

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

TO THE BOARD OF DIRECTORS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED

We have reviewed the consolidated statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and the separate statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited as at May 31, 2018 and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

BANGKOK
July 6, 2018

Nisakorn Songmanee
Certified Public Accountant (Thailand)
Registration No. 5035
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31,	February 28,	May 31,	February 28,
		2018	2018	2018	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	4,227,803	4,089,802	3,007,665	3,227,739
Trade and other current receivables					
Trade receivables	5	73,613,915	72,466,271	71,871,372	70,883,021
Other receivables		577,625	717,372	504,435	659,983
Seller loan in Special Purpose Vehicle for securitization	7	-	-	39,569	39,087
Receivables per currency swap contracts	11 and 13	114,705	66,220	114,705	66,220
Other current assets		107,429	99,858	37,884	40,430
Total Current Assets		<u>78,641,477</u>	<u>77,439,523</u>	<u>75,575,630</u>	<u>74,916,480</u>
NON-CURRENT ASSETS					
Trade receivables	5	1,039,916	941,597	275,826	248,716
Fixed deposits at banks under obligations		40,364	29,840	-	-
Investment in an associate	6.1 and 6.2	33,605	32,482	16,819	16,819
Investments in subsidiaries	6.2	-	-	1,028,011	1,028,011
Other long-term investments					
Related companies	6.3	20,072	20,072	20,072	20,072
Subordinated lendings	8.1	-	-	73,735	71,157
Leasehold improvement and equipment		879,398	900,495	735,037	639,914
Intangible assets		538,747	527,504	430,627	399,170
Receivables per currency swap contracts	11 and 13	225,663	237,437	225,663	237,437
Deferred tax assets	9	476,799	446,590	464,414	428,198
Other non-current assets		209,438	195,860	176,004	172,080
Total Non-Current Assets		<u>3,464,002</u>	<u>3,331,877</u>	<u>3,446,208</u>	<u>3,261,574</u>
TOTAL ASSETS		<u><u>82,105,479</u></u>	<u><u>80,771,400</u></u>	<u><u>79,021,838</u></u>	<u><u>78,178,054</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MAY 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31,	February 28,	May 31,	February 28,
		2018	2018	2018	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	10	5,070,833	3,952,399	3,650,009	2,820,000
Trade and other current payables					
Trade payables		500,735	502,611	384,376	360,430
Other payables		1,508,802	1,510,117	1,398,817	1,517,646
Current portion of long-term liabilities					
Liabilities under finance lease agreements		1,196	5,961	-	-
Long-term borrowings	11	9,621,031	12,662,086	9,621,031	12,662,086
Long-term debentures	13	3,329,177	1,685,317	3,329,177	1,685,317
Current income tax payable		660,030	413,593	637,296	397,245
Payables per currency swap contracts	11 and 13	871,614	1,123,923	871,614	1,123,923
Other current liabilities		233,378	172,323	162,222	143,505
Total Current Liabilities		<u>21,796,796</u>	<u>22,028,330</u>	<u>20,054,542</u>	<u>20,710,152</u>
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements		613	4,923	-	-
Long-term borrowings	11	30,403,675	28,126,037	29,806,955	27,501,940
Long-term borrowings under securitization project	12	-	-	1,391,009	1,366,167
Long-term debentures	13	11,434,196	12,907,856	10,147,216	11,667,286
Payables per currency swap contracts	11 and 13	1,265,785	1,648,651	1,265,785	1,648,651
Subordinated borrowings	8.2	73,735	71,157	-	-
Provisions for employee benefits	14	172,566	151,930	151,629	105,193
Other non-current liabilities		10,650	10,715	622	1,029
Total Non-Current Liabilities		<u>43,361,220</u>	<u>42,921,269</u>	<u>42,763,216</u>	<u>42,290,266</u>
TOTAL LIABILITIES		<u>65,158,016</u>	<u>64,949,599</u>	<u>62,817,758</u>	<u>63,000,418</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MAY 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31,	February 28,	May 31,	February 28,
		2018	2018	2018	2018
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY	15				
SHARE CAPITAL					
Authorized share capital					
250,000,000 ordinary shares of Baht 1 each		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
SHARE PREMIUM ON ORDINARY SHARES		478,000	478,000	478,000	478,000
RETAINED EARNINGS					
Appropriated					
Legal reserve		25,000	25,000	25,000	25,000
Reserve for business expansion		4,850,000	4,850,000	4,850,000	4,850,000
Unappropriated		11,151,150	10,223,575	10,601,080	9,574,636
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translating financial statements of foreign operations					
		(122,464)	(89,941)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		16,631,686	15,736,634	16,204,080	15,177,636
NON-CONTROLLING INTERESTS		315,777	85,167	-	-
TOTAL SHAREHOLDERS' EQUITY		16,947,463	15,821,801	16,204,080	15,177,636
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,105,479	80,771,400	79,021,838	78,178,054

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May 31,	May 31,	May 31,	May 31,
		2018	2017	2018	2017
REVENUES					
Credit card income		1,853,976	1,619,296	1,932,347	1,705,114
Loan income	16	2,604,156	2,273,107	2,556,646	2,236,087
Hire-purchase income		90,777	97,244	16,696	25,096
Other income					
Bad debt recovery		169,655	140,437	169,655	140,437
Collection service income		64,131	31,622	1,070	1,884
Commission income		124,741	121,454	-	-
Dividend income		-	-	150,016	48,000
Others		109,027	105,568	37,373	38,131
Total other income		467,554	399,081	358,114	228,452
Total Revenues		5,016,463	4,388,728	4,863,803	4,194,749
EXPENSES					
Operating and administrative expenses		2,044,235	1,916,945	1,839,580	1,790,291
Directors and managements' remuneration	17	43,589	39,512	24,489	22,455
Bad debts and doubtful accounts		1,205,430	1,151,680	1,165,758	1,112,670
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		1,653	3,046	588	3,188
Finance costs		551,740	523,057	598,316	549,499
Total Expenses		3,846,647	3,634,240	3,628,731	3,478,103
Share of profit (loss) from investment in an associate		1,122	(671)	-	-
PROFIT BEFORE INCOME TAX		1,170,938	753,817	1,235,072	716,646
INCOME TAX EXPENSE	18	232,925	134,093	208,628	115,930
NET PROFIT FOR THE PERIOD		938,013	619,724	1,026,444	600,716
NET PROFIT ATTRIBUTABLE TO :					
Owners of the parent		927,575	617,768	1,026,444	600,716
Non-controlling interests		10,438	1,956	-	-
		938,013	619,724	1,026,444	600,716
BASIC EARNINGS PER SHARE	BAHT	3.71	2.47	4.11	2.40
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018
“UNAUDITED”

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month		For the three-month	
	periods ended		periods ended	
	May 31,	May 31,	May 31,	May 31,
	2018	2017	2018	2017
Net profit for the period	938,013	619,724	1,026,444	600,716
Other comprehensive loss, net of tax				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translating financial statements of foreign operations				
- Owners of the parent	(32,523)	(23,928)	-	-
- Non-controlling interests	(4,986)	(3,608)	-	-
Other comprehensive loss for the period, net of tax	(37,509)	(27,536)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	900,504	592,188	1,026,444	600,716
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO :				
Owners of the parent	895,052	593,840	1,026,444	600,716
Non-controlling interests	5,452	(1,652)	-	-
	900,504	592,188	1,026,444	600,716

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

Note	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share premium on ordinary shares	Owners of the parent Retained earnings		Other components of shareholders' equity	Total owners of the parent	Share subscription received in advance of a subsidiary	Non-controlling interests	Total shareholders' equity	
			Appropriated Legal reserve	Unappropriated Reserve for business expansion	Exchange differences on translating financial statements of foreign operations					
Beginning balance, as at March 1, 2017	250,000	478,000	25,000	4,850,000	8,107,999	(31,975)	13,679,024	17,655	76,199	13,772,878
Changes during the period										
Share subscription received in advance of a subsidiary	-	-	-	-	-	-	-	(17,655)	-	(17,655)
Increase in share capital from non controlling interests in a subsidiary	-	-	-	-	-	-	-	-	17,655	17,655
Dividend paid	-	-	-	-	-	-	-	-	(1,948)	(1,948)
Net profit for the period	-	-	-	-	617,768	-	617,768	-	1,956	619,724
Other comprehensive loss	-	-	-	-	-	(23,928)	(23,928)	-	(3,608)	(27,536)
Ending balance, as at May 31, 2017	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,725,767</u>	<u>(55,903)</u>	<u>14,272,864</u>	<u>-</u>	<u>90,254</u>	<u>14,363,118</u>
Beginning balance, as at March 1, 2018	250,000	478,000	25,000	4,850,000	10,223,575	(89,941)	15,736,634	-	85,167	15,821,801
Changes during the period										
Increase in share capital from non controlling interests in a subsidiary	-	-	-	-	-	-	-	-	235,547	235,547
Dividend paid	-	-	-	-	-	-	-	-	(10,389)	(10,389)
Net profit for the period	-	-	-	-	927,575	-	927,575	-	10,438	938,013
Other comprehensive loss	-	-	-	-	-	(32,523)	(32,523)	-	(4,986)	(37,509)
Ending balance, as at May 31, 2018	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>11,151,150</u>	<u>(122,464)</u>	<u>16,631,686</u>	<u>-</u>	<u>315,777</u>	<u>16,947,463</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	SEPARATE FINANCIAL STATEMENTS					Total shareholders' equity
	Issued and paid-up share capital	Share premium on ordinary shares	Appropriated Legal reserve	Retained earnings Reserve for business expansion	Unappropriated	
Beginning balance, as at March 1, 2017	250,000	478,000	25,000	4,850,000	7,688,986	13,291,986
Changes during the period						
Net profit for the period	-	-	-	-	600,716	600,716
Ending balance, as at May 31, 2017	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,289,702</u>	<u>13,892,702</u>
Beginning balance, as at March 1, 2018	250,000	478,000	25,000	4,850,000	9,574,636	15,177,636
Changes during the period						
Net profit for the period	-	-	-	-	1,026,444	1,026,444
Ending balance, as at May 31, 2018	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>10,601,080</u>	<u>16,204,080</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month		For the three-month	
	periods ended		periods ended	
	May 31,	May 31,	May 31,	May 31,
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	1,170,938	753,817	1,235,072	716,646
Adjustments for:				
Share of (profit) loss from investment in an associate	(1,122)	671	-	-
Bad debts and doubtful accounts	1,205,430	1,151,680	1,165,758	1,112,670
Depreciation of leasehold improvement and equipment	104,409	95,232	80,634	72,068
Amortization of intangible assets	41,842	49,215	34,017	35,886
Loss on sale of leasehold improvement and equipment	1,651	3,027	586	3,169
Loss on write-off of leasehold improvement and equipment	2	19	2	19
Employee benefit expense	20,636	8,562	18,120	6,172
Interest income	(2,911,841)	(2,424,311)	(2,665,420)	(2,371,961)
Dividend income	-	-	(150,016)	(48,000)
Finance costs	551,740	523,057	598,316	549,499
	183,685	160,969	317,069	76,168
Operating assets (increase) decrease				
Trade and other current receivables	(2,498,796)	(785,753)	(2,308,331)	(889,349)
Other current assets	(7,739)	(34,952)	2,546	196
Other non-current assets	(13,819)	897	(3,924)	490
Operating liabilities increase (decrease)				
Trade and other current payables	165,310	65,290	209,845	35,673
Other current liabilities	62,890	12,632	18,717	15,945
Other non-current liabilities	78	1,141	(407)	(695)
Cash paid for operations	(2,108,391)	(579,776)	(1,764,485)	(761,572)
Proceeds from interest income	2,888,695	2,390,923	2,647,779	2,339,557
Dividend received	-	-	150,016	48,000
Finance costs paid	(722,186)	(679,360)	(758,880)	(729,273)
Income tax paid	(16,989)	(15,652)	(4,793)	(4,600)
Retirement benefits paid	-	(1,124)	-	-
Net cash provided by operating activities	41,129	1,115,011	269,637	892,112

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May 31,	May 31,	May 31,	May 31,
		2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for fixed deposits at banks under obligations		(11,832)	(3,324)	-	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(97,368)	(41,027)	(154,580)	(29,884)
Proceeds from sale of leasehold improvement and equipment		97	164	47	11
Cash paid for purchase of intangible assets	4.2	(44,745)	(17,223)	(53,600)	(15,674)
Net cash used in investing activities		<u>(153,848)</u>	<u>(61,410)</u>	<u>(208,133)</u>	<u>(45,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	11,324,921	7,679,098	10,900,009	6,000,000
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(10,171,134)	(9,133,511)	(10,070,000)	(7,480,042)
Cash paid for finance lease agreements	4.4	(9,075)	(1,816)	-	-
Proceeds from long-term borrowings	4.4	2,716,220	2,500,000	2,716,220	2,500,000
Cash repayments for long-term borrowings	4.4	(3,999,850)	(2,075,245)	(3,999,850)	(2,057,200)
Proceeds from sale of additional revolving receivables under securitization projects		-	-	-	179,041
Proceeds from long-term borrowings under securitization project	4.4	-	-	242,777	212,512
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(193,789)	(192,236)
Proceeds from long-term debentures issuance	4.4	46,410	35,808	-	-
Proceeds from subordinated borrowings	4.4	2,578	1,989	-	-
Proceeds from sale of written-off trade receivables		123,055	173,487	123,055	173,487
Proceeds from ordinary shares issued of a subsidiary		235,547	-	-	-
Cash paid for dividend		(10,733)	(750)	-	-
Net cash provided by (used in) financing activities		<u>257,939</u>	<u>(820,940)</u>	<u>(281,578)</u>	<u>(664,438)</u>
Net increase (decrease) in cash and cash equivalents		145,220	232,661	(220,074)	182,127
Decrease in exchange differences on translating financial statements of foreign operations		(7,219)	(27,536)	-	-
Cash and cash equivalents at the beginning of the period		<u>4,089,802</u>	<u>3,649,124</u>	<u>3,227,739</u>	<u>2,932,195</u>
Cash and cash equivalents at the end of the period	4.1	<u><u>4,227,803</u></u>	<u><u>3,854,249</u></u>	<u><u>3,007,665</u></u>	<u><u>3,114,322</u></u>

See condensed notes to the financial statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2018
“UNAUDITED”**

1. OPERATIONS OF THE COMPANY

The Company was registered as a limited company under the Civil and Commercial Code on September 18, 1992 and registered to be Public Limited Company 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, 27th Floor, Exchange Tower, Sukhumvit Road, Klongtoey, Bangkok. The Company’s main objective is to do the retail finance services which consist of credit card, hire-purchase and personal loans, and others.

AEON Financial Service Co., Ltd., incorporated in Japan, and ACS Capital Corporation Limited, incorporated in Thailand, are major shareholders with 35.12% and 19.20% shareholdings, respectively. AEON Co., Ltd., incorporated in Japan, is the ultimate parent company of the group.

The Company has subsidiaries which are under its control in finance and operations and an associate which the Company has significant influence, but no control or joint control, over the financial and operating policies as mentioned in Note 2.5, Note 6.1 and Note 6.2.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2017) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission (the “SEC”).

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

2.2 The interim consolidated and separate financial statements for the three-month periods ended May 31, 2018 and 2017 are prepared by the management of the Company and are unaudited. However, in the opinion of the Company, all adjustments necessary for a fair presentation have been reflected therein.

The consolidated and separate statements of financial position as at February 28, 2018, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which have been audited.

- 2.3 The unaudited results of operations presented in the three-month period ended May 31, 2018 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRSs, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended May 31, 2018 should be read in conjunction with the audited financial statements for the year ended February 28, 2018.
- 2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from these interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended May 31, 2018 have included the subsidiaries' interim financial information which were reviewed.

For the three-month periods ended May 31, 2018 and 2017, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2018	2017
Eternal 6 Special Purpose Vehicle Company Limited ⁽¹⁾	Special purpose juristic person in securitization projects	Thailand	March 14, 2013	-	26.00
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
AEON Insurance Service (Thailand) Company Limited	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc.	Retail finance business	Cambodia	October 5, 2011	50.00 ⁽⁴⁾	80.00
AEON Microfinance (Myanmar) Company Limited	Retail finance business	Myanmar	November 2, 2012	100.00	100.00
AEON Leasing Service (Lao) Company Limited ⁽²⁾	Retail finance business	Laos	January 11, 2013	100.00	100.00
ATS Rabbit Special Purpose Vehicle Company Limited ⁽³⁾	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

⁽¹⁾ Eternal 6 Special Purpose Vehicle Company Limited had registered the dissolution and the liquidation with the Department of Business Development, Ministry of Commerce on August 31, 2016, and June 29, 2017, respectively.

⁽²⁾ The Company indirectly holds shares of AEON Leasing Service (Lao) Company Limited through ACS Servicing (Thailand) Company Limited and AEON Insurance Service (Thailand) Company Limited with 3.71% and 3.71% shareholdings, respectively.

⁽³⁾ The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

⁽⁴⁾ Since April 24, 2018, the proportion of the Company's shareholding in AEON Specialized Bank (Cambodia) Plc. (the "subsidiary") decreased from 80% to 50% because the Company waived the rights to purchase the increased shares of the subsidiary; however, the Company still has the power to control over the subsidiary in accordance with the requirement of TFRS No.10 (Revised 2017) "Consolidated Financial Statements" (see Note 6.2).

The interim consolidated financial statements for the three-month periods ended May 31, 2018 and 2017 include equity interest in an associate as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2018	2017
ACS Trading Vietnam Company Limited	Retail finance business	Vietnam	May 26, 2008	20.00	20.00

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

- 2.6 The financial statements of the subsidiaries and the associate used in the preparation of consolidated financial statements are as of a date or for a period that is different from that of the consolidated financial statements. However, the Company consolidated the financial information of the subsidiaries and associate using the most recent financial statements of the subsidiaries and associate adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements. The dates of the end of the reporting period of the financial statements of the aforementioned subsidiaries and the associate are as follows:

	The date of the end of the reporting period in preparation of the consolidated financial statements For the three-month periods ended	
	May 31, 2018	May 31, 2017
Subsidiaries		
ACS Servicing (Thailand) Company Limited	March 31, 2018	March 31, 2017
AEON Insurance Service (Thailand) Company Limited	March 31, 2018	March 31, 2017
AEON Specialized Bank (Cambodia) Plc.	March 31, 2018	March 31, 2017
AEON Microfinance (Myanmar) Company Limited	March 31, 2018	March 31, 2017
AEON Leasing Service (Lao) Company Limited	March 31, 2018	March 31, 2017
Associate		
ACS Trading Vietnam Company Limited	March 31, 2018	March 31, 2017

- 2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group and the Company have adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions (“FAP”) which become effective for the accounting periods beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s and the Company’s financial statements.

2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and the Company’s management have assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended February 28, 2018.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at May 31, 2018 and February 28, 2018 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
	May 31,	February 28,	May 31,	February 28,
	2018	2018	2018	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Cash	1,337,602	1,302,910	1,322,235	1,281,876
Deposits at bank - call deposits	2,890,201	2,786,892	1,685,430	1,945,863
Cash and cash equivalents	<u>4,227,803</u>	<u>4,089,802</u>	<u>3,007,665</u>	<u>3,227,739</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the three-month periods ended May 31, 2018 and 2017, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	28,400	10,042	25,232	10,042
Purchase of leasehold improvement and equipment	88,739	40,573	176,394	29,430
	<u>117,139</u>	<u>50,615</u>	<u>201,626</u>	<u>39,472</u>
<u>Less</u> Liabilities relating to transferred employees (see Note 14)	-	-	(28,316)	-
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(97,368)</u>	<u>(41,027)</u>	<u>(154,580)</u>	<u>(29,884)</u>
Liabilities recorded - carried forward	<u>19,771</u>	<u>9,588</u>	<u>18,730</u>	<u>9,588</u>
Intangible assets				
Liabilities recorded - brought forward	11,017	3,897	11,017	3,897
Purchase of intangible assets	56,619	18,937	65,474	17,388
	<u>67,636</u>	<u>22,834</u>	<u>76,491</u>	<u>21,285</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>(44,745)</u>	<u>(17,223)</u>	<u>(53,600)</u>	<u>(15,674)</u>
Liabilities recorded - carried forward	<u>22,891</u>	<u>5,611</u>	<u>22,891</u>	<u>5,611</u>

4.3 During the three-month periods ended May 31, 2018 and 2017, the Company had non-cash item relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, a subsidiary, as the Company sold loan receivables to such subsidiary which was settled by increasing the Subordinated lendings Account and the Seller loan Account of Baht 2.58 million and Baht 0.48 million, respectively, and increasing the Subordinated lendings Account and the Seller loan Account of Baht 1.99 million and Baht 15.84 million, respectively, instead of cash receipt.

4.4 Changes in liabilities arising from financing activities for the three-month periods ended May 31, 2018 and 2017 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						“Unaudited”
	As at March 1, 2018	Changes in cash flows		Non-cash items		As at May 31, 2018
	Baht '000	Cash received	Cash paid	Differences on translating foreign currencies	Others	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	3,952,399	11,324,921	(10,171,134)	(35,353)	-	5,070,833
Liabilities under finance lease agreements	10,884	-	(9,075)	-	-	1,809
Long-term borrowings	40,788,123	2,716,220	(3,999,850)	527,330	(7,117)	40,024,706
Long-term debentures	14,593,173	46,410	-	117,179	6,611	14,763,373
Subordinated borrowings	71,157	2,578	-	-	-	73,735

CONSOLIDATED FINANCIAL STATEMENTS						“Unaudited”
	As at March 1, 2017	Changes in cash flows		Non-cash items		As at May 31, 2017
	Baht '000	Cash received	Cash paid	Differences on translating foreign currencies	Others	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	3,501,820	7,679,098	(9,133,511)	-	-	2,047,407
Liabilities under finance lease agreements	16,886	-	(1,816)	-	146	15,216
Long-term borrowings	37,424,010	2,500,000	(2,075,245)	(630,148)	(7,431)	37,211,186
Long-term debentures	14,722,070	35,808	-	(218,920)	9,265	14,548,223
Subordinated borrowings	45,263	1,989	-	-	-	47,252

SEPARATE FINANCIAL STATEMENTS

	As at	Changes in cash flows		Non-cash items		“Unaudited”
	March 1,	Cash	Cash	Differences	Others	As at
	2018	received	paid	on translating		May 31,
	Baht '000	Baht '000	Baht '000	foreign	Baht '000	2018
				currencies		Baht '000
Bank overdrafts and short-term borrowings from financial institutions	2,820,000	10,900,009	(10,070,000)	-	-	3,650,009
Long-term borrowings	40,164,026	2,716,220	(3,999,850)	554,707	(7,117)	39,427,986
Long-term borrowings under securitization project	1,366,167	242,777	(193,789)	-	(24,146)	1,391,009
Long-term debentures	13,352,603	-	-	117,179	6,611	13,476,393

SEPARATE FINANCIAL STATEMENTS

	As at	Changes in cash flows		Non-cash items		“Unaudited”
	March 1,	Cash	Cash	Differences	Others	As at
	2017	received	paid	on translating		May 31,
	Baht '000	Baht '000	Baht '000	foreign	Baht '000	2017
				currencies		Baht '000
Bank overdrafts and short-term borrowings from financial institutions	2,580,042	6,000,000	(7,480,042)	-	-	1,100,000
Long-term borrowings	36,955,978	2,500,000	(2,057,200)	(630,148)	(7,431)	36,761,199
Long-term borrowings under securitization project	789,300	212,512	(192,236)	-	1,989	811,565
Long-term debentures	13,947,597	-	-	(218,920)	9,265	13,737,942

5. TRADE RECEIVABLES

5.1 Trade receivables as at May 31, 2018 and February 28, 2018, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Trade receivables	75,819,153	74,457,393	73,254,815	72,122,528
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	<u>1,391,009</u>	<u>1,366,167</u>	<u>1,391,009</u>	<u>1,366,167</u>
Total	<u>77,210,162</u>	<u>75,823,560</u>	<u>74,645,824</u>	<u>73,488,695</u>
<u>Less</u> Allowance for doubtful accounts	<u>(2,556,331)</u>	<u>(2,415,692)</u>	<u>(2,498,626)</u>	<u>(2,356,958)</u>
Total trade receivables	<u>74,653,831</u>	<u>73,407,868</u>	<u>72,147,198</u>	<u>71,131,737</u>
Trade receivables due within 1 year	73,613,915	72,466,271	71,871,372	70,883,021
Trade receivables due after 1 year	<u>1,039,916</u>	<u>941,597</u>	<u>275,826</u>	<u>248,716</u>
Total trade receivables	<u>74,653,831</u>	<u>73,407,868</u>	<u>72,147,198</u>	<u>71,131,737</u>

As the securitization transaction under the Receivables Sale and Purchase Agreement for transferred rights on loan receivables with ATS Rabbit Special Purpose Vehicle Company Limited does not qualify for derecognition of financial assets according to the “Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities” issued by the Federation of Accounting Professions, the Company continues to recognize the full carrying amount of these receivables and use them as collateral for long-term borrowings under the securitization project (see Note 5.5).

As at May 31, 2018 and February 28, 2018, trade receivables are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
“Unaudited”						
	As at May 31, 2018			As at February 28, 2018		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	674,478	720,010	1,394,488	677,663	654,252	1,331,915
<u>Less</u> Unearned financing income	<u>(44,218)</u>	<u>(26,230)</u>	<u>(70,448)</u>	<u>(46,135)</u>	<u>(18,832)</u>	<u>(64,967)</u>
	630,260	693,780	1,324,040	631,528	635,420	1,266,948
<u>Less</u> Allowance for doubtful accounts	<u>(41,896)</u>	<u>-</u>	<u>(41,896)</u>	<u>(45,040)</u>	<u>-</u>	<u>(45,040)</u>
Hire-purchase and accrued interest receivable - net	<u>588,364</u>	<u>693,780</u>	<u>1,282,144</u>	<u>586,488</u>	<u>635,420</u>	<u>1,221,908</u>
Loans receivable						
Loans and accrued interest receivable	39,702,889	346,136	40,049,025	39,490,563	306,177	39,796,740
<u>Less</u> Allowance for doubtful accounts	<u>(1,500,187)</u>	<u>-</u>	<u>(1,500,187)</u>	<u>(1,406,224)</u>	<u>-</u>	<u>(1,406,224)</u>
Loans and accrued interest receivable - net	<u>38,202,702</u>	<u>346,136</u>	<u>38,548,838</u>	<u>38,084,339</u>	<u>306,177</u>	<u>38,390,516</u>
Credit card receivable						
Credit card and accrued interest receivable	35,674,699	-	35,674,699	34,588,275	-	34,588,275
<u>Less</u> Allowance for doubtful accounts	<u>(1,013,322)</u>	<u>-</u>	<u>(1,013,322)</u>	<u>(962,919)</u>	<u>-</u>	<u>(962,919)</u>
Credit card and accrued interest receivable - net	<u>34,661,377</u>	<u>-</u>	<u>34,661,377</u>	<u>33,625,356</u>	<u>-</u>	<u>33,625,356</u>
Receivable from rendering the collection service						
Receivable from rendering the collection service	55,067	-	55,067	48,855	-	48,855
<u>Less</u> Allowance for doubtful accounts	<u>(926)</u>	<u>-</u>	<u>(926)</u>	<u>(1,509)</u>	<u>-</u>	<u>(1,509)</u>
Receivable from rendering the collection service - net	<u>54,141</u>	<u>-</u>	<u>54,141</u>	<u>47,346</u>	<u>-</u>	<u>47,346</u>
Receivable from insurance broker business						
	<u>107,331</u>	<u>-</u>	<u>107,331</u>	<u>122,742</u>	<u>-</u>	<u>122,742</u>
Total trade receivables	<u>73,613,915</u>	<u>1,039,916</u>	<u>74,653,831</u>	<u>72,466,271</u>	<u>941,597</u>	<u>73,407,868</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at May 31, 2018			As at February 28, 2018		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	211,867	158,454	370,321	234,008	123,042	357,050
<u>Less</u> Unearned financing income	(44,218)	(26,230)	(70,448)	(46,135)	(18,832)	(64,967)
	167,649	132,224	299,873	187,873	104,210	292,083
<u>Less</u> Allowance for doubtful accounts	(9,424)	-	(9,424)	(11,114)	-	(11,114)
Hire-purchase and accrued interest receivable - net	158,225	132,224	290,449	176,759	104,210	280,969
Loans receivable						
Loans and accrued interest receivable	38,743,463	143,602	38,887,065	38,652,542	144,506	38,797,048
<u>Less</u> Allowance for doubtful accounts	(1,479,217)	-	(1,479,217)	(1,386,302)	-	(1,386,302)
Loans and accrued interest receivable - net	37,264,246	143,602	37,407,848	37,266,240	144,506	37,410,746
Credit card receivable						
Credit card and accrued interest receivable	35,458,886	-	35,458,886	34,399,564	-	34,399,564
<u>Less</u> Allowance for doubtful accounts	(1,009,985)	-	(1,009,985)	(959,542)	-	(959,542)
Credit card and accrued interest receivable - net	34,448,901	-	34,448,901	33,440,022	-	33,440,022
Total trade receivables	<u>71,871,372</u>	<u>275,826</u>	<u>72,147,198</u>	<u>70,883,021</u>	<u>248,716</u>	<u>71,131,737</u>

5.2 Quality of assets

Trade receivables as at May 31, 2018 and February 28, 2018 classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Less than 3 months	75,298,427	74,044,653	72,783,955	71,761,305
3 months up	1,911,735	1,778,907	1,861,869	1,727,390
Total	77,210,162	75,823,560	74,645,824	73,488,695
<u>Less</u> Allowance for doubtful accounts	(2,556,331)	(2,415,692)	(2,498,626)	(2,356,958)
Total trade receivables	<u>74,653,831</u>	<u>73,407,868</u>	<u>72,147,198</u>	<u>71,131,737</u>

5.3 Troubled debt restructuring

For the three-month periods ended May 31, 2018 and 2017, the Company had recognized interest income on restructured debts totaling Baht 90.35 million and Baht 89.75 million, respectively.

The Company had outstanding balances of credit card receivable, hire-purchase receivable and loan receivable as at May 31, 2018 and February 28, 2018 as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	As at May 31, 2018		As at February 28, 2018	
	Number of	Amount	Number of	Amount
	debtors	Baht '000	debtors	Baht '000
Restructured trade receivables	44,014	1,445,703	45,562	1,487,941
Non-restructured trade receivables	3,435,578	75,602,061	3,487,624	74,164,022
Total	<u>3,479,592</u>	<u>77,047,764</u>	<u>3,533,186</u>	<u>75,651,963</u>

SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
	As at May 31, 2018		As at February 28, 2018	
	Number of	Amount	Number of	Amount
	debtors	Baht '000	debtors	Baht '000
Restructured trade receivables	44,014	1,445,703	45,528	1,475,496
Non-restructured trade receivables	3,179,944	73,200,121	3,210,892	72,013,199
Total	<u>3,223,958</u>	<u>74,645,824</u>	<u>3,256,420</u>	<u>73,488,695</u>

As at May 31, 2018 and February 28, 2018, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

5.4 Allowance for doubtful accounts

Allowance for doubtful accounts as at May 31, 2018 and February 28, 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
	May 31,	February 28,	May 31,	February 28,
	2018	2018	2018	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	2,415,692	2,259,949	2,356,958	2,211,771
Bad debts and doubtful accounts	1,205,430	4,678,530	1,165,758	4,528,435
Gain on devaluation of long-term borrowings under securitization project	-	-	27,205	89,860
Written-off bad debts	(1,064,791)	(4,522,787)	(1,051,295)	(4,473,108)
Ending balance	<u>2,556,331</u>	<u>2,415,692</u>	<u>2,498,626</u>	<u>2,356,958</u>

5.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreements 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:

		ATS Rabbit*
Approved date of the securitization projects by the Office of the Securities and Exchange Commission of Thailand (the "SEC")		October 2, 2015
Initial selling date		October 29, 2015
Type of transferred receivables		Loans receivable
Revolving period		October 2015 - October 2025 (approximately)
Initial sales of receivables		
Net book value of initial receivables	Baht	456,076,200
Proceeds from transfer of the rights of receivables	Baht	433,272,390
Subordinated lendings	Baht	50,081,313
Minimum seller loans - pari passu with debentures	Baht	None
Number of contracts		49,225
Average principal amount outstanding	Baht	9,265
Interest rate		28% p.a.

* ATS Rabbit 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.

On October 22, 2015, the Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited which was registered as a special purpose vehicle company under the Civil and Commercial Code of Thailand for the purpose of implementing or facilitating the securitization in accordance with the securitization projects approved by the Office of the SEC on October 2, 2015 for transferred rights, title, interest and benefits in respect of the Initial Receivables, the Future Receivables and the Additional Receivables on the term of the Agreement.

During the life of the securitization projects, the Company may repurchase the rights on the Purchased Receivables with ATS Rabbit 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. 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.
3. 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.

For the three-month periods ended May 31, 2018 and 2017, transactions relating to the transfers of financial assets under the securitization projects are summarized as follows:

	2018 Million Baht	2017 Million Baht
Transfers of future and additional receivables (at book value)		
- Loans receivable (ATS Rabbit)	246	179
	<u>246</u>	<u>179</u>
Cash collection on behalf of a Special Purpose Vehicle		
- Loans receivable (ATS Rabbit)	289	247
	<u>289</u>	<u>247</u>
Servicing income on cash collection from a Special Purpose Vehicle		
- Loans receivable (ATS Rabbit)	19	11
	<u>19</u>	<u>11</u>

6. INVESTMENTS IN AN ASSOCIATE AND SUBSIDIARIES AND LONG-TERM INVESTMENTS IN RELATED COMPANIES

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

6.1 Investment in an associate in the consolidated financial statements

As at May 31, 2018 and February 28, 2018, the Company had investment in an entity, which is an associate and is accounted for using the equity method in the consolidated financial statements as follows:

CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"						
	Paid-up capital	Ownership %	As at May 31, 2018		As at February 28, 2018	
			Cost method Baht '000	Equity method Baht '000	Cost method Baht '000	Equity method Baht '000
Investment in an associate						
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	33,604.6	16,819.3	32,482.3
Total investment in an associate			<u>16,819.3</u>	<u>33,604.6</u>	<u>16,819.3</u>	<u>32,482.3</u>

6.2 Investments in an associate and subsidiaries in the separate financial statements

As at May 31, 2018 and February 28, 2018, the Company had investments in an associate and subsidiaries which are accounted for using the cost method in the separate financial statements as follows:

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2018		As at February 28, 2018	
	Ownership	Cost	Ownership	Cost
%	Baht '000	%	Baht '000	
Investments in an associate and subsidiaries				
Investment in an associate (see Note 19.1)				
ACS Trading Vietnam Company Limited	20.00	16,819.3	20.00	16,819.3
Total investment in an associate		<u>16,819.3</u>		<u>16,819.3</u>
Investments in subsidiaries (see Note 19.1)				
ACS Servicing (Thailand) Company Limited	100.00	175,349.1	100.00	175,349.1
AEON Insurance Service (Thailand) Company Limited	100.00	149,224.3	100.00	149,224.3
AEON Specialized Bank (Cambodia) Plc.	50.00	323,580.0	80.00	323,580.0
AEON Microfinance (Myanmar) Company Limited	100.00	276,769.1	100.00	276,769.1
AEON Leasing Service (Lao) Company Limited	92.58	103,069.1	92.58	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	48.75	19.5	48.75	19.5
Total investments in subsidiaries		<u>1,028,011.1</u>		<u>1,028,011.1</u>
Total investments in an associate and subsidiaries		<u><u>1,044,830.4</u></u>		<u><u>1,044,830.4</u></u>

On March 7, 2018, AEON Financial Service Co., Ltd., the Company’s major shareholder, paid for the capital injection to AEON Specialized Bank (Cambodia) Plc., a subsidiary, in the amount of USD 7.50 million according to the resolutions to approve the capital injection to the subsidiary from the Shareholders’ Meeting on February 26, 2018. Subsequently, the subsidiary registered the increased share capital on April 24, 2018. After the completion of increased share capital registration, the proportion of the Company’s shareholding in the subsidiary decreased from 80% to 50%. However, the Company still has the power to control over the subsidiary in accordance with the requirement of TFRS No.10 (Revised 2017) “Consolidated Financial Statements”.

6.3 Long-term investments in related companies as at May 31, 2018 and February 28, 2018, consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2018		As at February 28, 2018	
	Ownership	Cost	Ownership	Cost
%	Baht '000	%	Baht '000	
Long-term investments in related companies				
AEON (Thailand) Co., Ltd.				
(340,000 shares of Baht 100 each, Baht 25 called up)	5.23	8,500	5.23	8,500
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)	3.33	7,645	3.33	7,645
		<u>35,217</u>		<u>35,217</u>
Less Allowance for impairment of investment		<u>(15,145)</u>		<u>(15,145)</u>
Total long-term investments in related companies		<u><u>20,072</u></u>		<u><u>20,072</u></u>

7. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Seller loan in Special Purpose Vehicle for securitization as at May 31, 2018 and February 28, 2018, are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	39,569	39,087
Total Seller loan in Special Purpose Vehicle for securitization	<u>39,569</u>	<u>39,087</u>

Subsequent to the sale of the rights in initial loans receivable under securitization project, the Company received partial payments from ATS Rabbit with Seller Loan Account under securitization project for sales of the rights in loans receivable to ATS Rabbit during the sales period of the rights in additional receivables or repurchase period of the rights in loans receivable. Such Seller Loan Account will decrease from cash repayment when the outstanding amount reaches or exceeds the determined level, or every 3-month period after the payment date as agreed in the agreement, whichever is earlier.

8. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

8.1 Subordinated lendings to Special Purpose Vehicle as at May 31, 2018 and February 28, 2018, are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Subordinated lendings (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	73,735	71,157
Total subordinated lendings	<u>73,735</u>	<u>71,157</u>

On October 22, 2015, the Company entered into the subordinated term loan agreement with ATS Rabbit amounting to 5% of transferred rights in initial receivables (see Note 5.5) and originated transaction cost, and of Future Receivables and Additional Receivables, which are settled by Seller Loan Account and backed for each issuance of debentures of ATS Rabbit, for the purposes of partial payment from ATS Rabbit for the sales of rights in loans receivable.

The term loan is due within the year 2025 and the interest is payable on a monthly basis at the rate of 12% per annum.

8.2 Subordinated borrowings of Special Purpose Vehicle are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
	Subordinated borrowings ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	73,735
Total subordinated borrowings	<u>73,735</u>	<u>71,157</u>

On October 22, 2015, ATS Rabbit, a subsidiary, entered into the subordinated term borrowings agreement with BSS Holdings Co., Ltd. amounting to 5% of transferred rights in initial receivables (see Note 5.5) and originated transaction cost, and of Future Receivables and Additional Receivables, which are settled by Seller Loan Account and backed for each issuance of debentures of ATS Rabbit, for the purposes of partial payment for the purchase of rights in loans receivable.

The term borrowings are due within the year 2025 and the interest is payable on a monthly basis at the rate of 12% per annum.

9. DEFERRED TAX ASSETS

Deferred tax assets as at May 31, 2018 and February 28, 2018, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
	Deferred tax assets			
Allowance for doubtful accounts	504,792	476,804	499,725	471,392
Non-accrual of interest income	37,855	34,573	37,025	33,885
Allowance for impairment of assets	-	13,080	-	13,080
Provisions for employee benefits	34,513	30,386	30,326	21,039
Deferred revenue from customer loyalty programs	36,273	34,464	36,273	34,464
Others	5,831	5,974	3,029	3,029
	<u>619,264</u>	<u>595,281</u>	<u>606,378</u>	<u>576,889</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	141,964	148,691	141,964	148,691
Others	501	-	-	-
	<u>142,465</u>	<u>148,691</u>	<u>141,964</u>	<u>148,691</u>
Deferred tax assets	<u>476,799</u>	<u>446,590</u>	<u>464,414</u>	<u>428,198</u>

The movements of deferred tax assets and liabilities during the period/year are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	Balance as at February 28, 2018	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at May 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	476,804	27,988	-	504,792
Non-accrual of interest income	34,573	3,282	-	37,855
Allowance for impairment of assets	13,080	(13,080)	-	-
Provisions for employee benefits	30,386	4,127	-	34,513
Deferred revenue from customer loyalty programs	34,464	1,809	-	36,273
Others	5,974	(143)	-	5,831
	<u>595,281</u>	<u>23,983</u>	<u>-</u>	<u>619,264</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	148,691	(6,727)	-	141,964
Others	-	501	-	501
	<u>148,691</u>	<u>(6,226)</u>	<u>-</u>	<u>142,465</u>
Deferred tax assets	<u>446,590</u>	<u>30,209</u>	<u>-</u>	<u>476,799</u>

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at February 28, 2017	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 28, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	447,959	28,845	-	476,804
Non-accrual of interest income	39,585	(5,012)	-	34,573
Allowance for impairment of assets	-	13,080	-	13,080
Provisions for employee benefits	26,590	6,731	(2,935)	30,386
Deferred revenue from customer loyalty programs	26,588	7,876	-	34,464
Others	3,268	2,706	-	5,974
	<u>543,990</u>	<u>54,226</u>	<u>(2,935)</u>	<u>595,281</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	147,056	1,635	-	148,691
Others	992	(992)	-	-
	<u>148,048</u>	<u>643</u>	<u>-</u>	<u>148,691</u>
Deferred tax assets	<u>395,942</u>	<u>53,583</u>	<u>(2,935)</u>	<u>446,590</u>

SEPARATE FINANCIAL STATEMENTS
“Unaudited”

	Balance as at February 28, 2018	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at May 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	471,392	28,333	-	499,725
Non-accrual of interest income	33,885	3,140	-	37,025
Allowance for impairment of assets	13,080	(13,080)	-	-
Provisions for employee benefits	21,039	9,287	-	30,326
Deferred revenue from customer loyalty programs	34,464	1,809	-	36,273
Others	3,029	-	-	3,029
	<u>576,889</u>	<u>29,489</u>	<u>-</u>	<u>606,378</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	148,691	(6,727)	-	141,964
	<u>148,691</u>	<u>(6,727)</u>	<u>-</u>	<u>141,964</u>
Deferred tax assets	<u>428,198</u>	<u>36,216</u>	<u>-</u>	<u>464,414</u>

SEPARATE FINANCIAL STATEMENTS

	Balance as at February 28, 2017	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 28, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	442,354	29,038	-	471,392
Non-accrual of interest income	38,961	(5,076)	-	33,885
Allowance for impairment of assets	-	13,080	-	13,080
Provisions for employee benefits	19,658	4,938	(3,557)	21,039
Deferred revenue from customer loyalty programs	26,588	7,876	-	34,464
Others	1,700	1,329	-	3,029
	<u>529,261</u>	<u>51,185</u>	<u>(3,557)</u>	<u>576,889</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	147,056	1,635	-	148,691
	<u>147,056</u>	<u>1,635</u>	<u>-</u>	<u>148,691</u>
Deferred tax assets	<u>382,205</u>	<u>49,550</u>	<u>(3,557)</u>	<u>428,198</u>

10. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term borrowings from financial institutions as at May 31, 2018 and February 28, 2018, consist of the following:

CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"				
	As at May 31, 2018		As at February 28, 2018	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	1.70	190,009	-	-
Short-term borrowings in THB currency	1.60 - 1.70	3,460,000	1.60 - 1.67	2,820,000
Short-term borrowings in USD currency	2.51 - 2.88	527,626	2.14 - 2.44	384,312
Short-term borrowings in LAK currency	6.40 - 7.00	230,310	7.30 - 9.50	224,719
Short-term borrowings in MMK currency	11.70 - 12.50	662,888	11.70 - 12.50	523,368
Total		<u>5,070,833</u>		<u>3,952,399</u>

SEPARATE FINANCIAL STATEMENTS "Unaudited"				
	As at May 31, 2018		As at February 28, 2018	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	1.70	190,009	-	-
Short-term borrowings in THB currency	1.60 - 1.70	3,460,000	1.60 - 1.67	2,820,000
Total		<u>3,650,009</u>		<u>2,820,000</u>

Short-term borrowings in THB and foreign currencies from financial institutions are borrowings from various financial institutions in the form of promissory notes and are unsecured.

11. LONG-TERM BORROWINGS

As at May 31, 2018 and February 28, 2018, the Company entered into various long-term borrowings agreements in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"				
	As at May 31, 2018			
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2023	2.96 - 5.26	46,350.00	13,835,569
Borrowings in USD currency	2018 - 2023	2.26 - 3.35	520.99	16,756,094
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	9,500.00	9,500,000
<u>Less</u> Borrowings issuance cost				<u>(66,957)</u>
				40,024,706
<u>Less</u> Current portion of long-term borrowings				<u>(9,621,031)</u>
Total long-term borrowings				<u>30,403,675</u>

CONSOLIDATED FINANCIAL STATEMENTS
As at February 28, 2018

	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2022	3.16 - 5.26	46,800.00	13,908,305
Borrowings in USD currency	2018 - 2022	2.22 - 3.35	550.49	17,439,658
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	9,500.00	9,500,000
<u>Less</u> Borrowings issuance cost				(59,840)
				40,788,123
<u>Less</u> Current portion of long-term borrowings				(12,662,086)
Total long-term borrowings				28,126,037

SEPARATE FINANCIAL STATEMENTS
“Unaudited”

As at May 31, 2018

	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2023	2.96 - 5.26	46,350.00	13,835,569
Borrowings in USD currency	2018 - 2023	2.26 - 3.35	501.99	16,159,374
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	9,500.00	9,500,000
<u>Less</u> Borrowings issuance cost				(66,957)
				39,427,986
<u>Less</u> Current portion of long-term borrowings				(9,621,031)
Total long-term borrowings				29,806,955

SEPARATE FINANCIAL STATEMENTS
As at February 28, 2018

	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2022	3.16 - 5.26	46,800.00	13,908,305
Borrowings in USD currency	2018 - 2022	2.22 - 3.35	531.49	16,815,561
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	9,500.00	9,500,000
<u>Less</u> Borrowings issuance cost				(59,840)
				40,164,026
<u>Less</u> Current portion of long-term borrowings				(12,662,086)
Total long-term borrowings				27,501,940

In the consolidated and separate financial statements as at May 31, 2018 and February 28, 2018, the Company has long-term borrowings in JPY currency from a related company which is a bank in Japan amounting to JPY 5,000 million or equivalent to Baht 1,489.67 million and JPY 5,000.00 million or equivalent to Baht 1,482.73 million, respectively, with interest rate at 4.16% - 4.84% per annum which are unsecured and will be due in the year 2019 and 2021 (see Note 19.2.1).

To manage risks that might occur from the fluctuation in foreign exchange rates of principal and interest of long-term borrowings denominated in foreign currencies, the Company has entered into cross currency swap contracts to hedge its debts as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS "Unaudited"			
As at May 31, 2018			
Notional amount Baht '000	Carrying amount		Total Baht '000
	Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts			
Cross Currency Swap Contracts			
JPY currency	2,540,375	29,753	191,016
USD currency	2,476,220	-	34,647
	<u>5,016,595</u>	<u>29,753</u>	<u>225,663</u>
Payables per currency swap contracts			
Cross Currency Swap Contracts			
JPY currency	12,044,722	(724,630)	(245,667)
USD currency	14,360,205	(137,702)	(573,996)
	<u>26,404,927</u>	<u>(862,332)</u>	<u>(1,681,995)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS "Unaudited"			
As at February 28, 2018			
Notional amount Baht '000	Carrying amount		Total Baht '000
	Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts			
Cross Currency Swap Contracts			
JPY currency	2,883,750	56,215	180,488
	<u>2,883,750</u>	<u>56,215</u>	<u>180,488</u>
Payables per currency swap contracts			
Cross Currency Swap Contracts			
JPY currency	11,804,722	(752,003)	(264,867)
USD currency	18,016,680	(361,075)	(840,044)
	<u>29,821,402</u>	<u>(1,113,078)</u>	<u>(1,104,911)</u>

12. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at May 31, 2018 and February 28, 2018, the Company recognized the cash received and the settlement by the Seller Loan Account of ATS Rabbit for the transferred rights in loans receivable under securitization (see Note 5.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 1,391.01 million and Baht 1,366.17 million, respectively.

13. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at May 31, 2018 and February 28, 2018, as follows:

Issue date	Maturity Date	No. of units	Currency	Par value per unit	Amount	Interest rate p.a. (%)	Term of interest payment	"Unaudited"	
								As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Company									
24/07/2013	29/07/2018	17	USD	1,000,000	17,000,000	USD-LIBOR 6M + 0.01	Semi-annual	547,240	537,855
29/11/2013	29/11/2018	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.05	Semi-annual	965,718	949,155
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	965,718	949,155
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	656,704	653,809
23/02/2016	21/02/2019	200,000	THB	1,000	200,000,000	2.87	Semi-annual	200,000	200,000
25/03/2016	25/03/2020	70	USD	1,000,000	70,000,000	USD-LIBOR 6M + 0.65	Semi-annual	2,253,342	2,214,695
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	482,859	474,578
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	482,859	474,578
24/08/2016	30/07/2019	400,000	THB	1,000	400,000,000	2.50	Quarterly	400,000	400,000
21/12/2016	21/12/2019	1,000,000	THB	1,000	1,000,000,000	2.73	Quarterly	1,000,000	1,000,000
21/12/2016	21/12/2021	1,000,000	THB	1,000	1,000,000,000	3.48	Quarterly	1,000,000	1,000,000
30/12/2016	30/12/2021	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.65	Semi-annual	965,718	949,154
18/08/2017	18/08/2020	200,000	THB	1,000	200,000,000	2.50	Quarterly	200,000	200,000
14/09/2017	14/09/2020	300,000	THB	1,000	300,000,000	2.50	Semi-annual	300,000	300,000
21/09/2017	21/09/2020	100,000	THB	1,000	100,000,000	2.50	Semi-annual	100,000	100,000
15/12/2017	15/12/2020	2,000,000	THB	1,000	2,000,000,000	2.37	Semi-annual	2,000,000	2,000,000
15/12/2017	15/12/2022	1,000,000	THB	1,000	1,000,000,000	2.93	Semi-annual	1,000,000	1,000,000
								<u>13,520,158</u>	<u>13,402,979</u>
								(43,765)	(50,376)
								<u>13,476,393</u>	<u>13,352,603</u>
								(3,329,177)	(1,685,317)
								<u>10,147,216</u>	<u>11,667,286</u>
ATS Rabbit Special Purpose Vehicle Company Limited									
29/01/2018	28/10/2025	1,240,570	THB	1,000	1,240,570,000	4.00	Monthly	-	1,240,570
30/04/2018	28/10/2025	1,286,980	THB	1,000	1,286,980,000	4.00	Monthly	1,286,980	-
								<u>11,434,196</u>	<u>12,907,856</u>

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS “Unaudited” As at May 31, 2018				
	Notional Amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	596,860	59,844	-	59,844
USD currency	1,487,850	25,108	-	25,108
	<u>2,084,710</u>	<u>84,952</u>	<u>-</u>	<u>84,952</u>
Payables per currency swap contracts				
Cross Currency Swap Contracts				
USD currency	5,605,900	(9,282)	(446,122)	(455,404)
	<u>5,605,900</u>	<u>(9,282)</u>	<u>(446,122)</u>	<u>(455,404)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2018				
	Notional Amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	596,860	-	56,949	56,949
USD currency	527,850	10,005	-	10,005
	<u>1,124,710</u>	<u>10,005</u>	<u>56,949</u>	<u>66,954</u>
Payables per currency swap contracts				
Cross Currency Swap Contracts				
USD currency	6,565,900	(10,845)	(543,740)	(554,585)
	<u>6,565,900</u>	<u>(10,845)</u>	<u>(543,740)</u>	<u>(554,585)</u>

14. PROVISIONS FOR EMPLOYEE BENEFITS

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

For the three-month periods ended May 31, 2018 and 2017, amounts recognized in the statements of profit or loss in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Past service cost	9,140	-	9,140	-
Current service cost	10,177	7,491	7,938	5,388
Interest cost	1,319	1,071	1,042	784
Total	<u>20,636</u>	<u>8,562</u>	<u>18,120</u>	<u>6,172</u>

Movements in the present value of the provisions for post-employment benefits for the three-month periods ended May 31, 2018 and 2017, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	151,930	132,950	105,193	98,291
Past service cost	9,140	-	9,140	-
Current service cost	10,177	7,491	7,938	5,388
Interest cost	1,319	1,071	1,042	784
Benefits paid	-	(1,124)	-	-
Benefits transferred	-	-	28,316	-
Ending balance	<u>172,566</u>	<u>140,388</u>	<u>151,629</u>	<u>104,463</u>

The significant actuarial assumptions used to calculate the provisions under the defined benefit plans as at May 31, 2018 and February 28, 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	"Unaudited"	
	As at May 31, 2018	As at February 28, 2018
	% per annum	% per annum
Financial assumptions		
Discount rate	2.54 - 2.96	2.54 - 2.96
Expected rate of salary increase	5.0 - 7.0	5.0 - 7.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 33.0	0.0 - 33.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 51.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 61.0	0.0 - 61.0
	Subject to range of age of employees	Subject to range of age of employees
SEPARATE FINANCIAL STATEMENTS		
"Unaudited"		
	As at May 31, 2018	As at February 28, 2018
	% per annum	% per annum
Financial assumptions		
Discount rate	2.92	2.89
Expected rate of salary increase	6.0	6.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 20.0	0.0 - 20.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 51.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 61.0	0.0 - 61.0
	Subject to range of age of employees	Subject to range of age of employees

15. SHAREHOLDERS' EQUITY

Under the Securitization project, the subsidiary has to pay dividend to its shareholders from all remaining amounts after deducting the required accumulated reserves and payment of all fees and expenses. The subsidiary appropriates interim dividends after the approval of Board of Directors' meeting on a monthly basis at each Monthly Purchase Date as an appropriation of net profit after income tax of each month.

ATS Rabbit Special Purpose Vehicle Company Limited's registered share capital comprises 2 groups of ordinary shares and 2 groups of preferred shares. Dividends from the profits of the subsidiary shall be allocated to the holders of preferred shares which are non-controlling interests at the rate of 1% of the par value of each preferred share. The remaining dividends shall be distributed to the holders of ordinary shares and another group of preferred shares.

16. REVENUES RELATING TO SECURITIZATION TRANSACTION

For the three-month periods ended May 31, 2018 and 2017, revenues relating to securitization transaction incurred from sales of loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited are included in Loan Income for presentation as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2018	2017
	Baht '000	Baht '000
Loan Income (see Note 19.2.2)		
Interest income from subordinated lending	2,179	1,391
Revenue from seller loan in Special Purpose Vehicle	1,275	770
Dividend from investment in Special Purpose Vehicle	10,389	1,948
Servicing income	18,970	10,938
Total	32,813	15,047

17. 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 three-month periods ended May 31, 2018 and 2017, directors and managements' remuneration are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	8,778	7,767	4,800	4,800
Managements' remuneration	33,723	30,800	19,034	16,894
Post-employment benefits	1,088	945	655	761
Total	43,589	39,512	24,489	22,455

For the three-month periods ended May 31, 2018 and 2017, directors' remunerations which were included in short-term employee benefits were approved by the Annual General Meeting of shareholders of the Company held on June 22, 2018 and June 28, 2017, respectively.

18. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax calculation for the three-month periods ended May 31, 2018 and 2017. The foreign subsidiaries used 20% - 25% for corporate income tax calculation for the three-month periods ended May 31, 2018 and 2017.

The Company and its subsidiaries used tax rate of 20% for calculation of deferred tax for the three-month periods ended May 31, 2018 and 2017. The foreign subsidiaries used 20% - 25% for calculation of deferred tax for the three-month periods ended May 31, 2018 and 2017.

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

For the three-month periods ended May 31, 2018 and 2017, income tax expense consists of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the periods	263,134	124,774	244,844	106,155
Deferred income tax expense	(30,209)	9,319	(36,216)	9,775
Income tax expense per statements of profit or loss	<u>232,925</u>	<u>134,093</u>	<u>208,628</u>	<u>115,930</u>

Reconciliations of effective tax rates for the three-month periods ended May 31, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		2017	
	Amount	Rate	Amount	Rate
	Baht '000	%	Baht '000	%
Profit before income tax expense	<u>1,170,938</u>		<u>753,817</u>	
Income tax at the domestic tax rate	267,919	20.00 - 25.00	160,928	20.00 - 25.00
<u>Add</u> Tax effect of non-deductible expenses	4,710	0.40	913	0.12
<u>Less</u> Tax effect of tax-exempted income and additional deductible expenses	(39,704)	(3.39)	(27,748)	(3.68)
Income tax expense per statements of profit or loss	<u>232,925</u>	<u>19.89</u>	<u>134,093</u>	<u>17.79</u>

	SEPARATE FINANCIAL STATEMENTS			
	2018		2017	
	Amount	Rate	Amount	Rate
	Baht '000	%	Baht '000	%
Profit before income tax expense	<u>1,235,072</u>		<u>716,646</u>	
Income tax at the domestic tax rate	247,014	20.00	143,329	20.00
<u>Add</u> Tax effect of non-deductible expenses	158	0.01	189	0.03
<u>Less</u> Tax effect of tax-exempted income and additional deductible expenses	(38,544)	(3.12)	(27,588)	(3.85)
Income tax expense per statements of profit or loss	<u>208,628</u>	<u>16.89</u>	<u>115,930</u>	<u>16.18</u>

19. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiaries, associate 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, the associate and the related parties which are as follows:

19.1 Investments in an associate and subsidiaries (see Note 6.2) as at May 31, 2018 and February 28, 2018, are as follows:

SEPARATE FINANCIAL STATEMENTS								
“Unaudited”								
Related parties	Relationship	Ownership	As at May 31, 2018		As at February 28, 2018			
			Paid-up capital	Cost	Ownership	Paid-up Capital	Cost	
		%	Baht '000	Baht '000	%	Baht '000	Baht '000	
Investments in an associate and subsidiaries								
Investment in an associate								
ACS Trading Vietnam Company Limited	Associate	20.00	84,096.3	16,819.3	20.00	84,096.3	16,819.3	
Total investment in an associate				16,819.3			16,819.3	
Investments in subsidiaries								
ACS Servicing (Thailand) Company Limited	Subsidiary	100.00	175,349.1	175,349.1	100.00	175,349.1	175,349.1	
AEON Insurance Service (Thailand) Company Limited	Subsidiary	100.00	149,224.3	149,224.3	100.00	149,224.3	149,224.3	
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	50.00	643,720.4	323,580.0	80.00	408,619.4	323,580.0	
AEON Microfinance (Myanmar) Company Limited	Subsidiary	100.00	276,769.1	276,769.1	100.00	276,769.1	276,769.1	
AEON Leasing Service (Lao) Company Limited	Subsidiary	92.58	111,402.9	103,069.1	92.58	111,402.9	103,069.1	
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	48.75	40.0	19.5	48.75	40.0	19.5	
Total investments in subsidiaries				1,028,011.1			1,028,011.1	
Total investments in an associate and subsidiaries				1,044,830.4			1,044,830.4	

19.2 Business transactions with related parties

19.2.1 Balances with related parties as at May 31, 2018 and February 28, 2018, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2018	As at February 28, 2018	As at May 31, 2018	As at February 28, 2018
		Baht '000	Baht '000	Baht '000	Baht '000
Other receivables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	4,800	5,132
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	1,665	4,840
AEON Financial Service Co., Ltd.	Major shareholder	692	677	187	83
AEON Credit Service Company Limited	Common ultimate holding company	113	33	-	33
ACS Capital Corporation Limited	Shareholder and one common director	61	134	58	78
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	636	866
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	36,189	35,688
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	-	9
ACS Trading Vietnam Company Limited	Associate	6	6	6	6
		872	850	43,541	46,735

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at May 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 7)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	39,569	39,087
Subordinated lendings (see Note 8.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	73,735	71,157
Long-term borrowings (see Note 11)					
AEON Bank Ltd.	Common ultimate holding company	1,489,668	1,482,730	1,489,668	1,482,730
Trade payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	129,232	135,904
Other payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	14,264	3,270
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	38,149	110,133
AEON (Thailand) Company Limited	Shareholder and two common directors	371	423	371	423
AEON Financial Service Co., Ltd.	Major shareholder	66,888	39,895	60,360	38,034
AEON Credit Service Company Limited	Common ultimate holding company	7,036	9,006	2,949	2,542
AEON Credit Service Systems (Philippines) Inc.	Holding shares	954	821	374	345
AEON Bank Ltd.	Common ultimate holding company	4,131	1,926	4,131	1,278
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	564	394	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	50,319	52,017
AEON Credit Service (Philippines) Inc.	Common ultimate holding company	-	593	-	-
		<u>79,944</u>	<u>53,058</u>	<u>170,917</u>	<u>208,042</u>
Long-term borrowing under securitization project (see Note 12)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,391,009	1,366,167
Deposit Received					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,989	14,264
Deferred Revenue					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	582	101
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	40	929
		<u>-</u>	<u>-</u>	<u>622</u>	<u>1,030</u>

19.2.2 Transactions with related parties for the three-month periods ended May 31, 2018 and 2017, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Sales promotion income					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	1,725	2,894
Credit card income					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	84,246	89,656
Revenue relating to securitization transaction (including in loan income) (see Note 16)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	32,813	15,047
Dividend income					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	55,000	48,000
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	95,016	-
		<u>-</u>	<u>-</u>	<u>150,016</u>	<u>48,000</u>
Other income					
ACS Capital Corporation Limited	Shareholder and one common director	1,400	3,000	1,400	3,000
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	13,494	13,108
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	966	1,104
AEON Bank Ltd.	Common ultimate holding company	-	85	-	-
		<u>1,400</u>	<u>3,085</u>	<u>15,860</u>	<u>17,212</u>
Operating and administrative expenses					
Collection service fee					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	80,428	346,406
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	2,673	2,389
		<u>-</u>	<u>-</u>	<u>83,101</u>	<u>348,795</u>
Finance costs					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	91,601	52,349
AEON Bank Ltd.	Common ultimate holding company	2,834	2,860	2,834	2,860
AEON Financial Service Co., Ltd.	Major shareholder	280	-	-	-
		<u>3,114</u>	<u>2,860</u>	<u>94,435</u>	<u>55,209</u>

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
		Baht '000	Baht '000	Baht '000	Baht '000
Others					
AEON Financial Service Company Limited	Major shareholder	25,102	23,123	22,077	20,478
AEON Credit Service Company Limited	Common ultimate holding company	11,824	11,938	4,214	4,583
AEON (Thailand) Company Limited	Holding shares and two common directors	2,995	4,429	2,995	4,429
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	5,506	2,812
AEON Credit Service Systems (Philippines) Inc.	Holding shares	2,454	3,254	1,387	2,635
ACS Capital Corporation Limited	Shareholder and one common director	-	6,374	-	5,894
AEON Bank Ltd.	Common ultimate holding company	744	476	744	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,623	927
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	647	616	-	-
		<u>43,766</u>	<u>50,210</u>	<u>38,546</u>	<u>41,758</u>

- Other income for the three-month periods ended May 31, 2018 and 2017 include the computer fee charged to ACS Capital Corporation Limited at the rate of Baht 1,000,000 per month from March 2017 to March 2018 and Baht 200,000 per month from April 2018 onwards, and charged to AEON Insurance Service (Thailand) Co., Ltd., and ACS Servicing (Thailand) Co., Ltd., at the rates of Baht 200,000 per month and Baht 200,000 per month, respectively.
- Revenues relating to securitization transactions are determined by the Company and its subsidiary in accordance with securitization projects (see Note 5.5).
- 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 Financial Service Co., Ltd. as stated in the agreement.
- Pricing policy for other operating and administrative expenses are determined by the Company and related parties based on the cost plus basis.
- Computer programs purchasing price that is paid to AEON Credit Service Systems (Philippines) Inc. is as specified in the agreement.

20. SEGMENT INFORMATION

The Group presents segment information in respect of the business segments based on the management and internal reporting structure. The business segments of the Group consist of:

Retail finance services Consist of credit card, hire-purchase and personal loans and others
Other business Consist of debt collection service and insurance brokerage services

The Group does not have revenues from transactions with a single external customer at 10% or more of total revenues.

Transactions between segments are recorded on the same basis as the transaction conducted with the third party transactions. Transactions between segments are eliminated on consolidation.

The segment information of the Group was classified by business segment as follows:

20.1 Operating results classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
For the three-month period ended May 31, 2018					
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	4,580,543	172,608	263,312	-	5,016,463
Inter - segment revenues	250,447	-	232,195	(482,642)	-
	<u>4,830,990</u>	<u>172,608</u>	<u>495,507</u>	<u>(482,642)</u>	<u>5,016,463</u>
Expenses					
Operating and administrative expenses	1,840,595	109,013	428,185	(333,558)	2,044,235
Directors and managements' remuneration	24,489	9,882	9,218	-	43,589
Bad debts and doubtful accounts (reversal)	1,192,963	13,049	(582)	-	1,205,430
Loss (gain) on sale and write-off of leasehold improvement and equipment and intangible assets	588	1	(6,809)	7,873	1,653
Finance costs	521,700	29,717	323	-	551,740
Total expenses	<u>3,580,335</u>	<u>161,662</u>	<u>430,335</u>	<u>(325,685)</u>	<u>3,846,647</u>
Share of profit from investment in an associate	-	-	-	1,122	1,122
Profit before income tax	1,250,655	10,946	65,172	(155,835)	1,170,938
Income tax expense	213,823	5,122	13,980	-	232,925
Net profit for the period	<u>1,036,832</u>	<u>5,824</u>	<u>51,192</u>	<u>(155,835)</u>	<u>938,013</u>

CONSOLIDATED FINANCIAL STATEMENTS
For the three-month period ended May 31, 2017

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	4,024,640	138,158	225,930	-	4,388,728
Inter - segment revenues	155,063	-	346,406	(501,469)	-
	<u>4,179,703</u>	<u>138,158</u>	<u>572,336</u>	<u>(501,469)</u>	<u>4,388,728</u>
Expenses					
Operating and administrative expenses	1,790,495	92,537	486,889	(452,976)	1,916,945
Directors and managements' remuneration	22,455	11,109	5,948	-	39,512
Bad debts and doubtful accounts	1,137,432	14,248	-	-	1,151,680
Loss (gain) on sale and write-off of leasehold improvement and equipment and intangible assets	3,188	-	(142)	-	3,046
Finance costs	506,566	16,345	639	(493)	523,057
Total expenses	<u>3,460,136</u>	<u>134,239</u>	<u>493,334</u>	<u>(453,469)</u>	<u>3,634,240</u>
Share of loss from investment in an associate	-	-	-	(671)	(671)
Profit before income tax	719,567	3,919	79,002	(48,671)	753,817
Income tax expense	116,904	1,087	16,102	-	134,093
Net profit for the period	<u>602,663</u>	<u>2,832</u>	<u>62,900</u>	<u>(48,671)</u>	<u>619,724</u>

20.2 Financial positions classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS
"Unaudited"

As at May 31, 2018

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	72,615,444	2,418,255	527,773	(330,016)	75,231,456
Leasehold improvement and equipment and intangible assets	1,165,664	164,809	96,673	(9,001)	1,418,145
Other assets	5,206,909	393,532	880,160	(1,024,723)	5,455,878
Total assets	<u>78,988,017</u>	<u>2,976,596</u>	<u>1,504,606</u>	<u>(1,363,740)</u>	<u>82,105,479</u>
Total liabilities	<u>62,783,912</u>	<u>2,134,256</u>	<u>574,851</u>	<u>(335,003)</u>	<u>65,158,016</u>

CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2018

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	71,756,031	2,168,305	494,235	(293,331)	74,125,240
Leasehold improvement and equipment and intangible assets	1,039,084	171,940	219,035	(2,060)	1,427,999
Other assets	5,317,527	157,395	778,232	(1,034,993)	5,218,161
Total assets	<u>78,112,642</u>	<u>2,497,640</u>	<u>1,491,502</u>	<u>(1,330,384)</u>	<u>80,771,400</u>
Total liabilities	<u>62,934,982</u>	<u>1,859,160</u>	<u>462,925</u>	<u>(307,468)</u>	<u>64,949,599</u>

21. CREDIT FACILITIES AND LETTER OF GUARANTEE

- 21.1 As at May 31, 2018 and February 28, 2018, the Company has unused committed and unsecured revolving credit facility agreements with some financial institutions totaling Baht 3,000 million.
- 21.2 As at May 31, 2018 and February 28, 2018, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 2,870 million and Baht 3,060 million, respectively.
- 21.3 As at May 31, 2018 and February 28, 2018, the Company has a bank's letter of guarantee issued to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantee is unsecured.
- 21.4 As at May 31, 2018 and February 28, 2018, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 6.18 million and Baht 6.78 million, respectively.
- 21.5 As at May 31, 2018 and February 28, 2018, the Company has outstanding standby letters of credit issued by two banks of not exceeding USD 3.60 million and USD 3.41 million, respectively. In addition, the Company has letters of guarantee for guarantee repayment of a subsidiary's loans of not exceeding USD 6.60 million and USD 6.61 million as at May 31, 2018 and February 28, 2018, respectively.

22. SALE OF WRITTEN-OFF TRADE RECEIVABLES

On February 22, 2018, the Company sold written-off trade receivables under loan agreements and credit card agreements by a bidding process to two unrelated local companies (the "buyers") with the purchase price of Baht 164.07 and Baht 15.07 million, respectively. At the same date, the Company entered into the "Asset Sale and Purchase Agreement" with the buyers. The agreements set 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 trade receivables under loan agreements and credit card agreements. On February 22, 2018, which is the closing date as specified in the agreements, the Company received the initial payment of Baht 41.02 million and Baht 15.07 million, respectively, from the buyers. One of the buyers has agreed to pay the remaining amount of purchase price amounting to Baht 123.05 million in three installments of Baht 41.02 million per each, on March 22, 2018, April 22, 2018 and on the delivery date, respectively. The Company has already recognized gain on sale of written-off trade receivables after claim for damages from sales of loans receivable totaling Baht 179.14 million in the consolidated and separate statements of profit or loss for the year ended February 28, 2018, and recorded outstanding receivables of Baht 123.05 million as other receivables in the consolidated and separate statements of financial position as at February 28, 2018.

Subsequently, during the three-month period ended May 31, 2018, the Company has already received cash proceeds of the remaining balance as specified in the agreement.

Under the Asset Sale and Purchase Agreement, 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 was not concluded within three months or the Company decided not to make a purchase, the buyer might sell such loan to a third party.

23. EVENTS AFTER THE REPORTING PERIOD

23.1 On June 22, 2018, the Annual General Meeting of Shareholders had the resolutions to approve the declaration of final dividends for the fiscal year 2017 at the rate of Baht 2.25 per share, totaling Baht 562.50 million, which will be paid to all shareholders on July 20, 2018 in addition to the interim dividends which had been paid to the shareholders at Baht 1.60 per share, totaling Baht 399.99 million on November 6, 2017.

23.2 On February 26, 2018, the Shareholders' Meeting of AEON Specialized Bank (Cambodia) Plc., a subsidiary, had the resolutions to approve the declaration of dividend payment for the fiscal year 2017 in the amount of USD 0.092 per share from the whole amount of the subsidiary's retained earnings to the shareholders based on shareholders' structure at that time (prior to the change in shareholders' structure (see Note 6.2)). Subsequently, on June 14, 2018, the subsidiary got an approval from the National Bank of Cambodia ("NBC") on dividend payment totaling USD 1.15 million, which has been paid to the shareholders on June 29, 2018.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issue by the Company's authorized director and the Audit Committee on July 6, 2018.

(Translation)

No.22/2018

July 11, 2018

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 7/2018

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby report the resolutions passed at the meeting of the Board of Directors No. 7/2018, held on July 11, 2018 from 10.00 a.m. as follows:

1. Unanimously approved the reviewed financial statements of the Company for the first quarter ended May 31, 2018;
2. Approved the connected transaction with the related companies. (Details as attachment)

Please be informed accordingly

Yours sincerely,

Kiyoyasu Asanuma

Managing Director

Connected transactions

The Board of Director's meeting of AEON Thana Sinsap (Thailand) PLC. No.7/2018 held on July 11, 2018 had a resolution of the connected transaction as follows:

Date of agreement:

Company	Date of agreement
AEON Financial Service Co., Ltd. ("AFS")	Within March 31, 2019 Agreement period is one year from April 2018 to March 2019

Contractual parties with AEONTS and its subsidiaries companies:

Company	Business	Relationship with AEONTS
AFS	Finance	-Major shareholder of AEONTS, holding 35.12% of AEONTS' s shares

AEONTS' s subsidiaries:

Company	Business	% of shares held by AEONTS
1). AEON Specialized bank (Cambodia) Private Company Limited ("ASB Cambodia")	Retail Finance	50%
2). AEON Insurance Service (Thailand) Company Limited ("AIS")	Non-life and Life Insurance Broker	100%
3). ACS Servicing (Thailand) Company Limited ("ACSS")	Collection Service	100%
4.) AEON Microfinance (Myanmar) Company Limited ("AMF Myanmar")	Retail Finance	100%

General characteristics of transactions:

AFS provides the business administration and support to the oversea subsidiaries in order to grow and develop AFS subsidiaries' business. AEONTS and its subsidiaries enter into "Business Administration Agreement" and pays management fee to AFS.

Value of consideration:

Related company name	Amount (THB)
AEONTS	81,683,711.81
ACSS	3,662,732.74
AIS	3,120,510.91
ASB Cambodia	4,174,257.02
AMF Myanmar	3,041,487.55
Total	95,682,700.03

This amount was calculated based on the cost (labor cost, administration cost, equipment cost etc.) of AFS who works for subsidiaries including overseas business, and the cost is allocated to the subsidiaries of AFS group.

Name, position and shareholding proportion of the connected persons

Related company name	Paid Up Capital No. of shares	Name of connected persons	Share (s) in related company	% of share in AEONTS
AFS	45,698,196,100 JPY/ 225,510,128 shares	Mr. Hideki Wakabayashi ¹	-	-

Note: ¹Mr. Hideki Wakabayashi is the Chairman of the Board of Directors of AEONTS and the Senior Managing Director of AFS

The measurement of total transactions

By measurement in percentage of the Company Net Tangible Assets (NTA), total transaction is 95.68 million baht or 0.59% which more than 0.03% but less than 3% of NTA of the Company. So this transaction is the connected transaction pursuant to the Notifications which shall be approved by Audit Committee and Board of Director as well as disclose to the Stock Exchange of Thailand.

In addition, the Company approved the connected transaction within the last six months as follows:

- Board of Director's meeting No. 2/2018 held on February 6, 2018, approved to waiving the right to subscribe the increasing shares of ASB Cambodia totally amount to USD 6 million or approximately 189.2 million baht or 1.32% of the Company's NTA.

- Board of Director's meeting No. 3/2018 held on March 20, 2018, approved the transaction with ACS Capital Corporation Limited for supporting on the business operation and system support in total amount of 12 million baht or 0.09% of NTA of the Company and approved engage service agreement with SIGMAXYZ Inc. (which is not related person of the company) in the New Collection system development, which SIGMAXYZ shall co-ordinate with AEON Systems in the amount of 52.2 million baht or 0.36% of the Company's NTA.
- Board of Director's meeting No. 5/2018 held on May 22, 2018, approved the transaction with AEON Credit Service Systems (Philippines) Inc, which AEON Systems provides outsourcing service in the system development to ASB Cambodia in total amount of 9.3 million baht or 0.06% of the Company's NTA.

Therefore, the total connected transaction approved by the Board of Directors' meeting in the last six months period including this time was 358.44 million baht or 2.42% which more than 0.03% of the Company NTA but less than 3% of NTA of the Company.

Opinion of the Audit Committee:

The Audit Committee has considered the transaction and has opinion that the management fee is reasonable and be proposed to the Board of Directors for further approval.

Opinion of the Board of Director:

The Board of Directors has considered the transaction and has opinion that the management fee is necessary and reasonable.

Management Discussion and Analysis for the 1st Quarter 2018 ended May 31, 2018

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 1st quarter financial statements as of May 31, 2018 which were reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has net profit attributed to owners of the parent of 928 million baht or 3.71 baht per share. The financial performance can be summarized as follows.

Overview

Overall, the Thai economy in the first quarter expanded by 4.8%, higher than 3.9% growth in the previous quarter, according to data from Bank of Thailand and NESDB. This was mainly from acceleration of private consumption, government consumption, total investment, and a robust export growth.

As of May 31, 2018, the Company’s total cards reached 8.24 million cards (including 2.52 million credit cards and 5.72 million member cards), net increasing by 94,600 cards from February 28, 2018. Covering networks nationwide, the Company has 104 branches, 446 ATMs, and over 17,830 member dealers to provide quality financial services to AEON cardholders.

Operating Results

Revenues

In the first quarter of 2018, the total consolidated revenues were 5,016 million baht, showing an increase of 628 million baht or 14% from the same period last year and at the same level as the previous quarter. This was mainly contributed from an increase in credit card income by 14%, personal loan income by 15% and other incomes in bad debt recovery and collection service income also increased. The revenues for the Company only were 4,864 million baht, increasing by 669 million baht or 16% from last year and 2% from the previous quarter. As of May 31, 2018, The Company has active billings of 3.22 million accounts per month with active customers of 2.13 million IDs, mainly from Bangkok 31%, and in up-country 69%. Details of each business can be described as follows:

- Credit Card

Credit cards turnover shared 65% of total turnovers. In the first quarter of 2018, the consolidated revenues from credit card were 1,854 million baht, showing an increase of 235 million baht or 14% from the same period last year, and represented 37% of total revenues. This was due to the fact that the Company has focused on promotional activities were also organized jointly with leading shops and department stores. In May 2018, the Company cooperated with Thai Airways International Public Company Limited and Mastercard to launch the AEON Royal Orchid Plus World Mastercard, which offering privileges under the

concept “Enjoy the World of Travelling Freedom”. The AEON Royal Orchid Plus World Mastercard offers the ultimate in travel experiences and superior customer benefits for both business and leisure travelers. For every 15 baht spend in foreign currency, card member will earn 1 AEON Royal Orchid Plus Reward Point. Card member will also earn cash back for up to 36,000 baht per year from spending in both Thailand and oversea. Moreover, they will get 50% cash back when purchasing a second Thai Airways Business Class Air ticket by using AEON Royal Orchid World Mastercard as well as can access to the Royal Orchid Lounge at Suvarnabhumi Airport. This new card will expand its credit card market share. In addition, AEON Specialized Bank (Cambodia) PLC launched a credit card business in 2016, credit card revenue in Cambodia grew by 53% from last year.

- Loans

In the first quarter of 2018, loans shared 29% of total turnovers (shared 17% from personal loan and 12% from purposed loan for mobile phone, IT products, electrical appliances and etc. at department stores and over 17,830 dealers nationwide) with the consolidated revenues of 2,604 million baht, showing an increase of 331 million baht or 15% from the same period last year, and shared 52% of total revenues. This was contributed from loan income from AEON Microfinance (Myanmar) Company Limited, which grew by 76% from last year and AEON Specialized Bank (Cambodia) PLC grew by 11% from last year. In addition, the Company has been expanding more service channels providing more convenience to customers and this also saved the Company's operation cost.

- Motorcycle and Used Car Hire Purchase

In the first quarter of 2018, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, sharing 2% of total turnovers. The consolidated revenues from hire purchase were 91 million baht, a decrease of 6 million baht or 7% from last year. This was mainly contributed from hire purchase income from AEON Specialized Bank (Cambodia) PLC amount to 52 million baht and AEON Leasing Service (Lao) Company Limited amount to 22 million baht, increasing by 32% from last year. However, the Company has continued launching promotions with motorcycle manufacturers and suppliers, as well as increased distribution channels for motorcycle sales through our branches and launched “AEON Auto Loan” or used car loan to expand new target customers since February 2018.

- Other

In the first quarter of 2018, other incomes were 468 million baht, showing an increase of 68 million baht or 17% from last year and represented 9% of total revenues. This was as a result of an increase in bad debt recovery from 140 million baht to 170 million baht, which grew by 21% from the same period last year. Moreover, the income for the first quarter of 2018 of company's subsidiaries in Thailand, the Company had

commission income from AEON Insurance Service (Thailand) Co., Ltd. of 125 million baht, increasing by 3% y-y, and collection service income from ACS Servicing (Thailand) Co., Ltd. of 64 million baht, increasing by 103% y-y, due to improving in debt collection and transferring of debt collection service from ACS Servicing (Thailand) Co., Ltd. back to the Company, and others accordingly. The Company has planed to generate more fee base incomes in the future.

Expenses

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts and finance cost. In the first quarter of 2018, the Company had total consolidated expenses of 3,847 million baht, an increase of 212 million baht or 6% from last year. Details of expenses are shown as follows:

- Operating and Administrative Expenses

In the first quarter of 2018, the operating and administrative from consolidated expenses were 2,088 million baht, an increase of 131 million baht or 7% from last year. This was as a result of an increase in marketing expenses and personal expense caused by increasing employment of the Company's subsidiaries. In terms of proportion to total revenues, operating and administrative expenses represented 42% of total revenues. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues represented 38% in the first quarter of 2018, decreasing from last year.

- Bad debt and Doubtful accounts

In the first quarter of 2018, the Company posted bad debt and doubtful accounts of 1,205 million baht, an increase of 54 million baht or 5% from last year and at the same level as the previous quarter. This was as a result of an increase in new loan growth. However, the Company has continued improving efficiency in debt collection and credit judgment.

- Finance Cost

In the first quarter of 2018, the Company had finance cost of 552 million baht, an increase of 29 million baht or 5% from last year and 3% from the previous quarter. This was as a result of the increase in new loan growth. However, finance cost in the first quarter of 2018 accounted for 11% of total revenues, slightly decreased from 12% in the previous 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, represented 70% of total borrowing and weighted average funding cost at 3.36% in the first quarter of 2018, decreased from 3.67% in the first quarter of 2017.

Net Profit

In the first quarter of 2018, the Company had consolidated operating income of 1,171 million baht, an increase of 417 million baht or 55% from last year and reported net profit attributed to owners of the parent of 928 million baht, an increase of 310 million baht or 50% from last year, and earning per share was 3.71 baht per share. Excluding the gains on sale of written-off accounts receivable in 4Q/2017, the net profit grew 24% from the fourth quarter last year. An increase in net profit mainly due to an increase in credit card, personal loan and bad debt recovery income as well as the Company can control bad debt and doubtful accounts and finance cost to be low continually.

Financial Status

Total Assets

As of May 31, 2018, consolidated total assets were 82,105 million baht, an increase of 1,334 million baht or 2% from 80,771 million baht as of February 28, 2018. The main assets were attributed to the portfolio of net account receivables which shared 91% of total assets.

- Accounts Receivable

The Company had gross accounts receivable of 77,210 million baht (both current assets and non-current assets) as of May 31, 2018, an increase of 2% from the fiscal year 2017. This can be categorized by business type as follows: credit card receivable 35,675 million baht, loans receivable 40,049 million baht, hire purchase receivable 1,324 million baht and other receivable 162 million baht.

- Allowance for doubtful accounts

As of May 31, 2018, the Company provided allowance for doubtful accounts of 2,556 million baht or 3.31% of total accounts receivable, comparing to that of 2,416 million baht or 3.19% of total accounts receivable at the end of previous fiscal year. The percentage account receivable 3 months overdue or non-performing loan ratio was 2.48%. The Company was able to control accounts receivable overdue more than 3 months better than last year. The coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 134% in the first quarter of 2018, which is the same level at the end of fiscal year 2017, reflecting the adequacy of the Company's provision for doubtful accounts.

Liabilities

The consolidated liabilities of the Company as of May 31, 2018 totaled 65,158 million baht, an increase of 208 million baht, or at the same level of 64,950 million baht at the end of fiscal year 2017. There were both short-term and long-term borrowings totally 59,859 million baht. The portion of long-term borrowings was 41,838 million baht or represented 70% of total borrowings.

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

Shareholders' Equity

As of May 31, 2018, total shareholders' equity amounted to 16,947 million baht, increasing by 1,126 million baht, or 7% over the end of fiscal year 2017. Consequently, Book value as of May 31, 2018 was 67.8 baht per share, increasing from that of 63.3 baht per share as of February 28, 2018.

Debt to Equity ratio as of May 31, 2018 decreased to 3.8 times. Return on Equity and Return on Asset equaled to 22.6% and 4.6%, respectively.