



AEON Credit Service (M) Berhad
(412767-V)

Notes to the interim financial report for the quarter ended 20 November 2008

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS ("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 Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 20 February 2008.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 20 February 2008, except for the adoption of the following new/revised FRS:

- (a) FRS 107: Cash Flow Statement
- (b) FRS 112: Income Taxes
- (c) FRS 118: Revenue
- (d) FRS 134: Interim Financial Reporting
- (e) FRS 137: Provisions, contingent Liabilities and Contingent Assets

The adoption of the above FRSs and Amendments do not have any material impact on the interim financial statements.

2 Auditors' Report on the Preceding Annual Financial Statements

There was no qualification in the audit report on the preceding audited annual financial statements.

3 Seasonal or Cyclical Factors

The Company continued to realise growth in revenue and profit during the quarter under review due to traditionally higher levels of consumer spending during the festive seasons in Malaysia, most of which fall in the second half of the financial year.

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimates

There were no material changes in the estimates of amounts which have a material effect in the current quarter under review.

6 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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7 Dividends Paid

	Cumulative Quarter (9 months)	
	Current Year - Period To date 20/11/2008 RM,000	Preceding Year - Period to date 20/11/2007 RM,000
Interim Dividend in respect of the financial year ended 20 February 2009 - 8.76 sen per ordinary share less 25% income tax	7,884	
Final Dividend in respect of the financial year ended 20 February 2008 - 7.44 sen per ordinary share less 26% income tax	6,607	
Final Dividend in respect of the financial year ended 20 February 2007 - 4.66 sen per ordinary share less 27% income tax		3,334
	<u>14,491</u>	<u>3,334</u>

8 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and credit card business. As all the activities are categorised under consumer financing business, no segmental analysis is prepared.

9 Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment at the end of reporting quarter.

10 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.

11 Changes in the Composition of the Company

There were no changes in the composition of the Company during the quarter under review, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

12 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 20 November 2008 and at the date of this announcement.



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13 Capital Commitments

Capital commitments for plant and equipment not provided for as at 20 November 2008 are as follows:

	RM'000
Authorised and contracted for	5,159
Authorised but not contracted for	0
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	5,159



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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

For the current quarter ended 20 November 2008, the Company's revenue of RM 48.887 million represents growth of 23.6% or RM9.345 million from the corresponding quarter in the preceding year. The growth was mainly attributable to successful promotional activities and market reach expansion.

The Company recorded profit before tax of RM18.426 million for the quarter, an increase of 44.3% or RM5.654 million from the corresponding quarter in the previous year due to the increased revenue, lower Non Performing Loan (NPL) provision and cost efficiency improvement resulting from increased volume of business and trade receivables. The Company recorded profit after tax of RM13.637 million for the quarter ended 20 November 2008, representing growth of 45.9% or RM4.292 million from corresponding quarter in the preceding year.

For the nine (9) months ended 20 November 2008, the Company's revenue grew by 23.4% or RM25.764 million compared to the corresponding period in previous year. Meanwhile, the Company recorded profit before tax of RM47.545 million for the nine (9) months ended 20 November 2008, representing growth of 56.4% or RM17.142 million from the preceding year. The Company recorded profit after tax of RM35.154 million for the nine (9) months ended 20 November 2008, representing growth of 58.4% or RM12.963 million from corresponding quarter in the preceding year. The growth in revenue, profit before tax and profit after tax for the nine (9) months is attributable to similar factors as mentioned above.

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

The Company registered a profit before taxation of RM18.426 million for the current quarter compared with profit before taxation of RM15.428 million in the preceding quarter ended 20 August 2008, representing an increase of 19.4% or RM2.998 million.

The higher profit before taxation is mainly attributable to the increased revenue, and cost efficiency improvement based on increased volume of business and trade receivables.

3 Current Year Prospects

Bank Negara Malaysia has forecast lower economic growth for the second half of 2008 in an inflationary economic environment. Despite this, the Company expects to improve its performance for the financial year ending 20 February 2009 against the previous year based on various business strategies, barring unforeseen circumstances.

4 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.11.2008</u> RM'000	3 months ended <u>20.11.2007</u> RM'000	Year to date ended <u>20.11.2008</u> RM'000	Year to date ended <u>20.11.2007</u> RM'000
Current tax	4,539	3,412	12,569	8,557
Deferred tax	250	15	(178)	(345)
	4,789	3,427	12,391	8,212



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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

On 16 May 2008 the Company had announced a proposal to subscribe 100,000 Ordinary Shares of 100 Philippines Peso each in the share capital of AEON Credit Technology Systems (Philippines) Inc ("ACTS"), a company incorporated in the Philippines which is a subsidiary of AEON Credit Service Co., Ltd, Japan, for a total cash consideration of PHP 10,000,000 (Philippines Peso: Ten million) only, representing 10% of the total issued and paid up share capital of ACTS ("Proposed Investment"). Remittance has been made by the Company for the Proposed Investment, equivalent to RM0.771 million. The process for share allotment and registration under the name of the Company was completed on 17 September 2008.

8 Borrowings (Unsecured)

The borrowings of the Company as at 20 November 2008 comprised the following:

	RM'000
Non-Current :	
- Term loans	136,788
- Medium term notes	282,403
	<u>419,191</u>
Current :	
- Medium term notes	10,000
- Revolving credits	206,162
- Bank overdrafts	3,779
	<u>219,941</u>
Total	<u><u>639,132</u></u>

The borrowings were denominated in the following currencies:

	RM'000	
	Equivalent	
Ringgit Malaysia	453,082	
United States Dollar	131,007	(Equivalent to USD40.088 million)
Japanese Yen	55,043	(Equivalent to JPY 1.592 billion)
	<u><u>639,132</u></u>	



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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.

9 Off Balance Sheet Financial Instruments

Details and value of contracts by remaining period to Maturity Date as at 20 November 2008 is as follows:

Item	Principal Amount RM'000	Less Than 1 Year RM'000	1 - 2	2 - 3	3 - 4	4 - 5
			years RM'000	years RM'000	years RM'000	years RM'000
Foreign Exchange Contracts - forward/currency swap	186,050	112,562	-	43,488	-	30,000

The above forward exchange contracts are for the purpose of hedging borrowings obtained in foreign currency and have been entered into upon initial drawdown of the borrowings.

Other than the above, there is no other off balance sheet transactions in the Company at the date of this announcement.

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

- a) An interim dividend was declared for the financial year ending 20 February 2009 and paid on 24 October 2008;
- b) Amount per share – 8.76 sen less income tax of 25% (previous corresponding period – 5.40 sen per share less tax at 26%);
- c) No dividend has been declared during the quarter and subsequently until the date of this report.

12 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.11.2008</u> '000	3 months ended <u>20.11.2007</u> '000	Year to Date <u>20.11.2008</u> '000	Year to Date <u>20.11.2007</u> '000
Net profit attributable to equity holders	13,637	9,345	35,154	22,191
Weighted average number of ordinary shares in issue (unit)	120,000	98,000	120,000	98,000
Basic earnings per share (sen)	<u>11.36</u>	<u>9.54</u>	<u>29.30</u>	<u>22.64</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 weighted average number of ordinary shares in issue during the period.



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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 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 22 December 2008.

By order of the Board
22 December 2008