



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 31 AUGUST 2022

	Note	Unaudited Individual quarter			Unaudited Cumulative quarter		
		3 months ended			6 months ended		
		31.8.2022 RM'000	31.8.2021 RM'000	Changes %	31.8.2022 RM'000	31.8.2021 RM'000	Changes %
Revenue	B4	399,171	374,475	6.6%	789,742	785,441	0.5%
Total operating expenses		(268,111)	(225,763)	18.8%	(424,291)	(384,431)	10.4%
Other income		47,799	38,566	23.9%	106,533	87,759	21.4%
Profit from operations	B5(a)	178,859	187,278	-4.5%	471,984	488,769	-3.4%
Interest expense	B6	(78,812)	(85,133)	-7.4%	(156,402)	(170,766)	-8.4%
Profit before tax		100,047	102,145	-2.1%	315,582	318,003	-0.8%
Taxation	B7	(24,398)	(26,662)	-8.5%	(76,864)	(79,428)	-3.2%
Profit for the period		75,649	75,483	0.2%	238,718	238,575	0.1%
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		(10,541)	5,913	-278.3%	46,814	17,935	161.0%
<i>Item that will not be reclassified subsequently to profit or loss:</i>							
Net fair value changes through other comprehensive income		1,929	(219)	980.8%	1,983	(450)	540.7%
Total comprehensive income for the period		67,037	81,177	-17.4%	287,515	256,060	12.3%
Profit attributable to equity holders of the Company		75,649	75,483	0.2%	238,718	238,575	0.1%
Total comprehensive income attributable to equity holders of the Company		67,037	81,177	-17.4%	287,515	256,060	12.3%
Earnings per share attributable to owners of the Company (sen)							
Basic	B14	27.66	27.59	0.2%	91.53	91.47	0.1%

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022 and the accompanying notes to the quarterly report attached hereto.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022

	Note	Unaudited As at 31.8.2022 RM'000	Audited As at 28.2.2022 RM'000
ASSETS			
Non-current Assets			
Plant and equipment		130,532	144,289
Right-of-use assets		39,490	44,678
Other investments		27,708	25,725
Goodwill on consolidation		511	511
Deferred tax assets		192,058	211,797
Financing receivables		6,567,328	6,170,956
Total Non-current Assets		6,957,627	6,597,956
Current Assets			
Financing receivables		2,980,128	2,930,155
Trade receivables		1,272	1,508
Other receivables, deposits and prepayments		66,370	56,998
Amount owing by related companies		13,332	19,235
Derivative financial assets	B8	227,257	26,057
Tax recoverable		4	5
Cash, bank balances and deposits		253,479	508,960
Total Current Assets		3,541,842	3,542,918
TOTAL ASSETS		10,499,469	10,140,874
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		584,012	584,012
Hedging reserve		(2,385)	(49,199)
Fair value reserve		6,045	4,062
Retained earnings		1,645,027	1,462,411
Equity attributable to ordinary equity holders of the Company		2,232,699	2,001,286
Perpetual notes and sukuk		200,000	200,000
Total Equity		2,432,699	2,201,286



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022 (Continued)

		Unaudited As at 31.8.2022 RM'000	Audited As at 28.2.2022 RM'000
	Note		
Non-current Liabilities			
Borrowings	B11	6,740,053	6,791,891
Lease liabilities		<u>23,152</u>	<u>26,797</u>
Total Non-current Liabilities		<u>6,763,205</u>	<u>6,818,688</u>
Current Liabilities			
Borrowings	B11	764,310	598,605
Trade payables		33,913	26,148
Other payables and accruals		390,733	364,513
Amount owing to immediate holding company		7,963	7,731
Amount owing to related companies		14,198	4,842
Derivative financial liabilities	B8	45,509	69,655
Lease liabilities		17,596	18,941
Tax liabilities		<u>29,343</u>	<u>30,465</u>
Total Current Liabilities		<u>1,303,565</u>	<u>1,120,900</u>
Total Liabilities		<u>8,066,770</u>	<u>7,939,588</u>
TOTAL EQUITY AND LIABILITIES		<u>10,499,469</u>	<u>10,140,874</u>
Net assets per share (RM)		8.74	7.84
Number of ordinary shares ('000)		255,308	255,308
Capital adequacy ratio (%)		27.49	26.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022 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 31 AUGUST 2022

	← <u>Non-distributable</u> →			<u>Distributable</u>		
	Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity 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	-	-	17,935	-	-	17,935
Fair value through other comprehensive income	-	-	-	(450)	-	(450)
Profit for the period	-	-	-	-	238,575	238,575
Total comprehensive income for the period	-	-	17,935	(450)	238,575	256,060
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(5,040)	(5,040)
Dividends	-	-	-	-	(51,062)	(51,062)
At 31 August 2021	584,012	200,000	(110,327)	6,067	1,413,398	2,093,150

	← <u>Non-distributable</u> →			<u>Distributable</u>		
	Share capital RM'000	Perpetual notes and sukuk RM'000	Hedging reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 March 2022	584,012	200,000	(49,199)	4,062	1,462,411	2,201,286
Cash flow hedge, net of tax	-	-	46,814	-	-	46,814
Fair value through other comprehensive income	-	-	-	1,983	-	1,983
Profit for the period	-	-	-	-	238,718	238,718
Total comprehensive income for the period	-	-	46,814	1,983	238,718	287,515
Distribution on perpetual notes and sukuk, net of tax	-	-	-	-	(5,040)	(5,040)
Dividends	-	-	-	-	(51,062)	(51,062)
At 31 August 2022	584,012	200,000	(2,385)	6,045	1,645,027	2,432,699

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022 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 31 AUGUST 2022

	31.8.2022	31.8.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	315,582	318,003
Adjustments for:		
Interest income	(4,011)	(6,321)
Dividend income	(7)	-
Finance costs	155,462	169,636
Interest expenses on lease liabilities	940	1,130
Gain on disposal of plant and equipment	-	(69)
Depreciation of plant and equipment	20,902	23,809
Depreciation of right-of-use assets	10,681	11,115
Allowance/(Reversal) for impairment loss on financing receivables	77,214	(103,697)
Write-off on financing receivables	110,014	219,216
Write-off of plant and equipment	164	34
Operating profit before changes in working capital	686,941	632,856
Changes in working capital:		
Financing receivables	(633,573)	233,746
Trade receivables	236	-
Other receivables, deposits and prepayments	(9,372)	21,554
Amount owing by related companies	5,903	5,049
Trade payables	7,765	(17,724)
Other payables and accruals	22,886	(2,982)
Amount owing to immediate holding company	232	744
Amount owing to related companies	9,356	(10,906)
Cash held in trust for customers	(5,193)	(3,544)
Cash generated from operations	85,181	858,793
Tax paid	(71,437)	(69,739)
Net cash from operating activities	13,744	789,054
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(7,309)	(28,709)
Proceeds from disposal of plant and equipment	-	236
Interest received	4,011	6,321
Dividend received	7	-
Net cash used in investing activities	(3,291)	(22,152)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2022 (Continued)

	31.8.2022	31.8.2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the Company	(51,062)	(51,062)
Proceeds from bank borrowings	200,000	400,000
Repayment of bank borrowings	(249,882)	(299,899)
Repayment of lease liabilities	(11,423)	(12,556)
Decrease in deposits held in trust account	28	-
Distribution paid to perpetual notes and sukuk holders	(6,632)	(6,632)
Finance costs paid	(152,128)	(166,524)
Net cash used in financing activities	(271,099)	(136,673)
Net (decrease)/increase in cash and cash equivalents	(260,646)	630,229
Cash and cash equivalents at beginning of year	468,233	405,955
Cash and cash equivalents at end of period	207,587	1,036,184

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

	31.8.2022	31.8.2021
	RM'000	RM'000
Cash and bank balances	88,831	84,332
Deposits placed with licensed financial institutions	164,648	988,990
	253,479	1,073,322
Cash held in trust for customers	(45,757)	(36,976)
Deposits held in trust account	(135)	(162)
	207,587	1,036,184

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2022 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 2022

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 Group’s audited financial statements for the financial year ended 28 February 2022. 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 2022.

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 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*

The adoption of these Amendments to MFRSs did not have any material impact on the financial performance or position of the Group for the current financial period.

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 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*
- Amendments to MFRS 101 *Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 17 *Initial Application of MFRS 9 and MFRS17 - Comparative Information*

The Group will adopt the above Standard and 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.



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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.

A7 Dividend Paid

	Cumulative quarter	
	Current Year	Preceding Year
	Year-To-Date	Year-To-Date
	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000
In respect of the financial year ended 28 February 2021		
- Final single-tier dividend of 20.00 sen per ordinary share	-	51,062
In respect of the financial year ended 28 February 2022		
- Final single-tier dividend of 15.00 sen per ordinary share	38,296	-
- Special single-tier dividend of 5.00 sen per ordinary share	12,766	-
	<u>51,062</u>	<u>51,062</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. The contribution from the 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.



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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.

On 19 July 2022, ACS Digital Berhad (“ACSD”) was incorporated to pursue the digital Islamic banking business as disclosed in the Note B10. ACSD has an issued and paid-up share capital of RM10,000 and the Company is currently holding 100% equity interest in ACSD, pending the finalisation of the eventual capital contribution by parties to the joint venture.

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).

31.8.2022	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	RM'000	RM'000	RM'000	RM'000
Other investments	335	-	27,373	27,708
Derivatives designated as hedging instruments	-	227,257	-	227,257
Total financial assets carried at fair value	335	227,257	27,373	254,965

Financial liabilities

Derivatives designated as hedging instruments	-	45,509	-	45,509
Total financial liabilities carried at fair value	-	45,509	-	45,509

28.2.2022	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	RM'000	RM'000	RM'000	RM'000
Other investments	428	-	25,297	25,725
Derivatives designated as hedging instruments	-	26,057	-	26,057
Total financial assets carried at fair value	428	26,057	25,297	51,782

Financial liabilities

Derivatives designated as hedging instruments	-	69,655	-	69,655
Total financial liabilities carried at fair value	-	69,655	-	69,655



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A12 Contingent Liabilities and Contingent Assets

The Group did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 31 August 2022 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 29 June 2022.

A14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for amounted to RM24.190 million as at 31 August 2022.



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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		
	31.8.2022 RM'000	31.8.2021 RM'000	Changes %	31.8.2022 RM'000	31.8.2021 RM'000	Changes %
Transaction and financing volume	1,612,350	708,827	127.5%	3,099,095	2,116,881	46.4%
Revenue	399,171	374,475	6.6%	789,742	785,441	0.5%
Total operating expenses	(268,111)	(225,763)	18.8%	(424,291)	(384,431)	10.4%
Other income	47,799	38,566	23.9%	106,533	87,759	21.4%
Profit from operations	178,859	187,278	-4.5%	471,984	488,769	-3.4%
Profit before tax	100,047	102,145	-2.1%	315,582	318,003	-0.8%
Profit for the period	75,649	75,483	0.2%	238,718	238,575	0.1%

i) Current Quarter vs Preceding Year Corresponding Quarter

Total transaction and financing volume in the current quarter of RM1.612 billion was higher by 127.5% as compared to preceding year corresponding quarter. The Group recorded a total revenue of RM399.171 million, which was higher by 6.6% as compared to the preceding year corresponding quarter mainly attributable to stronger loan and financing growth.

The gross financing receivables as at 31 August 2022 of RM10.381 billion was higher by RM0.756 billion as compared to 31 August 2021. The net financing receivables after allowance for impairment loss was RM9.547 billion as at 31 August 2022 as compared to RM8.887 billion as at 31 August 2021. Non-Performing Loans (“NPL”) ratio was 2.91% as at 31 August 2022 as compared to 2.24% as at 31 August 2021.

Other income for the current quarter was higher at RM47.799 million mainly due to higher bad debt recoveries.

Ratio of total operating expenses against revenue was recorded at 67.2% for the current quarter as compared to 60.3% in the preceding year corresponding quarter. The increase in operating expenses was mainly due to higher impairment losses on financing receivables of RM149.949 million as compared to RM92.266 million for the preceding year corresponding quarter, partially offset by lower other operating expenses.

Funding cost for the current quarter was lower compared to the preceding year corresponding quarter mainly due to reduced borrowings and lower cost of funds. The nominal value of borrowings as at 31 August 2022 was RM7.319 billion as compared to RM7.876 billion as at 31 August 2021.

Profit before tax (“PBT”) for the current quarter of RM100.047 million was marginally lower by 2.1% as compared to the preceding year corresponding quarter.



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B1 Performance Review (Continued)

ii) Current Year-to-date vs Preceding Year-to-date

Total transaction and financing volume for the financial period-to-date grew by 46.4% to RM3.099 billion compared to preceding year corresponding period. Total revenue registered for the financial period-to-date of RM789.742 million was marginally higher by 0.5% compared to RM785.441 million recorded in the preceding year corresponding period.

The Group recorded a slight decrease in PBT of RM315.582 million for the financial period-to-date as compared to RM318.003 million in the preceding year corresponding period. The decrease was mainly due to the higher impairment losses on financing receivables by RM71.709 million. Loan loss coverage ratio stood at 276% as at 31 August 2022 as compared to 343% as at 31 August 2021.

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

	Current Quarter 31.8.2022 RM'000	Immediate Preceding Quarter 31.5.2022 RM'000	Changes %
Transaction and financing volume	1,612,350	1,486,745	8.4%
Revenue	399,171	390,571	2.2%
Total operating expenses	(268,111)	(156,180)	71.7%
Other income	47,799	58,734	-18.6%
Profit from operations	178,859	293,125	-39.0%
Profit before tax	100,047	215,535	-53.6%
Profit for the period	75,649	163,069	-53.6%

PBT for the current quarter was recorded at RM100.047 million, a decrease of 53.6% compared to RM215.535 million recorded in the immediate preceding quarter. The lower PBT was mainly due to higher impairment losses of RM149.949 million recorded in the current quarter as compared to RM37.279 million for the immediate preceding quarter.

B3 Current Year Prospects

In the second quarter of 2022, the Malaysian Gross Domestic Product (“GDP”) improved by 8.9% as compared to 5.0% in the first quarter of 2022 supported by strong domestic demand. Meanwhile, Bank Negara Malaysia has forecasted that Malaysia's 2022 GDP growth to between 5.3% and 6.3% driven by private consumption following the resumption of economic activities and recovery in labour market conditions. However, the domestic outlook for the second half of 2022 is expected to be uneven with headwinds from raising inflationary pressures, supply chain disruption, geopolitical conflicts and slow-down in global growth.

Nevertheless, the Group remains cautiously optimistic that business revenue will gradually be improved to pre-pandemic levels. Accordingly, 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.



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B3 Current Year Prospects (Continued)

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 maintain its financial performance by putting in place the appropriate measures for the financial year ending 28 February 2023.

B4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	349,418	351,173	691,430	717,757
Fee income	49,753	23,302	98,312	67,684
	399,171	374,475	789,742	785,441

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		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from operations:				
Bad debts recovered	43,540	32,482	98,571	76,201
Interest income	2,278	3,931	4,011	6,321
Dividend income	-	-	7	-
Gain on disposal of plant and equipment	-	21	-	69
Depreciation of plant and equipment	(10,475)	(12,169)	(20,902)	(23,809)
Depreciation of right-of-use assets	(5,281)	(5,406)	(10,681)	(11,115)
(Allowance)/Reversal for impairment loss				
on financing receivables	(121,455)	(18,592)	(77,214)	103,697
Write-off on financing receivables	(28,494)	(73,674)	(110,014)	(219,216)
Write-off of plant and equipment	(152)	9	(164)	(34)



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B5 Notes to the Statement of Comprehensive Income

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000	RM'000	RM'000
(b) Included in Other comprehensive income/(loss):				
Net changes in cash flow hedge	(10,541)	5,913	46,814	17,935
Net fair value changes on equity instruments through other comprehensive income	1,929	(219)	1,983	(450)

B6 Interest expense

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</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:				
Term loans/financing	71,329	77,579	141,461	155,641
Senior and subordinated sukuk	6,900	6,892	13,781	13,745
Commercial paper	87	119	179	250
Revolving credits	41	-	41	-
	<u>78,357</u>	<u>84,590</u>	<u>155,462</u>	<u>169,636</u>
Interest on lease liabilities	455	543	940	1,130
	<u>78,812</u>	<u>85,133</u>	<u>156,402</u>	<u>170,766</u>

B7 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000	RM'000	RM'000
Income tax payable:				
- current period	44,215	24,051	71,908	57,563
Deferred tax:				
- current period	(19,817)	2,611	4,956	21,865
	<u>24,398</u>	<u>26,662</u>	<u>76,864</u>	<u>79,428</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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B8 Derivatives and Fair Value Changes of Financial Instruments

(a) Details of derivative financial instruments outstanding as at 31 August 2022 are as follows:

	Notional Amount		Fair Value	
	31.8.2022	28.2.2022	31.8.2022	28.2.2022
	RM'000	RM'000	RM'000	RM'000
<u>Derivative financial assets</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	214,310	-	13,106	-
1 – 3 years	1,976,564	413,392	141,527	16,115
More than 3 years	972,900	449,728	72,624	9,942
Total	<u>3,163,774</u>	<u>863,120</u>	<u>227,257</u>	<u>26,057</u>
<u>Derivative financial liabilities</u>				
<u>Cross currency swaps:</u>				
Less than 1 year	-	298,605	-	(5,904)
1 – 3 years	-	887,004	-	(15,137)
More than 3 years	301,835	1,353,131	(45,509)	(48,614)
Total	<u>301,835</u>	<u>2,538,740</u>	<u>(45,509)</u>	<u>(69,655)</u>

(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 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 31 August 2022.

B10 Status of Corporate Proposal

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

The Company, together with its Joint Venture (“JV”) consortium parties AEON Financial Service Co., Ltd. (immediate holding company) and MoneyLion Inc. (“MLI”) had submitted a joint application for a Digital Islamic Bank (“DIB”) Licence to Bank Negara Malaysia (“BNM”).

On 29 April 2022, the Company was notified by BNM that the Minister of Finance has approved the issuance of a DIB Licence to a company to be formed by the JV consortium parties.

Subject to satisfying the operational readiness requirements by BNM and barring any unforeseen circumstances, the DIB is targeted to be operational within 24 months from the date of approval.



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B11 Borrowings

The borrowings of the Group as at 31 August 2022 comprised the following:

	<u>31.8.2022</u>	<u>28.2.2022</u>
	Unsecured	Unsecured
	RM'000	RM'000
Non-current :		
- Term loans/financing	6,041,298	6,093,255
- Senior sukuk	499,052	498,953
- Subordinated sukuk	199,703	199,683
	<u>6,740,053</u>	<u>6,791,891</u>
Current :		
- Term loans/financing	714,310	598,605
- Revolving credits	50,000	-
	<u>764,310</u>	<u>598,605</u>
Total	<u>7,504,363</u>	<u>7,390,496</u>

The borrowings were denominated in the following currencies:

	<u>31.8.2022</u>		<u>28.2.2022</u>	
	Foreign	Unsecured	Foreign	Unsecured
	Currency	Equivalent	Currency	Equivalent
	'000	RM'000	'000	RM'000
Ringgit Malaysia		4,038,754		3,988,636
United States Dollar	706,344	3,163,774	729,619	3,063,309
Japanese Yen	9,318,765	301,835	9,318,765	338,551
		<u>7,504,363</u>		<u>7,390,496</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.



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B13 Dividends

- (a) (i) The Board has proposed for the payment of an interim single-tier dividend of 28.50 sen per share (previous year corresponding period: 28.50 sen per share) for the financial year ending 28 February 2023, amounting to RM72.762 million (previous year corresponding period: RM72.762 million);
- (ii) Date payable: 3 November 2022; and
- (iii) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 17 October 2022.
- (b) Total dividend paid during the period ended 31 August 2022: a final single-tier dividend of 15.00 sen per share and a special single-tier dividend of 5.00 sen per share in respect of the financial year ended 28 February 2022 amounting to RM38.296 million and RM12.766 million respectively, totalling RM51.062 million.

B14 Earnings per share

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders	75,649	75,483	238,718	238,575
Distribution on perpetual notes and sukuk, net of tax	(5,040)	(5,040)	(5,040)	(5,040)
Profit attributable to ordinary equity holders	<u>70,609</u>	<u>70,443</u>	<u>233,678</u>	<u>233,535</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		6 months ended	
	<u>31.8.2022</u>	<u>31.8.2021</u>	<u>31.8.2022</u>	<u>31.8.2021</u>
Profit attributable to ordinary equity holders (RM'000)	70,609	70,443	233,678	233,535
Weighted average number of ordinary shares ('000 unit)	255,308	255,308	255,308	255,308
Basic earnings per share (sen)	<u>27.66</u>	<u>27.59</u>	<u>91.53</u>	<u>91.47</u>

Diluted Earnings Per Share

There were no dilutive potential ordinary shares outstanding as at 31 August 2022. 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

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 29 September 2022.

By order of the Board
29 September 2022