



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 PERIOD ENDED 30 NOVEMBER 2020

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			9 months ended		
		30.11.2020 RM'000	30.11.2019 RM'000	Changes %	30.11.2020 RM'000	30.11.2019 RM'000	Changes %
Revenue	B4	401,467	402,462	-0.2%	1,155,312	1,185,496	-2.5%
Total operating expenses		(294,162)	(258,095)	14.0%	(808,330)	(779,530)	3.7%
Other income		39,590	31,159	27.1%	98,432	104,285	-5.6%
Profit from operations	B5(a)	146,895	175,526	-16.3%	445,414	510,251	-12.7%
Interest expense	B6	(89,190)	(82,661)	7.9%	(274,137)	(237,842)	15.3%
Profit before tax		57,705	92,865	-37.9%	171,277	272,409	-37.1%
Taxation	B7	(15,556)	(22,935)	-32.2%	(51,039)	(68,752)	-25.8%
Profit for the period		42,149	69,930	-39.7%	120,238	203,657	-41.0%
Other comprehensive income/(loss), net of tax	B5(b)						
<i>Item that may be reclassified subsequently to profit or loss:</i>							
Net changes in cash flow hedge		8,824	7,106	24.2%	(56,222)	(40,490)	38.9%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value changes through other comprehensive income		(5,463)	(14,424)	-62.1%	(20,109)	(10,208)	97.0%
Total comprehensive income for the period		45,510	62,612	-27.3%	43,907	152,959	-71.3%
Profit attributable to equity holders of the Company		42,149	69,930	-39.7%	120,238	203,657	-41.0%
Total comprehensive income attributable to equity holders of the Company		45,510	62,612	-27.3%	43,907	152,959	-71.3%
Earnings per share attributable to owners of the Company (sen)							
Basic	B14	16.51	27.39	-39.7%	45.11	76.12	-40.7%

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2020 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020

	Note	Unaudited As at 30.11.2020 RM'000	As at 29.2.2020 RM'000
ASSETS			
Non-current assets			
Plant and equipment		139,234	141,161
Right-of-use assets		58,613	70,997
Investments		28,591	48,699
Deferred tax assets		253,701	213,801
Financing receivables		<u>5,280,779</u>	<u>6,265,390</u>
Total non-current assets		<u>5,760,918</u>	<u>6,740,048</u>
Current assets			
Financing receivables		4,006,452	3,438,731
Other receivables, deposits and prepayments		102,730	83,564
Amount owing by related companies		21,088	10,706
Derivative financial assets	B8	-	28,810
Cash, bank balances and deposits		<u>246,102</u>	<u>132,798</u>
Total current assets		<u>4,376,372</u>	<u>3,694,609</u>
TOTAL ASSETS		<u>10,137,290</u>	<u>10,434,657</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		584,012	565,448
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		-	14,107
Hedging reserve		(172,092)	(115,870)
Fair value reserve		7,462	27,571
Retained earnings		<u>1,122,274</u>	<u>1,066,103</u>
Equity attributable to ordinary equity holders of the Company		<u>1,541,656</u>	<u>1,557,359</u>
Perpetual notes and sukuk		<u>200,000</u>	<u>200,000</u>
Total equity		<u>1,741,656</u>	<u>1,757,359</u>



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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020 (Continued)

	Note	Unaudited As at 30.11.2020 RM'000	As at 29.2.2020 RM'000
Non-current liabilities			
Borrowings	B11	6,384,889	5,597,516
Lease liabilities		43,596	52,037
Total non-current liabilities		6,428,485	5,649,553
Current liabilities			
Borrowings	B11	1,307,440	2,600,152
Trade payables		16,686	32,913
Other payables and accruals		240,589	204,348
Amount owing to immediate holding company		3,469	6,978
Amount owing to related companies		5,579	5,702
Derivative financial liabilities	B8	332,630	132,577
Lease liabilities		15,244	19,140
Tax liabilities		45,512	25,305
ICULS liabilities		-	630
Total current liabilities		1,967,149	3,027,745
Total liabilities		8,395,634	8,677,298
TOTAL EQUITY AND LIABILITIES		10,137,290	10,434,657
Net assets per share (RM)		6.04	6.14
Number of ordinary shares ('000)		255,308	253,619
Capital adequacy ratio (%)		22.68	18.87

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 PERIOD ENDED 30 NOVEMBER 2020

	← 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	
At 1 March 2019	534,907	43,800	376,000	(21,491)	37,528	904,237	1,874,981
Cash flow hedge, net of tax	-	-	-	(40,490)	-	-	(40,490)
Fair value through other comprehensive income	-	-	-	-	(10,208)	(34)	(10,242)
Profit for the period	-	-	-	-	-	203,657	203,657
Total comprehensive income for the period	-	-	-	(40,490)	(10,208)	203,623	152,925
Conversion of ICULS equity	29,592	(29,592)	-	-	-	-	-
Conversion of ICULS liabilities	796	-	-	-	-	-	796
Deferred tax effects on ICULS	-	47	-	-	-	-	47
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	-	(9,323)	(9,323)
Redemption of perpetual note	-	-	(46,000)	-	-	-	(46,000)
Dividends	-	-	-	-	-	(112,501)	(112,501)
At 30 November 2019	565,295	14,255	330,000	(61,981)	27,320	986,036	1,860,925
At 1 March 2020	565,448	14,107	200,000	(115,870)	27,571	1,066,103	1,757,359
Cash flow hedge, net of tax	-	-	-	(56,222)	-	-	(56,222)
Fair value through other comprehensive income	-	-	-	-	(20,109)	-	(20,109)
Profit for the period	-	-	-	-	-	120,238	120,238
Total comprehensive income for the period	-	-	-	(56,222)	(20,109)	120,238	43,907
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	-	-	-	-	-	(5,068)	(5,068)
Dividends	-	-	-	-	-	(58,999)	(58,999)
At 30 November 2020	584,012	-	200,000	(172,092)	7,462	1,122,274	1,741,656

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 PERIOD ENDED 30 NOVEMBER 2020

	30.11.2020	30.11.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	171,277	272,409
Adjustments for:		
Interest income	(3,494)	(1,417)
Finance costs	271,947	235,691
Interest on lease liabilities	2,190	2,151
Gain on disposal of plant and equipment	(131)	(273)
Depreciation of plant and equipment	37,447	33,179
Depreciation of right-of-use assets	16,588	14,727
Impairment loss on financing receivables	443,289	362,500
Write-off of plant and equipment	929	136
Operating profit before changes in working capital	<u>940,042</u>	919,103
Changes in working capital:		
Financing receivables	(26,399)	(1,586,548)
Other receivables, deposits and prepayments	(19,166)	13,983
Amount owing by related companies	(10,381)	(5,043)
Trade payables	(16,227)	(1,366)
Other payables and accruals	28,512	3,701
Amount owing to immediate holding company	(3,510)	(2,839)
Amount owing to related companies	(123)	(5,546)
Cash held in trust for customers	(7,753)	(2,958)
Cash held in trust for a related company	1,841	(1,119)
Cash generated from/(used in) operations	<u>886,836</u>	(668,632)
Tax paid	<u>(51,384)</u>	(83,816)
Net cash generated from/(used in) operating activities	<u>835,452</u>	<u>(752,448)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(36,481)	(48,575)
Proceeds from disposal of plant and equipment	162	281
Proceeds from disposal of investment	-	62
Interest received	3,494	1,417
Net cash used in investing activities	<u>(32,825)</u>	<u>(46,815)</u>



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CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (Continued)

	30.11.2020	30.11.2019
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(58,999)	(112,501)
Drawdown of borrowings	3,397,000	6,880,000
Repayment of borrowings	(3,703,155)	(5,651,012)
Coupon payment on ICULS	(636)	(1,698)
Distribution paid to perpetual notes and sukuk holders	(6,668)	(12,267)
Redemption of perpetual notes	-	(46,000)
Payment of lease liabilities	(18,732)	(16,102)
Decrease/(Increase) in deposit held in trust account	29	(2)
Finance costs paid	(259,747)	(229,973)
Net cash (used in)/generated from financing activities	(650,908)	810,445
Net increase in cash and cash equivalents	151,719	11,182
Cash and cash equivalents at beginning of the period	66,488	58,429
Cash and cash equivalents at end of the period	218,207	69,611

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

	30.11.2020	30.11.2019
	RM'000	RM'000
Cash and bank balances	92,445	103,198
Deposits placed with licensed banks	153,657	15,408
	246,102	118,606
Bank overdrafts	-	(30,205)
Cash held in trust for customers	(27,734)	(16,832)
Deposit held in trust account	(161)	(129)
Cash held in trust for related companies	-	(1,829)
	218,207	69,611

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 period ended 30 November 2020

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 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 that the adoption of these amendments will have no 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 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

- 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 is 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 was 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 period under review.



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A7 Dividend Paid

	Cumulative quarter	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>30.11.2020</u>	<u>30.11.2019</u>
	RM'000	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	-
	<u>58,999</u>	<u>112,501</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.

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).

30.11.2020	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	RM'000	RM'000	RM'000	RM'000
Investments	-	-	28,591	28,591
Total financial assets carried at fair value	-	-	28,591	28,591

<u>Financial liabilities</u>				
Derivatives designated as hedging instruments	-	332,630	-	332,630
Total financial liabilities carried at fair value	-	332,630	-	332,630

29.02.2020	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	RM'000	RM'000	RM'000	RM'000
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 30 November 2020 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 RM92.877 million as at 30 November 2020.



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Performance Review

	Individual quarter 3 months ended			Cumulative quarter 9 months ended		
	30.11.2020 RM'000	30.11.2019 RM'000	Changes %	30.11.2020 RM'000	30.11.2019 RM'000	Changes %
Transaction and financing volume	1,224,427	1,588,855	-22.9%	2,965,391	4,735,447	-37.4%
Revenue	401,467	402,462	-0.2%	1,155,312	1,185,496	-2.5%
Total operating expenses	294,162	258,095	14.0%	808,330	779,530	3.7%
Other income	39,590	31,159	27.1%	98,432	104,285	-5.6%
Profit from operations	146,895	175,526	-16.3%	445,414	510,251	-12.7%
Profit before tax	57,705	92,865	-37.9%	171,277	272,409	-37.1%
Profit for the period	42,149	69,930	-39.7%	120,238	203,657	-41.0%

i) Current Quarter vs Previous Year Corresponding Quarter

The Company recorded a total revenue of RM401.467 million, which was marginally lower by 0.2% as compared to the preceding year corresponding quarter. Total transaction and financing volume in the current quarter ended 30 November 2020 was recorded at RM1.224 billion.

The gross financing receivables as at 30 November 2020 was RM10.222 billion representing an increase of RM188.956 million as compared to 30 November 2019. The net financing receivables after allowance for impairment loss was RM9.287 billion as at 30 November 2020 as compared to RM9.330 billion as at 30 November 2019. Non-Performing Loans (“NPL”) ratio was 2.88% as at 30 November 2020 as compared to 1.93% as at 30 November 2019.

Other income was recorded at RM39.590 million for the current quarter mainly comprising bad debts recovered and insurance commission.

Ratio of total operating expenses against revenue was recorded at 73.3% for the current quarter as compared to 64.1% in the preceding year corresponding quarter. The increase in operating expenses was mainly due to higher impairment losses on financing receivables of RM156.909 million as compared to RM114.470 for the preceding year corresponding quarter. Loan loss coverage ratio stood at 318% as at 30 November 2020 as compared to 363% as at 30 November 2019.

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 30 November 2020 was RM7.799 billion as compared to RM7.728 billion as at 30 November 2019.

The profit before tax (“PBT”) for the current quarter of RM57.705 million decreased by 37.9% 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 period-to-date of RM1.155 billion was lower by 2.5% compared to RM1.185 billion recorded in the preceding year corresponding period. The lower revenue was mainly attributable to interest income decrease resulting from the Day-One net modification loss related to AEON Relief Programme and lower fee income in line with weaker transaction and financing volume for the financial period-to-date of RM2.965 billion.

The Company recorded a lower PBT of RM171.277 million for the financial period-to-date as compared to RM272.409 million in the preceding year corresponding period. The decrease was mainly due to the impact of lower fee income of RM30.263 million and increased impairment losses on financing receivables of RM80.789 million occasioned by the effects of COVID-19 pandemic. However, the decrease in PBT was mitigated by lower other operating expenses of RM51.989 million.

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

	Current Quarter 30.11.2020 RM'000	Immediate Preceding Quarter 31.8.2020 RM'000	Changes %
Transaction and financing volume	1,224,427	962,393	27.2%
Revenue	401,467	363,967	10.3%
Total operating expenses	294,162	236,651	24.3%
Other income	39,590	41,695	-5.0%
Profit from operations	146,895	169,011	-13.1%
Profit before tax	57,705	76,486	-24.6%
Profit for the period	42,149	51,810	-18.6%

PBT for the current quarter was recorded at RM57.705 million, a decrease of 24.6% compared to RM76.486 million recorded in the immediate preceding quarter. The lower PBT was mainly due to higher impairment losses of RM156.909 million recorded in the current quarter as compared to RM112.012 million for the immediate preceding quarter. However, this was partially offset by increased revenue generated during the current quarter amounting to RM37.500 million.

B3 Current Year Prospects

In the third quarter of 2020, the Malaysian Gross Domestic Product (“GDP”) improved with a slower contraction of 2.7% year-on-year compared to the contraction of 17.1% registered in second quarter, reflecting the easing of COVID-19 containment measures and improved external demand conditions. Meanwhile, Bank Negara Malaysia has forecasted the annual GDP contractions of between 3.5% to 5.5% for 2020 with some improvement expected in 2021, benefitting from the recovery in global demand with spill overs onto the domestic sectors, continued policy support via KITA PRIHATIN and 2021 Budget measures. Notwithstanding this, downside risks are still imminent, emanating mainly from the uncertainties surrounding COVID-19 globally and domestically.

Further to the implementation of additional measures directed by Bank Negara Malaysia to assist borrowers and 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)

It is expected that the ongoing pandemic will have a negative bearing on the Company's financial performance for the year. The Company will continue to closely monitor and assess the inherent credit risk in its financing portfolio, with proactive attention focused on enhancement of asset quality, prudent cost and cash management and improvement on financial and operational efficiencies by leveraging on its positive business fundamentals and extensive customer reach.

B4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	357,441	355,189	1,041,892	1,041,813
Fee income	44,026	47,273	113,420	143,683
	<u>401,467</u>	<u>402,462</u>	<u>1,155,312</u>	<u>1,185,496</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>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	33,891	24,384	83,758	87,917
Interest income	1,643	609	3,494	1,417
Gain on disposal of plant and equipment	132	54	131	273
Depreciation of plant and equipment	(12,233)	(11,232)	(37,447)	(33,179)
Depreciation of right-of-use assets	(5,637)	(4,728)	(16,588)	(14,727)
Impairment loss on financing receivables	(156,909)	(114,470)	(443,289)	(362,500)
Write off of plant and equipment	(485)	(57)	(929)	(136)
(b) Included in Other comprehensive income/(loss):				
Net changes in cash flow hedge	8,824	7,106	(56,222)	(40,490)
Net fair value changes on equity instruments through other comprehensive income	(5,463)	(14,424)	(20,109)	(10,208)

Receivables amounting to RM55.866 million and RM199.050 million has been written off against allowance for impairment losses on receivables for the current quarter and financial period-to-date as compared with RM67.274 million and RM245.863 million written off in the previous year corresponding quarter and financial period-to-date respectively.



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B6 Interest expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</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	-	28	3	150
Commercial paper	1,040	5,956	5,228	11,980
Revolving credits	564	2,765	3,134	8,753
Term loans/financing	78,905	73,247	238,888	214,820
Senior and subordinated sukuk	6,774	-	20,225	-
ICULS interest	1,221	(24)	4,469	(12)
	<u>88,504</u>	<u>81,972</u>	<u>271,947</u>	<u>235,691</u>
Interest on lease liabilities	686	689	2,190	2,151
	<u>89,190</u>	<u>82,661</u>	<u>274,137</u>	<u>237,842</u>

B7 Taxation

(i) Tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current year	18,358	33,575	74,215	91,349
- over provision in prior years	(1,024)	(3,911)	(1,024)	(3,911)
	<u>17,334</u>	<u>29,664</u>	<u>73,191</u>	<u>87,438</u>
Deferred tax:				
- current year	(2,751)	(9,400)	(23,125)	(21,357)
- under provision in prior years	973	2,671	973	2,671
	<u>(1,778)</u>	<u>(6,729)</u>	<u>(22,152)</u>	<u>(18,686)</u>
	<u>15,556</u>	<u>22,935</u>	<u>51,039</u>	<u>68,752</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 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.

(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 hearing on 1 July 2019 had been vacated. The hearing date has yet to be fixed.

(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. The hearing date has yet to be fixed.



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B7 Taxation (continued)

(ii) Material litigation (continued)

(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.

On 2 December 2019, the Shah Alam High Court had granted a stay of proceedings against the civil recovery suit commenced by the Government of Malaysia against the Company. The stay is valid until 1 June 2020 pending discussions between the parties to explore the possibility of an amicable resolution. The matter has now been fixed for case management at the High Court on 19 January 2021 for further instruction and the High Court has advised parties to proceed with the discussions expeditiously.

At the date of this report, the Company is finalising on-going negotiations to reach an amicable out of court settlement with DGIR on this matter.

B8 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding as at 30 November 2020 are as follows:

	Notional Amount		Fair Value	
	30.11.2020	29.2.2020	30.11.2020	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	857,440	716,876	(37,064)	(4,723)
1 – 3 years	664,988	1,153,764	(60,577)	(41,185)
More than 3 years	2,181,553	1,355,149	(234,989)	(86,669)
Total	3,703,981	3,225,789	(332,630)	(132,577)

(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 30 November 2020.



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B10 Status of Corporate Proposal

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

B11 Borrowings

The borrowings of the Company as at 30 November 2020 comprised the following:

	<u>30.11.2020</u>	<u>29.2.2020</u>
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans/financing	5,686,541	5,098,913
- Senior sukuk	498,715	498,603
- Subordinated sukuk	199,633	-
	<u>6,384,889</u>	<u>5,597,516</u>
Current :		
- Bank overdrafts	-	44,298
- Commercial paper	-	658,900
- Term loans/financing	1,307,440	1,896,954
	<u>1,307,440</u>	<u>2,600,152</u>
Total	<u>7,692,329</u>	<u>8,197,668</u>

The borrowings were denominated in the following currencies:

	<u>30.11.2020</u>		<u>29.2.2020</u>	
	Foreign	Unsecured	Foreign	Unsecured
	Currency	Equivalent	Currency	Equivalent
	'000	RM'000	'000	RM'000
Ringgit Malaysia		3,988,348		4,691,801
United States Dollar	908,956	<u>3,703,981</u>	831,381	<u>3,505,867</u>
		<u>7,692,329</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 except as disclosed in Note B7 (ii).



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B13 Dividend

There was no dividend declared during the current quarter. The interim single-tier dividend of 9.20 sen declared on 29 September 2020 for the financial year ending 28 February 2021 was paid to shareholders on 5 November 2020 as disclosed in Note A7.

B14 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	42,149	69,930	120,238	203,657
Distribution on perpetual notes and sukuk, net of tax	-	-	(5,068)	(9,323)
Profit attributable to ordinary equity holders	<u>42,149</u>	<u>69,930</u>	<u>115,170</u>	<u>194,334</u>

Basic Earnings Per Share

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2020</u>	<u>30.11.2019</u>	<u>30.11.2020</u>	<u>30.11.2019</u>
Profit attributable to ordinary equity holders (RM'000)	42,149	69,930	115,170	194,334
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>16.51</u>	<u>27.39</u>	<u>45.11</u>	<u>76.12</u>

Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 30 November 2020. 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 21 December 2020.

By order of the Board
21 December 2020