



AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			9 months ended		
		30.11.2018	30.11.2017	Changes	30.11.2018	30.11.2017	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B4	348,497	312,345	11.6%	1,006,307	925,949	8.7%
Total operating expenses		(193,899)	(190,213)	1.9%	(570,604)	(551,083)	3.5%
Other income		27,999	30,797	-9.1%	105,574	89,454	18.0%
Profit from operations	B5(a)	182,597	152,929	19.4%	541,277	464,320	16.6%
Finance cost		(64,525)	(57,622)	12.0%	(184,209)	(171,351)	7.5%
Profit before tax		118,072	95,307	23.9%	357,068	292,969	21.9%
Taxation	B6	(30,936)	(24,755)	25.0%	(90,057)	(75,220)	19.7%
Profit for the period		87,136	70,552	23.5%	267,011	217,749	22.6%
Other comprehensive income, net of tax							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Cash flow hedge	B5(b)	(1,093)	14,527	-107.5%	(7,155)	12,807	-155.9%
Fair value through other comprehensive income		213	-	-	37,620	-	-
Total comprehensive income for the period		86,256	85,079	1.4%	297,476	230,556	29.0%
Profit attributable to equity holders of the Company		87,136	70,552	23.5%	267,011	217,749	22.6%
Total comprehensive income attributable to equity holders of the Company		86,256	85,079	1.4%	297,476	230,556	29.0%
Earnings per share attributable to owners of the Company (sen)							
Basic	B12	33.35	28.74	16.1%	102.80	110.93	-7.3%
Diluted	B12	32.62	28.21	15.6%	100.90	108.32	-6.8%

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2018

	Note	Unaudited As at 30.11.2018 RM'000	As at 28.02.2018 RM'000
ASSETS			
Non-current assets			
Plant and equipment		112,219	92,274
Investments		70,724	18,370
Deferred tax assets		149,782	51,813
Financing receivables		<u>5,753,694</u>	<u>5,030,204</u>
Total non-current assets		<u>6,086,419</u>	<u>5,192,661</u>
Current assets			
Financing receivables		1,983,757	2,126,095
Other receivables, deposits and prepayments		80,072	52,615
Amount owing by related companies		3,874	1,076
Derivative financial assets	B7	214,809	249,557
Cash and bank balances		75,587	83,681
Total current assets		<u>2,358,099</u>	<u>2,513,024</u>
TOTAL ASSETS		<u>8,444,518</u>	<u>7,705,685</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		533,739	508,629
ICULS equity		44,893	68,306
Hedging reserve		(17,137)	(9,982)
Fair value reserve		37,620	-
Retained earnings		<u>820,912</u>	<u>1,014,550</u>
Equity attributable to ordinary equity holders of the Company		<u>1,420,027</u>	<u>1,581,503</u>
Perpetual notes and sukuk		<u>176,000</u>	<u>276,000</u>
Total equity		<u>1,596,027</u>	<u>1,857,503</u>



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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2018 (Continued)

		Unaudited	
		As at	As at
	Note	30.11.2018	28.02.2018
		RM'000	RM'000
Non-current liabilities			
Borrowings	B9	4,475,275	3,257,145
ICULS liabilities		1,608	4,717
Total non-current liabilities		<u>4,476,883</u>	<u>3,261,862</u>
Current liabilities			
Borrowings	B9	2,109,639	2,296,974
Trade payables		23,264	21,755
Other payables and accruals		157,364	121,589
Amount owing to immediate holding company		3,101	6,557
Amount owing to related companies		1,935	2,225
Derivative financial liabilities	B7	36,704	107,726
ICULS liabilities		1,695	2,650
Tax liabilities		37,906	26,844
Total current liabilities		<u>2,371,608</u>	<u>2,586,320</u>
Total liabilities		<u>6,848,491</u>	<u>5,848,182</u>
TOTAL EQUITY AND LIABILITIES		<u>8,444,518</u>	<u>7,705,685</u>
Net assets per share (RM)		5.66	6.37
Number of ordinary shares ('000)		250,734	248,449
Capital adequacy ratio		19.78%	25.14%

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad

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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMEBR 2018

	← <u>Non-distributable</u> →				→ <u>Distributable</u>		Total RM'000
	Share capital RM'000	Irredeemable convertible Unsecured Loan Stocks ("ICULS") equity RM'000	Perpetual Notes and Sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 March 2017	116,012	-	276,000	(27,354)	-	866,329	1,230,987
Cash flow hedge (net of tax)	-	-	-	12,807	-	-	12,807
Profit for the period	-	-	-	-	-	217,749	217,749
Total comprehensive income for the period	-	-	-	12,807	-	217,749	230,556
Issuance of bonus shares	36,000	-	-	-	-	(36,000)	-
Issuance of ICULS	-	390,514	-	-	-	-	390,514
Conversion of ICULS equity	315,127	(315,127)	-	-	-	-	-
Conversion of ICULS liability	33,477	-	-	-	-	-	33,477
Deferred tax effects on ICULS	-	45	-	-	-	-	45
ICULS issuance expenses	-	-	-	-	-	(3,162)	(3,162)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(10,402)	(10,402)
Dividends	-	-	-	-	-	(99,025)	(99,025)
At 30 November 2017	500,616	75,432	276,000	(14,547)	-	935,489	1,772,990



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CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMEBR 2018

	← <u>Non-distributable</u> →				<u>Distributable</u>		Total RM'000
	Share capital RM'000	Irredeemable convertible Unsecured Loan Stocks ("ICULS") equity RM'000	Perpetual Notes and Sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 March 2018	508,629	68,306	276,000	(9,982)	-	1,014,550	1,857,503
Effect of adoption MFRS 9	-	-	-	-	32,351	(344,527)	(312,176)
At 1 March 2018 as restated	508,629	68,306	276,000	(9,982)	32,351	670,023	1,545,327
Cash flow hedge (net of tax)	-	-	-	(7,155)	-	-	(7,155)
Fair value through other comprehensive income	-	-	-	-	5,269	-	5,269
Profit for the period	-	-	-	-	-	267,011	267,011
Total comprehensive income	-	-	-	(7,155)	5,269	267,011	265,125
Conversion of ICULS equity	23,306	(23,306)	-	-	-	-	-
Conversion of ICULS liabilities	1,804	-	-	-	-	-	1,804
Deferred tax effects on ICULS	-	(107)	-	-	-	-	(107)
Distribution on perpetual notes and sukuk (net of tax)	-	-	-	-	-	(10,401)	(10,401)
Redemption of perpetual note	-	-	(100,000)	-	-	-	(100,000)
Dividends	-	-	-	-	-	(105,721)	(105,721)
At 30 November 2018	533,739	44,893	176,000	(17,137)	37,620	820,912	1,596,027

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018**

	30.11.2018	30.11.2017
	RM'000	RM'000
Cash flows used in operating activities		
Profit before tax	357,068	292,969
Adjustments for:		
Interest income	(658)	(1,721)
Gain on disposal of plant and equipment	(138)	(67)
Finance costs	184,209	171,351
Depreciation on plant and equipment	25,574	18,119
Impairment loss on financing receivables	213,846	253,679
Write off of plant and equipment	92	196
Impairment loss on investment in unquoted shares	-	643
Operating profit before changes in working capital	<u>779,993</u>	<u>735,169</u>
Changes in working capital:		
Financing receivables	(1,248,324)	(844,201)
Other receivables, deposits and prepayments	(27,458)	(3,585)
Amount owing by related companies	(2,797)	961
Trade payables	1,509	(25,347)
Other payables and accruals	28,867	3,843
Amount owing to immediate holding company	(3,456)	(1,612)
Amount owing to related companies	(290)	(468)
Cash held on behalf of a related company	3,908	1,141
Cash used in operations	<u>(468,048)</u>	<u>(134,099)</u>
Tax paid	<u>(74,610)</u>	<u>(69,004)</u>
Net cash used in operating activities	<u>(542,658)</u>	<u>(203,103)</u>
Cash flows used in investing activities		
Acquisition of plant and equipment	(45,610)	(36,241)
Proceeds from disposal of plant and equipment	138	82
Investment in other investment	(2,855)	-
Interest received	658	1,721
Net cash used in investing activities	<u>(47,669)</u>	<u>(34,438)</u>



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CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (continued)

	30.11.2018	30.11.2017
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(105,721)	(99,025)
Proceeds from borrowings	2,395,040	916,445
Repayment of borrowings	(1,357,000)	(692,200)
Proceeds from issuance of ICULS	-	432,000
Issuance expenses relating to ICULS	(2,374)	(3,162)
Distribution paid to perpetual notes and sukuk holders	(13,685)	(13,687)
Redemption of perpetual notes	(100,000)	-
Finance costs paid	(177,187)	(166,706)
Net cash from financing activities	<u>639,073</u>	<u>373,665</u>
Net increase in cash and cash equivalents	48,746	136,124
Cash and cash equivalents at beginning of the period	18,755	23,676
Cash and cash equivalents at end of the period	<u><u>67,501</u></u>	<u><u>159,800</u></u>

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

	30.11.2018	30.11.2017
	RM'000	RM'000
Cash and bank balances	67,965	72,916
Deposits placed with licensed banks	<u>7,622</u>	<u>168,669</u>
	75,587	241,585
Bank overdrafts	(3,169)	(73,016)
Cash held on behalf of a related company	<u>(4,917)</u>	<u>(8,769)</u>
	<u><u>67,501</u></u>	<u><u>159,800</u></u>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018 and the accompanying notes to the quarterly report attached hereto.



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Notes to the interim financial report for the financial period ended 30 November 2018

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 28 February 2018.

A2 Significant accounting policies

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

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

In the current financial year, the Company adopted all the new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2018.

MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers and related clarifications
Amendments to MFRS 2	Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRSs 2014-2016 Cycle

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

MFRS 9 Financial Instruments

MFRS 9, Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 Financial Instruments: Recognition and Measurement.

(i) Classification of financial assets under MFRS 9

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which such assets are managed and also their cash flow characteristics. MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (“AC”), Fair Value through Other Comprehensive Income (“FVTOCI”) and Fair Value through Profit or Loss (“FVTPL”).



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A2 Significant accounting policies (continued)

MFRS 9 Financial Instruments (continued)

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.

Key requirements of MFRS 9:

Classification of financial assets

Based on the requirements, the financial assets held by the Company as at 30 November 2018 will be reclassified to the following classifications:

	30.11.2018	Existing classification	New classification
	RM'000	under MFRS 139	under MFRS 9
Investments	70,724	Available for sale	FVTOCI
Financing receivables	7,737,451	Loans and receivables	Amortised Cost
Other receivables and deposits	80,072	Loans and receivables	Amortised Cost
Amount owing from related companies	3,874	Loans and receivables	Amortised Cost
Cash and bank balances	75,587	Loans and receivables	Amortised Cost
Derivatives financial assets	214,809	FVTPL	FVTPL

Unquoted investments classified as available-for-sale investments carried at fair value: these investments qualify for designation as measured at FVTOCI under MFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under MFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Company's profit or loss and other comprehensive income but will not affect total comprehensive income.

Impairment

Financial assets measured at amortised cost under MFRS 9 and contract assets under MFRS 15 will be subject to the impairment provisions of MFRS 9. Meanwhile, the equity investments carried at FVTOCI are outside the scope of impairment provisions of MFRS 9.

The application of the expected credit losses model of MFRS 9 will result in earlier recognition of credit losses on the Company's portfolio of financial assets and will correspondingly decrease the opening retained earnings.



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A2 Significant accounting policies (continued)

MFRS 9 Financial Instruments (continued)

The following table summarises the financial impact, net of tax, of transition to MFRS 9 on the statements of financial position of the Company:

	As at 1 March 2018 RM'000
Investments	
Closing balance under MFRS139 as at 28 February 2018	18,370
- Unrealised gain on financial instruments at FVTOCI	42,567
Opening balance under MFRS9 as at 1 March 2018	60,937
Deferred tax assets	
Closing balance under MFRS139 as at 28 February 2018	51,813
- In respect of recognition of expected credit losses under MFRS 9	108,080
- Deferred tax in respect of unrealised gain on financial instruments at FVTOCI	(10,216)
Opening balance under MFRS9 as at 1 March 2018	149,677
Financing receivables	
Closing balance under MFRS139 as at 28 February 2018	7,156,299
- In respect of recognition of expected credit losses under MFRS 9	(453,325)
Opening balance under MFRS9 as at 1 March 2018	6,702,974
Tax liabilities	
Closing balance under MFRS139 as at 28 February 2018	26,844
- In respect of recognition of expected credit losses under MFRS 9	(718)
Opening balance under MFRS9 as at 1 March 2018	26,126
Retained earnings	
Closing balance under MFRS139 as at 28 February 2018	1,014,550
- In respect of recognition of expected credit losses under MFRS 9	(453,325)
- Tax effect arising from the recognition of expected credit losses under MFRS 9	108,798
Opening balance under MFRS9 as at 1 March 2018	670,023
Fair value reserve	
Closing balance under MFRS139 as at 28 February 2018	-
- Unrealised gain on financial instruments at FVTOCI	42,567
- Deferred tax in respect of unrealised gain on financial instruments at FVTOCI	(10,216)
Opening balance under MFRS9 as at 1 March 2018	32,351
Capital ratio	
Closing balance under MFRS139 as at 28 February 2018	25.14%
Opening balance under MFRS9 as at 1 March 2018	20.33%



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A2 Significant accounting policies (continued)

MFRS 15 Revenue from Contracts with Customers

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

MFRS 15 provides a principle based approach for revenue recognition, and introduces the concept of recognising revenue performance obligations as they are satisfied. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of MFRS 15 did not have any material impact on the financial statements of the Company as most of its revenues are already recognised in accordance with the principles of MFRS 15.

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

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

A5 Changes in Estimates

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

A6 Debt and Equity Securities

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



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A7 Dividend Paid

	Cumulative Quarter (9 months)	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000
Final dividend in respect of the financial year ended 28 February 2017		
- 32.50 sen single tier dividend per ordinary share	-	46,800
Interim dividend in respect of the financial year ended 28 February 2018		
- 21.13 sen single tier dividend per ordinary share	-	52,225
Final dividend in respect of the financial year ended 28 February 2018	49,937	
- 20.00 sen single tier dividend per ordinary share		-
Interim dividend in respect of the financial year ended 28 February 2019		
- 22.25 sen single tier dividend per ordinary share	55,784	-
	<u>105,721</u>	<u>99,025</u>

A8 Segmental Reporting

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

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

A9 Subsequent Event

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

A10 Changes in the Composition of the Company

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



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A11 Fair Value Measurement

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

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

30.11.2018	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Investments	-	-	70,724	70,724
Derivatives designated as hedging instruments	-	214,809	-	214,809
Total financial assets carried at fair value	-	214,809	70,724	285,533
<u>Financial Liabilities</u>				
Derivatives designated as hedging instruments	-	36,704	-	36,704
Total financial liabilities carried at fair value	-	36,704	-	36,704

28.02.2018	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Investments	-	-	18,370	18,370
Derivatives designated as hedging instruments	-	249,557	-	249,557
Total financial assets carried at fair value	-	249,557	18,370	267,927
<u>Financial Liabilities</u>				
Derivatives designated as hedging instruments	-	107,726	-	107,726
Total financial liabilities carried at fair value	-	107,726	-	107,726

A12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 30 November 2018 and up to the date of this announcement.

A13 Related Party Transactions

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

A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM18.397 million as at 30 November 2018.



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Performance Review

The Company's revenue recorded 11.6% and 8.7% growth for the current quarter and nine months ended 30 November 2018 as compared with the previous year corresponding period. Total transaction and financing volume in the current quarter and nine months ended 30 November 2018 had increased by 49.5% to RM1.488 billion and by 26.4% to RM3.887 billion respectively as compared with the previous corresponding period ended 30 November 2017.

The gross financing receivables as at 30 November 2018 was RM8.313 billion, representing an increase of 15.41% from RM7.203 billion as at 30 November 2017. The net financing receivables after impairment was RM7.737 billion as at 30 November 2018 as compared to RM7.034 billion as at 30 November 2017. Non-performing loans (NPL) ratio was 2.05% as at 30 November 2018 compared to 2.48% as at 30 November 2017.

Other income was recorded at RM27.999 million for the current quarter and RM105.574 million for the nine months ended 30 November 2018 respectively, mainly comprising bad debts recovered, commission income from sale of insurance products and loyalty programme processing fees.

Ratio of total operating expense against revenue was recorded at 55.6% for the current quarter as compared to 60.9% in the preceding corresponding period. The decrease is mainly due to increase in revenue.

The Company recorded a profit before tax of RM118.072 million for the current quarter and RM357.068 million for the nine months ended 30 November 2018, representing a growth of 23.9% and 21.9% respectively as compared with previous year corresponding period.

Funding cost for the current quarter was higher as compared to the preceding corresponding quarter mainly due to higher borrowings in line with the growth of receivables. The nominal value of borrowings as at 30 November 2018 was RM6.348 billion as compared to RM5.513 billion as at 30 November 2017.

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

	Current Quarter 30.11.2018 RM'000	Immediate Preceding Quarter 31.8.2018 RM'000	Changes %
Revenue	348,497	332,092	4.9%
Total operating expenses	193,899	212,006	-8.5%
Other income	27,999	48,322	-42.1%
Profit before tax	118,072	107,233	10.1%
Profit for the period	87,136	80,640	8.1%

The Company recorded a profit before tax of RM118.072 million for the current quarter as compared to RM107.233 million in the immediate preceding quarter. The increase of 10.1% was mainly due to lower impairment loss on financing receivables of RM61.514 million for the current quarter and RM95.263 million for the immediate preceding quarter.



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B3 Current Year Prospects

The Malaysian economy posted a GDP growth of 4.4% in the third quarter of 2018 while the annual economic growth forecast for 2018 at 4.7% by the World Bank. Domestic demand will be the key driver for growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded 8.7% and 22.6% growth in revenue and net profit respectively for the financial period ended 30 November 2018. The Company expects to be able to maintain its financial performance for the financial year ending 28 February 2019 based on the scheduled implementation of its business plan.

B4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	300,155	277,746	876,960	820,042
Fee income	48,342	34,599	129,347	105,907
	<u>348,497</u>	<u>312,345</u>	<u>1,006,307</u>	<u>925,949</u>

B5 Notes to the Statement of Comprehensive Income

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	23,128	25,742	92,165	76,149
Interest income	190	1,307	658	1,721
Gain on disposal of plant and equipment	33	13	138	67
Depreciation on plant and equipment	(9,184)	(6,132)	(25,574)	(18,119)
Impairment loss on financing receivables	(61,514)	(86,485)	(213,846)	(253,679)
Write off of plant and equipment	(55)	-	(92)	(196)
Impairment loss on investment in unquoted shares	-	-	-	(643)
(b) Included in Other Comprehensive Income:				
(Loss)/Gain on cash flow hedge	(1,093)	14,527	(7,155)	12,807
Unrealised gain on financial instruments at FVTOCI	213	-	37,620	-

Receivables amounting to RM87.297 million and RM254.341 million have been written off against allowance for impairment losses on receivables for the current quarter and nine months ended 30 November 2018 as compared with RM86.197 million and RM237.144 million written off in the previous corresponding period ended 30 November 2017.



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B6 Taxation

i) Tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current financial year	27,952	27,990	91,509	81,904
- over provision in prior years	(1,834)	(1,030)	(1,834)	(1,030)
	<u>26,118</u>	<u>26,960</u>	<u>89,675</u>	<u>80,874</u>
Deferred tax:				
- current year	2,166	(2,771)	(2,270)	(6,220)
- under provision in prior years	2,652	566	2,652	566
	<u>4,818</u>	<u>(2,205)</u>	<u>382</u>	<u>(5,654)</u>
	<u><u>30,936</u></u>	<u><u>24,755</u></u>	<u><u>90,057</u></u>	<u><u>75,220</u></u>

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

ii) Material litigation

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

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

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

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

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

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

On 5 March 2018, the Kuala Lumpur High Court had dismissed leave application for Judicial Review. On the same day, the Company filed an appeal to the Court of Appeal against the Kuala Lumpur High Court's decision. To date, the Court of Appeal has yet to hear the Company's appeal.



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B6 Taxation (continued)

ii) Material litigation (continued)

On 8 May 2018, the Kuala Lumpur High Court did not grant the Company's application for a stay of the notices of additional assessment. On the same day, the Company filed an appeal to the Court of Appeal against the Kuala Lumpur High Court's decision. The hearing date has been fixed on 5 April 2019.

B7 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding as at 30 November 2018 are as follows:

	Notional Amount		Fair Value	
	30.11.2018	28.02.2018	30.11.2018	28.02.2018
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Forward exchange contract:</u>				
Less than 1 year	41,880	-	247	-
<u>Cross currency swaps:</u>				
Less than 1 year	888,952	1,510,872	188,386	239,690
1 – 3 years	278,155	260,728	26,176	9,867
Total	<u>1,208,987</u>	<u>1,771,600</u>	<u>214,809</u>	<u>249,557</u>
<u>Derivative financial liabilities</u>				
<u>Forward exchange contract:</u>				
Less than 1 year	125,639	-	402	-
<u>Cross currency swaps:</u>				
1 – 3 years	1,174,368	667,347	12,717	52,196
More than 3 years	332,752	549,070	23,585	55,530
Total	<u>1,632,759</u>	<u>1,216,417</u>	<u>36,704</u>	<u>107,726</u>

(b) Fair value of financial liabilities

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

B8 Status of Corporate Proposal

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



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B9 Borrowings

The borrowings of the Company as at 30 November 2018 comprised the following:

	30.11.2018	28.02.2018
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans / financing	4,475,275	3,257,145
	<u>4,475,275</u>	<u>3,257,145</u>
Current :		
- Bank overdrafts	3,169	56,102
- Revolving credits	417,518	-
- Term loans / financing	1,688,952	2,240,872
	<u>2,109,639</u>	<u>2,296,974</u>
Total	<u>6,584,914</u>	<u>5,554,119</u>

The borrowings were denominated in the following currencies:

	30.11.2018		28.02.2018	
	Foreign	Unsecured	Foreign	Unsecured
	Currency	Equivalent	Currency	Equivalent
	'000	RM'000	'000	RM'000
Ringgit Malaysia		3,743,168		2,566,102
United States Dollar	678,552	2,841,746	761,168	2,988,017
		<u>6,584,914</u>		<u>5,554,119</u>

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

B10 Material Litigation

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Company except as disclosed in Note B6 ii).

B11 Dividend

There was no dividend declared during the current quarter. The interim single tier dividend of 22.25 sen declared on 4 October 2018 for the financial year ending 29 February 2019 was paid to shareholders on 8 November 2018.



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B12 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	87,136	70,552	267,011	217,749
Distribution on perpetual notes and sukuk, net of tax	(3,616)	(3,607)	(10,401)	(10,402)
Profit attributable to ordinary equity holders	<u>83,520</u>	<u>66,945</u>	<u>256,610</u>	<u>207,347</u>

Basic EPS

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
Profit attributable to ordinary equity holders (RM'000)	83,520	66,945	256,610	207,347
Weighted average number of ordinary shares ('000 unit)	250,449	232,972*	249,621	186,916*
Basic earnings per share (sen)	<u>33.35</u>	<u>28.74</u>	<u>102.80</u>	<u>110.93</u>

Diluted EPS

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders	83,520	66,945	256,610	207,347
Net interest accrued arising from ICULS	(325)	74	(116)	74
Adjusted profit attributable to the ordinary equity holders	<u>83,195</u>	<u>67,019</u>	<u>256,494</u>	<u>207,421</u>



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B12 Earnings per share (continued)

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2018</u>	<u>30.11.2017</u>	<u>30.11.2018</u>	<u>30.11.2017</u>
	'000	'000	'000	'000
Weighted average number of ordinary shares	250,449	232,972*	249,621	186,916*
Potential dilution arising from outstanding ICULS	4,574	4,574	4,574	4,574
	<u>255,023</u>	<u>237,546</u>	<u>254,195</u>	<u>191,490</u>
Diluted earnings per share (sen)	<u>32.62</u>	<u>28.21</u>	<u>100.90</u>	<u>108.32</u>

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

B13 Auditors' Report on the Preceding Annual Financial Statements

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

B14 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 20 December 2018.

By order of the Board
20 December 2018