



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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 20 AUGUST 2012

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 6 months ended	
		20.08.2012	20.08.2011	20.08.2012	20.08.2011
		RM'000	RM'000	RM'000	RM'000
Revenue	B4	112,486	83,035	214,110	160,185
Total operating expenses		(63,101)	(47,373)	(122,598)	(95,197)
Other operating income		8,612	6,313	17,370	12,062
Profit from operations	B5(a)	57,997	41,975	108,882	77,050
Finance costs		(14,299)	(10,453)	(26,777)	(19,743)
Profit before taxation		43,698	31,522	82,105	57,307
Taxation	B6	(11,610)	(8,069)	(21,928)	(14,671)
Profit for the period		32,088	23,453	60,177	42,636
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		6,926	(5,755)	(2,755)	(7,707)
Other comprehensive income for the period, net of tax		6,926	(5,755)	(2,755)	(7,707)
Total comprehensive income for the period		39,014	17,698	57,422	34,929
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B12	26.74	19.54	50.15	35.53
Diluted (sen)	B12	--	--	--	--

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 AUGUST 2012

	Note	Unaudited As at 20.08.2012 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		33,461	27,452	24,137
Investments	A12	5,542	1,283	1,797
Deferred tax assets		6,663	4,128	--
Financing receivables		815,549	568,276	407,377
		<u>861,215</u>	<u>601,139</u>	<u>433,311</u>
Current assets				
Financing receivables		1,048,210	923,200	701,127
Other receivables, deposits & prepayments		38,341	36,235	35,399
Cash and bank balances		7,331	4,416	5,649
		<u>1,093,882</u>	<u>963,851</u>	<u>742,175</u>
TOTAL ASSETS		<u>1,955,097</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		318,496	281,234	222,217
Total equity		<u>378,496</u>	<u>341,234</u>	<u>282,217</u>
Non-current liabilities				
Borrowings	B8	1,059,838	877,603	594,742
Deferred tax liabilities		--	--	1,807
		<u>1,059,838</u>	<u>877,603</u>	<u>596,549</u>
Current liabilities				
Payables and accruals		97,732	81,097	54,132
Borrowings	B8	384,442	228,591	238,302
Derivative financial instruments		12,273	24,666	1,445
Taxation		22,316	11,799	2,841
		<u>516,763</u>	<u>346,153</u>	<u>296,720</u>
Total liabilities		<u>1,576,601</u>	<u>1,223,756</u>	<u>893,269</u>
TOTAL EQUITIES AND LIABILITIES		<u>1,955,097</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		3.15	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 SECOND QUARTER ENDED 20 AUGUST 2012**

Attributable to Equity Holders of the Company

	<u>Non - distributable</u>			<u>Distributable</u>	<u>Unaudited</u>
	Share capital RM'000	Share premium RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 21 February 2011	60,000	56,147	(643)	166,713	282,217
Final dividend paid in respect of the financial year ended 20 February 2011				(13,500)	(13,500)
Total comprehensive income for the period	--	--	(7,707)	42,636	34,929
At 20 August 2011	60,000	56,147	(8,350)	195,849	303,646
At 21 February 2012	60,000	56,147	(7,893)	232,980	341,234
Final dividend paid in respect of the financial year ended 20 February 2012				(20,160)	(20,160)
Total comprehensive income for the period	--	--	(2,755)	60,177	57,422
At 20 August 2012	60,000	56,147	(10,648)	272,997	378,496

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 SECOND QUARTER ENDED 20 AUGUST 2012**

	Unaudited Cumulative quarter ended 20.08.2012	20.08.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	82,105	57,307
Adjustments for:		
Depreciation of plant and equipment	6,236	4,413
Finance costs	26,777	19,743
Plant and equipment written off	--	9
Allowance for impairment losses	37,696	29,624
Dividend income	--	(24)
Operating profit before working capital changes	<u>152,814</u>	<u>111,072</u>
Changes in working capital:		
Receivables, deposits and prepayments	(412,084)	(218,453)
Payables and accruals	(1,241)	20,380
Cash used in operations	<u>(260,511)</u>	<u>(87,001)</u>
Income taxes paid	(12,371)	(8,215)
Finance costs paid	(25,625)	(19,190)
Net cash used in operating activities	<u>(298,507)</u>	<u>(114,406)</u>
Cash flows from investing activities		
Dividend income	--	24
Acquisition of plant and equipment	(12,245)	(6,099)
Proceeds from disposal of plant and equipment	--	5
Acquisition of investment	(4,259)	(512)
Net cash used in investing activities	<u>(16,504)</u>	<u>(6,582)</u>
Cash flows from financing activities		
Repayment of bank borrowings	(188,717)	(32,000)
Proceeds from borrowings	524,031	161,903
Dividends paid to ordinary shareholders of the Company	(20,160)	(13,500)
Net cash generated from financing activities	<u>315,154</u>	<u>116,403</u>
Net (decrease)/increase in cash and cash equivalents	143	(4,585)
Cash and cash equivalents at 21 February	<u>3,514</u>	<u>4,657</u>
Cash and cash equivalents at 20 Aug	<u>3,657</u>	<u>72</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	7,331	4,638
Overdrafts	(3,674)	(4,566)
	<u>3,657</u>	<u>72</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 2012 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 August 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 Malaysian 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 Condensed Cash Flow Statement.



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

8 Dividends Paid

	Cumulative Quarter (6 months)	
	Current Year – Period To Date 20/08/2012 RM'000	Preceding Year – Period To Date 20/08/2011 RM'000
Final dividend in respect of the financial year ended 20 February 2012 - 16.80 sen single tier dividend per ordinary share	20,160	
Final dividend in respect of the financial year ended 20 February 2011 - 15 sen per ordinary share less 25% income tax		13,500
	<u>20,160</u>	<u>13,500</u>

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”) 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 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 which are likely to substantially affect the results of the quarter under review.



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Notes to the interim financial report for the quarter ended 20 August 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 August 2012 is an investment of RM4,771,000 (20 August 2011: RM512,000) in AEON Credit Service India Private Limited ("ACSI"), a company incorporated in India, representing 20% of the total issued and paid-up share capital of ACSI, comprising 41,000,000 ordinary shares of Rupees 10/- each.

As previously announced by the Company, 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 August 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 of, the amount which had been mandated by the shareholders during the Annual General Meeting held on 19 June 2012.

15 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 August 2012 amounted to RM2.999 million.



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

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 35.5% and 33.7% growth respectively for the second quarter and six months ended 20 August 2012 compared to the previous year corresponding period. Total transaction and financing volume in the second quarter and six months ended 20 August 2012 was RM 602 million and RM1,126 million, representing growth of 39.6% and 39.9% respectively 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 August 2012 was RM 1,864 million, representing growth of 41.6% from RM 1,316 million as at 20 August 2011. Meanwhile, non-performing loans (NPL) ratio was 1.53% as at August 2012 compared to 1.63% as at August 2011, reflecting satisfactory asset quality management.

Increase in operating costs for the six months ended 20 August 2012 by 28.8% from previous year corresponding period is in tandem with business growth and lower than revenue growth of 33.7%. The Company was able to record improved margin of profit before tax against revenue for the year of 38.3% compared to 35.8% in the previous year due to improved cost efficiency from sharp growth in receivables in the year and lower ratio of net impairment loss charge for the financial year against total financing receivables. Average funding cost in August 2012 was marginally lower compared to August 2011 due to new funding at competitive rates from various sources.

Other operating income recorded of RM 8.612 million and RM17.370 million for the second quarter and six months ended 20 August 2012, was 36.4% and 44.0% higher than previous year corresponding period respectively. This is attributable to continued growth in fee income, including from sales of insurance products and commission income from credit recovery services as well as increase in bad debts recovered.

Profit before tax of RM43.698 million and RM82.105 million for the current quarter and six months ended 20 August 2012 represent increase of 38.6% and 43.3% from previous year corresponding period respectively.

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

The Company's profit before taxation (PBT) of RM43.698 million for the current quarter is higher than the PBT of RM38.407 million in the preceding quarter ended 20 May 2012 mainly arising from growth in receivables and increased financing transaction volume in the period contributing to higher net operating income.

3 Current Year Prospects

The Malaysian economy registered a growth of 5.4% in the second 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 maintain its good performance in the remainder of the financial year based on current strong demand and positive market trend. Further, the Company will continue to open new branches and expand its services to further grow its business to increase its market share, especially in the middle income segment of the market.



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

4 Revenue

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.08.2012</u> RM'000	3 months ended <u>20.08.2011</u> RM'000	6 months ended <u>20.08.2012</u> RM'000	6 months ended <u>20.08.2011</u> RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	90,368	65,627	171,034	127,222
Fee income	22,118	17,408	43,076	32,963
	<u>112,486</u>	<u>83,035</u>	<u>214,110</u>	<u>160,185</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 ended <u>20.08.2012</u> RM'000	3 months ended <u>20.08.2011</u> RM'000	6 months ended <u>20.08.2012</u> RM'000	6 months ended <u>20.08.2011</u> RM'000
(a) Included in Profit from Operations:				
Bad debts recovered	6,068	4,617	11,271	8,955
Dividend income	-	-	-	24
Depreciation of plant and equipment	(3,303)	(2,188)	(6,236)	(4,413)
Allowance for impairment losses on receivables	(19,358)	(14,338)	(37,696)	(29,624)
Finance cost	(14,299)	(10,453)	(26,777)	(19,743)
(b) Included in Other Comprehensive Income				
Gain / (loss) on cash flow hedge	6,926	(5,755)	(2,755)	(7,707)

Receivables are written off against allowance for impairment losses on receivables. Receivables amounting to RM 34.539 million have been written off against allowance for impairment losses on receivables for the six months ended 20 August 2012.



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

6 Taxation

	Individual quarter		Cumulative quarter	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	<u>20.08.2012</u>	<u>20.08.2011</u>	<u>20.08.2012</u>	<u>20.08.2011</u>
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Current tax	11,825	8,428	22,887	15,701
- Deferred tax	(215)	(359)	(959)	(1,030)
	11,610	8,069	21,928	14,671

The Company's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purpose.

7 Status of Corporate Proposal

Proposed Bonus Issue

On 18 June 2012, the Company had announced a proposed bonus issue of 24,000,000 new ordinary shares of RM0.50 each in the Company ("Bonus Shares") to be credited as fully paid up, on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of RM0.50 each held in the Company on a date to be determined and announced later ("Proposed Bonus Issue"). The Proposed Bonus Issue was to be effected by capitalising RM12,000,000 from the Company's share premium account.

The Bonus Shares were issued to the entitled shareholders of the Company on 13 September 2012, subsequent to approval by the shareholders of the Company at an Extraordinary General Meeting held on 28 August 2012. The Bonus Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 14th September 2012.

8 Borrowings

The borrowings of the Company as at 20 August 2012 comprised the following:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Non-Current :			
- Term loans / financing	-	567,338	567,338
- Medium term notes	-	355,000	355,000
- Asset backed medium term notes	137,500	-	137,500
	137,500	922,338	1,059,838
Current :			
- Bank overdrafts	-	3,674	3,674
- Revolving credits	-	79,529	79,529
- Term loans / financing	-	54,077	54,077
- Medium term notes	-	94,990	94,990
- Commercial paper	-	139,672	139,672
- Asset backed medium term notes	12,500	-	12,500
	12,500	371,942	384,442
Total	150,000	1,294,280	1,444,280



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

8 Borrowings (continued)

The borrowings were denominated in the following currencies:

	Secured RM'000 Equivalent	Unsecured RM'000 Equivalent	Total RM'000 Equivalent	
Ringgit Malaysia	150,000	715,335	865,335	
United States Dollar	-	563,151	563,151	(Equivalent to USD 179.719 million)
Japanese Yen	-	15,794	15,794	(Equivalent to JPY400 million)
	150,000	1,294,280	1,444,280	

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 Derivatives and Fair Value Changes of Financial Liabilities

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

As at 20 August 2012	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Forward exchange contracts:</u>		
Less than 1 year	57,357	56,530
<u>Cross currency swaps:</u>		
Less than 1 year	30,000	29,077
1 - 3 years	149,664	152,288
More than 3 years	340,000	341,050
	519,664	522,415
Total	577,021	578,945

(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.



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

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

An interim single tier dividend of 16.00 sen per ordinary share has been declared for the financial year ending 20 February 2013 (previous corresponding period – 13.20 sen per share). The dividend shall be payable on 22 October 2012 to the shareholders of the Company whose name appear on the record of depositors as at 4 October 2012.

12 Earnings per Share

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.08.2012</u> '000	3 months ended <u>20.08.2011</u> '000	6 months ended <u>20.08.2012</u> '000	6 months ended <u>20.08.2011</u> '000
Net profit attributable to equity holders	32,088	23,453	60,177	42,636
Weighted average number of ordinary shares in issue (unit)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	<u>26.74</u>	<u>19.54</u>	<u>50.15</u>	<u>35.53</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 Realised and Unrealised Profits / (Losses)

	Financial period ended <u>20.08.2012</u> RM'000	Financial period ended <u>20.08.2011</u> RM'000
Total retained earnings of the Company		
- Realised	266,334	194,056
- Unrealised	6,663	1,793
Total retained earnings as per financial statements	<u>272,997</u>	<u>195,849</u>



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

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 20 September 2012.

By order of the Board
20 September 2012