



## AEON Credit Service (M) Berhad

(412767-V) Incorporated in Malaysia)

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 20 AUGUST 2011

|   | Note | Unaudited<br>Individual quarter |                | Unaudited<br>Cumulative quarter |                |
|---|------|---------------------------------|----------------|---------------------------------|----------------|
|   |      | 3 months ended                  |                | 6 months ended                  |                |
|   |      | 20.08.2011                      | 20.08.2010     | 20.08.2011                      | 20.08.2010     |
|   |      | RM'000                          | RM'000         | RM'000                          | RM'000         |
| Revenue   | A15  | 83,036                          | 64,739         | 160,185                         | 127,697        |
| Total operating expenses  |      | (47,374)                        | (41,006)       | (95,197)                        | (82,276)       |
| Other operating income  | A15  | 6,313                           | 3,762          | 12,061                          | 7,420          |
| <b>Profit from operations</b>   |      | <b>41,975</b>                   | <b>27,495</b>  | <b>77,049</b>                   | <b>52,841</b>  |
| Finance costs   |      | (10,453)                        | (7,679)        | (19,743)                        | (15,324)       |
| <b>Profit before taxation</b>   |      | <b>31,522</b>                   | <b>19,816</b>  | <b>57,306</b>                   | <b>37,517</b>  |
| Taxation  | B4   | (8,069)                         | (5,033)        | (14,671)                        | (9,532)        |
| <b>Profit for the period</b>  |      | <b>23,453</b>                   | <b>14,783</b>  | <b>42,635</b>                   | <b>27,985</b>  |
| <b>Other comprehensive income, net of tax</b>                             |      |                                 |                |                                 |                |
| Cash flow hedge   |      | (5,755)                         | (1,217)        | -7,706                          | (1,418)        |
| <b>Other comprehensive income for the period, net of tax</b>              |      | <b>(5,755)</b>                  | <b>(1,217)</b> | <b>(7,706)</b>                  | <b>(1,418)</b> |
| <b>Total comprehensive income for the period</b>                          |      | <b>17,698</b>                   | <b>13,566</b>  | <b>34,929</b>                   | <b>26,567</b>  |
| <b>Profit attributable to :</b>   |      |                                 |                |                                 |                |
| - Equity holders of the Company   |      | 23,453                          | 14,783         | 42,635                          | 27,985         |
| - Minority interests  |      | -                               | -              | -                               | -              |
| <b>Profit for the period</b>  |      | <b>23,453</b>                   | <b>14,783</b>  | <b>42,635</b>                   | <b>27,985</b>  |
| <b>Total comprehensive income attributable to :</b>                       |      |                                 |                |                                 |                |
| - Equity holders of the Company   |      | 17,698                          | 13,566         | 34,929                          | 26,567         |
| - Minority interests  |      | -                               | -              | -                               | -              |
| <b>Total comprehensive income for the period</b>                          |      | <b>17,698</b>                   | <b>13,566</b>  | <b>34,929</b>                   | <b>26,567</b>  |
| <b>Earnings per share attributable to equity holders of the Company :</b> |      |                                 |                |                                 |                |
| Basic (sen)   | B11  | 19.54                           | 12.32          | 35.53                           | 23.32          |
| 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 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 AUGUST 2011

|   | Note | Unaudited<br>As at<br>20.08.2011<br>RM'000 | Audited<br>As at<br>20.02.2011<br>RM'000 |
|---|------|--|--|
| <b>ASSETS</b>   |      |  |  |
| <b>Non-current assets</b>   |      |  |  |
| Plant and equipment   |      | 25,809                                     | 24,137                                   |
| Investments   | A15  | 2,309                                      | 1,797                                    |
| Deferred tax assets   |      | 1,793                                      | -  |
| Financing receivables   |      | <u>474,272</u>                             | <u>407,377</u>                           |
|   |      | <u>504,183</u>                             | <u>433,311</u>                           |
| <b>Current assets</b>   |      |  |  |
| Financing receivables   |      | 842,040                                    | 701,127                                  |
| Other receivables, deposits & prepayments                                 |      | 16,419                                     | 35,399                                   |
| Cash and bank balances  |      | <u>4,638</u>                               | <u>5,649</u>                             |
|   |      | <u>863,097</u>                             | <u>742,175</u>                           |
| <b>TOTAL ASSETS</b>   |      | <u>1,367,280</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>243,646</u>                             | <u>222,217</u>                           |
|   |      | <u>303,646</u>                             | <u>282,217</u>                           |
| <b>Minority interests</b>   |      | -  | -  |
| <b>Total equity</b>   |      | <u>303,646</u>                             | <u>282,217</u>                           |
| <b>Non-current liabilities</b>  |      |  |  |
| Borrowings  | B8   | 707,789                                    | 594,742                                  |
| Deferred tax liabilities  |      | -  | 1,807                                    |
|   |      | <u>707,789</u>                             | <u>596,549</u>                           |
| <b>Current liabilities</b>  |      |  |  |
| Payables & accruals   |      | 84,727                                     | 55,577                                   |
| Borrowings  | B8   | 260,790                                    | 238,302                                  |
| Taxation  |      | <u>10,328</u>                              | <u>2,841</u>                             |
|   |      | <u>355,845</u>                             | <u>296,720</u>                           |
| Total liabilities   |      | <u>1,063,634</u>                           | <u>893,269</u>                           |
| <b>TOTAL EQUITIES AND LIABILITIES</b>                                     |      | <u>1,367,280</u>                           | <u>1,175,486</u>                         |
|   |      | <b>RM</b>                                  | <b>RM</b>                                |
| <b>Net assets per share attributable to equity holders of the Company</b> |      | <b>2.53</b>                                | <b>2.35</b>                              |

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**  
(412767-V) (Incorporated in Malaysia)

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 20 AUGUST 2011**

|  | Attributable to Equity Holders of the Company |                            |                              |                                |                 | Minority<br>Interests<br>RM'000 | Unaudited<br>Total<br>Equity<br>RM'000 |
|--|---|----------------------------|------------------------------|--------------------------------|-----------------|---------------------------------|--|
|  | Non - distributable                           |                            |                              | Distributable                  |                 |                                 |  |
|  | Share<br>capital<br>RM'000                    | Share<br>premium<br>RM'000 | Hedging<br>reserve<br>RM'000 | Retained<br>earnings<br>RM'000 | Total<br>RM'000 |                                 |  |
| <b>At 21 February 2010</b>   | 60,000  | 56,147                     | 652                          | 124,434                        | 241,233         | -                               | 241,233                                |
| Final dividend paid in respect of the<br>financial year ended 20 February 2010 |   |                            |                              | (10,800)                       | (10,800)        | -                               | (10,800)                               |
| Total comprehensive income for the period                                      | -   | -                          | (1,418)                      | 27,985                         | 26,567          | -                               | 26,567                                 |
| <b>At 20 August 2010</b>   | 60,000  | 56,147                     | (766)                        | 141,619                        | 257,000         | -                               | 257,000                                |
| <b>At 21 February 2011</b>   | 60,000  | 56,147                     | (643)                        | 166,713                        | 282,217         | -                               | 282,217                                |
| Final dividend paid in respect of the<br>financial year ended 20 February 2011 |   |                            |                              | (13,500)                       | (13,500)        | -                               | (13,500)                               |
| Total comprehensive income for the period                                      | -   | -                          | (7,706)                      | 42,635                         | 34,929          | -                               | 34,929                                 |
| <b>At 20 August 2011</b>   | 60,000  | 56,147                     | (8,349)                      | 195,848                        | 303,646         | -                               | 303,646                                |

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 SECOND QUARTER ENDED 20 AUGUST 2011

|   | Unaudited                |                |
|---|--------------------------|----------------|
|   | Cumulative quarter ended |                |
|   | 20.08.2011               | 20.08.2010     |
|   | RM'000                   | RM'000         |
| <b>Cash flows from operating activities</b>   |                          |                |
| Profit before tax   | 57,306                   | 37,517         |
| Adjustments for:  |                          |                |
| Depreciation of plant and equipment   | 4,413                    | 5,192          |
| Finance costs   | 19,743                   | 15,324         |
| Gain on disposal of plant and equipment   | -                        | (6)            |
| Plant and equipment written off   | 9                        | -              |
| Allowance for impairment loss   | 29,624                   | 24,270         |
| Dividend income   | (24)                     | (23)           |
| Operating profit before working capital changes   | 111,071                  | 82,274         |
| Changes in working capital:   |                          |                |
| Receivables, deposits and prepayments   | (218,452)                | (57,554)       |
| Payables and accruals   | 20,350                   | 11,981         |
| Cash (used in)/ generated from operations   | (87,031)                 | 36,701         |
| Income taxes paid   | (8,215)                  | (6,822)        |
| Finance costs paid  | (19,190)                 | (14,889)       |
| <b>Net cash (used in)/ generated from operating activities</b>  | <b>(114,436)</b>         | <b>14,990</b>  |
| <b>Cash flows from investing activities</b>   |                          |                |
| Dividend income   | 24                       | 23             |
| Acquisition of plant and equipment  | (6,069)                  | (7,020)        |
| Proceeds from disposal of plant and equipment   | 5                        | 6              |
| Acquisition of investment   | (512)                    | -              |
| <b>Net cash used in investing activities</b>  | <b>(6,552)</b>           | <b>(6,991)</b> |
| <b>Cash flows from financing activities</b>   |                          |                |
| Repayment of bank borrowings  | (32,000)                 | (85,801)       |
| Proceeds from borrowings  | 161,903                  | 87,644         |
| Dividends paid to ordinary shareholders of the Company  | (13,500)                 | (10,800)       |
| <b>Net cash generated from/ (used in) financing activities</b>  | <b>116,403</b>           | <b>(8,957)</b> |
| Net decrease in cash and cash equivalents   | (4,585)                  | (958)          |
| Cash and cash equivalents at 21 February  | 4,657                    | 2,834          |
| <b>Cash and cash equivalents at 20 August</b>   | <b>72</b>                | <b>1,876</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   | 4,638                    | 4,193          |
| Overdrafts  | (4,566)                  | (2,317)        |
|   | 72                       | 1,876          |

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 August 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.



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

**8 Dividends Paid**

|  | Cumulative Quarter (6 months)                            |   |
|--|--|---|
|  | Current Year -<br>Period To date<br>20/08/2011<br>RM,000 | Preceding Year<br>-Period to date<br>20/08/2010<br>RM,000 |
| Final Dividend in respect of the financial year ended 20 February 2011 |  |   |
| - 15 sen per ordinary share less 25% income tax                        | 13,500   |   |
| Final Dividend in respect of the financial year ended 20 February 2010 |  |   |
| - 12 sen per ordinary share less 25% income tax                        |  | 10,800  |
|  | <hr/> <hr/>  | <hr/> <hr/>   |
|  | 13,500   | 10,800  |

**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. The provision of easy payment schemes and personal financing schemes have been extended to small and medium sized enterprises. The extension of financing schemes to small and medium sized enterprises are currently in the pilot stage and 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.

During the first quarter ended 20 May 2011, the Company subscribed for 750,000 ordinary shares of Rupees 10/- each in AEON Credit Service India Private Limited (“ACSI”) on 9 March 2011 for a total cash consideration of Rupees 7,500,000.00 or approximately RM0.512 million, representing 100% of the total issued and paid-up share capital of ACSI. 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.



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

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 continues to be carried at cost in “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 August 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 August 2011 amounts to RM4.203 million.

**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 RM27.354 million and RM20.902 million for the six months ended 20 August 2011 and 2010 respectively and RM14.429 million and RM10.610 million for the second quarter ended 20 August 2011 and 2010 respectively.

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

**1 Performance Review**

The Company’s revenue recorded 28.26% and 25.44% growth respectively for the second quarter and six months ended 20 August 2011 compared to the previous year corresponding periods mainly due to growth in business and receivables based on increased financing transaction volume attributable to continued favourable economic environment and marketing and promotion activities carried out during the festive periods.

The Company recorded profit before tax of RM31.522 million for the current quarter, an increase of 59.07% or RM11.706 million from the corresponding quarter in the previous year mainly due to the above factors.

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

The Company’s profit before taxation (PBT) of RM31.522 million for the current quarter is higher than the PBT of RM25.785 million in the preceding quarter ended 20 May 2011 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**

In the second half of 2011, economic growth shall be supported mainly by domestic demand which has been expected to remain resilient amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects. The Company anticipates to be able to sustain its performance for the remainder of the current financial year based on this trend.



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

**4 Taxation**

|                                      | Individual quarter |                   | Cumulative quarter |                   |
|--------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                      | 3 months           | 3 months          | 6 months           | 6 months          |
|                                      | ended              | ended             | ended              | ended             |
|                                      | <u>20.08.2011</u>  | <u>20.08.2010</u> | <u>20.08.2011</u>  | <u>20.08.2010</u> |
|                                      | RM'000             | RM'000            | RM'000             | RM'000            |
| <b>In respect of current period:</b> |                    |                   |                    |                   |
| - Current tax                        | 8,428              | 5,073             | 15,701             | 9,644             |
| - Deferred tax                       | (359)              | (40)              | (1,030)            | (112)             |
|                                      | <u>8,069</u>       | <u>5,033</u>      | <u>14,671</u>      | <u>9,532</u>      |

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 August 2011 comprised the following:

|                                  | Secured        | Unsecured      | Total          |
|----------------------------------|----------------|----------------|----------------|
|                                  | RM'000         | RM'000         | RM'000         |
| Non-Current :                    |                |                |                |
| - Term loans / financing         | -              | 307,820        | 307,820        |
| - Medium term notes              | -              | 249,969        | 249,969        |
| - Asset backed medium term notes | 150,000        | -              | 150,000        |
|                                  | <u>150,000</u> | <u>557,789</u> | <u>707,789</u> |
| Current :                        |                |                |                |
| - Bank overdrafts                | -              | 4,566          | 4,566          |
| - Revolving credits              | -              | 22,019         | 22,019         |
| - Term loans / financing         | -              | 84,499         | 84,499         |
| - Medium term notes              | -              | 149,706        | 149,706        |
| - Asset backed medium term notes | -              | -              | -              |
|                                  | -              | <u>260,790</u> | <u>260,790</u> |
| Total                            | <u>150,000</u> | <u>818,579</u> | <u>968,579</u> |





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

The borrowings were denominated in the following currencies:

|                      | <b>Secured<br/>RM'000<br/>Equivalent</b> | <b>Unsecured<br/>RM'000<br/>Equivalent</b> | <b>Total<br/>RM'000<br/>Equivalent</b> |                                   |
|----------------------|--|--|--|-----------------------------------|
| Ringgit Malaysia     | 150,000                                  | 534,339                                    | 684,339                                |                                   |
| United States Dollar | -  | 206,903                                    | 206,903                                | (Equivalent to USD 67.50 million) |
| Japanese Yen         | -  | 77,337                                     | 77,337                                 | (Equivalent to JPY 2.180 billion) |
|                      | <u>150,000</u>                           | <u>818,579</u>                             | <u>968,579</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.

**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) A interim dividend has been declared for the financial year ending 20 February 2012;  
(ii) Amount per share – 17.60 sen less income tax of 25% (previous corresponding period – 11.50 sen per share less tax at 25%);  
(iii) Date payable – 20 October 2011;  
(iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of the depositors as at 5 October 2011.

**11 Earnings per Share**

|  | Individual quarter                             |  | Cumulative quarter                             |  |
|--|--|--|--|--|
|  | 3 months<br>ended<br><u>20.08.2011</u><br>'000 | 3 months<br>ended<br><u>20.08.2010</u><br>'000 | 6 months<br>ended<br><u>20.08.2011</u><br>'000 | 6 months<br>ended<br><u>20.08.2010</u><br>'000 |
| Net profit attributable to equity holders                  | 23,453   | 14,783   | 42,636   | 27,985   |
| Weighted average number of ordinary shares in issue (unit) | 120,000  | 120,000  | 120,000  | 120,000  |
| Basic earnings per share (sen)                             | <u>19.54</u>                                   | <u>12.32</u>                                   | <u>35.53</u>                                   | <u>23.32</u>                                   |



**AEON Credit Service (M) Berhad**  
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**Notes to the interim financial report for the quarter ended 20 August 2011**

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 Realised and Unrealised Profits / (Losses)**

|   | 6 months<br>ended<br><u>20.08.2011</u><br>RM'000 |
|---|--|
| Total retained earnings of the Company  |  |
| - Realised                              | 194,056  |
| - Unrealised                            | 1,793  |
| Total retained earnings as per accounts | <u><u>195,849</u></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 21 September 2011.

By order of the Board  
21 September 2011