



## AEON Credit Service (M) Berhad

(412767-V) (Incorporated in Malaysia)

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 20 MAY 2011

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 3 months ended	
		20.05.2011	20.05.2010	20.05.2011	20.05.2010
		RM'000	RM'000	RM'000	RM'000
Revenue	A15	77,149	62,957	77,149	62,957
Total operating expenses		(47,823)	(41,270)	(47,823)	(41,270)
Other operating income	A15	5,749	3,659	5,749	3,659
<b>Profit from operations</b>		<b>35,075</b>	25,346	<b>35,075</b>	25,346
Finance costs		(9,290)	(7,645)	(9,290)	(7,645)
<b>Profit before taxation</b>		<b>25,785</b>	17,701	<b>25,785</b>	17,701
Taxation	B4	(6,602)	(4,499)	(6,602)	(4,499)
<b>Profit for the period</b>		<b>19,183</b>	13,202	<b>19,183</b>	13,202
<b>Other comprehensive income, net of tax</b>					
Cash flow hedge		(1,951)	(201)	-1,951	(201)
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,951)</b>	(201)	<b>(1,951)</b>	(201)
<b>Total comprehensive income for the period</b>		<b>17,232</b>	13,001	<b>17,232</b>	13,001
<b>Profit attributable to :</b>					
- Equity holders of the Company		19,183	13,202	19,183	13,202
- Minority interests		-	-	-	-
<b>Profit for the period</b>		<b>19,183</b>	13,202	<b>19,183</b>	13,202
<b>Total comprehensive income attributable to :</b>					
- Equity holders of the Company		17,232	13,001	17,232	13,001
- Minority interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>17,232</b>	13,001	<b>17,232</b>	13,001
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (sen)	B11	15.99	11.00	15.99	11.00
Diluted (sen)	B11	-	-	-	-

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 20 February 2011 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 MAY 2011

	Note	Unaudited As at 20.05.2011 RM'000	Audited As at 20.02.2011 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		25,893	24,137
Other investments		2,309	1,797
Financing receivables		<u>430,277</u>	<u>407,377</u>
		<u>458,479</u>	<u>433,311</u>
<b>Current assets</b>			
Financing receivables		761,807	701,127
Other receivables, deposits & prepayments		35,580	35,399
Cash and bank balances		<u>4,006</u>	<u>5,649</u>
		<u>801,393</u>	<u>742,175</u>
<b>TOTAL ASSETS</b>		<u>1,259,872</u>	<u>1,175,486</u>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		60,000	60,000
Reserves		<u>239,449</u>	<u>222,217</u>
		<u>299,449</u>	<u>282,217</u>
<b>Minority interests</b>		-	-
<b>Total equity</b>		<u>299,449</u>	<u>282,217</u>
<b>Non-current liabilities</b>			
Borrowings	B8	636,257	594,742
Deferred tax liabilities		<u>486</u>	<u>1,807</u>
		<u>636,743</u>	<u>596,549</u>
<b>Current liabilities</b>			
Payables & accruals		68,781	55,577
Borrowings	B8	249,295	238,302
Current tax liabilities		<u>5,604</u>	<u>2,841</u>
		<u>323,680</u>	<u>296,720</u>
Total liabilities		<u>960,423</u>	<u>893,269</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>		<u>1,259,872</u>	<u>1,175,486</u>
		RM	RM
<b>Net assets per share attributable to equity holders of the Company</b>		2.50	2.35

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company as at 20 February 2011 and the accompanying notes to the quarterly report attached hereto.



**AEON Credit Service (M) Berhad**  
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**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 20 MAY 2011**

	Attributable to Equity Holders of the Company					Minority Interests RM'000	Unaudited Total Equity RM'000
	Non - distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 21 February 2010</b>	60,000	56,147	652	124,434	241,233	-	241,233
Total comprehensive income for the period	-	-	(201)	13,202	13,001	-	13,001
<b>At 20 May 2010</b>	60,000	56,147	451	137,636	254,234	-	254,234
<b>At 21 February 2011</b>	60,000	56,147	(643)	166,713	282,217	-	282,217
Total comprehensive income for the period	-	-	(1,951)	19,183	17,232	-	17,232
<b>At 20 May 2011</b>	60,000	56,147	(2,594)	185,896	299,449	-	299,449

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 2011 and the accompanying notes to the quarterly report attached hereto.



# AEON Credit Service (M) Berhad

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## CONDENSED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 20 MAY 2011

	Unaudited	
	Cumulative quarter ended	
	20.05.2011	20.05.2010
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	25,785	17,701
Adjustments for:		
Depreciation of plant and equipment	2,225	2,584
Finance costs	9,290	7,645
Property, plant and equipment written off	9	-
Allowance for impairment losses	15,286	12,236
Dividend income	(24)	(23)
Operating profit before working capital changes	52,571	40,143
Changes in working capital:		
Receivables, deposits and prepayments	(99,047)	(9,394)
Payables and accruals	11,155	4,087
Cash (used in) / generated from operations	(35,321)	34,836
Income taxes paid	(4,510)	(3,731)
Finance costs paid	(9,690)	(6,505)
<b>Net cash (used in) / generated from operating activities</b>	<b>(49,521)</b>	<b>24,600</b>
<b>Cash flows from investing activities</b>		
Dividend income	24	23
Acquisition of property, plant and equipment	(3,995)	(2,178)
Proceeds from disposal of property, plant and equipment	5	3
Acquisition of investment	(512)	-
<b>Net cash used in investing activities</b>	<b>(4,478)</b>	<b>(2,152)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(32,000)	(13,324)
Proceeds from borrowings	83,093	-
<b>Net cash generated from / (used in) financing activities</b>	<b>51,093</b>	<b>(13,324)</b>
Net (decrease) / increase in cash and cash equivalents	(2,906)	9,124
Cash and cash equivalents at 21 February	4,657	2,834
<b>Cash and cash equivalents at 20 May</b>	<b>1,751</b>	<b>11,958</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	4,006	11,958
Overdrafts	(2,255)	-
	1,751	11,958

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 2011 and the accompanying notes to the quarterly report attached hereto.



## AEON Credit Service (M) Berhad

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### Notes to the interim financial report for the quarter ended 20 May 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 2011.

##### 2 Change in accounting policies

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 20 February 2011 except for the amendments to the following Financial Reporting Standards ("FRS") and IC Interpretation that are effective for the Company's financial year beginning 21 February 2011:

- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- Improvements to FRSs (2010)

The adoption of the above amendments to FRS and IC Interpretations did not have any material financial impact on the financial statements of the Company.

##### 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.

##### 8 Dividends Paid

There were no dividends paid during the quarter under review.



## AEON Credit Service (M) Berhad

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### Notes to the interim financial report for the quarter ended 20 May 2011

#### 9 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes, 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. Further analysis will be provided or furnished upon request from the MD.

#### 10 Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment at the end of the 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 except for the subscription of 750,000 ordinary shares of Rupees 10/- each in AEON Credit Service India Private Limited (“ACSI”) for a total cash consideration of Rupees 7,500,000.00 or RM512,214.85, representing 100% of the total issued and paid-up share capital of ACSI, on 9 March 2011. ACSI has been incorporated on this date as a precursor for the establishment of consumer finance business in India as part of AEON Credit Service Co., Ltd’s expansion plan in Asia. AEON Credit Service Co., Ltd, a company incorporated in Japan, is the immediate holding company of the Company. Subject to regulatory approval in India, AEON Credit Service Co., Ltd is expected to have majority equity participation in ACSI later.

Consolidated accounts incorporating the results of ACSI are not presented for the reason that the Company does not have control over ACSI as it merely acts as proxy on behalf of AEON Credit Service Co., Ltd. The investment in ACSI is carried at cost in “Other Investments” in the Condensed Statement of Financial Position.

#### 13 Contingent Liabilities and Contingent Assets

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

#### 14 Capital Commitments

Capital commitments for plant and equipment not provided for as at 20 May 2011 are as follows:

	RM’000
Authorised and contracted for	3,739
Authorised but not contracted for	811
	<hr/> <hr/> 4,550



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**Notes to the interim financial report for the quarter ended 20 May 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 RM9.933 million for the three months ended 20 May 2010.

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

**1 Performance Review**

For the current quarter ended 20 May 2011, the Company's revenue recorded 22.54% growth as compared to the corresponding quarter in the preceding year due to growth in business over the past year based on increased financing transaction volume in a period of continued favourable economic environment.

The Company recorded profit before tax of RM25.785 million for the current quarter, an increase of 45.67% or RM8.084 million from the corresponding quarter in the previous year mainly due to the above factor.

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

The Company's profit before taxation (PBT) of RM25.785 million for the current quarter is marginally lower than the PBT of RM RM26.012 million in the preceding quarter ended 20 February 2011 despite growth in revenue in the period mainly arising from higher operating expenses in the period, including promotion expenses, personnel expenses and administration expenses.

**3 Current Year Prospects**

Economic growth for 2011 has been forecasted at 5%, 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 performance for the remainder of the current financial year based on this trend.

**4 Taxation**

	<b>Individual quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended <u>20.05.2011</u> RM'000</b>	<b>3 months ended <u>20.05.2010</u> RM'000</b>	<b>3 months ended <u>20.05.2011</u> RM'000</b>	<b>3 months ended <u>20.05.2010</u> RM'000</b>
<b>In respect of current period:</b>				
- Current tax	7,273	4,571	7,273	4,571
- Deferred tax	(671)	(72)	(671)	(72)
	<u>6,602</u>	<u>4,499</u>	<u>6,602</u>	<u>4,499</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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**Notes to the interim financial report for the quarter ended 20 May 2011**

**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 May 2011 comprised the following:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Non-Current :</b>			
- Term loans / financing	-	280,058	280,058
- Medium term notes	-	274,949	274,949
- Asset backed medium term notes	81,250	-	81,250
	<u>81,250</u>	<u>555,007</u>	<u>636,257</u>
<b>Current :</b>			
- Bank overdrafts	-	2,255	2,255
- Revolving credits	-	13,000	13,000
- Term loans / financing	-	55,733	55,733
- Medium term notes	-	109,557	109,557
- Asset backed medium term notes	68,750	-	68,750
	<u>68,750</u>	<u>180,545</u>	<u>249,295</u>
<b>Total</b>	<u>150,000</u>	<u>735,552</u>	<u>885,552</u>

The borrowings were denominated in the following currencies:

	<b>Secured RM'000 Equivalent</b>	<b>Unsecured RM'000 Equivalent</b>	<b>Total RM'000 Equivalent</b>	
Ringgit Malaysia	150,000	528,761	678,761	
United States Dollar	-	126,329	126,329	(Equivalent to USD 41.90million)
Japanese Yen	-	80,462	80,462	(Equivalent to JPY 2.180 billion)
	<u>150,000</u>	<u>735,552</u>	<u>885,552</u>	

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.





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**Notes to the interim financial report for the quarter ended 20 May 2011**

**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**

Final dividend

- a) (i) A final dividend has been approved by shareholders 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.

Total dividends

- b) The total dividends paid during financial year ended 20 February 2011 is 23.50 sen per share less 25% tax, comprising:

(a) a final ordinary dividend of 12.00 sen per share in respect of financial year ended 20 February 2010 (previous corresponding period: 11.34 sen per share) paid on 13 July 2010

(b) an interim ordinary dividend of 11.50 sen per share in respect of financial year ended 20 February 2011 (previous corresponding period: 10.50 sen per share) paid on 20 October 2010

**11 Earnings per Share**

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.05.2011</u> '000	3 months ended <u>20.05.2010</u> '000	3 months ended <u>20.05.2011</u> '000	3 months ended <u>20.05.2010</u> '000
Net profit attributable to equity holders	19,184	13,202	19,184	13,202
Weighted average number of ordinary shares in issue (unit)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	15.99	11.00	15.99	11.00

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.



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**Notes to the interim financial report for the quarter ended 20 May 2011**

**12 Realised and Unrealised Profits / (Losses)**

	3 months ended <u>20.05.2011</u> RM'000
Total retained earnings of the Company	
- Realised	186,382
- Unrealised	(486)
Total retained earnings as per accounts	<u>185,896</u>

**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 14 June 2011.

By order of the Board  
14 June 2011