



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MAY 2015**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 3 months ended	
		31.05.2015 RM'000	31.05.2014 RM'000	31.05.2015 RM'000	31.05.2014 RM'000
Revenue	B4	232,439	N/A	232,439	N/A
Total operating expenses		(142,284)	N/A	(142,284)	N/A
Other operating income		23,803	N/A	23,803	N/A
Profit from operations	B5(a)	113,958	N/A	113,958	N/A
Finance costs		(37,692)	N/A	(37,692)	N/A
Profit before taxation		76,266	N/A	76,266	N/A
Taxation	B6	(18,025)	N/A	(18,025)	N/A
Profit for the period		58,241	N/A	58,241	N/A
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		38	N/A	38	N/A
Other comprehensive income for the period, net of tax		38	N/A	38	N/A
Total comprehensive income for the period		58,279	N/A	58,279	N/A
Earnings per share attributable to ordinary equity holders of the Company :					
Basic (sen)	B12	37.96	N/A	37.96	N/A
Diluted (sen)	B12	-	N/A	-	N/A

Following the change of financial year end of the Company from 20 February 2015 to 28 February 2015, no comparative figures are presented for the current quarter and cumulative quarter results.

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



AEON Credit Service (M) Berhad
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CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2015

	Note	Unaudited As at 31.05.2015 RM'000	Audited As at 28.02.2015 RM'000
ASSETS			
Non-current assets			
Plant and equipment		44,893	45,234
Investments		24,239	18,555
Deferred tax assets		26,115	24,693
Financing receivables		2,992,239	2,811,030
		<u>3,087,486</u>	<u>2,899,512</u>
Current assets			
Financing receivables		1,678,436	1,706,015
Other receivables, deposits & prepayments		47,378	56,183
Derivative financial assets		221,221	212,921
Cash and bank balances		47,084	48,668
		<u>1,994,119</u>	<u>2,023,787</u>
TOTAL ASSETS		<u>5,081,605</u>	<u>4,923,299</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		618,295	563,700
Equity attributable to ordinary equity holders of the Company		<u>734,307</u>	679,712
Perpetual Notes and Sukuk		276,000	276,000
Total equity		<u>1,010,307</u>	<u>955,712</u>
Non-current liability			
Borrowings	B8	3,347,364	2,965,526
		<u>3,347,364</u>	<u>2,965,526</u>
Current liabilities			
Borrowings	B8	606,123	856,141
Payables and accruals		97,386	118,709
Taxation		20,425	27,211
		<u>723,934</u>	<u>1,002,061</u>
Total liabilities		<u>4,071,298</u>	3,967,587
TOTAL EQUITY AND LIABILITIES		<u>5,081,605</u>	<u>4,923,299</u>
 Net assets per share (RM)		 5.10	 4.72

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 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 31 MAY 2015**

	Non-distributable			Distributable		Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Perpetual Notes and Sukuk RM'000	Hedging reserve RM'000	Retained earnings RM'000	
At 21 February 2014	72,000	44,012	100,000	(8,034)	437,586	645,564
Total comprehensive income for the period	-	-	-	2,611	56,282	58,893
Perpetual Notes issued	-	-	46,000	-	-	46,000
Perpetual Notes issue expenses	-	-	-	-	(220)	(220)
Distribution on Perpetual Notes, net of tax	-	-	-	-	(476)	(476)
At 20 May 2014	72,000	44,012	146,000	(5,423)	493,172	749,761
At 1 March 2015	72,000	44,012	276,000	(8,844)	572,544	955,712
Total comprehensive income for the period	-	-	-	38	58,241	58,279
Perpetual Notes/Sukuk issue expenses	-	-	-	-	(100)	(100)
Distribution on Perpetual Notes, net of tax	-	-	-	-	(3,584)	(3,584)
At 31 May 2015	72,000	44,012	276,000	(8,806)	627,101	1,010,307

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 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 31 MAY 2015

	31.05.2015 RM'000	20.05.2014 RM'000
Cash flows from operating activities		
Profit before tax	76,266	75,517
Adjustments for:		
Depreciation of plant and equipment	4,661	4,542
Loss/(Gain) on disposal of plant and equipment	1	(1)
Finance costs	37,692	29,506
Allowance for impairment losses	73,533	46,261
Operating profit before working capital changes	192,153	155,825
Changes in working capital:		
Receivables, deposits and prepayments	(212,675)	(320,578)
Payables and accruals	(26,349)	109,829
Cash held on behalf of a related company	(6,580)	-
Cash used in operations	(53,451)	(54,924)
Income taxes paid	(25,269)	(13,294)
Finance costs paid	(32,668)	(24,841)
Net cash used in operating activities	(111,388)	(93,059)
Cash flows from investing activities		
Acquisition of plant and equipment	(4,320)	(4,072)
Proceeds from disposal of plant and equipment	-	1
Subscription of equity shares	(5,684)	-
Net cash used in investing activities	(10,004)	(4,071)
Cash flows from financing activities		
Repayment of borrowings	(444,115)	(684,184)
Proceeds from borrowings	579,000	763,207
Proceeds from issuance of Perpetual Notes	-	46,000
Payment of Perpetual Notes / Sukuk issue expenses	(100)	(737)
Distribution paid to Perpetual Notes holders	(4,714)	(476)
Net cash generated from financing activities	130,071	123,810
Net increase in cash and cash equivalents	8,679	26,680
Cash and cash equivalents at 1 March / 21 February	(31,769)	(52,814)
Cash and cash equivalents at 31 May / 20 May	(23,090)	(26,134)
Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Cash and bank balances	47,084	14,116
Cash held on behalf of a related company	(6,580)	-
Bank overdrafts	(63,594)	(40,250)
	(23,090)	(26,134)

The Condensed Cash Flow Statement should be read in conjunction with the audited financial statements of the Company for the financial period ended 28 February 2015 and the accompanying notes to the quarterly report attached hereto.



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Notes to the interim financial report for the quarter ended 31 May 2015

A EXPLANATORY NOTES PURSUANT TO MFRS 134

1 Basis of Preparation

The condensed 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 period ended 28 February 2015.

2 Significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its annual financial statements as at and for the period ended 28 February 2015.

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



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Notes to the interim financial report for the quarter ended 31 May 2015

8 Dividend 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 for purchase of consumer durables and vehicles, 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 were no revaluations of property, plant and equipment at the end of the reporting quarter.

11 Subsequent Event

There were no material events subsequent to the end of the current quarter under review up to the date of this report, which are 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 period under review, including business combinations, acquisition or disposal of subsidiaries and restructuring and discontinuing operations.

13 Investment

On 18 May 2015, the Company subscribed for an additional 10,000,000 ordinary shares of Rupees 10/- each in the share capital of AEON Credit Service India Private Limited (“ACSI”), resulting in an increase in total equity participation by the Company in ACSI from 8,200,000 ordinary shares of Rupees 10/- each to 18,200,000 ordinary shares of Rupees 10/- each, for a total cash consideration of Rupees 100,000,000 (equivalent to approximately RM5,684,000). The percentage of equity shareholding of the Company in ACSI remains unchanged at 20% of the enlarged issued and paid up share capital of ACSI.

The Directors have determined that the investment should be designated as “other investment” as the Company does not have influence over the activities and distribution policy of ACSI.



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Notes to the interim financial report for the quarter ended 31 May 2015

14 Fair Value Measurement

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

<u>31.05.2015</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	221,221	-	221,221
Total financial assets carried at fair value	-	221,221	-	221,221
<hr/>				
<u>28.02.2015</u>	Level 1	Level 2	Level 3	Total
<u>Financial Assets</u>	RM'000	RM'000	RM'000	RM'000
Derivatives designated as hedging instruments	-	212,921	-	212,921
Total financial assets carried at fair value	-	212,921	-	212,921

15 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 31 May 2015 and up to the date of this announcement.

16 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 19 June 2014.

17 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 31 May 2015 amounted to RM2.2 million.



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Notes to the interim financial report for the quarter ended 31 May 2015

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's achieved revenue of RM232.439 million for the first quarter ended 31 May 2015. Total transaction and financing volume in the first quarter ended 31 May 2015 was 844.273 million.

The financing receivables as at 31 May 2015 was RM 4.671 billion, representing an increase of 21.61% from RM 3.841 billion as at 20 May 2014. Non-performing loans (NPL) ratio was 2.74% as at 31 May 2015 compared to 2.18% as at 20 May 2014.

Other operating income recorded of RM 23.803 million for the first quarter ended 31 May 2015 mainly comprised bad debts recovered, commission income from sale of insurance products and AEON Big loyalty programme processing fee.

Ratio of total operating expenses against revenue was recorded at 61.2% as compared to 54.6% in the quarter ended 20 May 2014. The increase was mainly contributable to higher allowance for impairment losses on financing receivables.

The Company recorded a profit before tax of RM 76.266 million for the first quarter ended 31 May 2015. Average funding cost in May 2015 was marginally higher compared to the quarter ended 20 May 2014 due to higher funding cost for new long term funding.

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

As the Company has changed its financial year end from 20 February to 28 February, the profit before taxation of current quarter cannot be compared with the results of the period from 21 February 2015 to 28 February 2015.

3 Current Year Prospects

The Malaysian economy posted growth of 5.6% in the first quarter of 2015 while the economic growth forecast for 2015 by Bank Negara Malaysia is between 4.5% to 5.5%, with the underlying domestic macroeconomic fundamentals remaining intact.

The Board expects the Company to maintain its performance in the financial year ending 29 February 2016 based on implementation of its business plan, with stronger performance in the second half of the financial year based on anticipated increase in consumer spending.



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Notes to the interim financial report for the quarter ended 31 May 2015

4 Revenue

	Individual quarter		Cumulative quarter	
	3 months		3 months	
	ended	ended	ended	ended
	<u>31.05.2015</u>	<u>31.05.2014</u>	<u>31.05.2015</u>	<u>31.05.2014</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	201,181	N/A	201,181	N/A
Fee income	31,258	N/A	31,258	N/A
	<u>232,439</u>	<u>N/A</u>	<u>232,439</u>	<u>N/A</u>

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:

	Individual quarter		Cumulative quarter	
	3 months		3 months	
	ended	ended	ended	ended
	<u>31.05.2015</u>	<u>31.05.2014</u>	<u>31.05.2015</u>	<u>31.05.2014</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from Operations:				
Bad debts recovered	17,301	N/A	17,301	N/A
Depreciation of plant and equipment	(4,661)	N/A	(4,661)	N/A
Allowance for impairment losses on receivables	(73,533)	N/A	(73,533)	N/A
(b) Included in Other Comprehensive Income:				
Gain on cash flow hedge	38	N/A	38	N/A

Receivables amounting to RM67.091 million (31 May 2014: N/A) have been written off against allowance for impairment losses on receivables for the three months ended 31 May 2015.



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Notes to the interim financial report for the quarter ended 31 May 2015

6 Taxation

	Individual quarter		Cumulative quarter	
	3 months		3 months	
	ended	ended	ended	ended
	<u>31.05.2015</u>	<u>31.05.2014</u>	<u>31.05.2015</u>	<u>31.05.2014</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- current tax	19,614	N/A	19,614	N/A
- Deferred tax	(1,589)	N/A	(1,589)	N/A
	<u>18,025</u>	<u>N/A</u>	<u>18,025</u>	<u>N/A</u>

7 Status of Corporate Proposal

On 12 May 2015, the Company announced a proposal to establish a 7-year Islamic Commercial Papers Programme of up to RM1,000.00 million in nominal value based on the Shariah principle of Murabahah (“ICP Programme”).

The ICP Programme was approved and authorised by the Securities Commission Malaysia (“SC”) via its letter dated 8 May 2015, subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Sukuk issued by the SC.

The ICP Programme shall have a tenure of 7 years from the date of first issue of Islamic commercial papers (“Sukuk Murabahah”). Each Sukuk Murabahah issuance shall have maturities of any tenure from 1 to 12 months from the date of issuance, as the Company may select, provided that each Sukuk Murabahah issuance matures on or prior to the expiry of the ICP Programme.

Proceeds from the issuance of the Sukuk Murabahah shall be utilised by the Company for working capital, financing disbursements to customers in the ordinary course of business of providing consumer financing based on Islamic principle, the financing of expenses relating to the proposed ICP Programme and the repayment of the existing and future banking facilities of the Company. The utilisation of the proceeds of the Sukuk Murabahah shall at all times be Shariah-compliant.



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Notes to the interim financial report for the quarter ended 31 May 2015

8 Borrowings

The borrowings of the Company as at 31 May 2015 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current :			
- Term loans / financing	-	3,147,364	3,147,364
- Medium term notes	-	200,000	200,000
	-	3,347,364	3,347,364
Current :			
- Bank overdrafts	-	63,594	63,594
- Revolving credits	-	179,000	179,000
- Term loans / financing	-	357,279	357,279
- Asset backed medium term notes	6,250	-	6,250
	6,250	599,873	606,123
Total	6,250	3,947,237	3,953,487

The borrowings were denominated in the following currencies:

	Secured RM'000 Equivalent	Unsecured RM'000 Equivalent	Total RM'000 Equivalent	
Ringgit Malaysia	6,250	2,002,594	2,008,844	
United States Dollar	-	1,944,643	1,944,643	(Equivalent to USD 532.560 million)
	6,250	3,947,237	3,953,487	

The outstanding bank overdrafts, revolving credits and term loans of the Company are 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 31 May 2015

9 Derivatives and Fair Value Changes of Financial Liabilities

(a) Details of derivative financial instruments outstanding are as follows:

As at 31 May 2015	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Cross currency swaps:</u>		
1 – 3 years	911,828	1,070,872
More than 3 years	800,007	873,771
Total	1,711,835	1,944,643

(b) Fair value of financial liabilities

There were no fair value gain/(loss) on fair value changes of financial liabilities as all financial liabilities were measured at amortised cost.

10 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.

11 Dividend

No dividend was proposed or declared for the current quarter ended 31 May 2015.

12 Earnings per Share

	Individual quarter 3 months		Cumulative quarter 3 months	
	ended 31.05.2015 RM'000	ended 31.05.2014 RM'000	ended 31.05.2015 RM'000	ended 31.05.2014 RM'000
Net profit attributable to equity holders	58,241	N/A	58,241	N/A
Distribution on Perpetual Notes, net of tax	(3,584)	N/A	(3,584)	N/A
Net profit attributable to ordinary equity holders	54,657	N/A	54,657	N/A



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Notes to the interim financial report for the quarter ended 31 May 2015

12 Earnings per Share (Continued)

	Individual quarter 3 months		Cumulative quarter 3 months	
	ended <u>31.05.2015</u>	ended <u>31.05.2014</u>	ended <u>31.05.2015</u>	ended <u>31.05.2014</u>
	'000	'000	'000	'000
Net profit attributable to ordinary equity holders (RM)	54,657	N/A	54,657	N/A
Weighted average number of ordinary shares (unit)	144,000	N/A	144,000	N/A
Basic earnings per share (sen)	<u>37.96</u>	<u>N/A</u>	<u>37.96</u>	<u>N/A</u>

Basic Earnings per share is calculated by dividing the net profit after distribution on Perpetual Notes by the weighted average number of ordinary shares outstanding 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.

13 Realised and Unrealised Profits

	As at <u>31.05.2015</u>	As at <u>28.02.2015</u>
	RM'000	RM'000
Total retained earnings of the Company		
- Realised	600,986	547,851
- Unrealised	26,115	24,693
Total retained earnings as per Statement of Changes in Equity	<u>627,101</u>	<u>572,544</u>

14 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 25 June 2015.

By order of the Board
25 June 2015