



## AEON Credit Service (M) Berhad

(Registration No. 199601040414 (412767-V))

(Incorporated in Malaysia)

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			12 months ended		
		28.2.2021	29.2.2020	Changes	28.2.2021	29.2.2020	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B4	<b>406,348</b>	413,279	-1.7%	<b>1,561,660</b>	1,598,775	-2.3%
Total operating expenses		<b>(215,834)</b>	(249,503)	-13.5%	<b>(1,024,164)</b>	(1,029,033)	-0.5%
Other income		<b>46,852</b>	41,636	12.5%	<b>145,284</b>	145,921	-0.4%
<b>Profit from operations</b>	B5(a)	<b>237,366</b>	205,412	15.6%	<b>682,780</b>	715,663	-4.6%
Interest expense	B6	<b>(83,736)</b>	(87,380)	-4.2%	<b>(357,873)</b>	(325,222)	10.0%
Profit before tax		<b>153,630</b>	118,032	30.2%	<b>324,907</b>	390,441	-16.8%
Taxation	B7	<b>(39,911)</b>	(29,643)	34.6%	<b>(90,950)</b>	(98,395)	-7.6%
<b>Profit for the period/year</b>		<b>113,719</b>	88,389	28.7%	<b>233,957</b>	292,046	-19.9%
<b>Other comprehensive income/(loss), net of tax</b>	B5(b)						
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Net changes in cash flow hedge		<b>43,830</b>	(53,889)	-181.3%	<b>(12,392)</b>	(94,379)	-86.9%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value changes through other comprehensive income		<b>(946)</b>	217	-535.9%	<b>(21,055)</b>	(9,991)	110.7%
<b>Total comprehensive income for the period/year</b>		<b>156,603</b>	34,717	351.1%	<b>200,510</b>	187,676	6.8%
<b>Profit attributable to equity holders of the Company</b>		<b>113,719</b>	88,389	28.7%	<b>233,957</b>	292,046	-19.9%
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>156,603</b>	34,717	351.1%	<b>200,510</b>	187,676	6.8%
<b>Earnings per share attributable to owners of the Company (sen)</b>							
Basic	B14	<b>42.56</b>	31.36	35.7%	<b>87.67</b>	107.48	-18.4%

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 29 February 2020 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 28 FEBRUARY 2021

	Note	Unaudited As at 28.2.2021 RM'000	As at 29.2.2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		137,843	141,161
Right-of-use assets		53,535	70,997
Investments		27,645	48,699
Deferred tax assets		247,816	213,801
Financing receivables		6,302,925	6,265,390
<b>Total non-current assets</b>		<b>6,769,764</b>	<b>6,740,048</b>
<b>Current assets</b>			
Financing receivables		2,933,121	3,438,731
Other receivables, deposits and prepayments		63,375	83,564
Amount owing by related companies		25,612	10,706
Derivative financial assets	B8	-	28,810
Cash, bank balances and deposits		439,549	132,798
<b>Total current assets</b>		<b>3,461,657</b>	<b>3,694,609</b>
<b>TOTAL ASSETS</b>		<b>10,231,421</b>	<b>10,434,657</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		584,012	565,448
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		-	14,107
Hedging reserve		(128,262)	(115,870)
Fair value reserve		6,516	27,571
Retained earnings		1,230,925	1,066,103
<b>Equity attributable to ordinary equity holders of the Company</b>		<b>1,693,191</b>	<b>1,557,359</b>
Perpetual notes and sukuk		200,000	200,000
<b>Total equity</b>		<b>1,893,191</b>	<b>1,757,359</b>



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### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021 (Continued)

	Note	Unaudited As at 28.2.2021 RM'000	As at 29.2.2020 RM'000
<b>Non-current liabilities</b>			
Borrowings	B11	6,542,946	5,597,516
Lease liabilities		<u>35,801</u>	<u>52,037</u>
<b>Total non-current liabilities</b>		<u><b>6,578,747</b></u>	<u>5,649,553</u>
<b>Current liabilities</b>			
Borrowings	B11	1,119,964	2,600,152
Trade payables		21,163	32,913
Other payables and accruals		226,847	204,348
Amount owing to immediate holding company		6,586	6,978
Amount owing to related companies		20,268	5,702
Derivative financial liabilities	B8	281,903	132,577
Lease liabilities		18,230	19,140
Tax liabilities		64,522	25,305
ICULS liabilities		<u>-</u>	<u>630</u>
<b>Total current liabilities</b>		<u><b>1,759,483</b></u>	<u>3,027,745</u>
<b>Total liabilities</b>		<u><b>8,338,230</b></u>	<u>8,677,298</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>10,231,421</b></u>	<u>10,434,657</u>
Net assets per share (RM)		<b>6.63</b>	6.14
Number of ordinary shares ('000)		<b>255,308</b>	253,619

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2020 and the accompanying notes to the quarterly report attached hereto.



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### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	← Non-distributable →				Distributable		Total RM'000
	Share capital RM'000	ICULS equity RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 March 2019</b>	534,907	43,800	376,000	(21,491)	37,528	904,237	1,874,981
Cash flow hedge, net of tax	-	-	-	(94,379)	-	-	(94,379)
Fair value through other comprehensive income	-	-	-	-	(9,991)	-	(9,991)
Profit for the year	-	-	-	-	-	292,046	292,046
<b>Total comprehensive income for the year</b>	-	-	-	(94,379)	(9,991)	292,046	187,676
Conversion of ICULS equity	29,646	(29,646)	-	-	-	-	-
Conversion of ICULS liabilities	895	-	-	-	-	-	895
Deferred tax effects on ICULS	-	(47)	-	-	-	-	(47)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(17,645)	(17,645)
Redemption of perpetual note	-	-	(176,000)	-	-	-	(176,000)
Dividends	-	-	-	-	-	(112,501)	(112,501)
Transfer upon the disposal of equity investment designated at fair value through other comprehensive income	-	-	-	-	34	(34)	-
<b>At 29 February 2020</b>	<b>565,448</b>	<b>14,107</b>	<b>200,000</b>	<b>(115,870)</b>	<b>27,571</b>	<b>1,066,103</b>	<b>1,757,359</b>



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### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (Continued)

	← Non-distributable →				Distributable		Total RM'000
	Share capital RM'000	ICULS equity RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>At 1 March 2020</b>	565,448	14,107	200,000	(115,870)	27,571	1,066,103	1,757,359
Cash flow hedge, net of tax	-	-	-	(12,392)	-	-	(12,392)
Fair value through other comprehensive income	-	-	-	-	(21,055)	-	(21,055)
Profit for the year	-	-	-	-	-	233,957	233,957
<b>Total comprehensive income for the year</b>	-	-	-	(12,392)	(21,055)	233,957	200,510
Conversion of ICULS equity	14,103	(14,103)	-	-	-	-	-
Conversion of ICULS liabilities	4,461	-	-	-	-	-	4,461
Deferred tax effects on ICULS	-	(4)	-	-	-	-	(4)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(10,136)	(10,136)
Dividends	-	-	-	-	-	(58,999)	(58,999)
<b>At 28 February 2021</b>	<b>584,012</b>	<b>-</b>	<b>200,000</b>	<b>(128,262)</b>	<b>6,516</b>	<b>1,230,925</b>	<b>1,893,191</b>

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 29 February 2020 and the accompanying notes to the quarterly report attached hereto.



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### CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	28.2.2021	29.2.2020
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	324,907	390,441
Adjustments for:		
Interest income	(4,842)	(2,043)
Finance costs	355,056	322,358
Interest on lease liabilities	2,817	2,864
Gain on disposal of plant and equipment	(131)	(321)
Depreciation of plant and equipment	49,083	45,353
Depreciation of right-of-use assets	22,009	19,581
Impairment loss on financing receivables	508,422	450,313
Write-off of plant and equipment	2,410	411
Operating profit before changes in working capital	1,259,731	1,228,957
Changes in working capital:		
Financing receivables	(40,346)	(2,048,655)
Other receivables, deposits and prepayments	20,189	5,539
Amount owing by related companies	(14,906)	(4,637)
Trade payables	(11,750)	5,881
Other payables and accruals	21,266	28,424
Amount owing to immediate holding company	(392)	61
Amount owing to related companies	14,567	(60)
Cash held in trust for customers	(13,450)	(10,349)
Cash held in trust for a related company	1,841	3,110
Cash generated from/(used in) operations	1,236,750	(791,729)
Tax paid	(78,641)	(119,157)
<b>Net cash from/(used in) operating activities</b>	1,158,109	(910,886)
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(48,208)	(68,257)
Proceeds from disposal of plant and equipment	162	329
Proceeds from disposal of investment	-	63
Interest received	4,842	2,043
<b>Net cash used in investing activities</b>	(43,204)	(65,822)



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### CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021 (Continued)

	28.2.2021	29.2.2020
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(58,999)	(112,501)
Proceeds from bank borrowings	4,047,000	9,898,129
Repayment of bank borrowings	(4,375,630)	(8,262,215)
Coupon payment of ICULS	(635)	(1,698)
Redemption of perpetual notes	-	(176,000)
Repayment of lease liabilities	(24,511)	(22,265)
Decrease/(Increase) in deposit held in trust account	28	(63)
Distribution paid to perpetual notes and sukuk holders	(13,337)	(23,217)
Finance costs paid	(349,354)	(315,403)
<b>Net cash (used in)/from financing activities</b>	<b>(775,438)</b>	<b>984,767</b>
Net increase in cash and cash equivalents	339,467	8,059
Cash and cash equivalents at beginning of year	66,488	58,429
<b>Cash and cash equivalents at end of year</b>	<b>405,955</b>	<b>66,488</b>

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

	28.2.2021	29.2.2020
	RM'000	RM'000
Cash and bank balances	112,334	114,865
Deposits placed with licensed financial institutions	327,215	17,933
	<b>439,549</b>	132,798
Bank overdrafts	-	(44,298)
Cash held in trust for customers	(33,432)	(19,981)
Deposit held in trust account	(162)	(190)
Cash held in trust for related companies	-	(1,841)
	<b>405,955</b>	<b>66,488</b>

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2020 and the accompanying notes to the quarterly report attached hereto.



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### Notes to the interim financial report for the financial year ended 28 February 2021

#### 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 (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 29 February 2020. 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 29 February 2020.

##### 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 MFRS, amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2020.

- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to References to the Conceptual Framework in MFRS Standards

The application of these amendments to MFRSs did not have any material impact on the financial performance or position of the Company.

###### Amendments to MFRSs in issue but not yet effective

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

###### *Effective for annual periods beginning on or after 1 June 2020*

- Amendments to MFRS 16 *Leases – Covid-19-Related Rent Concessions*

###### *Effective for annual periods beginning on or after 1 January 2022*

- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

The Company will adopt the above amendments when they become effective and the adoption of these amendments will not have any material impact on the financial statements of the Company in the period of initial application.





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### **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 year 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 year under review.

### **A6 Debt and Equity Securities**

- i) On 12 March 2020, the Company issued subordinated sukuk, with a nominal value of RM200 million under the sukuk programme. The subordinated sukuk has a maturity of 10 years, with the first optional redemption date falling on the 5th anniversary of the issue date. The subordinated sukuk is recognised as capital of the Company for the purpose of meeting the minimum capital adequacy ratio as set out by Bank Negara Malaysia. The proceeds from the subordinated sukuk were utilised by the Company for financing disbursements to its customers in the ordinary course of business of providing consumer financing based on Shariah principles, and refinancing of any existing loans/financing of the Company or any sukuk issued by the Company.
- ii) During the financial year, a total of 18,563,472 units of ICULS had been converted into 1,688,567 new ordinary shares of the Company at the conversion price of RM10.99 for every one (1) new ordinary share, of which 18,157,888 outstanding ICULS were mandatorily converted into 1,651,667 ordinary shares in the Company on its maturity date on 15 September 2020.

Save and except for the above, there were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial year under review.



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### A7 Dividend Paid

	Cumulative quarter	
	Current Year	Preceding Year
	Year-To-Date <u>28.2.2021</u> RM'000	Year-To-Date <u>29.2.2020</u> RM'000
Final dividend in respect of the financial year ended 28 February 2019		
- 22.35 sen single-tier dividend per ordinary share	-	56,075
Interim dividend in respect of the financial year ended 29 February 2020		
- 22.25 sen single-tier dividend per ordinary share	-	56,426
Final dividend in respect of the financial year ended 29 February 2020		
- 14.00 sen single-tier dividend per ordinary share	35,511	-
Interim dividend in respect of the financial year ended 28 February 2021		
- 9.20 sen single-tier dividend per ordinary share	23,488	-
	58,999	112,501

### A8 Segmental Reporting

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

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

### A9 Subsequent Event

There were no material subsequent events 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).

<b>28.2.2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investments	-	-	27,645	27,645
Total financial assets carried at fair value	-	-	27,645	27,645

<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	281,903	-	281,903
Total financial liabilities carried at fair value	-	281,903	-	281,903

<b>29.02.2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investments	-	-	48,699	48,699
Derivatives designated as hedging instruments	-	28,810	-	28,810
Total financial assets carried at fair value	-	28,810	48,699	77,509

<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	132,577	-	132,577
Total financial liabilities carried at fair value	-	132,577	-	132,577

### A12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 28 February 2021 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 24 June 2020.

### A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM84.034 million as at 28 February 2021.



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

#### B1 Performance Review

	Individual quarter 3 months ended			Cumulative quarter 12 months ended		
	28.2.2021 RM'000	29.2.2020 RM'000	Changes %	28.2.2021 RM'000	29.2.2020 RM'000	Changes %
Transaction and financing volume	<b>1,263,369</b>	1,645,534	-23.2%	<b>4,228,760</b>	6,380,981	-33.7%
Revenue	<b>406,348</b>	413,279	-1.7%	<b>1,561,660</b>	1,598,775	-2.3%
Total operating expenses	<b>215,834</b>	249,503	-13.5%	<b>1,024,164</b>	1,029,033	-0.5%
Other income	<b>46,852</b>	41,636	12.5%	<b>145,284</b>	145,921	-0.4%
Profit from operations	<b>237,366</b>	205,412	15.6%	<b>682,780</b>	715,663	-4.6%
Profit before tax	<b>153,630</b>	118,032	30.2%	<b>324,907</b>	390,441	-16.8%
Profit for the period	<b>113,719</b>	88,389	28.7%	<b>233,957</b>	292,046	-19.9%

#### i) Current Quarter vs Previous Year Corresponding Quarter

The Company recorded a total revenue of RM406.348 million, which was marginally lower by 1.7% as compared to the preceding year corresponding quarter. Total transaction and financing volume in the current quarter of RM1.263 billion was lower by 23.2% as compared to previous year corresponding quarter due to the implementation of Movement Control Order (“MCO 2.0”) since 13 January 2021 which had impeded business activities.

The gross financing receivables as at 28 February 2021 of RM10.078 billion was lower by RM316.499 million as compared to 29 February 2020. The net financing receivables after allowance for impairment loss was RM9.236 billion as at 28 February 2021 as compared to RM9.704 billion as at 29 February 2020. Non-Performing Loans (“NPL”) ratio was 2.46% as at 28 February 2021 as compared to 1.92% as at 29 February 2020.

Other income was recorded at RM46.852 million for the current quarter mainly comprising bad debts recovered and insurance commission.

Ratio of total operating expenses against revenue was recorded at 53.1% for the current quarter as compared to 60.4% in the preceding year corresponding quarter. The decrease in operating expenses was mainly due to lower impairment losses on financing receivables of RM65.133 million as compared to RM87.813 million for the preceding year corresponding quarter.

Funding cost for the current quarter was lower compared to the preceding year corresponding quarter mainly due to reduced borrowings and lower cost of funds. The nominal value of borrowings as at 28 February 2021 was RM7.776 billion as compared to RM8.149 billion as at 29 February 2020.

The profit before tax (“PBT”) for the current quarter of RM153.630 million increased by 30.2% as compared to the preceding year corresponding quarter.



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### B1 Performance Review (Continued)

#### ii) Current Year-to-date vs Previous Year-to-date

Total revenue registered for the financial year-to-date of RM1.562 billion was lower by 2.3% as compared to RM1.599 billion recorded in the preceding year. The revenue decline was mainly attributable to lower fee income by RM36.505 million in line with weaker transaction and financing volume.

The Company recorded a lower PBT of RM324.907 million for the financial year-to-date as compared to RM390.441 million in the preceding year corresponding period. The decrease was mainly due to the lower revenue and higher allowance for impairment losses by RM58.109 million occasioned by the effects of COVID-19 pandemic, offset by lower other operating expenses of RM62.979 million. Loan loss coverage ratio stood at 339% as at 28 February 2021 as compared to 346% as at 29 February 2020.

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

	Current Quarter 28.2.2021 RM'000	Immediate Preceding Quarter 30.11.2020 RM'000	Changes %
Transaction and financing volume	1,263,369	1,224,427	3.2%
Revenue	406,348	401,467	1.2%
Total operating expenses	215,834	294,162	-26.6%
Other income	46,852	39,590	18.3%
Profit from operations	237,366	146,895	61.6%
Profit before tax	153,630	57,705	166.2%
Profit for the period	113,719	42,149	169.8%

PBT for the current quarter was recorded at RM153.630 million, an increase of 166.2% compared to RM57.705 million recorded in the immediate preceding quarter. The higher PBT was mainly due to lower impairment losses of RM65.133 million recorded in the current quarter as compared to RM156.909 million for the immediate preceding quarter and supported by higher bad debts recovered included in other income of RM41.482 million compared to RM33.891 million recorded in the immediate preceding quarter.

### B3 Current Year Prospects

In the fourth quarter of 2020, the Malaysian Gross Domestic Product (“GDP”) shrank by 3.4% year-on-year compared to 2.6% contraction in third quarter due to the resurgence in COVID-19 cases and restrictive measures taken to contain the spread of the virus. The domestic economy is expected to recover in 2021 supported by the anticipated rebound in global demand and the announced rollout of COVID-19 vaccines to achieve herd immunity. Notwithstanding this, downside risk to growth remains, with the pace and strength of recovery subject to the developments surrounding the COVID-19 pandemic globally and domestically.

Further to the implementation of additional measures directed by Bank Negara Malaysia to assist customers experiencing financial difficulties due to the COVID-19 pandemic, the Company has taken actions to put the necessary measures in place to contend with the expected challenges.



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### B3 Current Year Prospects (continued)

The Company managed to recover its sales and business performance despite the challenges in the second half of financial year ended 28 February 2021. The Company will continue to closely monitor and assess the inherent credit risks in its financing portfolio, with proactive attention focused on enhancement of asset quality, prudent cost management and improvement on financial and operational efficiencies by leveraging on its positive business fundamentals. The Company is committed in its business sustainability agenda and will be continuously investing in information technology to drive its digitalisation initiative. Barring any unforeseen circumstances, the Company expects to be able to maintain its financial performance for the financial year ending 28 February 2022.

### B4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>28.2.2021</u>	<u>29.2.2020</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	361,870	362,559	1,403,762	1,404,372
Fee income	44,478	50,720	157,898	194,403
	<u>406,348</u>	<u>413,279</u>	<u>1,561,660</u>	<u>1,598,775</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		12 months ended	
	<u>28.2.2021</u>	<u>29.2.2020</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	41,482	37,409	125,240	125,326
Interest income	1,348	626	4,842	2,043
Gain on disposal of plant and equipment	-	48	131	321
Depreciation of plant and equipment	(11,636)	(12,174)	(49,083)	(45,353)
Depreciation of right-of-use assets	(5,421)	(4,854)	(22,009)	(19,581)
Impairment loss on financing receivables	(65,133)	(87,813)	(508,422)	(450,313)
Write off of plant and equipment	(1,481)	(275)	(2,410)	(411)
(b) Included in Other comprehensive income/(loss):				
Net changes in cash flow hedge	43,830	(53,889)	(12,392)	(94,379)
Net fair value changes on equity instruments through other comprehensive income	(946)	217	(21,055)	(9,991)

Receivables amounting to RM157.795 million and RM356.845 million have been written off against allowance for impairment losses on receivables for the current quarter and financial year-to-date as compared with RM100.499 million and RM346.361 million written off in the previous year corresponding quarter and financial year-to-date respectively.



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### B6 Interest expense

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>28.2.2021</u>	<u>29.2.2020</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities that are not stated at fair value through profit or loss:				
Bank overdraft	-	19	3	169
Commercial paper	134	7,105	5,362	19,085
Revolving credits	164	1,550	3,298	10,303
Term loans/financing	76,067	76,992	314,955	291,812
Senior and subordinated sukuk	6,744	996	26,969	996
ICULS interest	-	5	4,469	(7)
	<u>83,109</u>	<u>86,667</u>	<u>355,056</u>	<u>322,358</u>
Interest on lease liabilities	627	713	2,817	2,864
	<u>83,736</u>	<u>87,380</u>	<u>357,873</u>	<u>325,222</u>

### B7 Taxation

#### (i) Tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>28.2.2021</u>	<u>29.2.2020</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	RM'000	RM'000	RM'000	RM'000
<b>Income tax payable:</b>				
- current year	38,953	29,233	113,168	120,582
- under/(over) provision in prior years	8,916	-	7,892	(3,911)
	<u>47,869</u>	<u>29,233</u>	<u>121,060</u>	<u>116,671</u>
<b>Deferred tax:</b>				
- current year	(7,957)	132	(31,082)	(21,225)
- (over)/under provision in prior years	(1)	278	972	2,949
	<u>(7,958)</u>	<u>410</u>	<u>(30,110)</u>	<u>(18,276)</u>
	<u>39,911</u>	<u>29,643</u>	<u>90,950</u>	<u>98,395</u>

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



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### B7 Taxation (continued)

#### (ii) Material litigation

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

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

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

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

Vide the announcement made by the Company to Bursa Securities on 4 January 2021, the Company and the DGIR have mutually reached an out of court settlement in relation to the tax appeal lodged by the Company. Pursuant to the Settlement Agreement recorded by both the Company and the DGIR before the Special Commissioners of Income Tax (“SCIT”) on 4 January 2021, the DGIR agreed to revise the additional taxes payable by the Company from RM96.820 million to RM10.307 million inclusive of penalties. The Company has paid the agreed settlement sum of RM10.307 million and both parties have withdrawn from their respective legal proceedings.

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

- Details of derivative financial instruments outstanding as at 28 February 2021 are as follows:

	Notional Amount		Fair Value	
	28.2.2021	29.2.2020	28.2.2021	29.2.2020
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	-	280,078	-	28,810
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	819,964	716,876	(54,322)	(4,723)
1 – 3 years	935,969	1,153,764	(55,902)	(41,185)
More than 3 years	1,918,559	1,355,149	(171,679)	(86,669)
Total	3,674,492	3,225,789	(281,903)	(132,577)





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### B8 Derivatives and Fair Value Changes of Financial Liabilities (continued)

#### (b) Fair value of financial liabilities

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

### B9 Provision of Financial Assistance

The Company has not extended any loans/advances to any party or received any loan/advances from any party in the ordinary course of its business as a licensed moneylender and therefore, there are no outstanding loans/advances as at 28 February 2021.

### B10 Status of Corporate Proposal

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

### B11 Borrowings

The borrowings of the Company as at 28 February 2021 comprised the following:

	<u>28.2.2021</u>	<u>29.2.2020</u>
	<b>Unsecured</b>	<b>Unsecured</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current :		
- Term loans/financing	5,844,528	5,098,913
- Senior sukuk	498,771	498,603
- Subordinated sukuk	199,647	-
	6,542,946	5,597,516
Current :		
- Bank overdrafts	-	44,298
- Commercial paper	-	658,900
- Term loans/financing	1,119,964	1,896,954
	1,119,964	2,600,152
<b>Total</b>	<b>7,662,910</b>	<b>8,197,668</b>



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### B11 Borrowings (continued)

The borrowings were denominated in the following currencies:

	<u>28.2.2021</u>		<u>29.2.2020</u>	
	Foreign Currency '000	Unsecured Equivalent RM'000	Foreign Currency '000	Unsecured Equivalent RM'000
Ringgit Malaysia		3,988,418		4,691,801
United States Dollar	907,379	3,674,492	831,381	3,505,867
		<u>7,662,910</u>		<u>8,197,668</u>

### B12 Material Litigation

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

### B13 Dividend

#### Final dividend

- (a) (i) A final single-tier dividend has been recommended for the financial year ended 28 February 2021;  
(ii) Amount per share – 20.00 sen (previous corresponding period – 14.00 sen per share);  
(iii) Total net dividend payable amounted to RM51,061,538;  
(iv) Date payable – 15 July 2021; and  
(v) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 1 July 2021.
- (b) The final dividend recommended for the year ended 28 February 2021 is subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on a date which shall be announced later.

### B14 Earnings per share

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	<u>28.2.2021</u> RM'000	<u>29.2.2020</u> RM'000	<u>28.2.2021</u> RM'000	<u>29.2.2020</u> RM'000
Profit attributable to equity holders	113,719	88,389	233,957	292,046
Distribution on perpetual notes and sukuk, net of tax	(5,068)	(8,322)	(10,136)	(17,645)
Profit attributable to ordinary equity holders	<u>108,651</u>	<u>80,067</u>	<u>223,821</u>	<u>274,401</u>



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### B14 Earnings per share (continued)

#### Basic Earnings Per Share

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

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	<u>28.2.2021</u>	<u>29.2.2020</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
Profit attributable to ordinary equity holders (RM'000)	108,651	80,067	223,821	274,401
Weighted average number of ordinary shares ('000 unit)	<u>255,308</u>	<u>255,308</u>	<u>255,308</u>	<u>255,308</u>
Basic earnings per share (sen)	<u>42.56</u>	<u>31.36</u>	<u>87.67</u>	<u>107.48</u>

#### Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 28 February 2021. As a result, the diluted earnings per share is equivalent to the basic earnings per share.

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

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

### B16 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 8 April 2021.

By order of the Board  
8 April 2021