



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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 20 MAY 2012

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 3 months ended	
		20.05.2012	20.05.2011	20.05.2012	20.05.2011
		RM'000	RM'000	RM'000	RM'000
Revenue	B4	101,625	77,149	101,625	77,149
Total operating expenses		(59,498)	(47,823)	(59,498)	(47,823)
Other operating income		8,758	5,749	8,758	5,749
Profit from operations	B5(a)	50,885	35,075	50,885	35,075
Finance costs		(12,478)	(9,290)	(12,478)	(9,290)
Profit before taxation		38,407	25,785	38,407	25,785
Taxation	B6	(10,318)	(6,602)	(10,318)	(6,602)
Profit for the period		28,089	19,183	28,089	19,183
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		(9,681)	(1,951)	(9,681)	(1,951)
Other comprehensive income for the period, net of tax		(9,681)	(1,951)	(9,681)	(1,951)
Total comprehensive income for the period		18,408	17,232	18,408	17,232
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B11	23.41	15.99	23.41	15.99
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 2012 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 2012

	Note	Unaudited As at 20.05.2012 RM'000	Audited As at 20.02.2012 RM'000	Audited As at 21.02.2011 RM'000
ASSETS				
Non-current assets				
Plant and equipment		30,853	27,452	24,137
Investments	A12	1,283	1,283	1,797
Deferred tax assets		7,355	4,128	--
Financing receivables		<u>675,111</u>	<u>568,276</u>	<u>407,377</u>
		<u>714,602</u>	<u>601,139</u>	<u>433,311</u>
Current assets				
Financing receivables		979,660	923,200	701,127
Other receivables, deposits & prepayments		16,846	36,235	35,399
Cash and bank balances		<u>5,769</u>	<u>4,416</u>	<u>5,649</u>
		<u>1,002,275</u>	<u>963,851</u>	<u>742,175</u>
TOTAL ASSETS		<u>1,716,877</u>	<u>1,564,990</u>	<u>1,175,486</u>
EQUITIES AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		60,000	60,000	60,000
Reserves		<u>299,642</u>	<u>281,234</u>	<u>222,217</u>
Total equity		<u>359,642</u>	<u>341,234</u>	<u>282,217</u>
Non-current liabilities				
Borrowings	B8	1,002,048	877,603	594,742
Deferred tax liabilities		--	--	1,807
		<u>1,002,048</u>	<u>877,603</u>	<u>596,549</u>
Current liabilities				
Payables and accruals including derivatives		113,621	105,763	55,577
Borrowings	B8	206,599	228,591	238,302
Taxation		<u>14,967</u>	<u>11,799</u>	<u>2,841</u>
		<u>335,187</u>	<u>346,153</u>	<u>296,720</u>
Total liabilities		<u>1,357,235</u>	<u>1,223,756</u>	<u>893,269</u>
TOTAL EQUITIES AND LIABILITIES		<u>1,716,877</u>	<u>1,564,990</u>	<u>1,175,486</u>
		RM	RM	RM
Net assets per share attributable to equity holders of the Company		3.00	2.84	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 2012 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 FINANCIAL YEAR ENDED 20 MAY 2012**

	<u>Attributable to Equity Holders of the Company</u>				Unaudited Total Equity RM'000
	<u>Non - distributable</u>		Total RM'000	<u>Distributable</u>	
	Share capital RM'000	Share premium RM'000			Retained earnings RM'000
At 21 February 2011	60,000	56,147	(643)	166,713	282,217
Total comprehensive income for the year	--	--	(1,951)	19,183	17,232
At 20 May 2011	60,000	56,147	(2,594)	185,896	299,449
At 21 February 2012	60,000	56,147	(7,893)	232,980	341,234
Total comprehensive income for the year	--	--	(9,681)	28,089	18,408
At 20 May 2012	60,000	56,147	(17,574)	261,069	359,642

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 2012 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 2012**

	Unaudited Cumulative quarter ended	
	20.05.2012	20.05.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	38,407	25,785
Adjustments for:		
Depreciation of plant and equipment	2,933	2,225
Finance costs	12,478	9,290
Plant and equipment written off	--	9
Allowance for impairment losses	18,338	15,286
Dividend income	--	(24)
Operating profit before working capital changes	<u>72,156</u>	<u>52,571</u>
Changes in working capital:		
Receivables, deposits and prepayments	(145,510)	(99,047)
Payables and accruals	1,196	11,155
Cash used in operations	<u>(72,158)</u>	<u>(35,321)</u>
Income taxes paid	(10,377)	(4,510)
Finance costs paid	(11,130)	(9,690)
Net cash used in operating activities	<u>(93,665)</u>	<u>(49,521)</u>
Cash flows from investing activities		
Dividend income	--	24
Acquisition of plant and equipment	(6,334)	(3,995)
Proceeds from disposal of plant and equipment	--	5
Acquisition of investment	--	(512)
Net cash used in investing activities	<u>(6,334)</u>	<u>(4,478)</u>
Cash flows from financing activities		
Repayment of bank borrowings	(140,151)	(32,000)
Proceeds from borrowings	239,395	83,093
Dividends paid to ordinary shareholders of the Company	--	--
Net cash generated from financing activities	<u>99,244</u>	<u>51,093</u>
Net (decrease)/increase in cash and cash equivalents	(755)	(2,906)
Cash and cash equivalents at 21 February	<u>3,514</u>	<u>4,657</u>
Cash and cash equivalents at 20 May	<u>2,759</u>	<u>1,751</u>

Cash and cash equivalents

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

Cash and cash equivalents	<u>5,769</u>	<u>4,006</u>
Overdrafts	<u>(3,010)</u>	<u>(2,255)</u>
	<u>2,759</u>	<u>1,751</u>

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.



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Notes to the interim financial report for the quarter ended 20 May 2012

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The 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 of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s audited financial statements as at and for the year ended 20 February 2012. The financial statements of the Company as at and for the year ended 20 February 2012 were prepared in accordance with Financial Reporting Standards (“FRS”).

These are the Company’s interim financial statements for part of the period covered by the Company’s first MFRS framework annual financial statements for the year ending 20 February 2013 and hence *MFRS 1: First-time Adoption of Malaysia Financial Reporting Standards* has been applied. The transition to MFRS has not affected the Company’s reported financial position, financial performance and cash flows.

2 Significant accounting policies

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its annual financial statements as at and for the year ended 20 February 2012.

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 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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8 Dividends Paid

There were no dividends paid during the quarter under review.

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”) and Board of Directors (“BD”) reviews the business performance of the Company as a whole. Further analysis will be provided or furnished upon request from the MD and BD.

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 except as disclosed below, which is likely to substantially affect the results of the quarter under review.

Joint Venture in India

The Company had announced on 28 May 2012 that the Company, AEON Credit Service Co., Ltd (“ACSJ”), Edelweiss Financial Services Ltd. (“EFSL”) and AEON Credit Service India Private Limited (“ACSI”) has entered into a Deed of Adherence in relation to the Joint Venture (“JV”) Agreement between ACSJ and EFSL, which was entered into on 25 May 2012, in accordance with the terms and conditions as set out in the Deed of Adherence.

ACSI proposed to increase the issued and paid-up share capital of ACSI from Rupees 7,500,000 comprising 750,000 Ordinary Shares of Rupees 10/- each to Rupees 410,000,000 comprising 41,000,000 Ordinary Shares of Rupees 10/- each on 31 May 2012 to undertake Non-Banking Financial Company business.

Based on the said proposal, the Company had subscribed for an additional 7,450,000 Ordinary Shares of Rupees 10/- each in the share capital of the ACSI on 31 May 2012 for a total cash consideration of Rupees 74,500,000 only (which is equivalent to approximately RM4.26 million), resulting in an increase in the total equity participation by the Company in ACSI from 750,000 Ordinary Shares of Rupees 10/- each to 8,200,000 Ordinary Shares of Rupees 10/- each, representing 20% of the enlarged issued and paid-up share capital of ACSI.

Further, resulting from the subscription by ACSJ and EFSL (and/or its Affiliates) to the remaining 32,800,000 new shares in ACSI, the Company’s equity interest in ACSI has been diluted from 100% of the issued and paid-up share capital of ACSI to 20% of the enlarged issued and paid-up share capital of ACSI as at 31 May 2012.



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Notes to the interim financial report for the quarter ended 20 May 2012

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.

Included in "Investment" in the Condensed Statement of Financial Position as at 20 May 2012 is an investment of RM512,000 (20 May 2011: RM512,000) in AEON Credit Service India Private Limited ("ACSI"), a company incorporated in India, representing 100% of the total issued and paid-up share of ACSI, comprising 750,000 ordinary shares of Rupees 10/- each.

As ACSI has been under the control of ACSJ since incorporation, the directors are of the opinion that ACSI should not be consolidated into the financial statements of the Company. Thus, consolidated financial statements are not presented in relation to the investment in ACSI, which has not commenced business operations.

As set out in Note A11, ACSI ceased to be a wholly owned subsidiary as at 31 May 2012 upon issuance of new shares in ACSI to AEON Credit Service Co., Ltd ("ACSJ") and Edelweiss Financial Services Ltd ("EFSL"), resulting in the dilution of the Company's equity interest in ACSI from 100% of the issued and paid-up share capital of ACSI to 20% of the enlarged issued and paid-up share capital of ACSI.

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 2012 and at the date of this announcement.

14 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% or more from the amount which had been mandated by the shareholders during the Annual General Meeting held on 14 June 2011.

15 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 May 2012 amounts to RM9.11 million.



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Notes to the interim financial report for the quarter ended 20 May 2012

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 31.7% growth for the first quarter ended 20 May 2012 compared to the previous year corresponding period. Total transaction and financing volume in the first quarter was RM 524 million, representing growth of 40.0% from previous year corresponding period. The Company realised growth in business and receivables based on increased financing transaction volume attributable to continued favourable economic environment and marketing and promotion activities.

The financing receivables as at 20 May 2012 was RM 1,655 million, representing growth of 38.8% from RM 1,192 million in the previous year quarter ended 20 May 2011. Meanwhile, non-performing loans (NPL) ratio was 1.68% as at May 2012 compared to 1.76% as at May 2011, reflecting satisfactory asset quality management.

Increase in first quarter operating costs in FYE 2013 by 24.4% is in tandem with business growth and lower than revenue growth of 31.7%. The Company was able to record improved margin of profit before tax against revenue for the year of 37.8% compared to 33.4% in the previous year due to improved cost efficiency from sharp growth in receivables in the year, lower ratio of net impairment loss charge for the financial year against total financing receivables and reduced overhead costs for promotion expenses. Average funding cost in May 2012 was lower marginally compared to May 2011 due to new funding at competitive rates from various sources.

Other operating income recorded of RM 8.758 million for the quarter was 52.3% higher than previous year corresponding period. This is attributable to continued growth in fee income, especially from sales of insurance products, and increase in bad debts recovered.

Profit before tax of RM38.407 million for the current quarter represents an increase of 49.0% from previous year corresponding period.

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

The Company's profit before taxation (PBT) of RM38.407 million for the current quarter is higher than the PBT of RM36.901 million in the preceding quarter ended 20 February 2012 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

The Malaysia economy registered a growth of 4.7% in the 1st quarter of 2012, due to strong domestic demand, supported by both private and public sector spending, with the economic growth forecast for 2012 of between 4.0% and 5.0%.

The Company expects to be able to sustain its performance in the financial year ending 20 February 2013 based on its business strategies and marketing and branding efforts. The Company shall further expand its branch and service centre network in 2012 to facilitate greater market reach to consumers and penetrate further to the middle income consumer segment as well as provide equipment and other asset financing to small businesses.



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Notes to the interim financial report for the quarter ended 20 May 2012

4 Revenue

	3 months ended <u>20.05.2012</u> RM'000	3 months ended <u>20.05.2011</u> RM'000
Revenue comprises:		
Interest income, profit revenue and finance charges	80,667	61,594
Fee income	20,958	15,555
	101,625	77,149

5 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:

	3 months ended <u>20.05.2012</u> RM'000	3 months ended <u>20.05.2011</u> RM'000
(a) Included in Profit from Operations:		
Bad debts recovered	5,203	4,338
Dividend income	-	24
Depreciation of plant and equipment	(2,933)	(2,225)
Allowance for impairment losses on receivables	(18,338)	(15,286)
Finance cost	(12,478)	(9,290)
(b) Included in Other Comprehensive Income		
Gain / (loss) on cash flow hedge	(9,681)	(1,951)

Receivables amounting to RM 16.774 million have been written off against allowance for impairment losses on receivables for the quarter ended 20 May 2012.

6 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.05.2012</u> RM'000	3 months ended <u>20.05.2011</u> RM'000	3 months ended <u>20.05.2012</u> RM'000	3 months ended <u>20.05.2011</u> RM'000
In respect of current period:				
- Current tax	13,545	7,273	13,545	7,273
- Deferred tax	(3,227)	(671)	(3,227)	(671)
	10,318	6,602	10,318	6,602

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 2012

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 2012 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current :			
- Term loans / financing	-	562,051	562,051
- Medium term notes	-	309,997	309,997
- Asset backed medium term notes	150,000	-	150,000
	<u>150,000</u>	<u>872,048</u>	<u>1,022,048</u>
Current :			
- Bank overdrafts	-	3,010	3,010
- Revolving credits	-	62,248	62,248
- Term loans / financing	-	36,438	36,438
- Medium term notes	-	69,987	69,987
- Commercial paper	-	34,916	34,916
	<u>-</u>	<u>206,599</u>	<u>206,599</u>
Total	<u><u>150,000</u></u>	<u><u>1,078,647</u></u>	<u><u>1,228,647</u></u>

The borrowings were denominated in the following currencies:

	Secured RM'000 Equivalent	Unsecured RM'000 Equivalent	Total RM'000 Equivalent	
Ringgit Malaysia	150,000	535,909	685,909	
United States Dollar	-	516,300	516,300	(Equivalent to USD 165.942 million)
Japanese Yen	-	26,438	26,438	(Equivalent to JPY670 million)
	<u><u>150,000</u></u>	<u><u>1,078,647</u></u>	<u><u>1,228,647</u></u>	

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

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.



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Notes to the interim financial report for the quarter ended 20 May 2012

10 Dividend

There were no dividends paid during the quarter under review.

Final dividend

- (i) A final single tier dividend has been recommended for the year ended 20 February 2012;
- (ii) Amount per share – 16.80 sen (previous corresponding period – 15.00 sen per share less tax at 25%);
- (iii) Date payable – 13 July 2012
- (iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 28 June 2012.

The above recommendation on the single tier final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the company.

11 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.05.2012</u> '000	3 months ended <u>20.05.2011</u> '000	3 months ended <u>20.05.2012</u> '000	3 months ended <u>20.05.2011</u> '000
Net profit attributable to equity holders	28,089	19,183	28,089	19,183
Weighted average number of ordinary shares in issue (unit)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	<u>23.41</u>	<u>15.99</u>	<u>23.41</u>	<u>15.99</u>

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)

	3 months ended <u>20.05.2012</u> RM'000
Total retained earnings of the Company	
- Realised	253,714
- Unrealised	7,355
Total retained earnings as per accounts	<u>261,069</u>



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Notes to the interim financial report for the quarter ended 20 May 2012

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 18 June 2012.

By order of the Board
18 June 2012