



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

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

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			6 months ended		
		31.8.2019 RM'000	31.8.2018 RM'000	Changes %	31.8.2019 RM'000	31.8.2018 RM'000	Changes %
Revenue	B4	<b>404,446</b>	332,092	21.8%	<b>783,034</b>	657,810	19.0%
Total operating expenses		<b>(299,304)</b>	(212,006)	41.2%	<b>(521,435)</b>	(376,705)	38.4%
Other income		<b>41,527</b>	48,322	-14.1%	<b>73,126</b>	77,575	-5.7%
<b>Profit from operations</b>	B5(a)	<b>146,669</b>	168,408	-12.9%	<b>334,725</b>	358,680	-6.7%
Interest expense	B6	<b>(79,793)</b>	(61,175)	30.4%	<b>(155,181)</b>	(119,684)	29.7%
Profit before tax		<b>66,876</b>	107,233	-37.6%	<b>179,544</b>	238,996	-24.9%
Taxation	B7	<b>(17,749)</b>	(26,593)	-33.3%	<b>(45,817)</b>	(59,121)	-22.5%
<b>Profit for the period</b>		<b>49,127</b>	80,640	-39.1%	<b>133,727</b>	179,875	-25.7%
<b>Other comprehensive income, net of tax</b>							
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Net changes in cash flow hedge	B5(b)	<b>(29,316)</b>	1,417	-2168.9%	<b>(47,596)</b>	(6,062)	685.2%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value through other comprehensive income		<b>1,999</b>	5,056	-60.5%	<b>4,216</b>	37,407	-88.7%
<b>Total comprehensive income for the period</b>		<b>21,810</b>	87,113	-75.0%	<b>90,347</b>	211,220	-57.2%
<b>Profit attributable to equity holders of the Company</b>		<b>49,127</b>	80,640	-39.1%	<b>133,727</b>	179,875	-25.7%
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>21,810</b>	87,113	-75.0%	<b>90,347</b>	211,220	-57.2%
<b>Earnings per share attributable to owners of the Company (sen)</b>							
Basic	B14	<b>16.03</b>	30.34	-47.1%	<b>48.73</b>	67.80	-28.1%

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2019 and the accompanying notes to the quarterly report attached hereto.



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

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2019**

	Note	Unaudited As at <b>31.8.2019</b> RM'000	As at 28.2.2019 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		120,538	118,676
Right-of-use assets		60,271	-
Investments		62,874	70,604
Deferred tax assets		192,754	153,916
Financing receivables		<u>6,639,168</u>	<u>6,003,628</u>
<b>Total non-current assets</b>		<u><b>7,075,605</b></u>	<u><b>6,346,824</b></u>
<b>Current assets</b>			
Financing receivables		2,301,393	2,102,151
Other receivables, deposits and prepayments		94,071	89,103
Amount owing by related companies		10,021	6,069
Derivative financial assets	B8	28,722	19,178
Cash and bank balances		<u>96,824</u>	<u>92,429</u>
<b>Total current assets</b>		<u><b>2,531,031</b></u>	<u><b>2,308,930</b></u>
<b>TOTAL ASSETS</b>		<u><u><b>9,606,636</b></u></u>	<u><u><b>8,655,754</b></u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		535,495	534,907
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		43,250	43,800
Hedging reserve		(69,087)	(21,491)
Fair value reserve		41,744	37,528
Retained earnings		<u>972,532</u>	<u>904,237</u>
<b>Equity attributable to ordinary equity holders of the Company</b>		<u><b>1,523,934</b></u>	<u><b>1,498,981</b></u>
Perpetual notes and sukuk		<u>330,000</u>	<u>376,000</u>
<b>Total equity</b>		<u><u><b>1,853,934</b></u></u>	<u><u><b>1,874,981</b></u></u>



**AEON Credit Service (M) Berhad** (412767-V)  
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**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2019 (Continued)**

		<b>Unaudited</b>	As at
	Note	<b>As at</b>	28.2.2019
		<b>31.8.2019</b>	RM'000
		<b>RM'000</b>	RM'000
<b>Non-current liabilities</b>			
Borrowings	B11	5,403,454	5,616,006
ICULS liabilities		1,599	1,595
<b>Total non-current liabilities</b>		<b>5,405,053</b>	<b>5,617,601</b>
<b>Current liabilities</b>			
Borrowings	B11	1,964,891	814,006
Trade payables		23,275	27,032
Other payables and accruals		169,780	168,962
Amount owing to immediate holding company		6,447	6,917
Amount owing to related companies		914	5,762
Derivative financial liabilities	B8	76,301	105,495
Lease liabilities		60,974	-
ICULS liabilities		1,603	1,635
Tax liabilities		43,464	33,363
<b>Total current liabilities</b>		<b>2,347,649</b>	<b>1,163,172</b>
<b>Total liabilities</b>		<b>7,752,702</b>	<b>6,780,773</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,606,636</b>	<b>8,655,754</b>
Net assets per share (RM)		<b>6.07</b>	5.98
Number of ordinary shares ('000)		<b>250,894</b>	250,840
Capital adequacy ratio (%)		<b>20.56</b>	22.39

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2019 and the accompanying notes to the quarterly report attached hereto.



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

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019**

	← <u>Non-distributable</u> →				<u>Distributable</u>		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>As 1 March 2018, as previously reported</b>	508,629	68,306	276,000	(9,982)	-	1,014,550	1,857,503
Effect of change in accounting policy due to adoption MFRS 9, net of tax	-	-	-	-	32,351	(344,527)	(312,176)
<b>At 1 March 2018, as restated</b>	508,629	68,306	276,000	(9,982)	32,351	670,023	1,545,327
Cash flow hedge, net of tax	-	-	-	(6,062)	-	-	(6,062)
Fair value through other comprehensive income	-	-	-	-	5,056	-	5,056
Profit for the period	-	-	-	-	-	179,875	179,875
<b>Total comprehensive income for the period</b>	-	-	-	(6,062)	5,056	179,875	178,869
Conversion of ICULS equity	12,776	(12,776)	-	-	-	-	-
Conversion of ICULS liability	1,356	-	-	-	-	-	1,356
Deferred tax effects on ICULS	-	(30)	-	-	-	-	(30)
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(6,785)	(6,785)
Dividends	-	-	-	-	-	(49,937)	(49,937)
<b>At 31 August 2018</b>	522,761	55,500	276,000	(16,044)	37,407	793,176	1,668,800



**AEON Credit Service (M) Berhad** (412767-V)  
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**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019 (Continued)**

	← <u>Non-distributable</u> →				<u>Distributable</u>		<b>Total RM'000</b>
	<b>Share capital RM'000</b>	<b>ICULS equity RM'000</b>	<b>Perpetual notes and sukuk RM'000</b>	<b>Hedging reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<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	-	-	-	(47,596)	-	-	(47,596)
Fair value through other comprehensive income	-	-	-	-	4,216	(34)	4,182
Profit for the period	-	-	-	-	-	133,727	133,727
<b>Total comprehensive income for the period</b>	-	-	-	(47,596)	4,216	133,693	90,313
Conversion of ICULS equity	551	(551)	-	-	-	-	-
Conversion of ICULS liabilities	37	-	-	-	-	-	37
Deferred tax effects on ICULS	-	1	-	-	-	-	1
Distribution on perpetual notes and sukuk (net of tax)	-	-	-	-	-	(9,323)	(9,323)
Redemption of perpetual note	-	-	(46,000)	-	-	-	(46,000)
Dividends	-	-	-	-	-	(56,075)	(56,075)
<b>At 31 August 2019</b>	<b>535,495</b>	<b>43,250</b>	<b>330,000</b>	<b>(69,087)</b>	<b>41,744</b>	<b>972,532</b>	<b>1,853,934</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 28 February 2019 and the accompanying notes to the quarterly report attached hereto.



**AEON Credit Service (M) Berhad** (412767-V)  
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**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019**

	31.8.2019	31.8.2018
	RM'000	RM'000
<b>Cash flows used in operating activities</b>		
Profit before tax	179,544	238,996
Adjustments for:		
Interest income	(808)	(468)
Gain on disposal of plant and equipment	(219)	(105)
Finance costs	153,719	119,684
Interest on lease liabilities	1,462	-
Depreciation of plant and equipment	21,947	16,390
Depreciation of right-of-use assets	9,999	-
Impairment loss on financing receivables	248,030	152,332
Write-off of plant and equipment	79	37
Operating profit before changes in working capital	613,753	526,866
Changes in working capital:		
Financing receivables	(1,082,813)	(703,014)
Other receivables, deposits and prepayments	(4,968)	(35,350)
Amount owing by related companies	(3,952)	(280)
Trade payables	(3,757)	4,973
Othe payables and accruals	(5,879)	6,421
Amount owing to immediate holding company	(470)	(571)
Amount owing to related companies	(4,847)	79
Cash held in trust for customers	(570)	-
Cash held in trust for a related company	2,632	(132)
Cash used in operations	(490,871)	(201,008)
Tax paid	(44,729)	(42,109)
<b>Net cash used in operating activities</b>	<b>(535,600)</b>	<b>(243,117)</b>
<b>Cash flows used in investing activities</b>		
Acquisition of plant and equipment	(23,896)	(32,945)
Proceeds from disposal of plant and equipment	227	105
Proceeds from disposal investment	62	-
Interest received	808	468
<b>Net cash used in investing activities</b>	<b>(22,799)</b>	<b>(32,372)</b>



**AEON Credit Service (M) Berhad** (412767-V)  
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**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019 (continued)**

	<b>31.8.2019</b>	31.8.2018
	<b>RM'000</b>	RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(56,075)	(49,937)
Proceeds from borrowings	4,005,000	1,080,500
Repayment of borrowings	(3,172,180)	(640,500)
Distribution paid to perpetual notes and sukuk holders	(12,267)	(8,928)
Redemption of perpetual notes	(46,000)	-
Repayment of lease liabilities	(10,758)	-
Finance costs paid	(147,010)	(114,792)
<b>Net cash from financing activities</b>	<b>560,710</b>	266,343
Net increase/(decrease) in cash and cash equivalents	2,311	(9,146)
Cash and cash equivalents at beginning of the year	67,183	18,755
<b>Cash and cash equivalents at end of the period</b>	<b>69,494</b>	9,609

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

	<b>31.8.2019</b>	31.8.2018
	<b>RM'000</b>	RM'000
Cash and bank balances	83,454	73,971
Deposits placed with licensed banks	13,370	15,002
	96,824	88,973
Bank overdrafts	(23,436)	(70,407)
Cash held in trust for a related company	(2,319)	(8,957)
Cash held in trust for customers	(1,575)	-
	69,494	9,609

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2019 and the accompanying notes to the quarterly report attached hereto.



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**Notes to the interim financial report for the financial period ended 31 August 2019**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1 Basis of Preparation**

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

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

**A2 Significant accounting policies**

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

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

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

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

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

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

**MFRS 16 Leases**

MFRS 16, *Leases* replaces the guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases - Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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





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**A2 Significant accounting policies (continued)**

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

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

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

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

Amendments to:

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

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

**A3 Seasonal or Cyclical Factors**

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

**A4 Unusual Items**

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

**A5 Changes in Estimates**

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



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**A6 Debt and Equity Securities**

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

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

**A7 Dividend Paid**

	Cumulative Quarter	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>31.8.2019</u>	<u>31.8.2018</u>
	RM'000	RM'000
Final dividend in respect of the financial year ended 28 February 2018		
- 20.00 sen single-tier dividend per ordinary share	-	49,937
Final dividend in respect of the financial year ended 28 February 2019		
- 22.35 sen single-tier dividend per ordinary share	56,075	-
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	56,075	49,937
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**A8 Segmental Reporting**

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

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

**A9 Subsequent Event**

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

**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><u>31.8.2019</u></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	-	-	62,874	62,874
Derivatives designated as hedging instruments	-	28,722	-	28,722
Total financial assets carried at fair value	-	28,722	62,874	91,596
<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	76,301	-	76,301
Total financial liabilities carried at fair value	-	76,301	-	76,301
<b><u>28.02.2019</u></b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets</u>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investments	-	-	70,604	70,604
Derivatives designated as hedging instruments	-	19,178	-	19,178
Total financial assets carried at fair value	-	19,178	70,604	89,782
<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	105,495	-	105,495
Total financial liabilities carried at fair value	-	105,495	-	105,495

**A12 Contingent Liabilities and Contingent Assets**

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

**A13 Related Party Transactions**

During the current quarter under review and up to the date of this announcement, the Company did not enter into any significant Related Party Transactions or Recurrent Related Party Transactions of revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 20 June 2019.

**A14 Capital Commitments**

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM50.187 million as at 31 August 2019.



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

**B1 Performance Review**

	Individual quarter 3 months ended			Cumulative quarter 6 months ended		
	31.8.2019 RM'000	31.8.2018 RM'000	Changes %	31.8.2019 RM'000	31.8.2018 RM'000	Changes %
Revenue	<b>404,446</b>	332,092	21.8%	<b>783,034</b>	657,810	19.0%
Other income	<b>41,527</b>	48,322	-14.1%	<b>73,126</b>	77,575	-5.7%
Profit from operations	<b>146,669</b>	168,408	-12.9%	<b>334,725</b>	358,680	-6.7%
Profit before tax	<b>66,876</b>	107,233	-37.6%	<b>179,544</b>	238,996	-24.9%
Profit for the period	<b>49,127</b>	80,640	-39.1%	<b>133,727</b>	179,875	-25.7%

The Company recorded a total revenue of RM404.446 million, which was 21.8% higher as compared to the preceding year corresponding quarter. Total transaction and financing volume in the current quarter ended 31 August 2019 had increased by 23.0% to RM1.562 billion as compared to the preceding year corresponding quarter.

The gross financing receivables as at 31 August 2019 was RM9.597 billion representing an increase of RM1.742 billion as compared to 31 August 2018. The net financing receivables after impairment was RM8.941 billion as at 31 August 2019 as compared to RM7.254 billion as at 31 August 2018. Non-Performing Loans (NPL) ratio was 2.00% as at 31 August 2019 as compared to 2.07% as at 31 August 2018.

Other income recorded at RM41.527 million for the current quarter mainly comprising bad debts recovered and commission income from sale of insurance products.

Ratio of total operating expense against revenue recorded at 74.0% for the current quarter as compared to 63.8% in the preceding year corresponding quarter. The increase was mainly due to higher allowance for impairment losses on financing receivables and promotional expenses in tandem with the growth in transaction and financing volume.

Funding cost for the current quarter was higher compared to the preceding year corresponding quarter mainly due to higher borrowings in line with the growth of receivables. The nominal value of the borrowings as at 31 August 2019 was RM7.325 billion as compared to RM5.853 billion as at 31 August 2018.

The profit before tax for the current quarter of RM66.876 million was lower by 37.6% compared to the preceding year corresponding quarter.

Total revenue registered for the financial period-to-date of RM783.034 million was higher by 19.0% compared to RM657.810 million recorded in the preceding year corresponding period. Total transaction and financing volume for the financial period-to-date grew by 34.1% to RM3.147 billion compared to preceding year corresponding period.

The Company recorded a lower profit before tax of RM179.544 million for the financial period-to-date as compared to RM238.996 million in the preceding year corresponding period, mainly attributable to increased impairment losses on financing receivables of RM248.030 million under MFRS 9 requirements as compared to RM152.332 million recorded in the previous year corresponding period, in line with the growth of receivables during the period under review. Loan loss coverage ratio stood at 342% as at 31 August 2019 as compared to 370% as at 31 August 2018.



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

	<b>Current Quarter 31.8.2019 RM'000</b>	<b>Immediate Preceding Quarter 31.5.2019 RM'000</b>	<b>Changes %</b>
Revenue	<b>404,446</b>	378,588	6.8%
Total operating expenses	<b>299,304</b>	222,131	34.7%
Other income	<b>41,527</b>	31,599	31.4%
Profit before tax	<b>66,876</b>	112,668	-40.6%
Profit for the period	<b>49,127</b>	84,600	-41.9%

Profit before tax for the current quarter of RM66.876 million was lower by 40.6% compared to RM112.668 million recorded in the immediate preceding quarter. The profit decrease was mainly due to higher impairment losses of RM154.692 million recorded for the quarter ended 31 August 2019 as compared to RM93.338 million for the immediate preceding quarter in compliance with MFRS 9 requirements.

**B3 Current Year Prospects**

The Malaysian economy posted a GDP growth of 4.9% in the second quarter of 2019 while the annual economic growth forecast for 2019 is 4.3% to 4.8% by Bank Negara Malaysia. Domestic demand will continue to be one of the key drivers of growth and household spending is likely to be supported by growth in income and employment.

The Company had recorded a 19.0% growth in revenue for the period ended 31 August 2019 despite a challenging operating environment. Moving forward, the Company will remain prudent and cautious, placing emphasis on growing quality assets as well as enhancing cost and operational efficiency as we build on the momentum of strengthening our business fundamentals based on the scheduled implementation of our business plan and leveraging on the strength of AEON brand.

**B4 Revenue**

	<b>Individual quarter 3 months ended</b>		<b>Cumulative quarter 6 months ended</b>	
	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue comprises:				
Interest income, profit revenue and finance charges	357,822	289,801	686,624	576,805
Fee income	46,624	42,291	96,410	81,005
	<u>404,446</u>	<u>332,092</u>	<u>783,034</u>	<u>657,810</u>



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

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

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<u><b>31.8.2019</b></u>	<u><b>31.8.2018</b></u>	<u><b>31.8.2019</b></u>	<u><b>31.8.2018</b></u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Included in Profit from operations:				
Bad debts recovered	36,879	43,519	63,533	69,037
Interest income	420	203	808	468
Gain on disposal of plant and equipment	127	105	219	105
Depreciation of plant and equipment	(11,092)	(8,434)	(21,947)	(16,390)
Depreciation of right-of-use assets	(5,482)	-	(9,999)	-
Impairment loss on financing receivables	(154,692)	(95,236)	(248,030)	(152,332)
Write off of plant and equipment	(38)	(10)	(79)	(37)
(b) Included in Other comprehensive income:				
Loss on cash flow hedge	(29,316)	1,417	(47,596)	(6,062)
Unrealised gain on financial instruments at FVTOCI	1,999	5,056	4,216	37,407

Receivables amounting to RM89.769 million and RM 178.588 million have been written off against allowance for impairment losses on receivables for the current quarter and the financial period-to-date.

**B6 Interest expense**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<u><b>31.8.2019</b></u>	<u><b>31.8.2018</b></u>	<u><b>31.8.2019</b></u>	<u><b>31.8.2018</b></u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expense on financial liabilities that are not stated at fair value through profit or loss:				
Bank overdraft	71	217	122	389
Commercial paper	3,917	241	6,024	404
Revolving credits	3,628	559	5,988	652
Term loans/financing	71,386	60,050	141,573	118,030
ICULS interest	8	108	12	209
	<b>79,010</b>	61,175	<b>153,719</b>	119,684
Interest on lease liabilities	783	-	1,462	-
	<b>79,793</b>	61,175	<b>155,181</b>	119,684



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**B7 Taxation**

**(i) Tax expense**

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2019</u>	<u>31.8.2018</u>	<u>31.8.2019</u>	<u>31.8.2018</u>
	RM'000	RM'000	RM'000	RM'000
<b>Income tax payable:</b>				
- current year	31,182	32,014	57,774	63,557
<b>Deferred tax:</b>				
- current year	(13,433)	(5,421)	(11,957)	(4,436)
	<u>17,749</u>	<u>26,593</u>	<u>45,817</u>	<u>59,121</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**

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

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

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

- (a) 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.
- (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.

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

**(a) Stay of Proceedings**

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



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**B7 Taxation (continued)**

(b) Judicial Review

On 14 December 2017, the Company also commenced proceedings to seek a Judicial Review on this matter. However, the Kuala Lumpur High Court did not grant the required leave on 5 March 2018. On the same day, the Company filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court. The appeal is fixed for hearing on 9 October 2019.

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

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

(d) Civil recovery proceedings by DGIR

On 9 July 2019, the Company received a writ of summons together with a statement of claim filed by the DGIR in respect of the taxes which are purportedly due for the years of assessment 2010-2016. The Company has applied for a stay of DGIR’s proceedings and the hearing date has been fixed on 2 December 2019.

In the light of the above on-going development, no tax provision has been provided on the aforesaid matter.

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

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

	Notional Amount		Fair Value	
	31.8.2019	28.2.2019	Assets / (Liabilities)	
	RM’000	RM’000	31.8.2019	28.2.2019
	RM’000	RM’000	RM’000	RM’000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	113,918	-	13,598	-
1 – 3 years	166,031	270,222	15,124	19,178
Total	279,949	270,222	28,722	19,178
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
1 – 3 years	1,668,100	1,515,448	(34,324)	(75,197)
More than 3 years	1,029,323	640,336	(41,977)	(30,298)
Total	2,697,423	2,155,784	(76,301)	(105,495)

(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.





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**B9 Provision of Financial Assistance**

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

**B10 Status of Corporate Proposal**

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

**B11 Borrowings**

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

	<u>31.8.2019</u>	<u>28.2.2019</u>
	<b>Unsecured</b>	<b>Unsecured</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current :		
- Term loans/financing	5,403,454	5,616,006
	<u>5,403,454</u>	<u>5,616,006</u>
Current :		
- Bank overdrafts	23,436	19,290
- Revolving credits	330,000	245,000
- Commercial paper	547,537	149,716
- Term loans/financing	1,063,918	400,000
	<u>1,964,891</u>	<u>814,006</u>
Total	<u>7,368,345</u>	<u>6,430,012</u>

The borrowings were denominated in the following currencies:

	<u>31.8.2019</u>		<u>28.2.2019</u>	
	<b>Foreign</b>	<b>Unsecured</b>	<b>Foreign</b>	<b>Unsecured</b>
	<b>Currency</b>	<b>Equivalent</b>	<b>Currency</b>	<b>Equivalent</b>
	<b>'000</b>	<b>RM'000</b>	<b>'000</b>	<b>RM'000</b>
Ringgit Malaysia		4,390,973		4,004,006
United States Dollar	706,381	<u>2,977,372</u>	596,288	<u>2,426,006</u>
		<u>7,368,345</u>		<u>6,430,012</u>

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

**B12 Material Litigation**

As at the date of this announcement, the Company is not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or business of the Company except as disclosed in Note B7 (ii).



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**B13 Dividend**

- (a) (i) An interim single-tier dividend has been recommended for the financial year ending 29 February 2020;
- (ii) Amount per share: 22.25 sen (previous year corresponding period: 22.25 sen per share);
- (iii) Date payable: 7 November 2019; and
- (iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 18 October 2019.
- (b) Total dividend paid during the period ended 31 August 2019: single-tier dividend of 22.35 sen per share totalling RM56.075 million.

**B14 Earnings per share**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to equity holders	49,127	80,640	133,727	179,875
Distribution on perpetual notes and sukuk, net of tax	(8,190)	(3,189)	(9,323)	(6,785)
Profit attributable to ordinary equity holders	<u>40,937</u>	<u>77,451</u>	<u>124,404</u>	<u>173,090</u>

**Basic Earnings Per Share**

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

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>	<b><u>31.8.2019</u></b>	<b><u>31.8.2018</u></b>
Profit attributable to ordinary equity holders (RM'000)	40,937	77,451	124,404	173,090
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>16.03</u>	<u>30.34</u>	<u>48.73</u>	<u>67.80</u>

**Diluted Earnings Per Share**

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



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**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 26 September 2019.

By order of the Board  
26 September 2019