

## **REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**

#### **AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED**

We have audited the consolidated financial statements of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of AEON Thana Sinsap (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at February 20, 2013 and the related consolidated and separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and of AEON Thana Sinsap (Thailand) Public Company Limited as at February 20, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of Matter

We draw attention to Note 3 to the notes to the financial statements. On September 1, 2012, the Company entered into the share sale and purchase agreement with ACS Capital Corporation Limited, a major shareholder, for the acquisition of 100% shares in 3 related companies comprising ACS Insurance Broker (Thailand) Company Limited, ACS Life Insurance Broker (Thailand) Company Limited and ACS Servicing (Thailand) Company Limited from ACS Capital Corporation Limited. The share sale and purchase is regarded as a business combination under common control transaction which the consolidated financial statements for the year ended February 20, 2012 and the consolidated statements of financial positions as at February 20, 2012 and February 21, 2011, presented herein for comparison, have been retrospectively adjusted, as if the business combination had always been in use.

**BANGKOK**  
April 18, 2013

Niti Jungnitnirundr  
Certified Public Accountant (Thailand)  
Registration No. 3809  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT FEBRUARY 20, 2013, FEBRUARY 20, 2012 AND FEBRUARY 21, 2011**

**BAHT '000**

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		As at February 20, 2013	As at February 20, 2012 "Restated"	As at February 21, 2011 "Restated"	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	5.1	2,186,552	1,776,173	2,009,604	1,519,043	1,491,204	1,693,217
Temporary investments	6	1,550,000	250,000	-	-	-	-
Accounts receivable and other receivables							
Accounts receivable	7	42,890,413	35,312,961	32,669,348	42,332,251	33,909,414	29,345,063
Other receivables	8	242,132	413,162	245,128	297,204	423,089	385,561
Participation amount in Special Purpose Vehicle							
for Securitization due within one year	11	-	-	-	2,650,878	1,408,705	1,869,557
Subordinated lendings due within one year	12	1,438,000	592,530	124,367	1,438,000	592,530	124,367
Receivables per currency swap contracts	20	50,096	222,257	541,632	50,096	222,257	541,632
Other current assets		54,178	42,220	38,356	38,225	41,060	38,254
Total Current Assets		<u>48,411,371</u>	<u>38,609,303</u>	<u>35,628,435</u>	<u>48,325,697</u>	<u>38,088,259</u>	<u>33,997,651</u>
<b>NON-CURRENT ASSETS</b>							
Accounts receivable	7	883,599	944,380	1,220,550	852,841	942,354	1,220,550
Fixed deposits at banks under obligations	9	3,366	2,811	2,710	-	-	-
Investments in subsidiaries	10.1	-	-	-	385,707	29,991	31
Other long-term investments							
Related companies	10.2	43,536	43,536	64,150	43,536	43,536	64,150
Other companies	10.3	10	10	21	10	10	21
Participation in Special Purpose Vehicle							
for Securitization	11	-	-	-	-	451,724	1,467,122
Subordinated lendings	12	-	1,438,000	2,107,678	-	1,438,000	2,107,678
Equipment	13	534,209	548,406	503,001	475,355	482,959	456,056
Intangible assets	14	707,718	886,153	901,298	629,666	786,968	783,674
Receivables per currency swap contracts	20 and 21	16,849	835,333	374,716	16,849	835,333	374,716
Deferred tax assets	15	297,904	552,085	275,773	278,522	487,916	247,990
Other non-current assets	16	114,692	125,482	132,418	107,794	122,174	129,099
Total Non-Current Assets		<u>2,601,883</u>	<u>5,376,196</u>	<u>5,582,315</u>	<u>2,790,280</u>	<u>5,620,965</u>	<u>6,851,087</u>
<b>TOTAL ASSETS</b>		<u><u>51,013,254</u></u>	<u><u>43,985,499</u></u>	<u><u>41,210,750</u></u>	<u><u>51,115,977</u></u>	<u><u>43,709,224</u></u>	<u><u>40,848,738</u></u>

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT FEBRUARY 20, 2013, FEBRUARY 20, 2012 AND FEBRUARY 21, 2011**

**BAHT '000**

	Notes	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		As at February 20, 2013	As at February 20, 2012 "Restated"	As at February 21, 2011 "Restated"	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Bank overdrafts and short-term loans from							
financial institutions	17	3,401,172	610,000	630,000	3,335,000	610,000	630,000
Accounts payable and other payables							
Accounts payable		575,601	512,513	692,965	476,066	456,524	641,424
Other payables	18	1,035,580	779,324	673,560	1,424,438	956,753	823,816
Current portion of :							
Liabilities under finance lease agreements	19	14,775	26,360	21,573	-	-	-
Long-term loans	20	10,234,408	9,735,496	5,987,182	10,234,408	9,735,496	5,987,182
Long-term debentures	21	-	997,576	552,946	-	997,576	552,946
Accrued income tax		167,900	364,900	264,407	107,020	268,185	141,380
Payables per currency swap contracts	20 and 21	529,536	225,743	74,030	529,536	225,743	74,030
Other current liabilities		116,648	36,014	60,602	108,821	31,384	53,583
Total Current Liabilities		<u>16,075,620</u>	<u>13,287,926</u>	<u>8,957,265</u>	<u>16,215,289</u>	<u>13,281,661</u>	<u>8,904,361</u>
<b>NON-CURRENT LIABILITIES</b>							
Liabilities under finance lease agreements	19	1,305	16,080	31,684	-	-	-
Long-term loans	20	23,256,317	22,571,763	23,610,501	23,256,317	22,571,763	23,610,501
Long-term debentures	21	3,086,843	1,663,623	1,595,044	3,086,843	1,663,623	1,595,044
Payables per currency swap contracts	20 and 21	1,287,773	34,965	258,081	1,287,773	34,965	258,081
Employee benefit obligation	22	44,659	29,306	21,265	40,578	26,212	18,769
Other non-current liabilities		2,700	-	-	-	-	-
Total Non-Current Liabilities		<u>27,679,597</u>	<u>24,315,737</u>	<u>25,516,575</u>	<u>27,671,511</u>	<u>24,296,563</u>	<u>25,482,395</u>
<b>TOTAL LIABILITIES</b>		<u>43,755,217</u>	<u>37,603,663</u>	<u>34,473,840</u>	<u>43,886,800</u>	<u>37,578,224</u>	<u>34,386,756</u>

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT FEBRUARY 20, 2013, FEBRUARY 20, 2012 AND FEBRUARY 21, 2011**

**BAHT '000**

	Notes	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		As at	As at	As at	As at	As at	As at
		February 20, 2013	February 20, 2012 "Restated"	February 21, 2011 "Restated"	February 20, 2013	February 20, 2012	February 21, 2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
(CONTINUED)							
SHAREHOLDERS' EQUITY	23						
SHARE CAPITAL							
Authorized share capital							
250,000,000 ordinary shares of Baht 1 each		250,000	250,000	250,000	250,000	250,000	
Issued and paid-up share capital							
250,000,000 ordinary shares of Baht 1 each, fully paid		250,000	250,000	250,000	250,000	250,000	
PREMIUM ON ORDINARY SHARE CAPITAL		478,000	478,000	478,000	478,000	478,000	
RETAINED EARNINGS							
Appropriated							
Legal reserve	24	25,000	25,000	25,000	25,000	25,000	
Reserve for business expansion		4,850,000	4,650,000	4,250,000	4,850,000	4,250,000	
Unappropriated		1,655,290	721,927	1,485,483	1,626,177	1,458,982	
OTHER COMPONENTS OF EQUITY	26						
Exchange differences on translating financial statements of a foreign operation		(312)	176	-	-	-	
EQUITY ATTRIBUTABLE TO							
OWNERS OF THE PARENT		7,257,978	6,125,103	6,488,483	7,229,177	6,461,982	
NON-CONTROLLING INTERESTS		59	256,733	248,427	-	-	
TOTAL SHAREHOLDERS' EQUITY		7,258,037	6,381,836	6,736,910	7,229,177	6,461,982	
<b>TOTAL LIABILITIES AND</b>							
<b>SHAREHOLDERS' EQUITY</b>		51,013,254	43,985,499	41,210,750	51,115,977	40,848,738	

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
			"Restated"		
<b>REVENUES</b>					
Credit card income	27	4,632,622	4,256,073	4,328,442	3,517,724
Loan income		6,119,170	4,677,026	6,125,427	4,683,476
Hire purchase income		236,323	557,631	224,838	557,302
<b>Other income</b>					
Bad debt recovery		730,788	968,628	692,312	628,898
Gain on sales of written-off accounts receivable		-	-	-	296,679
Collection service income		126,522	96,432	42,512	39,586
Commission income		180,325	148,179	-	-
Gain on sale of other long-term investment		-	12,507	-	12,507
Gain (loss) on sale of fixed assets		(429)	22	(420)	22
Others		207,024	182,873	141,974	142,190
Total other income		<u>1,244,230</u>	<u>1,408,641</u>	<u>876,378</u>	<u>1,119,882</u>
<b>Total Revenues</b>		<u>12,232,345</u>	<u>10,899,371</u>	<u>11,555,085</u>	<u>9,878,384</u>
<b>EXPENSES</b>					
Operating and administrative expenses	30	4,877,129	4,064,365	4,647,458	3,871,516
Directors and managements' remuneration	28	90,734	75,752	70,376	54,967
Bad debts and doubtful accounts		3,129,141	4,530,132	3,090,729	4,062,915
Finance cost		1,780,543	1,658,430	1,679,047	1,532,812
Total Expenses		<u>9,877,547</u>	<u>10,328,679</u>	<u>9,487,610</u>	<u>9,522,210</u>
<b>INCOME BEFORE INCOME TAX EXPENSES</b>		<u>2,354,798</u>	<u>570,692</u>	<u>2,067,475</u>	<u>356,174</u>
<b>INCOME TAX EXPENSE</b>	31	<u>598,373</u>	<u>332,270</u>	<u>414,195</u>	<u>162,530</u>
<b>NET PROFIT FOR THE YEAR</b>		<u>1,756,425</u>	<u>238,422</u>	<u>1,653,280</u>	<u>193,644</u>
<b>NET PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		1,688,466	161,072	1,653,280	193,644
Non-controlling interests		67,959	77,350	-	-
		<u>1,756,425</u>	<u>238,422</u>	<u>1,653,280</u>	<u>193,644</u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	6.75	0.64	6.61	0.77
<b>WEIGHTED AVERAGE NUMBER OF</b>					
<b>ORDINARY SHARES</b>	<b>SHARES</b>	250,000,000	250,000,000	250,000,000	250,000,000

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
			"Restated"		
Net profit for the year		1,756,425	238,422	1,653,280	193,644
Other comprehensive income (loss)					
Exchange differences on translating					
financial statements of a foreign operation	26	(488)	176	-	-
Actuarial loss from actuarial assumptions net income tax		(5,465)	-	(5,465)	-
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<u>1,750,472</u>	<u>238,598</u>	<u>1,647,815</u>	<u>193,644</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>ATTRIBUTABLE TO :</b>					
Owners of the parent		1,682,513	161,248	1,647,815	193,644
Non-controlling interests		67,959	77,350	-	-
		<u>1,750,472</u>	<u>238,598</u>	<u>1,647,815</u>	<u>193,644</u>

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

Notes	CONSOLIDATED FINANCIAL STATEMENTS								
	Issued and paid-up share capital	Premium on ordinary shares	Owners of the parent		Other components of equity Exchange differences on translating financial statements of a foreign operation	Total owners of the parent	Non- controlling interests	Total shareholders' equity	
Retained earnings Appropriated Legal reserve			Unappropriated Reserve for business expansion						
<b>"Restated"</b>									
<b>Beginning balance, as at February 21, 2011</b>									
- as previously reported	250,000	478,000	25,000	4,250,000	1,485,483	-	6,488,483	89	6,488,572
Effect of business combination under common control	3	-	-	-	-	-	-	248,338	248,338
<b>Beginning balance, as at February 21, 2011</b>									
- adjusted	250,000	478,000	25,000	4,250,000	1,485,483	-	6,488,483	248,427	6,736,910
Changes during the year									
Appropriation of reserve for business expansion	23	-	-	400,000	(400,000)	-	-	-	-
Paid-up share capital from non-controlling interests in subsidiaries	23	-	-	-	-	-	-	11,000	11,000
Dividend paid	23	-	-	-	(262,461)	-	(262,461)	(44)	(262,505)
Interim dividend paid	23	-	-	-	(262,167)	-	(262,167)	(80,000)	(342,167)
Net profit for the year		-	-	-	161,072	-	161,072	77,350	238,422
Other comprehensive income		-	-	-	-	176	176	-	176
<b>Ending balance, as at February 20, 2012</b>		<b>250,000</b>	<b>478,000</b>	<b>25,000</b>	<b>4,650,000</b>	<b>721,927</b>	<b>6,125,103</b>	<b>256,733</b>	<b>6,381,836</b>

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

	Notes	CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)								
		Issued and paid-up share capital	Premium on ordinary shares	Owners of the parent		Other components of equity Exchange differences on translating financial statements of a foreign operation	Total owners of the parent	Non- controlling interests	Total shareholders' equity	
				Retained earnings						
				Appropriated Legal reserve	Unappropriated Reserve for business expansion					
<b>Beginning balance, as at February 21, 2012</b>										
- as previously reported		250,000	478,000	25,000	4,650,000	721,927	176	6,125,103	89	6,125,192
Effect of business combination under common control	3	-	-	-	-	-	-	-	256,644	256,644
<b>Beginning balance, as at February 21, 2012</b>										
- adjusted		250,000	478,000	25,000	4,650,000	721,927	176	6,125,103	256,733	6,381,836
Changes during the year										
Increase in share capital from non-controlling interests in subsidiaries	23	-	-	-	-	-	-	-	178,000	178,000
Appropriation of reserve for business expansion	23	-	-	-	200,000	(200,000)	-	-	-	-
Dividend paid	23	-	-	-	-	(262,208)	-	(262,208)	(178,030)	(440,238)
Interim dividend paid	23	-	-	-	-	(287,430)	-	(287,430)	-	(287,430)
Net profit for the year		-	-	-	-	1,688,466	-	1,688,466	67,959	1,756,425
Other comprehensive loss		-	-	-	-	(5,465)	(488)	(5,953)	-	(5,953)
Capital repayment from dissolution in a subsidiary	23	-	-	-	-	-	-	-	(30)	(30)
Decrease in non-controlling interests from business combination under common control	3	-	-	-	-	-	-	-	(324,573)	(324,573)
<b>Ending balance, as at February 20, 2013</b>		<b>250,000</b>	<b>478,000</b>	<b>25,000</b>	<b>4,850,000</b>	<b>1,655,290</b>	<b>(312)</b>	<b>7,257,978</b>	<b>59</b>	<b>7,258,037</b>

Notes to the financial statements form an integral part of these statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012

BAHT '000

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated Legal reserve	Reserve for business expansion Unappropriated		
<b>Beginning balance, as at February 21, 2011</b>		250,000	478,000	25,000	4,250,000	1,458,982	6,461,982
Changes during the year							
Appropriation of reserve for business expansion	23	-	-	-	400,000	(400,000)	-
Dividend paid	23	-	-	-	-	(262,460)	(262,460)
Interim dividend paid	23	-	-	-	-	(262,166)	(262,166)
Total comprehensive income		-	-	-	-	193,644	193,644
<b>Ending balance, as at February 20, 2012</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,650,000</u>	<u>728,000</u>	<u>6,131,000</u>
<b>Beginning balance, as at February 21, 2012</b>		250,000	478,000	25,000	4,650,000	728,000	6,131,000
Changes during the year							
Appropriation of reserve for business expansion	23	-	-	-	200,000	(200,000)	-
Dividend paid	23	-	-	-	-	(262,208)	(262,208)
Interim dividend paid	23	-	-	-	-	(287,430)	(287,430)
Net profit for the year		-	-	-	-	1,653,280	1,653,280
Other comprehensive loss		-	-	-	-	(5,465)	(5,465)
<b>Ending balance, as at February 20, 2013</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>1,626,177</u>	<u>7,229,177</u>

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
			"Restated"		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Income before income tax		2,354,798	570,692	2,067,475	356,174
Adjustments for:					
Bad debts and doubtful accounts		3,129,141	4,530,132	3,090,729	4,062,915
Depreciation		230,148	228,865	205,520	207,831
Amortization of cost of software		333,655	339,699	300,305	311,213
Employee benefit expense		8,522	8,041	7,535	7,443
Gain on sale of written-off accounts receivable		-	(296,679)	-	(296,679)
(Gain) loss on sale of fixed assets		429	(22)	421	(22)
Loss on written-off fixed assets		-	427	-	-
Loss on written-off software		-	4	-	-
Gain on sale of other long term investment		-	(12,507)	-	(12,507)
Interest income		(6,500,396)	(5,814,936)	(5,341,530)	(4,390,959)
Dividend income		-	-	-	(738)
Finance cost		1,780,543	1,658,430	1,679,047	1,532,812
		1,336,840	1,212,146	2,009,502	1,777,483
Operating assets (increase) decrease					
Accounts receivable and other receivables		(10,635,806)	(6,801,641)	(21,175,778)	(18,279,878)
Other current assets		(12,651)	(3,171)	2,835	(2,807)
Other non-current assets		(6,291)	5,187	(2,701)	10,352
Operating liabilities increase (decrease)					
Accounts payable and other payables		300,021	(70,601)	267,001	(88,815)
Other current liabilities		(1,541)	(25,281)	(5,431)	(22,200)
Other non-current liabilities		2,700	-	-	-
Cash paid for operations		(9,016,728)	(5,683,361)	(18,904,572)	(16,605,865)
Proceeds from interest income		6,515,785	5,779,520	5,332,007	4,333,706
Finance cost paid		(1,786,788)	(1,738,453)	(1,685,989)	(1,568,735)
Income tax paid		(539,826)	(508,089)	(364,600)	(279,311)
Net cash used in operating activities		(4,827,557)	(2,150,383)	(15,623,154)	(14,120,205)

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**BAHT '000**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2013	2012	2013	2012
			<b>"Restated"</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceed from redemption of temporary investments		250,000	-	-	-
Cash paid for purchases of temporary investments		(1,550,000)	(250,000)	-	-
(Increase) decrease in fixed deposits at banks under obligations		(555)	(101)	-	-
Cash paid for purchases of fixed assets		(260,518)	(233,614)	(242,470)	(193,652)
Cash paid for investment in cost of software		(144,986)	(332,092)	(132,769)	(322,041)
Proceeds from sale of fixed assets		726	149	721	149
Capital refund paid from dissolution of subsidiary		(34)	-	-	-
Proceeds from capital refund from other company		-	11	-	-
Cash paid for purchases of investment in subsidiaries		(324,573)	-	(355,716)	(29,960)
Proceeds from sale of other long-term investment		-	33,121	-	33,121
Dividend received		-	-	-	738
Net cash used in investing activities		<u>(2,029,940)</u>	<u>(782,526)</u>	<u>(730,234)</u>	<u>(511,645)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from sale of additional revolving receivables under securitization projects		-	-	9,151,030	11,640,540
Proceeds from sale of written-off accounts receivable		228,360	68,319	228,360	75,500
Proceeds from redemption of subordinated lending		592,530	201,515	592,530	201,515
Proceeds from short-term loans from financial institutions		45,448,339	44,150,000	45,332,000	44,150,000
Cash repayments for short-term loans from financial institutions		(43,152,167)	(44,170,000)	(43,102,000)	(44,170,000)
Proceeds from long-term debentures		1,559,000	2,082,050	1,559,000	2,082,050
Cash repayments for long-term debentures		(1,000,000)	(1,582,750)	(1,000,000)	(1,582,750)
Proceeds from long-term loans		13,412,140	18,482,994	13,412,140	18,482,994
Cash repayments for long-term loans		(9,737,195)	(15,925,386)	(9,737,195)	(15,925,385)
Cash payments for finance lease agreement		(27,975)	(13,768)	-	-
Proceeds from increased share capital in subsidiaries before business combination under common control		-	11,000	-	-
Dividend paid		(262,238)	(262,505)	(262,208)	(262,461)
Interim dividend paid		(287,430)	(342,167)	(287,430)	(262,166)
Net cash provided by financing activities		<u>6,773,364</u>	<u>2,699,302</u>	<u>15,886,227</u>	<u>14,429,837</u>
Net decrease in cash and cash equivalents		(84,133)	(233,607)	(467,161)	(202,013)
Increase (decrease) in exchange differences on translating financial statements of a foreign operation		(488)	176	-	-
Cash and cash equivalents at beginning of the years		<u>1,776,173</u>	<u>2,009,604</u>	<u>1,491,204</u>	<u>1,693,217</u>
<b>Cash and cash equivalents at the end of the years</b>	5.1	<u><u>1,691,552</u></u>	<u><u>1,776,173</u></u>	<u><u>1,024,043</u></u>	<u><u>1,491,204</u></u>

Notes to the financial statements form an integral part of these statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED FEBRUARY 20, 2013 AND 2012**

**1. OPERATIONS AND GENERAL INFORMATION**

The Company was registered as a limited company under the Civil and Commercial Code on September 18, 1992 and registered to be Public Company Limited with the Ministry of Commerce on August 7, 2001. The Company was listed on The Stock Exchange of Thailand on December 11, 2001. The Company's head office is located at 388, 27<sup>th</sup> Floor, Exchange Tower, Sukhumvit Road, Klongtoey, Bangkok. The Company's main objective is to do the business in credit card, hire purchase and personal loans.

As at February 20, 2013 and 2012, the Company has 100 branches and 87 branches, respectively.

AEON Credit Service Company Limited, incorporated in Japan, and ACS Capital Corporation Limited, incorporated in Thailand, are major shareholders with 35.12% and 19.20% shareholding, respectively. AEON Credit Service Company Limited is the ultimate parent company.

Eternal 3 Special Purpose Vehicle Company Limited (ESPT), Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4) and Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5) are subsidiaries of the Company which were incorporated under the Civil and Commercial Code of Thailand, and under the Securitization Law. Main objectives of subsidiaries are to operate as a special purpose juristic person in securitization projects and to engage in any activities for the purpose of implementing or facilitating the securitization in accordance with the securitization projects approved by the Office of the Securities and Exchange Commission of Thailand ("the SEC") on February 3, 2006, June 21, 2007, and May 19, 2010, respectively (see Notes 2.5 and 10.1).

On May 10, 2011, ESPT redeemed all participation in special purpose vehicle for securitization, subordinated lending and debentures and the Company repurchased all outstanding receivables from ESPT which led to the end of the securitization project of ESPT on the same date. On February 20, 2012, the Extraordinary Shareholders' Meeting of ESPT had passed the resolutions to approve the liquidation and dissolution. ESPT had already registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on November 9, 2012 (see Notes 7.6 and 10.1).

On October 5, 2011, AEON Microfinance (Cambodia) Private Company Limited (AEON MFC), which is a subsidiary of the Company, was incorporated in Cambodia to conduct the retail finance business (see Notes 2.5 and 10.1).

On September 1, 2012, the Company entered into the share sale and purchase agreement with ACS Capital Corporation Limited ("ACS Capital"), a major shareholder, for the acquisition of 100% shares in 3 related companies comprising the ACS Insurance Broker (Thailand) Company Limited ("ACSB"), ACS Life Insurance Broker (Thailand) Company Limited (ACSL) and ACS Servicing (Thailand) Company Limited ("ACSS") from ACS Capital resulting in such companies becoming the subsidiaries of the Company as at the same date. On September 25, 2012, the Company has paid for the acquisition of shares to ACS Capital amounting to Baht 324.57 million (see Notes 2.5, 3 and 10.1).

On October 10, 2012, Eternal 4 redeemed all participation in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from Eternal 4 which led to the end of the securitization project of Eternal 4 on the same date. As at February 20, 2013, the Extraordinary Shareholders' Meeting of Eternal 4 had passed the resolutions to approve the liquidation and dissolution and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. The process of liquidation will be commenced later (see Notes 7.6 and 10.1).

On November 2, 2012, AEON Microfinance (Myanmar) Company Limited, which is a new subsidiary of the Company, was incorporated in Myanmar to conduct the retail finance business (see Notes 2.5 and 10.1).

On January 11, 2013, AEON Leasing Service (Lao) Company Limited, which is a new subsidiary of the Company, has been granted to be incorporated in Laos to conduct the retail finance business (see Notes 2.5 and 10.1).

## **2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

2.1 The Company and its subsidiaries maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards (TFRSs) and practices generally accepted in Thailand.

All financial information presented has been rounded to the nearest thousand Baht unless otherwise stated.

2.2 The consolidated and separate financial statements are prepared in compliance with TAS 1 (Revised 2009) "Presentation of Financial Statements" and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial statements B.E. 2554" and disclose additional information as per the regulation of the SEC.

2.3 The consolidated financial statements for the years ended February 20, 2013 and 2012 included the accounts of the Company and its subsidiaries. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control in subsidiary, the Company will derecognize the assets and liabilities, any non-controlling interests and the other components of shareholder's equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an investment in securities available-for-sale depending on the level of influence retained.

- 2.4 The Company applies the acquisition method for business combinations other than those with entities under common control. Acquisition cost is measured at the consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

For the business combinations under common control, the Company applies the similar to pooling of interests method in accordance with accounting guideline of business combinations under common control. The assets and liabilities included in the consolidated financial statements are recognized at the book values of identifiable assets and liabilities of the entities under common control at the date of business combinations.

Transaction costs that the Company incurs in connection with the business combination, such as legal fees and other professional and consulting fees are expensed as incurred.

- 2.5 For the years ended February 20, 2013 and 2012, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of Registration	Registration Date	Percentage of holdings 2013	2012
Eternal 3 Special Purpose Vehicle Company Limited	Special purpose juristic person in securitization projects	Thailand	December 21, 2005	26.00*	26.00
Eternal 4 Special Purpose Vehicle Company Limited	Special purpose juristic person in securitization projects	Thailand	February 22, 2007	26.00**	26.00
Eternal 5 Special Purpose Vehicle Company Limited	Special purpose juristic person in securitization projects	Thailand	April 5, 2010	26.00	26.00
AEON Microfinance (Cambodia) Private Company Limited	Retail finance business	Cambodia	October 5, 2011	100.00	100.00
ACS Insurance Broker (Thailand) Company Limited	Non-life insurance broker	Thailand	January 26, 2005	100.00***	-
ACS Life Insurance Broker (Thailand) Company Limited	Life insurance broker	Thailand	October 11, 2006	100.00***	-
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00***	-
AEON Microfinance (Myanmar) Company Limited	Retail finance	Myanmar	November 2, 2012	100.00	-
AEON Leasing Service (Lao) Company Limited	Retail finance	Laos	January 11, 2013	100.00	-

\* Eternal 3 Special Purpose Vehicle Company Limited had already registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce on November 9, 2012 (see Notes 7.6 and 10.1).

\*\* Eternal 4 Special Purpose Vehicle Company Limited had already registered the dissolution with the Department of Business Development, Ministry of Commerce on February 20, 2013 (see Notes 7.6 and 10.1).

\*\*\* The Company has restated the consolidated financial statements, presented herein for comparison, regarding business combination under common control as if the business combination had always been in use (see Note 3).

The significant accounting policies used for the financial statements of the subsidiaries are adjusted to be the same as those of the Company.

2.6 The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards (TFRS), which are effective as follows:

1) TAS, TFRS and TSI which are effective for the financial statements for the periods beginning on or after January 1, 2013:

**Thai Accounting Standards (TAS)**

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

**Thai Financial Reporting Standards (TFRS)**

TFRS 8	Operating segment
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**Thai Accounting Standard Interpretations (TSI)**

TSI 10	Government Assistance - No Specific Relation to Operating Activities
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

**Guideline on Accounting**

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

2) TSI and TFRI which are effective for the financial statements for the periods beginning on or after January 1, 2014

**Thai Accounting Standard Interpretation (TSI)**

TSI 29	Disclosure - Service Concession Arrangements
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**Thai Financial Reporting Interpretations (TFRI)**

TFRI 4	Determining Whether an Arrangement Contains a Lease
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes

The Company and its subsidiaries' managements will adopt the above TFRSs relevant to the Company and its subsidiaries in the preparation of the Company and its subsidiaries' financial statements when they become effective. The Company and its subsidiaries managements have assessed the effects of these TFRS and believe that they will not have any significant impact on the financial statements for the period in which they are firstly applied except for TAS 12 "Income Taxes" which the Company and its subsidiaries had early adopted before its effective date.

### 3. BUSINESS COMBINATIONS UNDER COMMON CONTROL

On September 1, 2012, the Company entered into the share sale and purchase agreement with ACS Capital Corporation Limited (“ACS Capital”), a major shareholder, for the acquisition of 100.00% shares in 3 related companies comprising ACS Insurance Broker (Thailand) Company Limited (“ACSB”), ACS Life Insurance Broker (Thailand) Company Limited (“ACSL”) and ACS Servicing (Thailand) Company Limited (“ACSS”) from ACS Capital. The acquisition prices to be sold and purchased are the net book values based on the audited financial statements as at August 31, 2012 of such 3 related companies as follows:

Company	Business type	Date of Acquisition	Number of shares acquired	Proportion of shares acquired %	Acquisition price Baht '000
ACSB	Non-life insurance broker	September 1, 2012	5,999,997	100.00	90,844
ACSL	Life insurance broker	September 1, 2012	3,999,997	100.00	58,380
ACSS	Collection servicer	September 1, 2012	14,799,997	100.00	175,349
					<u>324,573</u>

The book values of assets and liabilities of such related companies which can be specified of each item are as follows;

	As at August 31, 2012			Total Baht '000
	ACSB Baht '000	ACSL Baht '000	ACSS Baht '000	
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	94,153	58,323	43,806	196,282
Trade and other receivables	97,474	56,142	54,636	208,252
Other current assets	61	902	2,441	3,404
<b>NON-CURRENT ASSETS</b>				
Fixed deposits at bank under obligation	1,500	1,000	264	2,764
Equipment	6,410	7,020	43,856	57,286
Intangible assets	8,585	3,825	69,633	82,043
Deferred tax asset	176	41	-	217
Other non-current assets	1,203	1,817	3,427	6,447
<b>TOTAL ASSETS</b>	<u>209,562</u>	<u>129,070</u>	<u>218,063</u>	<u>556,695</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	113,454	69,204	15,176	197,834
Current portion of liabilities under finance lease agreements	-	-	20,735	20,735
Accrued income tax	1,626	475	-	2,101
Other current liabilities	2,759	804	-	3,563
<b>NON-CURRENT LIABILITIES</b>				
Liabilities under finance lease agreements	-	-	3,869	3,869
Deferred tax liabilities	-	-	462	462
Employee benefit obligations	879	207	2,472	3,558
<b>TOTAL LIABILITIES</b>	<u>118,718</u>	<u>70,690</u>	<u>42,714</u>	<u>232,122</u>
<b>TOTAL NET ASSETS</b>	<u>90,844</u>	<u>58,380</u>	<u>175,349</u>	<u>324,573</u>

On September 25, 2012, the Company has paid for the acquisition of shares to ACS Capital amounting to Baht 324.57 million. Such share sale and purchase is regarded as the business combination under common control transaction which the Company has restated the comparative consolidated financial statements, as if the business combination had always been in use. Revenues and net profit of such related companies for the years ended February 20, 2013 and 2012 included in consolidated income statements are summarized as follows:

	For the years ended	
	February 20,	
	2013	2012
	Baht '000	Baht '000
Revenues		
ACSB	168,771	125,732
ACSL	80,003	70,966
ACSS	386,656	320,859
Total revenues	<u>635,430</u>	<u>517,557</u>
Net profit		
ACSB	44,616	27,424
ACSL	26,773	21,799
ACSS	43,069	28,083
Total net profit	<u>114,458</u>	<u>77,306</u>

Effects of the business combinations under common control on the consolidated financial statements for the items which have been changed are summarized as follows:

	As at February 20, 2012		Beginning balances As at February 21, 2011	
	As previously reported Baht '000	Restated Baht '000	As previously reported Baht '000	Restated Baht '000
<b>Consolidated statement of financial position</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,638,842	1,776,173	1,873,955	2,009,604
Accounts receivable and other receivables				
Accounts receivable	35,266,842	35,312,961	32,631,913	32,669,348
Other receivables	390,880	413,162	225,358	245,128
Other current assets	41,060	42,220	38,254	38,356
<b>NON-CURRENT ASSETS</b>				
Fixed deposits at bank under obligation	-	2,811	-	2,710
Equipment	485,295	548,406	456,056	503,001
Intangible assets	786,968	886,153	783,674	901,298
Deferred tax assets	551,663	552,085	274,480	275,773
Other non-current assets	122,174	125,482	129,099	132,418
<b>CURRENT LIABILITIES</b>				
Accounts payable and other payables				
Accounts payable	456,795	512,513	641,424	692,965
Other payables	776,378	779,324	677,568	673,560
Current portion of liabilities				
Liabilities under finance lease agreements	-	26,360	-	21,573
Accrued income tax	354,642	364,900	258,202	264,407
Other current liabilities	31,384	36,014	53,583	60,602
<b>NON-CURRENT LIABILITIES</b>				
Liabilities under finance lease agreements	-	16,080	-	31,684
Employee benefit obligation	26,212	29,306	18,769	21,265
<b>SHAREHOLDERS' EQUITY</b>				
Non-controlling interests	89	256,733	89	248,427

	<b>For the year ended February 20, 2012</b>	
	<b>As previously reported</b>	<b>Restated</b>
	<b>Baht '000</b>	<b>Baht '000</b>
<b>Consolidated statement of income</b>		
Loan income	4,683,476	4,677,026
Collection service income	39,586	96,432
Commission income	-	148,179
Other income - others	143,929	182,873
Operating and administrative expenses	3,960,758	4,064,365
Directors and managements' remuneration	56,882	75,752
Finance cost	1,655,479	1,658,430
Income tax expense	297,485	332,270
Net profit for the year	161,115	238,422
Profit attributable to non-controlling interests	44	77,350
<b>Consolidated statements of comprehensive income</b>		
Net profit for the year	161,115	238,422
Total comprehensive income	161,291	238,598
Total comprehensive income attributable to non-controlling interests	44	77,350
<b>Consolidated statements of changes in shareholders' equity</b>		
Non-controlling interests		
Beginning balance	89	248,427
Ending balance	89	256,733
<b>Consolidated statements of cash flows</b>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	458,600	570,692
Adjustments for:		
Depreciation	208,298	228,865
Amortization of cost of software	311,213	339,699
Employee benefit expense	7,443	8,041
Accounts receivable and other receivables	(6,838,000)	(6,801,641)
Other current assets	(2,807)	(3,171)
Other non-current assets	10,352	5,187
Accounts payable and other payables	(89,191)	(70,601)
Other current liabilities	(22,199)	(25,281)
Income tax paid	(481,909)	(508,089)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed deposits at bank under obligation increase	-	(101)
Cash payment for fixed assets acquisition	(196,454)	(233,614)
Cash payment for purchase of software	(322,041)	(332,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash payment for finance lease agreement	-	(13,768)
Proceeds from increased share capital in subsidiaries before business combination under common control	-	11,000
Interim dividend paid	(262,166)	(342,167)
Net decrease in cash and cash equivalents	(235,113)	(233,607)
Cash and cash equivalents as at beginning of the year	1,873,955	2,009,604
Cash and cash equivalents as at the end of the years	1,638,842	1,776,173

#### 4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.

##### 4.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand, deposits at financial institutions' savings accounts, current accounts and fixed accounts with original maturities within 3 months, investment in securities - bills of exchange with original maturities within 3 months and excluding deposits at financial institutions used as collateral.

##### 4.2 Accounts receivable

Accounts receivable are stated at the outstanding contract price after deducting unearned financing income and allowance for doubtful accounts.

Accounts receivables of insurance brokers are stated at total amount of premium to be collected from customers for forwarding to insurance companies including the portion of their commission.

##### 4.3 Allowance for doubtful accounts and bad debts

The Company and subsidiaries' allowance for doubtful accounts have been complied with the notification of the Office of the Securities and Exchange Commission by fully providing for all receivables which are over 3 installments contractually past due. The Company has written off debts that are determined to be irrecoverable.

Furthermore, the Company and subsidiaries had set aside an additional allowance for doubtful accounts by taking into consideration the estimated collection losses on receivables at the end of the year. Such estimated losses are based on the Company's collection experience.

Bad debt recovery is recorded as income in the statements of income when received.

##### 4.4 Troubled debt restructuring

For the debt restructuring by the modification of term of repayment to the debtor, the Company determines the loss arising from the revaluation of the book value of the debtor on the basis of the present value of the future cash flows to be received under the new conditions, using the minimum interest for prime customers in discounting. Amount by which the newly determined book value is lower than the previous book value, including interest receivable, is recorded as a loss from restructuring in the statement of income.

Losses from troubled debt restructuring arising from reductions of principal and interest are included in the statement of income.

## 4.5 Securitization transactions

Since there are no Thai accounting standards in dealing with securitization transactions, the Company applied the following guidelines for accounting for securitizations:

### 4.5.1 Securitization Projects which were approved by the SEC prior to February 3, 2006

For securitization transactions under the Projects which were approved by the SEC prior to February 3, 2006, the Company applied the US Accounting Standards, namely Financial Accounting Standard Board (FASB) Statement No. 140 regarding "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities".

A transfer of financial assets in which the transferor surrenders control over those assets is accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange. And such beneficial interests do not include other retained interests in the transferred assets.

Servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold, if any, and retained interests, if any, based on their relative fair values at the date of transfer, if practicable. The qualifying special purpose entities shall not be consolidated in the financial statements of a transferor or its related companies.

### 4.5.2 Securitization Projects which were approved by the SEC since February 3, 2006

For securitization transactions under the Projects which were approved by the SEC since February 3, 2006, the Company recognized the sales of credit card receivables to a Special Purposes Vehicle ("Securitization Plan"), according to the approval conditions required by the SEC. The conditions related to the accounting treatment are as follows:

- (1) The Company will prepare its financial statements in accordance with the accounting standards and exposure draft of the accounting guideline issued by the Federation of Accounting Professions. Therefore, the Company will prepare consolidated financial statements to combine the financial statements of Eternal 3 Special Purpose Vehicle Company Limited (ESPT), Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4) and Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5).
- (2) The Company is able to derecognize the credit card receivables, which were transferred to the SPV, and the debentures under the securitization project in the amount that the risks and rewards on the receivables have been transferred to the debenture holders for both initial receivables transferred on the initial cut off date and additional revolving receivables transferred during the revolving period.

For those receivables whose risks and rewards were not transferred to the debenture holders, the Company has recorded it as Subordinated Lending Account which is separately presented in the statement of financial position.

In order to derecognize the credit card receivables and the debentures under the securitization project which the risks and rewards on the receivables have been transferred to the debenture holders, the Company has considered that the risks and rewards have been transferred when the transferor surrenders control over those assets to the transferee and accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange. And such beneficial interests do not include other retained interests in the transferred assets.

Servicing assets and other retained interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold, if any, and retained interests, if any, based on their relative fair values at the date of transfer, if practicable.

#### 4.6 Investments

Available-for-sale securities are stated at fair value. The fair value of equity securities which are listed securities are estimated by using the bidding prices at the Stock Exchange on the last business day of the year.

Securities for general investment are stated at cost, less allowances for impairment (if any).

Investments in subsidiaries in the separate financial statements are accounted for by the cost method, less allowances for impairment (if any).

Gain or loss on the change in fair value of available-for-sale securities is presented as an item in the statements of comprehensive income. In case impairment in value of investment has occurred, the resultant loss for all classification of investment is recognized in the statement of income.

Cost of securities sold are determined by the weighted-average method.

#### 4.7 Equipment

Equipment is leasehold improvement, furniture and office equipment which is stated at cost less accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful life of the assets of 3 - 5 years.

Depreciation for the finance lease assets is charged as expense for the year. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

#### 4.8 Intangible assets

Intangible assets are computer software which is amortized by the straight-line method over the estimated useful lives of 5 years.

#### 4.9 Assets and liabilities in foreign currencies

##### 4.9.1 Functional currency and presentation currency

The consolidated and the separate financial statements are presented in Baht as the presentation currency.

Items in the financial statements of foreign operations are recorded at their functional currency.

##### 4.9.2 Translation of foreign currency transaction

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the transaction dates.

At the reporting date, balances of monetary assets and liabilities are translated at the exchange rate as of the reporting date. Balances of non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction dates or exchange rate at the date when the fair value was determined.

Gains (losses) on foreign currency trading and foreign currency translation are presented as gains (losses) on trading and foreign exchange transactions.

##### 4.9.3 Translation of financial statements of foreign operations

The translation of financial statements of a foreign operation into Baht for the purpose of preparing the consolidated financial statements is determined by using the following rates:

- Assets and liabilities are translated at the rate prevailing at the report date.
- Shareholders' equity is translated at the rates prevailing on the transaction dates.
- Revenues and expenses are translated at the average rate during the year.

Gain (loss) on translation of financial statements of a foreign operation is shown under shareholders' equity.

Intercompany transactions are translated at the rates prevailing on the dates of transactions and, upon elimination, at the rates prevailing on the consolidation date.

#### 4.10 Financial instruments

The Company entered into Interest Rate Swap Contracts, Cross Currency Swap Contracts, and Cross Currency Interest Rate Swap Contracts in asset and liability management activities to control exposure to fluctuations in interest and foreign exchange rates.

Income or expense from Interest Rate Swap Contracts used to manage interest rate exposures are recognized as adjustments to interest income or expense in the statement of income.

Gains or losses on Cross Currency Swap Contracts designated as hedges of existing assets and liabilities are recognized as income or expense in the statement of income.

Amounts to be paid and received on such agreements are classified as a non-current asset or a non-current liability if the remaining maturity of the agreements are more than 12 months and as a current asset or a current liability if the remaining maturity of the agreements are less than 12 months.

The Company and its subsidiaries have no policy to speculate in or engage in the trading of any derivative financial instruments.

#### 4.11 Lease agreements

##### Finance lease agreements

Leases which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the balance outstanding. The outstanding rental obligations, net of finance charges, are included in long-term liabilities. The interest element of the finance cost is charged to the statement of income over the lease period. The assets under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

##### Operating lease agreements

Leases which a significant portion of the risks and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income over the lease term.

When an operating lease is terminated before the lease period has expired, any fine paid to the lessor is recognized as an expense in the period in which the termination takes place.

#### 4.12 Recognition of revenues and expenses

Interest income from purposed loan (since February 21, 2008), hire-purchase receivable (since February 21, 2008), credit card receivable and personal loan are recognized on an accrual basis which is calculated by the effective interest method.

Interest income from purposed loan (before February 21, 2008) and hire-purchase receivable (before February 21, 2008) are recognized on an accrual basis which is calculated by the sum-of-the-digits method over term of the contracts.

The Company has stopped recognizing income from debtors who are over 3 consecutive installments contractually past due by stopping income recognition of such receivables since the 4<sup>th</sup> installment, in accordance with the notification of the SEC dated April 30, 2004 regarding “The Opinion on Provision for Doubtful Accounts for Consumer Finance Business”.

Commission income is recognized on the issue date of the policy.

Collection service income is recognized when debt is collected.

Dividend income is recognized on the date the Company’s right to receive payments is established.

Other income and expense are recognized on an accrual basis.

#### 4.13 Employee Benefits

##### 4.13.1 Provident Fund

The contribution for employee provident fund is recorded as expense when incurred.

##### 4.13.2 Post-employment benefits

The Company and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act. Such employee benefits are calculated by an independent actuary at the end of reporting period using the Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in the calculation of provision is referenced to the yield curve of Thai government bond.

#### 4.14 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 4.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted at the financial statement date.

#### 4.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed by the end of each reporting period. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset when there is a legally enforceable right to set off the recognized amounts and the Company intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expense or income related to profit or loss are presented in the statement of income.

#### 4.15 Basic earnings per share

Basic earnings per share are calculated by dividing the net income for the year by the number of weighted-average ordinary shares outstanding during the year. In the case of a capital increase, the number of shares is weighted according to time of registration of the paid-up share capital increase. The Company did not have any common share equivalents outstanding which would have dilutive effects on earnings per share.

#### 4.16 Significant use of accounting judgments and estimations

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Significant accounting estimates are as follows:

(1) Allowance for doubtful accounts and bad debts

The determination of the additional allowance for doubtful accounts from the notification of the SEC requires the use of various assumptions and judgments by the management, which includes the estimated collection losses on receivables, based on the Company's collection experience. The management reviews these estimates and assumptions on a regular basis.

(2) Fair value of financial instruments

For the disclosures of fair value of financial instruments, management's considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

**5. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION**

5.1 Cash and cash equivalents are as follows:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at	As at	As at	As at	As at	As at
	February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 21, 2011 Baht '000	February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 21, 2011 Baht '000
Cash	807,202	720,947	635,525	799,626	719,139	630,788
Deposits at bank - call deposits	1,069,350	1,055,226	1,374,079	719,417	772,065	1,062,429
Fixed deposits with maturity within 3 months from acquisition date	310,000	-	-	-	-	-
	2,186,552	1,776,173	2,009,604	1,519,043	1,491,204	1,693,217
<u>Less</u> Bank overdraft	(495,000)	-	-	(495,000)	-	-
Cash and cash equivalents	<u>1,691,552</u>	<u>1,776,173</u>	<u>2,009,604</u>	<u>1,024,043</u>	<u>1,491,204</u>	<u>1,693,217</u>

5.2 Cash paid for purchase of equipment and cost of software for the years ended February 20, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Equipment				
Liabilities recorded - brought forward	81,886	37,249	81,886	37,249
Purchase of equipment	217,106	274,825	199,058	234,863
Increase in deposits for equipment	-	3,426	-	3,426
	298,992	315,500	280,944	275,538
<u>Less</u> Cash payments for purchase of Equipment	(260,518)	(233,614)	(242,470)	(193,652)
Liabilities recorded - carried forward	<u>38,474</u>	<u>81,886</u>	<u>38,474</u>	<u>81,886</u>

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Cost of software				
Liabilities recorded - brought forward	-	7,534	-	7,534
Purchase of software	155,220	324,558	143,003	314,507
	155,220	332,092	143,003	322,041
<u>Less</u> Cash payments for investment in cost of software	(144,986)	(332,092)	(132,769)	(322,041)
Liabilities recorded - carried forward	10,234	-	10,234	-

5.3 During the years ended February 20, 2013 and 2012, the Company had non-cash item relating to sale of the right on credit card receivables as the Company sold additional revolving credit card receivables to subsidiaries during the revolving period or repurchased the right on credit card receivables which was settled by increasing the Seller Participation Account of Baht 790.45 million and decreasing of Baht 1,476.25 million, respectively, instead of cash receipt.

## 6. TEMPORARY INVESTMENTS

Temporary investments consist of:

	CONSOLIDATED		
	FINANCIAL STATEMENTS		
	As sat	As sat	As sat
	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000
Investment in bill of exchange	-	250,000	-
Fixed deposits with maturity more than 3 months from acquisition date	1,550,000	-	-
	1,550,000	250,000	-

As at February 20, 2013, a subsidiary invested in fixed deposits of a financial institution in Thailand in the amount of Baht 1,550 million carrying interest at the rates of 2.02% - 2.33% per annum with maturity date within September 2013.

As at February 20, 2012, a subsidiary invested in bills of exchange of a financial institution in Thailand in the amount of Baht 250 million carrying interest at the rates of 2.79% - 3.15% per annum with maturity date within July 2012. As at February 20, 2013, the subsidiary has already received the repayment of the investment in bills of exchange in full.

## 7. ACCOUNTS RECEIVABLE

### 7.1 Accounts receivable consist of:

	CONSOLIDATED FINANCIAL STATEMENTS								
	As at February 20, 2013			As at February 20, 2012			As at February 21, 2011		
	Due within	Due after	Total	Due within	Due after	Total	Due within	Due after	Total
	1 year	1 year		1 year	1 year		1 year	1 year	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>									
Hire-purchase and accrued interest receivable	755,390	374,020	1,129,410	1,170,810	314,625	1,485,435	5,333,958	812,991	6,146,949
<u>Less</u> Unearned financing income	(159,254)	(53,246)	(212,500)	(171,763)	(41,229)	(212,992)	(579,121)	(84,839)	(663,960)
	596,136	320,774	916,910	999,047	273,396	1,272,443	4,754,837	728,152	5,482,989
<u>Less</u> Allowance for doubtful accounts	(30,597)	(136)	(30,733)	(97,843)	-	(97,843)	(143,832)	-	(143,832)
Hire-purchase and accrued interest receivable - net	565,539	320,638	886,177	901,204	273,396	1,174,600	4,611,005	728,152	5,339,157
<b>Loans receivable</b>									
Loans and accrued interest receivable	28,258,743	562,961	28,821,704	24,937,716	670,984	25,608,700	19,217,350	492,398	19,709,748
<u>Less</u> Allowance for doubtful accounts	(1,154,756)	-	(1,154,756)	(1,720,738)	-	(1,720,738)	(796,147)	-	(796,147)
Loans and accrued interest receivable - net	27,103,987	562,961	27,666,948	23,216,978	670,984	23,887,962	18,421,203	492,398	18,913,601
<b>Credit card receivable</b>									
Credit card and accrued interest receivable	15,578,689	-	15,578,689	11,824,104	-	11,824,104	9,821,908	-	9,821,908
<u>Less</u> Allowance for doubtful accounts	(434,516)	-	(434,516)	(675,444)	-	(675,444)	(222,203)	-	(222,203)
Credit card and accrued interest receivable - net	15,144,173	-	15,144,173	11,148,660	-	11,148,660	9,599,705	-	9,599,705
<b>Receivable from rendering the collection service</b>	4,557	-	4,557	5,057	-	5,057	1,223	-	1,223
<b>Receivable from insurance broker business</b>	72,157	-	72,157	41,062	-	41,062	36,212	-	36,212
<b>Total accounts receivable</b>	<u>42,890,413</u>	<u>883,599</u>	<u>43,774,012</u>	<u>35,312,961</u>	<u>944,380</u>	<u>36,257,341</u>	<u>32,669,348</u>	<u>1,220,550</u>	<u>33,889,898</u>

	SEPARATE FINANCIAL STATEMENTS								
	As at February 20, 2013			As at February 20, 2012			As at February 21, 2011		
	Due within	Due after	Total	Due within	Due after	Total	Due within	Due after	Total
	1 year	1 year		1 year	1 year		1 year	1 year	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>									
Hire-purchase and accrued interest receivable	717,738	343,126	1,060,864	1,165,460	312,599	1,478,059	5,333,958	812,991	6,146,949
<u>Less</u> Unearned financing income	(159,254)	(53,246)	(212,500)	(171,763)	(41,229)	(212,992)	(579,121)	(84,839)	(663,960)
	558,484	289,880	848,364	993,697	271,370	1,265,067	4,754,837	728,152	5,482,989
<u>Less</u> Allowance for doubtful accounts	(30,513)	-	(30,513)	(97,843)	-	(97,843)	(143,832)	-	(143,832)
Hire-purchase and accrued interest receivable - net	527,971	289,880	817,851	895,854	271,370	1,167,224	4,611,005	728,152	5,339,157
<b>Loans receivable</b>									
Loans and accrued interest receivable	28,258,743	562,961	28,821,704	24,937,716	670,984	25,608,700	19,217,350	492,398	19,709,748
<u>Less</u> Allowance for doubtful accounts	(1,154,756)	-	(1,154,756)	(1,720,738)	-	(1,720,738)	(796,147)	-	(796,147)
Loans and accrued interest receivable - net	27,103,987	562,961	27,666,948	23,216,978	670,984	23,887,962	18,421,203	492,398	18,913,601
<b>Credit card receivable</b>									
Credit card and accrued interest receivable	15,038,364	-	15,038,364	10,198,022	-	10,198,022	6,449,694	-	6,449,694
<u>Less</u> Allowance for doubtful accounts	(338,071)	-	(338,071)	(401,440)	-	(401,440)	(136,839)	-	(136,839)
Credit card and accrued interest receivable - net	14,700,293	-	14,700,293	9,796,582	-	9,796,582	6,312,855	-	6,312,855
<b>Total accounts receivable</b>	<u>42,332,251</u>	<u>852,841</u>	<u>43,185,092</u>	<u>33,909,414</u>	<u>942,354</u>	<u>34,851,768</u>	<u>29,345,063</u>	<u>1,220,550</u>	<u>30,565,613</u>

7.2 Hire-purchase and loan receivables, classified by revenue recognition policy, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS								
	As at February 20, 2013			As at February 20, 2012			As at February 21, 2011		
	Effective rate	Sum-of-digit	Total	Effective rate	Sum-of-digit	Total	Effective rate	Sum-of-digit	Total
	Method	Method		Method	Method		Method	Method	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>									
Hire-purchase and accrued interest receivable	1,129,410	-	1,129,410	1,483,692	1,743	1,485,435	6,136,686	10,263	6,146,949
<u>Less</u> Unearned financing income	(212,500)	-	(212,500)	(212,887)	(105)	(212,992)	(663,475)	(485)	(663,960)
	916,910	-	916,910	1,270,805	1,638	1,272,443	5,473,211	9,778	5,482,989
<u>Less</u> Allowance for doubtful accounts	(30,733)	-	(30,733)	(96,617)	(1,226)	(97,843)	(140,839)	(2,993)	(143,832)
Hire-purchase and accrued interest receivable - net	886,177	-	886,177	1,174,188	412	1,174,600	5,332,372	6,785	5,339,157
<b>Loans receivable</b>									
Loans and accrued interest receivable	28,821,704	-	28,821,704	25,607,731	969	25,608,700	19,708,014	1,734	19,709,748
<u>Less</u> Allowance for doubtful accounts	(1,154,756)	-	(1,154,756)	(1,719,769)	(969)	(1,720,738)	(794,628)	(1,519)	(796,147)
Loan and accrued interest receivable - net	27,666,948	-	27,666,948	23,887,962	-	23,887,962	18,913,386	215	18,913,601

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	As at February 20, 2013			As at February 20, 2012			As at February 21, 2011		
	Effective rate	Sum-of-digit	Total	Effective rate	Sum-of-digit	Total	Effective rate	Sum-of-digit	Total
	Method	Method		Method	Method		Method	Method	
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>									
Hire-purchase and accrued interest receivable	1,060,864	-	1,060,864	1,476,316	1,743	1,478,059	6,136,686	10,263	6,146,949
<u>Less</u> Unearned financing income	(212,500)	-	(212,500)	(212,887)	(105)	(212,992)	(663,475)	(485)	(663,960)
	848,364	-	848,364	1,263,429	1,638	1,265,067	5,473,211	9,778	5,482,989
<u>Less</u> Allowance for doubtful accounts	(30,513)	-	(30,513)	(96,617)	(1,226)	(97,843)	(140,839)	(2,993)	(143,832)
Hire-purchase and accrued interest receivable - net	817,851	-	817,851	1,166,812	412	1,167,224	5,332,372	6,785	5,339,157
<b>Loans receivable</b>									
Loans and accrued interest receivable	28,821,704	-	28,821,704	25,607,731	969	25,608,700	19,708,014	1,734	19,709,748
<u>Less</u> Allowance for doubtful accounts	(1,154,756)	-	(1,154,756)	(1,719,769)	(969)	(1,720,738)	(794,628)	(1,519)	(796,147)
Loan and accrued interest receivable - net	27,666,948	-	27,666,948	23,887,962	-	23,887,962	18,913,386	215	18,913,601

### 7.3 Quality of assets

Accounts receivable as at February 20, classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Less than 3 months	44,219,200	37,399,609	34,401,686	43,597,177	35,809,141	31,077,401
3 months up	1,174,817	1,351,757	650,394	1,111,255	1,262,648	565,030
Total	45,394,017	38,751,366	35,052,080	44,708,432	37,071,789	31,642,431
<u>Less</u> Allowance for doubtful accounts	(1,620,005)	(2,494,025)	(1,162,182)	(1,523,340)	(2,220,021)	(1,076,818)
Total accounts receivable - net	43,774,012	36,257,341	33,889,898	43,185,092	34,851,768	30,565,613

### 7.4 Troubled debt restructuring

For the years ended February 20, 2013 and 2012, the Company had recognized interest income on restructured debts totaling Baht 126.04 million and Baht 79.86 million, respectively.

The Company had the outstanding balances of credit card receivables, hire-purchase receivables and loan receivables, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	37,515	1,069,549	27,958	951,722	69,534	1,055,396
Non-restructured accounts receivable	3,086,823	44,247,754	2,942,667	37,753,525	2,861,771	33,959,249
Total accounts receivable	3,124,338	45,317,303	2,970,625	38,705,247	2,931,305	35,014,645

	SEPARATE FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	37,515	1,069,549	27,958	951,723	69,534	1,055,395
Non-restructured accounts receivable	2,941,038	43,638,883	2,699,224	36,120,066	2,520,689	30,587,036
Total accounts receivable	<u>2,978,553</u>	<u>44,708,432</u>	<u>2,727,182</u>	<u>37,071,789</u>	<u>2,590,223</u>	<u>31,642,431</u>

As at February 20, 2013 and 2012 and February 21, 2011, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

## 7.5 Allowance for doubtful accounts

Allowance for doubtful accounts are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	2,494,025	1,162,182	881,097	2,220,021	1,076,818	824,092
Bad debts and doubtful accounts	3,129,141	4,530,132	3,309,174	3,090,729	4,062,915	2,988,807
Bad debts written off	<u>(4,003,161)</u>	<u>(3,198,289)</u>	<u>(3,028,089)</u>	<u>(3,787,410)</u>	<u>(2,919,712)</u>	<u>(2,736,081)</u>
Ending balance	<u>1,620,005</u>	<u>2,494,025</u>	<u>1,162,182</u>	<u>1,523,340</u>	<u>2,220,021</u>	<u>1,076,818</u>

During October and November 2011, many areas in Thailand had severe flooding. The situation had impacted customer's ability to repay loan of the Company and domestic subsidiaries. The Company and domestic subsidiaries had assessed the impact that the flooding situation might have on its financial statements and set allowance for doubtful accounts for those customers estimated to be impacted by Baht 1,422.98 million and Baht 1,206.07 million for consolidated and separate financial statements, respectively, as at February 20, 2012.

Subsequently, during the period ended February 20, 2013, the Company and domestic subsidiaries reduced the allowance for doubtful accounts for those customers estimated to be impacted by reversing such allowance in bad debts and doubtful accounts by Baht 824.01 million and Baht 654.29 million in the consolidated and separate statement of income for the year ended February 20, 2013, respectively. As at February 20, 2013, the Company and domestic subsidiaries have the allowance for doubtful accounts for those customers of Baht 598.97 million and Baht 551.78 million, in the consolidated and separate financial statements, respectively.

## 7.6 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreements with three (3) Special Purposes Vehicle Companies, which were incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicles (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 (1997). Under the securitization plan which was approved by the SEC, the Company sold an amount of revolving receivables and the SPV also appointed the Company to act as the servicer responsible for collecting payments from its obligor under the Receivables Sale and Purchase Agreements and Servicing Agreements.

Details of aforementioned sales of receivables are summarized as follows:

		ESPT*	Eternal 4**	Eternal 5***
Initial selling date		February 6, 2006	June 25, 2007	May 20, 2010
Type of transferred receivables		Credit Card Receivable	Credit Card Receivable	Credit Card Receivable
Revolving period		February 2006 - January 2011 (approximately)	June 2007 - May 2012 (approximately)	May 2010 - April 2015 (approximately)
<b>Initial sales of receivables</b>				
Net book value of initial receivables	Baht	2,782,514,549	3,038,017,234	4,355,040,449
Proceeds from transfer of the right of receivables	Baht	2,280,000,000	2,205,000,000	2,790,000,000
Subordinated lendings (see Note 12)	Baht	370,000,000	744,000,000	1,438,000,000
Minimum seller participation - pari passu with debentures (see Note 11)	Baht	132,500,000	88,470,000	126,840,000
Number of contracts		181,389	178,751	205,485
Average principal amount outstanding	Baht	15,340	16,996	21,194
Interest rate		18% p.a.	18% p.a.	20% p.a.

\* Eternal 3 Special Purpose Vehicle Company Limited (Subsidiary)

\*\* Eternal 4 Special Purpose Vehicle Company Limited (Subsidiary)

\*\*\* Eternal 5 Special Purpose Vehicle Company Limited (Subsidiary)

The Company does not recognize other assets obtained in the transfer of financial assets including retained interests on the financial statements because it is not practical to estimate their reliable fair values.

Other related information is summarized as follows:

During the life of the securitization projects, the Company may repurchase the Purchased Receivables from such Special Purpose Vehicle in the following circumstances:

1. When the Company has breached its representations and warranties with respect to the Purchased Receivables which are ineligible. The Company is obliged to repurchase such ineligible receivables on the next Monthly Purchase Date.
2. On a Monthly Purchase Date, the Company may exercise its option to repurchase any Purchased Receivables which become a defaulted receivable on the Collection Period End Date immediately preceding such Monthly Purchase Date.

3. The Company, as the collection agent, may exercise the Clean up Call Option for repurchase of remaining Purchased Receivables whenever the continued servicing of the Purchase Receivables is deemed to be burdensome.
4. The Company may exercise the Tax Redemption Option for repurchase of remaining Purchased Receivables, where there is incurred taxes other than corporate income tax and special business tax.

The key financial information of Special Purpose Vehicle Companies are summarized as follows:

	ESPV Baht '000	ECC Baht '000	ESPT* Baht '000	Eternal 4* Baht '000	Eternal 5* Baht '000
<b>Statements of financial position</b>					
<b>As of February 20, 2013</b>					
Total assets	8,484	-	-	18,351	7,010,893
Total liabilities	8,331	-	-	18,307	7,010,849
Total shareholders' equity	153	-	-	44	44
<b>As of February 20, 2012</b>					
Total assets	8,484	-	11,728	2,773,099	4,849,469
Total liabilities	8,358	-	11,684	2,773,055	4,849,425
Total shareholders' equity	126	-	44	44	44
<b>As of February 21, 2011</b>					
Total assets	8,919	13,440	2,370,691	2,467,237	4,903,216
Total liabilities	8,793	13,139	2,368,609	2,459,696	4,890,344
Total shareholders' equity	126	301	2,082	7,541	12,872
<b>Statement of income</b>					
<b>For the year ended February 20, 2013</b>					
Total income	1	-	18	346,641	1,135,622
Bad debts and doubtful accounts (Reversal)	-	-	-	(49,009)	87,199
Other operating expenses (Reversal)	(26)	-	42	100,182	334,109
Interest expenses	-	-	-	73,170	297,991
Income tax	-	-	-	51,129	98,742
Net income (loss)	27	-	(24)	171,169	317,581
<b>For the year ended February 20, 2012</b>					
Total income	1	-	94,200	596,844	1,136,031
Bad debts and doubtful accounts (Reversal)	-	-	(5,543)	149,166	323,593
Other operating expenses	2	-	25,363	173,752	340,776
Interest expenses	-	-	9,660	152,379	273,439
Income tax	-	-	19,621	42,957	72,377
Net income (loss)	(1)	-	45,098	78,590	125,847

\* Eternal 3 Special Purpose Vehicle Company Limited (ESPT), Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4) and Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5) are the Company's subsidiaries (see Note 1).

On May 12, 2008 and February 10, 2010, ESPV and ECC redeemed the remaining debentures and subordinated lending and the Company repurchased all outstanding receivables from ESPV and ECC which led to the end of the securitization project of ESPV and ECC. Subsequently, on December 20, 2010, the Extraordinary Shareholders' Meeting of ESPV and ECC had a resolution to approve the liquidation and dissolution. At present, ESPV is in the process of liquidation. ECC registered the dissolution with the Ministry of Commerce on December 20, 2010 and already registered the liquidation with the Ministry of Commerce on October 27, 2011.

On May 10, 2011, ESPT redeemed the remaining participation in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from ESPT which led to the end of the securitization project of ESPT on the same date. On February 20, 2012, the Extraordinary Shareholders' Meetings of ESPT had passed the resolutions to approve the dissolution and liquidation and ESPT had already registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on the same date on November 9, 2012 (see Note 10.1).

On October 10, 2012, Eternal 4 redeemed all participation in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from Eternal 4 which led to the end of the securitization project of Eternal 4 on the same date. As at February 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 4 had passed the resolutions to approve the liquidation and dissolution and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. The process of liquidation will be commenced later (see Note 10.1).

For the years ended February 20, 2013 and 2012, transactions relating to the transfer of financial assets under the securitization projects are summarized as follows:

	<b>2013</b>	<b>2012</b>
	<b>Million</b>	<b>Million</b>
	<b>Baht</b>	<b>Baht</b>
Transfers of future credit card receivables (at book value)		
- Credit card receivable (ESPT)	-	632
- Credit card receivable (Eternal 4)	2,093	3,694
- Credit card receivable (Eternal 5)	7,058	7,315
	<u>9,151</u>	<u>11,641</u>
Cash collection on behalf of Special Purpose Vehicles		
- Credit card receivable (ESPT)	-	624
- Credit card receivable (Eternal 4)	2,352	4,141
- Credit card receivable (Eternal 5)	7,895	8,163
	<u>10,247</u>	<u>12,928</u>
Servicing income on cash collection from Special Purpose Vehicles		
- Credit card receivable (ESPT)	-	21
- Credit card receivable (Eternal 4)	84	146
- Credit card receivable (Eternal 5)	282	288
	<u>366</u>	<u>455</u>

The outstanding receivables sold to Special Purpose Vehicles and managed by the Company classified by aging are as follows:

	As at February 20, 2013 Million Baht	As at February 20, 2012 Million Baht	As at February 21, 2011 Million Baht
Credit card receivables (included accrued interest income) – ESPT			
Less than 3 months	-	-	2,198
3 months up	-	-	20
	-	-	2,218
<u>Less</u> Allowance for doubtful accounts	-	-	(20)
	-	-	2,198
Credit card receivables (included accrued interest income) - Eternal 4			
Less than 3 months	-	2,361	2,361
3 months up	-	32	24
	-	2,393	2,385
<u>Less</u> Allowance for doubtful accounts	-	(92)	(24)
	-	2,301	2,361
Credit card receivables (included accrued interest income) - Eternal 5			
Less than 3 months	4,705	4,701	4,735
3 months up	63	57	41
	4,768	4,758	4,776
<u>Less</u> Allowance for doubtful accounts	(96)	(182)	(41)
	4,672	4,576	4,735
Total	<u>4,672</u>	<u>6,877</u>	<u>9,294</u>

## 8. OTHER RECEIVABLES

Other receivables consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000
Other receivable - related parties (see Note 32.2.1)	9,066	9,177	42,470	101,721	44,019	203,596
Other receivable - other companies	165,727	358,957	147,771	151,904	352,446	141,226
Prepaid expenses	58,656	42,185	52,779	35,435	24,156	38,630
Advance payment	8,683	2,843	2,108	8,144	2,468	2,109
<b>Total</b>	<u>242,132</u>	<u>413,162</u>	<u>245,128</u>	<u>297,204</u>	<u>423,089</u>	<u>385,561</u>

## 9. FIXED DEPOSITS AT BANK UNDER OBLIGATION

The 3 subsidiaries have fixed deposits at banks under obligations as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		
	As at	As at	As at
	February 20,	February 20,	February 21,
	2013	2012	2011
	Baht '000	Baht '000	Baht '000
Pledge as collateral for Bank's letters of guarantee issued for debt collection service	366	311	210
Reserve in accordance with insurance regulations	3,000	2,500	2,500
	<u>3,366</u>	<u>2,811</u>	<u>2,710</u>

## 10. INVESTMENTS IN SUBSIDIARIES AND LONG-TERM INVESTMENTS IN RELATED COMPANIES AND OTHER COMPANIES

Investments in subsidiaries and long-term investments in related companies and other companies consist of:

### 10.1 Investments in subsidiaries consist of:

	SEPARATE FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
Investments in subsidiaries (see Note 32.1)						
Eternal 3 Special Purpose Vehicle Company Limited	-	-	26.00	10.4	26.00	10.4
Eternal 4 Special Purpose Vehicle Company Limited	26.00	10.4	26.00	10.4	26.00	10.4
Eternal 5 Special Purpose Vehicle Company Limited	26.00	10.4	26.00	10.4	26.00	10.4
AEON Microfinance (Cambodia) Private Company Limited	100.00	29,960.0	100.00	29,960.0	-	-
ACS Insurance Broker (Thailand) Company Limited	100.00	90,844.0	-	-	-	-
ACS Life Insurance Broker (Thailand) Company Limited	100.00	58,380.2	-	-	-	-
ACS Servicing (Thailand) Company Limited	100.00	175,349.1	-	-	-	-
AEON Microfinance (Myanmar) Company Limited	100.00	1,127.1	-	-	-	-
AEON Leasing Service (Lao) Company Limited	100.00	30,026.3	-	-	-	-
<b>Total investments in subsidiaries</b>		<u>385,707.5</u>		<u>29,991.2</u>		<u>31.2</u>

On May 10, 2011, Eternal 3 Special Purpose Vehicle Company Limited (ESPT) redeemed the remaining participation in special purpose vehicle for securitization, subordinated lending and debentures and the Company repurchased all outstanding receivables from ESPT which led to the end of the securitization project of ESPT on the same date. On February 20, 2012, the Extraordinary Shareholders' Meetings of ESPT had passed the resolutions to approve the dissolution and liquidation and ESPT had already registered the completion of liquidation process with the Ministry of Commerce on November 9, 2012 (see Note 7.6).

During the year ended February 20, 2012, the Company paid Baht 29.96 million for investment in AEON Microfinance (Cambodia) Private Company Limited (AEON MFC), a subsidiary of the Company, which was incorporated in Cambodia in order to conduct the retail finance business.

On September 1, 2012, the Company entered into the share sale and purchase agreement with ACS Capital Corporation Limited (“ACS Capital”), a major shareholder, for the acquisition of 100% shares in 3 related companies comprising of the ACS Insurance Broker (Thailand) Company Limited (“ACSB”), ACS Life Insurance Broker (Thailand) Company Limited (“ACSL”) and ACS Servicing (Thailand) Company Limited (“ACSS”) from ACS Capital resulting in such companies becoming the subsidiaries of the Company as at the same date. (see Note 3)

On October 10, 2012, Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4) redeemed all participation in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from Eternal 4 which led to the end of the securitization project of Eternal 4 on the same date. As at February 20, 2013, the Extraordinary Shareholders’ Meetings of Eternal 4 had passed the resolutions to approve the dissolution and liquidation and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. The process of liquidation will be commenced later (see Note 7.6).

During the year ended February 20, 2013, the Company paid Baht 1.13 million for investment in AEON Microfinance (Myanmar) Company Limited, a new subsidiary of the Company, which was incorporated in Myanmar in order to conduct the retail finance business.

During the year ended February 20, 2013, the Company paid Baht 30.03 million for investment in AEON Leasing Service (Lao) Company Limited, a new subsidiary of the Company, which was incorporated in Laos in order to conduct the retail finance business.

## 10.2 Long-term investments in related companies consist of:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
<b>Long-term investments in related companies</b>					
Aeon (Thailand) Co., Ltd.					
	(340,000 shares of Baht 100 each, Baht 25 called up)	8.50	8,500	8.50	8,500
ACS Credit Management Co., Ltd.					
	(550 shares of JPY 100,000 each, par value of JPY 50,000, fully paid)	-	-	4.60	20,614
PT. Aeon Credit Service Indonesia					
	(173 shares of IDR 30 million each, par value of IDR 30 million, fully paid)	5.18	19,072	5.18	19,072
AEON Credit Service Systems (Philippines) Inc.					
	(100,000 shares of PHP 100 each, par value of PHP 100, fully paid)	10.00	7,645	10.00	7,645
ACS Trading Vietnam Co., Ltd.					
	(20% of joint venture’s ownership of VND 50,000 million, fully paid)	20.00	16,819	20.00	16,819
			52,036		72,650
			(8,500)		(8,500)
<b>Total long-term investments in related parties</b>					
			<u>43,536</u>		<u>64,150</u>

### 10.3 Long-term investments in other companies consist of:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	% of	Cost	% of	Cost	% of	Cost
	Ownership	Baht '000	Ownership	Baht '000	Ownership	Baht '000
Eternal Special Purpose Vehicle Company Limited (ESPV)	26.00	10.4	26.00	10.4	26.00	10.4
Eternal Credit Card Special Purpose Vehicle Company Limited (ECC)	-	-	-	-	26.00	10.4
<b>Total long-term investments in other companies</b>		<u>10.4</u>		<u>10.4</u>		<u>20.8</u>

ESPV and ECC were registered as special purpose companies under the Securitization Law on October 3, 2003 and January 14, 2005, respectively. Subsequently, ESPV and ECC redeemed all debentures and the Company repurchased all outstanding receivables from ESPV and ECC which led to the end of the securitization projects of ESPV and ECC on May 12, 2008 and February 10, 2010, respectively.

On December 20, 2010, the Extraordinary Shareholders' Meetings of ESPV and ECC had passed the resolutions to approve the liquidation and dissolution. At present, ESPV is in the process of liquidation. ECC registered the dissolution with the Ministry of Commerce on December 20, 2010 and already registered the liquidation with the Ministry of Commerce on October 27, 2011 (see Note 7.6).

## 11. PARTICIPATION IN SPECIAL PURPOSE VEHICLES FOR SECURITIZATION

Participation in Special Purpose Vehicles for securitization is as follows:

	SEPARATE FINANCIAL STATEMENTS		
	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000
Participation in Special Purpose Vehicles for securitization (see Note 32.2.1)			
Eternal 3 Special Purpose Vehicle Company Limited (ESPT)	-	-	1,869,557
Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4)	-	1,408,705	1,007,103
Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5)	<u>2,650,878</u>	<u>451,724</u>	<u>460,019</u>
Total	2,650,878	1,860,429	3,336,679
<u>Less</u> Current portion of Participation amounts in Special Purpose Vehicles for securitization	<u>(2,650,878)</u>	<u>(1,408,705)</u>	<u>(1,869,557)</u>
<b>Participation in Special Purpose Vehicle for Securitization</b>	<u>-</u>	<u>451,724</u>	<u>1,467,122</u>

On the contract dates under securitization projects, the Company received partial payments from ESPT, Eternal 4 and Eternal 5 with seller participation accounts under securitization projects of Baht 132,514,549, Baht 89,017,233 and Baht 127,040,449, respectively, which are non-subordinated and ranked in order of priority pari passu with payments of principal in respect of the debentures. The aggregate seller participation accounts will increase from partial payments of such Special Purpose Vehicle Companies for purchase of Future Receivables and Additional Receivables when such Special Purpose Vehicle Companies' net cash flow generated by the Purchased Receivables is insufficient. Participation accounts are reduced by the repurchase of ineligible receivables and the receipt of the excess cash from such Special Purpose Vehicle Companies. However, the Company has to retain such Participation Minimum Amounts on Eternal 4 and Eternal 5 not less than 5%, 3% and 3% of the aggregate of the outstanding principal amounts of the debentures and the subordinated loans of ESPT, Eternal 4 and Eternal 5, of which such amounts will be repaid by cash approximately within 2011, 2012, and 2015, respectively, or when these projects end.

On May 10, 2011, ESPT has redeemed the remaining participation in special purpose vehicle for securitization (see Notes 7.6 and 10.1).

On October 10, 2012, Eternal 4 has redeemed the remaining participation in special purpose vehicle for securitization (see Notes 7.6 and 10.1).

## 12. SUBORDINATED LENDINGS

Subordinated lendings with Special Purpose Vehicles are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	As at	As at	As at
	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000
Subordinated lendings (see Note 32.2.1)			
Eternal 3 Special Purpose Vehicle Company Limited (ESPT)	-	-	124,367
Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4)	-	592,530	669,678
Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5)	1,438,000	1,438,000	1,438,000
Total	1,438,000	2,030,530	2,232,045
<u>Less</u> Current portion of subordinated lendings	(1,438,000)	(592,530)	(124,367)
<b>Subordinated lendings</b>	<b>-</b>	<b>1,438,000</b>	<b>2,107,678</b>

- (1) On February 6, 2006, the Company entered into the subordinated bridging loan agreement with ESPT amounting to Baht 370,000,000 for the purpose of partial payment of the Initial Credit Card Receivables from ESPT under the provision of the Receivable Sale Agreement (see Note 7.6). The interest was received on the monthly basis at the rate of 15% per annum. Subsequently, such bridging loan was refinanced to be subordinated term loan in July 2006 in accordance with such Bridging Loan Agreement. The term loan was due in the year 2011 and the interest was received on the monthly basis at the rate of 15% per annum. As at February 21, 2011, the Company received partial repayment of such subordinated loan.

Subsequently, on May 10, 2011, ESPT redeemed all the subordinated lending (see Notes 7.6 and 10.1).

- (2) On June 25, 2007, the Company entered into the subordinated bridging loan agreement with Eternal 4 amounting to Baht 744,000,000 for the purpose of partial payment of the Initial Credit Card Receivables from Eternal 4 under the provision of the Receivable Sale Agreement (see Note 7.6). The interest was received on the monthly basis at the rate of 15% per annum. Subsequently, such bridging loan was refinanced to be subordinated term loan in September 2007 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2012 and the interest is received on the monthly basis at the rate of 15% per annum. As at February 20, 2012 and February 21, 2011, the Company received partial repayment of such subordinated lending.

Subsequently, on October 10, 2012, Eternal 4 redeemed all the remaining subordinated lending in special purpose vehicle for securitization (see Notes 7.6 and 10.1).

- (3) On May 20, 2010, the Company entered into the subordinated bridging loan agreement with Eternal 5 amounting to Baht 1,438,000,000 for the purpose of partial payment of the Initial Credit Card Receivables from Eternal 5 under the provision of the Receivable Sale Agreement (see Note 7.6). The interest was received on the monthly basis at the rate of 3% per annum. Subsequently, such bridging loan was refinanced to be subordinated term loan in October 2010 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2015 and the interest is received on the monthly basis at the rate of 12% per annum. As at February 20, 2013, February 20, 2012 and February 21, 2011, the Company has not yet received any repayment of such subordinated lending.

### 13. EQUIPMENT

Equipment consists of the following:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at	As at	As at	As at	As at	As at
	February 20,	February 20,	February 21,	February 20,	February 20,	February 21,
	2013	2012	2011	2013	2012	2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Cost	2,109,571	1,954,680	1,707,711	1,958,001	1,820,905	1,612,269
Accumulated depreciation	(1,575,362)	(1,406,274)	(1,204,710)	(1,482,646)	(1,337,946)	(1,156,213)
Total equipment	<u>534,209</u>	<u>548,406</u>	<u>503,001</u>	<u>475,355</u>	<u>482,959</u>	<u>456,056</u>

The movements of equipment during the years are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance as at February 21, 2012 Baht '000	Additions Baht '000	Disposals Baht '000	Balance as at February 20, 2013 Baht '000
<b>Cost</b>				
Furniture and office equipment	1,952,545	196,011	(62,215)	2,086,341
Furniture and office equipment under installation	2,135	21,095	-	23,230
	<u>1,954,680</u>	<u>217,106</u>	<u>(62,215)</u>	<u>2,109,571</u>
<b>Accumulated depreciation</b>				
Furniture and office equipment	(1,406,274)	(230,148)	61,060	(1,575,362)
<b>Total equipment</b>	<u>548,406</u>			<u>534,209</u>

CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance as at February 21, 2011 Baht '000	Additions Baht '000	Disposals Baht '000	Balance as at February 20, 2012 Baht '000
<b>Cost</b>				
Furniture and office equipment	1,707,711	272,690	(27,856)	1,952,545
Furniture and office equipment under installation	-	2,135	-	2,135
	<u>1,707,711</u>	<u>274,825</u>	<u>(27,856)</u>	<u>1,954,680</u>
<b>Accumulated depreciation</b>				
Furniture and office equipment	(1,204,710)	(228,865)	27,301	(1,406,274)
<b>Total equipment</b>	<u>503,001</u>			<u>548,406</u>

SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at February 21, 2012 Baht '000	Additions Baht '000	Disposals Baht '000	Balance as at February 20, 2013 Baht '000
<b>Cost</b>				
Furniture and office equipment	1,820,905	179,029	(61,962)	1,937,972
Furniture and office equipment under installation	-	20,029	-	20,029
	<u>1,820,905</u>	<u>199,058</u>	<u>(61,962)</u>	<u>1,958,001</u>
<b>Accumulated depreciation</b>				
Furniture and office equipment	(1,337,946)	(205,520)	60,820	(1,482,646)
<b>Total equipment</b>	<u>482,959</u>			<u>475,355</u>

SEPARATE FINANCIAL STATEMENTS				
	Beginning balance as at February 21, 2011 Baht '000	Additions Baht '000	Disposals Baht '000	Balance as at February 20, 2012 Baht '000
<b>Cost</b>				
Furniture and office equipment	1,612,269	234,863	(26,227)	1,820,905
<b>Accumulated depreciation</b>				
Furniture and office equipment	(1,156,213)	(207,830)	26,097	(1,337,946)
<b>Total equipment</b>	<u>456,056</u>			<u>482,959</u>

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Depreciation for the years ended February 20,	230,148	228,865	205,520	207,830

Costs of fully depreciated equipment still in use are as following:

	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000
Consolidated financial statements	1,115,762	884,794	773,201
Separate financial statements	1,080,493	867,883	761,302

Office equipment under finance lease agreements which present in equipment account is as follows:

	CONSOLIDATED		
	FINANCIAL STATEMENTS		
	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000
Cost	61,583	61,586	-
Accumulated depreciation	(49,480)	(39,654)	-
	12,103	21,932	-

#### 14. INTANGIBLE ASSETS

Intangible assets consist of the following:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Cost	2,874,903	2,719,683	2,395,130	2,698,561	2,555,558	2,241,051
Accumulated amortization	(2,167,185)	(1,833,530)	(1,493,832)	(2,068,895)	(1,768,590)	(1,457,377)
Total intangible assets	707,718	886,153	901,298	629,666	786,968	783,674

The movements of intangible assets during the years are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance	Additions	Disposals/	Transfer in	Balance
	as at		Write-off	(Transfer out)	as at
	February 21, 2012				February 20, 2013
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
<b>Cost</b>					
Computer software	2,659,848	124,733	-	56,138	2,840,719
Computer software under installation	59,835	30,487	-	(56,138)	34,184
	<u>2,719,683</u>	<u>155,220</u>	<u>-</u>	<u>-</u>	<u>2,874,903</u>
<b>Accumulated amortization</b>					
Computer software	(1,833,530)	(333,655)	-	-	(2,167,185)
<b>Total intangible assets</b>	<u>886,153</u>				<u>707,718</u>

	CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance	Additions	Disposals/	Transfer in	Balance
	as at		Write-off	(Transfer out)	as at
	February 21, 2011				February 20, 2012
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
<b>Cost</b>					
Computer software	2,344,948	221,567	(5)	93,338	2,659,848
Computer software under installation	50,182	102,991	-	(93,338)	59,835
	<u>2,395,130</u>	<u>324,558</u>	<u>(5)</u>	<u>-</u>	<u>2,719,683</u>
<b>Accumulated amortization</b>					
Computer software	(1,493,832)	(339,699)	1	-	(1,833,530)
<b>Total intangible assets</b>	<u>901,298</u>				<u>886,153</u>

	SEPARATE FINANCIAL STATEMENTS				
	Beginning balance	Additions	Disposals/	Transfer in	Balance
	as at		Write-off	(Transfer out)	as at
	February 21, 2012				February 20, 2013
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
<b>Cost</b>					
Computer software	2,495,723	113,822	-	56,138	2,665,683
Computer software under installation	59,835	29,181	-	(56,138)	32,878
	<u>2,555,558</u>	<u>143,003</u>	<u>-</u>	<u>-</u>	<u>2,698,561</u>
<b>Accumulated amortization</b>					
Computer software	(1,768,590)	(300,305)	-	-	(2,068,895)
<b>Total intangible assets</b>	<u>786,968</u>				<u>629,666</u>

	SEPARATE FINANCIAL STATEMENTS				Balance as at February 20, 2012 Baht '000
	Beginning balance as at February 21, 2011 Baht '000	Additions Baht '000	Disposals/ Write-off Baht '000	Transfer in (Transfer out) Baht '000	
	<b>Cost</b>				
Computer software	2,214,023	211,517	-	70,183	2,495,723
Computer software under installation	27,028	102,990	-	(70,183)	59,835
	<u>2,241,051</u>	<u>314,507</u>	<u>-</u>	<u>-</u>	<u>2,555,558</u>
<b>Accumulated amortization</b>					
Computer software	(1,457,377)	(311,213)	-	-	(1,768,590)
<b>Total intangible assets</b>	<u>783,674</u>				<u>786,968</u>

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013 Baht '000	2012 Baht '000	2013 Baht '000	2012 Baht '000
	Amortization for the years ended February 20,	<u>333,655</u>	<u>339,699</u>	<u>300,305</u>

Costs of fully amortized computer software still in use are as following:

	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000
Consolidated financial statements	<u>1,224,230</u>	<u>983,575</u>	<u>716,775</u>
Separate financial statements	<u>1,223,087</u>	<u>983,575</u>	<u>716,775</u>

Copyrights for computer software under financial lease agreements which were included in intangible assets are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		
	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000
	Cost	57,547	57,547
Accumulated amortization	<u>(46,885)</u>	<u>(35,375)</u>	<u>-</u>
	<u>10,662</u>	<u>22,172</u>	<u>-</u>

## 15. DEFERRED TAX ASSETS

Deferred tax assets consist of:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at	As at	As at	As at	As at	As at
	February 20, 2013	February 20, 2012	February 21, 2011	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	323,957	573,626	348,654	304,668	510,605	323,045
Non-accrual of interest income	43,762	44,542	25,900	43,131	43,814	25,019
Finance lease – Assets	-	-	544	-	-	-
Employee benefit obligation	8,932	5,861	6,379	8,115	5,242	5,631
Others	11,202	9,264	9,655	11,204	9,266	9,654
	<u>387,853</u>	<u>633,293</u>	<u>391,132</u>	<u>367,118</u>	<u>568,927</u>	<u>363,349</u>
<b>Deferred tax liabilities</b>						
Finance lease - Liabilities	1,353	197	-	-	-	-
Unrealized loss on currency swap contracts	88,596	81,011	115,359	88,596	81,011	115,359
	<u>89,949</u>	<u>81,208</u>	<u>115,359</u>	<u>88,596</u>	<u>81,011</u>	<u>115,359</u>
<b>Deferred tax assets</b>	<u>297,904</u>	<u>552,085</u>	<u>275,773</u>	<u>278,522</u>	<u>487,916</u>	<u>247,990</u>

The movements of deferred tax assets and liabilities during the years are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Beginning balance	Items as	Items as	Balance
	As at	recognized in	recognized	As at
	February 21, 2012	profit or loss	in other comprehensive income	February 20, 2013
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	573,626	(249,669)	-	323,957
Non-accrual of interest income	44,542	(780)	-	43,762
Employee benefit obligation	5,861	1,705	1,366	8,932
Others	9,264	1,938	-	11,202
	<u>633,293</u>	<u>(246,806)</u>	<u>1,366</u>	<u>387,853</u>
<b>Deferred tax liabilities</b>				
Finance lease - Liabilities	197	1,156	-	1,353
Unrealized loss on currency swap contracts	81,011	7,585	-	88,596
	<u>81,208</u>	<u>8,741</u>	<u>-</u>	<u>89,949</u>
<b>Deferred tax assets</b>	<u>552,085</u>	<u>(255,547)</u>	<u>1,366</u>	<u>297,904</u>

CONSOLIDATED FINANCIAL STATEMENTS				
Beginning balance	Items as	Items as	Balance	
As at	recognized in	recognized	As at	
February 21, 2011	profit or loss	in other comprehensive income	February 20, 2012	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	348,654	224,972	-	573,626
Non-accrual of interest income	25,900	18,642	-	44,542
Finance lease – Assets	544	(544)	-	-
Employee benefit obligation	6,379	(518)	-	5,861
Others	9,655	(391)	-	9,264
	<u>391,132</u>	<u>242,161</u>	<u>-</u>	<u>633,293</u>
<b>Deferred tax liabilities</b>				
Finance lease – Liabilities	-	197	-	197
Unrealized loss on currency swap contracts	115,359	(34,348)	-	81,011
	<u>115,359</u>	<u>(34,151)</u>	<u>-</u>	<u>81,208</u>
<b>Deferred tax assets</b>	<u>275,773</u>	<u>276,312</u>	<u>-</u>	<u>552,085</u>

SEPARATE FINANCIAL STATEMENTS				
Beginning balance	Items as	Items as	Balance	
As at	recognized in	recognized	As at	
February 21, 2012	profit or loss	in other comprehensive income	February 20, 2013	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	510,605	(205,937)	-	304,668
Non-accrual of interest income	43,814	(683)	-	43,131
Employee benefit obligation	5,242	1,507	1,366	8,115
Others	9,266	1,938	-	11,204
	<u>568,927</u>	<u>(203,175)</u>	<u>1,366</u>	<u>367,118</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on currency swap contracts	81,011	7,585	-	88,596
	<u>81,011</u>	<u>7,585</u>	<u>-</u>	<u>88,596</u>
<b>Deferred tax assets</b>	<u>487,916</u>	<u>(210,760)</u>	<u>1,366</u>	<u>278,522</u>

SEPARATE FINANCIAL STATEMENTS				
Beginning balance	Items as	Items as	Balance	
As at	recognized in	recognized	As at	
February 21, 2011	profit or loss	in other comprehensive income	February 20, 2012	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	323,045	187,560	-	510,605
Non-accrual of interest income	25,019	18,795	-	43,814
Employee benefit obligation	5,631	(389)	-	5,242
Others	9,654	(388)	-	9,266
	<u>363,349</u>	<u>205,578</u>	<u>-</u>	<u>568,927</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on currency swap contracts	115,359	(34,348)	-	81,011
	<u>115,359</u>	<u>(34,348)</u>	<u>-</u>	<u>81,011</u>
<b>Deferred tax assets</b>	<u>247,990</u>	<u>239,926</u>	<u>-</u>	<u>487,916</u>

## 16. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at	As at	As at	As at	As at	As at
	February 20, 2013	February 20, 2012	February 21, 2011	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Deposits	111,129	104,838	94,158	104,231	101,530	90,839
Others	3,563	20,644	38,260	3,563	20,644	38,260
Total	114,692	125,482	132,418	107,794	122,174	129,099

## 17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Interest rate	Baht '000	Interest rate	Baht '000	Interest rate	Baht '000
	%		%		%	
Overdrafts in THB currency	2.90	495,000	-	-	-	-
Short term loans in THB currency	2.85 - 3.17	2,840,000	3.10 - 3.15	610,000	2.10 - 2.35	630,000
Short term loans in USD currency	0.95 - 1.16	66,172	-	-	-	-
Total		3,401,172		610,000		630,000

	SEPARATE FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Interest rate	Baht '000	Interest rate	Baht '000	Interest rate	Baht '000
	%		%		%	
Overdrafts in THB currency	2.90	495,000	-	-	-	-
Short term loans in THB currency	2.85 - 3.17	2,840,000	3.10 - 3.15	610,000	2.10 - 2.35	630,000
Total		3,335,000		610,000		630,000

Short-term loans from financial institutions are loans from various financial institutions in the form of promissory notes and are unsecured.

## 18. OTHER PAYABLES

Other payables are as follows:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at	As at	As at	As at	As at	As at
	February 20, 2013	February 20, 2012	February 21, 2011	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Other payable - related parties (see Note 32.2.1)	4,562	2,913	1,571	415,784	232,968	186,383
Other payable - other companies	258,338	233,870	159,412	247,736	192,399	146,266
Interest payable	322,534	270,002	311,267	320,070	266,621	307,359
Accrued expenses	450,146	272,539	201,310	440,848	264,765	183,808
Total	<u>1,035,580</u>	<u>779,324</u>	<u>673,560</u>	<u>1,424,438</u>	<u>956,753</u>	<u>823,816</u>

## 19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	Minimum lease payment			Present value of minimum lease payment		
	As at	As at	As at	As at	As at	As at
	February 20, 2013	February 20, 2012	February 21, 2011	February 20, 2013	February 20, 2012	February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Within 1 year	16,375	27,982	24,030	14,775	26,360	21,573
Over 1 year to 5 years	1,320	16,449	33,047	1,305	16,080	31,684
	17,695	44,431	57,077	16,080	42,440	53,257
<u>Less</u> Deferred interest	(1,615)	(1,991)	(3,820)	-	-	-
	<u>16,080</u>	<u>42,440</u>	<u>53,257</u>	<u>16,080</u>	<u>42,440</u>	<u>53,257</u>

Liabilities under finance lease contracts are liabilities arising from the leases of office equipment. The contracts are for the period of 3 years and the liabilities are repayable in monthly installments. At the end of the lease terms, the subsidiary has the right to exercise a purchase option on the leased assets at the price as specified in the agreements.

## 20. LONG-TERM LOANS

The Company entered into various long-term loan agreements in Baht and foreign currencies as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	As at February 20, 2013		
	Interest rate %	Foreign currency Million	Baht equivalent Baht '000
Loan in YEN currency	3.01 - 6.61	28,220.00	9,081,563
Loan in USD currency	2.59 - 4.60	519.65	15,604,206
Loan in THB currency	3.65 - 5.00	-	8,920,000
<u>Less</u> Loan issuance cost			(115,044)
			<u>33,490,725</u>
<u>Less</u> Current portion of long-term loans			(10,234,408)
<b>Total long-term loans – net</b>			<u><u>23,256,317</u></u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
As at February 20, 2012

	Interest rate %	Foreign currency Million	Baht equivalent Baht '000
Loan in YEN currency	2.83 - 6.61	26,750.00	10,534,739
Loan in USD currency	2.59 - 4.60	353.85	10,955,373
Loan in THB currency	3.80 - 5.52	-	10,890,000
<u>Less</u> Loan issuance cost			(72,853)
			32,307,259
<u>Less</u> Current portion of long-term loans			(9,735,496)
<b>Total long-term loans – net</b>			<b>22,571,763</b>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
As at February 21, 2011

	Interest rate %	Foreign currency Million	Baht equivalent Baht '000
Loan in YEN currency	2.63 - 6.61	35,000.00	12,952,520
Loan in USD currency	3.53 - 4.60	202.00	6,233,361
Loan in THB currency	3.80 - 5.52	-	10,490,000
<u>Less</u> Loan issuance cost			(78,198)
			29,597,683
<u>Less</u> Current portion of long-term loans			(5,987,182)
<b>Total long-term loans – net</b>			<b>23,610,501</b>

To manage risk that might occur from the fluctuation in currency and interest rate, the Company has entered into interest rate swap contracts, cross currency swap contracts and cross currency interest rate swap contracts to hedge its debts as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
As at February 20, 2013

	Principal to be received/ paid Baht '000	Carrying amount		Total Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts				
USD currency	583,050	-	2,502	2,502
Cross Currency Interest Rate Swap Contracts				
YEN currency	1,076,250	50,096	-	50,096
USD currency	2,688,200	-	14,347	14,347
	<u>4,347,500</u>	<u>50,096</u>	<u>16,849</u>	<u>66,945</u>
<b>Payable per currency swap</b>				
Cross Currency Swap Contracts				
YEN currency	1,284,240	(157,895)	-	(157,895)
USD currency	597,740	-	(27,202)	(27,202)
Cross Currency Interest Rate Swap Contracts				
YEN currency	8,033,630	(353,233)	(851,526)	(1,204,759)
USD currency	12,038,944	(18,408)	(274,966)	(293,374)
	<u>21,954,554</u>	<u>(529,536)</u>	<u>(1,153,694)</u>	<u>(1,683,230)</u>

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
As at February 20, 2012

	Principal to be received/ paid Baht '000	Carrying amount		Total Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts				
YEN currency	1,840,681	34,293	94,136	128,429
USD currency	583,050	-	20,680	20,680
Cross Currency Interest Rate Swap Contracts				
YEN currency	7,830,455	182,290	552,883	735,173
USD currency	6,996,844	-	159,676	159,676
Interest Rate Swap Contracts				
THB currency	2,450,000	5,674	-	5,674
	<u>19,701,030</u>	<u>222,257</u>	<u>827,375</u>	<u>1,049,632</u>
<b>Payable per currency swap</b>				
Cross Currency Interest Rate Swap Contracts				
USD currency	3,406,080	(209,171)	(1,785)	(210,956)
Interest Rate Swap Contracts				
THB currency	2,740,000	(16,572)	-	(16,572)
	<u>6,146,080</u>	<u>(225,743)</u>	<u>(1,785)</u>	<u>(227,528)</u>

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
As at February 21, 2011

	Principal to be received/ paid Baht '000	Carrying amount		Total Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts				
YEN currency	1,425,800	42,144	12,344	54,488
Cross Currency Interest Rate Swap Contracts				
YEN currency	7,978,825	499,488	292,394	791,882
USD currency	3,906,795	-	69,978	69,978
	<u>13,311,420</u>	<u>541,632</u>	<u>374,716</u>	<u>916,348</u>
<b>Payable per currency swap</b>				
Cross Currency Swap Contracts				
YEN currency	1,669,322	(1,332)	(2,665)	(3,997)
Cross Currency Interest Rate Swap Contracts				
YEN currency	1,043,280	-	(7,078)	(7,078)
USD currency	2,475,480	-	(218,892)	(218,892)
Interest Rate Swap Contracts				
THB currency	5,990,000	(45,056)	-	(45,056)
	<u>11,178,082</u>	<u>(46,388)</u>	<u>(228,635)</u>	<u>(275,023)</u>

## 21. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as follows:

Issue date	Maturity Date	No. of units	Currency	Par value per unit	Amount	Interest rate %	Term of interest payment	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
								As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
								Baht '000	Baht '000	Baht '000
25/08/2008	25/08/2012	1,000,000	THB	1,000	1,000,000,000	5.20	Semi-annual	-	1,000,000	1,000,000
19/12/2008	19/12/2011	15	JPY	100,000,000	1,500,000,000	JPY-TIBOR 6M + 0.45	Semi-annual	-	-	555,108
30/07/2010	30/07/2015	20	USD	1,000,000	20,000,000	USD-LIBOR 6M + 0.50	Semi-annual	600,566	619,210	616,554
14/07/2011	14/07/2016	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.30	Semi-annual	450,425	464,408	-
16/12/2011	16/12/2016	20	USD	1,000,000	20,000,000	USD-LIBOR 6M + 0.80	Semi-annual	600,566	619,210	-
30/08/2012	30/08/2017	30	USD	1,000,000	30,000,000	USD-LIBOR 3M	Quarterly	900,849	-	-
13/09/2012	13/09/2017	20	USD	1,000,000	20,000,000	USD-LIBOR 3M + 0.20	Quarterly	600,566	-	-
								3,152,972	2,702,828	2,171,662
<u>Less</u> Debenture issuance cost								(66,129)	(41,629)	(23,672)
								3,086,843	2,661,199	2,147,990
<u>Less</u> Current portion of long-term debentures								-	(997,576)	(552,946)
<b>Long-term debentures</b>								<b>3,086,843</b>	<b>1,663,623</b>	<b>1,595,044</b>

- (1) On June 9, 2005, the Company's Annual General Meeting of shareholders of 2005 had the resolution for the Issuance and Offering of unsubordinated and unsecured debentures in THB currency to offer for sale to general public and/or specific investors and/or institutional investors. An issuing amount of the debentures was not to exceed Baht 5,000 million equivalent amount and a tenor was not more than 5 years from each issuance date. Interest rate depended on market at time of offer and issuance. Authorized directors were empowered to consider conditions and other details for the issue and offering of the bonds. The Company partially issued debentures in June and July 2005 in total of Baht 1,320 million. Such debentures were matured on July 15, 2010.

Then on August 25, 2008, the Company issued and offered additional debentures under the remaining balance as follows:

- Tranche 1 debenture issued and offered to general investors amounting to Baht 1,000 million with interest rate of 4.59% per annum, payable on a semi-annual basis, and was due on August 25, 2010. Such debenture was guaranteed by a bank in Japan. The Company repaid such debenture on August 25, 2010.
- Tranche 2 debenture issued and offered to general investors amounting to Baht 1,000 million with interest rate of 5.20% per annum, payable on a semi-annual basis, and was due on August 25, 2012. Such debenture was guaranteed by a bank in Japan and Japan Bank for International Cooperation ("JBIC"). The Company repaid such debenture on August 27, 2012.

- (2) On June 18, 2008, the Company's Annual General Meeting of shareholders of 2008 had the resolution for the Issuance and Offering of unsubordinated and unsecured debentures in JPY currency to offer for sale to specific investors and/or institutional investors. An issuing amount of the debentures was not to exceed Baht 3,000 million equivalent amount and a tenor was not more than 5 years from each issuance date. Interest rate depended on market at time of offer and issuance. Authorized directors were empowered to consider conditions and other details for the issue and offering of the bonds.

Subsequently, on December 19, 2008, the Company partially issued and offered debenture amounting to JPY 1,500 million to a bank in Japan with interest rate of JPY - TIBOR 6 month plus 0.45% per annum, payable on a semi-annual basis, and was due on December 19, 2011. Such debenture was guaranteed by the same bank. The Company repaid such debenture on December 16, 2011.

- (3) On June 17, 2009, the Company's Annual General Meeting of shareholders of 2009 had the resolution for the issuance and offering of debentures in an issuing amount not exceeding Baht 3,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Director's Meeting later when the Company is ready for the issuance and offering of debentures.

Subsequently, on July 30, 2010, the Company partially issued and offered debentures amounting to USD 20 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.50% per annum, payable on a semi-annual basis, and will be due on July 30, 2015. Such debenture is guaranteed by the same bank.

On July 14, 2011, the Company issued and offered debentures amounting to USD 15 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.30% per annum, payable on a semi-annual basis, and will be due on July 14, 2016. Such debenture is guaranteed by the same bank.

On December 16, 2011, the Company issued and offered debentures amounting to USD 20 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.80% per annum, payable on a semi-annual basis, and will be due on December 16, 2016. Such debenture is guaranteed by the same bank.

- (4) On June 14, 2012, the Company's Annual General Meeting of shareholders of 2012 had the resolution for the Issuance and Offering of debentures. An issuing amount of the debentures is not to exceed Baht 3,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Director's Meeting later when the Company is ready for the issuance and offering of debentures.

On August 30, 2012, the Company issued and offered debenture amounting to USD 30 million to a bank in Japan with interest rate of USD - LIBOR 3 month per annum, payable on a quarterly basis, and will be due on August 30, 2017. Such debenture is guaranteed by the same bank.

On September 13, 2012, the Company issued and offered debenture amounting to USD 20 million to a bank in Japan with interest rate of USD - LIBOR 3 month plus 0.20% per annum, payable on a quarterly basis, and will be due on September 13, 2017. Such debenture is guaranteed by the same bank.

- (5) On December 25, 2012, the Board of Directors' meeting passed the resolution for the Issuance and Offering of debentures of unsubordinated and unsecured debentures in THB currency to offer for sale to general public or institutional investors. The amounts of debentures to be issued are derived from the remaining unissuing balances of debentures from the resolution of the 2005 Annual General Meeting of Shareholders held on June 9, 2005 and the resolution of the 2009 Annual General Meeting of Shareholders held on June 17, 2009, totaling Baht 2,950 million. An issuing amount of the debentures is not to exceed Baht 2,000 million and a tenor is not more than 3 years from each issuance date. Interest rate depends on market at time of offer and issuance. Authorized directors shall be empowered to consider conditions and other details for the issue and offering of the debentures. As at February 20, 2013, the Company has not yet issued such debentures.

To manage risk that might occur from the fluctuation in currency and interest rate of long-term debentures in foreign currencies, the Company has entered into cross currency and interest rate swap contracts to hedge its debt as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
As at February 20, 2013			
Principal to be received/ paid	Carrying amount		
	Less than 1 year	1 - 5 years	Total
Baht '000	Baht '000	Baht '000	Baht '000
<b>Payable per currency swap</b>			
Cross Currency Interest Rate Swap Contracts			
USD currency	3,287,050	-	(134,079)
	<u>3,287,050</u>	<u>-</u>	<u>(134,079)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
As at February 20, 2012			
Principal to be received/ paid	Carrying amount		
	Less than 1 year	1 - 5 years	Total
Baht '000	Baht '000	Baht '000	Baht '000
<b>Receivable per currency swap</b>			
Cross Currency Interest Rate Swap Contracts			
USD currency	456,450	-	7,958
	<u>456,450</u>	<u>-</u>	<u>7,958</u>
<b>Payable per currency swap</b>			
Cross Currency Interest Rate Swap Contracts			
USD currency	1,271,600	-	(33,180)
	<u>1,271,600</u>	<u>-</u>	<u>(33,180)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
As at February 21, 2011			
Principal to be received/ paid	Carrying amount		
	Less than 1 year	1 - 5 years	Total
Baht '000	Baht '000	Baht '000	Baht '000
<b>Payable per currency swap</b>			
Cross Currency Interest Rate Swap Contracts			
YEN currency	582,750	(27,642)	-
USD currency	646,000	-	(29,446)
	<u>1,228,750</u>	<u>(27,642)</u>	<u>(29,446)</u>

- (6) On February 6, 2006, June 25, 2007 and May 24, 2010, Eternal 3 Special Purpose Vehicle Company Limited, Eternal 4 Special Purpose Vehicle Company Limited and Eternal 5 Special Purpose Vehicle Company Limited, the Company's subsidiaries, issued the debentures of Baht 2,280 million, Baht 2,205 million and Baht 2,790 million, respectively, under the Securitization projects. Cash flows from a pool of credit card receivables will be used to make payments for the debentures. Interest on the debentures will be payable monthly commencing on March 10, 2006, August 10, 2007 and July 10, 2010, respectively.

On May 10, 2011, Eternal 3 Special Purpose Vehicle Co., Ltd. has already redeemed the remaining balance of debentures in full (see Note 7.6).

On October 10, 2012, Eternal 4 Special Purpose Vehicle Co., Ltd. partially redeemed the remaining balance of debentures in full (see Note 7.6).

The subsidiaries' debentures are as follows:

Debenture Classes	Maturity date	Amount Baht' 000	Interest rate %	As at	As at	As at
				February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 21, 2011 Baht '000
<b>Eternal 3 Special Purpose Vehicle Co., Ltd.</b>						
Class B	Gradually redeemable after February 10, 2011	120,000	6.13	-	-	120,000
Class C	Gradually redeemable after February 10, 2011	160,000	6.33	-	-	160,000
				-	-	280,000
<b>Eternal 4 Special Purpose Vehicle Co., Ltd.</b>						
Class A-2	July 10, 2012	500,000	4.76	-	500,000	500,000
Class B	Gradually redeemable after July 10, 2012	205,000	4.76	-	205,000	205,000
				-	705,000	705,000
<b>Eternal 5 Special Purpose Vehicle Co., Ltd.</b>						
Class A-1	May 10, 2015	2,790,000	3.10	2,790,000	2,790,000	2,790,000
				2,790,000	2,790,000	2,790,000
				2,790,000	3,495,000	3,775,000

Such subsidiaries' debentures are eliminated against credit card receivables in the consolidated financial statements.

## 22. EMPLOYEE BENEFITS OBLIGATION

The Company operates post-employment benefit plans under the Thai Labor Protection Act, which are considered as unfunded defined benefits plans.

For the years ended February 20, 2013 and 2012, amounts recognized in the statements of income in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Current service cost	7,415	7,164	6,514	6,654
Interest cost	1,107	877	1,021	789
Actuarial loss	6,831	-	6,831	-
Total	<u>15,353</u>	<u>8,041</u>	<u>14,366</u>	<u>7,443</u>

Movements in the present value of the post-employment benefits obligation are as follows:

	CONSOLIDATED			SEPARATE		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011	As at February 20, 2013	As at February 20, 2012	As at February 21, 2011
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	29,306	21,265	15,902	26,212	18,769	13,919
Current service cost	7,415	7,164	4,724	6,514	6,654	4,290
Interest cost	1,107	877	639	1,021	789	560
Actuarial loss	6,831	-	-	6,831	-	-
Ending balance	<u>44,659</u>	<u>29,306</u>	<u>21,265</u>	<u>40,578</u>	<u>26,212</u>	<u>18,769</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		
	As at February 20, 2013 % per annum	As at February 20, 2012 % per annum	As at February 21, 2011 % per annum
Financial assumptions			
Discount rate	4.15	4.13	4.22
Turnover rate			
Monthly staffs	0.0 – 66.0	0.0 – 66.0	8.0 - 13.0
	Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily staffs	0.0 – 66.0	0.0 – 66.0	20.0 - 40.0
	Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Temporary staffs	20.0 - 65.0	-	-
	Subject to range of age of employees		
Expected rate of salary increase	5.0	4.5 - 5.0	4.5

<b>SEPARATE FINANCIAL STATEMENTS</b>			
	<b>As at February 20, 2013</b>	<b>As at February 20, 2012</b>	<b>As at February 21, 2011</b>
	<b>% per annum</b>	<b>% per annum</b>	<b>% per annum</b>
<b>Financial assumptions</b>			
Discount rate	4.16	3.87	4.22
Turnover rate			
Monthly staffs	7.0 – 19.0	8.0 – 13.0	8.0 - 13.0
	Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily staffs	20.0 – 47.0	20.0 – 40.0	20.0 - 40.0
	Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Temporary staffs	20.0 - 65.0	-	-
	Subject to range of age of employees		
Expected rate of salary increase	5.0	5.0	4.5

### **23. SHAREHOLDERS' EQUITY**

- 23.1 On June 16, 2011, the Annual General Meeting of Shareholders of the Company had the resolutions to approve the following matters;
- The appropriation of net income of Baht 400 million as a reserve for business expansion.
  - The declaration of final dividends for the 2010 fiscal year at the rate of Baht 1.05 per share, amounting to Baht 262.50 million. The aforementioned shareholders include 37,600 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting of Baht 262.46 million on June 30, 2011.
- 23.2 On September 23, 2011, the Company's Board of Directors' meeting passed the resolution the declare interim dividends for the 2011 fiscal year at the rate Baht 1.05 per share amounting to Baht 262.50 million. The aforementioned shareholders included 317,880 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting of Baht 262.17 million on October 19, 2011.
- 23.3 On June 14, 2012, the Annual General Meeting of Shareholders of the Company had the resolutions to approve the following matters;
- The appropriation of net income of Baht 200 million as a reserve for business expansion.
  - The declaration of final dividends for the 2011 fiscal year at the rate of Baht 1.05 per share, amounting to Baht 262.50 million. The aforementioned shareholders include 277,805 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting of Baht 262.21 million on June 28, 2012.

- 23.4 On September 25, 2012, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the 2012 fiscal year at the rate Baht 1.15 per share amounting to Baht 287.50 million. The aforementioned shareholders included 60,800 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 287.43 million on October 22, 2012.
- 23.5 On February 20, 2012, the Extraordinary Shareholders' Meetings of Eternal 3 Special Purpose Vehicle Company Limited had passed the resolutions to approve the dissolution and liquidation and such company registered the dissolution with the Ministry of Commerce and repaid the share capital to the Company and shareholder attributed non-controlling interests amounting to Baht 0.01 million and Baht 0.03 million, respectively, on November 9, 2012. (see Notes 7.6 and 10.1)
- 23.6 Under the Securitization project, the subsidiaries have to pay dividend to their shareholders from all remaining amounts after deducting the required accumulated reserves and payment of all fees and expenses. The subsidiaries appropriate interim dividends on a monthly basis at each Monthly Purchase Date as an appropriation of net profit after income tax of each month.

In addition, the subsidiaries' registered share capital comprises ordinary shares and preferred shares which are held by non-controlling interests. Dividends from the profits of the subsidiaries shall be allocated to the holders of preferred shares at a rate not more than 50% of the par value of each preferred share. The rest of the dividends shall be distributed to the holders of ordinary shares.

- 23.7 Dividends and share capital increases of the subsidiaries for the part of non-controlling interest before the business combination under common control are as follows:
- 23.7.1 On November 24, 2011, ACS Insurance Broker (Thailand) Company Limited called the remaining share capital of Baht 6 per share, totally Baht 6,000,000. Such company received the subscription on December 15, 2011.
- 23.7.2 On November 24, 2011, ACS Life Insurance Broker (Thailand) Company Limited called the remaining share capital of Baht 5 per share, totally Baht 5,000,000. Such company received the subscription on December 15, 2011.
- 23.7.3 On December 23, 2011, the Board of Directors' Meeting of ACS Life Insurance Broker (Thailand) Company Limited passed a resolution to approve the declaration of interim dividend for the year 2011 to ordinary shareholders attributed non-controlling interests at Baht 40.00 per share by 1 million shares, totaling Baht 40.00 million. Such company paid dividend to those shareholders on December 30, 2011.
- 23.7.4 On December 23, 2011, the Board of Directors' Meeting of ACS Insurance Broker (Thailand) Company Limited passed a resolution to approve the declaration of interim dividend for the year 2011 to ordinary shareholders attributed non-controlling interests at Baht 40.00 per share by 1 million shares, totaling Baht 40.00 million. Such company paid dividend to those shareholders on December 30, 2011.

- 23.7.5 On April 30, 2012, the Shareholders' Meetings of ACS Life Insurance Broker (Thailand) Company Limited passed a resolution to approve the declaration of dividend for the year 2011 to ordinary shareholders attributed non-controlling interests at Baht 30.00 per share by 1 million shares, totaling Baht 30.00 million. Such company paid dividend to those shareholders on June 22, 2012.
- 23.7.6 On April 30, 2012, the Shareholders' Meetings of ACS Insurance Broker (Thailand) Company Limited passed a resolution to approve the declaration of dividend for the year 2011 to ordinary shareholders attributed non-controlling interests at Baht 50.00 per share by 1 million shares, totaling Baht 50.00 million. Such company paid dividend to those shareholders on June 22, 2012.
- 23.7.7 On April 30, 2012, the Shareholders' Meetings of ACS Servicing (Thailand) Company Limited passed a resolution to approve the declaration of dividend for the year 2011 to ordinary shareholders attributed non-controlling interests at Baht 19.60 per share by 5 million shares, totaling Baht 98.00 million. Such company paid dividend to those shareholders on June 22, 2012.
- 23.7.8 On June 15, 2012, the Extraordinary Shareholders' Meetings of ACS Life Insurance Broker (Thailand) Company Limited passed a resolution to approve an increase in the registered share capital from Baht 10.00 million to Baht 40.00 million, by issuing of 3.00 million ordinary shares with a par value of Baht 10 each, totaling of Baht 30.00 million. The Company has received subscriptions for increased share capital from shareholders attributed non-controlling interests and registered the increase in the authorized share capital with the Ministry of Commerce on June 28, 2012.
- 23.7.9 On June 15, 2012, the Extraordinary Shareholders' Meetings of ACS Insurance Broker (Thailand) Company Limited passed a resolution to approve an increase in the registered share capital from Baht 10.00 million to Baht 60.00 million, by issuing of 5.00 million ordinary shares with a par value of Baht 10 each, totaling of Baht 50.00 million. The Company has received subscriptions for increased share capital from shareholders attributed non-controlling interests and registered the increase in the authorized share capital with the Ministry of Commerce on June 28, 2012.
- 23.7.10 On June 15, 2012, the Extraordinary Shareholders' Meetings of ACS Servicing (Thailand) Co., Ltd. passed a resolution to approve an increase in the registered share capital from Baht 50.00 million to Baht 148.00 million, by issuing of 9.80 million ordinary shares with a par value of Baht 10 each, totaling of Baht 98.00 million. The Company has received subscriptions for increased share capital from shareholders attributed non-controlling interests and registered the increase in the authorized share capital with the Ministry of Commerce on June 28, 2012.

## 24. LEGAL RESERVE

Pursuant to the Public Limited Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital.

As at February 20, 2013 and 2012, and February 21, 2011, the Company's legal reserve equals to 10% of the registered share capital.

## 25. CAPITAL MANAGEMENT

The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Monitoring the capital level of the Company is conducted in accordance with the covenant on financial ratio stipulated in loan agreements.

The Company has been granted the license to operate the non-financial institution personal loan from the Minister of Finance. The Company must have the authorized share capital of Baht 50 million at least.

The Company has policy to pay dividend at least 30% of net profit. The dividend payment is subject to the resolution of the shareholders' meeting after the Board of Directors' approval.

## 26. OTHER COMPONENT OF EQUITY

Other component of equity is as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		
	As at	As at	As at
	February 20,	February 20,	February 21,
	2013	2012	2011
	Baht '000	Baht '000	Baht '000
<b>Exchange differences on translating</b>			
<b>financial statements of a foreign operation</b>			
Beginning balance	176	-	-
Increase during the period	(488)	176	-
Ending balance	<u>(312)</u>	<u>176</u>	<u>-</u>

Differences on exchange relating to translation of the financial statements of a foreign operation to be presented in Thai Baht currency is recognized directly in other comprehensive income and accumulated amount is separately presented as other components of equity.

## 27. REVENUE RELATING TO SECURITIZATION TRANSACTION

Revenue relating to securitization transaction incurred from sale of credit card receivables is included in Credit Card Income for presentation.

For the years ended February 20, 2013 and 2012, the details of revenues from securitization transaction consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Credit Card Income				
Interest income from subordinated lending	-	-	219,130	271,974
Revenue from seller participation in				
Special Purpose Vehicle	-	-	52,341	40,706
Dividend from investment in				
Special Purpose Vehicle	-	5,790	488,700	281,770
Servicing income	-	-	365,570	455,181
Total	<u>-</u>	<u>5,790</u>	<u>1,125,741</u>	<u>1,049,631</u>

## 28. DIRECTORS AND MANAGERMENTS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act. Managements' remuneration represents cash remuneration as salaries and bonus paid to the Company's management.

For the years ended February 20, 2013, and 2012, directors and managements' remuneration are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Managements' remuneration	77,220	64,314	60,635	45,843
Directors' remuneration	11,111	9,820	8,225	7,970
Post-employment benefits	2,403	1,618	1,516	1,154
	<u>90,734</u>	<u>75,752</u>	<u>70,376</u>	<u>54,967</u>

For the years ended February 20, 2013 and 2012, directors' remunerations which were included in short-term employee benefits were approved by the ordinary shareholders' meetings of the Company held on June 14, 2012 and June 16, 2011, respectively.

## 29. PROVIDENT FUND

The Company has set up a contributory provident fund. The contribution from employees is deducted from the monthly salaries, with the Company matching the individual's contribution. The Company registered its provident fund in accordance with the Provident Fund Act. B.E. 2530 (1987) on June 1, 1999. This provident fund is managed by an authorized fund manager.

For the years ended February 20, 2013 and 2012, the Company contributed to the provident fund and recorded as expenses, as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Contributory provident fund	9,608	7,088	8,597	6,257

## 30. EXPENSES BY NATURE

Net profit for the years ended February 20, 2013 and 2012 have been arrived after deducting the following significant expenses:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
	Baht '000	Baht '000	Baht '000	Baht '000
Staff costs	1,216,497	969,559	976,564	789,163
Directors and management's remuneration	90,734	75,752	70,376	54,967
Marketing expenses	930,618	628,087	899,241	607,332
Equipment expenses	481,001	514,236	476,284	509,040
Depreciation and amortization	563,803	568,564	505,825	519,043
Communication expenses	342,368	305,693	340,017	304,608
Premises' expenses	401,389	340,531	377,930	322,341
Outsource collection expenses	113,080	102,960	359,116	304,577
Special business tax & duty stamp	344,145	271,721	305,725	224,619
Bad debts and doubtful accounts	3,129,141	4,530,132	3,090,729	4,062,915
Finance cost	1,780,543	1,658,430	1,679,047	1,532,812

## 31. CORPORATE INCOME TAX

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rates from 30% to 23% of profits for companies or juristic partnerships with a 2012 accounting period ending on or after December 31, 2012, and from 23% to 20% for companies or juristic partnerships with a 2013 accounting period beginning on or after January 1, 2013 onwards. According to the Royal Decree No. 530 dated December 21, 2011, the income tax rates have been reduced from 30% to 23% for the accounting periods beginning on or after January 1, 2012 and 20% for the accounting periods beginning on or after January 1, 2013 and 2014 only.

The effects from the reduction in corporate income tax rates on the consolidated financial statements for the year ended February 20, 2012 are the decrease in deferred tax assets - net and increase in income tax expense in the same amount of Baht 177.29 million and effects on the separate financial statements for the year ended February 20, 2012 are the decrease in deferred tax assets - net and increase in income tax expense in the same amount of Baht 138.32 million.

The Company and its local subsidiaries used tax rates of 23% and 30% for corporate income tax calculation for the years ended February 20, 2013 and 2012, respectively. The foreign subsidiary used 20% for corporate income tax calculation for the years ended February 20, 2013 and 2012.

The Company and its subsidiaries used tax rates of 20% and 23% for calculation of deferred tax for the years ended February 20, 2013 and 2012.

Income tax expenses of the Company and its subsidiaries are calculated from income before tax, added back transactions which are non-deductible expenses and deducted exempted income under the Revenue Code.

For the years ended February 20, 2013 and 2012, income tax consists of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2013 Baht '000	2012 Baht '000	2013 Baht '000	2012 Baht '000
Current tax expense for the years	342,826	608,582	203,435	402,456
Deferred income tax expense (revenue)	255,547	(276,312)	210,760	(239,926)
Income tax expense per income statements	<u>598,373</u>	<u>332,270</u>	<u>414,195</u>	<u>162,530</u>

Reconciliations of effective tax rates for the years ended February 20, 2013 and 2012 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2013		2012	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax	<u>2,354,798</u>		<u>507,692</u>	
Income tax at the domestic tax rate	541,603	23.00	152,308	30.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	9,458	0.40	8,372	1.65
Tax effect from tax rate adjustment	55,250	2.35	177,288	34.92
<u>Less</u> Tax effect of income and expense exempted for tax purposes	(7,938)	(0.34)	(5,698)	(1.12)
Income tax expense per income statements	<u>598,373</u>	<u>25.41</u>	<u>332,270</u>	<u>65.45</u>

	SEPARATE FINANCIAL STATEMENTS			
	2013		2012	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax	<u>2,067,475</u>		<u>356,174</u>	
Income tax at the domestic tax rate	475,519	23.00	106,852	30.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	1,597	0.08	2,322	0.65
Tax effect from tax rate adjustment	50,947	2.47	138,318	38.83
<u>Less</u> Tax effect of income and expense exempted for tax purposes	(113,868)	(5.51)	(84,962)	(23.85)
Income tax expense per income statements	<u>414,195</u>	<u>20.04</u>	<u>162,530</u>	<u>45.63</u>

## 32. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiaries and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiaries and the related parties which are as follows:

### 32.1 Investments in subsidiaries (see Note 10.1)

Related parties	Relationship	Paid-up Capital Baht '000	% Ownership	SEPARATE FINANCIAL STATEMENTS		
				As at February 20, 2013 Cost Baht '000	As at February 20, 2012 Cost Baht '000	As at February 21, 2011 Cost Baht '000
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	40.0	26.0	-	10.4	10.4
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	40.0	26.0	10.4	10.4	10.4
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	40.0	26.0	10.4	10.4	10.4
AEON Microfinance (Cambodia) Private Company Limited	Subsidiary	29,960.0	100.0	29,960.0	29,960.0	-
ACS Insurance Broker (Thailand) Company Limited	Subsidiary	60,000.0	100.0	90,844.0	-	-
ACS Life Insurance Broker (Thailand) Company Limited	Subsidiary	40,000.0	100.0	58,380.2	-	-
ACS Servicing (Thailand) Company Limited	Subsidiary	148,000.0	100.0	175,349.1	-	-
AEON Microfinance (Myanmar) Company Limited	Subsidiary	1,127.1	100.0	1,127.1	-	-
AEON Leasing Service (Lao) Company Limited	Subsidiary	30,026.3	100.0	30,026.3	-	-
				<u>385,707.5</u>	<u>29,991.2</u>	<u>31.2</u>

### 32.2 Business transactions with related parties

#### 32.2.1 Balances with related parties

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
		As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000	As at February 20, 2013 Baht '000	As at February 20, 2012 Baht '000	As at February 21, 2011 Baht '000
<b>Other Current Assets</b>							
<b>Other receivables (see Note 8)</b>							
Eternal Special Purpose Vehicle Company Limited	Related company	8,332	8,332	8,411	8,332	8,332	8,411
Eternal Credit Card Special Purpose Vehicle Company Limited	Related company	-	-	7,213	-	-	7,213
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	-	4,812	-
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	2,456	-	22,961
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	89,454	29,481	137,242
Aeon Credit Service Company Limited	Major shareholder and one common director	59	-	14	59	-	14
ACS Capital Corporation Limited	Shareholder and three common directors	675	845	70	675	845	70
Aeon (Thailand) Co., Ltd.	Holding shares and one common director	-	-	8	-	-	8
ACS Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	315	23	20
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	-	324	514	884
AEON Microfinance (Cambodia) Private Company Limited	Subsidiary	-	-	-	-	12	-

Related parties	Relationship	CONSOLIDATED			SEPARATE		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		As at	As at	As at	As at	As at	As at
		February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 21, 2011 Baht '000	February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 21, 2011 Baht '000
ACS Life Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	106	-	19
AEON Credit Service Systems (Philippines) Inc.	Holding shares and one common director	-	-	26,754	-	-	26,754
AEON Insurance Service	Related company	-	-	-	-	-	-
		<u>9,066</u>	<u>9,177</u>	<u>42,470</u>	<u>101,721</u>	<u>44,019</u>	<u>203,596</u>
<b>Participation in Special Purpose Vehicle</b>							
<b>for Securitization (see Note 11)</b>							
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	-	-	1,869,557
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	-	1,408,705	1,007,103
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	2,650,878	451,724	460,019
		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,650,878</u>	<u>1,860,429</u>	<u>3,336,679</u>
<b>Subordinated lending (see Note 12)</b>							
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	-	124,367	-	-	124,367
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	-	592,530	669,678	-	592,530	669,678
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	1,438,000	1,438,000	1,438,000	1,438,000	1,438,000	1,438,000
		<u>1,438,000</u>	<u>2,030,530</u>	<u>2,232,045</u>	<u>1,438,000</u>	<u>2,030,530</u>	<u>2,232,045</u>
<b>Non-current assets</b>							
Aeon (Thailand) Co., Ltd.	Holding shares and one common director	-	-	206	-	-	206
<b>Accounts payable</b>							
Aeon (Thailand) Co., Ltd.	Holding shares and one common director	-	2,971	6,251	-	2,971	6,251
ACS Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	52,118	49,171	41,680
ACS Life Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	37,643	29,818	30,902
Jay Mart Public Company Limited	One common director	11,060	640	6,121	11,060	640	6,121
		<u>11,060</u>	<u>3,611</u>	<u>12,372</u>	<u>100,821</u>	<u>82,600</u>	<u>84,954</u>
<b>Other payables (see Note 18)</b>							
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	-	11,728	64,460
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	-	119,079	36,852
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	368,783	60,602	57,143
Aeon Credit Service Company Limited	Major shareholder and one common director	1,440	2,626	1,571	1,440	2,626	1,571
ACS Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	4,553	4,263	3,075
ACS Capital Corporation Limited	Shareholder and three common directors	-	274	-	-	274	-
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	-	31,833	29,369	23,282
Aeon (Thailand) Co., Ltd.	Holding shares and one common director	17	13	-	17	13	-
ACS Life Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	-	6,053	5,014	-
Jay Mart Public Company Limited	One common director	2,358	-	-	2,358	-	-
AEON Credit Service Systems (Philippines) Inc.	Holding shares and one common director	747	-	-	747	-	-
AEON Insurance Service	Related company	-	-	-	-	-	-
		<u>4,562</u>	<u>2,913</u>	<u>1,571</u>	<u>415,784</u>	<u>232,968</u>	<u>186,383</u>

## 32.2.2 Transactions with related parties

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the years ended		For the years ended	
		February 20, 2013 Baht '000	February 20, 2012 Baht '000	February 20, 2013 Baht '000	February 20, 2012 Baht '000
<b>Credit card income</b>					
Aeon (Thailand) Co., Ltd.	Holding shares and one common director	-	839	-	839
<b>Revenue relating to securitization transaction</b>					
(including in credit card income)					
Eternal Credit Card Special Purpose Vehicle Company Limited	Related company	-	5,790	-	5,790
Eternal 3 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	79,497
Eternal 4 Special Purpose Vehicle Company Limited	Subsidiary	-	-	321,054	350,941
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	-	-	830,325	613,403
		<u>-</u>	<u>5,790</u>	<u>1,151,379</u>	<u>1,049,631</u>
<b>Other income</b>					
<b>Gain on sale of investment</b>					
Aeon Credit Service Company Limited	Major shareholder and one common director	-	12,507	-	12,507
<b>Other income – others</b>					
ACS Capital Corporation Limited	Shareholder and three common directors	23,900	26,400	23,900	26,400
ACS Life Insurance Broker (Thailand) Co., Ltd.	Subsidiary	-	-	12,812	11,191
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	7,200	7,200
ACS Insurance Broker (Thailand) Company Limited	Subsidiary	-	-	11,611	14,871
ACS Credit Management Company Limited	Holding shares and one common director	-	738	-	738
ACS Trading Vietnam Co., Ltd.	Holding shares and one common director	420	-	420	-
		<u>24,320</u>	<u>39,645</u>	<u>55,943</u>	<u>72,907</u>
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	319,884	272,011
<b>Others</b>					
Aeon Credit Service Company Limited	Major shareholder and one common director	68,693	15,588	68,693	15,588
Aeon (Thailand) Company Limited	Holding shares and one common director	9,213	3,681	9,213	3,681
ACS Capital Corporation Limited	Shareholder and three common directors	22,839	16,417	22,839	16,417
Jay Mart Public Company Limited	One common director	-	7,135	-	7,135
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	36	-
AEON Credit Service Systems (Philippines) Inc.	Holding shares and one common director	9,437	6,177	9,437	6,177
		<u>110,182</u>	<u>48,998</u>	<u>430,102</u>	<u>321,009</u>
<b>Dividend paid</b>					
Aeon Credit Service Company Limited	Major shareholder and one common director	193,160	184,380	193,160	184,380
ACS Capital Corporation Limited	Shareholder and three common directors	105,600	100,800	105,600	100,800
		<u>298,760</u>	<u>285,180</u>	<u>298,760</u>	<u>285,180</u>
<b>Purchase of computer software</b>					
AEON Credit Service Systems (Philippines) Inc.	Holding shares and one common director	29,181	29,727	29,181	29,727

- For the years ended February 20, 2013 and 2012, other income includes the management and operating fee charged to ACS Capital Corporation Limited, ACS Insurance Broker (Thailand) Co., Ltd., ACS Life Insurance Broker (Thailand) Co., Ltd. and ACS Servicing (Thailand) Co., Ltd. at the rates of Baht 950,000 per month, Baht 300,000 per month, Baht 300,000 per month and Baht 400,000 per month, respectively, and for the computer fee at the rates of Baht 1,000,000 per month, Baht 100,000 per month, Baht 100,000 per month and Baht 200,000 per month, respectively, and charged to ACS Capital Corporation Limited for marketing support fee at the rate of Baht 200,000 per month and the marketing research fee at the rate of Baht 50,000 per month. Revenues relating to securitization transactions are determined by the Company and the subsidiaries in accordance with securitization projects (see Note 7.6).
- Collection service fee paid to ACS Servicing (Thailand) Co., Ltd. is based on general market price and in the normal course of business.
- Management assistant fee is paid to Aeon Credit Service Company Limited as stated in the agreement.
- Pricing policy for other operating and administrative expenses is determined by the Company and related parties based on the cost plus basis
- Computer programs purchasing price is paid to Aeon Credit Technology System (Philippines) based on specified in the agreement.

### 33. LONG-TERM OPERATING LEASE AND SERVICE AGREEMENTS

As at February 20, 2013 and February 20, 2012 and February 21, 2011, the Company has long-term operating lease and service agreements with the third parties as follows:

#### CONSOLIDATED FINANCIAL STATEMENTS

	Rental amount					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Building	132,031	125,842	127,354	94,309	120,318	60,234
Office equipment	38,990	62,510	60,772	87,107	107,413	85,714
Vehicle	18,258	16,736	14,515	13,702	10,527	10,677

#### SEPARATE FINANCIAL STATEMENTS

	Rental amount					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Building	117,518	98,727	110,797	83,660	120,318	60,234
Office equipment	38,388	62,213	60,667	87,035	107,413	85,714
Vehicle	16,923	16,736	12,579	8,012	10,527	10,677

### 34. FINANCIAL INFORMATION BY SEGMENT

The operation of the Company consists of credit given for hire purchase, personal loans, credit card and factoring business. The results of operation of these activities are measured as a single segment.

The financial information by segment of the Company and subsidiaries is summarized as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
	For the year ended February 20, 2013			For the year ended February 20, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Total income	12,220,339	12,006	12,232,345	10,899,005	366	10,899,371
Total expenses	8,073,973	23,031	8,097,004	8,663,801	6,448	8,670,249
Net income (loss) before finance cost and income tax	4,146,366	(11,025)	4,135,341	2,235,204	(6,082)	2,229,122
Finance cost	1,780,352	191	1,780,543	1,658,430	-	1,658,430
Income tax expense	598,250	123	598,373	332,269	1	332,270
Net income (loss) for the years	1,767,764	(11,339)	1,756,425	244,505	(6,083)	238,422

CONSOLIDATED FINANCIAL STATEMENTS			
	Domestic	Foreign	Total
	Baht '000	Baht '000	Baht '000
As at February 20, 2013			
Total assets			50,930,115
As at February 20, 2012			
Total assets			43,960,191
As at February 21, 2011			
Total assets			41,210,750

SEPARATE FINANCIAL STATEMENTS						
	For the year ended February 20, 2013			For the year ended February 20, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Total income	11,555,085	-	11,555,085	9,878,384	-	9,878,384
Total expenses	7,808,563	-	7,808,563	7,989,398	-	7,989,398
Net income before finance cost and income tax	3,746,522	-	3,746,522	1,888,986	-	1,888,986
Finance cost	1,679,047	-	1,679,047	1,532,812	-	1,532,812
Income tax expenses	414,195	-	414,195	162,530	-	162,530
Net income for the years	1,653,280	-	1,653,280	193,644	-	193,644

SEPARATE FINANCIAL STATEMENTS			
	Domestic	Foreign	Total
	Baht '000	Baht '000	Baht '000
As at February 20, 2013			
Total assets			51,115,977
As at February 20, 2012			
Total assets			43,709,224
As at February 21, 2011			
Total assets			40,848,738

### **35. DISCLOSURE OF INFORMATION RELATING TO FINANCIAL INSTRUMENTS**

The Company presents and discloses financial instruments in accordance with the Thai Accounting Standard No. 107 regarding “Presentation and Disclosure of Financial Instruments”.

The Company entered into Interest Rate Swap Contracts, Cross Currency Swap Contracts and Cross Currency Interest Rate Swap Contracts in asset and liability management activities to control exposure to fluctuations in interest and foreign exchange rates. The Company does not hold derivatives for trading purposes.

#### **35.1 Accounting policies**

Details of significant accounting policies are disclosed in Note 4.

#### **35.2 Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company and subsidiaries. Concentrations of the credit risk with respect to trade receivables are limited due to the large number of customers comprising the customer base, and their dispersion across different geographic regions. However, the Company and subsidiaries have adopted the policy to prevent this risk by performing credit analysis from customers’ information and following up on customer status consistently.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of a portion of allowance for doubtful accounts, represents the Company’s maximum exposure to credit risk.

#### **35.3 Interest rate risk**

Interest rate risk arises from a potential for a change in interest rates to have an adverse effect on the Company and subsidiaries in the current reporting period and in future years.

The Company did not anticipate any interest rate fluctuation risk which may have a material effect on the result of operations as all of the loans carrying floating interest rates have been hedged. Details of interest rate swap agreements and cross currency interest rate swap agreements are disclosed in Notes 20 and 21.

The subsidiaries did not have interest rate fluctuation risk as all of the loans carry fixed rates.

#### **35.4 Foreign exchange risk**

Foreign exchange risk arises from the change in foreign currency exchange rate to have an adverse effect on the Company in the current reporting period and in future years. The Company did not anticipate any foreign exchange risk which may have a material effect on the result of operations as all the transactions in foreign currency have been hedged by entering into cross currency swap contracts.

In addition, in order to manage risk from fluctuation in currency and interest rate, the Company has entered into various cross currency interest rate swap contracts to hedge its long-term debts as disclosed in Notes 20 and 21.

### 35.5 Estimated fair value of financial instruments

Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentation” requires certain fair value disclosures. Management’s considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange.

The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair value of financial instruments.

Cash and cash equivalents, accounts receivable and other receivables, short-term loans from financial institutions and accounts payable and other payables; the carrying values of outstanding balances approximate their fair values due to relatively short period to maturity.

Other long-term investments: based on amount recognized in the statement of financial position.

Subordinated lending: the management believes that the approximate fair value of subordinated lending is based on the amounts recognized in the statement of financial position because there is no equivalent subordinated lending in the market for reference.

Long-term loans: the fair values of long-term loans bearing floating rate of interest are based on the amount recognized in the statement of financial position. The fair values of long-term loans and debentures bearing fixed rates of interest are estimated based on the discounted cash flows using average current interest rate over the remaining period to maturity.

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at February 20, 2013		As at February 20, 2012		As at February 21, 2011	
	Carrying value Baht '000	Fair value Baht '000	Carrying value Baht '000	Fair value Baht '000	Carrying value Baht '000	Fair value Baht '000
Long-term loans bearing fixed interest rate	9,132,435	9,102,165	7,572,840	7,530,922	7,145,612	7,089,176
Long-term debentures bearing fixed interest rate	3,152,972	3,050,509	2,702,828	2,701,517	2,171,662	2,187,203

As at February 20, 2013 and 2012, the carrying amount and estimated fair value of receivables and/or payables per currency swap contracts are as followings:

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 20, 2013</b>				
	<b>Carrying amount</b>			<b>Fair value</b>
	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>Total</b>	<b>Gain (Loss)</b>
	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts	-	2,502	2,502	(8,492)
Cross Currency Interest Rate Swap Contracts	50,096	14,347	64,443	10,842
Interest Rate Swap Contracts	-	-	-	715
	<u>50,096</u>	<u>16,849</u>	<u>66,945</u>	<u>3,065</u>
<b>Payable per currency swap</b>				
Cross Currency Swap Contracts	(157,895)	(27,202)	(185,097)	(204,373)
Cross Currency Interest Rate Swap Contracts	(371,641)	(1,260,571)	(1,632,212)	(2,057,369)
Interest Rate Swap Contracts	-	-	-	(7,995)
	<u>(529,536)</u>	<u>(1,287,773)</u>	<u>(1,817,309)</u>	<u>(2,269,737)</u>
<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 20, 2012</b>				
	<b>Carrying amount</b>			<b>Fair value</b>
	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>Total</b>	<b>Gain (Loss)</b>
	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts	34,293	114,816	149,109	107,191
Cross Currency Interest Rate Swap Contracts	182,290	720,517	902,807	322,944
Interest Rate Swap Contracts	5,674	-	5,674	5,144
	<u>222,257</u>	<u>835,333</u>	<u>1,057,590</u>	<u>435,279</u>
<b>Payable per currency swap</b>				
Cross Currency Interest Rate Swap Contracts	(209,171)	(34,965)	(244,136)	(92,179)
Interest Rate Swap Contracts	(16,572)	-	(16,572)	(43,750)
	<u>(225,743)</u>	<u>(34,965)</u>	<u>(260,708)</u>	<u>(135,929)</u>
<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 21, 2011</b>				
	<b>Carrying amount</b>			<b>Fair value</b>
	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>Total</b>	<b>Gain (Loss)</b>
	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>
<b>Receivable per currency swap</b>				
Cross Currency Swap Contracts	42,144	12,344	54,488	11,358
Cross Currency Interest Rate Swap Contracts	499,488	362,372	861,860	415,694
	<u>541,632</u>	<u>374,716</u>	<u>916,348</u>	<u>427,052</u>
<b>Payable per currency swap</b>				
Cross Currency Swap Contracts	(1,332)	(2,665)	(3,997)	(17,303)
Cross Currency Interest Rate Swap Contracts	(27,642)	(255,416)	(283,058)	(112,340)
Interest Rate Swap Contracts	(45,056)	-	(45,056)	(149,995)
	<u>(74,030)</u>	<u>(258,081)</u>	<u>(332,111)</u>	<u>(279,638)</u>

### **36. CREDIT FACILITIES AND LETTER OF GUARANTEE**

36.1 As at February 20, 2013, the Company has the committed and unsecured revolving credit facility agreements with a financial institution for general corporate funding requirements totaling Baht 400 million.

As at February 20, 2012 and February 21, 2011, the Company had the committed and unsecured revolving credit facility agreements with various financial institutions for general corporate funding requirements totaling Baht 770 million.

As at February 20, 2013, February 20, 2012 and February 21, 2011, such credit facilities are unused by the Company.

36.2 As at February 20, 2013, February 20, 2012 and February 21, 2011, the Company has unused overdraft facilities with various banks totaling same amount of Baht 100.10 million, Baht 95.10 million and Baht 95.10 million, respectively. Such overdraft facilities are unsecured.

36.3 As at February 20, 2013, February 20, 2012 and February 21, 2011, the Company has bank's letter of guarantees issued to suppliers for guarantee payment of Baht 2.50 million, Baht 6.60 million and Baht 6.60 million, respectively. Such letter of guarantees are unsecured.

36.4 As at February 20, 2013, February 20, 2012 and February 21, 2011, The 3 subsidiaries have letters of guarantee issued by banks in the amounts of Baht 3.37 million, Baht 2.81 million and Baht 2.71 million, respectively (see Note 9).

### **37. SIGNIFICANT AGREEMENTS RELATING TO SECURITIZATION TRANSACTIONS**

37.1 The Company entered into the Receivables Sale and Purchase Agreements with Eternal 3 Special Purpose Vehicle Company Limited (ESPT), Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4) and Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5) (the subsidiaries), on February 6, 2006, June 25, 2007 and May 20, 2010, respectively. Such agreements set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreements also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.

As at February 20, 2013, the agreements with ESPT and Eternal 4 were terminated due to the end of securitization projects.

37.2 The Company entered into the Servicing Agreements with the ESPT, Eternal 4 and Eternal 5 (the subsidiaries) on February 6, 2006, June 25, 2007, and May 20, 2010 respectively. Based on such agreements, the subsidiaries appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for credit card receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

As at February 20, 2013, the agreements with ESPT and Eternal 4 were terminated due to the end of securitization projects.

### **38. SALES OF WRITTEN-OFF ACCOUNTS RECEIVABLES**

On February 20, 2012, the Company sold written-off accounts receivable under personal loan agreements, purpose loan agreements and hire purchase agreements by a bidding process to a local company (the “buyer”) with the purchase price of Baht 296.68 million and the value-added tax of hire purchase agreements of Baht 7.18 million, totaling Baht 303.86 million. At the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off accounts receivable under personal loan agreements, purpose loan agreements and hire purchase agreements. As at February 20, 2012, as specified in the agreement, the Company received cash of Baht 75.50 million, the remaining amount of Baht 228.36 million would be received on a monthly basis, as specified in the agreement commencing from March to May 2012. The Company recognized income from sale of written-off accounts receivable of Baht 296.68 million in the consolidated and separate statements of income for the year ended February 20, 2012 and recorded outstanding receivables of Baht 228.36 million as other receivables in the consolidated and separate statements of financial position as at February 20, 2012.

Under the Asset Sale and Purchase Agreement, the buyer was entitled to claim damages from the Company from sales of loans receivable in events the buyer did not have lawful title over loans receivable or personal loan agreement, purpose loan agreement and hire purchase agreement were not legal as specified in the agreement. The claim was to be settled with the final payment which the Company would receive from the buyer. However, the Company believed that such damage was not significant, therefore, the Company had not recorded such claim in the financial statements for the year ended February 20, 2012. In addition, if the buyer wished to sell or transfer loan that were intended to be a portfolio sale to a third party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third party. If the negotiation did not conclude within three months or the Company decided not to make a purchase, the buyer might sell such loan to a third party.

During the year ended February 20, 2013, the Company has already received cash proceeds of the remaining balance in full.

### **39. EVENT AFTER THE REPORTING PERIOD**

On March 26, 2013, the Board of Directors has passed the resolutions as follows:

- (1) To approve the amalgamation of ACS Insurance Broker (Thailand) Co., Ltd. (“ACSB”) and ACS Life Insurance Broker (Thailand) Co., Ltd. (“ACSL”). The new company formed by the amalgamation will be named AEON Insurance Service (Thailand) Co., Ltd. which all rights, assets and liabilities of ACSB and ACSL shall be automatically transferred to the new company by virtue of the law of Amalgamation of Limited Companies as stipulated in the Civil and Commercial Code, but the date of amalgamation of such companies has not yet been determined. The Board of Directors’ meetings of two subsidiaries have passed the resolutions for the amalgamation on January 21, 2013.
- (2) To approve an additional investment in AEON Microfinance (Cambodia) Co., Ltd. with the capital injection of USD 3 million or approximately Baht 89.4 million, mainly from the Company’s working capital and the Company still maintain 100% of shareholding. On April 4, 2013, the Company has already paid for such capital increase.
- (3) To approve an additional investment in AEON Microfinance (Myanmar) Co., Ltd. with the capital injection of Kyat 851.40 million or approximately USD 1 million. On April 5, 2013, the Company partially paid such capital increase amounting to Baht 14.66 million.
- (4) To acknowledge the incorporation of a special purpose company to accept the transfer of the Company’s receivables, issue debentures and carry out other action as required by the Securitization Project. The special purpose company has now been incorporated under the name of Eternal 6 Special Purpose Vehicle Co., Ltd. on March 14, 2013.

### **40. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved for issuing by the Company’s authorized director on April 18, 2013.

## **Management's Discussion and Analysis for the fiscal year ended February 20, 2013**

AEON Thana Sinsap (Thailand) Public Company Limited ("the Company") has already submitted the audited financial statements for the year ended February 20, 2013 which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has consolidated all subsidiaries with consolidated net profit attributed to owners of the parent of 1,688 million baht or 6.75 baht per share. The operating performance is summarized as follows;

### **Overview**

Overall, Thai economy in 2012 expanded by 6.4% y-y, accelerating from growth of 0.1% in 2011, according to the Bank of Thailand, which showed the recovery sign after the severe flood crisis during the end of 2011. The economic growth was mainly supported by growth of manufacturing sector and household spending from government policies i.e. minimum wage increase, corporate income tax reduction as well as first car tax-rebate scheme. In addition, the economic situation in 2013 is expected to grow at satisfactory rate according to several supporting factors such as increased minimum wage, low unemployment rate, relatively low interest rate, and government measures to lessen cost of living and reduce personal income tax.

As of February 20, 2013, the Company's total cards reached 6.70 million cards (including 2.12 million credit cards and 4.58 million member cards), increasing by 482,000 cards or 8% from the last year. For network expansion, the Company has 100 branches and 382 ATMs to support customers nationwide. Moreover, total dealers have reached more than 15,700 dealers.

### **Operating Results**

#### **• Revenues**

In the fiscal year 2012, the Company's consolidated revenues amounted to 12,232 million baht, increasing by 1,333 million baht or 12% from 10,899 million baht in the fiscal year 2011. This was resulted from an increase in total turnovers due to the economic recovery in 2012 supported by acceleration of household spending. At the end of fiscal year 2012, the Company has number of active billing of 3.09 million accounts and ID base of 2.07 million IDs, from Bangkok 38%, and up-country 62%. Details of each business can be described as follows:

#### **- Credit Card**

Credit card turnover in the fiscal year 2012 improved by 16% from last year and represented 41% of total turnovers. Revenues from credit card were 4,633 million baht, increasing by 9% y-y. This was due to the fact that the Company has focused more on credit card promotion with value partners and departments store to increase more spending volume. In addition, in November 2012, the Company has joined with Thai Airways to launch a new credit card, "AEON Royal Orchid Plus Platinum", to better satisfy AEONTS customers. Focusing on card recruitment activities, the Company has developed more card recruitment channels including setting booths in high traffic areas and encouraging card

application on the Company's website and dealer network nationwide. As a result, number of credit card as of February 20, 2013 increased by 109,000 cards or 5% y-y.

- Loans

For the fiscal year 2012, loans shared 52% of total turnovers (shared 24% from personal loan and 28% from purposed loan for mobile phone, IT products, electrical appliances and etc. at over department stores and more than 15,700 dealers nationwide) with the revenues of 6,119 million baht, increasing by 31% y-y. The increase was mainly from expansion of the loan market due to higher household spending, as a result of minimum wage adjustment, and also growth of revolving loan "Your Cash" which the Company has expanding more service channels which provided more convenience to customers and this also save the Company's operation cost. AEON members can utilize the revolving loans service through many service channels; besides AEONTS ATMs, other major bank ATMs i.e. Kasikorn, Thanachart, BBL, Krungsri and Counter Service through 7-11 nationwide, they can transfer and receive cash through Thailand Post Office nationwide since January this year. As of February 20, 2013, number of member card grew by 9% y-y or increased by 372,000 cards from the same period last year.

- Hire Purchase

In fiscal year 2012, total turnover for hire purchase represented only motorcycle transaction, sharing 1% of total turnovers with revenues of 236 million baht, decreasing by 58% from total hire purchase revenues last year. This was mainly from migration of new hire purchase contract, except motorcycle, to installment loan contract since January 2011. However, the company has continued launching exclusive promotions with motorcycle manufacturers and suppliers, i.e., Honda and Suzuki as well as increased distribution channel for motorcycle sales through our branches.

- Others

In fiscal year 2012, other incomes were 1,244 million baht, representing 10% of total revenues, mainly comprised bad debt recovery, commission income, collection service income and etc. The majority of other incomes came from bad debt recovery of 731 million baht which accounted for 6% of total revenues. Since acquisition of new subsidiaries in September 2012, the Company had commission income of 180 million baht and collection service income of 127 million baht; which the Company has planed to generate more fee base income in the future.

• **Expenses**

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts, and finance cost. In fiscal year 2012, the Company had total consolidated expenses of 9,878 million baht, decreasing by 4% from the previous fiscal year. Details of total expenses can be described as follows:

#### - Operating and Administrative Expenses

In fiscal year 2012, the Company's operating and administrative expenses were 4,877 million baht, increasing by 20% y-y as a result of increase in marketing expenses by 66% y-y to stimulate sales performance as well as improve competitive edge. In terms of proportion to total revenues, operating and administrative expenses increased from 37% in previous fiscal year to 40%. However, the Company has still maintained policy to manage and control operating cost continuously.

#### - Bad debt and doubtful accounts

The Company posted bad debt and doubtful accounts of 3,129 million baht in fiscal year 2012, or 26% of total revenues. The bad debt and doubtful accounts decreased from 4,530 million baht or 31% from last fiscal year. This increase was mainly due to the fact that the Company reduced allowance for doubtful accounts for customers impacted by flood during the end of 2011 and quality of new receivables was improved in 2012 according to better economic condition.

#### - Finance Cost

For the fiscal year 2012, the Company's finance cost recorded at 1,781 million baht, 7% increase from the last year. This was because of an increase in total borrowings to support business growth. However, finance cost in the fiscal year 2012 accounted for 15%, the same level as last year. This was because the Company's policy is to manage liquidity risk and interest rates fluctuation risk by mainly locking in long-term borrowing, which is 66% of total borrowings in the fiscal year 2012. In addition, average interest rate cost was 4.08% in the fiscal year 2012, 0.13 basis points (bps) lower than that in the fiscal year 2011.

#### • **Net Income**

For the fiscal year 2012, the Company's had consolidated operating income of 2,355 million baht, increasing from 571 million baht in last year, and reported net profit attributed to owners of the parent of 1,688 million baht, or 6.75 baht per share, up from 0.64 baht per share in the last year. Net profit margin was 14%, increasing from 1% in fiscal year 2011. This was the highest profit since we established.

## **Financial Status**

- **Total Assets**

As of February 20, 2013, consolidated total assets were 51,013 million baht, an increase of 7,028 million baht or 16% from 43,985 million baht as of February 20, 2012. This was primarily due to increase in net accounts receivable.

- Accounts Receivable

At the end of fiscal year 2012, the Company's consolidated gross accounts receivable (both current assets and non-current assets) amounted to 45,394 million baht, increasing by 17% y-y from 38,751 million baht in fiscal year 2011. This can be categorized by business type as follows: credit card receivable 15,579 million baht, increasing by 32%, loans receivable 28,822 million baht, increasing by 13% and hire purchase receivable 917 million baht, decreasing by 28%. Change in loan and hire purchase receivables was mainly due to migration of installment loan contract since January 2011 to be under loan receivables and other receivables 77 million baht, increasing by 67%. However, including credit card receivable under securitization of 4,228 million baht which was off balance sheet, total accounts receivable were 49,622 million baht, increasing by 12% from the end of fiscal year 2011.

The quality of assets has been improved in this year due to more new customers as well as improved collection efficiency. As of February 20, 2013, the Company provided allowance for doubtful accounts of 1,620 million baht or 3.57% of total accounts receivable, decreasing from 2,494 million baht or 6.44% of total accounts receivable at the end of previous fiscal year. As a result, net accounts receivable was 43,774 million baht, sharing by 86% of total assets.

- **Total Liabilities**

As of February 20, 2013, total liabilities amounted to 43,755 million baht, an increase of 6,152 million baht from 37,604 million baht as of February 20, 2012. This was mainly due to an increase in total borrowings of 4,400 million baht. At the end of fiscal year 2012, there were both short-term and long-term borrowings totally 39,979 million baht, comparing with that of 35,578 million baht in the previous fiscal year. The portion of long-term borrowings was 26,343 million baht or represented 66% of total borrowings.

- **Shareholders' Equity**

As of February 20, 2013, shareholders' equity was 7,258 million baht, representing the increase of 876 million baht or 14% from February 20, 2012. Consequently, Book value as of February 20, 2013 was 29.03 baht per share, increasing from that of 25.52 baht per share at the end of last fiscal year.

Debt to Equity ratio in the fiscal year 2012 slightly increased to 6.0 times from 5.9 times in the fiscal year 2011. Return on Equity and Return on Asset equaled to 25.2% and 3.6%, respectively, comparing to 2.6% and 0.4% in the previous fiscal year.

In addition, the Company announced the final dividend payment at the rate of 1.85 baht per share (1.45 baht per share for the second-half of 2012 performance and special dividend of 0.40 baht per share for the 20th year anniversary) which will be paid after being approved by the shareholders meeting on June 18, 2013. As the Company already paid interim dividend of 1.15 baht per share on October 22, 2012, therefore, dividend payment for the fiscal year 2012 totaled 3 baht per share or 44.4% payout ratio.