



AEON Credit Service (M) Berhad

(Company No.: 412767-V)



AEON Credit Service (M) Berhad (412767-V)

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A vertical blue bar on the left side of the page, featuring a gradient from a deep blue at the top to a lighter blue at the bottom, with white clouds visible at the very top and bottom edges.

Providing a wide range of consumer financial services that best meet customer needs

Our **CORPORATE VISION** is to establish AEON as a leading brand in consumer finance and service industry by providing excellent customer service. As a reflection of this vision, **OUR MISSION** is to provide a wide range of consumer financial services that best meet customer needs and we are committed to serve customers to enhance their lifestyle through our products and services. We adhere to a strict code of corporate ethics and, at the same time, engage in activities which contribute to society.

EVERYDAY AEON CARD™





An Introduction to AEON Credit Service (M) Berhad

AEON Credit Service (M) Berhad (AEON Credit or the Company) was incorporated on 6 December 1996 as a private limited company under the name of ACS Credit Service (M) Sdn Bhd. On 23 September 2002, the Company changed its name to AEON Credit Service (M) Sdn Bhd. On 9 February 2007, the Company was converted into a public limited company and adopted its present name, AEON Credit Service (M) Berhad.

AEON Credit commenced operations in 1997 by providing Easy Payment schemes for purchase of consumer durables through appointed retail merchants and chain stores. Today the business of the Company has expanded to include Easy Payment schemes for purchase of motorcycles, Personal Finance schemes and other services. The Company currently has 26 branches and AEON Service Centres located in major shopping centres and towns and a network of more than 5,000 participating merchant outlets nationwide. AEON Credit believes in working closely with its business partners to provide consumer financing products and services which meet customer needs. The Company currently has more than 374,000 active customers for the various products and more than 1,400 staff in service with the Company.

AEON Credit is a subsidiary of AEON Credit Service Co. Ltd, Japan (AEON Credit Japan), which is listed on the First Section of the Tokyo Stock Exchange. AEON Credit Japan is mainly involved in the issuance of credit cards, and it currently has more than 15.5 million card members in Japan. It is one of the biggest credit card issuers and a leading consumer credit provider in Japan.

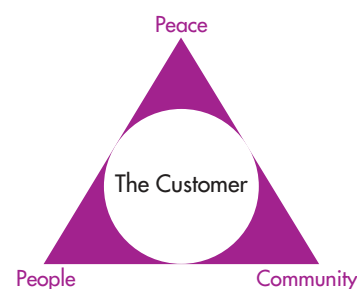
AEON Credit Japan is in turn part of the AEON group of companies (AEON Group), a global retail and financial services group. The AEON Group consists of more than 150 subsidiaries and affiliated companies. The AEON Group is active not only in Japan but also in Southeast Asia, China and North America.

AEON'S BASIC PRINCIPLES

PEACE: AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

PEOPLE: AEON is a corporate group that respects human dignity and values personal relationships.

COMMUNITY: AEON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.



The fundamental principle of AEON is its "customer-centered approach." AEON's mission is to contribute to customers.

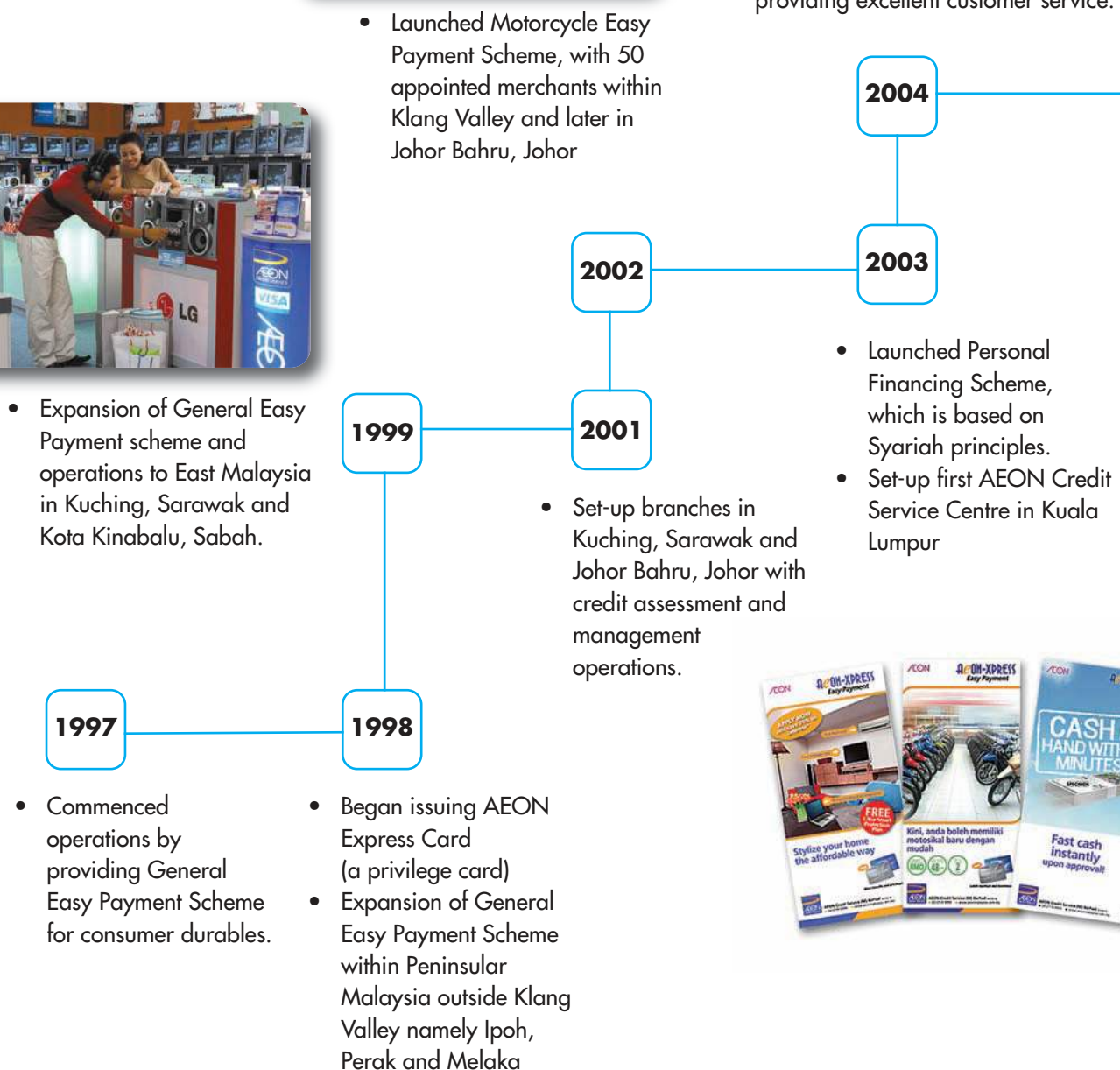
AEON's most basic and abiding principles are the pursuit of peace, respect for humanity, and contribution to local communities through customer-centered initiatives. Under these principles, we are determined to achieve global management standards.

All companies under the AEON Group are guided by the unchanging 'Customer First' philosophy. Its aim is to surpass expectations by combining excellent products with unique personal services.

Milestones Over The Years



- Full expansion of Personal Financing Scheme to major towns nationwide
- Entered into agreements with Visa International Service Association and MasterCard International Incorporated to issue credit cards.
- Obtained the ISO 9001:2000 UKAS Quality Management, certified by UKAS, in line with our vision of providing excellent customer service.





- Launched specific purpose financing
- Obtained the ISO 27001:2005 for information security management system

2006

2005

- Started insurance sales business
- Obtained approval from Bank Negara Malaysia to issue credit cards
- Launched AEON Credit Card
- Launched the Jusco Credit Card, a co-brand credit card with AEON CO. (M) BHD.
- Opened AEON Credit Service Centre within shopping centres outside Klang Valley

2007

- Launched the RM400 million commercial paper/medium term notes programme
- Launched the ATM Network and AEON-CASH @ ATM, which allows instant cash disbursement upon personal financing approval.
- Launched AEON Gold Visa Credit Card
- Launched Jusco Gold Visa Credit Card
- Launched the Motorcycle Association Affinity Gold Visa Card with the Malaysia Motorcycle and Scooter Dealers Association (MMSDA).
- Listed on the Main Board of Bursa Malaysia Securities Berhad

2008

- Launched the CRUIZE Visa Card with the Automobile Association of Malaysia (AAM)
- Launched the AEON Zing card with Touch 'n Go Sdn. Bhd.



2007 Events



CORPORATE

Commercial Papers / Medium Term Notes (CP/MTN) Programme

On 15 January 2007, AEON Credit launched a RM400 million combined conventional/Islamic CP/MTN programme in 2007 under which the Company is able to issue Commercial Papers for various tenors below 12 months and Medium Term Notes for up to 5 years.

The CP/MTN programme has been accorded the highest short-term investment grade rating of P1 for the CPs and the highest long term investment grade rating of AAA (bg) for the MTNs by Rating Agency Malaysia Berhad.



Making its way towards Main Board listing

AEON Credit launched its prospectus for the Initial Public Offering (IPO) in conjunction with its proposed listing on the Main Board of Bursa Malaysia Securities Berhad on 16 November 2007.

AEON Credit received overwhelming response to its Public Offer of 6 million shares at price of RM2.50, with oversubscription rate of 25.2 times.



Strong Debut

The Company made a strong debut on the Main Board of Bursa Malaysia as the first non-banking consumer finance company to be listed.

The Company is the 3rd company in the AEON Credit Group to be listed on an overseas stock exchange outside Japan.



PRODUCT MILESTONES

First Non Bank Consumer Financing Company to launch own ATM Network

The Company launched its own ATM network on 13 March 2007 to provide greater convenience to customers.

Currently, the ATMs are located at AEON Credit branches and AEON service centres in Kuala Lumpur (Menara Olympia, Bukit Bintang and Mid Valley), Plaza Masalam Shah Alam, IOI Mall Puchong, Wisma Sim Tee Ming Kajang, Bukit Tinggi Klang, 1 Utama Damansara and Sunway Pyramid. Plans are underway for further expansion of the ATM network.



Instant Cash Disbursement via ATM

The ATMs enable customers to withdraw cash immediately from the machines after approval of their Personal Financing applications or obtain cash advance using their credit cards. Certain of the ATMs which are also Cash Deposits Machines, enable customers to make payments to the Company for amounts due on their credit card, Easy Payment or Personal Finance accounts.



First Affinity Card

The Company rolled out its exclusive Gold Visa Affinity card with the Malaysia Motorcycle and Scooter Dealers Association (MMSDA) on 21 April 2007. The Affinity Card Program enables cardmembers to enjoy a wide range of exclusive benefits and privileges. A certain percentage of every Ringgit spent on the card will be contributed to MMSDA and its charity activities.



Launching of Gold Credit Cards

In May 2007, the Company launched its Gold credit cards, which comprise generic Visa/MasterCard Gold cards and Jusco Visa Gold card under the collaboration with AEON CO. (M) BHD.

The launching of the Gold cards is in line with the Company's direction to tap into a wider consumer base, with greater focus on higher income customer groups who shall be offered higher credit limits and exclusive benefits and privileges.



CRUIZE'ing with AEON Credit and AAM

AEON Credit in collaboration with the Automobile Association of Malaysia (AAM) launched the CRUIZE Visa Credit Card (CRUIZE), a product designed to be the ultimate motoring companion, on 1 February 2008.

The card focuses on bringing convenience and safety for those who are on the road. The CRUIZE Visa card also comes with exclusive benefits and privileges relevant to car users as well as other lifestyle benefits and rewards.

2007 EVENTS



AEON Zing Card

Simultaneous with the CRUIZE card launch, AEON Credit also unveiled its AEON Touch 'n Go Zing Card (AEON-Zing Card) which can be linked to any AEON Credit card, thus providing yet another value added service and convenience for our cardmembers.

The Zing Card, which acts as a credit card companion card, automatically reloads whenever the remaining credit balance in the card falls below RM50 at tollgates.



BRANCH OPENING

Opening of AEON Service Centre 1 Utama

Customers can now obtain AEON Credit's services at 1 Utama with the opening of a AEON Service Centre on 16 August 2007 which is the first AEON Service Centre in Petaling Jaya.

The establishment of the AEON Service Centre in 1 Utama Shopping Centre is intended to cater to a wider base of consumers in the greater Petaling Jaya, Damansara, Sungai Buloh and Kepong area and to bring more convenience to customers in these areas for transactions with AEON Credit.



AEON Service Centre opens in Sunway Pyramid

AEON Credit opened its Service Centre in Sunway Pyramid, Bandar Sunway on 29 September 2007. It is also the second AEON Credit Service Centre in Petaling Jaya which shall cater for customers in the Bandar Sunway, Subang Jaya and Kelana Jaya area.



Bukit Tinggi welcomes AEON Service Centre

The Company is now better able to provide convenient services to cater for the increasing customer base in Klang, with the opening of the 14th AEON Service Centre in AEON Bukit Tinggi Shopping Centre, Klang on 24 November 2007. The Company's business operations in Klang were consolidated with the opening of this AEON Service Centre.

PROMOTION

Rewarding customers is an integral part of the various promotions which the Company conducts from time to time. The Company is also able to increase awareness and demand for AEON Credit products and services as well as promote customer loyalty for recurrent transactions.



Quick n Eazy Rewards

The Company rewarded 55 lucky customers who applied for or obtained the Company's products and services during the contest period from 10 April to 10 June 2007. The Grand Prize was Panasonic 32 inches LCD TV.



DREAMCATCHER CAMPAIGN - RM100,000 Payout to Lucky Winner

The Company offered RM100,000 Grand Prize, on top of monthly prizes, to the winner of this contest in the period from 15 July to 31 October 2007. Contestants were required to send in SMS with the customer's creative slogan to the Company.



SLIM TV Promotion

The Company carried out a SLIM TV promotion by tying-up with multiple major LCD/Plasma TV brands nationwide through its 500 affiliated merchants to

provide easy payment solutions via the AEON-Xpress Easy Payment scheme. This promotion titled "Now, everyone can afford a SLIM TV", from 2 August to 2 September 2007 offered a good opportunity for consumers nationwide to purchase TV sets at attractive financing rates.



Making motorcycles more affordable

The Company together with major motorcycle manufacturers launched the "AEON-XPRESS Motorcycle Sales Carnival" through more than 500 AEON Credit motorcycle merchants nationwide. The nationwide sales carnival was conducted from 25 September to 31 October 2007. The objective of the carnival was to create greater awareness among consumers of AEON-XPRESS Motorcycle Easy Payment scheme.



888 Mega Spending Reward

The Company gave out a grand prize of RM8,888 and a 37" Panasonic LCD TV to the winner of this contest. The contest was open to all AEON Credit credit cardmembers who spent a minimum amount on a single receipt and successful applicants for AEON Express Easy Payment and AEON Cash. The contest was from 11 September 2007 to 29 February 2008.

Five Years Financial Highlights

	FYE2008 RM'000	FYE2007 RM'000	FYE2006 RM'000	FYE2005 RM'000	FYE2004 RM'000
INCOME STATEMENT					
Revenue	151,797	116,043	69,119	43,574	31,345
Profit before tax	45,750	27,545	19,293	11,604	5,747
Profit after tax	33,394	19,702	13,506	8,206	4,026

BALANCE SHEET

Assets

Plant and equipment	21,608	23,367	18,119	6,458	2,229
Investment	1,026	1,026	1,026	–	–
Receivables	256,176	168,486	119,396	63,236	31,263
Deferred tax assets	–	–	–	201	225

Total non-current assets

278,810	192,879	138,541	69,895	33,717
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Receivables, deposits
and prepayments
Cash and bank balances

450,130	376,536	198,357	123,758	81,463
2,404	2,072	778	423	208

Total current assets

452,534	378,608	199,135	124,181	81,671
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Total assets

731,344	571,487	337,676	194,076	115,388
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Equity

Share capital	60,000	49,000	12,000	4,000	4,000
Share Premium	56,147	15,000	–	–	–
Retained earnings	65,430	40,165	50,784	21,501	13,295

Total equity attributable to shareholders of the Company

181,577	104,165	62,784	25,501	17,295
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Liabilities

Borrowings (unsecured)	311,395	268,246	182,500	90,700	28,800
Deferred tax liabilities	2,523	2,162	1,400	–	–

Total non-current liabilities

313,918	270,408	183,900	90,700	28,800
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Payables and accruals
Borrowings (unsecured)
Dividends payable
Taxation

42,582	39,548	25,275	15,709	9,980
188,198	154,539	65,602	61,041	58,996
–	–	–	–	149
5,069	2,827	115	1,126	168

Total current liabilities

235,849	196,914	90,992	77,875	69,293
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Total liabilities

549,767	467,322	274,892	168,575	98,093
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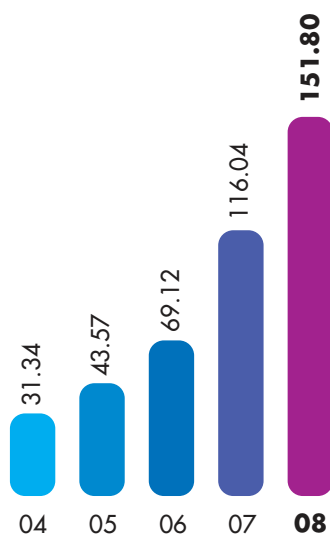
Total equity and liabilities

731,344	571,487	337,676	194,076	115,388
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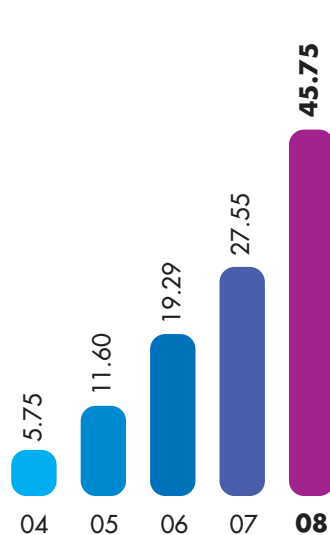
STATISTICS

Net earnings per share (sen)*	32.60	25.00	19.10	12.43	6.10
Gross dividends per ordinary share (sen)	12.84	6.84	5.33	–	–
Net assets per share (RM)	1.51	1.06	5.23	6.38	4.32

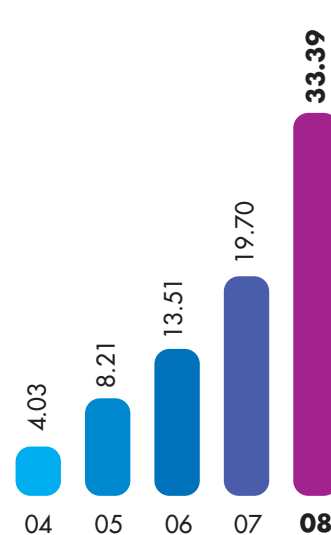
*Note : Earnings per share has been calculated based on weighted average number of ordinary shares outstanding in the respective year. Comparative earnings per share and dividends per share information have been restated after adjusting for the bonus issue and share split undertaken by the Company in December 2006.



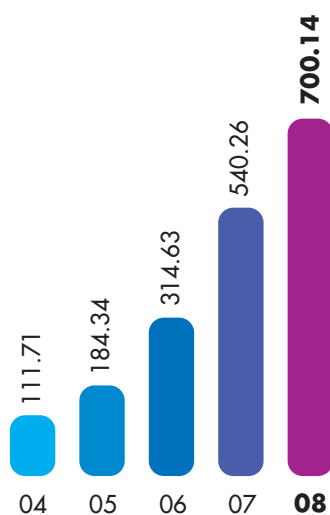
Revenue
(RM Million)



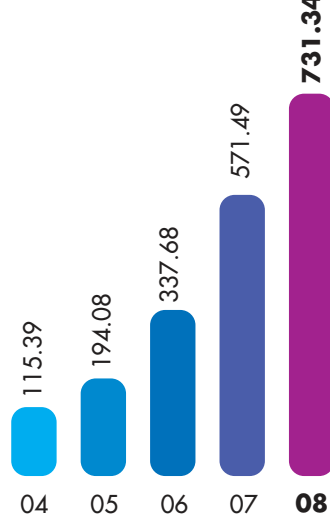
Profit Before Tax
(RM Million)



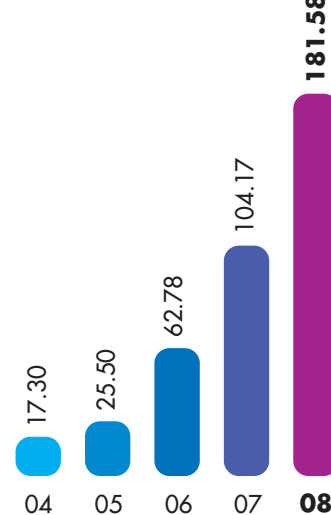
Profit After Tax
(RM Million)



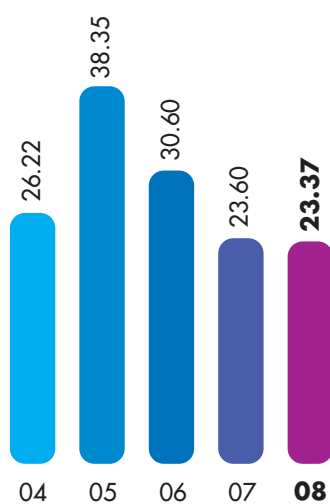
Trade Receivables
(RM Million)



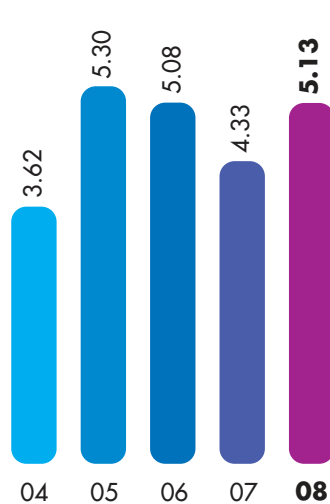
Total Assets
(RM Million)



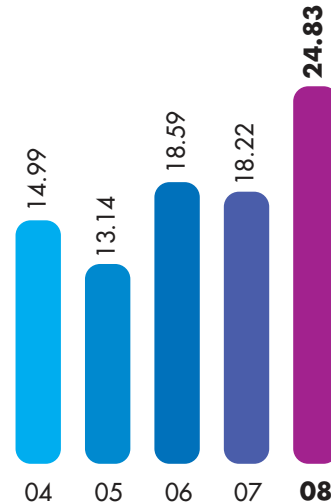
Shareholders' Funds
(RM Million)



Return on Equity
(%)



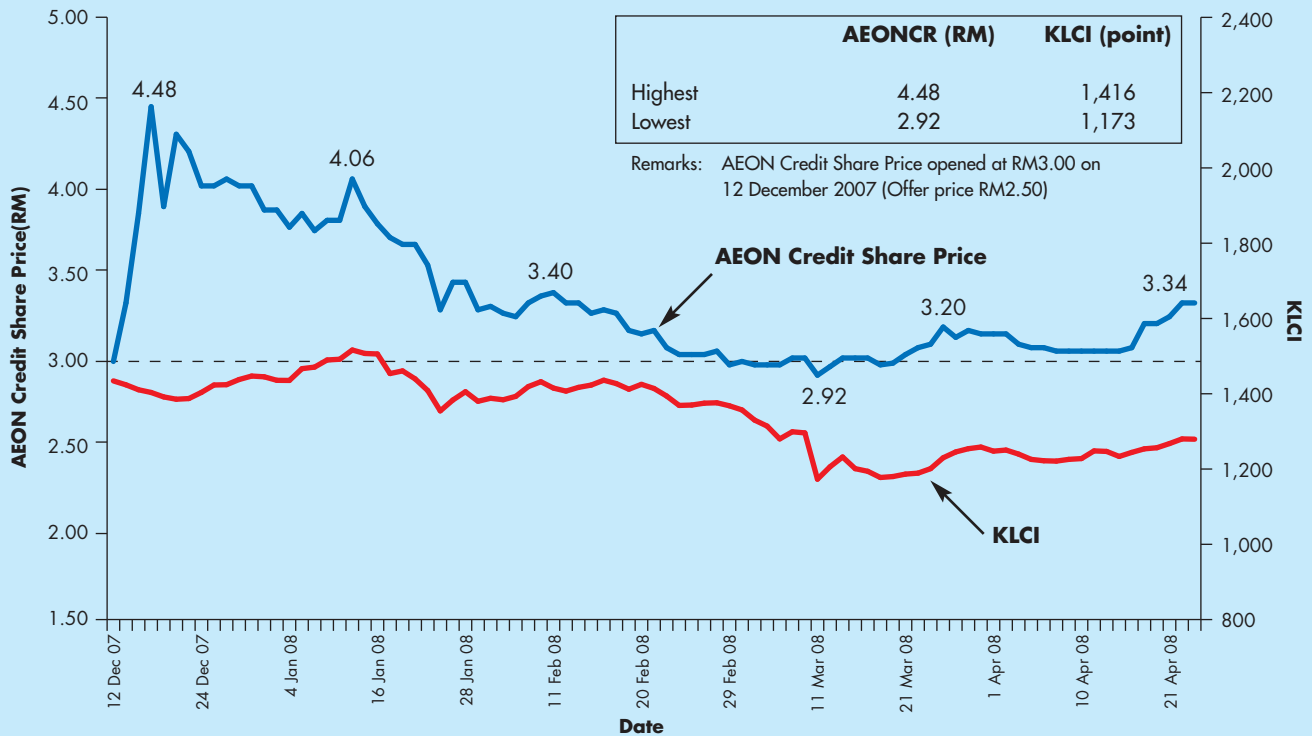
Return on Assets
(%)



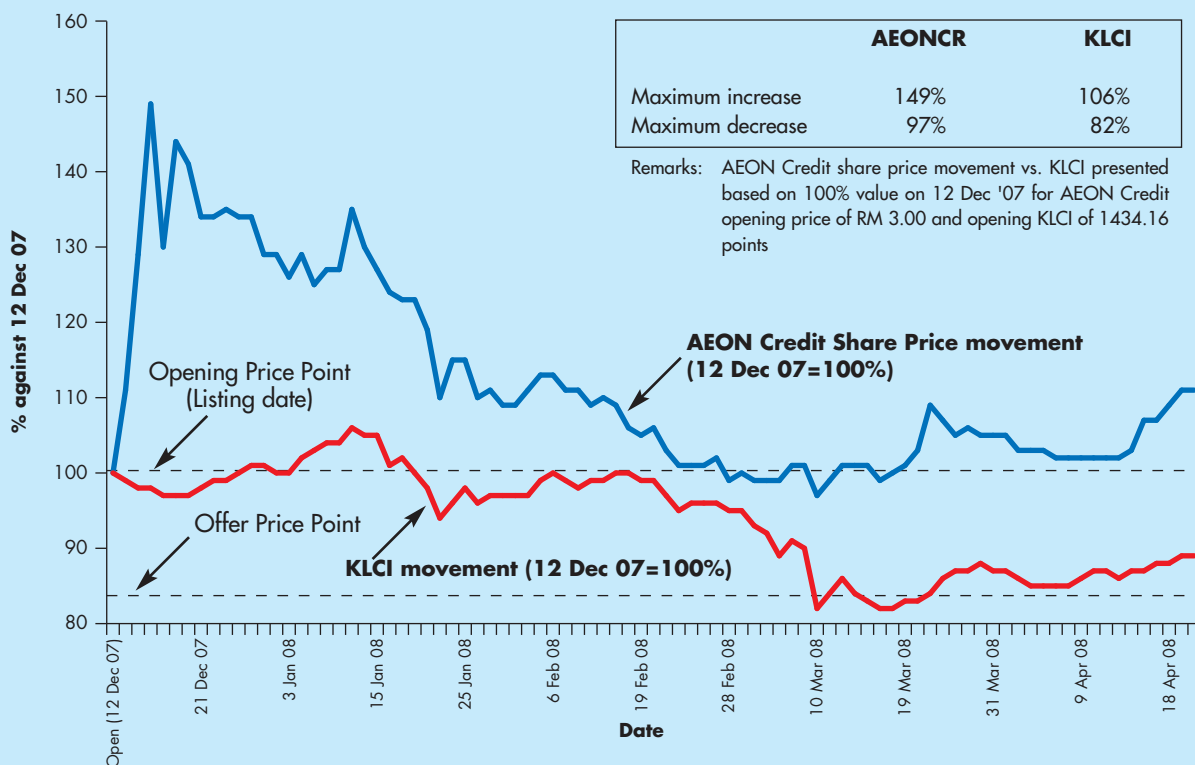
Capital Adequacy Ratio
(%)

Share Price

**AEON Credit Share Price vs. Kuala Lumpur Composite Index (KLCI)
(12-12-07 to 22-04-08)**



**AEON Credit Share Price Movement vs. Kuala Lumpur Composite Index (KLCI) Movement
(12-12-07 to 22-04-08)**



Corporate Information

BOARD OF DIRECTORS

Dato' Abdullah bin Mohd Yusof (Chairman)

Mr. Naruhito Kuroda
(Managing Director)

Mr. Yoshiki Mori

Mr. Kazuhide Kamitani

Datuk Ramli bin Ibrahim

Dato' Md Kamal bin Ismaun

Mr. Ng Eng Kiat

Mr. Yasuhiro Kasai

Mr. Krishnappan a/l S.P.S. Singaram

Mr. Clarence Chai

SECRETARIES

Ms. Tai Yit Chan (MAICSA 7009143)

Ms. Wong Lai Kuan (MAICSA 7032123)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7720 1188
Fax: +603-7720 1111

HEAD OFFICE

Level 29, Menara Olympia
No. 8, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel: +603-2772 9000
Fax: +603-2711 4110

AUDITORS

KPMG (AF No. 0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603-7721 3388
Fax: +603-7721 3399

REGISTRARS

Symphony Share Registrars
Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: +603-2721 2222
Fax: +603-2721 2530

HOMEPAGE

www.aeonmalaysia.com.my

STOCK EXCHANGE LISTING

The Company is a public listed company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad

STOCK NAME: AEONCR

STOCK CODE: 5139

PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ
(Malaysia) Berhad

Bank of Tokyo-Mitsubishi UFJ, Ltd

CIMB Bank Berhad

Citibank Berhad

Hong Leong Bank Berhad

Hong Leong Islamic Bank Berhad

Malayan Banking Berhad

Mizuho Corporate Bank, Ltd

Public Bank Berhad

RHB Islamic Bank Berhad

Sumitomo Mitsui Banking
Corporation

Corporate Calendar

Notice of Annual General Meeting
Annual General Meeting
Payment of Dividend (Final)

(Interim)

3rd Quarter Results Announcement
4th Quarter Results Announcement

30 MAY 2007

21 JUNE 2007

BOOK CLOSURE – 22 JUNE 2007

PAYMENT – 28 JUNE 2007

BOOK CLOSURE – 4 JANUARY 2008

PAYMENT – 17 JANUARY 2008

7 DECEMBER 2007

15 APRIL 2008

Note: No announcements were made in respect of the 1st Quarter and 2nd Quarter as the Company was listed on 12 December 2007.



Board of Directors

front row from left:

Mr. Yoshiki Mori

Non-Independent Non-Executive Director

Dato' Abdullah bin Mohd Yusof

Chairman and
Independent Non-Executive Director

Mr. Naruhito Kuroda

Managing Director

back row from left:

Datuk Ramli bin Ibrahim

Independent Non-Executive Director

Mr. Kazuhide Kamitani

Non-Independent Non-Executive Director

Dato' Md Kamal bin Ismaun

Independent Non-Executive Director

Mr. Ng Eng Kiat

Independent Non-Executive Director

Mr. Yasuhiro Kasai

Executive Director

Mr. Krishnappan a/l S.P.S. Singaram

Executive Director

Mr. Clarence Chai

Executive Director

Profile of Directors



DATO' ABDULLAH BIN MOHD YUSOF

(69, MALAYSIAN)

Chairman and Independent Non-Executive Director

Dato' Abdullah bin Mohd Yusof was appointed the Chairman of AEON Credit Service (M) Berhad on 23 July 1997. He holds a Bachelor of Law (Honours) from University of Singapore, which he obtained in 1968. He has more than thirty (30) years of experience as an Advocate & Solicitor. He started his career with Skrine & Co, as a Legal Assistant in 1968 before starting his own partnership under the name of Tunku Zuhri Manan & Abdullah, Advocates & Solicitors in 1969 and subsequently renamed the law firm to Abdullah & Zainudin, Advocates and Solicitors in 1989. He presently remains a partner in Abdullah & Zainudin, Advocates and Solicitors. He sits on the Board of Directors of AEON CO.(M) BHD., MMC Corporation Berhad, Zelan Berhad and Tradewinds Corporation Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. He sits on the Board of Directors of several private limited companies. He also serves as a member of the Nomination and Remuneration Committees and has attended all six (6) Board meetings held in the financial year. He holds 480,000 ordinary shares directly in the Company.



MR. NARUHITO KURODA

(46, JAPANESE)

Managing Director

Mr. Naruhito Kuroda was appointed as an Executive Director of AEON Credit Service (M) Berhad on 26 April 2001. He obtained a Bachelor's Degree in English Literature from Kansai University of Foreign Studies, Japan in 1984. He began his career with AEON Co., Ltd., Japan, in 1984. In 1992, he was transferred to AEON Credit Service Co., Ltd as a Senior Manager of Marketing in AEON Credit Service (ASIA) Co., Ltd, Hong Kong. He was appointed as a Director of AEON Thana Sinsap (Thailand) PLC in 1995 and as Deputy Managing Director of ACS Capital Corporation Ltd, Thailand in 1998. In 1999, he was appointed as a Director of AEON Credit Service (ASIA) Co., Ltd, Hong Kong. He had since resigned from his positions in AEON Thana Sinsap (Thailand) PLC, ACS Capital Corporation Ltd, Thailand and AEON Credit Service (ASIA) Co., Ltd, Hong Kong. In June 2001, he was appointed as the Managing Director of the Company. He presently sits on the Board of Directors of AEON CO. (M) BHD. and is President Komisaris of PT AEON Credit Service Indonesia. He has attended five (5) Board meetings held in the financial year. He holds 520,000 ordinary shares directly in the Company.

Note:

All the Directors mentioned on pages 16 to 20 do not have any conflict of interest with AEON Credit Service (M) Berhad or any family relationship with any Director and/or substantial Shareholder nor do they have any conviction for offences within the past 10 years, except for traffic summons, if any.



MR. YOSHIKI MORI

(57, JAPANESE)

Non-Independent Non-Executive Director

Mr. Yoshiki Mori was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 7 August 1997. He obtained a Bachelor's Degree in Economics from University of Nanzan, Japan in 1973. He began his career with AEON Co. Ltd., Japan, in 1973. He was transferred to AEON Credit Service Co., Ltd in 1981 and promoted as the Director and President and CEO of AEON Credit Service Co., Ltd in 1984 and 1995 respectively. He sits on the Board of Directors of AEON Credit Service Co., Ltd and AEON Co. Ltd., both of which are listed on the First Section of Tokyo Stock Exchange, AEON Credit Service (ASIA) Co., Ltd, Hong Kong and AEON Thana Sinsap (Thailand) PLC, Thailand (which are listed on the stock exchange of the respective countries.) He currently oversees the entire finance business of the AEON Group. He also serves as a Board member of several private limited companies. He is currently the Chairman of both the Nomination Committee and Remuneration Committee and has attended one (1) Board meeting held in the financial year. He holds 480,000 ordinary shares directly in the Company.



MR. KAZUhide KAMITANI

(51, JAPANESE)

Non-Independent Non-Executive Director

Mr. Kazuhide Kamitani was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 17 May 2006. He obtained a Bachelor's Degree in Business Administration from University of Ritsumeikan, Japan in 1982. He began his career with AEON Co. Ltd., Japan, in 1982. He was promoted to the position of Managing Director of AEON Credit Service (ASIA) Co., Ltd, Hong Kong in 1990. In 2004, he was appointed as Senior Managing Director of AEON Credit Service Co., Ltd. He currently sits on the Board of Directors of AEON Credit Service Co., Ltd. (which is listed on the First Section of Tokyo Stock Exchange), AEON Credit Service (ASIA) Co., Ltd, Hong Kong and AEON Thana Sinsap (Thailand) PLC, Thailand (which are listed on the stock exchange of the respective countries.) He sits on the Board of Directors of several private limited companies. He also serves as a member of the Nomination and Remuneration Committees and has attended one (1) Board meeting held in the financial year. He holds 180,000 ordinary shares directly in the Company.

profile of directors



DATUK RAMLI BIN IBRAHIM

(67, MALAYSIAN)

Independent Non-Executive Director

Datuk Ramli bin Ibrahim was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 23 July 1997. He qualified as a Chartered Accountant from the Institute of Chartered Accountants of Australia in 1965. He is a member of the Malaysian Institute of Accountants and a Fellow of the Australian Institute of Chartered Accountants. He has approximately 30 years of experience in the field of audit and accountancy with KPMG in Australia, United Kingdom and Malaysia. He was appointed to the position of Partner of KPMG Malaysia in 1971 and promoted to Senior Partner of KPMG Malaysia in 1989. He also served on the Board of Directors of KPMG International and KPMG Asia Pacific from 1990 to 1995. He retired from KPMG Malaysia in 1995. He further served as the Executive Chairman of Kuala Lumpur Options and Financial Futures Exchange Berhad from December 1995 to December 2000. Currently, he sits on the Board of Directors AEON CO. (M) BHD, Ranthill Berhad, Measat Global Berhad, BCT Technology Berhad and several other unlisted public and private limited companies including HSBC Bank Malaysia Berhad. He also serves as a member of the Audit and Nomination Committees and has attended all six (6) Board meetings held in the financial year. He holds 160,000 ordinary shares directly in the Company.



DATO' MD. KAMAL BIN ISMAUN

(60, MALAYSIAN)

Independent Non-Executive Director

Dato' Md. Kamal bin Ismaun was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 7 August 2007. He obtained a Bachelor's Degree in Arts from Universiti Malaya in 1975. He had served 32 years in the Foreign Service in various capacities both abroad and in Wisma Putra (Ministry of Foreign Affairs) which included stints as Counsellor at the Embassy of Malaysia in Tokyo, Japan (1986-1990), Charge d'Affaires in Zagreb, Croatia in Bosnia Herzegovina (1994-1996), Ambassador to Cambodia (1996-1999), Under-Secretary at the Ministry of Foreign Affairs (Southeast Asia and Pacific, 1999-2001), Director-General of ASEAN in the Ministry of Foreign Affairs (2001-2003) and Ambassador to Germany (2003 – July 2007). He was appointed as Advisor of Real Mild Sdn. Bhd. and sits on the Board of Directors of several private limited companies. He also serves as a member of the Audit and Nomination Committees and has attended two (2) Board meetings held in the financial year. He holds 5,000 ordinary shares directly in the Company.



MR. NG ENG KIAT

(54, MALAYSIAN)

Independent Non-Executive Director

Mr. Ng. Eng Kiat was appointed as a Non-Executive Director of AEON Credit Service (M) Berhad on 7 August 2007. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and a fellow member of the Malaysian Institute of Taxation. He has more than thirty (30) years of experience in the field of audit, accountancy and taxation. He had previously served as a member on a number of working groups of the Malaysian Accounting Standards Board, a co-opted member on a number of committees of the Malaysian Institute of Certified Public Accountants and an examiner for the final professional examination of the Malaysian Institute of Certified Public Accountants. Presently, he is the Managing Partner of the merged firm of Azman, Wong, Salleh & Co. and Folks DFK & Co. He sits on the Board of Directors of several private limited companies. He also serves as the Chairman of the Audit Committee and has attended two (2) Board meetings held in the financial year. He holds 10,000 ordinary shares directly in the Company.



MR. YASUHIRO KASAI

(36, JAPANESE)

Executive Director

Mr. Yasuhiro Kasai was appointed as an Executive Director of AEON Credit Service (M) Berhad on 7 June 2005. He obtained a Bachelor's Degree in Law from Doshisha University of Japan in 1996. He began his career with AEON Credit Service Co., Ltd in Tokyo, Japan in 1996. He was seconded to as Head of Electronic Data Processing Department in 1997. He has held various responsibilities in the Company, i.e Head of Management Information Systems Department in March 2000 as well as the Credit Assessment Department in March 2001, Senior Manager of Management Information Systems Department, Credit Assessment Department and Electronic Data Processing Department, General Manager/Head of Customer Relations Management Group as well as call centre and risk management sections and Senior General Manager of Customer Relations Management Group. He is principally responsible for managing the collection and quality of the Company's receivables and managing customers' transaction processing functions. On 21 February 2008, he was made Head of Operation Management Division. He does not hold any directorship in any other public company. He attended all six (6) Board meetings held in the financial year. He holds 90,000 ordinary shares directly in the Company and 50,000 ordinary shares indirectly in the Company.

profile of directors



MR. KRISHNAPPAN A/L S.P.S. SINGARAM
(41, MALAYSIAN)
Executive Director

Mr. Krishnappan was appointed as an Executive Director of AEON Credit Service (M) Berhad on 7 June 2005. He obtained the Certified Public Accountant qualification from the Malaysian Institute of Certified Public Accountants ("MICPA") in 1994 and is currently a member of both MICPA and the Malaysian Institute of Accountants ("MIA"). He began his career with KPMG Peat Marwick in 1987. He left to join Sime Darby Berhad as Finance Manager in 1993 before joining Tanjung Serbaneka Holding Sdn. Bhd. as their Group Finance Manager in 1996. Thereafter, he left Tanjung Serbaneka Holding Sdn Bhd to join the Company in 2000 as Manager of Finance Department. In 2003, he was promoted to the position of Assistant General Manager of both Human Resource and Finance Departments. He was made the Head of Finance Group in 2006. On 21 February 2008, he was made Head of Finance and Human Resource Division and is responsible for the financial and human resource management of the Company. He does not hold any directorship in any other public company. He attended all six (6) Board meetings held in the financial year. He holds 90,000 ordinary shares directly in the Company.



MR. CLARENCE CHAI
(45, MALAYSIAN)
Executive Director

Mr. Clarence Chai was appointed as an Executive Director of AEON Credit Service (M) Berhad on 18 April 2006. He obtained the Advance Level qualifications in Business Studies from Hasting College of Further Education, England in 1981. He began his career with RJ Reynolds Tobacco Co. Sdn Bhd in 1982 and subsequently joined MBF Card Services Sdn Bhd as Area Manager in 1989. In 1995, he joined Synergy Card & Payment Services Sdn Bhd as Area Manager. He joined the Company as Kuching Branch Manager in 2000. In 2003, he was promoted as Senior Manager for East Malaysia operations. He was later promoted to Assistant General Manager, and General Manager/Head of Branch Operations Group. He is responsible for overseeing the Company's entire branch and service centre network. On 21 February 2008, he was made Head of Branch Operation Division. He attended all six (6) Board meetings held in the financial year. He does not hold any directorship in any other public company. He holds 22,000 ordinary shares directly in the Company.

Senior Management



Mr. Naruhito Kuroda
Managing Director



Mr. Krishnappan a/l S.P.S. Singaram
Senior General Manager/
Head of Finance & Human Resource Division



Mr. Yasuhiro Kasai
Senior General Manager/
Head of Operation Management Division



Mr. Danny Poh Wan Chung
General Manager/Head of Sales and
Business Development Group



Mr. Clarence Chai
Senior General Manager/
Head of Branch Operations Division



Ms. Lee Tyan Jen
General Manager/
Head of Credit Assessment Group



Mr. Sreenivasa a/l Applanaidu
Assistant General Manager/
Head of Human Resource and Administration Group



Mr. Eugene Lee Kim Peng
Assistant General Manager/
Head of Customer Relations Group



Mr. Lee Kit Seong
Assistant General Manager/
Head of Finance Group

Chairman's Statement



On 12 December 2007, AEON Credit was listed on the Main Board of Bursa Malaysia Securities Berhad, marking a significant milestone and opening a new chapter for the Company as a public listed entity.

On behalf of the Board of Directors, I am pleased to present the inaugural AEON Credit Service (M) Berhad (AEON Credit) Annual Report and Audited Financial Statements for the financial year ended 20 February 2008.

Amidst a backdrop of the Malaysian economy which expanded by 6.3% in 2007 and robust private consumption, arising from rising disposable income following high commodity prices and salary increments in the public and private sectors, the year has been both

eventful and promising for AEON Credit with growth, profitability and achievements.

On 12 December 2007, AEON Credit was listed on the Main Board of Bursa Malaysia Securities Berhad, marking a significant milestone and opening a new chapter for the Company as a public listed entity. During the year, the Company continued to enhance its product and services and remained focused on retaining, creating and further enhancing value for shareholders.

THE GROUP'S PHILOSOPHY

AEON Credit Service (M) Berhad was established in 1996 and its core businesses are the issuance of credit cards and the provision of easy payment and personal financing schemes. The Company is a member of the AEON Group and a subsidiary of AEON Credit Service Co., Ltd. (AEON Credit Japan), which is listed on the First Section of the Tokyo Stock Exchange.

In Japan and Asia, the AEON Credit Group operates with the business philosophy of "Customer First" as a lifestyle support company that enables customers to realise the full potential of their future with credit.

AEON Credit Japan is determined to listen to customers and will continue to build their trust and expectations by providing financial services that relate closely to their daily lives. At the same time, AEON Credit Japan seeks strong customer support by continuing to refine the standard of corporate behavior in the financial services industry, valuing corporate ethics, and enthusiastically engaging in social action initiatives. The support, loyalty and confidence of customers have enabled AEON Credit Japan to have more than 15.5 million cardmembers as at 20 February 2008.

COMPANY'S PERFORMANCE

For the year under review, AEON Credit recorded a healthy profit after tax of RM33.39 million, reflecting growth of 69% against the results for last year. The Company is committed to enhancing shareholder value as reflected in the Company's consistent strong financial and business performance over the past 5 years.

DIVIDEND

The proposed final dividend for the year of 7.44 sen per share less 26% income tax, would amount to final net dividend payment of RM6.607 million to shareholders. This would result in total dividend payout ratio of 34% of the net profit for FYE2008, including the interim and special dividends paid in January 2008.

LOOKING FORWARD

In 2008, on the international economic front there are further expectations of continuation of the uncertainties in relation to the US subprime mortgage problem and high global crude oil prices. On the domestic front, however, the Malaysian economy is expected to register robust growth in 2008, with real GDP expanding between 5.0% and 6.0%, underpinned by sustained domestic demand. Rising incomes, strong labour market conditions and increased access to financing are

expected to support continued consumption spending. Investment activity is expected to strengthen following various measures taken by the government to improve the business climate as well as the implementation of the various economic growth regions.

We expect the operating environment for AEON Credit to be more challenging for 2008, with increasing competition in the market. Notwithstanding this, AEON Credit will continue to bring new products and services and also further diversify its revenue sources to sustain business growth in 2008.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to take this opportunity to thank my fellow directors, the management and the staff members for their efforts.

The Board also wishes to express their sincere thanks to all our valued shareholders, business associates, bankers, government authorities and, most of all, our customers for their continuing support to the Company.

Yours sincerely

Dato' Abdullah bin Mohd Yusof
Chairman

Managing Director's



The total revenue for the year increased by 30.8% to RM151.8 million from RM116.04 million in 2007 due to diversified growth from various revenue sources. This is reflected in the increase in revenue from the 3 major product segments, namely easy payment schemes, personal financing schemes and credit card, with annual growth of 30%, 43% and 29% respectively.

Operation Review

INTRODUCTION

With the continued strong growth momentum in the Malaysian economy and consumer spending, customer demand for AEON Credit's financing products and services continued to grow in 2007, further stimulated by new and enhanced products and services offered by the Company to meet customer needs.

The Company's listing on Bursa Malaysia in December 2007 together with the extensive publicity and media coverage in the year served to enhance the stature and profile of AEON Credit to strengthen business associates, and consumer confidence in the Company. This in turn has also contributed to the strong financial results in the year under review.

STRONG FINANCIAL PERFORMANCE

AEON Credit posted higher net profit of RM33.39 million for the financial year ended 20 February 2008, which represents growth of 69% from net profit of RM19.70 million in FYE 2007, and also exceeds the forecasted net profit of RM30.50 million as disclosed in the listing prospectus by 9.49%. This resulted in improvement of earnings per share from 25.0 sen in FYE 2007 to 32.6 sen for FYE 2008 and improvement in net tangible assets

per share to RM1.51 in FYE 2008 from RM1.06 in FYE 2007. The strong growth was due to successful festival promotions and strong consumer spending together with operating efficiency and improved quality of receivables.

The total revenue for the year increased by 30.8% to RM151.8 million from RM116.04 million in 2007 due to diversified growth from various revenue sources. This is reflected in the increase in revenue from the 3 major product segments, namely easy payment schemes, personal financing schemes and credit card, with annual growth of 30%, 43% and 29% respectively.

Non-Performing Loans (NPL) ratio continued to improve further from 2.40% as at end of FYE 2007 to 2.15% as at end of FYE 2008. The Company's improved NPL ratio is a reflection of its prudent lending policy and effective credit management efforts.

REVIEW OF BUSINESS AND OPERATIONS

Credit card business

The Company is continuing to pursue various growth strategies for the credit card business in a competitive market environment, including launching of a number of new credit cards during the year. In April 2007, an Affinity Card was launched in collaboration with the Malaysia Motorcycle & Scooters Dealers Association (MMSDA). In the same month the Company also launched its AEON Gold and JUSCO Gold cards.

The CRUIZE CARD, a co-brand credit card issued in collaboration with the Automobile Association of Malaysia and targeted at motorists, was launched in February 2008. Also in the same month, the Company launched its AEON Touch 'n Go Zing Card in collaboration with Touch 'n Go Sdn. Bhd. with auto reload facility.



The total number of credit cards issued by the Company in circulation as at 20 February 2008 was more than 88,000 cards.

Easy Payment and Personal Financing Business

The revenue from the Easy Payment and Personal Financing schemes remain as the major contributors to the profit growth of the Company. The increase in revenue is attributable to the success of a number of promotional and product awareness activities carried out with the support of merchants and suppliers during the year, for instance the Motorcycle Easy Payment Sales Campaign and Slim TV (LCD) promotions.

The success achieved by the Company is also attributable to leveraging on its network of participating retail merchants and chain stores who offer the various AEON Credit Easy Payment schemes to customers. As at end of FYE 2008 there were more than 5,000 merchant outlets for the Easy Payment schemes, including over 1,000 new merchant outlets during the year.

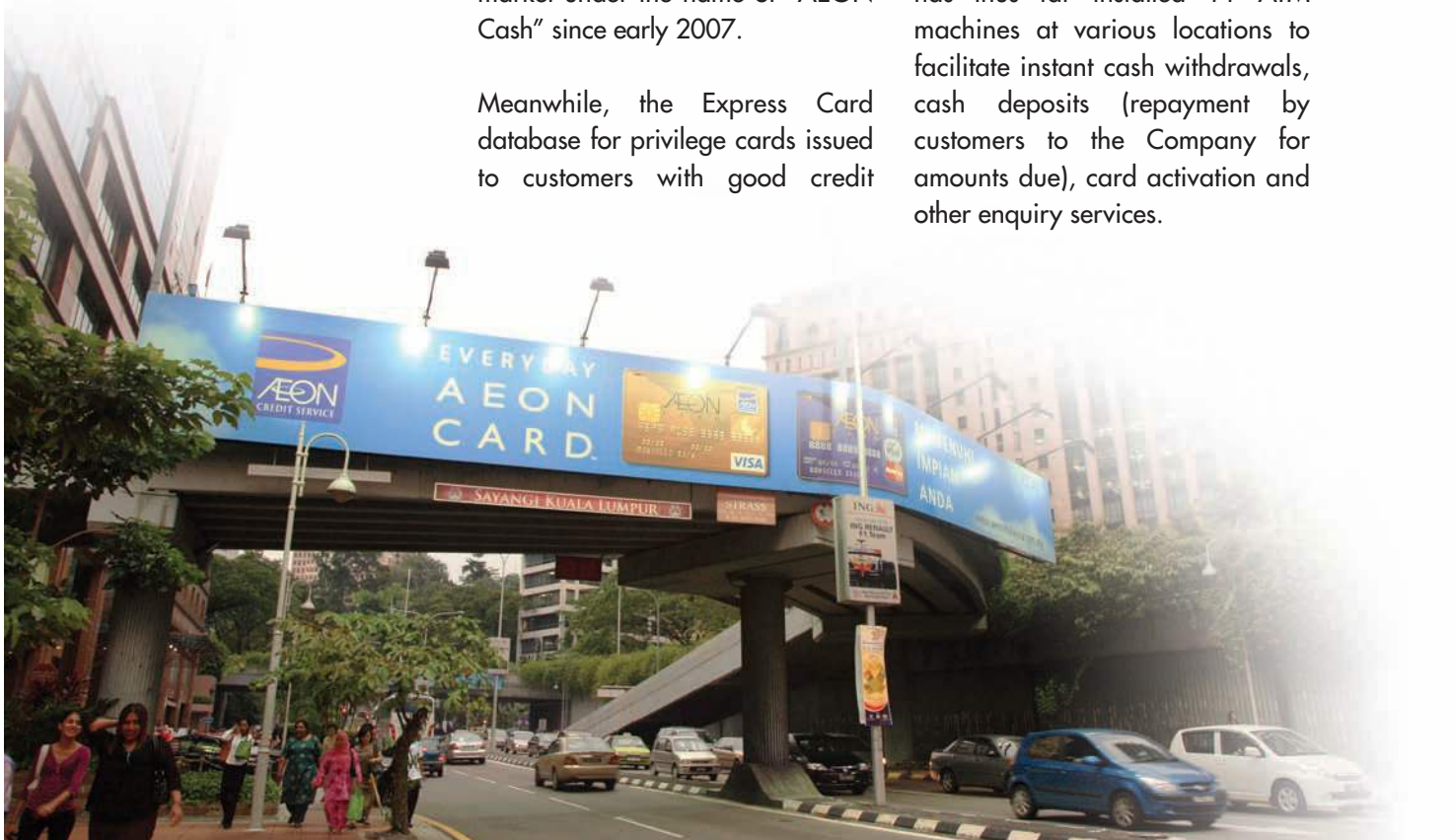
A major contributor to the increase in the revenue from Personal Financing business was the introduction of ATM machines in March 2007 to facilitate instant cash disbursement to approved customers. The Personal Financing scheme was restructured to better meet consumer demands and promoted to the market under the name of "AEON Cash" since early 2007.

Meanwhile, the Express Card database for privilege cards issued to customers with good credit

standing continued to grow during the year to more than 438,000 card members as at end of FYE 2008 from over 356,000 card members as at end of FYE 2007.

Expansion of Branch outlets and ATM network

To further enhance convenience to its customers and enhance its presence in the Klang Valley, AEON Credit Service Centres were opened in AEON CO. (M) BHD. shopping centres in Bandar Sunway and 1 Utama during the year. In line with the expansion of its credit card, personal financing and insurance sales business, the Company relocated its Klang branch outlet to AEON Bukit Tinggi Shopping Centre. Meanwhile the Company has thus far installed 11 ATM machines at various locations to facilitate instant cash withdrawals, cash deposits (repayment by customers to the Company for amounts due), card activation and other enquiry services.



FUTURE PLANS

The Company intends to focus on increasing the number of credit cardmembers. This would be achieved through further collaboration with AEON CO. (M) BHD. and improving the functions and benefits of its credit cards. We will also continue to develop other co-brand credit cards, corporate cards and affinity cards in collaboration with reputable business partners.

The Company will also create new revenue streams by targeting new customers' base through enhancing its easy payment schemes for SMEs (AEON Biz) and introducing easy payment schemes and personal financing schemes for civil servants with salary deduction mode of repayment. Other products in the pipeline include the introduction of higher amount easy payment schemes and expansion of sales network for Personal Financing



schemes through affiliated partners. The Company also expects to further develop its fee based income source through the offering of third party products such as general and life insurance and home loans at AEON Credit Service centres.

AEON Credit Japan and the Company are exploring business opportunities in India under market expansion plans in Asia. On the local front, the Company will increase market penetration in rural and suburban areas with support of Easy Payment retail merchants.

AEON Credit recognizes the importance of being a good corporate citizen and intends to further enhance its Corporate Social Responsibility (CSR) activities in the current year.

ACKNOWLEDGEMENT

I would like to thank the board of directors, our customers, business associates and shareholders for your confidence in and continued support for the Company. I would also like to express my appreciation and gratitude to the management and staff of the Company for your continued support and dedication, which are essential for the future growth of the Company.

Yours sincerely,

Naruhito Kuroda
Managing Director



www.aeonmalaysia.com.my



Corporate Social Responsibility



AEON Credit Cares

Concerned for the road safety of motorcyclists, AEON Credit was among the co-sponsors for the campaign organised by the Malaysia Motorcycle and Scooter Dealers Association's (MMSDA) with the theme "Kempen Keselamatan Balik Kampung Yamaha Ke-9" from 25 September till 2 October. The campaign provided free inspection of motorcycles and exchange of faulty helmets for new ones. AEON Credit sponsored 500 new helmets for the MMSDA Campaign.

A helping hand

AEON Credit donated RM30,000 to Yayasan Budi Penyayang (PENYAYANG) on 16 January 2008 as part of its CSR activities. The Company strongly believes that PENYAYANG's philosophy to develop individual potential as productive and responsible citizens through the provision of appropriate assistance, care and compassion to less fortunate Malaysians is praiseworthy and deserves our support.

Quality Management System

In line with the Company's vision of excellence in customer service, AEON Credit has obtained ISO 9001:2000 Quality Management System certification for the Easy Payment schemes (since 2004), Personal Financing scheme (since 2004) and credit card business (since 2006).

Information Security Management System

The AEON Credit Group has always recognized importance of confidentiality, integrity and availability objectives for customer and business information obtained and utilised in operations. The Company obtained Information Security Management System (ISMS) certification under the ISO 27001:2005 standards in 2006 which covers the management of information security for handling, storage and utilisation of customer personal information for the purpose of Easy Payment schemes, Personal Financing scheme, credit card business and insurance sales business.

Both the ISO 9001:2000 and ISO 27001:2005 certifications have been made by BSI, which is a leading global certification body based in UK.

Statement on Corporate Governance

COMPLIANCE STATEMENT

The Board recognises that corporate governance is about commitment to values and ethical conduct and managing stakeholder expectations.

The Board is therefore, pleased to set out below a statement outlining the main corporate governance practices of the Company under the Malaysian Code of Corporate Governance and the manner in which it has applied and complied with the best practices of the Code throughout the financial year.

Board responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Company and ensuring accountability to its shareholders. In support of this, the Board:

- (a) Reviews the Company's long-term strategic plans on an annual basis, so as to align the Company's business directions and goals with the prevailing economic and market conditions;
- (b) Reviews the Company's internal control system and function of Board committees to assist the Board in discharging its responsibilities;
- (c) Approves the Company's annual budget and reviews the Company's business operations and financial performance
- (d) Reviews and approves corporate exercises, such as acquisitions, if any, and circular to shareholders, where relevant;
- (e) Notes the decisions and salient issues deliberated by the Board Committees through the minutes of the Board Committees and/or through their respective Chairman; and
- (f) Established and implements an active investor relations programme.

Board Composition and Balance

The present size and composition of the Board is optimum and well balanced, in terms of the required mix of skills and experience, including core competencies. This results in the Board having the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

The Board consists of 10 members, comprising of one (1) Non-Executive Chairman, four (4) Executive Directors and five (5) Non-Executive Directors. The Chairman and three (3) of the Non-Executive Directors are Independent Directors. The Directors profiles are presented in pages 16 to 20 of this Annual Report.

Datuk Ramli bin Ibrahim is the Senior Independent Non-Executive Director to whom concerns on matters relating to corporate governance of the Company could be conveyed to.

Appointments to the Board

The Company has in place formal procedures for the appointment of new Directors. These procedures ensure that all nominees to the Board are first considered by the Nomination Committee, taking into account the required mix of skills, experience and other qualities of Board members, prior to making a recommendation to the Board and major shareholders.

Board Meetings

Board meetings are conducted in accordance with a structured agenda. The agenda for each Board meeting and the relevant papers are forwarded to the Board prior to the Board meeting to facilitate the Directors to peruse the Board papers and review the issues well ahead of the meeting date.

Board meetings are held at least on a quarterly basis. Additional meetings are held as and when required. During the financial year, the Board met six (6) times where it deliberated and considered a variety of matters, inclusive of financial results, operation performance and resolutions and documents pertaining to the Company's conversion to a public company and listing on Bursa Malaysia Securities Berhad.

statement on corporate governance

Name of Director	Number of meetings attended/held during the Directors' term in office
Dato' Abdullah bin Mohd Yusof	6/6
Mr Naruhito Kuroda	5/6
Mr Yoshiki Mori	1/6
Mr Kazuhide Kamitani	1/6
Datuk Ramli bin Ibrahim	6/6
Dato' Md Kamal bin Ismaun	2/2
Mr Ng Eng Kiat	2/2
Mr Yasuhiro Kasai	6/6
Mr Krishnappan A/L S.P.S. Singaram	6/6
Mr Clarence Chai	6/6
Mr Akitoshi Tsuchiya	6/6

Supply of information

The Board and the respective Board committees are furnished with Board papers and reports providing updates on financial, operational and corporate plans, developments and results prior to Board meetings to facilitate informed discussion and decision-making.

The Board welcomes the presence of senior management members, who are invited to attend Board meetings to brief Directors on the business operations and performance. All Directors have access to the advice and services of the Company Secretary. The Directors are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements and their impact and the implication on the Company and Directors in carrying out their fiduciary duties and responsibilities.

Procedures are in place for the Board to seek independent professional advice in the course of fulfilling their responsibilities, at the Company's expense.

Training of Directors

All new Directors are given a briefing of the Company's history, operations and performance. All Directors of the Company have completed the Mandatory Accreditation Programme as at end of February 2008 [except two directors who have obtained approval from Bursa Malaysia Securities Berhad for extension of time to comply with the requirement due to their busy schedule]. The Directors have also been provided with updates on relevant new law and regulations affecting their role as Directors.

Re-election of Directors

In accordance with the Company's Articles of Association, all Directors retire by rotation once every 3 years and are eligible to offer themselves for re-election by shareholders at the Company's Annual General Meeting ("AGM"). Directors appointed by the Board in each financial year are subject to election by the shareholders at the next AGM following their

appointments. Particulars of Directors subject to re-election by shareholders in the current year are set out in the Statement accompanying the Notice of AGM.

BOARD COMMITTEES

The Board delegates certain responsibilities to Board Committees based on defined terms of reference. The Chairman of the various committees reports the outcomes of their committee meetings to the Board, and any further deliberation is made at Board level if required. These reports and deliberations are incorporated into the minutes of the Board meetings.

Audit Committee

The Audit Committee was established on 7 August 2007. Based on the defined terms of reference, the Committee assists the Board in assessing the Company's processes relating to its risks and control environment. It is responsible to oversee the internal audit function of the Company and ensure the adequacy and integrity of internal control systems in place. Further details on members of the Audit Committee, terms of reference and activities for the financial year under review are set out on pages 34 to 37 of the Annual Report.

Nomination Committee

The Nomination Committee was established on 7 August 2007 and comprises of the following members:

- * Mr Yoshiki Mori (Chairman)
- * Dato' Abdullah bin Mohd Yusof
- * Mr Kazuhide Kamitani
- * Datuk Ramli bin Ibrahim
- * Dato' Md Kamal bin Ismaun

The duties and responsibilities of the Committee, among others, are to recommend to the Board, candidates for directorship, directors to fill seats on Board Committees and to review annually the required mix of skills and experience of the Board including the effectiveness of the Board as a whole and the contribution from each Director.

The Committee's process for consideration of nominees to be appointed the Board take into account the required mix of skills, experience and other qualities of Board members, prior to making a recommendation to the Board and major shareholders.

Remuneration Committee

The Remuneration Committee was established on 7 August 2007 and comprises of the following members:

- * Mr Yoshiki Mori (Chairman)
- * Dato' Abdullah bin Mohd Yusof
- * Mr Kazuhide Kamitani

The duties of the Committee include recommending to the Board the remuneration of all Directors to ensure that rewards and remuneration package are commensurate with each of their expected responsibilities and contribution to the Company. Individual Director concerned do not participate in the discussion on their own remuneration.

statement on corporate governance

Directors Remuneration

The breakdown of the remuneration of the Directors, categorised into appropriate components for the financial year ended 20 February 2008 is as follows:-

	Executive Directors	Non-Executive Directors	(RM) Total
Fees	–	292,500	292,500
Salaries, bonus and other contributions	2,225,849		2,225,849
Benefits-in-kind	230,388		230,388
TOTAL	2,456,237	292,500	2,748,737

The Directors' remuneration are broadly categorised into the following bands:

	Executive	Number of Directors Non-Executive	Total
Below RM50,000		4	4
RM50,001 to RM100,000		1	1
RM100,001 to RM150,000			
RM150,001 to RM200,000		1	1
RM250,001 to RM300,000	1		1
RM300,001 to RM350,000	1		1
RM350,001 to RM400,000	1		1
RM500,001 to RM550,000	1		1
RM900,001 to RM950,000	1		1
	5	6	11

Note: The remuneration table above includes a Director who resigned during the year.

SHAREHOLDERS

Investor Relations

The Company's financial performance and corporate developments in the Company have been promptly announced to all shareholders in line with Bursa Malaysia Securities Berhad (Bursa Securities)'s objectives of ensuring transparency and good corporate governance. Further updates of the Company's activities and operations are also disseminated through dialogues with analysts, fund managers and investors as well as press releases from time to time.

Additional information is available from the Company's website (www.aeonmalaysia.com.my) including updates on promotions for the Company's products and services, services offered by the Company and the Company's corporate information. A dedicated e-mail address is available at IR@aeonmalaysia.com.my providing contact point for shareholders on any issue of concern.

During the Annual General meeting, shareholders are given a presentation on the Company's performance and major activities during the year under review. Shareholders will have the opportunity to enquire and comment on the Company's performance and operations.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Company's financial performance and prospects, primarily through its annual financial statements, half-yearly and quarterly statements to shareholders and the review of operations through its annual report. The Audit Committee and the Board oversees the Company's annual and quarterly reporting and the quality of its financial reporting.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The Directors are responsible for ensuring that financial statements are drawn up in accordance with applicable accounting standards in Malaysia, the provisions of the Companies Act, 1965, and the requirements of Bursa Securities and other regulatory bodies. In presenting the financial statements, which has been prepaid on a going concern basis, the Company has used appropriate accounting policies, consistently applied

and supported by reasonable and prudent judgement and estimates, to show a true and fair view of the state of affairs of the Company and its results and cash flow for the financial year under review.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have a general responsibility for taking such steps as reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

Statement of Internal Control

The Statement on Internal Control as set out in pages 38 to 39 of the Annual Report provides an overview of the state of internal controls within the Company.

Relationship with Auditors

The Board of Directors with the assistance of the Audit Committee maintains a formal and transparent relationship with the Company's External Auditors through, Board and formal meetings whereby issues are discussed.

The relationship between the Board and External Auditors are also formalized through the Audit Committee's terms and reference.

Compliance with the Malaysian Code on Corporate Governance

The Board of Directors is pleased to state that the Company was in compliance with all the principles and best practices as advocated in the Malaysian Code on Corporate Governance during the financial year under review, except for disclosure of each individual Director's remuneration.

Terms of Reference of the Audit Committee

INTRODUCTION

The Audit Committee ("Committee") is a governing body appointed by the Board of Directors which is charged with oversight of the organization's audit, accounting and internal control functions.

PRIMARY PURPOSE

The primary purpose of the Committee is to assist the Board of Directors (BOD) in fulfilling its fiduciary responsibilities relating to the following objectives of the Company:

- a. Assess the Company's processes relating to its risks and control environment,
- b. Improve the quality of the accounting function, system of internal controls and audit function and strengthen the confidence of the public in the Company's reported results,
- c. Maintain a direct line of communication between the BOD, the external auditors and internal auditors through regularly scheduled meetings,
- d. Enhance the independence of both the external and internal audit functions through active participation in the audit process,
- e. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company,
- f. Review and recommend ethics code for all executives and members of the staff of the Company and
- g. Create a climate of discipline and control which will mitigate the incident of fraud.

MEMBERSHIP

The BOD shall appoint Committee members from amongst their members, comprising no fewer than 3 directors (all of whom shall be Non-Executive) and the majority of whom shall comprise independent directors of the Company.

The BOD shall at all times ensure that all members of the Audit Committee have working knowledge of finance and accounting and at least 1 member of the Committee shall be:

- * A member of Malaysian Institute of Accountants (MIA); or
- * If he or she is not a member of MIA, he or she must have at least 3 years of working experience and:-
 - he or she must have passed the examinations specified in Part 1 of the 1st schedule of the Accountants Act 1967; or
 - he or she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - he or she must be a person who fulfills such other requirements as maybe prescribed by or approved by Bursa Malaysia Securities Berhad ("Bursa Securities") and or such other relevant authorities from time to time.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below 3, the Board shall within 3 months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive director. No alternate director of the BOD shall be appointed as a member of the Committee.

The BOD shall review the term of office and performance of the Committee and each of its members at least once in every 3 years and determine if their duties have been carried out in accordance with their terms of reference and will recommend the necessary actions thereon.

MEETINGS

Meetings shall be conducted on a quarterly basis or more frequently as circumstances dictate.

A quorum shall be a majority of the members of the Committee. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee. The Secretary shall, in conjunction with the Chairman, draw up an agenda, which shall be circulated together with relevant support papers, at least 1 week prior to each meeting to the Committee members. The minutes shall be circulated to the members of the Board and kept by the Secretary for the custody, production and inspection of such minutes.

The agenda for the meeting shall include the following:

- a. Review the quarterly, interim or year end financial statements of the Company and respective announcements of the Company before submission to BOD for consideration and approval,
- b. Report and recommend to BOD for approval of annual financial statements,
- c. Review with external auditors the scope of work and audit plans prior to implementation,
- d. Review recurrent related party transactions of a revenue or trading nature within the Company for inclusion in the circular to the shareholders in relation to proposed renewal of the shareholders' mandate for recurrent related party transactions pursuant to Bursa Securities requirements for BOD approval and
- e. Review internal audit reports and consider the significant findings and management responses and ensure significant findings have been adequately addressed by the management.

Other BOD members and/or employees may attend the specific audit committee meetings at the invitation of the Committee.

The Chairman shall submit an annual report to the BOD summarizing the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least annually with management and at least once a year with the Head of Internal Audit and at least twice a year with the external auditors, internal auditor or both in separate sessions to discuss any matters without the presence of any executive members of the BOD.

AUTHORITY

The Committee shall have the power to:-

- a. Seek any information it requires from employees who are required to cooperate with any request made by Committee,
- b. Full and unlimited access to any information pertaining to the Company,
- c. Direct communication channels with internal and external auditors and with senior management of the Company,
- d. Adequate resources required to perform its duties including legal or other independent professional advice it considers necessary,
- e. Report to Bursa Securities any matter that has not been satisfactorily resolved resulting in a breach of Bursa's Listing requirements, after the matter has been reported to the BOD.
- f. Able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Chairman of the Committee shall engage on a continuous basis with senior management, such as the chairman, the managing director, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

terms of reference of the audit committee

RESPONSIBILITIES AND DUTIES

Pursuant to Section 15.13 of the Listing Requirements of Bursa Securities (or any other succession/deletions/changes thereof), the following duties shall be discharged by the Committee and the same shall be reported/recommended, where applicable to the BOD.

- a. Review with external auditors, the audit scope and plan including any changes to the planned scope of the audit,
- b. Ensure the internal audit function is independent of the activities it audits and to identify a head of internal audit who reports directly to the Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company. The head of internal audit shall have unrestricted access to the Committee Members.
- c. Review the adequacy and integrity of internal control system including enterprise risks management, management information system and the internal and external auditors evaluation of the system,
- d. Review the external and internal audit reports, process and investigation reports and whether or not appropriate action is taken by management on the recommendations made,
- e. Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has necessary authority to carry out the work,
- f. Review major audit findings and management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations,
- g. Review the assistance given by Company's officers to auditors and any difficulties encountered in the course of work including any restrictions on the scope of activities or access to required information,
- h. Review the independence and objectivity of the external auditors and their services, including the provision of non-audit services,
- i. Review the appointment, performance, audit fee, resignation or dismissal of the external auditors,
- j. Review internal audit charter, salary, compensation, appointment, transfer, dismissal of internal auditors and staffing of internal audit department,
- k. Take cognizance of resignations of internal audit staff members (for in-house internal audit functions) or change in internal audit function service provider (for out-sourced internal audit function) and provide the resigning staff member or service provider an opportunity to submit his/her reasons for resigning.
- l. Review the quarterly results and year end financial statements prior to approval by BOD focusing particularly on
 - a. changes in or implementation of major accounting policy changes;
 - b. significant and unusual events; and
 - c. compliance with accounting standards and other legal requirements.
- m. Review procedures in place to ensure compliance to Companies Act 1965, Bursa Securities Listing Requirements, Foreign Investment Committee guidelines, Bank Negara Malaysia regulations and any other legislative, reporting and compliance requirements,
- n. Review any related party transactions and conflict of interest situations that may affect the management's integrity,
- o. Prepare report at least once a year to BOD summarising the activities performed in fulfilling Committee's responsibilities.
- p. Review any other financial and governance related matters that may be considered/requested by the BOD from time to time.

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee was established on 7 August 2007 and its members are appointed by the Board of Directors from amongst its non-executive members. The Audit Committee comprises three (3) Independent Non-Executive Directors of the Board as set out in the table below.

Mr. Ng Eng Kiat, the Chairman of the Audit Committee and Datuk Ramli bin Ibrahim are members of the Malaysian Institute of Accountants (MIA).

During the financial year under review, the Audit Committee convened two (2) meetings. The attendance records of the members of the Audit Committee are as follows:

No.	Audit Committee Member	Designation	Meetings attended
1.	Mr. Ng Eng Kiat	Chairman (Independent Non-Executive Director)	2/2
2.	Datuk Ramli bin Ibrahim	Member (Independent Non-Executive Director)	2/2
3.	Dato' Md Kamal bin Ismaun	Member (Independent Non-Executive Director)	2/2

The Company Secretary appointed as Secretary of the Audit Committee was present at all the meetings. Upon invitation, representative(s) of the External Auditors, Messrs KPMG, Head of Finance & Human Resource Division, Head of Internal Audit and related management personnel attended the meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out its duties as set out in the terms of reference as in page 34 to 37. During the period under review, the Audit Committee carried out the following main activities:

- Reviewed and approved the annual internal audit plan of the Internal Audit Department, including its resource requirements, annual budget and the Internal Audit Charter.
- Reviewed and deliberated reports issued by the Internal Audit Department on significant findings, fraud investigation and remedial actions taken by Management to address the issues raised.
- Reviewed and recommended the quarterly unaudited financial results to the Board of Directors for consideration and approval.
- Reviewed with the external auditors the scope of work, audit plan and fees for the statutory audit and thereafter recommended to the Board of Directors for approval.
- Reviewed the recurrent related party transactions.
- Reported to the Board of Directors on its activities and any significant issues and remedial actions taken arising from the internal audits conducted.

For the financial year under review, the Audit Committee held one (1) private meeting with the External Auditors without the presence of the Management to discuss any issue or significant matters, which the External Auditors wished to raise.

INTERNAL AUDIT FUNCTIONS AND SUMMARY OF ACTIVITIES

The Company has established an Internal Audit Department which reports to the Audit Committee. Internal Audit Department serves as a governance control and provides the Audit Committee with independent and objective reports on the state of internal controls of the operating units within the Company. During the period under review, the Internal Audit Department carried out the following activities:

- Presented and obtained approval from the Audit Committee the annual internal audit plan, its audit strategy, scope of audit work, resource requirements, annual budget and Internal Audit Charter.
- Conducted audits of the operating units of the Company as identified in the annual internal audit plan to review the adequacy and effectiveness of the internal control system as well as compliance with policies and procedures, reported ineffective and inadequate controls, and made recommendations to improve their effectiveness.
- Monitored and followed-up to ensure Management implemented the corrective action plans.
- Carried out investigative assignments.
- Continued inculcating good risk management practices throughout the Company.

Statement on Internal Control

INTRODUCTION

The Board of Directors ("Board") is committed to its responsibility of maintaining a sound system of internal control, covering financial and operating activities to safeguard shareholders' investment, the Company's assets and customers' interests. This Statement on Internal Control outlines the processes that have been implemented to ensure the adequacy and integrity of the system of internal control of the Company during the financial year and it has been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad.

BOARD RESPONSIBILITIES

The Board has an overall responsibility for the Company's system of internal control to provide reasonable assurance of efficient operations, effective internal controls and compliance with laws and regulations. The on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Company is periodically reviewed by the Board during the financial year under review. However, the Board recognises that the Company's system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, hence it can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board is assisted by the Management in the implementation of the approved policies and procedures on risks and controls, in which the Management identifies and assesses the risks faced as well as implements and monitors appropriate control measures to mitigate and control these risks.

Further, the Board is assisted by the Audit Committee to review the adequacy and integrity of the system of internal controls in the Company as part of the internal control and risk management processes.

INTERNAL AUDIT FUNCTION

The Audit Committee, assisted by the Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. The Audit Committee has an oversight function of all activities carried out by the Internal Audit Department.

The Internal Audit Department adopts a risk-based approach in preparing its audit strategy and plan. The Internal Audit Department independently reviews the risk exposures and control processes implemented by the management and conducts assignments which encompass auditing and review of critical areas within the Company, including operations, IT/information systems, accounting and financial reporting areas. The internal audit activities are guided by an annual internal audit plan, which is approved by the Audit Committee. Internal audit reports, which include details of activities planned and carried out, major findings and recommendations to management, are tabled at the quarterly Audit Committee Meetings. Further, the Internal Audit Department engages in regular communication with the senior management team and various departments within the Company related to Internal Audit activities and efforts for continuous improvement in operations and systems.

SYSTEM OF INTERNAL CONTROLS

The Board is responsible for managing the key business risks of the Company and implementing appropriate internal control system to manage those risks. The Board reviewed the adequacy and integrity of the system of internal controls during the year. Key elements of the Company's system of internal controls are as follows:-

- The management structure of the Company formally defines lines of responsibility and delegation of authority for all aspects of the Company's affairs. Senior management submits and presents the business plans on an annual and monthly basis and reviews are regularly held in Management and Executive Committee meetings.
- The Board approves the annual budget and reviews key business variables and monitors the Company's performance on a quarterly basis.
- The Company has established a Risk Management Committee, comprising members of key management team, who regularly address the various risk areas associated with the Company's business and operations including credit risk, operational risk and market risk. The objective of the Committee is to assess, control and manage the identified risks.
- The Audit Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements to Bursa Malaysia Securities Berhad and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad.
- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Company.

All the abovementioned processes are in place and provide reasonable assurance on the effectiveness of the internal control system. The Board will conduct reviews on continuing basis to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Company's assets and shareholders' interests.

Other Information

MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Material contracts entered into by the Company which involve Directors' and major Shareholders' interests and still subsisting at the end of the financial year ended 20 February 2008, or entered into since the end of the previous financial year, comprise transactions involving AEON CO. (M) BHD. as set out below. The ultimate holding company of the Company, AEON Co., Ltd, is also the holding company of AEON CO. (M) BHD. Dato' Abdullah bin Mohd Yusof, Mr. Naruhito Kuroda and Datuk Ramli bin Ibrahim, all Directors of the Company are also Directors of AEON CO. (M) BHD.

- a) On 1 July 1997, the Company entered into a Factoring Agreement with a related company, AEON CO. (M) BHD. whereby the Company factors goods sold on credit under its Easy Payment scheme at AEON CO. (M) BHD. The debts sold to the Company are at full value of the goods and upon the terms and conditions as stated in the Factoring Agreement. The total value of the debts sold to the Company in the year under review amounted to RM7.12 million.
- b) On 23 June 2005, the Company entered into a JUSCO Credit Card Agreement with AEON CO. (M) BHD. to set out the terms and conditions for the issuance of a credit card called JUSCO Credit Card by the Company, which also carries the trade mark of AEON CO. (M) BHD. JUSCO Credit Card holders who are also JCard (loyalty card issued by AEON CO. (M) BHD.) members will enjoy additional JCard loyalty points (on the retail transactions made using the JUSCO Credit Card) provided by the Company through purchase of the additional JCard points from AEON CO. (M) BHD. During the year under review, the value of total additional JCard points purchased by the Company was RM0.327 million.

- c) On 29 December 2005, the Company entered into a credit card Merchant Agreement with AEON CO. (M) BHD. whereby the Company will pay to AEON CO. (M) BHD the value of sales transaction from the goods sold at AEON CO. (M) BHD. through credit cards issued by the Company, less agreed commission (discount) on the transaction value, and subject to the terms and conditions as stated in the Merchant Agreement. The total value of the transaction settled by the Company in the year under review was RM40.51 million and the total commission receivable was RM0.597 million.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by the Company's auditors, or a firm or company affiliated to the auditors' firm for the financial year ended 20 February 2008 was RM246,000.

UTILISATION OF PROCEEDS - PUBLIC ISSUE IN CONJUNCTION WITH LISTING

On 12 December 2007, the issued and paid-up capital of the Company was increased by RM11,000,000 by way of allotment and issue of 22,000,000 ordinary shares of RM0.50 each arising from the Public Issue in conjunction with the listing of the Company on the Main Board of Bursa Malaysia Securities Berhad at an issue price of RM2.50 per ordinary share. Details of the proposed and actual utilisation of the total proceeds of RM55 million from the public issue are set out below.

STATUS OF UTILISATION OF PROCEEDS

The status of utilisation of the Public Issue proceeds of RM55 million as at 22 April 2008 is as follows:

	Proposed* Utilisation RM'000	Actual Utilisation RM'000	Balance/ Deviation RM'000	%	Intended Time frame For Utilisation
Assets Investment	3,000	2,033	967	32.2	Within 12 months from listing date on 12 December 2007
Repayment of bank borrowings	41,000	41,000	–		
Working capital	8,000	8,147	(147)	(1.8)	
Estimated listing expenses	3,000	2,853	147	4.9#	See note below
Total gross proceeds	55,000	54,033	967	1.8	

Note:

* (1) As set out in the Prospectus dated 16 November 2007

(2) The lower amount of actual listing expenses resulted in the balance of the proposed utilisation for the purpose being utilised towards meeting working capital requirements of the Company.

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Directors' Report

for the year ended 20 February 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the year ended 20 February 2008.

PRINCIPAL ACTIVITY

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles. There has been no significant change in the nature of the principal activities during the financial year.

RESULTS

RM'000

Profit for the year

33,394

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 4.66 sen per ordinary share less tax at 27% totalling RM3,333,764 (3.40 sen net per ordinary share) in respect of the year ended 20 February 2007 on 28 June 2007; and
- ii) an interim dividend of 4.05 sen per ordinary share less tax at 26% totalling RM3,596,400 (2.99 sen net per ordinary share) and a special dividend of 1.35 sen per ordinary share less tax at 26% totalling RM1,198,800 (0.99 sen net per ordinary share) in respect of the year ended 20 February 2008 on 17 January 2008.

The final ordinary dividend recommended by the Directors in respect of the year ended 20 February 2008 is 7.44 sen per ordinary share less tax at 26% totalling RM6,606,720 (5.51 sen net per ordinary share).

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Abdullah Bin Mohd Yusof
 Naruhito Kuroda
 Yoshiki Mori
 Kazuhide Kamitani
 Datuk Ramli Bin Ibrahim
 Yasuhiro Kasai
 Krishnappan A/L S.P.S. Singaram
 Clarence Chai
 Dato' Md Kamal Bin Ismaun (appointed on 7.8.2007)
 Ng Eng Kiat (appointed on 7.8.2007)
 Akitoshi Tsuchiya (resigned on 21.1.2008)

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Number of ordinary shares of RM0.50 each
At 21.2.2007/
Date of
appointment
as Director **Bought** **Sold** **At**
20.2.2008

The Company

Direct interest:

Dato' Abdullah Bin Mohd Yusof	480,000	–	–	480,000
Naruhito Kuroda	480,000	20,000	–	500,000
Yoshiki Mori	480,000	–	–	480,000
Kazuhide Kamitani	180,000	–	–	180,000
Datuk Ramli Bin Ibrahim	180,000	–	(20,000)	160,000
Dato' Md Kamal Bin Ismaun	–	5,000	–	5,000
Ng Eng Kiat	–	10,000	–	10,000
Yasuhiro Kasai	90,000	–	–	90,000
Krishnappan A/L S.P.S Singaram	90,000	–	–	90,000
Clarence Chai	30,000	–	–	30,000

Deemed interest:

Yasuhiro Kasai*	–	43,000	–	43,000
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DIRECTORS OF THE COMPANY (CONTINUED)

Number of ordinary shares of RM1.00 each
At 21.2.2007/
Date of
appointment
as Director **Bought** **Sold** **At**
20.2.2008

AEON CO. (M) BHD.

Direct interest:

Dato' Abdullah Bin Mohd Yusof	268,000	–	–	268,000
Naruhito Kuroda	16,000	–	–	16,000
Yasuhiro Kasai	400	–	–	400

Deemed interest:

Dato' Abdullah Bin Mohd Yusof	1,431,000	–	(634,100)	796,900
Datuk Ramli Bin Ibrahim*	280,000	–	–	280,000

Number of ordinary shares of HKD0.10 each
At 21.2.2007/
Date of
appointment
as Director **Bought** **Sold** **At**
20.2.2008

AEON Credit Service (Asia) Co., Ltd.

Direct interest:

Naruhito Kuroda	74,800	–	–	74,800
Yoshiki Mori	280,000	–	–	280,000
Kazuhide Kamitani	1,045,000	–	–	1,045,000

Number of ordinary shares of THB1.00 each
At 21.2.2007/
Date of
appointment
as Director **Bought** **Sold** **At**
20.2.2008

AEON Thana Sinsap (Thailand) Plc.

Direct interest:

Naruhito Kuroda	100,000	–	–	100,000
Yoshiki Mori	1,450,000	–	(47,400)	1,402,600
Kazuhide Kamitani	500,000	–	–	500,000

DIRECTORS OF THE COMPANY (CONTINUED)

	Number of ordinary shares			At 20.2.2008
	At 21.2.2007/ Date of appointment as Director	Bought	Sold	
AEON Co., Ltd.				
Direct interest:				
Yoshiki Mori	6,000	1,500	—	7,500
AEON Credit Service Co., Ltd.				
Direct interest:				
Naruhito Kuroda	1,980	—	—	1,980
Yoshiki Mori	42,126	—	—	42,126
Kazuhide Kamitani	12,645	—	—	12,645
Yasuhiro Kasai	296	28	—	324

* Deemed interest by virtue of Section 134(12)(c) of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up capital from RM49,000,000 to RM60,000,000 by way of issuance of 22,000,000 new ordinary shares of RM0.50 each through public issue at an issue price of RM2.50 per ordinary share for cash, for the purposes as stated in the prospectus dated 16 November 2007.

Subsequently, the entire issued and paid-up share capital of the Company comprising 120,000,000 ordinary shares of RM0.50 each was listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on 12 December 2007.

There were no other changes in the authorised, issued and paid up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 20 February 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT

The Company was officially listed on the Main Board of Bursa Malaysia Securities Berhad on 12 December 2007.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Abdullah bin Mohd Yusof



Naruhito Kuroda

Kuala Lumpur,
Date: 15 April 2008

Statement by Directors

pursuant to section 169(15) of the Companies Act 1965

In the opinion of the Directors, the financial statements set out on pages 52 to 77 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company at 20 February 2008 and of the results of its operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Abdullah bin Mohd Yusof



Naruhito Kuroda

Kuala Lumpur,
Date: 15 April 2008

Statutory Declaration

pursuant to section 169(16) of the Companies Act 1965

I, Krishnappan A/L S.P.S Singaram, the Director primarily responsible for the financial management of AEON Credit Service (M) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 77 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 15 April 2008



Krishnappan A/L S.P.S Singaram

Before me:



Unit No 50-S-1, 1st flr
Visma UCA Damansara
50 Jalan Damansara
Damansara Heights
60490 Kuala Lumpur

Report of the Auditors

to the members of AEON Credit Services (M) Berhad

We have audited the financial statements set out on pages 52 to 77. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Company at 20 February 2008 and the results of its operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



KPMG

Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,
Date: 15 April 2008



Chong Dee Shiang

Partner

Approval Number: 2782/09/08(J)

Balance Sheet

at 20 February 2008

	Note	2008 RM'000	2007 RM'000
Assets			
Plant and equipment	3	21,608	23,367
Investment	4	1,026	1,026
Receivables	5	256,176	168,486
Total non-current assets		278,810	192,879
Receivables, deposits and prepayments	5	450,130	376,536
Cash and bank balances		2,404	2,072
Total current assets		452,534	378,608
Total assets		731,344	571,487
Equity			
Share capital		60,000	49,000
Share premium		56,147	15,000
Retained earnings		65,430	40,165
Total equity attributable to shareholders of the Company	6	181,577	104,165
Liabilities			
Borrowings (unsecured)	7	311,395	268,246
Deferred tax liabilities	8	2,523	2,162
Total non-current liabilities		313,918	270,408
Payables and accruals	9	42,582	39,548
Borrowings (unsecured)	7	188,198	154,539
Taxation		5,069	2,827
Total current liabilities		235,849	196,914
Total liabilities		549,767	467,322
Total equity and liabilities		731,344	571,487

The notes on pages 56 to 77 are an integral part of these financial statements.

Income Statement

at 20 February 2008

	Note	2008 RM'000	2007 RM'000
Continuing operations			
Revenue	10	151,797	116,043
Staff costs		(45,218)	(35,170)
Depreciation of plant and equipment	3	(9,966)	(9,048)
Operating expenses		(64,125)	(51,415)
Other income		36,437	25,156
		<hr/>	<hr/>
Operating profit	11	68,925	45,566
Finance costs	13	(23,175)	(18,021)
		<hr/>	<hr/>
Profit before tax		45,750	27,545
Tax expense	14	(12,356)	(7,843)
		<hr/>	<hr/>
Profit for the year attributable to shareholders of the Company		33,394	19,702
		<hr/>	<hr/>
Basic earnings per ordinary share (sen)	16	32.6	25.0
		<hr/>	<hr/>

The notes on pages 56 to 77 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 20 February 2008

	Note	Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
At 21 February 2006		12,000	19,900	30,883	62,783
Issue of shares		11,000	15,000	–	26,000
Bonus issue		26,000	(19,900)	(6,100)	–
Profit for the year		–	–	19,702	19,702
Dividends	15	–	–	(4,320)	(4,320)
At 20 February 2007/ 21 February 2007		49,000	15,000	40,165	104,165
Issue of shares		11,000	44,000	–	55,000
Listing expenses		–	(2,853)	–	(2,853)
Profit for the year		–	–	33,394	33,394
Dividends	15	–	–	(8,129)	(8,129)
At 20 February 2008		60,000	56,147	65,430	181,577

The notes on pages 56 to 77 are an integral part of these financial statements.

Cash Flow Statement

for the year ended 20 February 2008

	Note	2008 RM'000	2007 RM'000
Cash flows from operating activities			
Profit before tax		45,750	27,545
Adjustments for:			
Depreciation of plant and equipment	3	9,966	9,048
Finance costs		23,175	18,021
Plant and equipment written off		1	–
Gain on disposal of plant and equipment		(26)	–
Operating profit before working capital changes		78,866	54,614
Changes in working capital:			
Receivables, deposits and prepayments		(161,284)	(227,269)
Payables and accruals		2,798	12,298
Cash used in operations		(79,620)	(160,357)
Income taxes paid		(9,753)	(4,369)
Finance costs paid		(22,939)	(16,046)
Net cash used in operating activities		(112,312)	(180,772)
Cash flows from investing activities			
Acquisition of plant and equipment		(8,208)	(14,296)
Proceeds from disposal of plant and equipment		26	–
Net cash used in investing activities		(8,182)	(14,296)
Cash flows from financing activities			
Repayment of bank borrowings		(291,127)	(57,939)
Proceeds from borrowings		367,708	232,784
Proceeds from issue of ordinary shares		55,000	26,000
Dividends paid to ordinary shareholders of the Company		(8,129)	(4,320)
Payment of listing expenses		(2,853)	–
Net cash generated from financing activities		120,599	196,525
Net increase in cash and cash equivalents		105	1,457
Cash and cash equivalents at beginning of year		2,072	615
Cash and cash equivalents at end of year		2,177	2,072

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2008 RM'000	2007 RM'000
Cash and bank balances	2,404	2,072
Bank overdrafts – unsecured	(227)	–
	2,177	2,072

The notes on pages 56 to 77 are an integral part of these financial statements.

Notes to the Financial Statements

AEON Credit Service (M) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor.

Principal place of business

Level 29, Menara Olympia
No. 8, Jalan Raja Chulan,
50250 Kuala Lumpur.

The Company is principally engaged in the provision of easy payment schemes, personal financing schemes and issuance of credit cards under international brand names of Visa and MasterCard. The personal financing schemes and certain easy payment schemes are based on Islamic principles.

The immediate and ultimate holding companies during the financial year were AEON Credit Service Co., Ltd. and AEON Co., Ltd. respectively. Both companies were incorporated in Japan.

The financial statements were approved by the Board of Directors on 15 April 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRSs) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has also issued the following FRSs and Interpretations that have not been applied in preparing these financial statements:

FRSs/Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Company plans to apply the abovementioned FRSs and Interpretations for annual period beginning 21 February 2008 except for FRS 139, *Financial Instruments: Recognition and Measurement* which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Company.

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Plant and equipment (continued)

(i) Recognition and measurement (continued)

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Office equipment	2 – 5 years
• Computer equipment and software	2 – 5 years
• Motor vehicles	4 – 5 years
• Furniture and fittings	2 – 4 years
• Renovation	2 – 5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(b) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- the recognition of an asset on the day it is received by the entity, and
- the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Receivables

Receivables are stated at the outstanding unpaid balances net of unearned carrying charges and allowance for doubtful debts.

Allowance for doubtful debts is made at 100% of the debts contractually past due of 3 months and bad debts are written off when the Directors are of the view that the debts are no longer recoverable.

Receivables are not held for the purpose of trading.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(e) Impairment of assets

The carrying amounts of assets except for financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contribution to the statutory pension funds is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(g) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(h) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(i) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Tax expense (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Revenue recognition

Income from easy payment and personal financing schemes based on Islamic principles

Income from easy payment and personal financing schemes based on Islamic principles are recognised on an accrual basis. Where an account becomes non-performing, the income is suspended until it is realised on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for a month.

Income from credit cards issuance

Income from finance charges, cash advance fees and transaction charges are recognised on an accrual basis. Where an account becomes non-performing, the income is suspended until it is realised on a cash basis. Customers' accounts are deemed to be non-performing where repayments are in arrears for a month.

(k) Earnings per share

The Company presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(l) Operating lease

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease.

(m) Borrowing costs

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

Cost of issuance of commercial papers/medium term notes are deferred and capitalised as part of the fair value of the commercial papers/medium term notes. The cost of issuance is amortised to the income statements so as to give a constant periodic coupon rate on the outstanding commercial papers/medium term notes at the end of each accounting period.

3. PLANT AND EQUIPMENT

	Office equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Cost						
At 21 February 2006	3,284	15,953	1,101	1,967	5,419	27,724
Additions	1,072	9,777	561	585	2,301	14,296
At 20 February 2007/ 21 February 2007	4,356	25,730	1,662	2,552	7,720	42,020
Additions	441	5,887	499	211	1,170	8,208
Disposals	–	–	(294)	(7)	–	(301)
Write off	–	(42)	–	(4)	–	(46)
At 20 February 2008	4,797	31,575	1,867	2,752	8,890	49,881
Accumulated depreciation						
At 21 February 2006	1,494	4,272	621	1,355	1,863	9,605
Charge for the year	939	5,627	172	364	1,946	9,048
At 20 February 2007/ 21 February 2007	2,433	9,899	793	1,719	3,809	18,653
Charge for the year	917	6,508	289	444	1,808	9,966
Disposals	–	–	(294)	(7)	–	(301)
Write off	–	(42)	–	(3)	–	(45)
At 20 February 2008	3,350	16,365	788	2,153	5,617	28,273
Carrying amounts						
At 21 February 2006	1,790	11,681	480	612	3,556	18,119
At 20 February 2007/ 21 February 2007	1,923	15,831	869	833	3,911	23,367
At 20 February 2008	1,447	15,210	1,079	599	3,273	21,608

4. INVESTMENT

	2008 RM'000	2007 RM'000
Unquoted shares outside Malaysia	1,026	1,026

5. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2008 RM'000	2007 RM'000
Non-current			
Trade			
Trade receivables		256,176	168,486
Current			
Trade			
Trade receivables		869,272	674,970
Less: Unearned carrying charges		(151,805)	(118,945)
Allowance for doubtful debts		(17,323)	(15,764)
	5.1	700,144	540,261
Less: Trade receivables (Non-current portion)		(256,176)	(168,486)
Trade receivables (Current portion)		443,968	371,775
Non-trade			
Other receivables, deposits and prepayments		6,162	4,761
		450,130	376,536

5.1 During the year, trade receivables amounting to RM28,172,492 (2007 - RM15,466,076) was written off against the allowance for doubtful debts. Included in trade receivables is an amount of RM334,842,586 (2007 - RM239,271,882) relating to the Company's easy payment and personal financing schemes based on Islamic principles.

6. CAPITAL AND RESERVES

	Note	Amount 2008 RM'000	Number of shares 2008 '000	Amount 2007 RM'000	Number of shares 2007 '000
Authorised:					
Ordinary shares					
Opening balance		60,000	120,000	12,000	12,000
Created during the financial year		–	–	48,000	48,000
Share split		–	–	–	60,000
Closing balance	6.1	60,000	120,000	60,000	120,000
Issued and fully paid:					
Ordinary shares					
Opening balance		49,000	98,000	12,000	12,000
Issued for cash	6.2 i	–	–	1,000	1,000
Share split	6.2 ii	–	–	–	13,000
Bonus issue	6.2 iii	–	–	26,000	52,000
Issued for cash	6.2 iv	–	–	10,000	20,000
Public issue	6.3	11,000	22,000	–	–
On issue at 20 February		60,000	120,000	49,000	98,000

6.1 In the previous year, the Company increased its authorised share capital from RM12,000,000 divided into 12,000,000 ordinary shares of RM1.00 each to RM60,000,000 divided into 60,000,000 ordinary shares of RM1.00 each by the creation of an additional 48,000,000 ordinary shares of RM1.00 each.

The authorised share capital of the Company was subsequently amended from RM60,000,000 divided into 60,000,000 ordinary shares of RM1.00 each into RM60,000,000 divided into 120,000,000 ordinary shares of RM0.50 each.

6.2 In the previous year, the Company increased its issued and paid up capital from RM12,000,000 divided into 12,000,000 ordinary shares of RM1.00 each to RM49,000,000 divided into 98,000,000 ordinary shares of RM0.50 each by way of:

- (i) issuance of 1,000,000 new ordinary shares of RM1.00 each at a premium of RM5.00 each for cash for working capital purposes;
- (ii) share split of every one (1) ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each;
- (iii) bonus issue of 52,000,000 ordinary shares of RM0.50 each on the basis of two (2) new ordinary shares for every one (1) existing ordinary shares; and
- (iv) issuance of 20,000,000 new ordinary shares of RM0.50 each at a premium of RM0.50 each for cash for working capital purposes.

6. CAPITAL AND RESERVES (CONTINUED)

6.3 Public issue

On 12 December 2007, the issued and paid-up capital of the Company was increased by RM11,000,000 by way of allotment and issue of 22,000,000 ordinary shares of RM0.50 each arising from the public issue in conjunction with the listing of the Company on the Main Board of Bursa Malaysia Securities Berhad at an issue price of RM2.50 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

6.4 Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value.

6.5 Section 108 tax credit

Subject to agreement of the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank its retained profits up to approximately RM55,232,000 at 20 February 2008 if paid out as taxable dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

7. BORROWINGS (UNSECURED)

	2008 RM'000	2007 RM'000
Non-current		
Long term loans/financing	104,800	192,500
Medium term notes	206,595	75,746
	<u>311,395</u>	<u>268,246</u>
Current		
Bank overdrafts	227	-
Revolving credits	106,107	95,539
Short term loans/financing	62,200	59,000
Commercial paper	19,664	-
	<u>188,198</u>	<u>154,539</u>

7. BORROWINGS (UNSECURED) (CONTINUED)

The bank overdrafts are unsecured and bear interest varying between 7.1% to 7.4% per annum. The revolving credit facilities are subject to profit/interest ranging from 4.27% to 4.43% (2007 – 4.09% to 4.98%) per annum and term loans/financing are subject to profit/interest ranging from 4.61% to 5.50% (2007 – 4.20% to 5.50%) per annum.

The bank overdrafts, revolving credits and term loans are mostly provided on the basis of a letter of awareness from the holding company or standby letters of credit from various financial institutions.

Included in the revolving credits are borrowings of USD7,150,000 (2007 – USD12,140,000) subject to funding costs of 4.27% to 4.43% (2007 – 4.09% to 4.98%) per annum.

The long term loans/financing are granted for periods ranging from two to five years and repayable by way of one lump sum payment upon expiry of the term loan period.

Details of the medium term notes and commercial paper are as follows:

	2008 RM'000	2007 RM'000
Medium term notes		
Nominal value	210,000	80,000
Discount	(3,107)	(4,052)
Deferred issuance cost	(298)	(202)
	<u>206,595</u>	<u>75,746</u>
Commercial paper		
Nominal value	20,000	–
Discount	(307)	–
Deferred issuance cost	(29)	–
	<u>19,664</u>	<u>–</u>

The above represents RM150 million (2007 – RM60 million) of bank guaranteed Islamic Medium Term Notes ("Islamic MTN"), RM60 million (2007 – RM 20 million) of bank guaranteed Conventional Medium Term Notes ("Conventional MTN") and RM20 million of bank guaranteed Islamic Commercial Paper ("Islamic CP") with the following profit / interest rates and redemption dates:

7. BORROWINGS (UNSECURED) (CONTINUED)

Medium Term Notes/ Commercial Paper	Redemption terms	Profit / Interest rate per annum
Islamic MTN		
RM40 million	Redeemable at par in January 2012	3.00%
RM20 million	Redeemable at par in January 2010	3.00%
RM40 million	Redeemable at par in May 2010	3.75%
RM50 million	Redeemable at par in October 2010	4.05%
Conventional MTN		
RM20 million	Redeemable at par in January 2010	3.00%
RM40 million	Redeemable at par in May 2012	3.85%
Islamic CP		
RM20 million	Redeemable at par in July 2008	3.70%

8. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and equipment – capital allowance	–	–	(3,003)	(2,785)	(3,003)	(2,785)
Provisions	480	623	–	–	480	623
Net tax assets/ (liabilities)	480	623	(3,003)	(2,785)	(2,523)	(2,162)

9. PAYABLES AND ACCRUALS

	Note	2008 RM'000	2007 RM'000
Trade			
Trade payables	9.1	22,591	22,372
Non-trade			
Other payables and accruals	9.2	19,857	17,049
Holding company	9.3	134	127
		<u>42,582</u>	<u>39,548</u>

9. PAYABLES AND ACCRUALS (CONTINUED)

9.1 Trade payables

Included in trade payables is an amount of RM9,529,116 (2007 - RM7,107,858) relating to the Company's easy payment and personal financing schemes based on Islamic principles.

Included in trade payables is also an amount of RM367,979 (2007 - RM261,787) due to a related party, a company which has certain common Directors and shareholders.

9.2 Other payables and accruals

Included in other payables is an amount of RM162,693 (2007 - RM153,350) due to a related party, a company which has certain common Directors and shareholders.

9.3 Holding company

The amount due to holding company is unsecured, non-trade in nature, interest free and repayable on demand.

10. REVENUE

	2008 RM'000	2007 RM'000
Interest income, finance charges and profit revenue from easy payment schemes, personal financing schemes and credit cards business	147,904	110,693
Cash advance fees, transaction charges, merchant commission and Visa/MasterCard interchange fees	3,893	5,350
	<u>151,797</u>	<u>116,043</u>

11. OPERATING PROFIT

	2008 RM'000	2007 RM'000
Operating profit is arrived at after crediting:		
Bad debts recovered	4,139	1,053
Dividend income from unquoted shares	66	40
Gain on disposal of plant and equipment	26	–
	<hr/>	<hr/>
and after charging:		
Allowance for doubtful debts	29,731	22,746
Auditors' remuneration:		
– Statutory audit	73	60
– Other services	22	7
Depreciation of plant and equipment	9,966	9,048
Plant and equipment written off	1	–
Personnel expenses (including key management personnel)		
– Contributions to Employees Provident Fund	3,574	2,847
– Wages, salaries and others	41,644	32,323
Rental expense on		
– office premises	5,149	4,260
– motor vehicles	16	31
– office equipment	219	321
	<hr/>	<hr/>

12. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	2008 RM'000	2007 RM'000
Directors		
– Fees	292	165
– Remuneration	2,227	2,055
– Other short term employee benefits (including estimated monetary value of benefits-in-kind)	230	140
	<hr/>	<hr/>
	2,749	2,360
	<hr/>	<hr/>

13. FINANCE COSTS

	2008 RM'000	2007 RM'000
Comprised the following:		
– Bank overdrafts	191	153
– Revolving credits	6,081	6,084
– Term loans/financing and medium term notes/ commercial paper	16,903	11,784
	<u>23,175</u>	<u>18,021</u>

14. TAX EXPENSE

Recognised in the income statements

	2008 RM'000	2007 RM'000
Current tax expense	11,995	7,081
Deferred tax expense		
– Origination of temporary differences	361	762
Total tax expense	<u>12,356</u>	<u>7,843</u>

Reconciliation of effective tax expense

Profit for the year	33,394	19,702
Total tax expense	12,356	7,843
Profit excluding tax expense	<u>45,750</u>	<u>27,545</u>
Tax at Malaysian tax rate of 26% (2007 – 27%)	11,895	7,437
Non-deductible expenses	461	306
	<u>12,356</u>	<u>7,843</u>

15. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary	2.99	3,596	17 January 2008
Special 2008 ordinary	0.99	1,199	17 January 2008
Final 2007 ordinary	3.40	3,334	28 June 2007
		<hr/>	
Total amount		8,129	
		<hr/>	
2007			
Interim 2007 ordinary	13.00	1,560	13 October 2006
Final 2006 ordinary	23.00	2,760	29 June 2006
		<hr/>	
Total amount		4,320	
		<hr/>	

After the balance sheet date the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	5.51	6,607
	<hr/>	<hr/>

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 20 February 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2008 RM'000	2007 RM'000
Profit attributable to ordinary shareholders	33,394	19,702
	<hr/>	<hr/>

16. EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at 21 February	98,000	12,000
Effect of share split and bonus issue in December 2006	–	65,000
Effect of shares issued in December 2006	–	145
Effect of shares issued in January 2007	–	1,589
Effect of public issue in December 2007	4,279	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 20 February	102,279	78,734
	<hr/>	<hr/>
	2008 Sen	2007 Sen
Basic earnings per share	32.6	25.0
	<hr/>	<hr/>

17. SEGMENTAL REPORTING

As the principal activity of the Company is the provision of easy payment schemes, personal financing schemes based on Islamic principles and credit cards business, all of which are categorised under consumer financing business, no segmental analysis is provided.

18. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel comprises all the Directors of the Company.

18. RELATED PARTIES (CONTINUED)

The significant related party transactions of the Company are as follows:

	2008 RM'000	2007 RM'000
Related company		
AEON CO. (M) BHD.		
Customers' transactions via related company*		
Sales through Easy Payment Schemes	7,123	5,111
Sales through AEON Credit Cards	40,510	42,985
Revenue		
Credit cards commission income	597	645
Expenses		
Convertible J-Card points charges	327	361
Office and promotion space rental	1,400	933

* In capacity of the related company as merchant of the Company.

Balances with related company are disclosed in Note 9. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.

19. CAPITAL COMMITMENT

	2008 RM'000	2007 RM'000
Plant and equipment		
Contracted but not provided for	3,511	1,185
Authorised but not contracted for	270	–

20. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, foreign currency and liquidity risk arises in the normal course of the Company's business. The Company's policies for managing each of these risks are summarised below.

Credit risk

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit and the credit acceptance procedures are monitored by the management. The Company does not require collateral in respect of the easy payment schemes, personal financing schemes and credit cards issuance operations except for financing of motorcycles. At balance sheet date, the Company does not have any significant exposure to any individual customers or industry sector. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Company borrows for its operations at fixed and variable rates and the management continuously seeks for alternative banking facilities, which provide competitive interest rates to finance its capital expenditure, financing and working capital requirements.

Foreign currency risk

The Company does not have any significant exposure to foreign currency risk as its transactions and balances are substantially denominated in Ringgit Malaysia, other than certain borrowings in foreign currency. The repayment of all borrowings in foreign currency is hedged by forward exchange contracts entered into by the Company upon initial drawdown of the borrowings.

Liquidity risk

The Company maintains sufficient working capital and adequate liquidity to support its daily operations. Its holding company has provided letters of awareness to financial institutions for bank borrowing facilities.

Effective profit/interest rates and repricing analysis

In respect of profit/interest-earning financial assets and profit/interest-bearing financial liabilities, the following table indicates their average effective profit/interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

2008	Note	Average effective profit/ interest rate %	Total RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	More than 5 years RM'000
Fixed rate instruments									
Trade receivables	5	24.43	700,144	443,968	193,441	37,641	25,094	–	–
			700,144	443,968	193,441	37,641	25,094	–	–
Unsecured term loans/financing	7	4.90-6.00	(167,000)	(62,200)	(41,500)	(54,300)	(9,000)	–	–
Unsecured medium term notes	7	3.81-4.54	(206,595)	–	(38,992)	(89,868)	(37,796)	(39,939)	–
Unsecured revolving credits	7	4.15-5.00	(106,107)	(106,107)	–	–	–	–	–
Unsecured commercial paper	7	4.00	(19,664)	(19,664)	–	–	–	–	–
			(499,366)	(187,971)	(80,492)	(144,168)	(46,796)	(39,939)	–
Floating rate instruments									
Unsecured bank overdrafts	7	7.1-7.4	(227)	(227)	–	–	–	–	–

20. FINANCIAL INSTRUMENTS (CONTINUED)

Effective profit/interest rates and repricing analysis (continued)

2007	Note	Average effective profit/interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
Fixed rate instruments									
Trade receivables	5	25.68	540,261	371,775	128,250	24,142	16,094	—	—
			<u>540,261</u>	<u>371,775</u>	<u>128,250</u>	<u>24,142</u>	<u>16,094</u>	<u>—</u>	<u>—</u>
Unsecured term loans/financing	7	4.94-5.22	(251,500)	(59,000)	(87,700)	(87,800)	(17,000)	—	—
Unsecured medium term notes	7	4.30-4.50	(75,746)	—	—	(38,630)	—	(37,116)	—
Unsecured revolving credits	7	4.73	(95,539)	(95,539)	—	—	—	—	—
			<u>(422,785)</u>	<u>(154,539)</u>	<u>(87,700)</u>	<u>(126,430)</u>	<u>(17,000)</u>	<u>(37,116)</u>	<u>—</u>

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, other receivables, other payables and short-term borrowings, approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

	2008		2007	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
Unsecured long-term loans/financing	104,800	105,616	192,500	193,089
Unsecured medium term notes	206,595	206,595	75,746	75,746
	<u>311,395</u>	<u>312,211</u>	<u>268,246</u>	<u>268,835</u>

20. FINANCIAL INSTRUMENTS (CONTINUED)

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments.

For trade receivables, fair value has been determined by discounting the relevant cash flows using market rates at the balance sheet date. Based on management's assessment as at 20 February 2008, the estimated fair values of trade receivables approximate their carrying amount.

The Company's investment in unquoted shares is carried at its original cost of RM1,026,000 in the balance sheet. At 20 February 2008, the Company's share of the net tangible assets in this unquoted company is RM1,310,000.

For financial liabilities, fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

The profit/interest rates used to discount estimated cash flows are as follows:

	2008	2007
Unsecured long-term loans/financing	4.85 – 5.18%	5.01 – 5.30%
Unsecured medium term notes	3.81 – 4.54%	4.30 – 4.50%

21. SIGNIFICANT EVENT

The Company was officially listed on the Main Board of Bursa Malaysia Securities Berhad on 12 December 2007.

Analysis of Shareholdings

as at 22 April 2008

Authorised Share Capital	: RM100,000,000
Paid-up Share Capital	: RM60,000,000
Class of Shares	: ordinary shares of RM0.50 each
Voting Rights	: one vote per ordinary share

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 – 99	2	0.09	62	0.00
100 – 1,000	938	40.62	748,088	0.62
1,001 – 10,000	1,160	50.24	4,606,200	3.84
10,001 – 100,000	160	6.93	5,511,850	4.60
100,001 – 5,999,999	47	2.03	26,093,800	21.74
6,000,000 and above	2	0.09	83,040,000	69.20
Total	2,309	100.00	120,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Names	Number of Shares			
		Direct Interest	%	Indirect Interest	%
1	AEON CREDIT SERVICE CO., LTD	68,040,000	56.70	3,600,000	3.00
2	LEMBAGA TABUNG ANGKATAN TENTERA	15,000,000	12.50	–	–

DIRECTORS' INTERESTS

No.	Names	Number of Shares			
		Direct Interest	%	Indirect Interest	%
1	Dato' Abdullah bin Mohd Yusof	480,000	0.40	–	–
2	Mr. Naruhito Kuroda	520,000	0.43	–	–
3	Mr. Yoshiki Mori	480,000	0.40	–	–
4	Kazuhide Kamitani	180,000	0.15	–	–
5	Datuk Ramli bin Ibrahim	160,000	0.13	–	–
6	Dato' Md Kamal bin Ismaun	5,000	0.00	–	–
7	Mr. Ng Eng Kiat	10,000	0.01	–	–
8	Mr. Yasuhiro Kasai	90,000	0.08	50,000	0.04
9	Mr. Krishnappan a/l S.P.S. Singam	90,000	0.08	–	–
10	Mr. Clarence Chai	22,000	0.02	–	–

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 22 APRIL 2008

No.	Names	No of Shares	% of Shares held
1	AEON CREDIT SERVICE CO., LTD.	68,040,000	56.70
2	LEMBAGA TABUNG ANGKATAN TENTERA	15,000,000	12.50
3	AEON CO. (M) BHD	2,580,000	2.15
4	ZAKI HOLDINGS (M) SDN BHD	1,880,000	1.57
5	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED	1,800,000	1.50
6	AEON CREDIT SERVICE (ASIA) COMPANY LIMITED	1,800,000	1.50
7	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)	1,564,900	1.30
8	HSBC NOMINEES (ASING) SDN BHD HSBC-FS 1 FOR APOLLO ASIA FUND LTD	1,210,000	1.01
9	AMANAH SAHAM MARA BERHAD	1,000,000	0.83
10	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (MALAYSIA) TRUSTEE BERHAD FOR AMANAH SAHAM SARAWAK	740,000	0.62
11	MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	736,800	0.61
12	LEONG SOO KENG	600,000	0.50
13	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD PUBLIC SMALLCAP FUND	576,600	0.48
14	NARUHITO KURODA	520,000	0.43
15	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD ASM PREMIER FUND	500,000	0.42
16	SAR VENTURE HOLDINGS (M) SDN. BHD.	500,000	0.42
17	NORDIN TECHNOLOGIES SDN. BHD.	500,000	0.42
18	CIMB TRUSTEE BERHAD ASM FIRST PUBLIC FUND	500,000	0.42

No.	Names	No of Shares	% of Shares held
19	AHMAD SHAFRUDDIN BIN ARSHAD	498,000	0.42
20	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEGDED SECURITIES ACCOUNT FOR FAZRIN AZWAR BIN MD NOR (SFC)	490,000	0.41
21	MOTOYA OKADA	480,000	0.40
22	YOSHIKI MORI	480,000	0.40
23	ABDULLAH BIN MOHD YUSOF	480,000	0.40
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	472,400	0.39
25	LEONG LI NAR	460,600	0.38
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PACIFIC FOCUS18 FUND (5071-401)	448,300	0.37
27	YAHYA BIN AWANG	393,000	0.33
28	HSBC NOMINEES (ASING) SDN BHD HSBC-FS FOR ABERDEEN MALAYSIA EQUITY FUND	367,400	0.31
29	KAMIL AHMAD MERICAN	360,000	0.30
30	HSBC NOMINEES (ASING) SDN BHD AAHK NOMS FOR TSE, KWONG	360,000	0.30
Total		105,338,000	87.78

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of AEON Credit Service (M) Berhad will be held at Mahkota 3 Ballroom, BR Level, Istana Hotel, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 17 June 2008 at 11.00 am.

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 20 February 2008 together with the Reports of the Directors and Auditors thereon.

Resolution 1

2. To declare a final dividend of 7.44 sen less 26% tax for the financial year ended 20 February 2008.

Resolution 2

3. To approve the payment of Directors' Fees in respect of the financial year ended 20 February 2008.

Resolution 3

4. To re-elect the following Directors retiring pursuant to Articles 129 and 134 of the Articles of Association of the Company:-

(i) Mr. Naruhito Kuroda

Resolution 4

(ii) Datuk Ramli Bin Ibrahim

Resolution 5

(iii) Mr. Krishnappan a/l S.P.S Singaram

Resolution 6

(iv) Dato' Md Kamal Bin Ismaun

Resolution 7

(v) Mr. Ng Eng Kiat

Resolution 8

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 9

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

Resolution 10

7. Proposed Shareholders' Mandate for AEON Credit Service (M) Berhad to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties ("Proposed Shareholders' Mandate")

"THAT approval be and is hereby given for the Company to enter into the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with those related parties as specified in Section 2.2 of the Company's Circular to Shareholders dated 26 May 2008, which are necessary for the Company's day to day operations subject to the following:-

- i) the Recurrent Transactions contemplated are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
 - b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - c) revoked or varied by resolution passed by the shareholders in general meeting,
 whichever is the earlier; and
- (iii) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of Recurrent Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

AND THAT all Recurrent Transactions entered into by the Company from 12 December 2007 (being the date of listing of the Company on the Main Board of Bursa Malaysia Securities Berhad) to the date of this resolution as specified in Section 2.2 of the Circular to Shareholders dated 26 May 2008 be approved.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all such acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution as the Directors of the Company, in their absolute discretion, deem fit.

Resolution 11

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Eleventh Annual General Meeting, a final dividend of 7.44 sen less 26% tax, for the financial year ended 20 February 2008 will be paid to shareholders on 18 July 2008. The entitlement date for the said dividend shall be 2 July 2008.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 2 July 2008 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
WONG LAI KUAN (MAICSA 7032123)
Secretaries

Kuala Lumpur
26 May 2008

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or the hand of its attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

- **Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares**
The Resolution 10 proposed under item 6 of the Agenda, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.
- **Proposed Shareholders' Mandate for AEON Credit Service (M) Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties**

Further information on Resolution 11 are set out in the Circular to Shareholders dated 26 May 2008 which is despatched together with the Annual Report of the Company for the financial year ended 20 February 2008.

Statement Accompanying Notice of Eleventh Annual General Meeting

Pursuant to the Paragraph 8.28(2) of the Bursa Securities Listing Requirements appended hereunder are names and details of Directors standing for re-election.

Name	Position
1. Mr. Naruhito Kuroda	Managing Director
2. Datuk Ramli Bin Ibrahim	Independent Non-Executive Director
3. Mr. Krishnappan a/l S.P.S Singaram	Executive Director
4. Dato' Md Kamal Bin Ismaun	Independent Non-Executive Director
5. Mr. Ng Eng Kiat	Independent Non-Executive Director

Further details of the above Directors are set out in Directors' profiles appearing on pages 16 to 20 of the Annual Report for financial year ended 20 February 2008.

Proxy Form

AEON Credit Service (M) Berhad

(Company No. 412767-V)

(Incorporated in Malaysia)

Number of shares held

I/We, _____

of _____

being a member of AEON CREDIT SERVICE (M) BERHAD hereby appoint _____

_____ I/C No. _____

of _____

or failing him/her, _____

I/C No. _____ of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Mahkota 3 Ballroom, BR Level, Istana Hotel, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 17 June 2008 at 11.00 am and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

No.	Resolution	For	Against
	ORDINARY BUSINESS		
Resolution 1	Adoption the Audited Financial Statements and Reports for the financial year ended 20 February 2008.		
Resolution 2	Declaration of a final dividend of 7.44 sen less 26% tax for the financial year ended 20 February 2008.		
Resolution 3	Approval of Directors' Fees in respect of the financial year ended 20 February 2008		
Resolution 4	Re-election of Mr. Naruhito Kuroda		
Resolution 5	Re-election of Datuk Ramli Bin Ibrahim		
Resolution 6	Re-election of Mr. Krishnappan a/l S.P.S Singaram		
Resolution 7	Re-election of Dato' Md Kamal Bin Ismaun		
Resolution 8	Re-election of Mr. Ng Eng Kiat		
Resolution 9	Re-appointment of Messrs KPMG as Auditors of the Company		
	SPECIAL BUSINESS		
Resolution 10	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares.		
Resolution 11	Proposed Shareholders' Mandate for AEON Credit Service (M) Berhad to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	<u>Percentage</u>	%
Proxy 1		%
Proxy 2		%
Total		100%

Signature of Shareholder or Common Seal

Dated this _____ day of _____ 2008.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or the hand of its attorney.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting.

STAMP

The Company Secretary:
AEON CREDIT SERVICE (M) BERHAD (Company No.: 412767-V)
Lot 6.05, Level 6, KPMG Tower,
8 First Avenue, Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.



AEON Credit Service Branches and Service Centres



CENTRAL REGION

MENARA OLYMPIA SERVICE CENTRE

Level 1, Menara Olympia,
No.8, Jalan Raja Chulan,
50200 Kuala Lumpur

BUKIT BINTANG SERVICE CENTRE

No 57 & 59,
Lower Ground & Ground Floor,
Mode Circle Building, Jalan Bukit Bintang,
55100 Kuala Lumpur

MIDVALLEY SERVICE CENTRE

2nd Floor, Unit AT3, MidValley Megamall,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

PUCHONG SERVICE CENTRE

Lot 23, First Floor, IOI Mall,
Batu 9, Jalan Puchong,
47100 Bandar Puchong Jaya, Selangor

TAMAN EQUINE SERVICE CENTRE

Lot 27, Ground Floor,
Taman Equine Shopping Centre,
No. 2, Jalan Equine, Taman Equine,
Bandar Putra Permai,
43300 Seri Kembangan, Selangor

SHAH ALAM SERVICE CENTRE

Lot LS21, Tingkat 4,
Plaza Masalam Shah Alam,
No. 2, Jln. Tengku Ampuan Zabedah,
E/9E Seksyen 9,
40100 Shah Alam, Selangor

1 UTAMA SERVICE CENTRE

Lot 37A, Ground Floor,
No.1, Lebuhr Bandar Utama,
Bandar Utama Damansara,
47800 Petaling Jaya, Selangor

SUNWAY PYRAMID SERVICE CENTRE

Lot LL1.111, Sunway Pyramid,
No.3, Jalan PJS 11/15,
Bandar Sunway,
46150 Petaling Jaya, Selangor

KAJANG SERVICE CENTRE

No. 65 & 66, Jalan Besar,
Wisma Sim Tee Ming,
43000 Kajang, Selangor

BUKIT TINGGI SERVICE CENTRE

Lot S09, Second Floor,
Bukit Tinggi Shopping Centre,
No.1, Persiaran Batu Nilam 1/KS,
6 Bandar Bukit Tinggi 2,
41200 Klang, Selangor

SEREMBAN 2 SERVICE CENTRE

Lot 41, First Floor,
Seremban 2 Shopping Centre,
No. 112, Persiaran S2 B1,
70300 Seremban 2, Negeri Sembilan

SEREMBAN BRANCH

No. 180, Ground Floor & Mezzanine Floor,
Jalan Dato' Bandar Tunggal,
70000 Seremban, Negeri Sembilan

MELAKA BRANCH

Ground Floor & Mezzanine Floor,
Wisma Tan Cheng Tiong,
No. 1A, Jalan Tun Sri Lanang,
75100 Melaka

SOUTHERN REGION

JOHOR BAHRU BRANCH

LG.01 & G.01, Wisma LKN,
No.49, Jalan Wong Ah Fook,
80000 Johor Bahru, Johor

BATU PAHAT BRANCH

Ground Floor, Wisma Lim Sin Huat,
No. 15, Jalan Ismail,
83000 Batu Pahat, Johor

TEBRAU CITY SERVICE CENTRE

Lot 39, 2nd Floor, No.1 Jalan Desa Tebrau,
Tebrau City Shopping Centre,
Taman Desa Tebrau,
81100 Johor Bahru, Johor

EASTERN REGION

KUANTAN BRANCH

No. B-320 & B-322, Ground Floor and
Mezzanine Floor,
Taman Berserah Ria, Jalan Berserah,
25300 Kuantan, Pahang

KOTA BHARU BRANCH

Lot 497 & 498,
Seksyen 12, Jalan Pengkalan Chepa,
15400 Kota Bharu, Kelantan

KUALA TERENGGANU BRANCH

No. 42, Ground & Mezzanine Floor,
Bangunan Dato Isaacs, Jalan Sultan Sulaiman,
20000 Kuala Terengganu, Terengganu

NORTHERN REGION

PENANG BRANCH

37 Tingkat Kikik 7,
Taman Inderawasih,
13600 Prai, Pulau Pinang

QUEENSBAY SERVICE CENTRE

JUSCO Queens Bay Mall
2F-01, Persiaran Bayan Indah,
Sungai Nibong,
11900 Bayan Lepas, Pulau Pinang

IPOH BRANCH

No. 31 & 33,
Jalan Yang Kalsom,
30250 Ipoh, Perak

ALOR SETAR BRANCH

No. 89 & 90,
Kompleks Perniagaan Sultan Abdul Hamid,
Persiaran Sultan Abdul Hamid,
05050 Alor Setar, Kedah

EAST MALAYSIA REGION

KUCHING BRANCH

Ground Floor, Lot 142 & 149,
Bangunan W.S.K, Jalan Abell,
93100 Kuching, Sarawak

MIRI BRANCH

Lot 1265 & 1266,
Centre Point,
Jalan Melayu,
98000 Miri, Sarawak

KOTA KINABALU BRANCH

Lot 1-0-11 & 1-1-11,
Block 1, Api-Api Centre,
Lorong Api-Api,
88000 Kota Kinabalu, Sabah