



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 20 AUGUST 2013**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 6 months ended	
		20.08.2013 RM'000	20.08.2012 RM'000	20.08.2013 RM'000	20.08.2012 RM'000
Revenue	B4	<b>162,868</b>	112,486	<b>306,739</b>	214,110
Total operating expenses		<b>(91,111)</b>	(63,101)	<b>(168,822)</b>	(122,598)
Other operating income		<b>9,153</b>	8,612	<b>18,658</b>	17,370
<b>Profit from operations</b>	B5(a)	<b>80,910</b>	57,997	<b>156,575</b>	108,882
Finance costs		<b>(23,734)</b>	(14,299)	<b>(43,365)</b>	(26,777)
Profit before taxation		<b>57,176</b>	43,698	<b>113,210</b>	82,105
Taxation	B6	<b>(14,040)</b>	(11,610)	<b>(28,731)</b>	(21,928)
<b>Profit for the period</b>		<b>43,136</b>	32,088	<b>84,479</b>	60,177
<b>Other comprehensive income, net of tax</b>	B5(b)				
Cash flow hedge		<b>(5,084)</b>	6,926	<b>(6,037)</b>	(2,755)
<b>Other comprehensive income for the period, net of tax</b>		<b>(5,084)</b>	6,926	<b>(6,037)</b>	(2,755)
<b>Total comprehensive income for the period</b>		<b>38,052</b>	39,014	<b>78,442</b>	57,422
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (sen)	B12	<b>29.96</b>	22.28	<b>58.67</b>	41.79
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 AUGUST 2013**

	Note	Unaudited As at 20.08.2013 RM'000	Audited As at 20.02.2013 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		42,343	41,036
Investments		5,542	5,542
Deferred tax assets		11,719	5,057
Financing receivables		<u>1,670,237</u>	<u>1,189,825</u>
		<u>1,729,841</u>	<u>1,241,460</u>
<b>Current assets</b>			
Financing receivables		1,377,658	1,166,909
Other receivables, deposits & prepayments		34,641	20,652
Derivative financial assets		48,031	-
Cash and bank balances		<u>7,424</u>	<u>6,404</u>
		<u>1,467,754</u>	<u>1,193,965</u>
<b>TOTAL ASSETS</b>		<u><b>3,197,595</b></u>	<u><b>2,435,425</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		<u>363,557</u>	<u>313,195</u>
<b>Total equity</b>		<u><b>479,569</b></u>	<u><b>429,207</b></u>
<b>Non-current liabilities</b>			
Borrowings	B8	<u>1,849,066</u>	<u>1,191,934</u>
		<u>1,849,066</u>	<u>1,191,934</u>
<b>Current liabilities</b>			
Payables and accruals		135,081	106,869
Borrowings	B8	697,655	670,499
Derivative financial liabilities		-	18,130
Taxation		<u>36,224</u>	<u>18,786</u>
		<u>868,960</u>	<u>814,284</u>
Total liabilities		<u>2,718,026</u>	<u>2,006,218</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,197,595</b></u>	<u><b>2,435,425</b></u>
Net assets per share attributable to equity holders of the Company (RM)		<b>3.33</b>	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 SECOND QUARTER ENDED 20 AUGUST 2013**

	<u>Attributable to Equity Holders of the Company</u>				<b>Total Equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Hedging reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b>At 21 February 2012</b>	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
<b>At 20 August 2012</b>	60,000	56,147	(10,648)	272,997	378,496
<b>At 21 February 2013</b>	72,000	44,012	(10,711)	323,906	429,207
Final dividend paid in respect of the financial year ended 20 February 2013	-	-	-	(28,080)	(28,080)
Total comprehensive income for the period	-	-	(6,037)	84,479	78,442
<b>At 20 August 2013</b>	72,000	44,012	(16,748)	380,305	479,569

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 SECOND QUARTER ENDED 20 AUGUST 2013**

	<b>Unaudited cumulative quarter ended</b>	
	<b>20.08.2013</b>	<b>20.08.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	113,210	82,105
Adjustments for:		
Depreciation of plant and equipment	8,414	6,236
Finance costs	43,365	26,777
Gain on disposal of plant and equipment	(4)	-
Allowance for impairment losses	62,561	37,696
Operating profit before working capital changes	227,546	152,814
Changes in working capital:		
Receivables, deposits and prepayments	(767,710)	(412,084)
Payables and accruals	(48,910)	(1,241)
Cash used in operations	(589,074)	(260,511)
Income taxes paid	(15,942)	(12,371)
Finance costs paid	(40,457)	(25,625)
<b>Net cash used in operating activities</b>	(645,473)	(298,507)
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(9,721)	(12,245)
Acquisition of investment	-	(4,259)
Proceeds from disposal of plant and equipment	4	-
<b>Net cash used in investing activities</b>	(9,717)	(16,504)
<b>Cash flows from financing activities</b>		
Repayment of bank borrowings	(519,105)	(188,717)
Proceeds from borrowings	1,205,275	524,031
Dividends paid to ordinary shareholders of the Company	(28,080)	(20,160)
<b>Net cash generated from financing activities</b>	658,090	315,154
Net increase in cash and cash equivalents	2,900	143
Cash and cash equivalents at 21 February	4,160	3,514
<b>Cash and cash equivalents at 20 August</b>	7,060	3,657
<b>Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Cash and bank balances	7,424	7,331
Bank overdrafts	(364)	(3,674)
	7,060	3,657

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.



**AEON Credit Service (M) Berhad**  
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**Notes to the interim financial report for the quarter ended 20 August 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.



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**Notes to the interim financial report for the quarter ended 20 August 2013**

**8 Dividend Paid**

	<b>Cumulative Quarter (6 months)</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Period To Date</b>	<b>Period To Date</b>
	<b><u>20.08.2013</u></b>	<b><u>20.08.2012</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Final dividend in respect of the financial year ended 20 February 2013		
- 19.50 sen single tier dividend per ordinary share	28,080	-
Final dividend in respect of the financial year ended 20 February 2012		
- 16.80 sen single tier dividend per ordinary share	-	20,160
	<hr/>	<hr/>
	28,080	20,160

**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 August 2013 up to the date of this announcement.



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**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 18 June 2013.

**15 Capital Commitments**

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 August 2013 amounted to RM2.687 million.



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**Notes to the interim financial report for the quarter ended 20 August 2013**

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**

**1 Performance Review**

The Company's revenue recorded 44.8% and 43.3% growth respectively for the second quarter and six months ended 20 August 2013 compared to the previous year corresponding period. Total transaction and financing volume in the second quarter and six months ended 20 August 2013 was RM 868 million and RM 1.655 billion, representing growth of 44.2% and 47.0% 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. Higher growth was recorded for the vehicle financing and personal financing operations.

The financing receivables as at 20 August 2013 was RM 3.048 billion, representing growth of 63.5% from RM 1.864 billion in the previous year quarter ended 20 August 2012. Meanwhile, non-performing loans (NPL) ratio was 1.64% as at August 2013 compared to 1.53% as at August 2012.

Other operating income recorded of RM 9.153 million and RM 18.658 million for the second quarter and six months ended 20 August 2013 was 6.30% and 7.42% higher than previous year corresponding period respectively. 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 55.9% and 55.0% in the current quarter and six months ended 20 August 2013 respectively from 56.1% and 57.3% in previous year corresponding period respectively. Profit before tax of RM 57.176 million and RM 113.210 million for the second quarter and six months ended 20 August 2013 represents an increase of 30.8% and 37.9% from previous year corresponding period respectively. The results achieved were due to continued growth in business coupled with improved cost efficiency from sharp growth in receivables in the period. Average funding cost in August 2013 was marginally lower compared to August 2012 due to new funding at 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 RM57.176 million for the current quarter is higher than the PBT of RM56.033 million in the preceding quarter ended 20 May 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 4.3% in the second quarter of 2013, due primarily to strong domestic demand. Meanwhile, the revised economic growth forecast for 2013 by Bank Negara Malaysia is between 4.5% to 5.0%.

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 August 2013**

**4 Revenue**

	Individual quarter		Cumulative quarter	
	3 months ended	3 months ended	6 months ended	6 months ended
	<u>20.08.2013</u>	<u>20.08.2012</u>	<u>20.08.2013</u>	<u>20.08.2012</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	137,441	90,368	257,642	171,034
Fee income	25,427	22,118	49,097	43,076
	<u>162,868</u>	<u>112,486</u>	<u>306,739</u>	<u>214,110</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	3 months ended	6 months ended	6 months ended
	<u>20.08.2013</u>	<u>20.08.2012</u>	<u>20.08.2013</u>	<u>20.08.2012</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from Operations:				
Bad debts recovered	6,316	6,068	12,865	11,271
Depreciation of plant and equipment	(4,257)	(3,303)	(8,414)	(6,236)
Allowance for impairment losses on receivables	(36,659)	(19,358)	(62,561)	(37,696)
(b) Included in Other Comprehensive Income:				
(Loss) / gain on cash flow hedge	(5,084)	6,926	(6,037)	(2,755)

Receivables amounting to RM 46.751 million (20 August 2012: RM34.539 million) have been written off against allowance for impairment losses on receivables for the six months ended 20 August 2013.



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**Notes to the interim financial report for the quarter ended 20 August 2013**

**6 Taxation**

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.08.2013</u> RM'000	3 months ended <u>20.08.2012</u> RM'000	6 months ended <u>20.08.2013</u> RM'000	6 months ended <u>20.08.2012</u> RM'000
<b>In respect of current period:</b>				
- Current tax	17,909	11,825	33,381	22,887
- Deferred tax	(3,869)	(215)	(4,650)	(959)
	<u>14,040</u>	<u>11,610</u>	<u>28,731</u>	<u>21,928</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 August 2013 comprised the following:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Non-Current :</b>			
- Term loans / financing	-	1,586,566	1,586,566
- Medium term notes	-	200,000	200,000
- Asset backed medium term notes	62,500	-	62,500
	<u>62,500</u>	<u>1,786,566</u>	<u>1,849,066</u>
<b>Current :</b>			
- Bank overdrafts	-	364	364
- Revolving credits	-	443,291	443,291
- Term loans / financing	-	24,000	24,000
- Medium term notes	-	155,000	155,000
- Commercial paper	-	-	-
- Asset backed medium term notes	75,000	-	75,000
	<u>75,000</u>	<u>622,655</u>	<u>697,655</u>
<b>Total</b>	<u>137,500</u>	<u>2,409,221</u>	<u>2,546,721</u>



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**Notes to the interim financial report for the quarter ended 20 August 2013**

The borrowings were denominated in the following currencies:

	<b>Secured RM'000 Equivalent</b>	<b>Unsecured RM'000 Equivalent</b>	<b>Total RM'000 Equivalent</b>	
Ringgit Malaysia	137,500	1,194,725	1,332,225	
United States Dollar	-	1,214,496	1,214,496	(Equivalent to USD 389.469 million)
	<u>137,500</u>	<u>2,409,221</u>	<u>2,546,721</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:

<b>As at 20 August 2013</b>	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value RM'000</b>
<u>Forward exchange contracts:</u>		
Less than 1 year	<u>219,911</u>	<u>228,291</u>
<u>Cross currency swaps:</u>		
1 – 3 years	389,664	415,522
More than 3 years	604,921	641,046
	<u>994,585</u>	<u>1,056,568</u>
Total	<u>1,214,496</u>	<u>1,284,859</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.



**AEON Credit Service (M) Berhad**  
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**Notes to the interim financial report for the quarter ended 20 August 2013**

**11 Dividend**

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

**12 Earnings per Share**

	Individual quarter		Cumulative quarter	
	3 months ended <u>20.08.2013</u> '000	3 months ended <u>20.08.2012</u> '000	6 months ended <u>20.08.2013</u> '000	6 months ended <u>20.08.2012</u> '000
Net profit attributable to equity holders	43,136	32,088	84,478	60,177
Weighted average number of ordinary shares in issue (unit)	144,000	144,000	144,000	144,000
Basic earnings per share (sen)	29.96	22.28	58.67	41.79

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**

	6 months ended <u>20.08.2013</u> RM'000	6 months ended <u>20.08.2012</u> RM'000
Total retained earnings of the Company		
- Realised	368,586	266,334
- Unrealised	11,719	6,663
Total retained earnings as per Statement of Changes in Equity	380,305	272,997

**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 18 October 2013.

By order of the Board  
18 October 2013