



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 AUGUST 2015**

| | Note | Unaudited Individual quarter 3 months ended | | Unaudited Cumulative quarter 6 months ended | |
|---|-------|---|--------------------|---|--------------------|
| | | 31.08.2015 RM'000 | 31.08.14 RM'000 | 31.08.2015 RM'000 | 31.08.14 RM'000 |
| Revenue | B4 | 228,723 | N/A | 461,162 | N/A |
| Total operating expenses | | (144,542) | N/A | (286,826) | N/A |
| Other operating income | | 19,893 | N/A | 43,696 | N/A |
| Profit from operations | B5(a) | 104,074 | N/A | 218,032 | N/A |
| Finance costs | | (39,802) | N/A | (77,494) | N/A |
| Profit before taxation | | 64,272 | N/A | 140,538 | N/A |
| Taxation | B6 | (15,786) | N/A | (33,811) | N/A |
| Profit for the period | | 48,486 | N/A | 106,727 | N/A |
| Other comprehensive income, net of tax | B5(b) | | | | |
| Cash flow hedge | | (13,002) | N/A | (12,964) | N/A |
| Other comprehensive income for the period, net of tax | | (13,002) | N/A | (12,964) | N/A |
| Total comprehensive income for the period | | 35,484 | N/A | 93,763 | N/A |
| Earnings per share attributable to equity holders of the Company : | | | | | |
| Basic (sen) | B12 | 31.45 | N/A | 69.40 | 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
(412767-V) (Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2015

| | Note | Unaudited As at 31.08.2015 RM'000 | Audited As at 28.02.2015 RM'000 |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | | 44,304 | 45,234 |
| Investments | | 24,239 | 18,555 |
| Deferred tax assets | | 31,966 | 24,693 |
| Financing receivables | | <u>3,198,016</u> | <u>2,811,030</u> |
| | | <u>3,298,525</u> | <u>2,899,512</u> |
| Current assets | | | |
| Financing receivables | | 1,709,555 | 1,706,015 |
| Other receivables, deposits & prepayments | | 30,936 | 56,183 |
| Derivative financial instruments | | 489,504 | 212,921 |
| Cash and bank balances | | <u>64,412</u> | <u>48,668</u> |
| | | <u>2,294,407</u> | <u>2,023,787</u> |
| TOTAL ASSETS | | <u><u>5,592,932</u></u> | <u><u>4,923,299</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 72,000 | 72,000 |
| Share premium | | 44,012 | 44,012 |
| Reserves | | <u>607,954</u> | <u>563,700</u> |
| Equity attributable to equity holders of the Company | | <u>723,966</u> | <u>679,712</u> |
| Perpetual Notes and Sukuk | | <u>276,000</u> | <u>276,000</u> |
| Total equity | | <u><u>999,966</u></u> | <u><u>955,712</u></u> |
| Non-current liability | | | |
| Borrowings | B8 | <u>3,787,220</u> | <u>2,965,526</u> |
| | | <u>3,787,220</u> | <u>2,965,526</u> |
| Current liabilities | | | |
| Borrowings | B8 | 680,307 | 856,141 |
| Payables and accruals | | 102,506 | 118,709 |
| Taxation | | <u>22,933</u> | <u>27,211</u> |
| | | <u>805,746</u> | <u>1,002,061</u> |
| Total liabilities | | <u>4,592,966</u> | <u>3,967,587</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>5,592,932</u></u> | <u><u>4,923,299</u></u> |
| Net assets per share (RM) | | 5.03 | 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 SECOND QUARTER
ENDED 31 AUGUST 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 |
| Final dividend paid in respect of the financial year ended 20 February 2014 | - | - | - | - | (34,560) | (34,560) |
| Total comprehensive income for the period | - | - | - | 4,018 | 103,713 | 107,731 |
| Perpetual Notes issued | - | - | 46,000 | - | - | 46,000 |
| Perpetual Notes issue expenses | - | - | - | - | (204) | (204) |
| Perpetual Notes interest distribution | - | - | - | - | (3,223) | (3,223) |
| At 20 August 2014 | 72,000 | 44,012 | 146,000 | (4,016) | 503,312 | 761,308 |
| At 1 March 2015 | 72,000 | 44,012 | 276,000 | (8,844) | 572,544 | 955,712 |
| Final dividend paid in respect of the financial period ended 28 February 2015 | - | - | - | - | (42,624) | (42,624) |
| Total comprehensive income for the period | - | - | - | (12,964) | 106,727 | 93,763 |
| Perpetual Notes/Sukuk issued | - | - | - | - | - | - |
| Perpetual Notes/Sukuk issue expenses | - | - | - | - | (100) | (100) |
| Perpetual Notes interest distribution, net of tax | - | - | - | - | (6,785) | (6,785) |
| At 31 August 2015 | 72,000 | 44,012 | 276,000 | (21,808) | 629,762 | 999,966 |

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 FLOWS STATEMENT FOR THE SECOND QUARTER ENDED 31 AUGUST 2015

| | 31.08.2015 RM'000 | 20.08.2014 RM'000 |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 140,538 | 139,004 |
| Adjustments for: | | |
| Depreciation of plant and equipment | 9,299 | 9,235 |
| Gain on disposal of plant and equipment | (5) | (84) |
| Finance costs | 77,494 | 62,662 |
| Plant and equipment written off | 19 | - |
| Allowance for impairment losses | 144,163 | 105,874 |
| Operating profit before working capital changes | <u>371,508</u> | <u>316,691</u> |
| Changes in working capital: | | |
| Receivables, deposits and prepayments | (513,379) | (658,340) |
| Payables and accruals | (16,056) | 166,040 |
| Cash held on behalf of a related company | (1,898) | - |
| Cash used in operations | <u>(159,825)</u> | <u>(175,609)</u> |
| Income taxes paid | (39,281) | (23,608) |
| Finance costs paid | (73,704) | (57,932) |
| Net cash used in operating activities | <u>(272,810)</u> | <u>(257,149)</u> |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | (8,387) | (10,994) |
| Proceeds from disposal of plant and equipment | 4 | 84 |
| Subscription of equity shares | (5,684) | - |
| Net cash used in investing activities | <u>(14,067)</u> | <u>(10,910)</u> |
| Cash flows from financing activities | | |
| Repayment of borrowings | (635,235) | (751,002) |
| Proceeds from borrowings | 1,010,000 | 1,062,207 |
| Proceeds from issuance of Perpetual Notes | - | 46,000 |
| Payment of Perpetual Notes / Sukuk issue expenses | (100) | (804) |
| Distribution paid to Perpetual Notes holders | (8,928) | (3,223) |
| Dividends paid to ordinary shareholders of the Company | (42,624) | (34,560) |
| Net cash generated from financing activities | <u>323,113</u> | <u>318,618</u> |
| Net increase in cash and cash equivalents | 36,236 | 50,559 |
| Cash and cash equivalents at 1 March / 21 February | (31,769) | (52,814) |
| Cash and cash equivalents at 31 August / 20 August | <u>4,467</u> | <u>(2,255)</u> |
| 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 | 64,412 | 16,719 |
| Cash held on behalf of a related company | (7,581) | - |
| Bank overdrafts | (52,364) | (18,974) |
| | <u>4,467</u> | <u>(2,255)</u> |

The Condensed Cash Flows 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 August 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 Flows Statement.



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

8 Dividend Paid

| | Cumulative Quarter (6 months) | |
|--|---|---|
| | Current Year Period To Date <u>31.08.2015</u> RM'000 | Preceding Year Period To Date <u>20.08.2014</u> RM'000 |
| Final dividend in respect of the financial period ended 28 February 2015 | | |
| - 29.60 sen single tier dividend per ordinary share | 42,624 | - |
| Final dividend in respect of the financial year ended 20 February 2014 | | |
| - 24.00 sen single tier dividend per ordinary share | - | 34,560 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 42,624 | 34,560 |

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.



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

13 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>31.08.2015</u> <u>Financial Assets</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Derivatives designated as hedging instruments | - | 489,504 | - | 489,504 |
| Total financial assets carried at fair value | - | 489,504 | - | 489,504 |
| <u>28.02.2015</u> <u>Financial Assets</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
| Derivatives designated as hedging instruments | - | 212,921 | - | 212,921 |
| Total financial assets carried at fair value | - | 212,921 | - | 212,921 |

14 Contingent Liabilities and Contingent Assets

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

15 Related Party Transactions

During the current quarter under review and up to the date of this announcement, the Company did not enter into any significant Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature other than those that had been mandated by the shareholders during the Annual General Meeting held on 16 June 2015.

16 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 31 August 2015 amounted to RM12.4 million.



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

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 9% and 12% growth for the second quarter and six months ended 31 August 2015 as compared with the previous year corresponding period ended 20 August 2014. Total transaction and financing volume in the second quarter and six months ended 31 August 2015 had increased by 2.89% to RM892.653 million and by 1.52% to RM1.737 billion respectively as compared with the previous corresponding period ended 20 August 2014.

The financing receivables as at 31 August 2015 was RM4.908 billion, representing an increase of 19.3% from RM4.115 billion as at 20 August 2014. Non-performing loans (NPL) ratio was 2.58% as at 31 August 2015 compared to 2.65% as at 20 August 2014.

Other operating income recorded of RM19.893 million and RM43.696 million for the second quarter and six months ended 31 August 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 63.2% for the current quarter as compared with 59.6% in the quarter ended 20 August 2014. The increase was mainly attributable to higher allowance for impairment losses on financing receivables.

The Company recorded a profit before tax of RM64.272 million for the second quarter and RM140.538 million for the six months ended 31 August 2015. Average funding cost for the current quarter was marginally higher compared to the quarter ended 20 August 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

The profit before taxation for the quarter under review was lower by RM 11.994 million compared with the preceding quarter, mainly attributable to lower revenue in the quarter as well as increase in operating expenses and funding cost.

3 Current Year Prospects

The Malaysian economy posted growth of 4.9% in the second 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.



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

4 Revenue

| | Individual quarter 3 months | | Cumulative quarter 6 months | |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
| | ended | ended | ended | ended |
| | <u>31.08.2015</u> | <u>31.08.2014</u> | <u>31.08.2015</u> | <u>31.08.2014</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue comprises: | | | | |
| Interest income, profit revenue and finance charges | 196,709 | N/A | 397,890 | N/A |
| Fee income | 32,014 | N/A | 63,272 | N/A |
| | <u>228,723</u> | <u>N/A</u> | <u>461,162</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 3 months | | Cumulative quarter 6 months | |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
| | ended | ended | ended | ended |
| | <u>31.08.2015</u> | <u>31.08.2014</u> | <u>31.08.2015</u> | <u>31.08.2014</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Included in Profit from Operations: | | | | |
| Bad debts recovered | 15,202 | N/A | 32,503 | N/A |
| Depreciation of plant and equipment | (4,638) | N/A | (9,299) | N/A |
| Allowance for impairment losses on receivables | (70,630) | N/A | (144,163) | N/A |
| (b) Included in Other Comprehensive Income: | | | | |
| Gain on cash flow hedge | (13,002) | N/A | (12,964) | N/A |

Receivables amounting to RM136.299 million (31 August 2014: N/A) have been written off against allowance for impairment losses on receivables for the six months ended 31 August 2015.

6 Taxation

| | Individual quarter 3 months | | Cumulative quarter 6 months | |
|--------------------------------------|--------------------------------|-------------------|--------------------------------|-------------------|
| | ended | ended | ended | ended |
| | <u>31.08.2015</u> | <u>31.08.2014</u> | <u>31.08.2015</u> | <u>31.08.2014</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current period: | | | | |
| - current tax | 17,413 | N/A | 37,027 | N/A |
| - Deferred tax | (1,627) | N/A | (3,216) | N/A |
| | <u>15,786</u> | <u>N/A</u> | <u>33,811</u> | <u>N/A</u> |



AEON Credit Service (M) Berhad
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Notes to the interim financial report for the quarter ended 31 August 2015

7 Status of Corporate Proposal

There were no corporate proposals announced or pending completion as at the end of the quarter and up to the date of this report.

8 Borrowings

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

| | Unsecured RM'000 |
|----------------------------|-----------------------------|
| Non-Current : | |
| - Term loans / financing | 3,437,383 |
| - Medium term notes | 200,000 |
| - Islamic Commercial Paper | 149,837 |
| | <u>3,787,220</u> |
| Current : | |
| - Bank overdrafts | 52,364 |
| - Revolving credits | 260,000 |
| - Term loans / financing | 367,943 |
| | <u>680,307</u> |
| Total | <u><u>4,467,527</u></u> |

The borrowings were denominated in the following currencies:

| | Unsecured RM'000 Equivalent | |
|----------------------|--|--|
| Ringgit Malaysia | 2,272,201 | |
| United States Dollar | 2,195,326 | (Equivalent to USD 520.960 million) |
| | <u>4,467,527</u> | |

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.



AEON Credit Service (M) Berhad
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Notes to the interim financial report for the quarter ended 31 August 2015

9 Derivatives and Fair Value Changes of Financial Liabilities

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

| As at 31 August 2015 | Contract/ Notional Amount RM'000 | Fair Value RM'000 |
|------------------------------|---|----------------------------------|
| <u>Cross currency swaps:</u> | | |
| 1 – 3 years | 877,121 | 1,186,953 |
| More than 3 years | 800,007 | 1,008,373 |
| Total | <u>1,677,128</u> | <u>2,195,326</u> |

(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

Interim dividend

- (i) An interim single tier dividend has been recommended for the financial year ending 29 February 2016;
- (ii) Amount per share – 29.85 sen (financial period ended 20 August 2014 – 27.40 sen);
- (iii) Date payable – 4 November 2015; and
- (iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of depositors as at 22 October 2015.



AEON Credit Service (M) Berhad
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Notes to the interim financial report for the quarter ended 31 August 2015

12 Earnings per Share

| | Individual quarter | | Cumulative quarter | |
|---|--------------------|-------------------|--------------------|-------------------|
| | 3 months | | 6 months | |
| | ended | ended | ended | ended |
| | <u>31.08.2015</u> | <u>31.08.2014</u> | <u>31.08.2015</u> | <u>31.08.2014</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit attributable to equity holders | 48,486 | N/A | 106,727 | N/A |
| Distribution on Perpetual Notes, net of tax | (3,202) | N/A | (6,785) | N/A |
| Net profit attributable to ordinary equity holders | 45,284 | N/A | 99,942 | N/A |
| Net profit attributable to ordinary equity holders (RM) | 45,284 | N/A | 99,942 | N/A |
| Weighted average number of ordinary shares (unit) | 144,000 | N/A | 144,000 | N/A |
| Basic earnings per share (sen) | 31.45 | N/A | 69.40 | N/A |

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 | As at |
|---|-------------------|-------------------|
| | <u>31.08.2015</u> | <u>28.02.2015</u> |
| | RM'000 | RM'000 |
| Total retained earnings of the Company: | | |
| - Realised | 597,796 | 547,851 |
| - Unrealised | 31,966 | 24,693 |
| Total retained earnings as per Statement of Changes in Equity | 629,762 | 572,544 |

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 6 October 2015.

By order of the Board
6 October 2015