



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 20 MAY 2014**

| | Note | Unaudited Individual quarter 3 months ended | | Unaudited Cumulative quarter 3 months ended | |
|---|-------|---|----------------------|---|----------------------|
| | | 20.05.2014 RM'000 | 20.05.2013 RM'000 | 20.05.2014 RM'000 | 20.05.2013 RM'000 |
| Revenue | B4 | 200,900 | 143,871 | 200,900 | 143,871 |
| Total operating expenses | | (109,622) | (77,711) | (109,622) | (77,711) |
| Other operating income | | 13,745 | 9,505 | 13,745 | 9,505 |
| Profit from operations | B5(a) | 105,023 | 75,665 | 105,023 | 75,665 |
| Finance costs | | (29,506) | (19,632) | (29,506) | (19,632) |
| Profit before taxation | | 75,517 | 56,033 | 75,517 | 56,033 |
| Taxation | B6 | (19,235) | (14,691) | (19,235) | (14,691) |
| Profit for the period | | 56,282 | 41,342 | 56,282 | 41,342 |
| Other comprehensive income, net of tax | B5(b) | | | | |
| Cash flow hedge | | 2,611 | (953) | 2,611 | (953) |
| Other comprehensive income for the period, net of tax | | 2,611 | (953) | 2,611 | (953) |
| Total comprehensive income for the period | | 58,893 | 40,389 | 58,893 | 40,389 |
| Earnings per share attributable to equity holders of the Company : | | | | | |
| Basic (sen) | B12 | 39.08 | 28.71 | 39.08 | 28.71 |
| 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 2014 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 2014

| | Note | Unaudited As at 20.05.2014 RM'000 | Audited As at 20.02.2014 RM'000 |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | | 46,130 | 46,599 |
| Investments | | 5,542 | 5,542 |
| Deferred tax assets | | 16,980 | 11,040 |
| Financing receivables | | <u>2,416,946</u> | <u>2,034,533</u> |
| | | <u>2,485,598</u> | <u>2,097,714</u> |
| Current assets | | | |
| Financing receivables | | 1,423,679 | 1,536,389 |
| Other receivables, deposits & prepayments | | 72,385 | 67,770 |
| Cash and cash equivalents | | 14,116 | 12,569 |
| Derivative financial instruments | | 9,027 | 52,844 |
| | | <u>1,519,207</u> | <u>1,669,572</u> |
| TOTAL ASSETS | | <u><u>4,004,805</u></u> | <u><u>3,767,286</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 72,000 | 72,000 |
| Share premium | | 44,012 | 44,012 |
| Reserves | | <u>487,749</u> | <u>429,552</u> |
| Equity attributable to shareholders of the Company | | <u>603,761</u> | <u>545,564</u> |
| Perpetual notes | A7 | <u>146,000</u> | <u>100,000</u> |
| Total equity | | <u>749,761</u> | <u>645,564</u> |
| Non-current liability | | | |
| Borrowings | B8 | <u>2,640,427</u> | <u>2,113,455</u> |
| | | <u>2,640,427</u> | <u>2,113,455</u> |
| Current liabilities | | | |
| Payables and accruals | | 163,181 | 143,798 |
| Borrowings | B8 | 415,124 | 840,908 |
| Taxation | | 36,312 | 23,561 |
| | | <u>614,617</u> | <u>1,008,267</u> |
| Total liabilities | | <u>3,255,044</u> | <u>3,121,722</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>4,004,805</u></u> | <u><u>3,767,286</u></u> |
| Net assets per share (RM) | | 4.19 | 3.79 |

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 2014 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 2014**

| | Share capital RM'000 | <u>Non-distributable</u> Share premium RM'000 | <u>Perpetual notes RM'000</u> | Hedging reserve RM'000 | <u>Distributable</u> Retained earnings RM'000 | Total Equity RM'000 |
|---|-------------------------------------|--|--|---------------------------------------|--|------------------------------------|
| 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 |
| At 21 February 2014 | 72,000 | 44,012 | 100,000 | (8,034) | 437,586 | 645,564 |
| Total comprehensive income for the period | - | - | - | 2,611 | 56,282 | 58,893 |
| Perpetual notes issued | - | - | 46,000 | - | - | 46,000 |
| Perpetual notes issue expenses | - | - | - | - | (220) | (220) |
| Perpetual notes distribution | - | - | - | - | (476) | (476) |
| At 20 May 2014 | 72,000 | 44,012 | 146,000 | (5,423) | 493,172 | 749,761 |

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 2014 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 2014**

| | Unaudited cumulative quarter ended | |
|---|------------------------------------|----------------------|
| | 20.05.2014 RM'000 | 20.05.2013 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 75,517 | 56,033 |
| Adjustments for: | | |
| Depreciation of plant and equipment | 4,542 | 4,157 |
| Gain on disposal of plant and equipment | (1) | - |
| Finance costs | 29,506 | 19,632 |
| Allowance for impairment losses | 46,261 | 25,902 |
| Operating profit before working capital changes | 155,825 | 105,724 |
| Changes in working capital: | | |
| Receivables, deposits and prepayments | (320,578) | (345,715) |
| Payables and accruals | 109,829 | 39,890 |
| Cash used in operations | (54,924) | (200,101) |
| Income taxes paid | (13,294) | (8,895) |
| Finance costs paid | (24,841) | (16,712) |
| Net cash used in operating activities | (93,059) | (225,708) |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment | (4,072) | (5,577) |
| Proceeds from disposal of plant and equipment | 1 | - |
| Net cash used in investing activities | (4,071) | (5,577) |
| Cash flows from financing activities | | |
| Repayment of borrowings | (684,184) | (519,295) |
| Proceeds from borrowings | 763,207 | 754,211 |
| Proceeds from issuance of Perpetual Notes | 46,000 | - |
| Payment of Perpetual Notes issue expenses | (737) | - |
| Perpetual Notes distribution | (476) | - |
| Net cash generated from financing activities | 123,810 | 234,916 |
| Net increase in cash and cash equivalents | 26,680 | 3,631 |
| Cash and cash equivalents at 21 February | (52,814) | 4,160 |
| Cash and cash equivalents at 20 May | (26,134) | 7,791 |

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

| | | |
|------------------------|----------|-------|
| Cash and bank balances | 14,116 | 8,076 |
| Bank overdrafts | (40,250) | (285) |
| | (26,134) | 7,791 |

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 2014 and the accompanying notes to the quarterly report attached hereto.



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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 2014.

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 2014.

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

During the current quarter, the Company has made further issuances of unrated subordinated conventional perpetual private debt securities (“Perpetual Notes”) at par amounting to RM30.00 million and RM16.00 million respectively. The salient features of the Perpetual Notes issued are as follows:

- (i) The distribution rate for the period of five (5) years from issuance date is 6.5% per annum, with the distribution to be made on semi-annual basis in arrears;
- (ii) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate increases by 1% per annum above the prevailing distribution rate subject to a maximum of 20% per annum;



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- (iii) The Company may defer part or all distribution, which shall then become due and payable on the next distribution date unless it is further deferred by the Company;
- (iv) The Perpetual Notes are perpetual in nature with no contractual maturity date. The Company has the option to redeem the Perpetual Notes on the date of the fifth anniversary of the date of issue and thereafter on each subsequent semi-annual distribution payment date;
- (v) The Company also has the option to redeem the Perpetual Notes earlier upon the occurrence of a defined accounting event, tax event, privatisation event and shareholder event;
- (vi) The redemption of the Perpetual Notes by the Company is subject to the prior approval of Bank Negara Malaysia;
- (vii) The holders of the Perpetual Notes do not have any voting rights in the Company; and
- (viii) The Perpetual Notes rank ahead of the Company's ordinary share capital and rank junior to the claims of all other present and future creditors of the Company.

Save for the above and as disclosed in the condensed Cash Flow Statement, there were no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the interim period under review.

8 Dividend Paid

There were no dividends paid during the quarter under review.

9 Segmental Reporting

The Company is principally engaged in the provision of easy payment schemes for purchase of consumer durables and vehicles, 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.



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11 Subsequent Event

The Company on 27 May 2014 made its distribution to holders of Perpetual Notes amounting to RM2.748 million in respect of Perpetual Notes issued at par of RM85.250 million.

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 Fair Value Measurement

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs).

| <u>20.05.2014</u> <u>Financial Assets</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Derivatives designated as hedging instruments | - | 9,027 | - | 9,027 |
| Total financial assets carried at fair value | - | 9,027 | - | 9,027 |

| <u>20.02.2014</u> <u>Financial Assets</u> | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Derivatives designated as hedging instruments | - | 52,844 | - | 52,844 |
| Total financial assets carried at fair value | - | 52,844 | - | 52,844 |



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14 Contingent Liabilities and Contingent Assets

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 20 May 2014 up to the date of this announcement.

15 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.

16 Capital Commitments

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 May 2014 amounted to RM3.486 million.



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Notes to the interim financial report for the quarter ended 20 May 2014

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1 Performance Review

The Company's revenue recorded 39.7% growth for the first quarter ended 20 May 2014 compared to the previous year corresponding period. Total transaction and financing volume in the first quarter ended 20 May 2014 was RM 843 million, representing growth of 7.1% from previous year corresponding period. Higher growth was recorded for the vehicle financing operations.

The financing receivables as at 20 May 2014 was RM 3.841 billion, representing growth of 43.5% from RM 2.677 billion in the previous year quarter ended 20 May 2013. Meanwhile, non-performing loans (NPL) ratio was 2.18% as at May 2014 compared to 1.57% as at May 2013.

Other operating income recorded RM 13.745 million for the first quarter ended 20 May 2014 was 44.61% higher than previous year corresponding period. This is mainly contributed by customer loyalty programme processing fee and increase in bad debts recovered.

Ratio of total operating expenses against revenue is recorded at 54.57% in the current quarter ended 20 May 2014 as compared to 54.01% in previous year corresponding period. Profit before tax of RM 75.517 million for the first quarter ended 20 May 2014 represents an increase of 34.8% from previous year corresponding period. Average funding cost in May 2014 was marginally higher compared to previous year corresponding period May 2013 due to higher funding cost for new long term funding in current quarter.

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

There was no material change in profit before taxation of current quarter compared with preceding quarter.

3 Current Year Prospects

The Malaysian economy posted a growth of 6.2% in the first quarter of 2014, primarily due to strong domestic demand. Meanwhile, the economic growth forecast for 2014 by Bank Negara Malaysia is between 5.0% to 5.5%.

The Company expects to be able to maintain its performance in the current financial year based on its business plan and stable outlook for the economy despite uncertainties from external economic conditions, and signs of moderation from certain sectors domestically.



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4 Revenue

| | 3 months ended <u>20.05.2014</u> RM'000 | 3 months ended <u>20.05.2013</u> RM'000 |
|--|--|--|
| Revenue comprises: | | |
| Interest income, profit revenue and finance charges | 173,190 | 120,201 |
| Fee income | 27,710 | 23,670 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 200,900 | 143,871 |

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>20.05.2014</u> RM'000 | 3 months ended <u>20.05.2013</u> RM'000 |
|---|--|--|
| (a) Included in Profit from Operations: | | |
| Bad debts recovered | 9,477 | 6,549 |
| Depreciation of plant and equipment | (4,542) | (4,157) |
| Allowance for impairment losses on receivables | (46,261) | (25,902) |
| (b) Included in Other Comprehensive Income: | | |
| Gain/(loss) on cash flow hedge | 2,611 | (953) |

Receivables amounting to RM 40.260 million (20 May 2013: RM22.816 million) have been written off against allowance for impairment losses on receivables for the three months ended 20 May 2014.



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Notes to the interim financial report for the quarter ended 20 May 2014

6 Taxation

| | 3 months ended 20.05.2014 RM'000 | 3 months ended 20.05.2013 RM'000 |
|--------------------------------------|---|---|
| In respect of current period: | | |
| - Current tax | 26,045 | 15,472 |
| - Deferred tax | (6,810) | (781) |
| | <u>19,235</u> | <u>14,691</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 2014 comprised the following:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------------|---------------------------|-----------------------------|-------------------------|
| Non-Current : | | | |
| - Term loans / financing | - | 2,434,177 | 2,434,177 |
| - Medium term notes | - | 200,000 | 200,000 |
| - Asset backed medium term notes | 6,250 | - | 6,250 |
| | <u>6,250</u> | <u>2,634,177</u> | <u>2,640,427</u> |
| Current : | | | |
| - Bank overdrafts | - | 40,250 | 40,250 |
| - Revolving credits | - | 131,000 | 131,000 |
| - Term loans / financing | - | 168,874 | 168,874 |
| - Asset backed medium term notes | 75,000 | - | 75,000 |
| | <u>75,000</u> | <u>340,124</u> | <u>415,124</u> |
| Total | <u>81,250</u> | <u>2,974,301</u> | <u>3,055,551</u> |



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The borrowings were denominated in the following currencies:

| | Secured RM'000 Equivalent | Unsecured RM'000 Equivalent | Total RM'000 Equivalent | |
|----------------------|--|--|--|---|
| Ringgit Malaysia | 81,250 | 1,231,251 | 1,312,501 | |
| United States Dollar | - | 1,743,050 | 1,743,050 | (Equivalent to USD 542.533 million) |
| | <u>81,250</u> | <u>2,974,301</u> | <u>3,055,551</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 2014 | Contract/ Notional Amount RM'000 | Fair Value RM'000 |
|------------------------------|---|----------------------------------|
| <u>Cross currency swaps:</u> | | |
| 1 – 3 years | 471,864 | 487,260 |
| More than 3 years | 1,254,928 | 1,255,790 |
| Total | <u>1,726,792</u> | <u>1,743,050</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.



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Notes to the interim financial report for the quarter ended 20 May 2014

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

No dividend was proposed or declared for the current quarter ended 20 May 2014.

12 Earnings per Share

| | 3 months ended <u>20.05.2014</u> '000 | 3 months ended <u>20.05.2013</u> '000 |
|--|--|--|
| Net profit attributable to equity holders | 56,282 | 41,342 |
| Weighted average number of ordinary shares in issue (unit) | 144,000 | 144,000 |
| Basic earnings per share (sen) | <u>39.08</u> | <u>28.71</u> |

Basic Earnings per share for the quarter 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.



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Notes to the interim financial report for the quarter ended 20 May 2014

13 Realised and Unrealised Profits

| | As at <u>20.05.2014</u> RM'000 | As at <u>20.05.2013</u> RM'000 |
|---|---|---|
| Total retained earnings of the Company | | |
| - Realised | 476,192 | 359,093 |
| - Unrealised | 16,980 | 6,155 |
| Total retained earnings as per Statement of Changes in Equity | <u>493,172</u> | <u>365,248</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 19 June 2014.

By order of the Board
19 June 2014