



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

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 20 NOVEMBER 2014**

	Note	Unaudited Individual quarter 3 months ended		Unaudited Cumulative quarter 9 months ended	
		20.11.2014 RM'000	20.11.2013 RM'000	20.11.2014 RM'000	20.11.2013 RM'000
Revenue	B4	216,215	178,034	626,431	484,773
Total operating expenses		(130,519)	(104,458)	(364,877)	(273,280)
Other operating income		14,190	8,621	39,998	27,279
<b>Profit from operations</b>	B5(a)	<b>99,886</b>	82,197	<b>301,552</b>	238,772
Finance costs		(34,870)	(26,103)	(97,532)	(69,468)
Profit before taxation		65,016	56,094	204,020	169,304
Taxation	B6	(16,723)	(13,039)	(52,014)	(41,770)
<b>Profit for the period</b>		<b>48,293</b>	43,055	<b>152,006</b>	127,534
<b>Other comprehensive income, net of tax</b>	B5(b)				
Cash flow hedge		(13,465)	10,876	(9,447)	4,839
<b>Other comprehensive income for the period, net of tax</b>		<b>(13,465)</b>	10,876	<b>(9,447)</b>	4,839
<b>Total comprehensive income for the period</b>		<b>34,828</b>	53,931	<b>142,559</b>	132,373
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (sen)	B12	32.50	29.90	102.84	88.57
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 NOVEMBER 2014**

	Note	Unaudited As at 20.11.2014 RM'000	Audited As at 20.02.2014 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		47,179	46,599
Investments		5,542	5,542
Deferred tax assets		25,719	11,040
Financing receivables		<u>2,642,410</u>	<u>2,034,533</u>
		<u>2,720,850</u>	<u>2,097,714</u>
<b>Current assets</b>			
Financing receivables		1,711,367	1,536,389
Other receivables, deposits & prepayments		77,256	67,770
Cash and cash equivalents		20,619	12,569
Derivative financial instruments		<u>85,091</u>	<u>52,844</u>
		<u>1,894,333</u>	<u>1,669,572</u>
<b>TOTAL ASSETS</b>		<u><u>4,615,183</u></u>	<u><u>3,767,286</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		72,000	72,000
Share premium		44,012	44,012
Reserves		<u>493,979</u>	<u>429,552</u>
<b>Equity attributable to shareholders of the Company</b>		<u>609,991</u>	<u>545,564</u>
Perpetual Notes		<u>146,000</u>	<u>100,000</u>
<b>Total equity</b>		<u>755,991</u>	<u>645,564</u>
<b>Non-current liability</b>			
Borrowings	B8	<u>2,785,030</u>	<u>2,113,455</u>
		<u>2,785,030</u>	<u>2,113,455</u>
<b>Current liabilities</b>			
Payables and accruals		173,488	143,798
Borrowings	B8	871,109	840,908
Taxation		<u>29,565</u>	<u>23,561</u>
		<u>1,074,162</u>	<u>1,008,267</u>
Total liabilities		<u>3,859,192</u>	<u>3,121,722</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,615,183</u></u>	<u><u>3,767,286</u></u>
 Net assets per share (RM)		 4.24	 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 THIRD QUARTER ENDED 20 NOVEMBER 2014**

	<b>Share capital RM'000</b>	<b><u>Non-distributable</u></b>		<b>Hedging reserve RM'000</b>	<b><u>Distributable</u></b>	<b>Total Equity RM'000</b>
		<b>Share premium RM'000</b>	<b>Perpetual Notes RM'000</b>		<b>Retained earnings RM'000</b>	
<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	-	-	-	4,839	127,534	132,373
Perpetual Notes issued	-	-	14,750	-	-	14,750
<b>At 20 November 2013</b>	<b>72,000</b>	<b>44,012</b>	<b>14,750</b>	<b>(5,872)</b>	<b>423,360</b>	<b>548,250</b>
<b>At 21 February 2014</b>	72,000	44,012	100,000	(8,034)	437,586	645,564
Final dividend paid in respect of the financial year ended 20 February 2014	-	-	-	-	(34,560)	(34,560)
Interim dividend paid in respect of the financial year ending 20 February 2015	-	-	-	-	(39,456)	(39,456)
Total comprehensive income for the period	-	-	-	(9,447)	152,006	142,559
Perpetual Notes issued	-	-	46,000	-	-	46,000
Perpetual Notes issue expenses	-	-	-	-	(204)	(204)
Distribution on Perpetual Notes, net of tax	-	-	-	-	(3,912)	(3,912)
<b>At 20 November 2014</b>	<b>72,000</b>	<b>44,012</b>	<b>146,000</b>	<b>(17,481)</b>	<b>511,460</b>	<b>755,991</b>

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 THIRD QUARTER ENDED 20 NOVEMBER 2014**

	<b>Unaudited cumulative quarter ended</b>	
	<b>20.11.2014</b>	<b>20.11.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	204,020	169,304
Adjustments for:		
Depreciation of plant and equipment	14,017	12,722
Gain on disposal of plant and equipment	(271)	(4)
Finance costs	97,532	69,468
Allowance for impairment losses	167,601	106,535
Operating profit before working capital changes	482,899	358,025
Changes in working capital:		
Receivables, deposits and prepayments	(960,031)	(1,141,934)
Payables and accruals	22,356	(892)
Cash used in operations	(454,776)	(784,801)
Income taxes paid	(56,150)	(41,367)
Finance costs paid	(89,598)	(63,115)
<b>Net cash used in operating activities</b>	<b>(600,524)</b>	<b>(889,283)</b>
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(14,646)	(16,052)
Proceeds from disposal of plant and equipment	321	4
<b>Net cash used in investing activities</b>	<b>(14,325)</b>	<b>(16,048)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(677,088)	(706,547)
Proceeds from borrowings	1,376,336	1,629,201
Proceeds from issuance of Perpetual Notes	46,000	14,750
Payment of Perpetual Notes issue expenses	(804)	-
Distribution on Perpetual Notes	(5,216)	-
Dividends paid to ordinary shareholders of the Company	(74,016)	(28,080)
<b>Net cash generated from financing activities</b>	<b>665,212</b>	<b>909,324</b>
Net increase in cash and cash equivalents	50,363	3,993
Cash and cash equivalents at 21 February	(52,814)	4,160
<b>Cash and cash equivalents at 20 November</b>	<b>(2,451)</b>	<b>8,153</b>

**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	20,619	8,364
Bank overdrafts	(23,070)	(211)
	<b>(2,451)</b>	<b>8,153</b>

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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**Notes to the interim financial report for the quarter ended 20 November 2014**

**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**

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 November 2014**

**8 Dividend Paid**

	<b>Cumulative Quarter (9 months)</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Period To Date</b>	<b>Period To Date</b>
	<b><u>20.11.2014</u></b>	<b><u>20.11.2013</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 2014		
- 24.00 sen single tier dividend per ordinary share	34,560	-
Interim dividend in respect of the financial year ending 20 February 2015		
- 27.40 sen single tier dividend per ordinary share	39,456	-
	<hr/> <hr/>	<hr/> <hr/>
	74,016	28,080

**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.

**11 Subsequent Event**

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.



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**Notes to the interim financial report for the quarter ended 20 November 2014**

**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>20.11.2014</u> <u>Financial Assets</u>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Derivatives designated as hedging instruments	-	85,091	-	85,091
Total financial assets carried at fair value	-	85,091	-	85,091

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

**14 Contingent Liabilities and Contingent Assets**

The Company did not have any contingent liabilities, either secured or unsecured, or contingent assets as at 20 November 2014 and 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 19 June 2014.

**16 Capital Commitments**

Capital commitments for plant and equipment which have been authorised and contracted, but not provided for as at 20 November 2014 amounted to RM4.0 million.



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**Notes to the interim financial report for the quarter ended 20 November 2014**

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

**1 Performance Review**

The Company's revenue recorded 21.4% and 29.2% growth for the third quarter and nine months ended 20 November 2014 respectively compared to the previous year corresponding period. Total transaction and financing volume in the third quarter and nine months ended 20 November 2014 was RM 848 million and RM 2.559 billion, representing growth of 3.6% and 3.4% respectively from previous year corresponding period. Higher growth was recorded for auto financing operations.

The financing receivables as at 20 November 2014 was RM 4.354 billion, representing an increase of 29.5% from RM 3.361 billion in the previous year quarter ended 20 November 2013. Meanwhile, the non-performing loans (NPL) ratio was 3.07% as at November 2014 compared to 2.02% as at November 2013.

Other operating income recorded of RM 14.19 million and RM 40.0 million for the third quarter and nine months ended 20 November 2014 was 64.6% and 46.6% higher than previous year corresponding period respectively. This is mainly contributed by increase in bad debts recovered and AEON Big loyalty programme processing fee.

Ratio of total operating expenses against revenue was recorded at 60.4% in the quarter ended 20 November 2014 compared to 58.7% in previous year corresponding period due mainly to higher impairment loss provision on financing receivables. Profit before tax of RM 65.016 million and RM 204.020 million for the third quarter and nine months ended 20 November 2014 represents an increase of 15.9% and 20.5% respectively from previous year corresponding period. Average funding cost in November 2014 was marginally higher compared to previous year due to higher funding cost for new long term funding during the interim period under review.

**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 growth of 5.6% in the third quarter of 2014 while the annual economic growth forecast for 2014 by Bank Negara Malaysia is between 4.5% to 5.5%.

The Company expects to be able to maintain its current performance in the current financial year based on implementation of its business plan.





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**Notes to the interim financial report for the quarter ended 20 November 2014**

**4 Revenue**

	Individual quarter		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	<u>20.11.2014</u>	<u>20.11.2013</u>	<u>20.11.2014</u>	<u>20.11.2013</u>
	RM'000	RM'000	RM'000	RM'000
Revenue comprises:				
Interest income, profit revenue and finance charges	188,864	152,482	544,433	410,124
Fee income	27,351	25,552	81,998	74,649
	<u>216,215</u>	<u>178,034</u>	<u>626,431</u>	<u>484,773</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	9 months ended	9 months ended
	<u>20.11.2014</u>	<u>20.11.2013</u>	<u>20.11.2014</u>	<u>20.11.2013</u>
	RM'000	RM'000	RM'000	RM'000
(a) Included in Profit from Operations:				
Bad debts recovered	9,849	6,163	27,805	19,028
Depreciation of plant and equipment	(4,782)	(4,308)	(14,017)	(12,722)
Allowance for impairment losses on receivables	(61,727)	(43,974)	(167,601)	(106,535)
(b) Included in Other Comprehensive Income:				
(Loss) / Gain on cash flow hedge	(13,465)	10,876	(9,447)	4,839

Receivables amounting to RM38.641 million and RM115.053 million (20 November 2013: RM25.775 million and RM72.526 million) have been written off against allowance for impairment losses on receivables for the current quarter and nine months ended 20 November 2014 respectively.



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**Notes to the interim financial report for the quarter ended 20 November 2014**

**6 Taxation**

	Individual quarter		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	<u>20.11.2014</u>	<u>20.11.2013</u>	<u>20.11.2014</u>	<u>20.11.2013</u>
	RM'000	RM'000	RM'000	RM'000
<b>In respect of current period:</b>				
- current tax	17,623	14,811	63,396	48,192
- Deferred tax	(1,048)	(1,874)	(11,530)	(6,524)
	<u>16,575</u>	<u>12,937</u>	<u>51,866</u>	<u>41,668</u>
<b>In respect of prior period:</b>				
- current tax	148	102	148	102
	<u>16,723</u>	<u>13,039</u>	<u>52,014</u>	<u>41,770</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 November 2014 comprised the following:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Non-Current :			
- Term loans / financing	-	2,585,030	2,585,030
- Medium term notes	-	200,000	200,000
		<u>2,785,030</u>	<u>2,785,030</u>
Current :			
- Bank overdrafts	-	23,070	23,070
- Revolving credits	-	403,424	403,424
- Term loans / financing	-	400,865	400,865
- Asset backed medium term notes	43,750	-	43,750
	<u>43,750</u>	<u>827,359</u>	<u>871,109</u>
Total	<u>43,750</u>	<u>3,612,389</u>	<u>3,656,139</u>



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**Notes to the interim financial report for the quarter ended 20 November 2014**

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	43,750	1,463,070	1,506,820	
United States Dollar	-	2,149,319	2,149,319	(Equivalent to USD 638.633 million)
	<u>43,750</u>	<u>3,612,389</u>	<u>3,656,139</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 November 2014</b>	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value RM'000</b>
<u>Cross currency swaps:</u>		
1 – 3 years	885,993	939,828
More than 3 years	1,154,928	1,209,491
Total	<u>2,040,921</u>	<u>2,149,319</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 November 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 declared during the quarter and up to the date of this report.

**12 Earnings per Share**

	Individual quarter		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	<u>20.11.2014</u>	<u>20.11.2013</u>	<u>20.11.2014</u>	<u>20.11.2013</u>
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders	48,293	43,055	152,006	127,534
Distribution on Perpetual Notes, net of tax	(1,495)	-	(3,912)	-
Net profit attributable to ordinary equity holders	46,798	43,055	148,094	127,534

	Individual quarter		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	<u>20.11.2014</u>	<u>20.11.2013</u>	<u>20.11.2014</u>	<u>20.11.2013</u>
	'000	'000	'000	'000
Net profit attributable to ordinary equity holders (RM)	46,798	43,055	148,094	127,534
Weighted average number of ordinary shares (unit)	144,000	144,000	144,000	144,000
Basic earnings per share (sen)	32.50	29.90	102.84	88.57

Basic Earnings per share is calculated by dividing the net profit after distribution on Perpetual Notes by the weighted average number of ordinary shares outstanding 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 November 2014**

**13 Realised and Unrealised Profits**

	<b>9 months ended <u>20.11.2014</u> RM'000</b>	<b>9 months ended <u>20.11.2013</u> RM'000</b>
Total retained earnings of the Company		
- Realised	485,741	413,392
- Unrealised	25,719	9,968
Total retained earnings as per Statement of Changes in Equity	<u>511,460</u>	<u>423,360</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 16 December 2014.

By order of the Board  
16 December 2014