AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 20 FEBRUARY 2011

	Note	Unaudited Individual quarter 3 months ended 20.02.2011	20.02.2010	Unaudited Cumulative quarter 12 months ended 20.02.2011	20.02.2010
		RM'000	RM'000	**RM'000**	RM'000
Revenue	A15	**73,725**	62,981	**269,610**	248,408
Total operating expenses		**(43,963)**	(39,313)	**(169,214)**	(157,183)
Other operating income	A15	**5,340**	3,133	**17,237**	11,669
Profit from operations		**35,102**	26,801	**117,633**	102,894
Finance costs		**(9,090)**	(8,136)	**(32,609)**	(30,668)
Profit before taxation		**26,012**	18,665	**85,024**	72,226
Taxation	B4	**(6,609)**	(4,361)	**(21,595)**	(17,951)
Profit for the period		**19,403**	14,304	**63,429**	**54,275**
Other comprehensive income, net of tax					
Cash flow hedge		**(235)**	-	**-1,295**	-
Other comprehensive income for the period, net of tax		**(235)**	-	**(1,295)**	-
Total comprehensive income for the period		**19,168**	**14,304**	**62,134**	**54,275**
Profit attributable to :					
- Equity holders of the Company		**19,403**	14,304	**63,429**	**54,275**
- Minority interests		-	-	-	-
Profit for the period		**19,403**	14,304	**63,429**	**54,275**
Total comprehensive income attributable to :					
- Equity holders of the Company		**19,168**	14,304	**62,134**	**54,275**
- Minority interests		-	-	-	-
Total comprehensive income for the period		**19,168**	14,304	**62,134**	**54,275**
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B11	16.17	11.92	52.86	45.23
Diluted (sen)	B11	-	-	-	-

The Condensed Income Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 20 February 2010 and the accompanying notes to the quarterly report attached hereto.

AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 20 FEBRUARY 2011

	Note	Unaudited As at 20.02.2011 RM'000	Audited As at 20.02.2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		**24,137**	22,047
Other Investment		**1,797**	1,797
Trade Receivables		**407,377**	360,704
		433,311	384,548
Current assets			
Trade Receivables		**701,127**	585,569
Other receivables, deposits & prepayments		**35,399**	36,915
Cash and bank balances		**5,649**	3,161
		742,175	625,645
TOTAL ASSETS		**1,175,486**	1,010,193
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**60,000**	60,000
Reserves		**222,217**	190,462
		282,217	250,462
Minority interests		**-**	-
Total equity		**282,217**	250,462
Non-current liability			
Borrowings	B8	**594,742**	460,041
Deferred tax liabilities		**1,807**	1,782
		596,549	461,823
Current liabilities			
Payables & accruals		**55,577**	44,453
Borrowings	B8	**238,302**	246,631
Current tax liabilities		**2,841**	6,824
		296,720	297,908
Total liabilities		**893,269**	759,731
TOTAL EQUITIES AND LIABILITIES		**1,175,486**	1,010,193
			-
		RM	RM
Net assets per share attributable to equity holders of the Company		**2.35**	2.09

The Condensed Balance Sheet should be read in conjunction with the audited financial statements of the Company as at 20 February 2010 and the accompanying notes to the quarterly report attached hereto.

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 20 FEBRUARY 2011

	Attributable to Equity Holders of the Company					Minority Interests	Unaudited Total Equity
	Non - distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 21 February 2009	60,000	56,147	-	99,696	215,843	-	215,843
Final dividend paid in respect of the financial year ended 20 February 2009				(10,206)	(10,206)	-	(10,206)
Interim dividend paid in respect of the financial year ended 20 February 2010				(9,450)	(9,450)	-	(9,450)
Total comprehensive income for the year	-	-	-	54,275	54,275	-	54,275
At 20 February 2010	60,000	56,147	-	134,315	250,462	-	250,462
At 21 February 2010, as previously stated	60,000	56,147	-	134,315	250,462	-	250,462
-effect of adopting FRS 139	-	-	652	(9,881)	(9,229)	-	(9,229)
At 21 February 2010, as restated	60,000	56,147	652	124,434	241,233	-	241,233
Final dividend paid in respect of the financial year ended 20 February 2010				(10,800)	(10,800)	-	(10,800)
Interim dividend paid in respect of the financial year ended 20 February 2011				(10,350)	(10,350)	-	(10,350)
Total comprehensive income for the year	-	-	(1,295)	63,429	62,134	-	62,134
At 20 February 2011	60,000	56,147	(643)	166,713	282,217	-	282,217

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 20 February 2010 and the accompanying notes to the quarterly report attached hereto.

AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

CONDENSED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 20 FEBRUARY 2011

	Unaudited	
	Cumulative quarter ended	
	20.02.2011	20.02.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	85,024	72,226
Adjustments for:		
Depreciation of plant and equipment	9,935	11,098
Finance costs	32,609	30,668
Gain on disposal of plant and equipment	(3)	-
Dividend income	(47)	(122)
Operating profit before working capital changes	127,518	113,870
Changes in working capital:		
Receivables, deposits and prepayments	(169,178)	(102,145)
Payables and accruals	8,362	(2,883)
Cash generated from operations	(33,298)	8,842
Income taxes paid	(22,045)	(18,782)
Finance costs paid	(31,601)	(33,366)
Net cash generated from operating activities	**(86,944)**	**(43,306)**
Cash flows from investing activity		
Dividend income	47	122
Acquisition of plant and equipment	(12,028)	(8,325)
Proceeds from disposal of plant and equipment	6	-
Acquisition of investments	-	-
Net cash used in investing activity	**(11,975)**	**(8,203)**
Cash flows from financing activities		
Repayment of bank borrowings	(200,108)	(275,655)
Proceeds from borrowings	322,000	347,192
Dividends paid to ordinary shareholders of the Company	(21,150)	(19,656)
Net cash (used in)/ generated from financing activities	**100,742**	**51,881**
Net increase in cash and cash equivalents	1,823	372
Cash and cash equivalents at 21 February	2,834	2,462
Cash and cash equivalents at 20 February	**4,657**	**2,834**

Cash and cash equivalents
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	5,649	3,161
Overdrafts	(992)	(327)
	4,657	2,834

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial year ended 20 February 2010 and the accompanying notes to the quarterly report attached hereto.

AEON Credit Service (M) Berhad

(412767-V)

Notes to the interim financial report for the year ended 20 February 2011

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARD ("FRS") 134: INTERIM FINANCIAL REPORTING

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"), and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 20 February 2010.

2 Change in accounting policies

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 20 February 2010 except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRS, IC Interpretation that are effective for the Company's financial year beginning 21 February 2010:

- FRS 8, Operating Segments
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 13, Customer Loyalty Programmes

The adoption of the above FRS, amendments to FRS and IC Interpretations did not have any material financial impact on the financial statements of the Company, except for the adoption of FRS 139 and amendments to FRS 139 as disclosed below.

The adoption of FRS 139 has resulted in the following changes in the Company's accounting policies:

(a) Impairment of Loans

Prior to 21 February 2010, the Company provided for allowance for doubtful debts for debts contractually past due based on expected cash flows taking into consideration the historical loss rates and the estimated realisable value from the collateral recovered from customers or the amount recoverable from insurance.

Under FRS 139, the Company assesses at each balance sheet date whether there is objective evidence that loans and financing are impaired. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

For loans and financing, the Company first assesses whether objective evidence of impairment exists individually for loans and financing that are individually significant, and individually or collectively for loans and financing that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loans and financing, whether significant or not, it includes the asset in a group of loans and financing with similar credit risk characteristics and collectively assesses them for impairment.

Loan impairment is calculated as the difference between the carrying amount and the present value of future expected cash flows discounted at the original effective interest rate ('EIR') of loans and financing. The carrying amount of the loans and financing is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

The Company addresses impairment of loans and financing via either individually assessed allowance or collectively assessed allowance.

(i) Individually assessed allowance

The Company determines the allowance appropriate for each individual significant loans and financing on an individual basis. The allowances are established based primarily on estimates of the realizable value of the collateral to secure the loans and financing and are measured as the difference between the carrying amount of the loans and financing and the present value of the expected future cash flows discounted at original EIR of the loans and financing.

All other loans and financing that have been individually evaluated, but not considered to be individually impaired are assessed collectively for impairment.

(ii) Collectively assessed allowance

Based on the collective assessment allowance requirement under FRS 139, collective allowances are maintained to reduce the carrying amount of portfolios of similar loans and financing to their estimated recoverable amounts at the balance sheet date. For the purposes of a collective evaluation of impairment, exposures that are assessed collectively are placed into pools of similar loans and financing with similar credit risk.

As a result of the adoption of the loan impairment basis under FRS 139 as explained above, the Company has adjusted the following against retained earnings as at 21 February 2010:

(i) Write back of specific allowance of RM3,292,000 (net after tax);

(ii) Recognition of opening collective assessment allowance and individual assessment allowance totaling RM5,430,000 (net after tax).

Notes to the interim financial report for the year ended 20 February 2011

(b) Recognition of Income

Prior to 21 February 2010, income from easy payment schemes and personal financing schemes were recognised in the income statement based on the Sum of Digits method over the duration of financing period. FRS 139 requires interest income to be recognised on a Effective Interest Rate (EIR) basis. The EIR is the rate that exactly discounts the estimated future cash

receipts through the expected life of the loan or, when appropriate, a shorter period to the net carrying amount of the loan.

The adoption of the EIR basis has resulted in an adjustment of RM7,744,000 (net after tax) to reduce the opening retained earnings of the Company.

(c) Hedge Accounting

Cash Flow Hedge

The Company uses derivative financial instruments (ie. forward foreign exchange contracts and cross currency swaps) to hedge its exposure against currency exchange rate and interest rate movements for its foreign currency denominated borrowings. Such derivatives are measured at fair value regardless of whether they are designated as effective hedging instruments.

These hedges are classified as cash flow hedge as to hedge the exposure to variability in cash flows that is attributable to a particular risk associated with the foreign currency denominated borrowings and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss.

Subsequently, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged item, i.e. the foreign currency denominated borrowings, cash flows affect profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

<The remainder of this page has been intentionally left blank>

Notes to the interim financial report for the year ended 20 February 2011

The changes of the above accounting policies arising from the initial adoption of FRS 139 have been applied prospectively and have resulted in the following overall adjustments to the opening shareholders' equity of the Company:

	As at 21 February 2010	Effect of adoption of FRS 139	Restated as at 21 February 2010
	RM'000	RM'000	RM'000
Statement of Financial Position			
Assets			
Derivative financial instrument	-	4,712	4,712
Trade Receivables (Non-current portion)	360,704	(8,975)	351,729
Trade Receivables (Current portion)	585,569	(4,200)	581,369
	946,273	(8,463)	937,810
Liabilities			
Borrowings (Non-current portion)	460,041	4,847	464,888
Deferred tax liabilities	1,782	(496)	1,286
Borrowings (Current portion)	246,631	(1,030)	245,601
Derivative financial instrument	-	26	26
Current tax liabilities	6,824	(2,581)	4,243
	715,278	766	716,044
Equity			
Retained earnings	134,315	(9,881)	124,434
Hedging reserve	-	652	652
	134,315	(9,229)	125,086

3 Auditors' Report on the Preceding Annual Financial Statements

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

4 Seasonal or Cyclical Factors

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

5 Unusual Items

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

6 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 quarter under review.

7 Issuance, Cancellation, Repurchase, Resale and Repayment of Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the interim period under review except as disclosed in the Cash Flow Statement.

Notes to the interim financial report for the year ended 20 February 2011

8 Dividends Paid

	Cumulative Quarter (12 months)	
	Current Year - Period To date 20/02/2011 RM,000	Preceding Year -Period to date 20/02/2010 RM,000
Interim Dividend in respect of the financial year ended 20 February 2011 - 11.50 sen per ordinary share less 25% income tax	10,350	
Final Dividend in respect of the financial year ended 20 February 2010 - 12 sen per ordinary share less 25% income tax	10,800	
Interim Dividend in respect of the financial year ended 20 February 2010 - 10.50 sen per ordinary share less 25% income tax		9,450
Final Dividend in respect of the financial year ended 20 February 2009 - 11.34 sen per ordinary share less 25% income tax		10,206
	21,150	19,656

9 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and credit card business. As all the activities are categorised under consumer financing business, no segmental analysis is prepared.

10 Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment at the end of reporting quarter.

11 Subsequent Events

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

12 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 long-term investments, restructuring and discontinuing operations.

13 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 20 February 2011 and at the date of this announcement.

14 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 February 2011 amounted to RM6.50 million.

Notes to the interim financial report for the year ended 20 February 2011

15 Reclassification of revenue and other operating income

During the financial year ended 20 February 2011, the Company has reclassified certain categories of fee income and charges realized from its consumer financing business from Other Operating Income to Revenue in consideration of the recurring nature of the items which are core components of the financing structure and commercial terms with customers. The amount reclassified from Other Operating Income to Revenue was RM46.083 million and RM38.264 million for the twelve months ended 20 February 2011 and 2010 respectively and RM13.090 million and RM9.845 million for the fourth quarter to date and previous year respectively.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 17.06% and 8.53% growth respectively for the fourth quarter and twelve months to date as compared to the previous year corresponding periods mainly due to growth in trade receivables over the past year based on increased financing transaction volume on the back of sustained expansion in private consumption and positive consumer confidence.

The Company recorded profit before tax of RM26.012 million for the current quarter, an increase of 39.35% or RM7.346 million from the corresponding quarter in the previous year due to the above contributing factor and more efficient management of quality of receivables portfolio.

2 Material Change in Profit before Taxation of Current Quarter Compared with Preceding Quarter

The Company's profit before taxation (PBT) of RM26.012 million for the current quarter is higher than the PBT of RM21.495 million in the preceding quarter ended 20 November 2010 mainly arising from growth in receivables and increased financing transaction volume in the period contributing to higher operating income while operating expenses remained stable.

3 Current Year Prospects

Economic growth for 2011 has been forecasted at 5% - 6%, with expansion of domestic demand, particularly private consumption and investment, boosted by the implementation of the Economic Transformation Programme (ETP). The Company anticipates to be able to sustain growth in performance for the next financial year based on its business strategy.

Notes to the interim financial report for the year ended 20 February 2011

4 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended 20.02.2011 RM'000	3 months ended 20.02.2010 RM'000	12 months ended 20.02.2011 RM'000	12 months ended 20.02.2010 RM'000
In respect of current period:				
- Current tax	5,534	4,663	20,402	19,035
- Deferred tax	1,138	178	1,256	(604)
	6,672	4,841	21,658	18,431
In respect of prior period:				
- Current tax	242	-	242	-
- Deferred tax	(305)	(480)	(305)	(480)
	6,609	4,361	21,595	17,951

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

5 Profits / (Losses) on Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties during the quarter under review.

6 Quoted Investments

There were no purchases or disposals of quoted securities during the quarter under review, and there were no investments in quoted shares as at the end of the quarter.

7 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the date of this report.

8 Borrowings

The borrowings of the Company as at 20 February 2011 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current :			
- Term loans	-	219,802	219,802
- Medium term notes	-	274,940	274,940
- Asset backed medium term notes	100,000	-	100,000
	100,000	494,742	594,742
Current :			
- Bank overdrafts	-	992	992
- Revolving credits/Term loans	-	62,947	62,947
- Medium term notes	-	109,402	109,402
- Asset backed medium term notes	50,000	-	50,000
- Commercial paper	-	14,961	14,961
	50,000	188,302	238,302
Total	150,000	683,044	833,044

Notes to the interim financial report for the year ended 20 February 2011

The borrowings were denominated in the following currencies:

	Secured RM'000 Equivalent	Unsecured RM'000 Equivalent	Total RM'000 Equivalent	
Ringgit Malaysia	150,000	546,295	696,295	
United States Dollar	-	57,253	57,253	(Equivalent to USD 18.843 million)
Japanese Yen	-	79,496	79,496	(Equivalent to JPY 2.180 billion)
	150,000	683,044	833,044	

The bank overdrafts, revolving credits and term loans of the Company are mostly provided on the basis of standby letters of credit from offshore financial institutions in favour of domestic banks providing the facilities or on clean basis.

The asset backed medium term notes are secured against a pool of consumer financing receivables.

9 Material Litigation

As at 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.

10 Dividend

Interim dividend

a) (i) An interim dividend was declared for the financial year ending 20 February 2011 and paid on 20 October 2010;
(ii) Amount per share – 11.50 sen less income tax of 25% (previous corresponding period – 10.50 sen per share less tax at 25%);

Proposed final dividend

b) (i) A final dividend has been recommended for the year ended 20 February 2011;
(ii) Amount per share – 15.00 sen less income tax of 25% (previous corresponding period – 12.00 sen per share less tax at 25%);
(iii) Date payable – 13 July 2011;
(iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of the depositors as at 28 June 2011.

AEON Credit Service (M) Berhad

(412767-V)

Notes to the interim financial report for the year ended 20 February 2011

11 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months ended 20.02.2011 '000	3 months ended 20.02.2010 '000	12 months ended 20.02.2011 '000	12 months ended 20.02.2010 '000
Net profit attributable to equity holders	19,403	14,305	63,429	54,275
Weighted average number of ordinary shares in issue (unit)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	16.17	11.92	52.86	45.23

Basic Earnings per share for the quarter and year to date is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

The Company does not have in issue any financial instruments or other contract that may entitle its holder to ordinary shares and therefore dilutive to its basic earnings per share.

12 Disclosure of Realised and Unrealised Profit / Losses

	9 months ended 20.11.2010 RM'000	12 months ended 20.02.2011 RM'000
Total retained earnings		
- Realised	148,826	168,520
- Unrealised	(1,516)	(1,807)
Total	147,310	166,713

13 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 19 April 2011.

By order of the Board
19 April 2011