



AEON Credit Service (M) Berhad

(Registration No. 199601040414 (412767-V))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			9 months ended		
		30.11.2021	30.11.2020	Changes	30.11.2021	30.11.2020	Changes
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B4	376,471	401,467	-6.2%	1,161,912	1,155,312	0.6%
Total operating expenses		(181,888)	(294,162)	-38.2%	(566,319)	(808,330)	-29.9%
Other income		50,459	39,590	27.5%	138,218	98,432	40.4%
Profit from operations	B5(a)	245,042	146,895	66.8%	733,811	445,414	64.7%
Interest expense	B6	(81,014)	(89,190)	-9.2%	(251,780)	(274,137)	-8.2%
Profit before tax		164,028	57,705	184.3%	482,031	171,277	181.4%
Taxation	B7	(60,564)	(15,556)	289.3%	(139,992)	(51,039)	174.3%
Profit for the period		103,464	42,149	145.5%	342,039	120,238	184.5%
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		26,451	8,824	199.8%	44,386	(56,222)	178.9%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value changes through other comprehensive income		(1,755)	(5,463)	-67.9%	(2,205)	(20,109)	-89.0%
Total comprehensive income for the period		128,160	45,510	181.6%	384,220	43,907	775.1%
Profit attributable to equity holders of the Company		103,464	42,149	145.5%	342,039	120,238	184.5%
Total comprehensive income attributable to equity holders of the Company		128,160	45,510	181.6%	384,220	43,907	775.1%
Earnings per share attributable to owners of the Company (sen)							
Basic	B14	40.53	16.51	145.5%	132.00	45.11	192.6%

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2021 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021

	Note	Unaudited As at 30.11.2021 RM'000	As at 28.2.2021 RM'000
ASSETS			
Non-current assets			
Plant and equipment		139,237	137,843
Right-of-use assets		46,765	53,535
Investments		25,440	27,645
Goodwill on consolidation		511	-
Deferred tax assets		211,187	247,816
Financing receivables		6,051,989	6,302,925
Total non-current assets		6,475,129	6,769,764
Current assets			
Financing receivables and trade receivables		2,864,539	2,933,121
Other receivables, deposits and prepayments		40,334	63,375
Amount owing by related companies		22,559	25,612
Derivative financial assets	B8	18,674	-
Cash, bank balances and deposits		784,558	439,549
Total current assets		3,730,664	3,461,657
TOTAL ASSETS		10,205,793	10,231,421
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		584,012	584,012
Hedging reserve		(83,876)	(128,262)
Fair value reserve		4,312	6,517
Retained earnings		1,444,099	1,230,925
Equity attributable to ordinary equity holders of the Company		1,948,547	1,693,192
Perpetual notes and sukuk		200,000	200,000
Total equity		2,148,547	1,893,192



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021 (Continued)

		Unaudited As at 30.11.2021 RM'000	As at 28.2.2021 RM'000
	Note		
Non-current liabilities			
Borrowings	B11	6,862,105	6,542,946
Lease liabilities		30,087	35,801
Total non-current liabilities		6,892,192	6,578,747
Current liabilities			
Borrowings	B11	685,708	1,119,964
Trade payables		13,739	21,163
Other payables and accruals		271,586	226,847
Amount owing to immediate holding company		4,352	6,586
Amount owing to related companies		4,886	20,267
Derivative financial liabilities	B8	100,531	281,903
Lease liabilities		17,655	18,230
Tax liabilities		66,597	64,522
Total current liabilities		1,165,054	1,759,482
Total liabilities		8,057,246	8,338,229
TOTAL EQUITY AND LIABILITIES		10,205,793	10,231,421
Net assets per share (RM)		7.63	6.63
Number of ordinary shares ('000)		255,308	255,308
Capital adequacy ratio (%)		27.23	23.98

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2021 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021

	<u>Non-distributable</u>				<u>Distributable</u>		Total RM'000
	Share capital RM'000	ICULS equity RM'000	notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
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

	<u>Non-distributable</u>				<u>Distributable</u>		Total RM'000
	Share capital RM'000	notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000		
At 1 March 2021	584,012	200,000	(128,262)	6,517	1,230,925	1,893,192	
Cash flow hedge, net of tax	-	-	44,386	-	-	44,386	
Fair value through other comprehensive income	-	-	-	(2,205)	-	(2,205)	
Profit for the period	-	-	-	-	342,039	342,039	
Total comprehensive income for the period	-	-	44,386	(2,205)	342,039	384,220	
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(5,040)	(5,040)	
Dividends	-	-	-	-	(123,825)	(123,825)	
At 30 November 2021	584,012	200,000	(83,876)	4,312	1,444,099	2,148,547	

The Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2021 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021

	30.11.2021	30.11.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	482,031	171,277
Adjustments for:		
Interest income	(10,358)	(3,494)
Finance costs	249,991	271,947
Interest on lease liabilities	1,789	2,190
Gain on disposal of plant and equipment	(69)	(131)
Depreciation of plant and equipment	35,676	37,447
Depreciation of right-of-use assets	16,873	16,588
Impairment loss on financing receivables	148,609	443,289
Write-off of plant and equipment	34	929
Operating profit before changes in working capital	<u>924,576</u>	940,042
Changes in working capital:		
Financing receivables	170,909	(26,399)
Other receivables, deposits and prepayments	23,041	(19,166)
Amount owing by related companies	3,053	(10,381)
Trade payables	(7,424)	(16,227)
Other payables and accruals	42,909	28,512
Amount owing to immediate holding company	(15,383)	(3,510)
Amount owing to related companies	(2,234)	(123)
Cash held in trust for customers	(7,199)	(7,753)
Cash held in trust for a related company	-	1,841
Cash generated from operations	<u>1,132,248</u>	886,836
Tax paid	<u>(113,713)</u>	(51,384)
Net cash from operating activities	<u>1,018,535</u>	835,452
Cash flows from investing activities		
Acquisition of plant and equipment	(37,272)	(36,481)
Proceeds from disposal of plant and equipment	237	162
Acquisition of a subsidiary, net of cash acquired	(250)	-
Interest received	<u>10,358</u>	3,494
Net cash used in investing activities	<u>(26,927)</u>	(32,825)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021 (Continued)

	30.11.2021	30.11.2020
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(123,825)	(58,999)
Proceeds from bank borrowings	500,000	3,397,000
Repayment of bank borrowings	(756,740)	(3,703,155)
Coupon payment of ICULS	-	(636)
Repayment of lease liabilities	(18,179)	(18,732)
(Increase)/decrease in deposit held in trust account	(1)	29
Distribution paid to perpetual notes and sukuk holders	(6,632)	(6,668)
Finance costs paid	(248,421)	(259,747)
Net cash used in financing activities	(653,798)	(650,908)
Net increase in cash and cash equivalents	337,810	151,719
Cash and cash equivalents at beginning of year	405,955	66,488
Cash and cash equivalents at end of period	743,765	218,207

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

	30.11.2021	30.11.2020
	RM'000	RM'000
Cash and bank balances	72,666	92,445
Deposits placed with licensed financial institutions	711,892	153,657
	784,558	246,102
Cash held in trust for customers	(40,631)	(27,734)
Deposit held in trust account	(162)	(161)
	743,765	218,207

The Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 28 February 2021 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 2021

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

The condensed consolidated 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 (“MMLR”) 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 28 February 2021. 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 Group since the financial year ended 28 February 2021.

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 Group 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 March 2021.

Effective for annual periods beginning on or after 1 January 2021

- *Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

The application of this amendment to MFRSs did not have any material impact on the financial performance or position of the Group.

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 Group are as listed below:

Effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 Leases – *Covid-19 – Related Rent Concessions beyond 30 June 2021*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRSs *Annual Improvements to MFRSs Standards 2018 - 2020*
- Amendments to MFRS 3 *Reference to Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts – Costs of Fulfilling a Contract*



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A2 Significant accounting policies (Continued)

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 4 *Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 101 *Classification of Current and Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*

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

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

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

A5 Changes in Estimates

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

A6 Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial period under review.



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A7 Dividend Paid

	Cumulative quarter	
	Current Year Year-To-Date <u>30.11.2021</u> RM'000	Preceding Year Year-To-Date <u>30.11.2020</u> RM'000
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
Final dividend in respect of the financial year ended 28 February 2021		
- 20.00 sen single-tier dividend per ordinary share	51,062	-
Interim dividend in respect of the financial year ending 28 February 2022		
- 28.50 sen single-tier dividend per ordinary share	72,763	-
	123,825	58,999

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. The contribution from the newly acquired subsidiary which is principally engaged in the insurance brokerage business remains insignificant to the Group during the current financial period under review.

On this basis, the Managing Director (“MD”) reviews the business performance of the Group 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 Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and restructuring and discontinuing operations other than as disclosed below and in Note B10.

On 30 September 2021, the Company acquired 100% equity interest in Insurepro Sdn. Bhd. (“Insurepro”), representing 1,440,000 ordinary shares for a purchase consideration of RM0.489 million. As a result, Insurepro became a wholly-owned subsidiary of the Company.



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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).

30.11.2021	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	RM'000	RM'000	RM'000	RM'000
Investments	-	-	25,440	25,440
Derivatives designated as hedging instruments	-	18,674	-	18,674
Total financial assets carried at fair value	-	18,674	25,440	44,114

Financial liabilities

Derivatives designated as hedging instruments	-	100,531	-	100,531
Total financial liabilities carried at fair value	-	100,531	-	100,531

28.2.2021

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

Financial liabilities

Derivatives designated as hedging instruments	-	281,903	-	281,903
Total financial liabilities carried at fair value	-	281,903	-	281,903

A12 Contingent Liabilities and Contingent Assets

The Group did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 30 November 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 Group 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 23 June 2021.

A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM84.876 million as at 30 November 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 9 months ended		
	30.11.2021 RM'000	30.11.2020 RM'000	Changes %	30.11.2021 RM'000	30.11.2020 RM'000	Changes %
Transaction and financing volume	1,188,326	1,224,427	-2.9%	3,305,207	2,965,391	11.5%
Revenue	376,471	401,467	-6.2%	1,161,912	1,155,312	0.6%
Total operating expenses	(181,888)	(294,162)	-38.2%	(566,319)	(808,330)	-29.9%
Other income	50,459	39,590	27.5%	138,218	98,432	40.4%
Profit from operations	245,042	146,895	66.8%	733,811	445,414	64.7%
Profit before tax	164,028	57,705	184.3%	482,031	171,277	181.4%
Profit for the period	103,464	42,149	145.5%	342,039	120,238	184.5%

i) Current Quarter vs Previous Year Corresponding Quarter

The Group recorded a total revenue of RM376.471 million, which was lower by 6.2% as compared to the corresponding preceding year quarter. Total transaction and financing volume in the current quarter of RM1.188 billion was lower by 2.9% as compared to corresponding preceding year quarter due to the implementation of the National Recovery Plan (“NRP”) where most states were still under Phase 3 of the NRP and progressively moved into Phase 4 in October and November 2021 respectively.

The gross financing receivables as at 30 November 2021 of RM9.605 billion was lower by RM616.667 million as compared to 30 November 2020. The net financing receivables after allowance for impairment loss was RM8.915 billion as at 30 November 2021 as compared to RM9.287 billion as at 30 November 2020. Non-Performing Loans (“NPL”) ratio was 1.75% as at 30 November 2021 as compared to 2.88% as at 30 November 2020.

Other income for the current quarter was higher at RM50.459 million mainly due to improved bad debt recoveries, insurance commission and interest/profit income from deposits with licensed financial institutions.

Ratio of total operating expenses against revenue was recorded at 48.3% for the current quarter as compared to 73.3% in the corresponding preceding year quarter. The decrease in operating expenses was mainly due to lower impairment losses on financing receivables of RM33.090 million as compared to RM156.909 million for the corresponding preceding year quarter, partially offset by higher operating expenses.

Funding cost for the current quarter was lower compared to the corresponding preceding year quarter mainly due to reduced borrowings and lower cost of funds. The nominal value of borrowings as at 30 November 2021 was RM7.519 billion as compared to RM7.799 billion as at 30 November 2020.

As a result, the profit before tax (“PBT”) for the current quarter of RM164.028 million increased by 184.3% as compared to the corresponding preceding year 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 RM1.162 billion was higher by 0.6% as compared to RM1.155 billion recorded in the corresponding preceding year period. The higher revenue was mainly attributable to higher interest income as the previous year's revenue was impacted by Day-One net modification loss from the implementation of AEON Relief Programme of RM28.409 million.

The Group recorded a higher PBT of RM482.031 million for the financial period-to-date as compared to RM171.277 million in the corresponding preceding year period. The increase was mainly due to the incremental increase in revenue of RM6.600 million coupled with a reduction in the allowance for impairment losses of RM294.680 million. Loan loss coverage ratio stood at 410% as at 30 November 2021 as compared to 318% as at 30 November 2020.

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

	Current Quarter 30.11.2021 RM'000	Immediate Preceding Quarter 31.8.2021 RM'000	Changes %
Transaction and financing volume	1,188,326	708,827	67.6%
Revenue	376,471	374,475	0.5%
Total operating expenses	(181,888)	(225,763)	-19.4%
Other income	50,459	38,566	30.8%
Profit from operations	245,042	187,278	30.8%
Profit before tax	164,028	102,145	60.6%
Profit for the period	103,464	75,483	37.1%

PBT for the current quarter was recorded at RM164.028 million, an increase of 60.6% as compared to RM102.145 million recorded in the immediate preceding quarter. The higher PBT was mainly due to lower impairment losses of RM33.090 million recorded in the current quarter as compared to RM92.226 million for the immediate preceding quarter.

B3 Current Year Prospects

In the third quarter of 2021, as reported recently by Bank Negara Malaysia (“BNM”), the Malaysian Gross Domestic Product (“GDP”) contracted by 4.5% year-on-year as compared to a 16.1% expansion in the second quarter mainly attributable to the stricter Covid-19 containment measures which impacted all economic sectors. Meanwhile, BNM has forecasted that Malaysia's economic growth is on track to expand by 3.0% - 4.0% for 2021 with the expected increase in economic activities due to the progressive relaxation of Covid-19 containment measures.

Businesses are unfortunately continuing to face unexpected social and economic challenges in view of the recent outbreaks of new Covid-19 variants. However, movement restrictions had since been progressively eased as the number of recorded infection cases have declined with improved vaccination rates. This has allowed the Group to gradually reopen its branch operations to better serve customers and expand its business.



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B3 Current Year Prospects (Continued)

Nevertheless, the Group will continue to closely monitor and assess the inherent credit risks in its financing portfolios, 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 Group is committed to building on its business sustainability and growth agenda and will be continuously enhancing its information technology capabilities to drive the digitalisation of its operations. Barring any unforeseen circumstances, the Group expects to be able to achieve an improved financial performance for the financial year ending 28 February 2022.

B4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	337,448	357,441	1,055,205	1,041,892
Fee income	39,023	44,026	106,707	113,420
	<u>376,471</u>	<u>401,467</u>	<u>1,161,912</u>	<u>1,155,312</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>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	41,705	33,891	117,906	83,758
Interest income	4,037	1,643	10,358	3,494
Gain on disposal of plant and equipment	-	132	69	131
Depreciation of plant and equipment	(11,867)	(12,233)	(35,676)	(37,447)
Depreciation of right-of-use assets	(5,758)	(5,637)	(16,873)	(16,588)
Impairment loss on financing receivables	(33,090)	(156,909)	(148,609)	(443,289)
Write off of plant and equipment	-	(485)	(34)	(929)
(b) Included in Other comprehensive income/(loss):				
Net changes in cash flow hedge	26,451	8,824	44,386	(56,222)
Net fair value changes on equity instruments through other comprehensive income	(1,755)	(5,463)	(2,205)	(20,109)



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B5 Notes to the Statement of Comprehensive Income (Continued)

Receivables amounting to RM81.551 million and RM300.767 million have been written off against allowance for impairment losses on receivables for the current quarter and financial period-to-date as compared with RM55.866 million and RM199.050 million written off in the previous year corresponding quarter and financial period-to-date respectively.

B6 Interest expense

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</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:				
Commercial paper	93	1,040	343	5,228
Term loans/financing	73,455	78,905	229,096	238,888
Senior and subordinated sukuk	6,807	6,774	20,552	20,225
Revolving credits	-	564	-	3,134
Bank overdraft	-	-	-	3
ICULS interest	-	1,221	-	4,469
	<u>80,355</u>	<u>88,504</u>	<u>249,991</u>	<u>271,947</u>
Interest on lease liabilities	659	686	1,789	2,190
	<u>81,014</u>	<u>89,190</u>	<u>251,780</u>	<u>274,137</u>

B7 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current period	58,873	18,358	116,436	74,215
- under/(over) provision in prior years	944	(1,024)	944	(1,024)
	<u>59,817</u>	<u>17,334</u>	<u>117,380</u>	<u>73,191</u>
Deferred tax:				
- current period	5,278	(2,751)	27,143	(23,125)
- (over)/under provision in prior years	(4,531)	973	(4,531)	973
	<u>747</u>	<u>(1,778)</u>	<u>22,612</u>	<u>(22,152)</u>
	<u>60,564</u>	<u>15,556</u>	<u>139,992</u>	<u>51,039</u>



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B7 Taxation (Continued)

The Group's effective tax rate is higher than the applicable statutory tax rate due to the following:

- certain expenses are not deductible for tax purpose; and
- the effect of the imposition of Cukai Makmur at the rate of 33% on chargeable income exceeding RM100 million for the year of assessment 2022. For the current quarter, the Group has provided for an additional tax of RM24.776 million in respect of Cukai Makmur.

B8 Derivatives and Fair Value Changes of Financial Liabilities

- Details of derivative financial instruments outstanding as at 30 November 2021 are as follows:

	Notional Amount		Fair Value	
	30.11.2021	28.2.2021	30.11.2021	28.2.2021
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	151,120	-	375	-
1 – 3 years	414,628	-	15,082	-
More than 3 years	103,938	-	3,217	-
Total	669,686	-	18,674	-
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	334,588	819,964	(18,126)	(54,322)
1 – 3 years	564,760	935,969	(14,041)	(55,902)
More than 3 years	1,990,201	1,918,559	(68,364)	(171,679)
Total	2,889,549	3,674,492	(100,531)	(281,903)

- 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 Group 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 2021.



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B10 Status of Corporate Proposal

Proposed joint venture between the Company and AEON Financial Service Co., Ltd. (“AFS”) and application to Bank Negara Malaysia (“BNM”) for a digital bank license

On 30 June 2021, the Company announced to Bursa Securities that the Company and its holding company, AFS, have submitted a joint application to BNM for a digital bank license by combining their expertise and resources to establish in Malaysia a joint venture company to engage in the business of a digital bank upon obtaining a license. Subject to the Approvals from BNM and Minister of Finance (“MOF”), and subject to acceptance by the Company and AFS of the terms applicable for the digital bank license approvals obtained, the Company and AFS shall incorporate a company in Malaysia (“Joint Venture Company” or “JVC”) and if necessary, incorporate the financial holding company (“FHC”) of the Joint Venture Company under the Financial Services Act 2013. The FHC will own 100% of the issued share capital of the JVC.

Shareholders and other regulatory approvals will be sought to formalise the above proposal upon receipt of the required license.

Todate, the joint application is still pending a decision by BNM/MOF.

B11 Borrowings

The borrowings of the Group as at 30 November 2021 comprised the following:

	<u>30.11.2021</u>	<u>28.2.2021</u>
	<u>Unsecured</u>	<u>Unsecured</u>
	<u>RM'000</u>	<u>RM'000</u>
Non-current :		
- Term loans/financing	6,163,527	5,844,528
- Senior sukuk	498,905	498,771
- Subordinated sukuk	199,673	199,647
	<u>6,862,105</u>	<u>6,542,946</u>
Current :		
- Term loans/financing	685,708	1,119,964
Total	<u>7,547,813</u>	<u>7,662,910</u>



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B11 Borrowings (Continued)

The borrowings were denominated in the following currencies:

	<u>30.11.2021</u>		<u>28.2.2021</u>	
	Foreign Currency '000	Unsecured Equivalent RM'000	Foreign Currency '000	Unsecured Equivalent RM'000
Ringgit Malaysia		3,988,578		3,988,418
United States Dollar	821,685	3,460,165	907,379	3,674,492
Japanese Yen	2,656,042	99,070	-	-
		<u>7,547,813</u>		<u>7,662,910</u>

B12 Material Litigation

As at the date of this announcement, the Group 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 Group.

B13 Dividend

There was no dividend declared during the current quarter. The interim single-tier dividend of 28.50 sen per ordinary share declared on 28 September 2021 for the financial year ending 28 February 2022 was paid to shareholders on 3 November 2021 as disclosed in Note A7.

B14 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	103,464	42,149	342,039	120,238
Distribution on perpetual notes and sukuk, net of tax	-	-	(5,040)	(5,068)
Profit attributable to ordinary equity holders	<u>103,464</u>	<u>42,149</u>	<u>336,999</u>	<u>115,170</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.

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	<u>30.11.2021</u>	<u>30.11.2020</u>	<u>30.11.2021</u>	<u>30.11.2020</u>
Profit attributable to ordinary equity holders (RM'000)	103,464	42,149	336,999	115,170
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>40.53</u>	<u>16.51</u>	<u>132.00</u>	<u>45.11</u>

Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 30 November 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

This interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 23 December 2021.

By order of the Board
23 December 2021