



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 20 MAY 2013**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 3 months ended	
		20.05.2013 RM'000	20.05.2012 RM'000	20.05.2013 RM'000	20.05.2012 RM'000
Revenue	B4	143,871	101,625	143,871	101,625
Total operating expenses		(77,711)	(59,498)	(77,711)	(59,498)
Other operating income		9,505	8,758	9,505	8,758
Profit from operations	B5(a)	75,665	50,885	75,665	50,885
Finance costs		(19,632)	(12,478)	(19,632)	(12,478)
Profit before taxation		56,033	38,407	56,033	38,407
Taxation	B6	(14,691)	(10,318)	(14,691)	(10,318)
Profit for the period		41,342	28,089	41,342	28,089
Other comprehensive income, net of tax	B5(b)				
Cash flow hedge		(953)	(9,681)	(953)	(9,681)
Other comprehensive income for the period, net of tax		(953)	(9,681)	(953)	(9,681)
Total comprehensive income for the period		40,389	18,408	40,389	18,408
Earnings per share attributable to equity holders of the Company :					
Basic (sen)	B12	28.71	19.51	28.71	19.51
Diluted (sen)	B12	-	-	-	-

The Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 20 February 2013 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 20 MAY 2013

	Note	Unaudited As at 20.05.2013 RM'000	Audited As at 20.02.2013 RM'000
ASSETS			
Non-current assets			
Plant and equipment		42,456	41,036
Investments		5,542	5,542
Deferred tax assets		6,155	5,057
Financing receivables		<u>1,404,553</u>	<u>1,189,825</u>
		<u>1,458,706</u>	<u>1,241,460</u>
Current assets			
Financing receivables		1,272,806	1,166,909
Other receivables, deposits & prepayments		19,840	20,652
Cash and bank balances		<u>8,076</u>	<u>6,404</u>
		<u>1,300,722</u>	<u>1,193,965</u>
TOTAL ASSETS		<u><u>2,759,428</u></u>	<u><u>2,435,425</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		<u>353,584</u>	<u>313,195</u>
Total equity		<u>469,596</u>	<u>429,207</u>
Non-current liabilities			
Borrowings	B8	<u>1,527,980</u>	<u>1,191,934</u>
		<u>1,527,980</u>	<u>1,191,934</u>
Current liabilities			
Payables and accruals		119,125	106,869
Borrowings	B8	567,406	670,499
Derivative financial liabilities		49,958	18,130
Taxation		<u>25,363</u>	<u>18,786</u>
		<u>761,852</u>	<u>814,284</u>
Total liabilities		<u>2,289,832</u>	<u>2,006,218</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,759,428</u></u>	<u><u>2,435,425</u></u>
Net assets per share attributable to equity holders of the Company (RM)		3.26	2.98

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 20 February 2013 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 20 MAY 2013**

	<u>Attributable to Equity Holders of the Company</u>				Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Hedging reserve RM'000	Retained earnings RM'000	
At 21 February 2012	60,000	56,147	(7,893)	232,980	341,234
Total comprehensive income for the period	-	-	(9,681)	28,089	18,408
At 20 May 2012	60,000	56,147	(17,574)	261,069	359,642
At 21 February 2013	72,000	44,012	(10,711)	323,906	429,207
Total comprehensive income for the period	-	-	(953)	41,342	40,389
At 20 May 2013	72,000	44,012	(11,664)	365,248	469,596

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 2013 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 20 MAY 2013**

	Unaudited cumulative quarter ended	
	20.05.2013	20.05.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	56,033	38,407
Adjustments for:		
Depreciation of plant and equipment	4,157	2,933
Finance costs	19,632	12,478
Allowance for impairment losses	25,902	18,338
Operating profit before working capital changes	<u>105,724</u>	<u>72,156</u>
Changes in working capital:		
Receivables, deposits and prepayments	(345,715)	(145,510)
Payables and accruals	39,890	1,196
Cash used in operations	<u>(200,101)</u>	<u>(72,158)</u>
Income taxes paid	(8,895)	(10,377)
Finance costs paid	(16,712)	(11,130)
Net cash used in operating activities	<u>(225,708)</u>	<u>(93,665)</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(5,577)	(6,334)
Net cash used in investing activities	<u>(5,577)</u>	<u>(6,334)</u>
Cash flows from financing activities		
Repayment of borrowings	(519,295)	(140,151)
Proceeds from borrowings	754,211	239,395
Net cash generated from financing activities	<u>234,916</u>	<u>99,244</u>
Net increase/(decrease) in cash and cash equivalents	3,631	(755)
Cash and cash equivalents at 21 Feb	4,160	3,514
Cash and cash equivalents at 20 May	<u>7,791</u>	<u>2,759</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	8,076	5,769
Bank overdraft	(285)	(3,010)
	<u>7,791</u>	<u>2,759</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 2013 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 May 2013

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 year ended 20 February 2013.

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 year ended 20 February 2013.

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.

8 Dividend Paid

There were no dividends paid during the quarter under review.



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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 were no revaluations 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.

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.

13 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 20 May 2013 up to 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 from 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 May 2013 amounted to RM2.465 million.



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Notes to the interim financial report for the quarter ended 20 May 2013

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 41.6% growth for the first quarter ended 20 May 2013 compared to the previous year corresponding period. Total transaction and financing volume in the first quarter was RM 787 million, representing growth of 50.2% from previous year corresponding period. The Company realised growth in its business based on increased financing transaction volume attributable to the continuing favourable economic environment and augmented by marketing and promotion activities. Higher growth was recorded for the vehicle financing and personal financing operations.

The total financing receivables as at 20 May 2013 was RM 2.677 billion, representing growth of 61.8% from RM 1.655 billion in the previous year quarter ended 20 May 2012. Meanwhile, non-performing loans (NPL) ratio was 1.57% as at May 2013 compared to 1.68% as at May 2012, reflecting satisfactory asset quality management.

Other operating income recorded of RM 9.505 million for the first quarter was 8.5% higher than previous year corresponding period. This is attributable to continued growth in fee income, including from sales of insurance products, collection commission and increase in bad debts recovered.

Ratio of total operating expenses against revenue improved to 54.0% in the current quarter from 58.5% in the corresponding period last year. Profit before tax of RM56.033 million for the current quarter represents an increase of 45.9% from previous year corresponding period. The results achieved were due to continued growth in business coupled with improved cost efficiency and lower ratio of net impairment loss charge for the financial period against average financing receivables. Average funding cost in the reported period was marginally lower compared to previous year corresponding period May 2012 due to new funding at more competitive rates from various sources.

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

The Company's profit before taxation (PBT) of RM56.033 million for the current quarter is higher than the PBT of RM52.101 million in the preceding quarter ended 20 February 2013 mainly arising from growth in receivables and increased financing transaction volume in the period contributing to higher net operating profit.

3 Current Year Prospects

The Malaysian economy posted a growth of 4.1% in the first quarter of 2013, due to strong domestic demand despite sluggish global economy which affected manufacturing and certain other sectors. Meanwhile, the economic growth forecast for 2013 by Bank Negara Malaysia was between 5% and 6%.

The Company expects to be able to maintain its good performance in the current financial year based on current strong domestic demand and positive market trend. The Company will continue to open new branches and expand its business further.



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Notes to the interim financial report for the quarter ended 20 May 2013

4 Revenue

	3 months ended <u>20.05.2013</u> RM'000	3 months ended <u>20.05.2012</u> RM'000
Revenue comprises:		
Interest income, profit revenue and finance charges	120,201	80,667
Fee income	23,670	20,958
	<hr/> 143,871	<hr/> 101,625

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:

	3 months ended <u>20.05.2013</u> RM'000	3 months ended <u>20.05.2012</u> RM'000
(a) Included in Profit from Operations:		
Bad debts recovered	6,549	5,203
Depreciation of plant and equipment	(4,157)	(2,933)
Allowance for impairment losses on receivables	(25,902)	(18,338)
(b) Included in Other Comprehensive Income:		
Loss on cash flow hedge	(953)	(9,681)

Receivables amounting to RM 22.816 million (20 May 2012: RM 16.774 million) have been written off against allowance for impairment losses on receivables for the quarter ended 20 May 2013.



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Notes to the interim financial report for the quarter ended 20 May 2013

6 Taxation

	3 months ended <u>20.05.2013</u> RM'000	3 months ended <u>20.05.2012</u> RM'000
In respect of current period:		
- Current tax	15,472	13,545
- Deferred tax	(781)	(3,227)
	<u>14,691</u>	<u>10,318</u>

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

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

8 Borrowings

The borrowings of the Company as at 20 May 2013 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-Current :			
- Term loans / financing	-	1,246,730	1,246,730
- Medium term notes	-	200,000	200,000
- Asset backed medium term notes	81,250	-	81,250
	<u>81,250</u>	<u>1,446,730</u>	<u>1,527,980</u>
Current :			
- Bank overdrafts	-	285	285
- Revolving credits	-	211,362	211,362
- Term loans / financing	-	67,010	67,010
- Medium term notes	-	219,999	219,999
- Asset backed medium term notes	68,750	-	68,750
	<u>68,750</u>	<u>498,656</u>	<u>567,406</u>
Total	<u>150,000</u>	<u>1,945,386</u>	<u>2,095,386</u>



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The borrowings were denominated in the following currencies:

	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	
	Equivalent	Equivalent	Equivalent	
Ringgit Malaysia	150,000	826,282	976,282	
United States Dollar	-	1,119,104	1,119,104	(Equivalent to USD 370.748 million)
	<u>150,000</u>	<u>1,945,386</u>	<u>2,095,386</u>	

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 May 2013	Contract/ Notional Amount RM'000	Fair Value RM'000
<u>Forward exchange contracts:</u>		
Less than 1 year	<u>128,926</u>	<u>124,362</u>
<u>Cross currency swaps:</u>		
Less than 1 year	30,000	28,010
1 – 3 years	289,664	283,031
More than 3 years	704,921	683,701
	<u>1,024,585</u>	<u>994,742</u>
Total	<u><u>1,153,511</u></u>	<u><u>1,119,104</u></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.



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Notes to the interim financial report for the quarter ended 20 May 2013

11 Dividend

No dividend was proposed or declared for the current quarter ended 20 May 2013.

12 Earnings per Share

	3 months ended <u>20.05.2013</u> '000	3 months ended <u>20.05.2012</u> '000
Net profit attributable to equity holders	41,342	28,089
Weighted average number of ordinary shares in issue (unit)	144,000	144,000
Basic earnings per share (sen)	<u>28.71</u>	<u>19.51</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 previous corresponding period's earnings per ordinary share has been restated to reflect the bonus issue implemented on 19 September 2012.

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>20.05.2013</u> RM'000	As at <u>20.05.2012</u> RM'000
Total retained earnings of the Company		
- Realised	359,093	253,714
- Unrealised	6,155	7,355
Total retained earnings as per Statement of Changes in Equity	<u>365,248</u>	<u>261,069</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 17 June 2013.

By order of the Board
17 June 2013