
<b>Second Quarter Results Announcement</b>	18 September 2014
<b>Third Quarter Results Announcement</b>	16 December 2014
<b>Fourth Quarter Results Announcement</b>	20 April 2015





# CHAIRMAN'S STATEMENT

## Introduction

On behalf of the Board of Directors, I am pleased to present AEON Credit Service (M) Berhad ("AEON Credit" or "the Company") Annual Report and Audited Financial Statements for the financial period from 21 February 2014 to 28 February 2015, further to change of financial year end in the period.

The Malaysian economy performed well in 2014, with real GDP growth of 6.0% (2013: 4.7%) which was supported by continued robust demand, especially private consumption, underpinned by favourable employment market conditions and other factors. The economy remained resilient with the diversified economic structure and strong fundamentals, with higher growth recorded in the year in construction, manufacturing and services' sectors while lower growth was recorded in agricultural and mining sectors.

## Review of Performance

AEON Credit continued to record asset growth during the period under review for its consumer financing operations, albeit at lower rate of growth compared to the preceding year, in a generally favourable economic and market environment. The Company registered a net profit of RM215.73 million, an increase of 23.0% from the previous year, with expansion and growth in all its product segments, with higher growth level recorded in vehicle financing operations. Correspondingly, earnings per share has increased from 121.77 sen in FYE2014 to 145.64 sen in FYE 2015.

During the period, the Company had subscribed for 10,000 Common Shares at par value of 1,000 Philippine pesos ("PHP") per share and 154,500 irredeemable convertible preference shares at par value of PHP1,000 per share in AEON Credit Service (Philippines) Inc. ("ACSP") for total cash consideration amounting to PHP164.5 million (which is equivalent to approximately RM13.0 million).

ACSP, a subsidiary of AEON Financial Service Co., Ltd ("AFSJ"), commenced business in March 2013 and currently offers hire purchase facilities to consumers for purchase of consumer durables. AFSJ and the Company regard the Philippines retail finance market to have promising growth potential for ACSP to become a strong niche player in the non-banking financial services sector. Nevertheless, the Board does not expect material contribution from ACSP to the financial performance of the Company in the short term.

## Flexibility in Funding Asset Growth

Total borrowings of AEON Credit as at February 2015 was RM3.82 billion compared to RM2.95 billion in the preceding year, primarily in the form of term loans/financing and revolving credits from local banks and offshore banks in Labuan.

## Chairman's Statement (continued)

Meanwhile, the Company further issued perpetual notes and perpetual sukuk amounting to RM46 million and RM130 million respectively during the financial period under review under the perpetual private debt securities programme and perpetual sukuk programme based on the Shariah principle of Musharakah established in the previous financial year, bringing the total cumulative issuance under the two programmes to RM276 million as at February 2015. The Company shall establish another sukuk programme of up to RM1 billion in nominal value in the financial year ending 29 February 2016 for the issuance of Islamic Commercial Paper.

The Company shall maintain its policy of having diversified sources of funding with flexibility to support further asset growth of the Company.

### Dividend

The Board of Directors has recommended a final single tier dividend payment of 29.6 sen per share, totaling RM42.62 million. This would result in total dividend payout ratio of 38.0% of the net profit for the financial period ended 28 February 2015, including the interim dividend paid during the financial period. The total dividends for the period of 57.0 sen per share represents an increase of 23.1% from total net dividends of 46.3 sen paid out for the last financial year.

### Looking forward

The Malaysian economy is expected to expand by 4.5%-5.5% in 2015 compared with the 6.0% growth in 2014, amid a more challenging external environment. The global economy remains vulnerable to downside risks, despite projected moderate recovery in 2015, which is expected to affect the domestic economy. Economic growth will continue to be primarily driven by private sector-led domestic demand, especially in the services, manufacturing and construction sectors, as well as government projects. The drop in oil prices has emerged as a major risk and has changed the outlook for the Malaysian economy and market. The negative implications of a sustained period of lower oil prices could be detrimental to the domestic economy.

According to Bank Negara Malaysia's Financial Stability and Payment Systems Report for 2014, Malaysia's household debt growth has moderated over the past two years, growing by 9.9% in 2014 and importantly, new household borrowings were of higher quality. There was continued moderation in the expansion of financing for personal use, consistent with improved assessments by banks and non-banking financial service providers, including the Company, of the ability of borrowers to take on additional debt. The healthy aggregate balance sheet of households has continued to lend support to overall debt servicing capacity amid stable employment and income conditions. Risks associated with the accumulation of unsecured household debt have continued to recede, with new unsecured borrowings accounting for a substantially lower share of total new household debt for the year (2014: 8.6%; 2013: 16.5%).

The Board expects AEON Credit to be able to maintain its financial performance in the year ending 29 February 2016 based on implementation of its business plan. However, lower retail spending by consumers is projected from April 2015 due to price increases of some goods and services further to GST implementation, which may affect the Company's business performance.

### Acknowledgement

On behalf of the Board of Directors, I wish to thank my fellow Board members, the Management and all employees for their invaluable contribution, efforts and commitment to the business performance of AEON Credit.

I would like to extend my gratitude to Mr. Masanori Kosaka who retired as a Director at the Company's last AGM and Mr Jun Suzuki who resigned from the Board on 20 June 2014 for their service and valuable contribution.

I would like to also place on record the Board's appreciation of the services rendered by Mr Yasuhiro Kasai during his tenure as Managing Director of the Company from April 2010 until June 2014, when he was transferred to assume a new role in the holding company in Japan, although he remains as a Board member of the Company.

The Board also wishes to thank all our valued shareholders, business associates, bankers and our valued customers for their continuous support to the Company over the years.

Yours sincerely,

**Dato' Abdullah bin Mohd Yusof**  
Chairman



# ■ REVIEW OF OPERATIONS

## Financial Review

The year 2014 was relatively challenging for AEON Credit Service (M) Berhad as the Company sought to achieve asset growth while managing credit cost ratio which was at higher level compared to the previous year.

Total revenue for the financial period from 21 February 2014 to 28 February 2015 of RM871.60 million represented growth of 29.6% from total revenue of RM672.76 million in previous year. Similar to the previous year, stronger growth was realised in vehicle financing, while lower rate of growth was recorded for most other products. Total transaction and financing volume of RM3.41 billion for the period represented growth of 5.0% from the previous year. Profit before tax (PBT) recorded for the period of RM289.27 million was 23.7% higher than RM233.88 million PBT in the previous year.

The financing receivables as at end of February 2015 was RM4.52 billion, representing growth of 26.5% from RM3.57 billion in the previous financial year. The portfolio mix for receivables as at end of the financial period recorded increased share for vehicle financing at 55.9% of total portfolio (2014: 48.4%), comprising car financing portfolio which had increased to 23.5% share of total portfolio (2014: 15.3%) and motorcycle financing at 32.4% share (2014: 33.1%). Meanwhile, share of financing receivables for consumer durables, personal financing and credit card were 12.3% (2014: 14.3%), 18.8% (2014: 21.6%) and 11.8% (2014: 14.4%) respectively.

There was slight deterioration in overall asset quality with higher non-performing loans (NPL) ratio of 2.76% as at February 2015 compared to 2.14% in February 2014. Net credit cost ratio of 4.43% per annum was higher compared to 4.06% per annum in the preceding year. The higher NPL ratio and credit cost ratio reflect both easing of credit underwriting standards in recent years to capitalise on market opportunity for certain product segments with acceptable rate of returns on portfolio as well as increased cost of living affecting certain customer segments in terms of debt servicing capacity. While the ROA on average total assets at 5.0% for the period under review is within acceptable threshold, management is continuing to place strong focus on monitoring of asset quality, periodic review of credit policies and determined approach on credit recovery based on customer payment behavior in a dynamic market environment.

## Review of Operations (continued)

Increase in annual operating costs (excluding impairment loss on financing receivables) in the financial period by 19.9% is generally in tandem with growth in business, and lower than growth of financing receivables and revenue for the period by 26.5% and 29.6% respectively. Margin of profit before tax (PBT) against revenue for the period was lower at 33.2% compared to 34.8% in the previous year, mainly due to the higher provision for impairment loss on financing receivables. Average funding cost for the period was higher marginally by 0.12% per annum compared to the preceding year due mainly to increase in market interest rate in 2014, with the Overnight Policy Rate (OPR) being revised by Bank Negara Malaysia from 3.00% per annum to 3.25% per annum on 10 July 2014.

Other operating income recorded of RM56.78 million for the period was 45.6% higher than previous year, arising mainly from increase in bad debts recovered by 52.2%.

### Operational Review

Total credit card transactions volume of RM916.26 million for the financial period was higher than preceding year by 2.0% in a competitive market environment, while the number of principal cards in circulation as at February 2015 was approximately 178,000.

The Easy Payment and Personal Financing schemes recorded a 6.2% annual growth in financing volume to RM2.49 billion for the period under review, as the Company continued to gain support from participating merchants for its product financing schemes and consumers in general for the various financial products offered. The Company continued to focus on growth in car financing operations through expansion of network of merchants offering the product nationwide, resulting in 58.7% growth in financing volume from previous year. Lower growth ratios were recorded in transaction volume for other product financing schemes while the transaction volume for personal financing scheme declined in the financial period due to prudent credit policies in place under the prevailing market environment. Total transaction volume growth was recorded in most of the regions in Malaysia where the Company is operating, with higher growth ratios in Sabah and Sarawak.

The Company continued to expand its branch network to total of 55 branches currently, including 5 branches opened in various locations during the period, to facilitate greater market reach to consumers as well as to provide customer service. These include branches opened at AEON Big (M) Sdn Bhd and AEON Co. (M) Bhd shopping centres, in line with the Company's continued collaboration with retail chain stores under the AEON Group to provide financial services to mutual customers.

### Future Plans

The business environment in 2015 may be more challenging than 2014, with expectation of weaker economic growth and consumer pessimism. Nevertheless, the Company targets to maintain performance in the fiscal year ending February 2016 through business strategies to capitalise on available market opportunities. The key focus areas for the year include enhancing brand awareness, enhanced utilisation of customers' database for cross selling, development of new application channels with faster approval for customers, expansion of AEON Credit branch network and number of active merchants and expansion of SME financing business.

### Acknowledgement

I would like to thank our customers, business partners and shareholders for your continued support and confidence in the Company. I would also like to express my sincere appreciation to the Board of Directors, management and staff of the Company for your contributions and dedication, which are essential for the business sustainability and performance of the Company going forward.

Yours sincerely,

**Kenji Fujita**

Managing Director



## PROFILE OF DIRECTORS

### **DATO' ABDULLAH BIN MOHD YUSOF**

Chairman and Independent  
Non-Executive Director  
(76, Malaysian)



Dato' Abdullah bin Mohd Yusof was appointed the Chairman of AEON Credit Service (M) Berhad on 23 July 1997. He holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than forty five (45) years of experience as an Advocate & Solicitor. He started his career with Skrine & Co, as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainudin, Advocates and Solicitors in 1989. He presently remains a partner in Abdullah & Zainudin, Advocates and Solicitors. He sits on the Board of Directors of AEON CO. (M) BHD., MMC Corporation Berhad and Zelan Berhad, all of which are companies listed on Bursa Securities. He also sits on the Board of Directors of THR Hotel (Selangor) Bhd. and several private limited companies. He is currently the Chairman of the Nomination Committee and also serves as a member of the Remuneration Committee.

He has attended all five (5) Board meetings held during the period ended 28 February 2015. He holds 110,180 ordinary shares directly in the Company and 56,000 ordinary shares indirectly in the Company.

Mr. Kenji Fujita was appointed as an Executive Director of AEON Credit Service (M) Berhad on 19 June 2013 and as Managing Director of the Company on 23 June 2014. He obtained a Bachelor's Degree in Arts & Humanity from Yamaguchi University, Japan in 1992 and a Master of Business Administration (MBA) degree from International University of Japan in 2009. He began his career in AEON Co., Ltd., Japan in 1979 and was subsequently transferred to AEON Co. (M) Bhd in 1997. He served in the Business Development function, MD Office and Shopping Centre (SC) Development functions over the years before he was appointed as the General Manager of SC Development in 2005. From 2007 until early 2012, he was managing the Human Resource, Administration, Finance and Executive Office functions in AEON Co., Ltd., Japan and AEON Stores (Hong Kong) Co., Ltd., Hong Kong. In March 2012, he was transferred to AEON Financial Service Co., Ltd., Japan (formerly known as AEON Credit Service Co., Ltd.) and was appointed as Executive Director of AEON Financial Service (Hong Kong) Co., Ltd., in June 2012, prior to his transfer to the Company in June 2013. He is also a Non-Executive Director of AEON Credit Service India Private Limited and does not hold any directorship in any other public or public listed company.

He has attended five (5) Board meetings held during the period ended 28 February 2015. He does not hold any shares in the Company.

### **MR. KENJI FUJITA**

Managing Director (46, Japanese)





## Profile of Directors (continued)



### **DATUK RAMLI BIN IBRAHIM**

Independent Non-  
Executive Director  
(75, Malaysian)

Datuk Ramli bin Ibrahim was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 23 July 1997. He qualified as a Chartered Accountant from the Institute of Chartered Accountants of Australia in 1965. He is a member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. He has approximately 30 years of experience in the field of audit and accountancy with KPMG in Australia, United Kingdom and Malaysia. He was appointed to the position of Partner of KPMG Malaysia in 1971 and promoted to Senior Partner of KPMG Malaysia in 1989. He also served on the Board of Directors of KPMG International and KPMG Asia Pacific from 1990 to 1995. He served as the Executive Chairman of the Kuala Lumpur Options and Financial Futures Exchange Berhad from 1995 to 2000 and as a Non-Executive Director of a commercial bank in Malaysia from 1996 to 2014. Currently, he sits on the Board of Directors of Measat Global Berhad and several private limited companies. He also serves as a member of the Audit and Nomination Committees. He does not hold any directorship in any other public or public listed company.

He has attended all five (5) Board meetings held during the period ended 28 February 2015. He holds 130,000 ordinary shares directly in the Company.

Dato' Md. Kamal bin Ismaun was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 7 August 2007. He obtained a Bachelor's Degree in Arts from Universiti Malaya in 1975. He had served 32 years in the Foreign Service in various capacities both abroad and in Wisma Putra (Ministry of Foreign Affairs) which included stints as Counsellor at the Embassy of Malaysia in Tokyo, Japan (1986-1990), Charge d'Affaires in Zagreb, Croatia and Bosnia Herzegovina (1994-1996), Ambassador to Cambodia (1996-1999), Under-Secretary at the Ministry of Foreign Affairs (Southeast Asia and Pacific, 1999-2001), Director-General of ASEAN in the Ministry of Foreign Affairs (2001-2003) and Ambassador to Germany (2003 – July 2007). He also serves as a member of the Audit and Nomination Committees. He does not hold any directorship in any other public or public listed company.

He has attended all five (5) Board meetings held during the period ended 28 February 2015. He holds 6,000 ordinary shares directly in the Company.



### **DATO' MD KAMAL BIN ISMAUN**

Independent Non-  
Executive Director  
(67, Malaysian)

## Profile of Directors (continued)

### MR. NG ENG KIAT

Independent Non-Executive  
Director (62, Malaysian)



Mr. Ng. Eng Kiat was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 7 August 2007. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and a fellow member of the Chartered Tax Institute of Malaysia and CPA Australia. He has more than thirty five (35) years of experience in the field of audit, accountancy and taxation. He had previously served as a member on a number of working groups of the Malaysian Accounting Standards Board, a co-opted member on a number of committees of the Malaysian Institute of Certified Public Accountants and an examiner for the final professional examination of the Malaysian Institute of Certified Public Accountants. Presently, he is the Managing Partner of the merged firm of Azman, Wong, Salleh & Co. and Folks DFK & Co. He also sits on the Board of Directors of several private limited companies. He is currently the Chairman of the Audit Committee. He does not hold any directorship in any other public or public listed company.

He has attended all five (5) Board meetings held during the period ended 28 February 2015. He holds 12,000 ordinary shares directly in the Company.

Mr. Yasuhiro Kasai was appointed as an Executive Director of AEON Credit Service (M) Berhad on 7 June 2005. He obtained a Bachelor's Degree in Law from Doshisha University of Japan in 1996. He began his career with AEON Financial Service Co., Ltd. (AFSJ) (formerly known as AEON Credit Service Co., Ltd.) in Tokyo, Japan in 1996. He was seconded as Head of Electronic Data Processing in 1997. He was promoted over the years to Senior General Manager and has held various responsibilities in the Company between 1997 and April 2010 i.e. Head of Management Information Systems Department, Head of Credit Assessment Department, Head of Customer Relations Management Group and Head of Operations Management Division. In April 2010, he was appointed as the Managing Director of the Company, a position which he held until he assumed assignment as Head of Overseas Business Division in the holding company, AFSJ, in June 2014. In April 2015, he was appointed as Head of IT Group in AFSJ. He does not hold any directorship in any other public or public listed company.

He has attended four (4) Board meetings held during the period ended 28 February 2015. He holds 108,000 ordinary shares directly in the Company.



### MR. YASUHIRO KASAI

Non-Independent Non-Executive Director  
(44, Japanese)

## Profile of Directors (continued)

**MR. TAKAYUKI ARAKI**

Non-Independent Non-Executive Director  
(53, Japanese)  
(appointed on 20 June 2014)

Mr. Takayuki Araki was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 20 June 2014. He obtained a Bachelor's Degree in Economics from Kwansei Gakuin University, Japan in 1987. He began his career in 1987 in Crédit Lyonnais, Osaka Branch, Japan. Subsequently, he served as manager in Corporate Business Department in Crédit Lyonnais, Tokyo Branch from 1997, as Vice President in Corporate Banking Department in Calyon (formerly known as Crédit Lyonnais) Tokyo Branch from 2004 and as Senior Vice President of Corporate Coverage Department of Credit Agricole Corporate & Investment Bank (formerly known as Calyon) as well as head of Osaka sub-branch from 2006. Thereafter, he participated in a restaurant business in Shanghai, China from 2011. In 2013, he joined AEON Financial Service Co., Ltd., Japan (formerly known as AEON Credit Service Co., Ltd.) as General Manager, prior to his transfer to the Company in Malaysia as General Manager, Corporate Management in January 2014. He is currently the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He is also a Non-Executive Director of AEON Credit Service India Private Limited and does not hold any directorship in any other public or public listed company.

He has attended two (2) Board meetings held during the period ended 28 February 2015. He does not hold any shares in the Company.



Mr. Hiroaki Kobayashi was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 20 June 2014. He obtained a Bachelor's Degree in Commercial Science from Chuo University, Japan in 1980. He joined Bank of Yokohama, Japan in 1990 where he became Manager of Azamino branch in 2006. In the same year, he joined AEON Bank, Ltd., Japan and served as General Manager in Product Planning Department and Personal Financing Product Development Department. In 2011, he was transferred to AEON Committee Bank Co., Ltd., as General Manager in Marketing, followed by transfer in 2012 to AEON Housing Loan Service Co., Ltd as Executive Director in Marketing. In 2012, he was transferred back to AEON Bank, Ltd. as a Corporate Officer in E-Commerce Division, and later to the Retail Financing Division. In April 2014, he was appointed as an Executive Director of AEON Bank, Ltd. before his transfer to assume current role as Head of South Kanto Region in AEON Credit Service Co., Ltd., Japan in April 2015. He is currently a member of the Remuneration and Nomination Committees. He does not hold any directorship in any other public or public listed company.

He has attended one (1) Board meeting held during the period ended 28 February 2015. He does not hold any shares in the Company.

**MR. HIROAKI KOBAYASHI**

Non-Independent Non-Executive Director  
(48, Japanese)  
(appointed on 20 June 2014)



**MR. KRISHNAPPAN A/L  
S.P.S. SINGARAM**

Executive Director (48, Malaysian)

Mr. Krishnappan a/l S.P.S. Singaram was appointed as an Executive Director of AEON Credit Service (M) Berhad on 7 June 2005. He obtained the Certified Public Accountant qualification from the Malaysian Institute of Certified Public Accountants ("MICPA") in 1994 and is currently a member of both MICPA and the Malaysian Institute of Accountants ("MIA"). He began his career with KPMG Peat Marwick in 1987. He left to join Sime Darby Berhad as Finance Manager in 1993 before joining Tanjung Serbaneka Holding Sdn. Bhd. as their Group Finance Manager in 1996. Thereafter, he left Tanjung Serbaneka Holding Sdn Bhd to join the Company in 2000 as Manager of Finance Department. In 2003, he was promoted to the position of Assistant General Manager of both Human Resource and Finance Departments. He was re-designated as the Head of Finance, Legal and Administration Division in April 2010. In April 2013, he was made the Head of Corporate Services Division before assuming current role as Head of Corporate Governance & Credit Policy Division in April 2015. He does not hold any directorship in any other public or public listed company.

He attended all five (5) Board meetings held during period ended 28 February 2015. He holds 108,000 ordinary shares directly in the Company.

Mr. Lee Kit Seong was appointed as an Executive Director of AEON Credit Service (M) Berhad on 20 June 2014. He obtained the Chartered Certified Accountant qualification from The Association of Chartered Certified Accountants ("ACCA") in 1996 and is currently a member of ACCA and the Malaysian Institute of Accountants ("MIA"). He began his career with Kassim Chan & Co (now known as Deloitte Touche Tohmatsu) in 1996. He left to join Rashid Hassain Securities Sdn. Bhd. as an Accountant in 1997 before joining Affin Securities Sdn. Bhd (now known as Affin Investment Bank) as a Finance & Account Senior Manager in 2000. Thereafter, he left Affin Securities Sdn. Bhd to join the Company in 2006 as Senior Manager of Finance Group. In 2009, he left the Company to join OSK Investment Bank as Senior Vice President, Finance Group and re-joined the Company in 2013 as Assistant General Manager, Finance & Admin Group. In April 2014, he was appointed as Chief Financial Officer and Head of Finance & Admin Division before assuming current role as Head of Corporate Services Division in April 2015. He does not hold any directorship in any other public or public listed company.

He has attended two (2) Board meetings held during period ended 28 February 2015. He does not hold any shares in the Company.



**MR. LEE KIT SEONG**

Executive Director (46, Malaysian)  
(appointed on 20 June 2014)

Ms. Lee Tyan Jen was appointed as an Executive Director of AEON Credit Service (M) Berhad on 1 July 2013. She obtained a Bachelor's Degree in Business Administration from University of South Alabama, USA in 1996. She joined the Company in 1998 as an Officer in the Credit Assessment Department. Subsequently, she was promoted to various positions in the Credit Assessment function and was appointed as Assistant General Manager of the Company in 2006, heading the Credit Assessment Department. In 2008, she was promoted as General Manager and served as Head of the Credit Operations Division and Head of Credit Card Division before assuming her current position as Head of Business Operations Division in April 2014. She does not hold any directorship in any other public or public listed company.

She has attended all five (5) Board meetings held during period ended 28 February 2015. She holds 23,774 ordinary shares directly in the Company.



**MS. LEE TYAN JEN**

Executive Director (40, Malaysian)

Note: All directors (page 16-20) do not have any family relationship with any Director and/ or major shareholder of the Company, any conflict of interest with the Company, or any conviction for offences within the past 10 years, except for traffic offences, if any.



# SENIOR MANAGEMENT



**MR. KENJI FUJITA**  
Managing Director



**MR. KRISHNAPPAN  
A/L S.P.S. SINGARAM**  
Senior General Manager  
Head of Corporate  
Governance & Credit Policy  
Division



**MS. LEE TYAN JEN**  
Senior General Manager  
Head of Business  
Operations Division



**MR. LEE KIT SEONG**  
Senior General Manager  
Head of Corporate  
Services Division



**MR. JOSEPH CHONG KIM LEN**  
Deputy General Manager  
Head of New Easy Payment Business &  
General Easy Payment Group



**MS. NG SOO LEE**  
Assistant General Manager  
Head of Corporate  
Governance Group



**MR. AJITH A/L JAYARAM**  
Assistant General Manager  
Head of Regional Sales &  
Operations Group



**MR. TAN KEAN WOUI**  
Assistant General Manager  
Head of Management  
Control Group



**MR. HAU KOK PECK**  
Assistant General Manager  
Head of E-Business &  
Points Card Group



**MR. CHEN HENG GUAN**  
Assistant General Manager  
Head of Vehicle Financing Group



**MR. TOSHIMITSU KURE**  
Assistant General Manager  
Head of Information  
Technology Group



**MR. FAIZUL HAMZAH**  
Assistant General Manager  
Head of Consumer  
Credit Group



**MR. PHANG CHEE CHONG**  
Assistant General Manager  
Head of Internal Audit Group



**MR. POON KAI CHONG**  
Assistant General Manager  
Head of Credit Management Group



# ■ STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("The Board") of AEON Credit Service (M) Berhad (the "Company") is committed towards ensuring the high standards of corporate governance embodied in the Malaysian Code on Corporate Governance 2012 ("Code") are maintained by the Company in managing its business affairs and meeting expectations of various stakeholders. In addition to the Code, the corporate governance practices and operations of the Company comply with or are guided by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and AEON Group's Code of Conduct ("COC").

The Board considers that the Company's corporate governance framework and practices, as set out in this Statement, serve to strengthen the Company's sustainability, organisational effectiveness and drive a high-performance culture within the Company.

This Statement outlines the key aspects of how the Company has applied and taken into account the Principles enumerated under the Code and Paragraph 15.25 of the MMLR during the financial period ended 28 February 2015. Where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

## A. THE BOARD OF DIRECTORS

### Board Roles and Responsibilities

The Board is responsible for the stewardship of the business and affairs of the Company on behalf of the shareholders with a view of enhancing the long-term value of their investment. The overall principal roles and responsibilities of the Board are as follows:

- (a) Develop, review and revise the Company's long-term strategic plans;
- (b) Provide clear objectives and policies to senior management for operations;
- (c) Oversee the conduct and proper management of the Company's businesses, including succession planning;
- (d) Ensure establishment of appropriate risk management framework and adequate management information and internal control system of the Company;
- (e) Ensure the Company's strategies promote sustainability, with attention given to environmental, social and governance aspects of business.
- (f) Review and approve the Company's annual budget and business plan;
- (g) Review and approve Related Party Transactions; and
- (h) Approve transactions and activities outside the discretionary powers of senior management, subject to shareholders' approval where necessary.

The Board has established a Board Charter as a key point of reference to clarify the roles and responsibilities of the Board. The Board Charter is subject to review by the Board from time to time to ensure relevance and compliance, incorporating the following areas, amongst others:

- (a) Roles of the Board and Committees
- (b) Board composition and Terms of Reference
- (c) Appointment, Re-election and Resignation of Directors

## Statement on Corporate Governance (continued)

- (d) Code of Ethics and Code of Conduct for Directors and employees
- (e) Board and Board Committee Proceedings
- (f) Remuneration and Benefits for Directors
- (g) Training and Development
- (h) Annual Board Assessment

The Board Charter has been published on the Company's website at [www.aeonmalaysia.com.my](http://www.aeonmalaysia.com.my) for reference of shareholders and other stakeholders.

The Board reserves certain powers for itself and delegates other matters to the Executive Directors and Senior Management. The schedule of matters reserved for the Board's decision includes, amongst others, review and approval of the following:

- (a) Business strategy and annual business plan/budget;
- (b) Raising or restructuring of equity or debt capital and bank borrowings;
- (c) New investments, divestments, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires approval of shareholders;
- (d) Acquisition or disposal of significant assets outside the ordinary course of business;
- (e) Quarterly financial results and annual financial statements; and
- (f) Appointment of new Directors

The management team, led by the Managing Director ("MD") and assisted by three (3) other Executive Directors, is responsible for the day-to-day management of the Company and is accountable to the Board. Various powers are further delegated to the management team of the Company based on the Company's Authority Matrix, which is also subject to periodic review based on changes in organisation structure and business requirements for efficient decision making.

The Board is further committed to ensuring the Company's strategies promote sustainability as encapsulated in AEON Group's basic principles of "pursuit of peace, respect for humanity and contribution to local communities", with the customer's point of view as its core. Environmental and community responsibilities and concerns are integral to the way in which the Company conducts its business, as set out in AEON Group's Code of Conduct Commitment. The report on activities pertaining to corporate responsibilities are set out on pages 6 to 7 of the Annual Report.

### Board Composition and Balance

There is clear division of responsibilities between the Chairman and the MD, where the MD is also the Chief Executive Officer to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The MD, supported by the Executive Management team, implements the Company's strategic plans, policies and decision adopted by the Board and oversees the operations and business development of the Company.

## Statement on Corporate Governance (continued)

The Board recognises the importance of independence and objectivity in the decision making process. In line with the Code and to enable a balance of power and authority in the Board, the Board Charter was adopted such that the Board should comprise a majority of Independent Directors in the event the Chairman of the Board is a Non-Independent Non-Executive Director.

The Board currently consists of eleven (11) members, comprising one (1) Chairman who is a Non-Executive Director, four (4) Executive Directors including the MD and six (6) Non-Executive Directors. The Directors' profiles are presented on pages 16 to 20 of the Annual Report.

The Chairman and three (3) of the Non-Executive Directors are Independent Directors of the Company. This complies with Paragraph 15.02(1) of the MMLR of Bursa Securities which required at least two (2) or one third (1/3) of the Board of the Company, whichever is the higher, to be independent directors. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest not only of the Company, but also of the shareholders, employees, customers and communities in which the Company conducts business. The Board, via the Nomination Committee, assesses each Director's independence to ensure ongoing compliance with this requirement annually.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company is required to immediately disclose to the Board such conflict of interest or potential conflict of interest and to abstain from participating in any discussion or voting on the matter.

During the financial period under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities and criteria developed by the Nomination Committee. None of the Independent Directors has served in such capacity for tenure exceeding nine (9) years since listing of the Company on the Main Board of Bursa Securities in December 2007, in relation to recommendation under the Code on tenure of an Independent Director.

The present size and composition of the Board is optimum and well balanced, in terms of the required mix of skills, experience and core competencies as well as need to safeguard the interests of the minority shareholders. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of law, finance and accounting, audit and taxation, commerce and public service. This results in the Board having the stability, continuity and commitment as well as capacity to discharge its responsibilities and manage the Company effectively. The current number of Independent Directors is deemed as ideal to provide the necessary check and balance to the Board's decision making process, through objective participation in Board deliberations and the exercise of independent judgement.

Meanwhile, diversity of background and perspectives represented on the Board is considered with regard to Board appointments, which shall not be barred by virtue of gender, ethnicity and age of a candidate. The Board is of the view that Directors' appointments are dependent on a candidate's skills, experience, core competencies and personal qualities, regardless of gender, ethnicity, religion or age. Nevertheless, it is to be noted that the current composition of the Board includes persons from various ethnic groups across various age bands, and includes a female Executive Director.

## Statement on Corporate Governance (continued)

### Supply of and Access to Information

The Board and the respective Board Committees are supplied with and granted access to timely information which allows them to discharge their responsibilities effectively and efficiently. They are furnished with Board papers and reports providing updates on financial, operational, regulatory, risk management, audit matters and corporate plans, developments and results prior to Board or respective Board Committees' meetings to facilitate informed discussion and decision-making during meetings.

Other information shall be furnished to Directors from time to time for review and consideration of matters reserved specifically for the Board's decision. Procedures are in place for the Board or Board members to seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

The Board or Board Committees may invite senior management staff to attend the Board or Board Committees' meetings to brief or present to the Board or Board Committee on the business operations and performance.

Directors have unrestricted access to the advice and services of the appointed Company Secretaries, both of whom are qualified persons as members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Directors are regularly updated and advised by the Company Secretaries on new statutory guidelines and regulatory requirements such as updates on the MMLR from time to time and their impact and the implication on the Company and Directors in carrying out their fiduciary duties and responsibilities. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities.

Deliberations during the Board and Board Committees' Meetings were properly minuted and documented by the Company Secretary. Minutes of the meetings and circular resolutions are maintained in the statutory register at the registered office of the Company, where other meeting documents are also kept.

### Board and Board Committees Meetings

Board and Board Committees meetings are conducted in accordance with a structured agenda. The agenda for each Board and Board Committees meeting and the relevant reports and Board and Board Committees papers are forwarded to the Board and Board Committees generally five (5) days prior to the Board and Board Committees meeting to allow the Directors and Board Committees sufficient time to peruse the Board papers and review the issues well ahead of the meeting date.

Board meetings are held at least on a quarterly basis. Additional meetings are held as and when required. During the financial period ended 28 February 2015, the Board met five (5) times where it deliberated and considered a variety of matters, inclusive of financial results, operations' performance, risk management and matters requiring decision of the Board. The details of Directors' attendance are as follows:

## Statement on Corporate Governance (continued)

No.	Name of Director	Number of Board meetings attended/held during the Directors' term in office
1	<b>Dato' Abdullah bin Mohd Yusof (Chairman)</b> - Independent Non-Executive Director	5/5
2	<b>Mr. Kenji Fujita</b> - Managing Director	5/5
3	<b>Datuk Ramli bin Ibrahim</b> - Independent Non-Executive Director	5/5
4	<b>Dato' Md Kamal bin Ismaun</b> - Independent Non-Executive Director	5/5
5	<b>Mr. Ng Eng Kiat</b> - Independent Non-Executive Director	5/5
6	<b>Mr Yasuhiro Kasai</b> - Non-Independent Non-Executive Director	4/5
7	<b>Mr Takayuki Araki</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	2/2
8	<b>Mr Hiroaki Kobayashi</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	1/2
9	<b>Mr. Krishnappan A/L S.P.S. Singaram</b> - Executive Director	5/5
10	<b>Mr Lee Kit Seong</b> (appointed on 20 June 2014) - Executive Director	2/2
11	<b>Ms. Lee Tyan Jen</b> - Executive Director	5/5
12	<b>Mr. Jun Suzuki</b> (resigned on 20 June 2014) - Non-Independent Non-Executive Director	0/3
13	<b>Mr. Masanori Kosaka</b> (retired on 19 June 2014) - Non-Independent Non-Executive Director	2/3

The Directors do not participate in the deliberations on matters in which they have a material personal interest, and abstain from voting on such matters. The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or appears to be in conflict with an interest of the Company by disclosing the nature and extent of that interest during Board meetings.

The Board's decisions are recorded in the meeting minutes and the draft minutes of meetings are made available to all Board members before the confirmation of the minutes at the next meeting.

In order to enable Directors to sustain active participation in board deliberations, the Directors have access to continuing education programmes or trainings. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending trainings, conferences, seminars, forums and workshops, details as set out in the following section of this statement.



## Statement on Corporate Governance (continued)

### Continuing Education and Training of Directors

All Directors have completed the Mandatory Accreditation Program as prescribed by Bursa Securities. The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risks to keep abreast with the developments in the economy, industry, technology and the changing business environment within which the Company operates. Throughout their period in office, the Directors are continually updated on the Company's business and the regulatory requirements. During the financial period ended 28 February 2015, the relevant training programmes, seminars, forums and workshops attended by the Directors of the Company were on the following topics:

#### Title of Seminar / Workshops / Courses

- 2015 Budget Seminar
- AEON Group Management Development Programme
- Audit Committee Workshop
- Code of Conduct Management Seminar
- Challenges of the Changing Corporate and Regulatory Landscape
- Enterprise Risk Management : Driving Sustainability and Innovation
- Financial Statement Analysis and Shenanigans
- Goods and Services Tax (GST) Workshop – Framework and Implementation
- KPMG Tax Summit 2014
- Legal Knowledge Familiarisation Seminar
- Mandatory Accreditation Programme for Directors of Public Listed Companies
- MFRS/FRS Updates 2013/2014 Seminar
- National Tax Conference 2014
- Nominating Committee Programme Part II – “Effective Board Evaluations”
- Risk Management & Internal Control Workshop

All Directors are encouraged to continue to identify and attend appropriate seminars, conferences and courses to keep abreast with the developments in the business environment as well as the current changes in the laws and regulations to enhance their knowledge and skills.

### Appointments to the Board

The Company has in place formal and transparent procedures for the appointment of new Directors to the Board. These procedures ensure that all nominees to the Board are first considered by the Nomination Committee, taking into account the required mix of skills, experience and other qualities of Board members, prior to making a recommendation to the Board of the Company.

The Directors observe the recommendation of the Code that they are required to notify the Chairman of the Board before accepting any new directorships and to indicate the time expected to be spent on the new appointment. Generally, Directors are at liberty to accept other Board appointments so long as such appointments are not in conflict with the business of the Company and do not adversely affect the Director's performance as a member of the Board.

## Statement on Corporate Governance (continued)

### Re-election of Directors

In accordance with the Company's Articles of Association, at every Annual General Meeting ("AGM") of the Company, one-third of the Directors or the number nearest to one-third (1/3) are subject to retirement by rotation such that each Director shall retire from office once in every three (3) years. All Directors who retire from office shall be eligible for re-election.

Directors appointed by the Board in each financial year shall hold office only until the next AGM and shall then be eligible for re-election. Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over the age of seventy (70) shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The performance of those Directors who are subject to re-appointment and re-election at the AGM will be assessed by the NC whose recommendations will be submitted to the Board for decision on such proposed re-appointment and/or re-election to be tabled to shareholders for approval at the AGM.

### Uphold integrity in financial reporting by Company

The Board has established an Audit Committee, comprising wholly Non-Executive Directors, majority of whom are Independent, with Mr. Ng Eng Kiat as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities are set out on pages 35 to 40 of this Annual Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the Audit Committee, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

## B. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATIONS

The Board is aware that a key element of good corporate governance is the effective communication and dissemination of clear, relevant and comprehensive information which is readily accessible by the Company's shareholders. It also recognises the importance of maintaining transparency and accountability to shareholders.

The Company's quarterly/annual financial performance and corporate developments in the Company have been promptly announced to all shareholders through disclosures to Bursa Securities, accessible through both the stock exchange website ([www.bursamalaysia.com](http://www.bursamalaysia.com)) and the Company's own website ([www.aeonmalaysia.com.my](http://www.aeonmalaysia.com.my)). Further updates of the Company's activities, product launching and operations are also disseminated through dialogues with analysts, fund managers and investors as well as press releases from time to time. Investor relations and corporate information are available from the Company's website, including information on the Company's products, services and promotions.

## Statement on Corporate Governance (continued)

This Annual Report is another main channel of comprehensive communications with shareholders on the financial results, operations, prospects, activities undertaken and state of corporate governance in the Company. A dedicated Investor Relations e-mail contact has also been made available at [IR@aeonmalaysia.com.my] for shareholders to submit queries or comments on any issue of concern.

The AGM has been the main forum of dialogue for shareholders to raise their concerns and provide feedback to the Board on the Company's performance and direction. A presentation will be made by the management during the AGM on the Company's performance and major activities during the period under review. The Board encourages participation at AGM and will generally carry out resolutions by show of hands except for resolution(s) on Related Party Transaction(s) (where shareholders voting is by way of poll), unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

## C. ACCOUNTABILITY, AUDIT AND RISK MANAGEMENT

### Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects, primarily through its annual financial statements and quarterly statements to shareholders and the review of operations through its annual report. The Audit Committee and the Board oversee the Company's annual and quarterly reporting and the quality of its financial reporting, to ensure completeness, accuracy and adequacy prior to release to Bursa Securities.

### Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The Directors are responsible for ensuring that financial statements, as set out in pages 52 to 102 of this Annual Report, are drawn up in accordance with accounting standards approved by the Malaysian Accounting Standards Board (MASB), the provisions of the Companies Act, 1965, and the requirements of Bursa Securities and other regulatory bodies. In presenting the financial statements which have been prepared on a going concern basis, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates, to show a true and fair view of the state of affairs of the Company and of its results and cash flows for the financial period under review.

The Directors are responsible for keeping proper accounting records, which disclosed with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

### Related Party Transactions

At the Seventeenth AGM of the Company held on 19 June 2014, the Company obtained a shareholders' mandate to allow the Company to enter into recurrent related party transactions of revenue or trading nature. All related party transactions are reviewed by the Audit Committee on quarterly basis.

## Statement on Corporate Governance (continued)

An internal compliance framework is in place to ensure that the Company meets its obligations under the MMLR pertaining to related party transactions. Procedures have been established by the Company to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favourable than those generally available to the public, where applicable, and are not detrimental to the minority shareholders. Details of the procedures are set out in the Circular to shareholders dated 25 May 2015 for renewal of the aforesaid mandate.

All recurrent related party transactions entered into by the Company during the financial period ended 28 February 2015 are disclosed in Note 21 of the financial statements on pages 86 to 87 of the Annual Report 2015.

### Risk Management and Internal Control

The Board is responsible for setting up and maintaining an effective risk management framework and sound internal control system, to identify, evaluate, control, monitor and report the principal business risks faced by the Company on an ongoing basis. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

In line with the Code and the MMLR, the Board has established an internal audit function that reports directly to the Audit Committee. The scope of work covered by the internal audit function during the financial period under review is provided in the Statement on Risk Management and Internal Control of this Annual Report.

### Whistle Blowing Policy

The Company has also established a whistle blowing channel, identified as AEON Hotline, under the Code of Conduct to be complied with by staff and management. Employees can raise genuine concerns without fear, on anonymous basis or otherwise, on areas such as unethical practices, illegal activities, breach of regulations, financial/accounting fraud etc. The issues raised through the AEON Hotline, an Intranet communication channel, are investigated and resolved with strict confidentiality by the Company.

Datuk Ramli bin Ibrahim is the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and other stakeholders on matters relating to corporate governance of the Company.

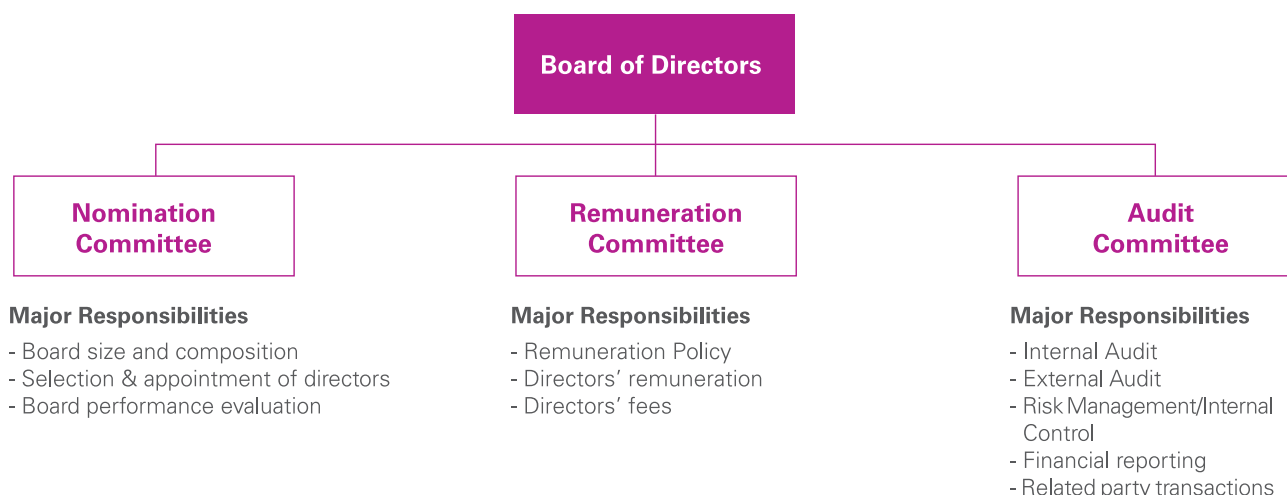
### Relationship with Auditors

The Board with the assistance of the Audit Committee maintains a formal and transparent relationship with the Company's external auditors through Board meetings and formal meetings where issues are discussed. The Audit Committee meets with the external auditors to discuss the audit plan, audit findings and the Company's financial statements. The external auditors also meet with the Audit Committee of the Company at least twice a year without the presence of the Executive Directors and Management. Further, the external auditors are invited to attend the AGM and answer any shareholders enquiries relating to the audit of the financial statements.

## Statement on Corporate Governance (continued)

## D. BOARD COMMITTEES

The Board is assisted by its Committees, which have been established under defined terms of reference, in accordance with the MMLR of Bursa Securities and best practices prescribed by the Code to assist the Board in discharging its responsibilities. The Committees are the Audit Committee, Nomination Committee, and the Remuneration Committee. The following diagram provides a brief overview of the three main Board Committees of the Company:



The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up-to-date. The Board Committees examine specific issues and report to the Board with their recommendations. The ultimate responsibility for decision-making lies with the Board.

## Audit Committee

The Audit Committee ("AC") reviews issues of accounting policies and presentation of external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external and internal auditors. The AC works closely with both the internal and external auditors who, in turn, have access to the Chairman of the Audit Committee.

The members, terms of reference and activities of the AC for the financial period under review are stated on pages 35 to 40 of the Annual Report.

## Statement on Corporate Governance (continued)

### Nomination Committee

The Nomination Committee ("NC") established by the Board comprises exclusively Non-Executive Directors with a majority of them being Independent Directors, with minimum of three (3) members. The Nomination Committee is responsible for identifying and recommending suitable candidates to the Board for approval of appointment as Director of the Company, either to fill vacancies or as additions to meet the changing needs of the Company.

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the NC or the Chairman of the NC. The Company Secretary shall also be designated as Secretary of the NC. Members of senior management may attend the meetings upon invitation by the Chairman of the NC.

Currently the NC comprises five (5) members, three of whom are Independent Directors. Details of the NC members and attendance at meetings held during the financial period ended 28 February 2015 are set out in the table below:

No.	Name of Director	Number of RC meetings attended/held during the Directors' term in office
1	<b>Dato' Abdullah bin Mohd Yusof (Chairman)</b> - Independent Non-Executive Director	2/2
2	<b>Datuk Ramli bin Ibrahim</b> - Independent Non-Executive Director	2/2
3	<b>Dato' Md Kamal bin Ismaun</b> - Independent Non-Executive Director	2/2
4	<b>Mr. Takayuki Araki</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	N/A
5	<b>Mr. Hiroaki Kobayashi</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	N/A
6	<b>Mr. Jun Suzuki</b> (resigned on 20 June 2014) - Non-Independent Non-Executive Director	0/2
7	<b>Mr. Masanori Kosaka</b> (retired on 19 June 2014) - Non-Independent Non-Executive Director	1/2

The NC is responsible for making recommendation to the Board on the optimum size of the Board, formalising a transparent procedure for proposing new nominees to the Board and Board Committees and ensuring that the interest of the minority shareholders are fairly reflected on the Board. The NC is also responsible for evaluation and recommendation to the Board on the appointment of the Managing Director and Chief Financial Officer.

A selection process for new appointees to the Board as recommended by NC has been adopted by the Board. In evaluating the suitability of candidates, the NC considers the following factors before recommending to the Board for appointment:

- skills, knowledge, expertise and experience;
- time commitment to effectively discharge his/her role as a director
- character, integrity and competence;
- diversity of background and perspectives represented on the Board; and
- in the case of candidates for the position of Independent Non-Executive Director, the NC shall also evaluate the candidate's ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors.



## Statement on Corporate Governance (continued)

The NC has reviewed annually the size of Board, required mix of skills, experience and other qualities of the Board including core-competencies that both Executive and Non-Executive Directors should bring to the Board. The NC also has assessed annually the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director, the effectiveness and performance of the Executive Directors, independence of the Independent Directors, training courses required by the Directors and the character, experience, integrity, competence and time to effectively discharge the roles of Directors/Chief executive and is satisfied with the current composition and performance of the Board.

The key activities undertaken by the NC in the financial period ended 28 February 2015 were review and assessment on the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, performance and contribution of each Director and effectiveness of the Board and Board Committees, evaluation of suitability of new Directors proposed to be appointed to the Board and review on the retirement of Directors by rotation and their eligibility for re-election. NC has also reviewed, assessed and recommended to the Board the new appointments of Mr. Takayuki Araki and Mr. Hiroaki Kobayashi as Non-Executive Directors and Mr. Lee Kit Seong as an Executive Director. The NC further recommended to the Board the appointment of Mr. Takayuki Araki as the Chairman of the Remuneration Committee (RC) and a member of the NC and the AC as well as the appointment of Mr. Hiroaki Kobayashi as a member of the RC and the NC.

The NC evaluates and recommends to the Board appropriate training and development programmes for the Directors. Further, the NC has arranged for the induction of the newly appointed Directors to the Board to ensure they have a full understanding of the nature of the business, current issues within the Company, corporate strategies and management of the Company as well as the expectations of the Board with regard to their contribution to the Company.

### Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) members, all of whom are Non-Executive Directors.

The RC is responsible for reviewing annually and recommending to the Board, the remuneration of Executive Directors and fees of Non-Executive Directors of the Company, in all its forms. The Executive Directors concerned play no part in the decision of their own remuneration but may attend the committee meetings at the invitation of the Chairman of the RC if their presence is required. The determination of fees of the Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of their own fees. The Company's Articles of Association provide that any increase in Directors' fees should be approved at a general meeting.

During the financial period, the key activities undertaken by the RC were to review and recommend to the Board the remuneration of the Managing Director and Executive Directors of the Company and the fees for the Non-Executive Directors' to be proposed by the Board for shareholders' approval at the Company's AGM.

During the financial period ended 28 February 2015, one (1) RC meeting was held. Details of the RC members and meeting attendance are set out below:

No.	Name of Director	Number of RC meetings attended/held during the Directors' term in office
1	<b>Mr. Takayuki Araki (Chairman)</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	N/A
2	<b>Dato' Abdullah bin Mohd Yusof</b> - Independent Non-Executive Director	1/1
3	<b>Mr. Hiroaki Kobayashi</b> (appointed on 20 June 2014) - Non-Independent Non-Executive Director	N/A
4	<b>Mr. Jun Suzuki</b> (resigned on 20 June 2014) - Non-Independent Non-Executive Director	0/1
5	<b>Mr. Masanori Kosaka</b> (retired on 19 June 2014) - Non-Independent Non-Executive Director	1/1

## Statement on Corporate Governance (continued)

### Directors' Remuneration

The RC recommends to the Board the framework and remuneration package of the Managing Director and other Executive Directors after annual review exercise while the determination of the remuneration of the Non-executive Directors is a matter to be decided by the Board as a whole. The remuneration package of Executive Directors are structured according to the skills, experience and individual performance of the respective Director, and take into consideration the corporate performance as well as objective of attracting and retaining talent needed to manage the Company. Meanwhile, the fees of the Non-Executive Directors are determined with reference to the responsibilities, core competencies and experience of respective Director and contribution to the Company.

The Directors' remuneration for the financial period ended 28 February 2015 are broadly categorised into the following bands:

	Number of Directors		
	Executive	Non-Executive	Total
Below RM50,000	-	4	4
RM50,001 to RM100,000	-	2	2
RM100,001 to RM150,000	-	1	1
RM200,001 to RM250,000	-	1	1
RM250,001 to RM300,000	1	-	1
RM350,001 to RM400,000	1	-	1
RM450,001 to RM500,000	1	-	1
RM500,001 to RM550,000	1	-	1
RM700,001 to RM750,000	1	-	1
<b>TOTAL</b>	<b>5</b>	<b>8</b>	<b>13</b>

Note : Table above includes two directors who resigned/retired during the financial period

The details of the aggregate remuneration of the Directors for the financial period ended 28 February 2015, categorised into appropriate components are as follows:-

	Executive Directors	Non-Executive Directors	Total (RM)
Fees	-	519,000	519,000
Salaries, bonus and other contributions	2,156,938	-	2,156,938
Benefits-in-kind	143,418	-	143,418
<b>TOTAL</b>	<b>2,300,356</b>	<b>519,000</b>	<b>2,819,356</b>

The Board has chosen to disclose the remuneration in bands pursuant to the MMLR as separate and detailed disclosure of individual director's remuneration will not add significantly to the understanding and evaluation of the Company's governance.

This Statement on Corporate Governance was approved by the Board of Directors of the Company on 16 April 2015.

# AUDIT COMMITTEE REPORT

## Membership and Meetings

The Audit Committee members are appointed by the Board of Directors from amongst its non-executive members. The Audit Committee comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director of the Board as set out in the table below.

Mr. Ng Eng Kiat, the Chairman of the Audit Committee and Datuk Ramli bin Ibrahim are members of the Malaysian Institute of Accountants (MIA).

During the period ended 28 February 2015, the Audit Committee convened eight (8) meetings, including four (4) scheduled meetings. The attendance record of the members of the Audit Committee is as follows:

No.	Audit Committee Member	Designation	Meetings Attended
1	Mr. Ng Eng Kiat	Chairman (Independent Non-Executive Director)	8/8
2	Datuk Ramli bin Ibrahim	Member (Independent Non-Executive Director)	8/8
3	Dato' Md Kamal bin Ismaun	Member (Independent Non-Executive Director)	8/8
4	Mr. Takayuki Araki*	Member (Non-Independent & Non-Executive)	5/5

\* Mr. Takayuki Araki was appointed to the Board on 20.06.2014

The Company Secretary, being the Secretary of the Audit Committee, was present at all the meetings. Upon invitation, representatives of the External Auditors, Messrs. KPMG, the Managing Director, the Chief Financial Officer, the Head of Internal Audit and related management personnel also attended specific meetings. The Chairman of the Audit Committee reported to the Board of Directors on matters deliberated during the Audit Committee Meetings and minutes of Audit Committee Meetings were circulated to all the members of the Board.

## Summary of Activities of the Audit Committee

The Audit Committee carried out its duties as set out in the terms of reference outlined in pages 37 to 40. During the period ended 28 February 2015, the Audit Committee carried out the following main activities:

- Reviewed and approved the annual internal audit plan of the Internal Audit Department, including its audit strategy, scope, functions, competency, resource requirements and the necessary authority to carry out its work.
- Reviewed and deliberated on reports issued by the External Auditors, Messrs. KPMG and Internal Audit Department on significant findings and remedial actions to be taken by Management to address the issues raised.
- Reviewed and recommended the quarterly unaudited financial results and the annual audited financial statements of the Company to the Board of Directors for consideration and approval.
- Reviewed with the External Auditors the scope of work and audit plan for the period.

## Audit Committee Report (continued)

- Reviewed and recommended the re-appointment of Messrs. KPMG as the Company's External Auditors and their professional fees to the Board of Directors for consideration.
- Reviewed the incidence and nature of recurrent related party transactions and also reviewed the annual circular to shareholders in respect of the recurrent related party transactions of revenue and trading nature and recommended the same to the Board of Directors for consideration and approval.
- Discussed and recommended to the Board of Directors for approval, the Statements on Corporate Governance, Risk Management and Internal Control and the Audit Committee activities report for inclusion in the annual report.
- Conducted an annual assessment of the Internal Audit Department's scope, functions, competency and resources pursuant to the Main Market Listing Requirements of Bursa Securities.
- Reported to the Board of Directors on its activities and any significant issues and remedial actions taken arising from the audits undertaken by the External and Internal Auditors.
- Monitored the compliance requirements in line with the new updates of Bursa Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.
- Reviewed the risks identified by the Risk Management Committee and to ascertain the adequacy of action taken to address and mitigate such risks.
- Reviewed the risk management framework of the Company.
- Discussed and recommended to the Board of Directors for approval, the engagement of Deloitte Enterprise Risk Services Sdn Bhd to provide J-SOX consultancy services to the Company.
- Discussed and recommended to the Board of Directors for approval, the proposed capital infusion into AEON Credit Service (Philippines) Inc.

For the financial period ended 28 February 2015, the Audit Committee held two (2) meetings with the External Auditors and one (1) meeting with the Internal Auditor without the presence of the Executive Directors and Management to discuss any issues or significant matters, which the External / Internal Auditors wished to raise.

### Internal Audit Function and Summary of Activities

The Company has established an Internal Audit Department which reports to the Audit Committee. The Internal Audit Department serves as a governance control and provides the Audit Committee with independent and objective reports on the state of internal controls of the operating units within the Company. The Internal Audit Department's annual audit plan is approved by the Audit Committee. Total staff cost incurred in respect of the internal audit function during the period ended 28 February 2015 was RM760,494.

During the period under review, the Internal Audit Department carried out the audits of the operating units of the Company as identified in the annual internal audit plan to review the adequacy and effectiveness of the internal control system as well as compliance with policies and procedures, reported ineffective and inadequate controls, and made recommendations to improve their effectiveness. Internal Audit also followed up on the implementation of the agreed remedial measures and rectification of any shortcomings and the action status were also reported to the Audit Committee.

# ■ TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## 1. INTRODUCTION

The Audit Committee ("Committee") is a governing body appointed by the Board of Directors, which is charged with oversight of the organisation's audit, accounting and internal control functions.

## 2. PRIMARY PURPOSE

The primary purpose of the Committee is to assist the Board of Directors (BOD) in fulfilling its fiduciary responsibilities relating to the following objectives of the Company:-

- a. Assess the Company's processes relating to its risks and control environment,
- b. Improve the quality of the accounting function, system of internal controls and audit function and strengthen the confidence of the public in the Company's reported results,
- c. Maintain a direct line of communication between the BOD, the external auditors and internal auditors through regularly scheduled meetings,
- d. Enhance the independence of both the external and internal audit functions through active participation in the audit process,
- e. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company,
- f. Review and recommend ethics code for all executives and members of the staff of the Company, and
- g. Create a climate of discipline and control which will prevent the incidence of fraud and other shortcomings.

## 3. MEMBERSHIP

The BOD shall appoint Committee members from amongst its members, comprising no fewer than 3 directors (all of whom must be Non-Executive Directors) and the majority of whom shall comprise independent directors of the Company.

The BOD shall at all times ensure that all members of the Committee should have working knowledge of finance and accounting and at least 1 member of the Committee shall be:-

- A member of the Malaysian Institute of Accountants (MIA); or
- If he or she is not a member of MIA, he or she must have at least 3 years of working experience and:-
  - He or she must have passed the examinations specified in Part I of the 1st schedule of the Accountants Act 1967; or
  - He or she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - He or she must be a person who fulfills such other requirements as maybe prescribed by or approved by Bursa Malaysia Securities Berhad ("Bursa Securities") and/or such other relevant authorities from time to time.



## Terms of Reference of the Audit Committee (continued)

In the event of any vacancy in the Committee resulting in the non-compliance of the above requirements, the Company must fill the vacancy within 3 months.

The Chairman of the Committee shall be an independent non-executive director. No alternate director of the BOD shall be appointed as a member of the Committee.

The BOD shall review the term of office and performance of the Committee and each of its members at least once in every 3 years and determine if their duties have been carried out in accordance with their terms of reference and will recommend the necessary actions thereon.

### 4. MEETINGS

The Committee shall meet at least 4 times a year and additional meetings may be called by the Chairman if necessary in order to fulfill its duties.

The quorum for the meeting shall be 2 and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee. The Secretary shall, in conjunction with the Chairman, draw up an agenda, which shall be circulated together with relevant support papers, at least 1 week prior to each meeting, to the Committee members. The minutes shall be circulated to the members of the BOD and kept by the Secretary for the custody, production and inspection of such minutes.

The agenda for the meeting shall include the following:-

- a. Review the quarterly, interim or year end financial statements of the Company and respective announcements of the Company before submission to BOD for consideration and approval,
- b. Report and recommend to BOD for approval of annual financial statements,
- c. Review with external auditors the scope of work and audit plans prior to implementation,
- d. Review recurrent related party transactions of a revenue or trading nature within the Company for inclusion in the circular to the shareholders in relation to proposed renewal of the shareholders' mandate for recurrent related party transactions pursuant to Bursa Securities requirements for BOD approval,
- e. Review internal audit reports and consider the significant findings and management responses and ensure significant findings have been adequately addressed by the management; and
- f. Review the risk management reports of the Company

Other BOD members and/or employees may attend specific audit committee meetings at the invitation of the Committee.

## Terms of Reference of the Audit Committee (continued)

The Chairman shall report on each meeting to the BOD summarising the Committee's activities and the related significant results and findings.

The Committee shall meet at least once a year with the Head of Internal Audit and at least twice a year with the external auditors to discuss any matters without the presence of the management and any executive members of the BOD.

### 5. AUTHORITY

The Committee shall have the following authority as empowered by the BOD:-

- a. Investigate any matter within its terms of reference.
- b. Seek any information it requires from employees who are required to cooperate with any request made by Committee,
- c. Full and unrestricted access to any information pertaining to the Company,
- d. Direct communication channels with internal and external auditors and with senior management of the Company,
- e. Adequate resources required to perform its duties including legal or other independent professional advice as it considers necessary,
- f. Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of Bursa Securities Main Market Listing Requirements, after the matter has been reported to the BOD,
- g. Be able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Chairman of the Committee shall engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, the Head of Finance, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company.

### 6. RESPONSIBILITIES AND DUTIES

Pursuant to Paragraph 15.12 of the Main Market Listing Requirements of Bursa Securities (or any other succession/deletions/changes thereof), the following duties shall be discharged by the Committee and the same shall be reported/recommended, where applicable to the BOD:-

- a. Review with the external auditors, the audit scope and plan including any changes to the planned scope of the audit and the proposed audit fees in connection with the statutory audit.
- b. Review the independence, objectivity and performance of the external auditors and their services.
- c. To consider the appointment of the External Auditors, the terms of reference of the said appointment and any question on resignation and dismissal of External Auditors before making a recommendation to the Board.
- d. Review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services (individually and in aggregate) relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.

## Terms of Reference of the Audit Committee (continued)

- e. Review the Internal Audit Charter to ensure that the internal audit function is independent of the activities it audits and to identify a head of internal audit who reports directly to the Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company. The head of internal audit shall have unrestricted access to the Committee Members.
- f. Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work.
- g. Review the adequacy of Company's risk management framework, monitor principal risks that affect the Company and evaluate risk management and mitigation measures in place.
- h. Review the adequacy, effectiveness and integrity of internal control system including risk management process, management information system, adequacy of resources and the internal and external auditors' evaluation of the system.
- i. Review and recommend corrective and preventive measures undertaken to remedy failings and/or weaknesses in the risk management process and internal control system.
- j. Review the external and internal audit reports, process and investigation reports and whether or not appropriate action is taken by management on the recommendations made.
- k. Review the assistance given by Company's officers to the internal and external auditors and any difficulties encountered in the course of work including any restrictions on the scope of activities or access to required information.
- l. Review the appointment, transfer, dismissal of the Head of Internal Audit as well as to evaluate the performance of the Internal Audit function.
- m. Note resignations of internal audit senior staff members, and providing the resigning staff member an opportunity to submit his/her reasons for resigning,
- n. Review the quarterly results and year end financial statements prior to approval by BOD focusing particularly on:-
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- o. Review any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions on management integrity.
- p. Prepare reports at least once a year, to BOD summarising the activities performed in fulfilling the Committee's responsibilities.
- q. Review the statement on the state of risk management and internal controls of the Company for inclusion in the Annual Report.
- r. Review any other financial and governance related matters that may be considered/requested by the BOD from time to time.

# ■ STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Board of Directors ("Board") recognises that risk management and internal control is about commitment to safeguard shareholders' investment and the Company's assets.

The Board is committed to its responsibility of maintaining a sound system of risk management and internal control, covering financial and operating activities to safeguard shareholders' investment, the Company's assets and customers' interests. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Accordingly, the Board is pleased to provide the Statement on Risk Management and Internal Control ("Statement") prepared in accordance with the "Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers" ("Guidelines") issued by Bursa Malaysia Securities Berhad which outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the organisation.

This Statement outlines the processes that have been implemented to ensure the adequacy and integrity of the system of risk management and internal control of the Company during the financial period ended 28 February 2015 and it has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Executive Directors and the Risk Management Department, being the delegated committee of the Board, are responsible for the preparation of the Statement on Risk Management and Internal Control in accordance with the Guidelines. Set out below is the Statement on Risk Management and Internal Control which has been prepared in accordance with the Guidelines.

## Board Responsibilities

The Board has an overall responsibility for the Company's system of risk management and internal control to provide reasonable assurance of efficient operations, effective internal checks and compliance with laws and regulations.

The Board is assisted by the Company's Management in the implementation of the approved policies and procedures on risks and controls, in which the Company's Management identifies and assesses the risks faced as well as implements and monitors appropriate control measures to mitigate and control these risks. Further, the Board is assisted by the Audit Committee to review the adequacy and integrity of the system of internal controls in the Company as part of the internal control and risk management processes.

The Board has established appropriate control structure and process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The control structure and process which have been instituted throughout the organisation are updated and reviewed from time to time to suit the changes in the business environment, and this on-going process has been in place for the whole financial period under review and up to the date of approval of this statement for inclusion in the annual report.

## Statement on Risk Management and Internal Control (continued)

### System of Internal Controls

The Board is responsible for managing the key business risks of the Company and implementing an appropriate internal control system to manage those risks. The Board reviewed the adequacy and integrity of the system of internal controls during the financial period.

### Enterprise-wide Risk Management Framework

The Board is committed to operating within a system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. The Enterprise-wide Risk Management Framework ("ERMF") is the overarching framework that sets out the Company's approach to risk management. It establishes the mechanisms and processes by which the Board directs the risk management function of the organisation, through setting the tone and expectations from the top, delegating its authority and monitoring compliance.

The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to achieving the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. The key elements of the Company's system of risk management and internal control are set out in the risk management control frameworks relating to each of the Company's Key Risks and in the organisation's operational risk policies and procedures. The ERMF is reviewed annually and approved by the Board.

The Board has established a management structure of the Company and clearly defined lines of responsibility, authority limits, and accountability aligned to business and operations requirements which support the maintenance of a strong control environment. The Board has extended the responsibilities to assess the internal controls to Audit Committee through the Internal Audit function.

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"), comprising members of key management team, with objective of assessment and management of the identified risks. Monthly meetings are held to address the various risk areas associated with the Company's business and operations including credit risk, operational risk, market risk and liquidity risk. The Company's exposure to risk events, impact arising and mitigation measures are presented and discussed at the said meetings. The effectiveness of the risk management system is monitored and evaluated by the Company's Risk Management Department, on an ongoing basis. Changes to policies and framework formulated to identify, measure and monitor various risk components shall be reviewed and recommended by the RMC to the Board. Additionally, the RMC assesses the adequacy of these risk management policies and ensures infrastructure, resources and systems are emplaced for risk management. Risk Management reports are presented to the Board on quarterly basis, highlighting the key risk areas, impact arising to the Company from risk events, changes to risk assessment evaluation, risk mitigation measures etc. for Board review and feedback.

Risk management policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees. The Company also adopted a whistle blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Company's policies and regulations in a secure and confidential manner.

The Company has established structure of "three lines of defense" for risk management: risk taking units (Business Units), risk control unit (Risk Management Department), and internal audit. The risk taking units are responsible for the day-to-day management of risks inherent in their business activities, while the risk control unit is responsible for setting the risk management framework and developing related tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.



## Statement on Risk Management and Internal Control (continued)

### Internal Audit Function

The Audit Committee, assisted by the Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. The Audit Committee has an oversight function of all activities carried out by the Internal Audit Department.

The Internal Audit Department adopts a risk-based approach in preparing its audit strategy and plan. The Internal Audit Department independently reviews the risk exposures and control processes implemented by the management and conducts assignments which encompass auditing and review of critical areas within the Company, including operations and IT/information systems. The internal audit activities are guided by an annual internal audit plan, which is approved by the Audit Committee and the internal audit reports are tabled at the Audit Committee Meetings for review. Further, the Internal Audit Department engages in regular communication with the senior management team and various departments within the Company related to Internal Audit activities and efforts for continuous improvement in operations and systems. External auditors' recommendations for improvements noted during their audit are also closely monitored and followed-up to ensure that they are promptly implemented.

### Other Key Elements of Internal Controls

Other key elements of the processes established by the Board which provides effective internal control include:

- An annual business plan and budget are submitted to the Board for approval. Actual performances are reviewed against the targeted results on a quarterly basis for management response and action required, where applicable. The Board reviews regular reports from the management on the key operating statistics and risk management, and feedback on action required is furnished to the senior management team.
- The Company has in place written operating procedures in various areas of operations, which also incorporate risk management issues and are subject to periodic review and updated as and when necessary to improve on the control environment and operational efficiency.
- Various Management Committees at senior level have been established by Management to assist and support the Board to oversee areas such as business operations, risk management, system implementation and support, staff disciplinary issues etc. These include the Company's Executive Committee, Risk Management Committee, IT Steering Committee and Disciplinary Action Committee (under Human Resource function).
- The Audit Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements to Bursa Securities and recommends to the Board for approval prior to submission to Bursa Securities.

All the above mentioned processes are in place with the aim to provide reasonable assurance on the effectiveness of the internal control system. The Board will conduct reviews on continuing basis to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets and stakeholders' interests.

### Conclusion

The Board is satisfied with the adequacy and effectiveness of the Company's risk management and internal control system. The Board has received assurance from the Managing Director and the Executive Director designated as Chief Financial Officer that the Company's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial period under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Company.

# ■ OTHER INFORMATION

## **1. Material Contracts Involving Directors and Substantial Shareholders**

There were no material contracts entered into by the Company (not being contracts entered into the ordinary course of business) involving Directors' and major Shareholders' interests which were still subsisting as at the end of the financial period under review or which were entered into since the end of the previous financial year.

## **2. Non-Audit Fees**

The amount of non-audit fees incurred for services rendered to the Company by the Company's auditors, or a firm or company affiliated to the auditors' firm for the financial period ended 28 February 2015 was RM322,000 comprising advisory, review and tax services.



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# ■ DIRECTORS' REPORT

Directors' report for the period ended 28 February 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial period ended 28 February 2015.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	<b>RM'000</b>
Profit for the period	215,726

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial period under review.

## DIVIDENDS

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

- i) a final ordinary dividend of 24.00 sen per ordinary share under the single tier system, totalling RM34,560,000 in respect of the financial year ended 20 February 2014 on 16 July 2014; and
- ii) an interim ordinary dividend of 27.40 sen per ordinary share under the single tier system, totalling RM39,456,000 in respect of the financial period ended 28 February 2015 on 21 October 2014.

The final ordinary dividend recommended by the Directors in respect of the financial period ended 28 February 2015 is 29.60 sen per ordinary share under the single tier system, totalling RM42,624,000. The proposed dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

## Directors' Report (continued)

**DIRECTORS OF THE COMPANY**

Directors who have served since the date of the last report are:

Dato' Abdullah bin Mohd Yusof  
 Kenji Fujita  
 Datuk Ramli bin Ibrahim  
 Dato' Md Kamal bin Ismaun  
 Ng Eng Kiat  
 Yasuhiro Kasai  
 Krishnappan A/L S.P.S Singaram  
 Lee Tyan Jen  
 Takayuki Araki (appointed on 20 June 2014)  
 Hiroaki Kobayashi (appointed on 20 June 2014)  
 Lee Kit Seong (appointed on 20 June 2014)  
 Masanori Kosaka (retired on 19 June 2014)  
 Jun Suzuki (resigned on 20 June 2014)

**DIRECTORS' INTERESTS**

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

	Number of ordinary shares of RM0.50 each			
	At 21.2.2014	Bought	Sold	At 28.2.2015
<b>The Company</b>				
<b>Direct interest:</b>				
Dato' Abdullah bin Mohd Yusof	240,180	-	(105,000)	135,180
Datuk Ramli bin Ibrahim	135,500	-	(5,500)	130,000
Dato' Md Kamal bin Ismaun	6,000	-	-	6,000
Ng Eng Kiat	12,000	-	-	12,000
Yasuhiro Kasai	108,000	-	-	108,000
Krishnappan A/L S.P.S. Singaram	108,000	-	-	108,000
Lee Tyan Jen	23,774	-	-	23,774
<b>Deemed interest:</b>				
Dato' Abdullah bin Mohd Yusof				
- others*	92,000	-	(36,000)	56,000



## Directors' Report (continued)

### Directors' Interests (continued)

	Number of ordinary shares			
	At 21.2.2014 / Date of appointment**	Bought	Sold	At 28.2.2015
<b>Immediate holding company</b> <b>AEON Financial Service Co., Ltd.</b>				
<b>Direct' interest:</b>				
Yasuhiro Kasai	585	26	-	611
Hiroaki Kobayashi**	157	153	-	310

	Number of ordinary shares of RM1.00 each At 21.2.2014	Number of ordinary shares of RM0.50 each					At 28.2.2015	
		Bonus issue	Share split	Bought	Transfer	Sold		
<b>Related company</b>								
<b>AEON Co. (M) Bhd.</b>								
<b>Direct interest:</b>								
Dato' Abdullah bin Mohd Yusof	526,000	520,000	1,040,000	-	-	(6,000)	2,080,000	
Datuk Ramli bin Ibrahim	-	-	-	-	992,900	(77,900)	915,000	
Yasuhiro Kasai	800	800	1,600	-	-	-	3,200	
<b>Deemed interest:</b>								
Dato' Abdullah bin Mohd Yusof	970,000	940,000	1,880,000	-	-	(290,000)	3,500,000	
Datuk Ramli bin Ibrahim*	400,900	400,900	801,800	-	(992,900)	(110,700)	500,000	

\* Deemed to have interest through spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.

## Directors' Report (continued)

**DIRECTORS' BENEFITS**

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

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

**Issue of shares and debentures**

There were no changes in the authorised, issued and paid up capital of the Company during the financial period.

There were no issuance of debentures during the financial period.

**Issue of other equity instruments**

During the financial period, the Company issued RM46,000,000 perpetual notes at par and RM130,000,000 perpetual sukuk at par, as disclosed in Note 9.3 to the financial statements.

**Options granted over unissued shares**

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

**Other statutory information**

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

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

## Directors' Report (continued)

### Other statutory information (continued)

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Company for the financial period ended 28 February 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

### **Change in financial year end**

The Company changed its financial year end from 20 February to 28 February to be co-terminous with the financial year of the ultimate holding corporation.

## Directors' Report (continued)

**Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

**Dato' Abdullah bin Mohd Yusof**

**Kenji Fujita**

Kuala Lumpur,

Date: 13 May 2015

# ■ STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2015

	Note	28.2.2015 RM'000	20.2.2014 RM'000
<b>Assets</b>			
Plant and equipment	3	45,234	46,599
Investments	4	18,555	5,542
Deferred tax assets	5	24,693	11,040
Receivables	6	2,811,030	2,034,533
<b>Total non-current assets</b>		<u>2,899,512</u>	<u>2,097,714</u>
Receivables and deposits	6	1,753,322	1,595,737
Prepayments		8,876	8,422
Derivative financial assets	7	212,921	52,844
Cash and bank balances	8	48,668	12,569
<b>Total current assets</b>		<u>2,023,787</u>	<u>1,669,572</u>
<b>Total assets</b>		<u>4,923,299</u>	<u>3,767,286</u>
<b>Equity</b>			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		563,700	429,552
<b>Equity attributable to ordinary equity holders of the Company</b>		<u>679,712</u>	<u>545,564</u>
Perpetual notes and sukuk		276,000	100,000
<b>Total equity</b>	9	<u>955,712</u>	<u>645,564</u>
<b>Liabilities</b>			
Borrowings	10	2,965,526	2,113,455
<b>Total non-current liability</b>		<u>2,965,526</u>	<u>2,113,455</u>
Borrowings	10	856,141	840,908
Payables and accruals	11	118,709	143,798
Taxation		27,211	23,561
<b>Total current liabilities</b>		<u>1,002,061</u>	<u>1,008,267</u>
<b>Total liabilities</b>		<u>3,967,587</u>	<u>3,121,722</u>
<b>Total equity and liabilities</b>		<u>4,923,299</u>	<u>3,767,286</u>

The notes on pages 57 to 103 are an integral part of these financial statements.

# ■ STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Note	21.2.2014 to 28.2.2015 RM'000	21.2.2013 to 20.2.2014 RM'000
<b>Continuing operations</b>			
Revenue	12	871,600	672,762
Staff costs		(150,421)	(130,545)
Depreciation of plant and equipment	3	(19,073)	(17,277)
Operating expenses		(332,323)	(232,866)
Other income		56,780	38,989
<b>Operating profit</b>	13	426,563	331,063
Finance costs	15	(137,294)	(97,188)
<b>Profit before tax</b>		289,269	233,875
Income tax expense	16	(73,543)	(58,523)
<b>Profit for the period/year</b>		215,726	175,352
<b>Other comprehensive income, net of tax</b>			
Cash flow hedge	17	(810)	2,677
<b>Total other comprehensive income for the period/year, net of tax</b>		(810)	2,677
<b>Total comprehensive income for the period/year</b>		214,916	178,029
<b>Profit attributable to equity holders of the Company</b>		215,726	175,352
<b>Total comprehensive income attributable to equity holders of the Company</b>		214,916	178,029
<b>Basic earnings per ordinary share (sen)</b>	19	145.64	121.77

The notes on pages 57 to 103 are an integral part of these financial statements.



# ■ STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2015

		Non-distributable			Distributable	
Note	Share capital RM'000	Share premium RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 21 February 2013</b>	72,000	44,012	-	(10,711)	323,906	429,207
Cash flow hedge (net of tax)	-	-	-	2,677	-	2,677
Profit for the year	-	-	-	-	175,352	175,352
<b>Total comprehensive income for the year</b>	-	-	-	2,677	175,352	178,029
Perpetual notes issued	-	-	100,000	-	-	100,000
Perpetual notes issue expenses	-	-	-	-	(1,480)	(1,480)
	-	-	100,000	-	(1,480)	98,520
Dividends to shareholders of the Company	18	-	-	-	(60,192)	(60,192)
<b>At 20 February 2014/ 21 February 2014</b>	72,000	44,012	100,000	(8,034)	437,586	645,564
Cash flow hedge (net of tax)	-	-	-	(810)	-	(810)
Profit for the period	-	-	-	-	215,726	215,726
<b>Total comprehensive income for the period</b>	-	-	-	(810)	215,726	214,916
Perpetual notes and sukuk issued	-	-	176,000	-	-	176,000
Perpetual notes and sukuk issue expenses	-	-	-	-	(745)	(745)
Distribution on perpetual notes (net of tax)	-	-	-	-	(6,007)	(6,007)
	-	-	176,000	-	(6,752)	169,248
Dividends to shareholders of the Company	18	-	-	-	(74,016)	(74,016)
<b>At 28 February 2015</b>	72,000	44,012	276,000	(8,844)	572,544	955,712
	<b>Note 9.1</b>	<b>Note 9.2</b>	<b>Note 9.3</b>	<b>Note 9.4</b>		

The notes on pages 57 to 103 are an integral part of these financial statements.

# ■ STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Note	21.2.2014 to 28.2.2015 RM'000	21.2.2013 to 20.2.2014 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		289,269	233,875
<i>Adjustments for:</i>			
Impairment loss on receivables		224,917	149,742
Depreciation of plant and equipment	3	19,073	17,277
Gain on disposal of plant and equipment		(271)	(4)
Finance costs		137,294	97,188
<b>Operating profit before working capital changes</b>		670,282	498,078
Changes in working capital:			
Receivables, deposits and prepayments		(1,159,454)	(1,411,047)
Payables and accruals		(22,502)	32,708
Cash held on behalf of a related company		(5,683)	-
<b>Cash used in operations</b>		(517,357)	(880,261)
Finance costs paid		(136,180)	(93,259)
Income taxes paid		(81,275)	(60,622)
<b>Net cash used in operating activities</b>		(734,812)	(1,034,142)
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	3	(17,758)	(22,840)
Subscription of equity shares		(13,013)	-
Proceeds from disposal of plant and equipment		321	4
<b>Net cash used in investing activities</b>		(30,450)	(22,836)
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	18	(74,016)	(60,192)
Proceeds from bank borrowings		1,467,479	1,770,838
Repayment of bank borrowings		(698,801)	(759,764)
Repayment of asset backed medium term notes		(75,000)	(50,000)
Proceeds from issuance of perpetual notes		46,000	100,000
Proceeds from issuance of perpetual sukuk		130,000	-
Distribution paid to perpetual notes holders		(8,010)	-
Payment of perpetual notes issuance expenses		(1,345)	(878)
<b>Net cash generated from financing activities</b>		786,307	1,000,004
<b>Net increase/(decrease) in cash and cash equivalents</b>		21,045	(56,974)
<b>Cash and cash equivalents at beginning of period/year</b>		(52,814)	4,160
<b>Cash and cash equivalents at end of period/year</b>	(i)	(31,769)	(52,814)

The notes on pages 57 to 103 are an integral part of these financial statements.

## Statement of Cash Flows for the Period ended 28 February 2015 (continued)

### Note to statement of cash flows

#### (i) Cash and cash equivalents

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

	<b>Note</b>	<b>28.2.2015</b>	<b>20.2.2014</b>
		<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances		38,881	11,972
Deposits placed with licensed banks		9,787	597
	8	48,668	12,569
Bank overdrafts	10	(74,754)	(65,383)
Cash held on behalf for a related company	8	(5,683)	-
		<u>(31,769)</u>	<u>(52,814)</u>

The notes on pages 57 to 103 are an integral part of these financial statements.

# ■ NOTES TO THE FINANCIAL STATEMENTS

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

**Principal place of business**

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

**Registered office**

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

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

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

The financial statements were authorised for issue by the Board of Directors on 13 May 2015.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

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

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016***

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*

## Notes to the Financial Statements (continued)

**1. BASIS OF PREPARATION (continued)****(a) Statement of compliance (continued)*****MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)***

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 March 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to MFRS 2, Amendments to MFRS 3, Amendments to MFRS 8 and Amendments to MFRS 119 which are not applicable to the Company.
- from the annual period beginning on 1 March 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except Amendments to MFRS 10, Amendments to MFRS 11, MFRS 14, Amendments to MFRS 119 and Amendments to MFRS 127 which are not applicable to the Company.
- from the annual period beginning on 1 March 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 March 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

***MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 15.



## **1. BASIS OF PREPARATION (continued)**

### **(a) Statement of compliance (continued)**

#### **MFRS 9, *Financial Instruments***

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

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

### **(b) Change in financial year end**

The financial year end of the Company has been changed from 20 February to 28 February and thereafter, to last day of February each year. Consequently, the comparatives for the statements of comprehensive income, changes in equity, cash flows as well as certain comparatives in the notes to the financial statements of the Company are not comparable to current financial period ended 28 February 2015.

### **(c) Basis of measurement**

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

### **(d) Functional and presentation currency**

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

### **(e) Use of estimates and judgements**

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

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

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

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Foreign currency****Foreign currency transactions**

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

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

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

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

**(b) Financial instruments****(i) Initial recognition and measurement**

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Financial instruments (continued)

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

The Company categorises financial instruments as follows:

##### ***Financial assets***

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

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

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

##### ***(b) Loans and receivables***

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

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

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

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

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

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

##### ***Financial liabilities***

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

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

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

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Financial instruments (continued)*****(iii) Hedge accounting******Cash flow hedge***

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

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

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

***(iv) Derecognition***

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset has been transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Plant and equipment

#### (i) Recognition and measurement

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

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

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

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

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

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

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Leased assets****Operating lease**

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

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

**(e) Cash and cash equivalents**

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

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

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

*(a) Financing receivables*

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Impairment (continued)

#### (i) Financial assets (continued)

##### *(a) Financial receivables (continued)*

###### *Individually assessed allowance*

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

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

###### *Collectively assessed allowance*

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

##### *(b) Renegotiated/restructured loans*

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

##### *(c) Investments*

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

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

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

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Impairment (continued)****(ii) Other assets**

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Equity instruments

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

#### (i) Ordinary shares

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

#### (ii) Perpetual notes

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

#### (iii) Perpetual sukuk

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

### (h) Employee benefits

#### (i) Short-term employee benefits

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

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

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(h) Employee benefits (continued)****(ii) State plans**

The Company's contributions to the statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

**(i) Provisions**

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

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

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

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

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

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

Fee income is generally recognised on an accrual basis when services have been provided.

***Dividend income***

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Borrowing costs

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred.

Cost of issuance of commercial papers/medium term notes are deferred and capitalised as part of the fair value of the commercial papers/medium term notes. The cost of issuance is amortised to profit or loss so as to give a constant periodic interest rate on the outstanding commercial papers/medium term notes at the end of each reporting period.

### (l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## Notes to the Financial Statements (continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) Earnings per ordinary share**

The Company presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity holders of the Company, less distribution on perpetual notes and perpetual sukuk, and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(n) Operating segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(o) Fair value measurement**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



**3. PLANT AND EQUIPMENT**

	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
At 21 February 2013	8,514	88,200	2,425	4,592	15,845	1,240	120,816
Additions	795	10,612	422	131	207	10,673	22,840
Disposals	-	(654)	-	-	-	-	(654)
Write-off	(61)	(8)	-	(35)	-	-	(104)
Reclassification	12	2,936	-	217	3,277	(6,442)	-
At 20 February 2014/ 21 February 2014	9,260	101,086	2,847	4,905	19,329	5,471	142,898
Additions	571	9,448	1,258	173	182	6,126	17,758
Disposals	(2)	(463)	(1,257)	(23)	-	-	(1,745)
Write-off	(7)	-	(9)	(10)	-	-	(26)
Reclassification	68	5,011	-	20	5,103	(10,202)	-
At 28 February 2015	9,890	115,082	2,839	5,065	24,614	1,395	158,885
<b>Accumulated depreciation</b>							
At 21 February 2013	6,993	55,337	1,440	3,760	12,250	-	79,780
Charge for the year	705	14,083	276	633	1,580	-	17,277
Disposals	-	(654)	-	-	-	-	(654)
Write-off	(61)	(8)	-	(35)	-	-	(104)
At 20 February 2014/ 21 February 2014	7,637	68,758	1,716	4,358	13,830	-	96,299
Charge for the period	773	14,632	453	499	2,716	-	19,073
Disposals	(2)	(413)	(1,257)	(23)	-	-	(1,695)
Write-off	(7)	-	(9)	(10)	-	-	(26)
At 28 February 2015	8,401	82,977	903	4,824	16,546	-	113,651
<b>Carrying amounts</b>							
At 21 February 2013	1,521	32,863	985	832	3,595	1,240	41,036
At 20 February 2014/ 21 February 2014	1,623	32,328	1,131	547	5,499	5,471	46,599
At 28 February 2015	1,489	32,105	1,936	241	8,068	1,395	45,234

## Notes to the Financial Statements (continued)

**4. INVESTMENTS**

	<b>28.2.2015</b>	<b>20.2.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost		
Unquoted shares	18,555	5,542

**i) Subscription of shares in AEON Credit Service (Philippines) Inc.**

On 7 January 2015, the Company subscribed for 10,000 common shares at par value of 1,000 Philippine pesos per share (approximately RM79 per share) and 154,500 irredeemable convertible preference shares at par value of 1,000 Philippine pesos per share (approximately RM79 per share) in AEON Credit Service (Philippines) Inc. ("ACSP") for a total consideration of 164,500,000 Philippine pesos (approximately RM13,013,000).

The Directors have determined that the investment should be designated as "other investment" as the Company does not have influence over its activities and distribution policy.

The principal activity of ACSP is to provide financial services. ACSP currently offers hire purchase facilities.

**ii) Investment in AEON Credit Service India Private Limited.**

Included in the investments as at 28 February 2015 is an investment of RM4,771,000 (2014: RM4,771,000) in AEON Credit Service India Private Limited ("ACSI"), a company incorporated in India, which represents 20% equity interest of the total issued and paid-up share capital of ACSI.

Although the Company owns 20% equity interest of the total issued and paid-up share capital of ACSI, the Directors have determined that the investment should be designated as "other investment" as the Company does not have influence over its activities and distribution policy.

The principal activity of ACSI is to provide non-banking financial services. On 4 February 2013, ACSI obtained the licence from the Reserve Bank of India to conduct non-banking financial activities in India.

## Notes to the Financial Statements (continued)

### 5. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are attributable to the following:

	28.2.2015 RM'000	20.2.2014 RM'000
Plant and equipment	(7,278)	(7,737)
Hedging reserve	2,940	2,670
Impairment loss on receivables	10,821	3,459
Recognition of interest income/ profit revenue	15,069	9,946
Provision for bonus and others	3,141	2,702
Net tax assets	24,693	11,040

### Movement in temporary differences during the period

	At 21 February 2013 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 20 February 2014 RM'000	Recognised in profit or loss (Note 16) RM'000	Recognised in other comprehensive income (Note 17) RM'000	At 28 February 2015 RM'000
Plant and equipment	(8,197)	460	-	(7,737)	459	-	(7,278)
Hedging reserves	3,562	-	(892)	2,670	-	270	2,940
Impairment loss on receivables	2,092	1,367	-	3,459	7,362	-	10,821
Recognition of interest income/ profit revenue	5,269	4,677	-	9,946	5,123	-	15,069
Provision for bonus and others	2,331	371	-	2,702	439	-	3,141
	5,057	6,875	(892)	11,040	13,383	270	24,693

## Notes to the Financial Statements (continued)

**6. RECEIVABLES AND DEPOSITS**

	<b>Note</b>	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
<b>Non-current</b>			
<b>Trade</b>			
Financing receivables		2,811,030	2,034,533
<b>Current</b>			
<b>Trade</b>			
Total financing receivables		6,146,351	4,771,561
Less: Unearned carrying charges		(1,494,008)	(1,109,190)
Impairment loss on receivables	6.1	(135,298)	(91,449)
	6.2	4,517,045	3,570,922
Less: Financing receivables (Non-current)		(2,811,030)	(2,034,533)
Financing receivables (Current)		1,706,015	1,536,389
<b>Non-trade</b>			
Other receivables and deposits		42,663	57,078
Amount due from related companies and corporation	6.3	4,644	2,270
		47,307	59,348
		1,753,322	1,595,737

**6.1** During the period, financing receivables amounting to RM181,068,000 (2014: RM108,032,000) was written off against the allowance for impairment losses.

**6.2** Included in financing receivables are:

- i) an amount of RM3,457,154,000 (2014: RM2,566,324,000) relating to the Company's easy payment and personal financing schemes based on Islamic principles.
- ii) an amount of RM2,999,000 (2014: RM1,511,000) due from a related company which is subject to normal trade terms.
- iii) an amount of RM38,736,000 (2014: RM115,597,000) of receivables which have been sold under the asset backed medium term notes securitised funding programme as disclosed in Note 10.3 to the financial statements. Based on the terms of the transaction, the said receivables have not been derecognised from the statement of financial position of the Company.

**6.3** The amount due from related companies and corporation are non-trade in nature, unsecured, interest free and repayable on demand.

**7. DERIVATIVE FINANCIAL ASSETS**

	<b>28.2.2015</b>		<b>20.2.2014</b>	
	<b>Nominal value RM'000</b>	<b>Assets RM'000</b>	<b>Nominal value RM'000</b>	<b>Assets RM'000</b>
Derivative used for hedging				
- Forward exchange contracts	26,272	706	246,038	1,381
- Cross currency swaps	1,651,928	212,215	1,194,585	51,463
	<u>1,678,200</u>	<u>212,921</u>	<u>1,440,623</u>	<u>52,844</u>

Forward exchange contracts and cross currency swaps are used to manage the foreign currency and interest rate exposures arising from the borrowings denominated in foreign currency. Forward contracts have maturities of less than one year after the end of the reporting period and most of the cross currency swaps have maturities of more than one year after the end of the reporting period.

**8. CASH AND BANK BALANCES**

	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
Cash and bank balances	38,881	11,972
Deposits placed with licensed banks	9,787	597
	<u>48,668</u>	<u>12,569</u>

Deposits placed with licensed banks include RM5,683,000 (2014: Nil) held on behalf of a related company.

**9. CAPITAL AND RESERVES****9.1 Share capital**

	<b>Amount 28.2.2015 RM'000</b>	<b>Number of shares 28.2.2015 '000</b>	<b>Amount 20.2.2014 RM'000</b>	<b>Number of shares 20.2.2014 '000</b>
Ordinary share of RM0.50 each				
Authorised	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>
Issued and fully paid	<u>72,000</u>	<u>144,000</u>	<u>72,000</u>	<u>144,000</u>

**9.2 Share premium**

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value.

## Notes to the Financial Statements (continued)

**9. CAPITAL AND RESERVES (continued)****9.3 Perpetual notes and sukuk**

	<b>Note</b>	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
Perpetual notes	a	146,000	100,000
Perpetual sukuk	b	130,000	-
At 28 / 20 February		<u>276,000</u>	<u>100,000</u>

**(a) Perpetual notes**

On 11 April 2014 and 21 April 2014, the Company issued perpetual notes amounting to RM46,000,000 in total. The salient features of the perpetual notes issued are as follows:

- (i) The distribution rate for the period of five (5) years from issuance date is 6.5% (20.02.2014: 6.5%) per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5<sup>th</sup> year, the periodic maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual notes are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual notes on the date of the fifth anniversary of the date of issue and hereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual notes earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual notes do not have any voting rights in the Company; and
- (viii) The perpetual notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

## 9. CAPITAL AND RESERVES (continued)

### 9.3 Perpetual notes and sukuk (continued)

#### (b) Perpetual sukuk

On 30 December 2014, the Company issued perpetual sukuk at par amounting to RM105,000,000. Subsequently on 16 February 2015, the Company further issued perpetual sukuk amounting to RM25,000,000.

The salient features of the perpetual sukuk issued are as follows:

- (i) The distribution rate for the period of five (5) years from issuance date is 6.5% per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5<sup>th</sup> year, the periodic distribution rate increases by 1 % per annum above the prevailing distribution rate subject to a maximum of 20% per annum;
- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The perpetual sukuk are perpetual in nature with no contractual maturity date. The Company has the option to redeem the perpetual sukuk on the date of the fifth anniversary of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company has the option to redeem the perpetual sukuk earlier upon the occurrence of defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the perpetual sukuk by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the perpetual sukuk do not have any voting rights in the Company; and
- (viii) The perpetual sukuk rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

### 9.4 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.



## Notes to the Financial Statements (continued)

**10. BORROWINGS**

	<b>Note</b>	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
<b>Non-current</b>			
Term loans/financing (unsecured)	10.1	2,765,526	1,888,455
Medium term notes (unsecured)	10.2	200,000	200,000
Asset backed medium term notes (secured)	10.3	-	25,000
		<u>2,965,526</u>	<u>2,113,455</u>
<b>Current</b>			
Bank overdrafts (unsecured)	10.1	74,754	65,383
Revolving credits (unsecured)	10.1	387,890	572,562
Term loans/financing (unsecured)	10.1	368,497	127,963
Asset backed medium term notes (secured)	10.3	25,000	75,000
		<u>856,141</u>	<u>840,908</u>
		<u>3,821,667</u>	<u>2,954,363</u>

**10.1 Bank overdraft, revolving credits and term loans/financing**

The bank overdrafts, revolving credits and term loans/financing are provided on the basis of a letter of awareness from the immediate holding corporation, standby letters of credit from various financial institutions or on clean basis.

The bank overdrafts are denominated in Ringgit Malaysia whilst the revolving credits and term loans/financing are denominated in the following currencies:

	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
<b>Revolving credits</b>		
Ringgit Malaysia	359,000	324,800
U.S. Dollar	28,890	247,762
	<u>387,890</u>	<u>572,562</u>
<b>Term loans/financing</b>		
Ringgit Malaysia	1,260,000	760,000
U.S. Dollar	1,874,023	1,256,418
	<u>3,134,023</u>	<u>2,016,418</u>

The long term loans/financing are granted for periods ranging from two to six years and repayable by way of bullet payment upon expiry of the term loans/financing period.

## 10. BORROWINGS (continued)

### 10.2 Medium term notes

	28.2.2015 RM'000	20.2.2014 RM'000
<b>Medium term notes – Single Investor MTN</b>		
Nominal value	200,000	200,000

The above represents RM200,000,000 (2014: RM200,000,000) Single Investor MTN.

The redemption period for Medium term notes at its nominal value is as follows:

	<b>Total RM'000</b>	<b>Less than 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>
<b>2015</b>				
Single Investor MTN	200,000	-	-	200,000
<b>2014</b>				
Single Investor MTN	200,000	-	-	200,000

### 10.3 Asset backed medium term notes

	28.2.2015 RM'000	20.2.2014 RM'000
Nominal value	25,000	100,000

Commencing July 2013 onwards, the Company is required to settle the nominal value of the asset backed medium term notes via a monthly installment of RM6,250,000. Total repayment amounting to RM75,000,000 (2014: RM50,000,000) was made during the financial period.

The asset backed medium term notes are secured by financing receivables amounting to RM38,736,000 (2014: RM115,597,000) as disclosed in Note 6.2 to the financial statements.

## Notes to the Financial Statements (continued)

**11. PAYABLES AND ACCRUALS**

	<b>Note</b>	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
<b>Trade</b>			
Trade payables		47,652	77,592
Amount due to related companies	11.1	552	720
		<u>48,204</u>	<u>78,312</u>
<b>Non-trade</b>			
Other payables and accruals		64,706	59,892
Amount due to immediate holding corporation	11.2	4,717	5,072
Amount due to related companies and corporations	11.2	1,082	522
		<u>70,505</u>	<u>65,486</u>
		<u>118,709</u>	<u>143,798</u>

**11.1 Related companies**

The amounts due to related companies are subject to normal trade terms.

**11.2 Immediate holding corporation, related companies and corporations**

The amounts due to immediate holding corporation, related companies and corporations are unsecured, interest free and repayable on demand.

**12. REVENUE**

	<b>21.2.2014 to 28.2.2015 RM'000</b>	<b>21.2.2013 to 20.2.2014 RM'000</b>
<b>Revenue from easy payment, personal financing based on Islamic principles and credit card business:</b>		
Interest income, profit revenue and finance charges	761,733	572,561
Fee income	109,867	100,201
	<u>871,600</u>	<u>672,762</u>

### 13. OPERATING PROFIT

	21.2.2014 to 28.2.2015 RM'000	21.2.2013 to 20.2.2014 RM'000
<b>Operating profit is arrived at after crediting:</b>		
Bad debts recovered	40,644	26,694
Gain on disposal of plant and equipment	271	4
	<hr/>	<hr/>
<b>and after charging:</b>		
Auditors' remuneration:		
- Audit fees		
KPMG Malaysia	165	155
- Non-audit fees		
KPMG Malaysia	322	67
Depreciation on plant and equipment	19,073	17,277
Impairment loss:		
- Financing receivables	224,917	149,742
Personnel expenses (including key management personnel):		
- Contributions to Employees Provident Fund	13,541	10,482
- Wages, salaries and others	136,880	120,063
Rental expense in respect of:		
- Office premises	13,702	10,695
- Motor vehicles	73	32
- Office equipment	439	398
	<hr/>	<hr/>

### 14. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	21.2.2014 to 28.2.2015 RM'000	21.2.2013 to 20.2.2014 RM'000
Directors:		
- Fees	519	519
- Remuneration	2,157	2,366
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	143	453
	<hr/>	<hr/>
	2,819	3,338
	<hr/>	<hr/>

## Notes to the Financial Statements (continued)

**15. FINANCE COSTS**

	<b>21.2.2014 to 28.2.2015 RM'000</b>	<b>21.2.2013 to 20.2.2014 RM'000</b>
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Bank overdrafts	987	1,530
- Revolving credits	7,338	9,320
- Term loans/financing and medium term notes	127,380	81,038
- Asset backed medium term notes	1,589	5,300
	<u>137,294</u>	<u>97,188</u>

**16. INCOME TAX EXPENSE*****Recognised in profit or loss***

	<b>21.2.2014 to 28.2.2015 RM'000</b>	<b>21.2.2013 to 20.2.2014 RM'000</b>
Current tax expense		
- Current period/year	86,778	65,678
- Under/(Over) provision in prior year	148	(280)
Total current tax recognised in profit or loss	86,926	65,398
Deferred tax expense		
- Origination and reversal of temporary differences	(13,783)	(6,180)
- Under/(Over) provision in prior year	400	(695)
Total deferred tax recognised in profit or loss	(13,383)	(6,875)
Total income tax expense	<u>73,543</u>	<u>58,523</u>

***Reconciliation of effective tax expense***

Profit before tax	<u>289,269</u>	<u>233,875</u>
Income tax calculated using Malaysian tax rate of 25%	72,317	58,469
Tax effect of non-deductible expenses	678	1,029
	<u>72,995</u>	<u>59,498</u>
Under/(Over) provision in prior year	548	(975)
	<u>73,543</u>	<u>58,523</u>

**Deferred tax recognised directly in other comprehensive income is as follows:**

Cash flow hedge reserves (Note 17)	<u>(270)</u>	<u>892</u>
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## 17. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax benefit RM'000	Net of tax RM'000
<b>2015</b>			
Cash flow hedge			
- Loss arising during the period	(1,080)	270	(810)
<b>2014</b>			
Cash flow hedge			
- Profit arising during the year	3,569	(892)	2,677

## 18. DIVIDENDS

Dividends recognised in the current period/year by the Company are:

	Sen per share (single tier)	Total amount RM'000	Date of payment
<b>2015</b>			
Interim 2015 ordinary	27.40	39,456	21 October 2014
Final 2014 ordinary	24.00	34,560	16 July 2014
		<u>74,016</u>	
<b>2014</b>			
Interim 2014 ordinary	22.30	32,112	30 December 2013
Final 2013 ordinary	19.50	28,080	16 July 2013
		<u>60,192</u>	

After the reporting period, the following dividend was proposed by the Directors.

	Sen per share (single tier)	Total amount RM'000
Final 2015 ordinary	29.60	<u>42,624</u>

This dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

## Notes to the Financial Statements (continued)

**19. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The basic earnings per share is calculated by dividing the net profit after distribution on perpetual notes by the weighted average number of ordinary shares outstanding during the period.

	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
Net profit attributable to equity holders	215,726	175,352
Distribution to the holders of perpetual notes, net of tax	(6,007)	-
Net profit attributable to ordinary equity holders	<u>209,719</u>	<u>175,352</u>
	<b>28.2.2015 '000</b>	<b>20.2.2014 '000</b>
Net profit attributable to ordinary equity holders (RM)	209,719	175,352
Weighted average number of ordinary shares (unit)	144,000	144,000
Basic earnings per share (sen)	<u>145.64</u>	<u>121.77</u>

There were no outstanding potential ordinary shares as at 28 February 2015 and 20 February 2014 respectively, accordingly, the diluted earnings per share is not presented.

**20. OPERATING SEGMENTS**

The principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles and credit cards business, all of which are categorised under consumer financing business.

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

Accordingly, the segmental reporting used is equivalent to the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.



## 21. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel comprise all the Directors of the Company. The key management personnel compensation is disclosed in Note 14.

Related party transactions have been entered into in the normal course of business under normal trade terms. Balances with immediate holding corporation, related companies and corporations are disclosed in Note 6 and Note 11. The significant related party transactions of the Company are shown below:

	<b>21.2.2014 to 28.2.2015 RM'000</b>	<b>21.2.2013 to 20.2.2014 RM'000</b>
<b>Related companies</b>		
<b>AEON Co. (M) Bhd.</b>		
<b>Customers' transactions via related company*</b>		
Sales through Easy Payment Schemes	7,193	7,077
Sales through AEON Credit Cards	107,842	101,607
<b>Revenue</b>		
Credit cards commission income	1,558	1,475
<b>Expenses</b>		
Convertible J-Card points charges	(2,090)	(2,120)
Office and promotion space rental	(5,085)	(3,001)

## Notes to the Financial Statements (continued)

**21. RELATED PARTIES (continued)**

	<b>21.2.2014 to 28.2.2015 RM'000</b>	<b>21.2.2013 to 20.2.2014 RM'000</b>
<b>Related companies (continued)</b>		
<b>AEON Big (M) Sdn. Bhd.</b>		
<b>Customers' transactions via related company*</b>		
Sales through Easy Payment Schemes	2,783	2,830
Sales through AEON Credit Cards	439	-
<b>Revenue</b>		
Loyalty programme processing fee	5,717	1,474
Credit cards commission income	14	-
<b>Expenses</b>		
Office and promotion space rental	(1,702)	(668)
<b>AEON Credit Service Systems (Philippines) Inc.</b>		
<b>Assets</b>		
IT systems development cost	(3,414)	(1,385)
<b>AEON Delight (Malaysia) Sdn. Bhd.</b>		
<b>Provision of financing</b>		
Instalment scheme for purchase of equipment	2,021	1,534
<b>Revenue</b>		
Interest income from Easy Payment Schemes	178	8
<b>Expenses</b>		
Cleaning services	(421)	(331)
<b>Immediate holding corporation</b>		
<b>AEON Financial Service Co., Ltd.</b>		
<b>Expenses</b>		
Corporate support fees	(4,293)	(4,400)

\* In the capacity as merchant of the Company.

## 22. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	28.2.2015 RM'000	20.2.2014 RM'000
Less than one year	12,523	8,594
Between one and five years	14,854	2,810

The Company leases a number of service centres and office premises under operating leases.

## 23. CAPITAL COMMITMENT

	28.2.2015 RM'000	20.2.2014 RM'000
<b>Capital expenditure commitments</b>		
<b>Plant and equipment</b>		
Contracted but not provided for	3,021	2,706

## 24. FINANCIAL INSTRUMENTS

### 24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS");
- (c) Financial liabilities measured at amortised cost ("FL"); and
- (d) Derivatives used for hedging.

	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Derivatives used for hedging RM'000
<b>28.2.2015</b>				
<b>Financial assets</b>				
Investments	18,555	-	18,555	-
Financing receivables and other receivables	4,564,352	4,564,352	-	-
Cash and bank balances	48,668	48,668	-	-
Derivative financial assets	212,921	-	-	212,921
	4,844,496	4,613,020	18,555	212,921
<b>Financial liabilities</b>				
Borrowings	(3,821,667)	(3,821,667)	-	-
Trade and other payables	(118,709)	(118,709)	-	-
	(3,940,376)	(3,940,376)	-	-

## Notes to the Financial Statements (continued)

## 24. FINANCIAL INSTRUMENTS (continued)

## 24.1 Categories of financial instruments (continued)

20.2.2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000	Derivatives used for hedging RM'000
<b>Financial assets</b>				
Investments	5,542	-	5,542	-
Financing receivables and other receivables	3,630,270	3,630,270	-	-
Cash and bank balances	12,569	12,569	-	-
Derivative financial assets	52,844	-	-	52,844
	<u>3,701,225</u>	<u>3,642,839</u>	<u>5,542</u>	<u>52,844</u>
<b>Financial liabilities</b>				
Borrowings	(2,954,363)	(2,954,363)	-	-
Trade and other payables	(143,798)	(143,798)	-	-
	<u>(3,098,161)</u>	<u>(3,098,161)</u>	<u>-</u>	<u>-</u>

## 24.2 Net gains and losses arising from financial instruments

	21.2.2014 to 28.2.2015 RM'000	21.2.2013 to 20.2.2014 RM'000
<b>Net gains/(losses) on:</b>		
Loans and receivables	687,327	549,714
Financial liabilities measured at amortised cost	(137,294)	(97,188)
	<u>550,033</u>	<u>452,526</u>

## **24. FINANCIAL INSTRUMENTS (continued)**

### **24.3 Financial risk management**

#### **(a) Financial risk management objectives and policies**

Risk management forms an integral part of the Company's activities and remains an important feature in all its business, operations, delivery channels and decision making processes. The extent to which the Company is able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Company's risk management function is independent of its operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to review by the Risk Management Committee ("RMC") prior to Management or Board approval.

The objectives of the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposure and risk requirements;
- (ii) Ensure high risk activities are in accordance with the approved policies and the aggregate risk position is within the risk level approved by the Board of Directors; and
- (iii) Help to create shareholder value through proper allocation and management of risk, and facilitate the risk assessment of new business and products independently.

#### **(b) Risk management framework**

The Company employs an Enterprise-wide Risk Management Framework ("ERMF") to manage its risks effectively. The framework involves on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Company through the RMC. This framework provides the Board of Directors and management with a tool to anticipate and manage both existing and potential risks, taking into consideration the dynamic risk profiles, as dictated by changes in business strategies, regulatory environment and functional activities throughout the period.

#### **(c) Risk organisation and reporting**

The responsibility of risk management lies with the Board of Directors, which comprises executive and non-executive directors of the Company. In line with best practices, the Board of Directors determines the risk policy objectives for the Company, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the RMC which undertakes the oversight function for overall risk limit and ensures that the Company is within the risk appetite as established by the Board. The RMC also deliberates the implementation of the enterprise-wide risk management framework which addresses credit, market, operational and strategic risks within the policies established by the Board of Directors and recommending policy changes to the Board of Directors.

Quarterly reporting is made to Audit Committee and the Board by RMC on risk exposures, impact and mitigation measures, covering all areas of risk faced by the Company.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## Notes to the Financial Statements (continued)

**24. FINANCIAL INSTRUMENTS (continued)****24.4 Credit risk**

Credit risk is the risk of a financial loss to the Company due to the deterioration in credit worthiness of its borrowers and consequently their ability to discharge their contractual obligations to the Company. Credit risk remains the most significant risk to which the Company is exposed. The purpose of credit risk management is to keep credit risk exposure to an acceptable level in line with the Company's risk appetite and to ensure that the returns are commensurate to the risk underwritten.

The Company's exposure to credit risk arises principally from its financing receivables from customers and investment securities.

**Receivables***(i) Risk management objectives, policies and processes for managing the risk*

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit and the credit acceptance procedures are monitored by the management. Collateral is required for the business of financing vehicles. The Company does not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance business.

The Company has taken reasonable steps to ensure that receivables from customers that are neither past due nor impaired are stated at its realisable values.

The Company conducts periodical monitoring on credit exposure trend, asset quality by impaired loans, portfolio concentration analysis.

*(ii) Exposure to credit risk, credit quality and collateral*

At end of the reporting period, the Company does not have any significant exposure to any individual customers or industry sector. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Financing receivables amounting to RM2,561,058,000 (2014: RM1,760,266,000) are secured by vehicles of customers financed by the Company.

*(iii) Credit risk reporting and monitoring*

The Company's credit portfolios are monitored through monthly and/or adhoc reporting to ensure credit deterioration is promptly detected and mitigated through implementation of risk remediation strategies. Credit Policy and Method Department ("CPMD") undertakes regular and comprehensive analysis of credit portfolios and reports to the RMC on emerging credit issues.

*(iv) Credit risk mitigation*

All credit facilities are granted on the credit standing of the borrower, source of repayment, debt servicing ability and the collateral pledged. Personal guarantees are obtained when the borrower's credit worthiness is insufficient to justify granting facilities.

**24. FINANCIAL INSTRUMENTS (continued)****24.4 Credit risk (continued)****Receivables (continued)***(v) Concentration risk*

Concentration of credit risk arises when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company monitors various portfolios, to identify and assess risk concentrations. The credit portfolios are monitored and reviewed to identify, assess and guard against unacceptable risk concentrations.

**Credit quality and allowance for impairment losses**

The ageing of receivables as at the end of the reporting period was:

	<b>Gross RM'000</b>	<b>Collective impairment losses RM'000</b>	<b>Net RM'000</b>
<b>28.2.2015</b>			
Not past due	4,175,337	(7,919)	4,167,418
Past due 18 - 47 days	262,600	(13,602)	248,998
Past due 48 - 77 days	85,987	(23,563)	62,424
Past due more than 78 days	128,419	(90,214)	38,205
	477,006	(127,379)	349,627
	4,652,343	(135,298)	4,517,045
	Note 24.4(a)		
<b>20.2.2014</b>			
Not past due	3,324,448	(6,049)	3,318,399
Past due 18 - 47 days	194,401	(10,329)	184,072
Past due 48 - 77 days	65,905	(18,611)	47,294
Past due more than 78 days	77,617	(56,460)	21,157
	337,923	(85,400)	252,523
	3,662,371	(91,449)	3,570,922
	Note 24.4(a)		

(a) The movements in the allowance for impairment losses of receivables during the financial period were:

	<b>28.2.2015 RM'000</b>	<b>20.2.2014 RM'000</b>
At 21 February	91,449	49,739
Impairment loss recognised	290,763	186,727
Impairment loss reversed	(65,846)	(36,985)
Impairment loss written off	(181,068)	(108,032)
At 28 February / 20 February	135,298	91,449



## Notes to the Financial Statements (continued)

**24. FINANCIAL INSTRUMENTS (continued)****24.4 Credit risk (continued)****Credit quality and allowance for impairment losses (continued)**

(b) Included in net financing receivables is an amount of RM111,013,000 (2014: RM59,878,000) which are under renegotiated/restructured activities.

Renegotiated/restructured activities include extended payment arrangements, and the modification and deferral of payments. The Company has impaired RM15,972,000 (2014: RM7,134,000) of the renegotiated/restructured financing receivables. The status of renegotiated/restructured receivables are as follows:

	<b>28.2.2015</b> <b>RM'000</b>	<b>20.2.2014</b> <b>RM'000</b>
Not past due	83,885	46,824
Past due 18 - 47 days	17,377	8,235
Past due 48 - 77 days	7,246	4,372
Past due more than 78 days	2,505	447
	<u>111,013</u>	<u>59,878</u>

**Investments**

*Risk management objectives, policies and processes for managing the risk*

Investments are made after careful evaluation by the Board of Directors of the Company.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Company has only invested in securities of its foreign affiliated companies. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

## 24. FINANCIAL INSTRUMENTS (continued)

### 24.4 Credit risk (continued)

#### Intercompany balances

*Risk management objectives, policies and processes for managing the risk*

The Company provides advances to a related company and it monitors the results of the related company regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the related company are not recoverable.

### 24.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Company's liquidity risk management practice is to maintain high quality and well diversified portfolios of liquid assets and source of funds under both normal business and stressed conditions. The Company maintains optimum ratio of long term funding, i.e. debts maturing after 12 months from the reporting date against total debts. This ratio significantly match the ratio of long term financing receivables determined based on customers' contracted terms of repayment and payment pattern for revolving credit limits granted.

The Treasury unit reviews the asset and liability maturity profile and identifies any maturity mismatch for escalation to the RMC which is responsible for the independent monitoring of the Company's liquidity risk profile. The RMC meets every month to discuss the liquidity risk and funding profile of the Company, and works closely with the Treasury unit on the surveillance of market conditions and stress testing analysis on liquidity positions.

## 24. FINANCIAL INSTRUMENTS (continued)

## 24.5 Liquidity risk (continued)

## Maturity analysis

The table below summarises the maturity profile of the Company's financial assets and financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

<b>28.2.2015</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate / coupon</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>	<b>More than 5 years RM'000</b>
<i>Financial assets</i>							
Cash and bank balances	48,668	-	48,668	48,668	-	-	-
Financing receivables	4,517,045	19.57%*	6,011,054	2,062,232	1,447,052	2,016,631	485,139
Other receivables and deposits	47,307	-	47,307	47,307	-	-	-
Investments	18,555	-	18,555	-	-	-	18,555
	<u>4,631,575</u>		<u>6,125,584</u>	<u>2,158,207</u>	<u>1,447,052</u>	<u>2,016,631</u>	<u>503,694</u>
<i>Financial liabilities</i>							
Bank overdraft	74,754	3.65%	74,762	74,762	-	-	-
Unsecured term loan/ financing	3,134,023	3.85% - 4.75%	3,531,546	375,250	437,409	2,718,887	-
Unsecured medium term notes	200,000	4.00%	217,848	-	-	217,848	-
Unsecured revolving credits	387,890	3.54% - 3.85%	388,708	388,708	-	-	-
Asset backed medium term notes	25,000	4.21%	25,214	25,214	-	-	-
Trade and other payables	118,709	-	118,709	118,709	-	-	-
	<u>3,940,376</u>		<u>4,356,787</u>	<u>982,643</u>	<u>437,409</u>	<u>2,936,735</u>	<u>-</u>
<b>20.2.2014</b>							
<i>Financial assets</i>							
Cash and bank balances	12,569	-	12,569	12,569	-	-	-
Financing receivables	3,570,922	20.01%*	4,680,109	1,767,909	1,167,984	1,477,634	266,582
Other receivables and deposits	59,348	-	59,348	59,348	-	-	-
Investments	5,542	-	5,542	-	-	-	5,542
	<u>3,648,381</u>		<u>4,757,568</u>	<u>1,839,826</u>	<u>1,167,984</u>	<u>1,477,634</u>	<u>272,124</u>
<i>Financial liabilities</i>							
Bank overdraft	65,383	3.50%	65,383	65,383	-	-	-
Unsecured term loan/ financing	2,016,418	3.13% - 4.75%	2,299,392	131,488	371,583	1,672,264	124,057
Unsecured medium term notes	200,000	4.00%	226,024	-	-	226,024	-
Unsecured revolving credits	572,562	3.28% - 3.71%	573,688	573,688	-	-	-
Asset backed medium term notes	100,000	4.21%	103,292	78,077	25,215	-	-
Trade and other payables	143,798	-	143,798	143,798	-	-	-
	<u>3,098,161</u>		<u>3,411,577</u>	<u>992,434</u>	<u>396,798</u>	<u>1,898,288</u>	<u>124,057</u>

Maturity analysis of derivatives financial liabilities is disclosed in Note 24.7.

\* Note : This represents the average annual effective interest rate on financing receivables outstanding at the end of the reporting period.

## 24. FINANCIAL INSTRUMENTS (continued)

### 24.6 Market risk

Market risk is the risk of potential loss as a result of changes in the intrinsic value of financial instruments caused by movement in market variables such as interest rate, foreign exchange rates, equity pricing and other related macro economic factors that will eventually affect the Company's profitability, cash flows and capital preservation.

The Company's market risk management includes the monitoring of the fluctuations in net interest income or investment value due to changes in relevant risk factors. RMC monitors the exposure on monthly basis through reports and analysis with the support of the Treasury unit.

In managing interest rate risk, the Company intends to maximise net interest income and net interest margin; and to minimise the significant volatility in relation to the Company's assets and liabilities.

#### 24.6.1 Currency risk

The Company is exposed to foreign currency risk mainly on borrowings that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Japanese Yen (JPY).

*Risk management objectives, policies and processes for managing the risk*

The repayment of all borrowings in foreign currency is fully hedged by forward exchange contracts and/or cross currency interest rate swaps entered into by the Company upon initial drawdown of the borrowings. Most of the forward exchange contracts and cross currency interest rate swap contracts have maturities of 2 to 5 years after the end of the reporting period.

*Exposure to foreign currency risk*

The Company's exposure to foreign currency (a currency which is other than the currency of the Company) risk, based on carrying amounts at the end of the reporting period was:

		Denominated in	
	Note	USD RM'000	JPY RM'000
<b>28.2.2015</b>			
Inter-company balances		-	(5,170)
Borrowings	(i)	(1,902,913)	-
<b>Net exposure</b>		<u>(1,902,913)</u>	<u>(5,170)</u>
<b>20.2.2014</b>			
Inter-company balances		-	(5,520)
Borrowings	(i)	(1,504,180)	-
<b>Net exposure</b>		<u>(1,504,180)</u>	<u>(5,520)</u>

## Notes to the Financial Statements (continued)

**24. FINANCIAL INSTRUMENTS (continued)****24.6 Market risk (continued)****24.6.1 Currency risk (continued)**

- (i) The Company's foreign currency risk exposure primarily relates to its USD bank borrowings and JPY denominated inter-company balances. The carrying amount of such bank borrowings as at 2015 was RM1,902,913,000 and RM5,170,000 (2014: RM1,504,180,000 and RM5,520,000) respectively. To minimise the foreign currency risk and interest rate risk of bank borrowings, the Company has been using forward exchange contracts and/or cross currency interest rate swap contracts as hedging instruments.

**Currency risk sensitivity analysis**

No sensitivity analysis was presented for USD currency which is fully hedged.

A 10% strengthening or weakening of JPY at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rate, remained constant and ignores any impact of forecasted inter-company transactions.

	Profit or loss			
	28.2.2015		20.2.2014	
	10% increase RM'000	10% decrease RM'000	10% increase RM'000	10% decrease RM'000
JPY	(388)	388	(414)	414

**24.6.2 Interest rate risk**

The Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Company borrows for its operations at fixed and variable rates and monitors the interest rate exposure by assessing the interest rate gap of interest bearing financial assets and financial liabilities. The Company also uses cross currency interest rate swap contracts to hedge its interest rate risk on bank borrowings as stated in Note 24.6.1(i). The management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

*Exposure to interest rate risk*

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	28.2.2015 RM'000	20.2.2014 RM'000
<b>Fixed rate instruments</b>		
Financial liabilities	1,844,000	1,384,800
<b>Floating rate instruments</b>		
Financial liabilities	1,977,667	1,569,563

## 24. FINANCIAL INSTRUMENTS (continued)

### 24.6 Market risk (continued)

#### 24.6.2 Interest rate risk (continued)

##### *Interest rate risk sensitivity analysis*

##### *(a) Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### *(b) Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	28.2.2015		20.2.2014	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Floating rate instruments	(14,591)	14,591	(11,772)	11,772

### 24.7 Hedging activities

#### **Cash flow hedge**

The Company has entered into forward exchange contract and cross currency interest rate swaps to hedge the cash flow risk in relation to the foreign currency denominated borrowings of RM1,678,199,693 (2014: RM1,440,623,200). The forward exchange contracts and cross currency interest rate swaps have the same nominal value of RM1,678,199,693 (2014: RM1,440,623,200) and are to be settled in full upon maturity.

The following table indicates the periods in which the cash flows associated with the derivative financial assets with carrying amount of RM212,921,000 (2014: derivative financial assets with carrying amount of RM52,844,000) that are expected to occur and affect profit or loss:

## Notes to the Financial Statements (continued)

**24. FINANCIAL INSTRUMENTS (continued)****24.7 Hedging activities (continued)****Cash flow hedge (continued)**

	<b>Expected cash flow RM'000</b>	<b>Under 1 year RM'000</b>	<b>1-2 years RM'000</b>	<b>2-5 years RM'000</b>
<b>28.2.2015</b>				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(1,882,515)	(276,183)	(280,733)	(1,325,599)
Inflow	1,726,097	227,652	194,178	1,304,267
	(156,418)	(48,531)	(86,555)	(21,332)
<b>20.2.2014</b>				
Forward exchange contract and cross currency interest rate swaps (gross settled):				
Outflow	(1,607,508)	(370,158)	(227,496)	(1,009,854)
Inflow	1,547,243	340,226	211,665	995,352
	(60,265)	(29,932)	(15,831)	(14,502)

During the financial period, a loss of RM810,000 (20.02.2014: gain of RM2,677,000) was recognised in other comprehensive income.

**24.8 Fair value of financial instruments**

Fair value is the amount at which the financial asset could be exchanged or a financial liability could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as at the end of the reporting period.

Quoted and observable market prices, where available, are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on appropriate methodologies and assumptions on risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the corresponding fair value estimates.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of MFRS 132, Financial Instruments: Presentation, which requires the fair value information to be disclosed.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

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



**24. FINANCIAL INSTRUMENTS (continued)****24.8 Fair value of financial instruments (continued)**

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
<b>28.2.2015</b>										
<b>Financial assets</b>										
<b>Financing receivables</b>										
- current	-	-	-	-	-	-	1,706,015	1,706,015	1,706,015	1,706,015
- non-current	-	-	-	-	-	-	2,984,631	2,984,631	2,984,631	2,811,030
Other receivables and deposits	-	-	-	-	-	-	47,307	47,307	47,307	47,307
Derivatives designated as hedging instruments	-	212,921	-	212,921	-	-	-	-	212,921	212,921
	-	212,921	-	212,921	-	-	4,737,953	4,737,953	4,950,874	4,777,273
<b>Financial liabilities</b>										
Term loans / financing (unsecured)	-	-	-	-	-	-	2,732,433	2,732,433	2,732,433	2,765,526
Medium term notes (unsecured)	-	-	-	-	-	-	190,981	190,981	190,981	200,000
Asset backed medium term notes (secured)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	2,923,414	2,923,414	2,923,414	2,965,526
<b>20.2.2014</b>										
<b>Financial assets</b>										
<b>Financing receivables</b>										
- current	-	-	-	-	-	-	1,536,389	1,536,389	1,536,389	1,536,389
- non-current	-	-	-	-	-	-	2,268,850	2,268,850	2,268,850	2,034,533
Other receivables and deposits	-	-	-	-	-	-	59,348	59,348	59,348	59,348
Derivatives designated as hedging instruments	-	52,844	-	52,844	-	-	-	-	52,844	52,844
	-	52,844	-	52,844	-	-	3,864,587	3,864,587	3,917,431	3,683,114
<b>Financial liabilities</b>										
Term loans / financing (unsecured)	-	-	-	-	-	-	1,860,655	1,860,655	1,860,655	1,888,455
Medium term notes (unsecured)	-	-	-	-	-	-	199,939	199,939	199,939	200,000
Asset backed medium term notes (secured)	-	-	-	-	-	-	25,264	25,264	25,264	25,000
	-	-	-	-	-	-	2,085,858	2,085,858	2,085,858	2,113,455

## Notes to the Financial Statements (continued)

**24. FINANCIAL INSTRUMENTS (continued)****24.8 Fair value of financial investments (continued)**

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

*Financial assets*

The carrying amounts of cash and cash equivalents and short term receivables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of derivatives designated as hedging instruments is based on broker quotes. Where such prices are not available, reference is based on discounted cash flow analysis using applicable yield curve for the duration of the instruments.

The fair value of financing receivables with remaining maturity of less than one year is estimated to approximate their carrying values. The fair value of financing receivables with maturities of more than one year have been determined by discounting the relevant cash flows using market rates at the end of reporting period.

For investments, it was not practicable to estimate the fair value due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

*Financial liabilities*

The carrying amounts of short term payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

Fair value for long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

**25. Capital management**

The Company's objectives when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During the financial period, the Company has complied with the obligatory debt to equity ratio of less than 5.25:1. The debt-to-equity ratios in period 2015 and 2014 were as follows:

	<b>28.2.2015</b>	<b>20.2.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total borrowings (Note 10)	3,821,667	2,954,363
Less: Cash and bank balances (Note 8)	(48,668)	(12,569)
Net debt	3,772,999	2,941,794
Total equity	955,712	645,564
Debt-to-equity ratios	3.948	4.557

There were no changes in the Company's approach to capital management during the financial period.

## 26. Comparative figures

The Company has changed its financial year end from 20 February to 28 February. Accordingly, the financial statements of the Company for the current financial period ended 28 February 2015 covers a twelve-month and eight days period compared to a twelve-month period for the previous financial year ended 20 February 2014. Consequently, the comparatives for the statements of comprehensive income, changes in equity, cash flows as well as certain comparatives in the notes to the financial statements of the Company are not comparable to current financial period ended 28 February 2015.

## Notes to the Financial Statements (continued)

**27. Supplementary financial information on the breakdown of realised and unrealised profit or losses**

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, the Malaysian Institute of Accountants further issued another directive on the disclosure and prescribed format of presentation.

The breakdown of retained earnings of the Company as at the end of reporting period, into realised and unrealised earnings, pursuant to the directive are as follows:

	<b>28.2.2015</b>	<b>20.2.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company:		
- Realised	547,851	426,546
- Unrealised	24,693	11,040
Total retained earnings as per statement of changes in equity	<u>572,544</u>	<u>437,586</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

## ■ STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 28 February 2015 and of its financial performance and cash flows for the financial period then ended.

In the opinion of the Directors, the information set out in Note 27 on page 103 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Dato' Abdullah bin Mohd Yusof**

**Kenji Fujita**

Kuala Lumpur,

Date: 13 May 2015

## ■ STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Lee Kit Seong**, the Director primarily responsible for the financial management of AEON Credit Service (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 103 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 13 May 2015.

**Lee Kit Seong**

Before me:

**Shafie bin Daud**  
**No.W350**

Commissioner for Oaths  
Kuala Lumpur

# ■ INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AEON CREDIT SERVICE (M) BERHAD

(Company No. 412767-V)

(Incorporated in Malaysia)

## **Report On The Financial Statements**

We have audited the financial statements of AEON Credit Service (M) Berhad, which comprise the statement of financial position as at 28 February 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 102.

### *Directors' Responsibility For The Financial State*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the company as of 28 February 2015 and of its financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report On Other Legal And Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### **Other Reporting Responsibilities**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 on page 103 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination Of Realised And Unrealised Profits Or Losses In The Context Of Disclosures Pursuant To Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

#### **Chan Kam Chiew**

Approval Number: 2055/06/16(J)  
Chartered Accountant

Petaling Jaya,  
Date: 13 May 2015



# ■ ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2015

Authorised Share Capital : RM 100,000,000  
 Paid-up share capital : RM 72,000,000  
 Class of Shares : Ordinary Shares of RM0.50 each  
 Voting Rights : One vote per Ordinary Share

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1- 99	200	6.38	3,800	0.00
100 - 1,000	1,144	36.49	685,979	0.48
1,001 - 10,000	1,348	43.00	4,499,028	3.12
10,001 - 100,000	359	11.45	10,993,413	7.63
100,001 - 7,199,999 (*)	83	2.65	41,849,780	29.06
7,200,000 and Above (**)	1	0.03	85,968,000	59.70
<b>TOTAL</b>	<b>3,135</b>	<b>100.00</b>	<b>144,000,000</b>	<b>100.00</b>

\* Less than 5 % of issued holdings.

\*\* 5 % and above of issued holdings.

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2015

No.	Name	Direct Interest	No of Shares %	Indirect Interest	%
1	AEON FINANCIAL SERVICE CO., LTD	85,968,000	59.70		
2	AEON CO., LTD			89,064,000*	61.85

Notes:

\* Deemed interested in the shares held by AEON Financial Service Co., Ltd and, AEON CO. (M) BHD by virtue of Section 6A of the Companies Act, 1965.

## DIRECTORS' INTEREST AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2015

No.	Name	Direct Interest	No of Shares %	Indirect Interest	%
1	Dato' Abdullah bin Mohd Yusof	110,180	0.08	56,000*	0.04
2	Kenji Fujita	-	-	-	-
3	Datuk Ramli bin Ibrahim	130,000	0.09	-	-
4	Dato' Md Kamal bin Ismaun	6,000	0.00	-	-
5	Ng Eng Kiat	12,000	0.01	-	-
6	Yasuhiro Kasai	108,000	0.08	-	-
7	Krishnappan a/l S.P.S Singaram	108,000	0.08	-	-
8	Takayuki Araki	-	-	-	-
9	Hiroaki Kobayashi	-	-	-	-
10	Lee Tyan Jen	23,774	0.02	-	-
11	Lee Kit Seong	-	-	-	-

Note:

\* Indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965.

# ■ LIST OF TOP 30 SHAREHOLDERS

AS AT 30 APRIL 2015

	NAME	No of shares	% of shares held
1	AEON FINANCIAL SERVICE CO., LTD.	85,968,000	59.70%
2	AEON CO. (M) BHD.	3,096,000	2.15%
3	HSBC NOMINEES (ASING) SDN BHD	2,824,600	1.96%
	BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC		
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD	2,626,000	1.82%
	PLEDGED SECURITIES ACCOUNT FOR KONG GOON KHING (E-BTR)		
5	SIA TONG HOCK	2,312,800	1.61%
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	1,719,100	1.19%
	EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)		
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	1,629,600	1.13%
	EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)		
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	1,600,000	1.11%
	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)		
9	HSBC NOMINEES (TEMPATAN) SDN BHD	1,167,920	0.81%
	HSBC (M) TRUSTEE BHD FOR AFFIN HWANG SELECT OPPORTUNITY FUND (3969)		
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	1,098,400	0.76%
	KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)		
11	HSBC NOMINEES (ASING) SDN BHD	1,050,040	0.73%
	BBH AND CO BOSTON FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND		
12	HSBC NOMINEES (ASING) SDN BHD	955,200	0.66%
	EXEMPT AN FOR J.P. MORGAN BANK LUXEMBOURG S.A.		
13	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD	836,760	0.58%
	EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)		
14	HSBC NOMINEES (ASING) SDN BHD	822,300	0.57%
	BBH AND CO BOSTON FOR GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND		
15	CARTABAN NOMINEES (ASING) SDN BHD	800,000	0.56%
	EXEMPT AN FOR BANK J.SAFRA SARASIN LTD, SINGAPORE BRANCH (BSCSG) (AC CLIENT FRGN)		
16	HSBC NOMINEES (ASING) SDN BHD	778,480	0.54%
	BBH AND CO BOSTON FOR GRANDEUR PEAK GLOBAL OPPORTUNITIES FUND		
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD	761,500	0.53%
	MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)		
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	687,000	0.48%
	EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)		
19	NARUHITO KURODA	636,000	0.44%
20	MOTOYA OKADA	576,000	0.40%
21	YOSHIKI MORI	576,000	0.40%
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD	537,000	0.37%
	MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT - HW FLEXI FUND (270519)		
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD	526,560	0.37%
	PLEDGED SECURITIES ACCOUNT FOR LAU HOW SIONG		
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	521,500	0.36%
	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB-PRINCIPAL EQUITY FUND		
25	LEONG LI NAR	516,000	0.36%
26	WONG CHEE LING	496,000	0.34%
27	CHONG AH SUAN	485,000	0.34%
28	HLB NOMINEES (TEMPATAN) SDN BHD	474,700	0.33%
	PLEDGED SECURITIES ACCOUNT FOR LAU HOW SIONG		
29	LEONG SOO KENG	440,400	0.31%
30	AFFIN HWANG NOMINEES (ASING) SDN. BHD.	426,000	0.30%
	DBS VICKERS SECS (S) PTE LTD FOR SERENDIP INVESTMENTS LIMITED		
	TOTAL	116,944,860	81.21%

# ■ NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("18th AGM") of AEON Credit Service (M) Berhad will be held at Intercontinental Hotel Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 16 June 2015 at 10.30 a.m. to transact the following businesses:-

## **AGENDA**

### **As Ordinary Business**

- |  |  |
|--|--|
| 1. To receive the Audited Financial Statements for the financial period ended 28 February 2015 together with the Reports of the Directors and Auditors thereon.  | <b>(Please refer to Note (i) of the Explanatory Notes)</b> |
| 2. To approve the payment of a single-tier final dividend of 29.60 sen per ordinary share of RM0.50 each in respect of the financial period ended 28 February 2015.  | <b>Ordinary Resolution 1</b>                               |
| 3. To approve the Directors' Fees of RM519,000.00 for the financial period ended 28 February 2015 and payment thereof.   | <b>Ordinary Resolution 2</b>                               |
| 4. To re-elect Mr. Krishnappan A/L S.P.S. Singaram who is retiring in accordance with Article 129 of the Articles of Association of the Company.<br><br>Mr. Yasuhiro Kasai who retires in accordance with Article 129 of the Articles of Association of the Company, has expressed his intention not to seek re-election at the 18th AGM and will retain office until the conclusion of the 18th AGM.            | <b>Ordinary Resolution 3</b>                               |
| 5. To re-elect Mr. Lee Kit Seong who is retiring in accordance with Article 134 of the Articles of Association of the Company.<br><br>Mr. Hiroaki Kobayashi and Mr. Takayuki Araki, who retire in accordance with Article 134 of the Articles of Association of the Company, have expressed their intention not to seek re-election at the 18th AGM and will retain office until the conclusion of the 18th AGM. | <b>Ordinary Resolution 4</b>                               |
| 6. To re-appoint Dato' Abdullah Bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965.  | <b>Ordinary Resolution 5</b>                               |
| 7. To re-appoint Datuk Ramli Bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965.  | <b>Ordinary Resolution 6</b>                               |
| 8. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b>                               |

**As Special Business**

To consider and, if thought fit, to pass the following resolutions:-

9. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT, subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 25 May 2015 ("Circular") with the related parties mentioned therein which are necessary for the Company's day-to-day operations.

THAT the Company be and is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:-

- a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate during the financial year with details on the nature and type of Recurrent Related Party Transactions, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

**Ordinary Resolution 8**

## Notice of Annual General Meeting (continued)

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Eighteenth Annual General Meeting, a single-tier final dividend of 29.60 sen per ordinary share of RM0.50 each in respect of the financial period ended 28 February 2015 will be paid to shareholders on 15 July 2015. The entitlement date for the said dividend shall be 1 July 2015.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 1 July 2015 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

### BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**

**CHOONG LEE WAH (MAICSA 7019418)**

**Company Secretaries**

**Selangor Darul Ehsan**

Date: 25 May 2015

### NOTES:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member is entitled to appoint up to two (2) proxies to attend and vote in his place, at the same meeting. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power or authority and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## EXPLANATORY NOTES

### i) Item 1 of the Agenda - to receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

### (ii) Ordinary Resolution 8 - Proposed Shareholders' Mandate

Ordinary Resolution 8 proposed, if passed, will allow the Company to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The proposed shareholders' mandate is subject to renewal on an annual basis.

## PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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# PROXY FORM

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

No. of Shares	
CDS account No.	

I / We, \_\_\_\_\_ I/C / Company No. \_\_\_\_\_  
of \_\_\_\_\_ being a member(s) of AEON CREDIT SERVICE (M) BERHAD (412767-V)  
hereby appoint \_\_\_\_\_ I/C No. \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her,  
\_\_\_\_\_ I/C No. \_\_\_\_\_  
of \_\_\_\_\_

or failing him / her, \*the Chairman of the meeting as my / our proxy to vote for me / us on my / our behalf at the Eighteenth Annual General Meeting of the Company to be held at Intercontinental Hotel Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 16 June 2015 at 10.30 a.m. and at any adjournment thereof in respect of my / our shareholding in the manner indicated below:-

\*Please delete the words "the Chairman of the meeting" if you wish to appoint some other persons to be your proxy.

No.	Resolution	For	Against
<b>ORDINARY BUSINESS</b>			
Ordinary Resolution 1	Approval of the payment of a single tier final dividend of 29.60 sen per ordinary share of RM0.50 each in respect of the financial period ended 28 February 2015.		
Ordinary Resolution 2	Approval of the Directors' Fees of RM519,000.00 for the financial period ended 28 February 2015 and payment thereof.		
Ordinary Resolution 3	Re-election of Mr. Krishnappan A/L S.P.S Singaram		
Ordinary Resolution 4	Re-election of Mr. Lee Kit Seong		
Ordinary Resolution 5	Re-appointment of Dato' Abdullah Bin Mohd Yusof as Director pursuant to Section 129(6) of the Companies Act, 1965.		
Ordinary Resolution 6	Re-appointment of Datuk Ramli Bin Ibrahim as Director pursuant to Section 129(6) of the Companies Act, 1965.		
Ordinary Resolution 7	Re-appointment of Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>SPECIAL BUSINESS</b>			
Ordinary Resolution 8	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he / she thinks fit.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	<u>Percentage</u>
Proxy 1	%
Proxy 2	%
<b>Total</b>	<b>100%</b>

\_\_\_\_\_  
Signature or Common Seal of Shareholders (s)

## NOTES:-

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
- A member is entitled to appoint up to two (2) proxies to attend and vote in his place, at the same meeting. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notorially certified copy of such power or authority and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notorially or in some other way approved by the Directors shall be deposited at the Company's Share Registrar Office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 5 June 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 May 2015.



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Postage  
Stamp

The Share Registrar  
**AEON CREDIT SERVICE (M) BERHAD** (Company No. 412767-V)  
C/O Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301, Petaling Jaya  
Selangor Darul Ehsan

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# BRANCHES AND SERVICE CENTRES

## CENTRAL REGION

### MENARA OLYMPIA

Level 1, Menara Olympia,  
No. 8, Jalan Raja Chulan,  
50200 Kuala Lumpur.

### MID VALLEY

2nd Floor, Unit AT3,  
(within AEON area)  
Mid Valley Megamall,  
Mid Valley City,  
Lingkar Syed Putra,  
59200 Kuala Lumpur.

### SEREMBAN

No. 525, GF, 1st & 2nd Floor,  
Jalan Bandar Senawang 16,  
Pusat Bandar Senawang,  
70450 Seremban.

### AEON SUNWAY PYRAMID SHOPPING CENTRE

Lot LL203, Lot LL1.111,  
Sunway Pyramid,  
No. 3, Jalan PJS 11/15,  
Bandar Sunway,  
46150 Petaling Jaya, Selangor.

### AEON TAMAN EQUINE SHOPPING CENTRE

Lot G27, 2, Jalan Equine,  
Tmn Equine, Bandar Putra Permai,  
43300 Seri Kembangan, Selangor.

### AEON SEREMBAN 2 SHOPPING CENTRE

Lot F41, 1st Floor, 112,  
Persiaran S2 B1,  
70300 Seremban 2,  
Negeri Sembilan.

### AEON BIG SEKSYEN 23 SHOPPING CENTRE

Lot G.10 & G.11, 10,  
Jalan Dividen 23/6, Seksyen 23,  
40460 Shah Alam, Selangor.

### TAMAN CONNAUGHT

No. 29, Jalan Menara Gading,  
Taman Connaught,  
56100 Kuala Lumpur.

### IOI MALL

Lot G00A5, GF  
(within AEON area),  
Batu 9, Jalan Puchong,  
Bandar Puchong Jaya,  
47100 Puchong, Selangor.

### SRI GOMBAK

No. 14, Ground Floor,  
Jalan SG 1/2, Sri Gombak,  
68100 Batu Caves, Selangor.

### AEON AU2 SHOPPING CENTRE

Lot G19, Ground Floor,  
No. 6, Jln Tmn Setiawangsa 37/56,  
AU2 Bandar Baru Ampang,  
Mukim Ulu Kelang,  
54200 Kuala Lumpur.

### AEON ONE UTAMA SHOPPING CENTRE

Lot S125, 2F, Lot 1,  
Lebuh Bdr Utama,  
Bandar Utama City Centre,  
47800 Petaling Jaya, Selangor.

### AEON BIG MID VALLEY MEGAMALL

Lot G43, AT1 Mid Valley Megamall,  
Mid Valley City,  
58000 Kuala Lumpur.

### AEON BUKIT RIMAU SHOPPING CENTRE

Lot F27, 2,  
Jalan Sungai Burung 32/68,  
Seksyen 32,  
40460 Shah Alam, Selangor.

### SETAPAK

A-01-03, Block A,  
Starparc Points,  
Jalan Genting Klang,  
53300 Kuala Lumpur.

### BANDAR BARU BANGI

No. 21, Ground Floor,  
Jalan 9/9C, Section 9,  
43650 Bandar Baru Bangi,  
Selangor.

### BANTING

No. 354,  
Jalan Sultan Abdul Samad,  
42700 Banting, Selangor.

### AEON METRO PRIMA SHOPPING CENTRE

No. G49B, 1,  
Jalan Metro Prima Kepong,  
52100 Kuala Lumpur.

### AEON BUKITTINGGI SHOPPING CENTRE

Lot S09, 1,  
Persiaran Batu Nilam 1-KS6,  
Bandar Bukit Tinggi 2,  
41200 Klang, Selangor.

### AEON BIG WANGSA MAJU SHOPPING CENTRE

Lot F2.20 & 2.21,  
No. 6, Jalan 8/27A,  
Section 5, Wangsa Maju,  
53300 Kuala Lumpur.

### AEON BIG JALAN KAPAR SHOPPING CENTRE

Lot F1.02, No.2,  
Jalan Harmoni 3/KU3,  
Sungai Pinang,  
41000 Klang, Selangor.

### USJ TAI PAN

No. 11-1G, Jalan USJ 10/1C,  
47620 Subang Jaya,  
Selangor.

### SHAH ALAM

Lot LS21, Tingkat 4,  
Plaza Masalam, No. 2,  
Jalan Tengku Ampuan Zabedah E/9E,  
Seksyen 9,  
40100 Shah Alam, Selangor.

### KAJANG

No. 8-G, Jalan Metro Avenue 2,  
Metro Avenue,  
43000 Kajang, Selangor.

### AEON RAWANG ANGGUN SHOPPING CENTRE

LF-01, 1st Floor, 1,  
Persiaran Anggun,  
Taman Anggun,  
48000 Rawang, Selangor.

### AEON BUKIT RAJA SHOPPING CENTRE

Lot G26A, Persiaran Bukit Raja 2,  
Bandar Baru Klang,  
41150 Klang, Selangor.

### AEON BIG KOTA D'SARA SHOPPING CENTRE

Lot F35 & F36,  
Persiaran Mohagani,  
47810 Kota Damansara,  
Selangor.

### AEON BIG SUBANG JAYA SHOPPING CENTRE

Lot F1-10, 3 Jalan SS16/1,  
47500 Subang Jaya,  
Selangor.

## SOUTHERN REGION

### JOHOR BAHRU

Level 20,  
Johor Bahru City Square Office Tower,  
106-108, Jalan Wong Ah Fook,  
80000 Johor Bahru, Johor

### AEON TEBRAU CITY SHOPPING CENTRE

Lot S39, 2nd Floor,  
No. 1, Jalan Desa Tebrau,  
81100 Johor Bahru, Johor.

### AEON BIG KLUANG SHOPPING CENTRE

Lot G10 & G10A, Lot 1284,  
Jalan Mersing,  
86000 Kluang, Johor.

### BATU PAHAT

No. 29, Jalan Kundang,  
Taman Bukit Pasir,  
83000 Batu Pahat, Johor.

### AEON BUKIT INDAH SHOPPING CENTRE

Lot S29, Second Floor,  
No. 8, Jalan Indah 15/2,  
Taman Bukit Indah,  
81200 Johor Bahru, Johor.

### AEON BIG BATU PAHAT SHOPPING CENTRE

Lot F1.14, 1B,  
Jalan Persiaran Flora Utama,  
Taman Flora Utama,  
83000 Batu Pahat, Johor.

### MELAKA

No. 1336A & 1336A-1,  
Plaza Merdeka,  
75000 Melaka

### AEON KULAJAYA SHOPPING CENTRE

Lot G23,  
Persiaran Indahpura Utama,  
81000 Kulajaya, Johor.

### AEON BANDARAYA MELAKA

2nd Floor,  
No. 2, Jalan Lagenda,  
75400 Melaka.

### AEON BIG JOHOR BAHRU SHOPPING CENTRE

Lot F2.A, Lot 138 Batu 7.5,  
Jalan Kota Tinggi,  
81100 Pandan, Johor Bahru, Johor.

## NORTHERN REGION

### PENANG, INDERAWASIH

No. 37, Tingkat Kikik 7,  
Taman Inderawasih,  
13600 Perai, Penang.

### AEON SERI MANJUNG SHOPPING CENTRE

Lot G59,  
Pusat Perniagaan Manjung Point 3,  
32040 Seri Manjung, Perak

### AEON BIG ALOR SETAR

Lot F01, No. 99, Jalan Gangsa,  
05150 Alor Setar, Kedah.

### IPOH

No. 28, Persiaran Greentown 1,  
Greentown Business Centre,  
30450 Ipoh Perak.

### AEON IPOH STATION 18 SHOPPING CENTRE

Lot G01, Ground Floor,  
No. 2, Susuran Stesen 18,  
31650 Ipoh, Perak.

### AEON BIG PRAI PENANG

Lot F2.14A,  
2929 Jalan Kelisa Emas 1,  
Seberang Jaya,  
13700 Perai, Penang.

### ALOR SETAR

No. 89 & 90,  
Kompleks Pern. Sultan Abd Hamid,  
Persiaran Sultan Abdul Hamid,  
05050 Alor Setar, Kedah.

### AEON BUKIT MERTAJAM SHOPPING CENTRE

Lot G28, Jalan Rozhan, Alma,  
14000 Bukit Mertajam, Penang.

### AEON QUEENSBAY MALL SHOPPING CENTRE

2F-52 Persiaran Bayan Indah,  
Sungai Nibong,  
11900 Bayan Lepas, Pulau Pinang.

### AEON TAIPIING SHOPPING CENTRE

Lot F01,  
1st Floor Jalan Kamunting,  
34000 Taiping Perak.

## EASTERN REGION

### KUANTAN

No. B-320 & B-322, Ground Floor,  
Jalan Berserah,  
25300 Kuantan, Pahang.

### TEMERLOH

No. 21 Ground Floor,  
Jalan Ahmad Shah,  
28000 Temerloh, Pahang.

### KUALA TERENGGANU

No.42, Ground & Mezzanine Floor,  
Bangunan Dato' ISAACS,  
Jln Sultan Sulaiman,  
20000 Kuala Terengganu, Terengganu.

### KOTA BHARU

Lot 69 & 70, Bangunan Yamud,  
Jalan Kebun Sultan,  
15350 Kota Bharu, Kelantan.

## EAST MALAYSIA

### KUCHING

GF & 1F, Lot 142 & 149,  
Bangunan W.S.K, Jalan Abell,  
93100 Kuching, Sarawak.

### MIRI

Lot 1265 & 1266,  
Ground Floor,  
Centre Point, Jalan Melayu,  
98000 Miri, Sarawak

### KOTA KINABALU

Lot A-3-G,  
KK Times Square Signature Office,  
Off Coastal Highway,  
88100 Kota Kinabalu, Sabah

**AEON CREDIT SERVICE (M) BERHAD**

(412767-V)

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