



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

Notes to the interim financial report for the financial year ended 20 February 2010

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 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 2009.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 20 February 2009.

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 revenue and profit recorded by the Company in the second half of the financial year is higher due to traditionally higher level of consumer spending during festive seasons in Malaysia.

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 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.

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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Notes to the interim financial report for the financial year ended 20 February 2010

7 Dividends Paid

	Cumulative Quarter (12 months)	
	Current Year - Period To date 20/02/2010 RM,000	Preceding Year - Period to date 20/02/2009 RM,000
Interim Dividend in respect of the financial year ended 20 February 2010 - 10.50 sen per ordinary share less 25% income tax	9,450	
Final Dividend in respect of the financial year ended 20 February 2009 - 11.34 sen per ordinary share less 25% income tax	10,206	
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
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	19,656	14,491

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 February 2010 and at the date of this announcement.



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(412767-V)

Notes to the interim financial report for the financial year ended 20 February 2010

13 Capital Commitments

Capital commitments for plant and equipment not provided for as at 20 February 2010 are as follows:

	RM'000
Authorised and contracted for	4,788
Authorised but not contracted for	835
	<u>5,623</u>



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(412767-V)

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

For the current quarter ended 20 February 2010, the Company's revenue of RM53.136 million represents growth of 4.4% or RM2.243 million from the corresponding quarter in the preceding year. Although the business environment remained challenging, the Company was able to maintain financial performance in the quarter. Despite the introduction of service tax on credit cards in late 2009, credit card retail transactions in the quarter registered a 16% growth against the previous year.

Correspondingly, the Company recorded profit before tax of RM18.666 million for the quarter, an increase of 1.5% or RM0.281 million from the corresponding quarter in the previous year due to the above factors. The Company recorded profit after tax of RM14.305 million for the quarter ended 20 February 2010, representing growth of 5.2% or RM0.702 million from corresponding quarter in the preceding year.

For the twelve (12) months ended 20 February 2010, the Company's revenue of RM210,144 million, grew by 12.4% or RM23.225 million compared to the corresponding period in previous year. Meanwhile, the Company recorded profit before tax of RM72.226 million for the twelve (12) months ended 20 February 2010, representing growth of 9.5% or RM6.296 million from the preceding year. The Company recorded profit after tax of RM54.275 million for the twelve (12) months ended 20 February 2010, representing growth of 11.3% or RM5.518 million from corresponding preceding year. The growth in revenue, profit before tax and profit after tax for the twelve (12) months is attributable to successful promotional activities and market reach expansion.

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

The Company registered a profit before taxation of RM18.666 million for the current quarter compared with profit before taxation of RM19.005 million in the preceding quarter ended 20 November 2009.

The profit before tax recorded was marginally lower compared to the preceding quarter, mainly attributable to the decrease in other operating income.

3 Current Year Prospects

The Malaysian economy continues to improve with a positive growth of 4.5% in the fourth quarter (3Q 09: -1.2%), amid strengthened domestic and external demand. Going forward, higher domestic demand is expected, particularly private consumption spending, given the improved consumer and business confidence, and continued access to financing. Accordingly, the Company expects to maintain growth in performance based on its business strategy.

The above is internal management target and is not an estimate, forecast or projection. In addition, this internal target has not been reviewed by our external auditors.



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(412767-V)

Notes to the interim financial report for the financial year ended 20 February 2010

4 Taxation

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.02.2010</u> RM'000	3 months ended <u>20.02.2009</u> RM'000	12 months ended <u>20.02.2010</u> RM'000	12 months ended <u>20.02.2009</u> RM'000
In respect of current period:				
- Current tax	4,663	4,741	19,035	17,310
- Deferred tax	178	41	(604)	(137)
	4,841	4,782	18,431	17,173
In respect of prior period:				
Over provision in prior year	(480)	-	(480)	-
	4,361	4,782	17,951	17,173

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 February 2010 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current :			
- Term loans	-	181,337	181,337
- Medium term notes	-	178,704	178,704
- Asset backed medium term notes	100,000	-	100,000
	100,000	360,041	460,041
Current :			
- Bank overdrafts	-	327	327
- Revolving credits/Term loans	-	76,343	76,343
- Medium term notes	-	119,961	119,961
- Asset backed medium term notes	50,000	-	50,000
	50,000	196,631	246,631
Total	150,000	556,672	706,672



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(412767-V)

Notes to the interim financial report for the financial year ended 20 February 2010

The borrowings were denominated in the following currencies:

	Secured RM'000 Equivalent	Unsecured RM'000 Equivalent	Total RM'000 Equivalent	
Ringgit Malaysia	150,000	403,492	553,492	
United States Dollar	-	30,000	30,000	(Equivalent to USD 9.279 million)
Japanese Yen	-	123,180	123,180	(Equivalent to JPY 3.390 billion)
	150,000	556,672	706,672	

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 Off Balance Sheet Financial Instruments

Details and value of contracts by remaining period to Maturity Date as at 20 February 2010 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
Forward Foreign Exchange Contracts/ Cross Currency Swaps	153,180	45,843	43,488	33,849	30,000	-

The above forward foreign exchange contracts and cross currency swaps 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.



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Notes to the interim financial report for the financial year ended 20 February 2010

11 Dividend

- a) (i) An interim dividend was declared for the financial year ending 20 February 2010 and paid on 20 October 2009;
(ii) Amount per share – 10.50 sen less income tax of 25% (previous corresponding period – 8.76 sen per share less tax at 25%);
- b) (i) A final dividend has been recommended for the year ended 20 February 2010;
(ii) Amount per share – 12.00 sen less income tax of 25% (previous corresponding period – 11.34 sen per share less tax at 25%);
(iii) Date payable – 13 July 2010
(iv) In respect of deposited securities, entitlement to dividend will be determined based on the record of the depositors as at 29 June 2010.

12 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.02.2010</u> '000	3 months ended <u>20.02.2009</u> '000	12 months ended <u>20.02.2010</u> '000	12 months ended <u>20.02.2009</u> '000
Net profit attributable to equity holders	14,305	13,603	54,275	48,757
Weighted average number of ordinary shares in issue (unit)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	<u>11.92</u>	<u>11.34</u>	<u>45.23</u>	<u>40.63</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.

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 19 April 2010.

By order of the Board
19 April 2010