

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED

We have audited the consolidated financial statements of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of AEON Thana Sinsap (Thailand) Public Company Limited, which comprise the consolidated and separate statements of financial position as at February 20, 2016 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 year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and of AEON Thana Sinsap (Thailand) Public Company Limited as at February 20, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

BANGKOK
April 18, 2016

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 20, 2016

BAHT '000

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|---------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6.1 | 2,924,532 | 2,769,448 | 2,360,301 | 2,218,371 |
| Accounts receivable and other receivables | | | | | |
| Accounts receivable | 7 | 59,510,687 | 55,290,320 | 56,857,962 | 54,692,829 |
| Other receivables | 8 | 213,920 | 209,713 | 259,309 | 324,619 |
| Seller loans in Special Purpose Vehicles | | | | | |
| for Securitization due within one year | 12 | - | - | 2,513,338 | - |
| Subordinated lendings due within one year | 13 | 1,399,352 | - | 1,399,352 | - |
| Receivables per currency swap contracts | 21 and 23 | 837,971 | 341,989 | 837,971 | 341,989 |
| Short-term loan to a related party | 9 | - | - | 100,000 | - |
| Other current assets | | 95,203 | 55,160 | 40,019 | 38,787 |
| Total Current Assets | | <u>64,981,665</u> | <u>58,666,630</u> | <u>64,368,252</u> | <u>57,616,595</u> |
| NON-CURRENT ASSETS | | | | | |
| Accounts receivable | 7 | 1,212,583 | 1,194,777 | 574,822 | 764,250 |
| Fixed deposits at banks under obligations | 10 | 34,173 | 21,958 | - | - |
| Investment in associate | 11.1 and 11.2 | 41,212 | 37,235 | 16,819 | 16,819 |
| Investments in subsidiaries | 11.2 | - | - | 957,412 | 720,255 |
| Other long-term investments | | | | | |
| Related companies | 11.3 | 26,717 | 26,717 | 26,717 | 26,717 |
| Seller loan in Special Purpose Vehicle | | | | | |
| for securitization | 12 | - | - | - | 232,008 |
| Subordinated lendings | 13 | - | 1,399,352 | 29,870 | 1,399,352 |
| Leasehold improvement and equipment | 14 | 953,771 | 1,029,777 | 720,324 | 850,316 |
| Intangible assets | 15 | 655,525 | 737,417 | 499,989 | 613,366 |
| Receivables per currency swap contracts | 21 and 23 | 2,186,163 | 623,217 | 2,186,163 | 623,217 |
| Deferred tax assets | 16 | 453,294 | 481,224 | 421,269 | 454,765 |
| Other non-current assets | 17 | 175,901 | 173,770 | 151,267 | 159,391 |
| Total Non-Current Assets | | <u>5,739,339</u> | <u>5,725,444</u> | <u>5,584,652</u> | <u>5,860,456</u> |
| TOTAL ASSETS | | <u><u>70,721,004</u></u> | <u><u>64,392,074</u></u> | <u><u>69,952,904</u></u> | <u><u>63,477,051</u></u> |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT FEBRUARY 20, 2016

BAHT '000

| | Notes | CONSOLIDATED | | SEPARATE | |
|--|-------|----------------------|-------------------|----------------------|-------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdrafts and short-term borrowings | | | | | |
| from financial institutions | 18 | 6,507,898 | 3,155,305 | 6,010,000 | 2,800,000 |
| Short-term borrowings from a related company | 19 | - | - | - | 50,000 |
| Accounts payable and other payables | | | | | |
| Accounts payable | | 650,834 | 495,555 | 526,450 | 362,421 |
| Other payables | 20 | 1,390,640 | 1,297,242 | 2,029,915 | 1,436,025 |
| Current portion of : | | | | | |
| Long-term borrowings | 21 | 10,696,624 | 10,040,561 | 10,696,624 | 10,040,561 |
| Long-term debentures | 23 | 1,247,563 | 652,646 | 1,247,563 | 652,646 |
| Accrued income tax | | 238,168 | 314,468 | 195,248 | 282,910 |
| Payables per currency swap contracts | 21 | 57,107 | 541,568 | 57,107 | 541,568 |
| Other current liabilities | | 149,448 | 75,231 | 132,101 | 61,234 |
| Total Current Liabilities | | <u>20,938,282</u> | <u>16,572,576</u> | <u>20,895,008</u> | <u>16,227,365</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term borrowings | 21 | 29,526,661 | 28,197,261 | 29,164,123 | 27,866,130 |
| Long-term borrowings under | | | | | |
| securitization project | 22 | - | - | 593,566 | - |
| Long-term debentures | 23 | 7,420,957 | 6,910,366 | 6,923,552 | 6,910,366 |
| Payables per currency swap contracts | 21 | 611,025 | 2,190,317 | 611,025 | 2,190,317 |
| Subordinated borrowings | 13 | 29,870 | - | - | - |
| Employee benefit obligations | 24 | 88,466 | 76,220 | 59,329 | 71,346 |
| Other non-current liabilities | | 584 | 514 | 584 | 10,983 |
| Total Non-Current Liabilities | | <u>37,677,563</u> | <u>37,374,678</u> | <u>37,352,179</u> | <u>37,049,142</u> |
| TOTAL LIABILITIES | | <u>58,615,845</u> | <u>53,947,254</u> | <u>58,247,187</u> | <u>53,276,507</u> |

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT FEBRUARY 20, 2016

BAHT '000

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| | | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
| | | 2016 | 2015 | 2016 | 2015 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| (CONTINUED) | | | | | |
| SHAREHOLDERS' EQUITY | 25 | | | | |
| 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 |
| PREMIUM ON ORDINARY SHARE CAPITAL | | 478,000 | 478,000 | 478,000 | 478,000 |
| RETAINED EARNINGS | | | | | |
| Appropriated | | | | | |
| Legal reserve | 26 | 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 | | 6,433,755 | 4,842,294 | 6,102,717 | 4,597,544 |
| OTHER COMPONENTS OF EQUITY | 28 | | | | |
| Exchange differences on translating financial statements of foreign operations | | (15,817) | (1,119) | - | - |
| EQUITY ATTRIBUTABLE TO | | | | | |
| OWNERS OF THE PARENT | | 12,020,938 | 10,444,175 | 11,705,717 | 10,200,544 |
| NON-CONTROLLING INTERESTS | | 84,221 | 645 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 12,105,159 | 10,444,820 | 11,705,717 | 10,200,544 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 70,721,004 | 64,392,074 | 69,952,904 | 63,477,051 |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Notes | CONSOLIDATED | | SEPARATE | |
|---|---------------|----------------------|-------------|----------------------|-------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | | |
| Credit card income | 29 | 6,275,129 | 6,164,036 | 6,224,712 | 5,713,129 |
| Loan income | 29 | 8,821,605 | 8,680,056 | 8,738,725 | 8,650,184 |
| Hire-purchase income | | 430,712 | 403,919 | 213,207 | 248,201 |
| Other income | | | | | |
| Bad debt recovery | | 532,471 | 628,946 | 518,594 | 622,694 |
| Gain on sales of written-off accounts receivable | 40 | 299,406 | 605,998 | 299,406 | 605,998 |
| Collection service income | | 203,172 | 207,240 | 16,224 | 26,586 |
| Commission income | | 476,473 | 253,203 | - | - |
| Gain (loss) on sale of leasehold improvement and equipment and intangible assets | | 180 | (49) | 4,488 | (8) |
| Dividend income | | - | - | 115,707 | 52,908 |
| Others | | 392,078 | 264,594 | 174,845 | 132,500 |
| Total other income | | 1,903,780 | 1,959,932 | 1,129,264 | 1,440,678 |
| Total Revenues | | 17,431,226 | 17,207,943 | 16,305,908 | 16,052,192 |
| EXPENSES | | | | | |
| Operating and administrative expenses | | 7,158,818 | 6,709,181 | 6,595,426 | 6,160,748 |
| Directors and managements' remuneration | 30 | 134,724 | 118,190 | 78,814 | 79,595 |
| Bad debts and doubtful accounts | | 4,754,037 | 5,015,029 | 4,507,358 | 4,745,620 |
| Finance costs | | 2,302,934 | 2,358,259 | 2,237,119 | 2,234,456 |
| Total Expenses | | 14,350,513 | 14,200,659 | 13,418,717 | 13,220,419 |
| Share of profit from investment in associate | 11.1 | 3,978 | 20,416 | - | - |
| INCOME BEFORE INCOME TAX EXPENSE | | 3,084,691 | 3,027,700 | 2,887,191 | 2,831,773 |
| INCOME TAX EXPENSE | 33 | 625,195 | 611,152 | 526,393 | 529,573 |
| NET PROFIT FOR THE YEAR | | 2,459,496 | 2,416,548 | 2,360,798 | 2,302,200 |
| NET PROFIT ATTRIBUTABLE TO : | | | | | |
| Owners of the parent | | 2,446,356 | 2,417,534 | 2,360,798 | 2,302,200 |
| Non-controlling interests | | 13,140 | (986) | - | - |
| | | 2,459,496 | 2,416,548 | 2,360,798 | 2,302,200 |
| BASIC EARNINGS PER SHARE | BAHT | 9.79 | 9.67 | 9.44 | 9.21 |
| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES | SHARES | 250,000,000 | 250,000,000 | 250,000,000 | 250,000,000 |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Note | CONSOLIDATED | | SEPARATE | |
|--|------|----------------------|------------------|----------------------|------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| Net profit for the year | | 2,459,496 | 2,416,548 | 2,360,798 | 2,302,200 |
| Other comprehensive income (loss) - net from income tax | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translating | | | | | |
| financial statements of foreign operations | 28 | | | | |
| - Owners of the parent | | (14,698) | (11,073) | - | - |
| - Non-controlling interests | | (193) | (31) | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Actuarial gain (loss) from actuarial assumptions | | 7,431 | (5,568) | 6,701 | (7,260) |
| Other comprehensive income (loss) for the year, net of income tax | | (7,460) | (16,672) | 6,701 | (7,260) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>2,452,036</u> | <u>2,399,876</u> | <u>2,367,499</u> | <u>2,294,940</u> |
| TOTAL COMPREHENSIVE INCOME | | | | | |
| ATTRIBUTABLE TO : | | | | | |
| Owners of the parent | | 2,439,089 | 2,400,893 | 2,367,499 | 2,294,940 |
| Non-controlling interests | | 12,947 | (1,017) | - | - |
| | | <u>2,452,036</u> | <u>2,399,876</u> | <u>2,367,499</u> | <u>2,294,940</u> |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Notes | CONSOLIDATED FINANCIAL STATEMENTS | | | | | | | Non-controlling interests | Total shareholders' equity |
|--|-------|-----------------------------------|----------------------------|--|---|--|----------------------------|-------------------|---------------------------|----------------------------|
| | | Issued and paid-up share capital | Premium on ordinary shares | Owners of the parent Retained earnings | | Other components of equity | Total owners of the parent | | | |
| | | | | Appropriated Legal reserve | Unappropriated Reserve for business expansion | Exchange differences on translating financial statements of foreign operations | | | | |
| Beginning balance, as at February 21, 2014 | | 250,000 | 478,000 | 25,000 | 4,850,000 | 3,292,818 | 9,954 | 8,905,772 | 1,677 | 8,907,449 |
| Changes during the year | | | | | | | | | | |
| Dividend paid | 25.1 | - | - | - | - | (462,495) | - | (462,495) | (15) | (462,510) |
| Interim dividend paid | 25.2 | - | - | - | - | (399,995) | - | (399,995) | - | (399,995) |
| Net profit (loss) for the year | | - | - | - | - | 2,417,534 | - | 2,417,534 | (986) | 2,416,548 |
| Other comprehensive loss | | - | - | - | - | (5,568) | (11,073) | (16,641) | (31) | (16,672) |
| Ending balance, as at February 20, 2015 | | <u>250,000</u> | <u>478,000</u> | <u>25,000</u> | <u>4,850,000</u> | <u>4,842,294</u> | <u>(1,119)</u> | <u>10,444,175</u> | <u>645</u> | <u>10,444,820</u> |
| Beginning balance, as at February 21, 2015 | | | | | | | | | | |
| Changes during the year | | 250,000 | 478,000 | 25,000 | 4,850,000 | 4,842,294 | (1,119) | 10,444,175 | 645 | 10,444,820 |
| Increase in share capital from non-controlling interests in subsidiaries | 11.2 | - | - | - | - | - | - | - | 64,302 | 64,302 |
| Change in shareholding in a subsidiary | 11.2 | - | - | - | - | - | - | - | 6,372 | 6,372 |
| Dividend paid | 25.3 | - | - | - | - | (462,328) | - | (462,328) | (15) | (462,343) |
| Interim dividend paid | 25.4 | - | - | - | - | (399,998) | - | (399,998) | - | (399,998) |
| Capital repayment from dissolution in a subsidiary | 25.5 | - | - | - | - | - | - | - | (30) | (30) |
| Net profit for the year | | - | - | - | - | 2,446,356 | - | 2,446,356 | 13,140 | 2,459,496 |
| Other comprehensive income (loss) | | - | - | - | - | 7,431 | (14,698) | (7,267) | (193) | (7,460) |
| Ending balance, as at February 20, 2016 | | <u>250,000</u> | <u>478,000</u> | <u>25,000</u> | <u>4,850,000</u> | <u>6,433,755</u> | <u>(15,817)</u> | <u>12,020,938</u> | <u>84,221</u> | <u>12,105,159</u> |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Notes | SEPARATE FINANCIAL STATEMENTS | | | | Unappropriated | Total shareholders' equity |
|---|-------|----------------------------------|----------------------------|---------------|---|------------------|----------------------------|
| | | Issued and paid-up share capital | Premium on ordinary shares | Legal reserve | Retained earnings Appropriated Reserve for business expansion | | |
| Beginning balance, as at February 21, 2014 | | 250,000 | 478,000 | 25,000 | 4,850,000 | 3,165,094 | 8,768,094 |
| Changes during the year | | | | | | | |
| Dividend paid | 25.1 | - | - | - | - | (462,495) | (462,495) |
| Interim dividend paid | 25.2 | - | - | - | - | (399,995) | (399,995) |
| Net profit for the year | | - | - | - | - | 2,302,200 | 2,302,200 |
| Other comprehensive loss | | - | - | - | - | (7,260) | (7,260) |
| Ending balance, as at February 20, 2015 | | <u>250,000</u> | <u>478,000</u> | <u>25,000</u> | <u>4,850,000</u> | <u>4,597,544</u> | <u>10,200,544</u> |
| Beginning balance, as at February 21, 2015 | | 250,000 | 478,000 | 25,000 | 4,850,000 | 4,597,544 | 10,200,544 |
| Changes during the year | | | | | | | |
| Dividend paid | 25.3 | - | - | - | - | (462,328) | (462,328) |
| Interim dividend paid | 25.4 | - | - | - | - | (399,998) | (399,998) |
| Net profit for the year | | - | - | - | - | 2,360,798 | 2,360,798 |
| Other comprehensive income | | - | - | - | - | 6,701 | 6,701 |
| Ending balance, as at February 20, 2016 | | <u>250,000</u> | <u>478,000</u> | <u>25,000</u> | <u>4,850,000</u> | <u>6,102,717</u> | <u>11,705,717</u> |

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Note | CONSOLIDATED | | SEPARATE | |
|--|------|----------------------|--------------------|----------------------|---------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before income tax expense | | 3,084,691 | 3,027,700 | 2,887,191 | 2,831,773 |
| Adjustments for: | | | | | |
| Share of profit from investment in associate | | (3,978) | (20,416) | - | - |
| Bad debts and doubtful accounts | | 4,754,037 | 5,015,029 | 4,507,358 | 4,745,620 |
| Depreciation | | 342,772 | 303,017 | 266,573 | 257,079 |
| Amortization of intangible assets | | 235,555 | 255,627 | 204,014 | 224,850 |
| Employee benefit expense | | 22,532 | 15,764 | 15,165 | 13,879 |
| Gain on sale of written-off accounts receivable | | (299,406) | (605,998) | (299,406) | (605,998) |
| (Gain) loss on sale of leasehold improvement and equipment | | (1,284) | 49 | (4,162) | 8 |
| Loss on written-off of leasehold improvement and equipment | | 2,805 | 40 | 653 | - |
| Gain on sale of intangible assets | | (1,701) | - | (979) | - |
| Interest income | | (9,426,900) | (8,739,068) | (8,533,309) | (7,878,627) |
| Dividend income | | - | - | (115,707) | (52,908) |
| Finance cost | | 2,302,934 | 2,358,259 | 2,237,119 | 2,234,456 |
| | | <u>1,012,057</u> | <u>1,610,003</u> | <u>1,164,510</u> | <u>1,770,132</u> |
| Operating assets (increase) decrease | | | | | |
| Accounts receivable and other receivables | | (8,865,140) | (8,186,275) | (14,191,497) | (14,090,138) |
| Other current assets | | (40,043) | (15,042) | (1,234) | (740) |
| Other non-current assets | | (16,856) | (28,509) | (7,284) | (23,922) |
| Operating liabilities increase (decrease) | | | | | |
| Accounts payable and other payables | | 244,967 | (92,955) | 247,928 | (104,496) |
| Other current liabilities | | 74,217 | 19,802 | 70,867 | 29,878 |
| Other non-current liabilities | | (130) | (11,568) | (10,399) | 3,687 |
| Cash paid for operations | | <u>(7,590,928)</u> | <u>(6,704,544)</u> | <u>(12,727,109)</u> | <u>(12,415,599)</u> |
| Proceeds from interest income | | 9,295,400 | 8,557,917 | 8,416,246 | 7,693,173 |
| Dividend received | | - | - | 115,707 | 52,908 |
| Finance cost paid | | (2,259,832) | (2,257,972) | (2,177,465) | (2,133,731) |
| Income tax paid | | (675,001) | (793,863) | (582,234) | (650,780) |
| Retirement benefits paid | | (991) | (5,457) | (18,806) | (5,157) |
| Net cash used in operating activities | | <u>(1,231,352)</u> | <u>(1,203,919)</u> | <u>(6,973,661)</u> | <u>(7,459,186)</u> |

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Note | CONSOLIDATED | | SEPARATE | |
|--|------|----------------------|--------------------|----------------------|------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Cash paid for fixed deposits at banks | | | | | |
| under obligations | | (12,216) | (8,542) | - | - |
| Cash paid for purchases of leasehold improvement | | | | | |
| and equipment | | (244,265) | (647,169) | (200,321) | (520,598) |
| Cash paid for purchases of intangible assets | | (168,936) | (367,588) | (131,741) | (279,237) |
| Proceeds from sale of leasehold improvement | | | | | |
| and equipment | | 2,210 | 5,572 | 93,523 | 5,452 |
| Proceeds from sale of intangible assets | | 2,026 | - | 27,135 | - |
| Cash paid for short-term loan to a related party | | - | - | (100,000) | - |
| Proceeds from capital refund from a subsidiary | | - | - | 10 | - |
| Capital refund paid from dissolution in a subsidiary | | (30) | - | - | - |
| Cash paid for investment in subsidiaries | | - | - | (237,167) | (177,883) |
| Cash paid for purchase of investment in a subsidiary | | | | | |
| from non-controlling interest | | (1,783) | - | - | - |
| Net cash used in investing activities | | <u>(422,994)</u> | <u>(1,017,727)</u> | <u>(548,561)</u> | <u>(972,266)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from sale of additional revolving | | | | | |
| receivables under securitization projects | | - | - | 6,084,009 | 6,643,558 |
| Proceeds from sale of written-off | | | | | |
| accounts receivable | | 299,406 | 605,998 | 299,406 | 605,998 |
| Proceeds from long-term subordinate borrowings under | | | | | |
| securitization project | | 29,870 | - | - | - |
| Proceeds from bank overdrafts and short-term borrowings | | | | | |
| from financial institutions | | 239,532,636 | 106,527,355 | 237,241,617 | 104,651,757 |
| Cash repayments for bank overdrafts and | | | | | |
| short-term borrowings from financial institutions | | (236,180,043) | (105,004,295) | (234,031,617) | (103,161,757) |
| Cash repayments for short-term borrowings from a related | | | | | |
| company | | - | - | (50,000) | - |
| Proceeds from long-term debentures | | 1,094,265 | 2,658,000 | 596,860 | 2,658,000 |
| Proceeds from long-term borrowings | | 8,717,400 | 8,737,032 | 8,717,400 | 8,405,900 |
| Cash repayments for long-term debentures | | (646,000) | - | (646,000) | - |
| Cash repayments for long-term borrowings | | (10,225,174) | (10,092,799) | (10,256,580) | (10,092,799) |
| Proceeds from long-term borrowings under | | | | | |
| securitization project | | - | - | 789,330 | - |
| Cash repayments for long-term borrowings | | | | | |
| securitization project | | - | - | (217,947) | - |

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED FEBRUARY 20, 2016

BAHT '000

| | Note | CONSOLIDATED | | SEPARATE | |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED) | | | | | |
| Cash payments for finance lease agreements | | - | (1,320) | - | - |
| Proceeds from ordinary shares issued of a subsidiary | | 64,302 | - | - | - |
| Dividend paid | | (462,343) | (462,510) | (462,328) | (462,495) |
| Interim dividend paid | | (399,998) | (399,995) | (399,998) | (399,995) |
| Net cash provided by financing activities | | <u>1,824,321</u> | <u>2,567,466</u> | <u>7,664,152</u> | <u>8,848,167</u> |
| Net increase in cash and cash equivalents | | 169,975 | 345,820 | 141,930 | 416,715 |
| Decrease in exchange differences on | | | | | |
| translating financial statements of foreign operations | | (14,891) | (11,104) | - | - |
| Cash and cash equivalents at beginning of the year | | <u>2,769,448</u> | <u>2,434,732</u> | <u>2,218,371</u> | <u>1,801,656</u> |
| Cash and cash equivalents at the end of the year | 6.1 | <u><u>2,924,532</u></u> | <u><u>2,769,448</u></u> | <u><u>2,360,301</u></u> | <u><u>2,218,371</u></u> |

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

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 20, 2016**

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 Company Limited with the Ministry of Commerce on August 7, 2001. The Company was listed on The Stock Exchange of Thailand on December 11, 2001. The Company's head office is located at 388, 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.

As at February 20, 2016 and 2015, the Company has 120 branches and 118 branches, respectively.

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., incorporate 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 associates which is the Company has significant influence, but not control or joint control, over the financial and operating policies as mentioned in Notes 2.4, 11.1 and 11.2.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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

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

2.2 The consolidated and separate financial statements have been prepared in accordance with Thai Accounting Standard (TAS) No. 1 (Revised 2014) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

2.3 The consolidated financial statements for the years ended February 20, 2016 and 2015 included the accounts of the Company and its subsidiaries and interest in equity-accounted in an associate. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

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

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

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

2.3.2 An associate is the entity in which the Company have significant influence, but not control or joint control, over the financial and operating policies.

Interest in the associate is accounted for using the equity method. It is recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investee, until the date on which significant influence ceases.

2.4 For the years ended February 20, 2016 and 2015, the subsidiaries included in the consolidated financial statements are as follows:

| | Business type | Country of Registration | Registration Date | Percentage of direct and indirect holdings | |
|---|--|-------------------------|-------------------|--|--------|
| | | | | 2016 | 2015 |
| Eternal 4 Special Purpose Vehicle Company Limited* | Special purpose juristic person in securitization projects | Thailand | February 22, 2007 | - | 26.00 |
| Eternal 5 Special Purpose Vehicle Company Limited** | Special purpose juristic person in securitization projects | Thailand | April 5, 2010 | 26.00 | 26.00 |
| Eternal 6 Special Purpose Vehicle Company Limited | Special purpose juristic person in securitization projects | Thailand | March 14, 2013 | 26.00 | 26.00 |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | Retail finance business | Cambodia | October 5, 2011 | 80.00 | 100.00 |
| AEON Insurance Service (Thailand) Company Limited | Non-life insurance broker and life insurance broker | Thailand | July 1, 2013 | 100.00 | 100.00 |

| | Business type | Country of Registration | Registration Date | Percentage of direct and indirect holdings | |
|--|--|-------------------------|-------------------|--|--------|
| | | | | 2016 | 2015 |
| ACS Servicing (Thailand) Company Limited | Collection servicer | Thailand | March 13, 2007 | 100.00 | 100.00 |
| AEON Microfinance (Myanmar) Company Limited | Retail finance business | Myanmar | November 2, 2012 | 100.00 | 100.00 |
| AEON Leasing Service (Lao) Company Limited*** | Retail finance business | Laos | January 11, 2013 | 100.00 | 98.56 |
| ATS Rabbit Special Purpose Vehicle Company Limited**** | Special purpose juristic person in securitization projects | Thailand | March 20, 2015 | 48.75 | - |

* Eternal 4 Special Purpose Vehicle Company Limited had registered the dissolution and the liquidation with the Department of Business Development, Ministry of Commerce on February 20, 2013, and June 17, 2015, respectively (see Notes 7.5 and 11.2).

** Eternal 5 Special Purpose Vehicle Company Limited had already registered the dissolution with the Department of Business Development, Ministry of Commerce on August 20, 2013. Eternal 5 is under the liquidation process (see Notes 7.5 and 11.2).

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

**** 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.

For the years ended February 20, 2016 and 2015, the consolidated financial statements include equity interest in the associated company as follows:

| | Business type | Country of Registration | Registration Date | Percentage of direct and indirect holdings | |
|-------------------------------------|-------------------------|-------------------------|-------------------|--|-------|
| | | | | 2016 | 2015 |
| 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 an associated company are adjusted to be the same as those of the Company.

- 2.5 The financial statements of subsidiaries and 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 date of the end of the reporting period of the financial statements of the subsidiaries and associate are as follows:

| | The date of the end of the reporting period in preparation of the consolidated financial statements for the year ended February 20, | |
|---|--|-------------------|
| | 2016 | 2015 |
| Subsidiaries | | |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | December 31, 2015 | December 31, 2014 |
| AEON Insurance Service (Thailand) Company Limited | December 31, 2015 | December 31, 2014 |
| ACS Servicing (Thailand) Company Limited | December 31, 2015 | December 31, 2014 |
| AEON Microfinance (Myanmar) Company Limited | December 31, 2015 | December 31, 2014 |
| AEON Leasing Service (Lao) Company Limited | December 31, 2015 | December 31, 2014 |
| Associate | | |
| ACS Trading Vietnam Company Limited | December 31, 2015 | December 31, 2014 |

- 2.6 The Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014).
- 2.7 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2016 onwards, as follows:

Thai Accounting Standards (“TAS”)

| | |
|-----------------------|--|
| TAS 1 (Revised 2015) | Presentation of Financial Statements |
| TAS 2 (Revised 2015) | Inventories |
| TAS 7 (Revised 2015) | Statement of Cash Flows |
| TAS 8 (Revised 2015) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (Revised 2015) | Events After the Reporting Period |
| TAS 11 (Revised 2015) | Construction Contracts |
| TAS 12 (Revised 2015) | Income Taxes |
| TAS 16 (Revised 2015) | Property, Plant and Equipment |
| TAS 17 (Revised 2015) | Leases |
| TAS 18 (Revised 2015) | Revenue |
| TAS 19 (Revised 2015) | Employee Benefits |
| TAS 20 (Revised 2015) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (Revised 2015) | The Effects of Changes in Foreign Exchange Rate |
| TAS 23 (Revised 2015) | Borrowing Costs |
| TAS 24 (Revised 2015) | Related Party Disclosures |
| TAS 26 (Revised 2015) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (Revised 2015) | Separate Financial Statements |
| TAS 28 (Revised 2015) | Investments in Associates and Joint Ventures |
| TAS 29 (Revised 2015) | Financial Reporting in Hyperinflationary Economies |
| TAS 33 (Revised 2015) | Earnings Per Share |
| TAS 34 (Revised 2015) | Interim Financial Reporting |
| TAS 36 (Revised 2015) | Impairment of Assets |
| TAS 37 (Revised 2015) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (Revised 2015) | Intangible assets |
| TAS 40 (Revised 2015) | Investment Property |
| TAS 41 | Agriculture |

Thai Financial Reporting Standards (“TFRS”)

| | |
|------------------------|--|
| TFRS 2 (Revised 2015) | Share - Based Payment |
| TFRS 3 (Revised 2015) | Business Combinations |
| TFRS 4 (Revised 2015) | Insurance Contracts |
| TFRS 5 (Revised 2015) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 (Revised 2015) | Exploration for and Evaluation of Mineral Assets |
| TFRS 8 (Revised 2015) | Operating Segments |
| TFRS 10 (Revised 2015) | Consolidated Financial Statements |
| TFRS 11 (Revised 2015) | Joint Arrangements |
| TFRS 12 (Revised 2015) | Disclosure of Interests in Other Entities |
| TFRS 13 (Revised 2015) | Fair Value Measurement |

Thai Accounting Standards Interpretations (“TSIC”)

| | |
|------------------------|--|
| TSIC 10 (Revised 2015) | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 15 (Revised 2015) | Operating Leases - Incentives |
| TSIC 25 (Revised 2015) | Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders |
| TSIC 27 (Revised 2015) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| TSIC 29 (Revised 2015) | Disclosure - Service Concession Arrangements |
| TSIC 31 (Revised 2015) | Revenue - Barter Transactions Involving Advertising Services |
| TSIC 32 (Revised 2015) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (“TFRIC”)

| | |
|-------------------------|--|
| TFRIC 1 (Revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (Revised 2015) | Determining whether an Arrangement contains a Lease |
| TFRIC 5 (Revised 2015) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 (Revised 2015) | Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies |
| TFRIC 10 (Revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC 12 (Revised 2015) | Service Concession Arrangements |
| TFRIC 13 (Revised 2015) | Customer Loyalty Programmes |
| TFRIC 14 (Revised 2015) | TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 15 (Revised 2015) | Agreements for the Construction of Real Estate |
| TFRIC 17 (Revised 2015) | Distributions of Non-cash Assets to Owners |
| TFRIC 18 (Revised 2015) | Transfers of Assets from Customers |
| TFRIC 20 (Revised 2015) | Stripping Costs in the Production Phase of a Surface Mine |
| TFRIC 21 | Levies |

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

The Company’s and its subsidiaries’ management will adopt such TFRSs in the preparation of the Company’s and its subsidiaries’ financial statements when it becomes effective.

The Company’s and its subsidiaries’ management has assessed the impact of this TFRS and believes that it will not have material impact on the financial statements for the period in which it is initially applied.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since February 21, 2015, the Company has adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions which are effective for the financial statements for the accounting periods beginning on or after January 1, 2015 onwards. This adoption does not have significant impact on the consolidated and separate financial statements, except the following Thai Accounting Standard and Thai Financial Reporting Standards:

3.1 Thai Accounting Standard No. 19 (Revised 2014) “Employee Benefits”, (“TAS 19”)

During the year ended February 20, 2016, the Company has adopted the TAS 19 (Revised 2014) which requires the disclosure about sensitivity analysis and maturity analysis of the benefit payments. The disclosure requirements of this accounting standard need not be applied in comparative information provided for the accounting periods beginning on or after January 1, 2015 onwards (see Note 24).

3.2 Thai Financial Reporting Standard No. 13, “Fair Value Measurement”, (“TFRS 13”)

During the year ended February 20, 2016, the Company has applied TFRS 13 “Fair Value Measurement” for the first time in the current year. The Standard defines fair value, and establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of the Standard is broad; the fair value measurement requirements to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements for comparative information provided for periods before the initial application of this standard. Therefore, in accordance with these transitional provisions, the Company has not made any new disclosures required by the Standard for the comparative year ended February 20, 2015. Other than the additional disclosures related to fair value measurement required in the financial statements as mentioned in Note 37.5, to apply with this Standard has not had any material impact on the amounts recognized in the financial statements.

4. CHANGE IN ACCOUNTING ESTIMATES

Effective from February 21, 2015, the Company changed its accounting estimates for calculating allowance for doubtful accounts on accounts receivable from providing allowance for doubtful accounts fully for all receivables which are 3 installments contractually past due and over including set aside an additional allowance for doubtful accounts by taking into consideration the estimated collection losses on receivables at the end of the year to calculate based on a collective approach by classifying a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category, which the Company's allowance for doubtful accounts shall not be less than allowance for doubtful accounts fully provided for all receivables over 3 installments contractually past due, in order to comply with the notification of the Office of the Securities and Exchange Commission. Nevertheless, such change in accounting estimates is not material to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except as disclosed in the following:

5.1 Cash and cash equivalents

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

5.2 Accounts receivable

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

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

5.3 Allowance for doubtful accounts and bad debts

For the year ended February 20, 2015, the Company and subsidiaries' allowance for doubtful accounts had been complied with the notification of the Office of the Securities and Exchange Commission, which shall not be less than allowance for doubtful accounts fully provided for all receivables over 3 installments contractually past due. Furthermore, the Company and subsidiaries had set aside an additional allowance for doubtful accounts by taking into consideration the estimated collection losses on receivables at the end of the year. Such estimated losses are based on the Company's collection experience.

Effective from February 21, 2015, the allowance for doubtful accounts on accounts receivable have been calculated based on a collective approach by classifying a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category, which the Company's allowance for doubtful accounts shall not be less than allowance for doubtful accounts fully provided for all receivables over 3 installments contractually past due, in order to comply with the notification of the Office of the Securities and Exchange Commission.

The Company and subsidiaries have written off debts that are determined to be irrecoverable.

Bad debt recovery is recorded as income in the statement of profit or loss when received.

5.4 Troubled debt restructuring

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

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

5.5 Securitization transactions

5.5.1 Securitization Project which were approved by the Securities and Exchange Commission of Thailand ("the SEC") since February 3, 2006 but before October 2, 2015

Since there are no Thai accounting standards in dealing with securitization transactions, the Company applied the exposure draft of the accounting guideline issued by the Federation of Accounting Professions for accounting for securitizations.

The Company recognized the sales of credit card receivables to a Special Purposes Vehicle ("Securitization Plan"), according to the approval conditions required by the SEC. The conditions related to the accounting treatment are as follows:

- (1) The Company prepares its financial statements in accordance with the accounting standards and exposure draft of the accounting guideline issued by the Federation of Accounting Professions. Therefore, the Company will prepare consolidated financial statements to combine the financial statements of Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4), Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5) and Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6).
- (2) The Company is able to derecognize the credit card receivables, which were transferred to the Special Purpose Vehicle, and the debentures under the securitization project in the amount that the risks and rewards on the receivables have been transferred to the debenture holders for both initial receivables transferred on the initial cutoff date and additional revolving receivables transferred during the revolving period.

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

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

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

5.5.2 Securitization Project which were approved by the SEC on October 2, 2015

The Company has adopted the “Draft Accounting Guideline for Derecognition of Financial Assets and Liabilities” issued by the FAP before the effective date for securitization transactions under the Project which was approved by the SEC on October 2, 2015 for ATS Rabbit Special Purpose Vehicle Company Limited.

The financial assets will be derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party and no control the transferred assets. If the transferred assets do not qualify to derecognition, the Company continues to recognize the financial assets in its entirety and an associated liability or collateralized borrowing for amount it may have to pay. These financial assets and an associated liability or collateralized borrowing will be separately presented.

If the transferred assets are qualify to derecognition, the difference between the financial assets' carrying amount and the consideration received will be recognized in statement of profit or loss.

5.6 Investments

Equity securities which are not marketable and are not subsidiaries and associate are classified as other long-term investments and are stated at cost, less allowances for impairment (if any).

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

Investment in associate in the consolidated financial statements is accounted for using the equity method. Investment in associate in the separate financial statements is accounted for using the cost method, less allowance for impairment (if any).

In case impairment in value of investment has occurred, the resultant loss of investment is recognized in the statement of profit or loss.

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

5.7 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation.

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

5.8 Intangible assets

Intangible assets are computer software which is amortized by the straight-line method over the estimated useful lives of 5 years and 10 years.

5.9 Assets and liabilities in foreign currencies

5.9.1 Functional currency and presentation currency

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

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

5.9.2 Translation of foreign currency transaction

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

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

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

5.9.3 Translation of financial statements of foreign operations

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

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

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

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

5.10 Financial instruments

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

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

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

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

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

5.11 Lease agreements

Operating lease agreements

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

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

5.12 Recognition of revenues and expenses

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

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

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

Collection service income is recognized when debt is collected.

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

Other income and expense are recognized on an accrual basis.

5.13 Employee Benefits

5.13.1 Provident Fund

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

5.13.2 Post-employment benefits

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

Actuarial gain or loss are recognized in statement of profit or loss and other comprehensive income.

5.14 Deferred revenue from Customer Loyalty Programmes

Customer loyalty programmes are to grant the points whereby customers are awarded credits (Points) entitling customers to the right to redeem within determined period under condition of customer loyalty programmes. Obligation from granting the points to purchase products or get free service in the future is recognized and measured at the fair value of consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per point by reference to the fair value of the right to redeem. Such obligation is allocated from consideration received or receivable and recorded through “Deferred revenue from customer loyalty programmes” in the statement of financial position under “Other payables” and recognized in the statement of profit or loss as “Credit card income” when the points are redeemed by customers.

5.15 Income tax expense

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

5.15.1 Current tax

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

5.15.2 Deferred tax

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

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

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

Income tax expense or income related to profit or loss are presented in the statement of profit or loss and net presented with items recognized directly in shareholders' equity in statement of profit or loss and other comprehensive income.

5.16 Basic earnings per share

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

5.17 Fair value measurements

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if a producer or supplier of a marketable good would take those characteristics into the consideration the price that would be received to sell and asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

5.18 Significant use of accounting judgments and estimations

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

For the year ended February 20, 2015, the determination of the additional allowance for doubtful accounts from the notification of the SEC requires the use of various assumptions and judgments by the management, which includes the estimated collection losses on receivables, based on the Company's collection experience. The management reviews these estimates and assumptions on a regular basis.

Effective from February 21, 2015, the Company changed its accounting estimates for calculating allowance for doubtful accounts on accounts receivable to a collective approach which requires the management to classify a group of loans having similar credit risk characteristics and using the historical loss experience of each loan category for estimation.

6. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

6.1 Cash and cash equivalents as at February 20, are as follows:

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|------------------|----------------------|------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cash | 1,110,116 | 1,079,340 | 1,096,493 | 1,071,275 |
| Deposits at bank - call deposits | 1,814,416 | 1,677,808 | 1,263,808 | 1,147,096 |
| Fixed deposits with maturity within 3 months from acquisition date | - | 12,300 | - | - |
| Cash and cash equivalents | <u>2,924,532</u> | <u>2,769,448</u> | <u>2,360,301</u> | <u>2,218,371</u> |

6.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the years ended February 20, are as follows:

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|------------------|----------------------|------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Leasehold improvement and equipment | | | | |
| Liabilities recorded - brought forward | 8,848 | 34,488 | 8,848 | 34,488 |
| Purchase of leasehold improvement and Equipment | <u>270,539</u> | <u>621,529</u> | <u>226,595</u> | <u>494,958</u> |
| | 279,387 | 656,017 | 235,443 | 529,446 |
| <u>Less</u> Cash payments for purchase of leasehold improvement and equipment | <u>(244,265)</u> | <u>(647,169)</u> | <u>(200,321)</u> | <u>(520,598)</u> |
| Liabilities recorded - carried forward | <u>35,122</u> | <u>8,848</u> | <u>35,122</u> | <u>8,848</u> |
| Intangible assets | | | | |
| Liabilities recorded - brought forward | 17,015 | 11,717 | 17,015 | 11,717 |
| Purchase of intangible assets | <u>153,988</u> | <u>372,886</u> | <u>116,793</u> | <u>284,535</u> |
| | 171,003 | 384,603 | 133,808 | 296,252 |
| <u>Less</u> Cash payments for investment in intangible assets | <u>(168,936)</u> | <u>(367,588)</u> | <u>(131,741)</u> | <u>(279,237)</u> |
| Liabilities recorded - carried forward | <u>2,067</u> | <u>17,015</u> | <u>2,067</u> | <u>17,015</u> |

- 6.3 During the years ended February 20, 2016 and 2015, the Company had non-cash item relating to sale of the right on credit card receivables as the Company sold additional revolving credit card receivables to subsidiaries during the revolving period or repurchased the right on credit card receivables which was settled by increasing and decreasing the Seller Participation Account of Baht 2,232.75 million and Baht 234.48 million, respectively, instead of cash receipt.
- 6.4 During the year ended February 20, 2016, the Company had non-cash item relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, which is a subsidiary of the Company, as the Company sold loan receivables to such subsidiary which was settled by increasing the Subordinated lendings Account and Seller loan Account of Baht 29.87 million and Baht 48.58 million, respectively, instead of cash receipt.

7. ACCOUNTS RECEIVABLE

7.1 Accounts receivable as at February 20, consist of:

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|--------------------|----------------------|--------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Accounts receivable | 62,532,984 | 58,913,569 | 59,105,336 | 57,756,693 |
| Accounts receivable under securitization project | | | | |
| - ATS Rabbit Special Purpose Vehicle | | | | |
| Company Limited | 593,566 | - | 593,566 | - |
| Total | 63,126,550 | 58,913,569 | 59,698,902 | 57,756,693 |
| <u>Less</u> Allowance for doubtful accounts | <u>(2,403,280)</u> | <u>(2,428,472)</u> | <u>(2,266,118)</u> | <u>(2,299,614)</u> |
| Total accounts receivable | <u>60,723,270</u> | <u>56,485,097</u> | <u>57,432,784</u> | <u>55,457,079</u> |
| Accounts receivable due within 1 year | 59,510,687 | 55,290,320 | 56,857,962 | 54,692,829 |
| Accounts receivable due after than 1 year | 1,212,583 | 1,194,777 | 574,822 | 764,250 |
| Total | <u>60,723,270</u> | <u>56,485,097</u> | <u>57,432,784</u> | <u>55,457,079</u> |

As the securitization transaction under the Receivables Sales and Purchase Agreement for transferred rights on loans receivable with ATS Rabbit Special Purpose Vehicle Company Limited does not qualify to derecognition of financial assets according to the “Draft Accounting Guideline for Derecognition of Financial Assets and Liabilities” issued by the FAP, the Company continues to recognize the full carrying amount of these receivables and used as collateral of long-term borrowing under the securitization project (see Note 7.5).

As at February 20, 2016 and 2015, accounts receivable are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | | |
|---|-----------------------------------|----------------------------------|--------------------|-----------------------------------|----------------------------------|--------------------|
| | 2016 | | | 2015 | | |
| | Due within 1 year Baht '000 | Due after 1 year Baht '000 | Total Baht '000 | Due within 1 year Baht '000 | Due after 1 year Baht '000 | Total Baht '000 |
| Hire-purchase receivable | | | | | | |
| Hire-purchase and accrued interest receivable | 975,076 | 836,313 | 1,811,389 | 1,014,890 | 770,022 | 1,784,912 |
| <u>Less</u> Unearned financing income | <u>(141,558)</u> | <u>(42,797)</u> | <u>(184,355)</u> | <u>(177,325)</u> | <u>(59,087)</u> | <u>(236,412)</u> |
| | 833,518 | 793,516 | 1,627,034 | 837,565 | 710,935 | 1,548,500 |
| <u>Less</u> Allowance for doubtful accounts | <u>(53,706)</u> | <u>-</u> | <u>(53,706)</u> | <u>(51,820)</u> | <u>-</u> | <u>(51,820)</u> |
| Hire-purchase and accrued interest receivable - net | <u>779,812</u> | <u>793,516</u> | <u>1,573,328</u> | <u>785,745</u> | <u>710,935</u> | <u>1,496,680</u> |
| Loans receivable | | | | | | |
| Loans and accrued interest receivable | 35,530,220 | 419,067 | 35,949,287 | 34,537,979 | 483,842 | 35,021,821 |
| <u>Less</u> Allowance for doubtful accounts | <u>(1,394,214)</u> | <u>-</u> | <u>(1,394,214)</u> | <u>(1,451,543)</u> | <u>-</u> | <u>(1,451,543)</u> |
| Loans and accrued interest receivable - net | <u>34,136,006</u> | <u>419,067</u> | <u>34,555,073</u> | <u>33,086,436</u> | <u>483,842</u> | <u>33,570,278</u> |
| Credit card receivable | | | | | | |
| Credit card and accrued interest receivable | 25,360,218 | - | 25,360,218 | 22,206,948 | - | 22,206,948 |
| <u>Less</u> Allowance for doubtful accounts | <u>(955,360)</u> | <u>-</u> | <u>(955,360)</u> | <u>(925,109)</u> | <u>-</u> | <u>(925,109)</u> |
| Credit card and accrued interest receivable - net | <u>24,404,858</u> | <u>-</u> | <u>24,404,858</u> | <u>21,281,839</u> | <u>-</u> | <u>21,281,839</u> |
| Receivable from rendering the collection service | 70,913 | - | 70,913 | 24,592 | - | 24,592 |
| Receivable from insurance broker business | <u>119,098</u> | <u>-</u> | <u>119,098</u> | <u>111,708</u> | <u>-</u> | <u>111,708</u> |
| Total accounts receivable | <u>59,510,687</u> | <u>1,212,583</u> | <u>60,723,270</u> | <u>55,290,320</u> | <u>1,194,777</u> | <u>56,485,097</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | | | |
|--|-----------------------------------|----------------------------------|--------------------|-----------------------------------|----------------------------------|--------------------|
| | 2016 | | | 2015 | | |
| | Due within 1 year Baht '000 | Due after 1 year Baht '000 | Total Baht '000 | Due within 1 year Baht '000 | Due after 1 year Baht '000 | Total Baht '000 |
| Hire-purchase receivable | | | | | | |
| Hire-purchase and accrued interest receivable | 651,243 | 295,525 | 946,768 | 780,141 | 395,782 | 1,175,923 |
| <u>Less</u> Unearned financing income | <u>(141,558)</u> | <u>(42,797)</u> | <u>(184,355)</u> | <u>(177,325)</u> | <u>(59,087)</u> | <u>(236,412)</u> |
| | 509,685 | 252,728 | 762,413 | 602,816 | 336,695 | 939,511 |
| <u>Less</u> Allowance for doubtful accounts | <u>(32,817)</u> | <u>-</u> | <u>(32,817)</u> | <u>(38,612)</u> | <u>-</u> | <u>(38,612)</u> |
| Hire-purchase and accrued interest receivable - net | <u>476,868</u> | <u>252,728</u> | <u>729,596</u> | <u>564,204</u> | <u>336,695</u> | <u>900,899</u> |
| Loans receivable | | | | | | |
| Loans and accrued interest receivable | 35,177,204 | 322,094 | 35,499,298 | 34,340,637 | 427,555 | 34,768,192 |
| <u>Less</u> Allowance for doubtful accounts | <u>(1,387,837)</u> | <u>-</u> | <u>(1,387,837)</u> | <u>(1,451,044)</u> | <u>-</u> | <u>(1,451,044)</u> |
| Loans and accrued interest receivable - net | <u>33,789,367</u> | <u>322,094</u> | <u>34,111,461</u> | <u>32,889,593</u> | <u>427,555</u> | <u>33,317,148</u> |
| Credit card receivable | | | | | | |
| Credit card and accrued interest receivable | 23,437,191 | - | 23,437,191 | 22,048,990 | - | 22,048,990 |
| <u>Less</u> Allowance for doubtful accounts | <u>(845,464)</u> | <u>-</u> | <u>(845,464)</u> | <u>(809,958)</u> | <u>-</u> | <u>(809,958)</u> |
| Credit card and accrued interest receivable - net | <u>22,591,727</u> | <u>-</u> | <u>22,591,727</u> | <u>21,239,032</u> | <u>-</u> | <u>21,239,032</u> |
| Total accounts receivable | <u>56,857,962</u> | <u>574,822</u> | <u>57,432,784</u> | <u>54,692,829</u> | <u>764,250</u> | <u>55,457,079</u> |

7.2 Quality of assets

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

| | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------------------------------|--------------------|----------------------------------|--------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Less than 3 months | 61,020,860 | 56,921,325 | 57,717,034 | 55,866,374 |
| 3 months up | <u>2,105,690</u> | <u>1,992,244</u> | <u>1,981,868</u> | <u>1,890,319</u> |
| Total | 63,126,550 | 58,913,569 | 59,698,902 | 57,756,693 |
| <u>Less</u> Allowance for doubtful accounts | <u>(2,403,280)</u> | <u>(2,428,472)</u> | <u>(2,266,118)</u> | <u>(2,299,614)</u> |
| Total accounts receivable | <u>60,723,270</u> | <u>56,485,097</u> | <u>57,432,784</u> | <u>55,457,079</u> |

7.3 Troubled debt restructuring

For the years ended February 20, 2016 and 2015, the Company had recognized interest income on restructured debts totaling Baht 219.23 million and Baht 185.36 million, respectively.

The Company had the outstanding balances of credit card receivables, hire-purchase receivables and loan receivables as at February 20, as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|--------------------------------------|-----------------------------------|-------------------|-------------------|-------------------|
| | 2016 | | 2015 | |
| | Number of debtors | Amount Baht '000 | Number of debtors | Amount Baht '000 |
| Restructured accounts receivable | 49,423 | 1,676,027 | 45,492 | 1,597,178 |
| Non-restructured accounts receivable | 3,557,477 | 61,260,512 | 3,503,237 | 57,180,091 |
| Total | <u>3,606,900</u> | <u>62,936,539</u> | <u>3,548,729</u> | <u>58,777,269</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | |
|--------------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| | 2016 | | 2015 | |
| | Number of debtors | Amount Baht '000 | Number of debtors | Amount Baht '000 |
| Restructured accounts receivable | 49,423 | 1,676,027 | 45,492 | 1,597,178 |
| Non-restructured accounts receivable | 3,286,339 | 58,022,875 | 3,293,326 | 56,159,515 |
| Total | <u>3,335,762</u> | <u>59,689,902</u> | <u>3,338,818</u> | <u>57,756,693</u> |

As at February 20, 2016 and 2015, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

7.4 Allowance for doubtful accounts

Allowance for doubtful accounts as at February 20, are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Beginning balance | 2,428,472 | 1,912,108 | 2,299,614 | 1,826,960 |
| Bad debts and doubtful accounts | 4,754,037 | 5,015,029 | 4,515,045 | 4,745,620 |
| Gain on devaluation of long-term borrowings under securitization project | - | - | (7,687) | - |
| Written-off bad debts | <u>(4,779,229)</u> | <u>(4,498,665)</u> | <u>(4,540,854)</u> | <u>(4,272,966)</u> |
| Ending balance | <u>2,403,280</u> | <u>2,428,472</u> | <u>2,266,118</u> | <u>2,299,614</u> |

7.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreements with four 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:

| | | Eternal 4* | Eternal 5** | Eternal 6*** | ATS Rabbit**** |
|--|------|--------------------------------------|---------------------------------------|---|---|
| Approved date of the securitization projects by the Office of the Securities and Exchange Commission of Thailand ("the SEC") | | June 21, 2007 | May 19, 2010 | May 10, 2013 | October 2, 2015 |
| Initial selling date | | June 25, 2007 | May 20, 2010 | May 20, 2013 | October 29, 2015 |
| Type of transferred receivables | | Credit Card Receivable | Credit Card Receivable | Credit Card Receivable | Loan Receivable |
| Revolving period | | June 2007 - May 2012 (approximately) | May 2010 - April 2015 (approximately) | April 2013 - April 2018 (approximately) | October 2015 - October 2025 (approximately) |
| Initial sales of receivables | | | | | |
| Net book value of initial receivables | Baht | 3,038,017,234 | 4,355,040,449 | 4,500,002,090 | 456,076,200 |
| Proceeds from transfer of the right of receivables | Baht | 2,205,000,000 | 2,790,000,000 | 2,960,000,000 | 433,272,390 |
| Subordinated lendings (see Note 13) | Baht | 744,000,000 | 1,438,000,000 | 1,399,351,988 | 50,081,313 |
| Minimum seller loan - pari passu with debentures (see Note 12) | Baht | 88,470,000 | 126,840,000 | 130,780,560 | None |
| Number of contracts | | 178,751 | 205,485 | 183,047 | 49,225 |
| Average principal amount outstanding | Baht | 16,996 | 21,194 | 24,584 | 9,265 |
| Interest rate | | 18% p.a. | 20% p.a. | 20% p.a. | 28% p.a. |

* Eternal 4 Special Purpose Vehicle Company Limited (Subsidiary)

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

*** Eternal 6 Special Purpose Vehicle Company Limited (Subsidiary)

**** 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 10, 2012, Eternal 4 redeemed all seller loan in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from Eternal 4 which led to the end of the securitization project of Eternal 4 on the same date. As at February 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 4 had passed the resolutions to approve the dissolution and liquidation, and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Eternal 4 has already registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce on June 17, 2015 (see Note 11.2).

On May 10, 2013, Eternal 5 redeemed all seller loan in special purpose vehicle for securitization, subordinated lending and debentures, and the Company repurchased all outstanding receivables from Eternal 5 which led to the end of the securitization project of Eternal 5 on the same date. As at August 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 5 had passed the resolutions to approve the dissolution and liquidation, and Eternal 5 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Eternal 5 is under the liquidation process (see Note 11.2).

During the life of the securitization projects, the Company may repurchase the rights on the Purchased Receivables with Eternal 4, Eternal 5 and Eternal 6, in the following circumstances:

1. When the Company has breached its representations and warranties with respect to the Purchased Receivables which are ineligible. The Company is obliged to repurchase such ineligible receivables on the next Monthly Purchase Date.
2. On a Monthly Purchase Date, the Company may exercise its option to repurchase any Purchased Receivables which become a defaulted receivable on the Collection Period End Date immediately preceding such Monthly Purchase Date.
3. The Company, as the collection agent, may exercise the Clean up Call Option for repurchase of remaining Purchased Receivables whenever the continued servicing of the Purchase Receivables is deemed to be burdensome.
4. The Company may exercise the Tax Redemption Option for repurchase of remaining Purchased Receivables, where there is incurred taxes other than corporate income tax and special business tax.

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 Securities and Exchange Commission of Thailand ("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.

Under the agreement, the purchase price of the Initial Receivables equal to the net book value of receivables as of October 29, 2015 of Baht 456.08 million. As at October 29, 2015, the Company received cash proceeds of Baht 433.27 million and the remaining balance of Baht 22.81 million was paid by entering into a subordinated loan agreement of Baht 25.04 million (see Note 13.2). The revolving sale and purchase period of Future Receivables and Additional Receivables commenced from October 30, 2015 and will be terminated in October 2025, approximately.

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.

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

| | Eternal 4* | Eternal 5* | Eternal 6* | ATS Rabbit* |
|---|------------|------------|------------|-------------|
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Statements of financial position | | | | |
| As of February 20, 2016 | | | | |
| Total assets | - | 44 | 4,978,286 | 638,501 |
| Total liabilities | - | - | 4,978,242 | 623,078 |
| Total shareholders' equity | - | 44 | 44 | 15,423 |
| As of February 20, 2015 | | | | |
| Total assets | 44 | 44 | 4,771,316 | - |
| Total liabilities | - | - | 4,771,272 | - |
| Total shareholders' equity | 44 | 44 | 44 | - |
| Statement of profit or loss | | | | |
| For the year ended February 20, 2016 | | | | |
| Total income | - | - | 1,044,201 | 49,370 |
| Bad debts and doubtful accounts | - | - | 214,640 | 7,687 |
| Other operating expenses | - | - | 320,263 | 12,546 |
| Interest expenses | - | - | 284,668 | 10,008 |
| Income tax expense | - | - | 45,266 | 3,745 |
| Net profit | - | - | 179,364 | 15,384 |
| For the year ended February 20, 2015 | | | | |
| Total income | - | - | 1,059,730 | - |
| Bad debts and doubtful accounts | - | - | 254,380 | - |
| Other operating expenses | - | - | 329,935 | - |
| Interest expenses | - | - | 300,441 | - |
| Income tax expense | - | - | 34,995 | - |
| Net profit | - | - | 139,979 | - |

* Eternal 4 Special Purpose Vehicle Company Limited (Eternal 4), Eternal 5 Special Purpose Vehicle Company Limited (Eternal 5) Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) and ATS Rabbit Special Purpose Vehicle Company Limited are the Company's subsidiaries (see Notes 2.4 and 11.2).

For the years ended February 20, 2016 and 2015, transactions relating to the transfer of financial assets under the securitization projects are summarized as follows:

| | 2016 Million Baht | 2015 Million Baht |
|---|--|--|
| Transfers of future receivables (at book value) | | |
| - Credit card receivable (Eternal 6) | 6,084 | 6,644 |
| - Loan receivable (ATS Rabbit) | 281 | - |
| | <u>6,365</u> | <u>6,644</u> |
| Cash collection on behalf of Special Purpose Vehicles | | |
| - Credit card receivable (Eternal 6) | 7,311 | 7,600 |
| - Loan receivable (ATS Rabbit) | 244 | - |
| | <u>7,555</u> | <u>7,600</u> |
| Servicing income on cash collection from Special Purpose Vehicles | | |
| - Credit card receivable (Eternal 6) | 267 | 275 |
| - Loan receivable (ATS Rabbit) | 9 | - |
| | <u>276</u> | <u>275</u> |

As at February 20, 2016 and 2015, the outstanding receivables sold to Special Purpose Vehicles which are eliminated against long-term debentures in the consolidated financial statements and managed by the Company classified by aging are as follows:

| | 2016 Million Baht | 2015 Million Baht |
|--|--|--|
| Credit card receivables (included accrued interest income) - Eternal 6 | | |
| Less than 3 months | 4,207 | 4,430 |
| 3 months up | 95 | 87 |
| | <u>4,302</u> | <u>4,517</u> |
| <u>Less</u> Allowance for doubtful accounts | <u>(110)</u> | <u>(115)</u> |
| Total | <u>4,192</u> | <u>4,402</u> |

8. OTHER RECEIVABLES

Other receivables as at February 20, consist of the following:

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------|----------------------|----------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Other receivable - related parties (see Note 34.2.1) | 5,864 | 9,715 | 129,405 | 161,337 |
| Other receivable - other companies | 132,395 | 136,833 | 89,254 | 117,193 |
| Prepaid expenses | 62,138 | 59,227 | 40,254 | 45,415 |
| Advance payment | 13,523 | 3,938 | 237 | 674 |
| Accrued income | - | - | 159 | - |
| Total | <u>213,920</u> | <u>209,713</u> | <u>259,309</u> | <u>324,619</u> |

9. SHORT-TERM LOAN TO A RELATED PARTY

As at February 20, 2016, the Company has short-term loan to a subsidiary amounting to Baht 100 million. The loan can be called to repay within 30 days after receiving written notice. The loan is unsecured and have interest rate at monetary policy committee of the Bank of Thailand plus margin of 0.5% per annum.

10. FIXED DEPOSITS AT BANK UNDER OBLIGATION

As at February 20, 2016 and 2015, the 4 subsidiaries have fixed deposits at banks under obligations as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | |
|--|--------------------------------------|---------------|
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Pledge as collateral for Bank's letters of guarantee issued for debt collection service | 892 | 933 |
| Reserve in accordance with insurance regulations | 3,000 | 3,000 |
| Legal reserve of the foreign subsidiaries | 30,281 | 18,025 |
| Total | <u>34,173</u> | <u>21,958</u> |

11. INVESTMENTS IN ASSOCIATE, SUBSIDIARIES AND LONG-TERM INVESTMENTS IN RELATED COMPANIES

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

11.1 Investment in associate in the consolidated financial statements

As at February 20, 2016 and 2015, the Company had investment in the entity which is associate and accounted for equity method in the consolidated financial statements.

| | Paid-up Capital | % of Ownership | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|--|--------------------|-------------------|---|---|---|---|
| | | | 2016 | | 2015 | |
| | | | Investment (Cost method) Baht '000 | Investment (Equity method) Baht '000 | Investment (Cost method) Baht '000 | Investment (Equity method) Baht '000 |
| Investment in associate | | | | | | |
| ACS Trading Vietnam Company Limited | VND 50,000 million | 20.00 | 16,819.3 | 41,212.4 | 16,819.3 | 37,234.9 |
| Total investment in associate | | | <u>16,819.3</u> | <u>41,212.4</u> | <u>16,819.3</u> | <u>37,234.9</u> |

The summarized financial information of an associated company using for preparing the consolidated financial statements are as follows:

ACS Trading Vietnam Company Limited

| | As at February 20, | |
|-------------------|---------------------------|------------------|
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Total assets | <u>1,774,912</u> | <u>1,481,086</u> |
| Total liabilities | <u>1,558,963</u> | <u>1,384,234</u> |

| | For the years ended | |
|----------------|----------------------------|------------------|
| | February 20, | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Total revenues | <u>571,951</u> | <u>412,383</u> |
| Net profit | <u>19,887</u> | <u>36,934</u> |

The consolidated statement of profit or loss for the years ended February 20, 2016 and 2015 recognized share of profit from investment in associate resulting from portion of holding of investment in associate as following:

| | CONSOLIDATED | |
|---|-----------------------------|------------------|
| | FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Share of profit from investment in associate | | |
| ACS Trading Vietnam Company Limited | <u>3,978</u> | <u>20,416</u> |

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the consolidated financial statements was as follows:

| | CONSOLIDATED | |
|--|-----------------------------|------------------|
| | FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Net assets of an associate | 215,949 | 96,852 |
| Proportion of the ownership interest in an associate (%) | <u>20.00</u> | <u>20.00</u> |
| | 43,190 | 19,370 |
| Goodwill | - | - |
| Other adjustments | | |
| - Exchange differences on translating financial statement of a foreign operation | <u>(1,978)</u> | <u>17,865</u> |
| Carrying amount of the interest in an associate | <u>41,212</u> | <u>37,235</u> |

11.2 Investments in associate and subsidiaries in the separate financial statements

As at February 20, 2016 and 2015, the Company had investments in associate and subsidiaries which are accounted for cost method in the separate financial statements as follows:

| | SEPARATE FINANCIAL STATEMENTS | | | |
|---|-------------------------------|------------------|----------------|------------------|
| | 2016 | | 2015 | |
| | % of Ownership | Cost Baht '000 | % of Ownership | Cost Baht '000 |
| Investment in associate and subsidiaries | | | | |
| Investment in associate (see Note 34.1) | | | | |
| ACS Trading Vietnam Company Limited | 20.00 | 16,819.3 | 20.00 | 16,819.3 |
| Total investment in associate | | <u>16,819.3</u> | | <u>16,819.3</u> |
| Investments in subsidiaries (see Note 34.1) | | | | |
| Eternal 4 Special Purpose Vehicle Company Limited | - | - | 26.00 | 10.4 |
| Eternal 5 Special Purpose Vehicle Company Limited | 26.00 | 10.4 | 26.00 | 10.4 |
| Eternal 6 Special Purpose Vehicle Company Limited | 26.00 | 10.4 | 26.00 | 10.4 |
| ATS Rabbit Special Purpose Vehicle Company Limited | 48.75 | 19.5 | - | - |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | 80.00 | 252,960.0 | 100.00 | 118,160.0 |
| AEON Insurance Service (Thailand) Company Limited | 100.00 | 149,224.3 | 100.00 | 149,224.3 |
| ACS Servicing (Thailand) Company Limited | 100.00 | 175,349.1 | 100.00 | 175,349.1 |
| AEON Microfinance (Myanmar) Company Limited | 100.00 | 276,769.1 | 100.00 | 176,204.1 |
| AEON Leasing Service (Lao) Company Limited | 92.58 | 103,069.1 | 91.14 | 101,286.3 |
| Total investments in subsidiaries | | <u>957,411.9</u> | | <u>720,255.0</u> |
| Total investments in associate and subsidiaries | | <u>974,231.2</u> | | <u>737,074.3</u> |

- (1) As at February 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 4 had passed the resolutions to approve the dissolution and liquidation and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Eternal 4 has already registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce on June 17, 2015 (see Note 7.5).
- (2) As at August 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 5 had passed the resolutions to approve the liquidation and dissolution and Eternal 5 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Eternal 5 is under the liquidation process (see Note 7.5).
- (3) On June 4, 2015, the Company paid Baht 134.80 million for additional investment for capital increase of AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited). The Company holds 80% of shareholding in the subsidiary after capital increased.
- (4) During the years ended February 20, 2016 and 2015, the Company paid Baht 100.57 million and Baht 97.31 million, respectively, for additional investment for capital increase of AEON Microfinance (Myanmar) Company Limited.

- (5) On September 26, 2014, the Company paid Baht 80.57 million for additional investment for capital increase of AEON Leasing Service (Lao) Company Limited.

Subsequently, on September 30, 2015, the Company paid Baht 1.78 million for purchasing additional investment of AEON Leasing Service (Lao) Company Limited from non-controlling interests. The Company directly holds 92.58% of shareholding in the subsidiary after additional investment.

- (6) During the year ended February 20, 2015, AEON Financial Service Co., Ltd. which is a major shareholder, has reorganized the group's reporting structure. Consequently, the Company has significant influence over ACS Trading Vietnam Co., Ltd. and still maintains 20% of shareholding in the associated company. Therefore, the Company considers that investment in such company as an investment in associated company.
- (7) On February 2, 2015, the Company entered into a Memorandum of Understanding regarding the cooperation between the Company and BTS Group Holdings Public Company Limited ("BTSG") and Bangkok Smartcard System Company Limited ("BSS") (a subsidiary of BTSG), for the joint issue of member card under the Co-Branded Rabbit Program and setting up a special purpose vehicle for the securitization project, the purpose of securitization through the establishment of a special purpose vehicle in a form of cooperation framework between the Company and BSS Holdings Company Limited ("BSS Holdings") (a subsidiary of BTSG), in accordance with the resolution passed at the meeting of the Board of Directors No. 10/2014, held on December 24, 2014.

Subsequently, on March 20, 2015, ATS Rabbit Special Purpose Vehicle Company Limited, has registered as a special purpose company for securitization project under the Civil and Commercial Code of Thailand with a registered capital of Baht 40,000, consisting of 2 preferred shares with a par value of Baht 100 per share and 398 ordinary shares with a par value of Baht 100 per share. The Company invested in ordinary shares and preferred share of ATS Rabbit Special Purpose Vehicle Company Limited in the amount of Baht 19,500. Such company got an approval for the securitization project from the SEC on October 2, 2015 (see Note 7.5).

According to the Memorandum of Understanding, the Receivables Sales and Purchase Agreement and the Servicing Agreement made on October 22, 2015 (see Note 7.5), 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. Therefore, the Company concluded that the Company has the power to control over such company, and the consolidated financial statements of the Company included such company's operating results.

11.3 Long-term investments in related companies as at February 20, consist of:

| | CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | |
|---|--|----------------------|-------------------|----------------------|
| | 2016 | | 2015 | |
| | % of Ownership | Cost Baht '000 | % of Ownership | Cost 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) | 10.00 | 7,645 | 10.00 | 7,645 |
| | | <u>35,217</u> | | <u>35,217</u> |
| <u>Less</u> Allowance for impairment of investment | | <u>(8,500)</u> | | <u>(8,500)</u> |
| Total long-term investments in related companies | | <u><u>26,717</u></u> | | <u><u>26,717</u></u> |

12. SELLER LOANS IN SPECIAL PURPOSE VEHICLES FOR SECURITIZATION

Seller loans in Special Purpose Vehicles for securitization as at February 20, are as follows:

| | SEPARATE FINANCIAL STATEMENTS | |
|---|----------------------------------|-----------------------|
| | 2016 Baht '000 | 2015 Baht '000 |
| Seller loan in Special Purpose Vehicle for securitization (see Note 34.2.1) | | |
| Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) | 2,464,756 | 232,008 |
| ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) | 48,582 | - |
| Total | <u>2,513,338</u> | <u>232,008</u> |
| <u>Less</u> Seller loan amounts in Special Purpose Vehicles for securitization due within one year | <u>(2,153,338)</u> | <u>-</u> |
| Total Seller loan in Special Purpose Vehicle for Securitization | <u><u>-</u></u> | <u><u>232,008</u></u> |

(1) Seller loans in Special Purpose Vehicles for securitization - Eternal 6

On the contract date under securitization project, the Company received partial payments from Eternal 6 with seller loan accounts under securitization project of Baht 140,650,102, which are non-subordinated and ranked in order of priority pari passu with payments of principal in respect of the debentures. The aggregate seller loan accounts will increase from partial payments of such Special Purpose Vehicle Company for purchase of Future Receivables and Additional Receivables when such Special Purpose Vehicle Company's net cash flow generated by the Purchased Receivables is insufficient. Seller loan accounts are reduced by the repurchase of ineligible receivables and the receipt of the excess cash from such Special Purpose Vehicle Company. However, the Company has to retain such Seller loan Minimum Amounts on Eternal 6 not less than 3% of the aggregate of the outstanding principal amounts of the debentures and the subordinated loans of Eternal 6 of which such amounts will be repaid by cash approximately within 2018 or when these projects end.

(2) Seller loans in Special Purpose Vehicles for securitization - ATS Rabbit

Subsequent to the sale of the rights on initial loan receivables under securitization project, the Company received partial payments from ATS Rabbit with seller loan accounts under securitization project for sale of additional revolving loan receivables during the revolving period or repurchased the rights on loan receivables. Such Seller loan accounts will decrease from cash repayment when the outstanding amount reaches or exceeds determined level or the duration after the closing date reaches determined every 3-month period as agreed in the agreement.

13. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

13.1 Subordinated lendings with Special Purpose Vehicles as at February 20, are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | |
|--|--|-------------------------|
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Subordinated lendings (see Note 34.2.1) | | |
| Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) | 1,399,352 | 1,399,352 |
| <u>Less</u> Subordinated lendings due within one year | <u>(1,399,352)</u> | <u>-</u> |
| Total Subordinated lendings | <u>-</u> | <u>1,399,352</u> |
| | | |
| | SEPARATE FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Subordinated lendings (see Note 34.2.1) | | |
| Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) | 1,399,352 | 1,399,352 |
| ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) | 29,870 | - |
| Total | <u>1,429,222</u> | <u>1,399,352</u> |
| <u>Less</u> Subordinated lendings due within one year | <u>(1,399,352)</u> | <u>-</u> |
| Total subordinated lendings | <u>29,870</u> | <u>1,399,352</u> |

On May 14, 2013, the Company entered into the subordinated bridging loan agreement with Eternal 6 amounting to Baht 1,399,351,988 for the purpose of partial payment of the Initial Credit Card Receivables from Eternal 6 under the provision of the Receivable Sale Agreement (see Note 7.5). The interest was received on the monthly basis at the rate of 12% per annum. Subsequently, such bridging loan was refinanced to be subordinated term loan in October 2013 in accordance with such Bridging Loan Agreement. The term loan is due in the year 2018 and the interest is received on the monthly basis at the rate of 12% per annum.

On October 22, 2015, the Company entered into the subordinated term loan agreement with ATS Rabbit amounting to 5% of debentures issued for the purpose of partial payment of the Initial Loan Receivables from ATS Rabbit under the provision of the Receivable Sale Agreement (see Note 7.5). The term loan is due in the year 2025 and the interest is received on the monthly basis at the rate of 12% per annum.

13.2 Subordinated borrowings in Special Purpose Vehicle are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | |
|---|--------------------------------------|-------------------|
| | 2016 Baht '000 | 2015 Baht '000 |
| Subordinated borrowings ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) | 29,870 | - |
| Total subordinated borrowings | <u>29,870</u> | <u>-</u> |

On October 22, 2015, ATS Rabbit, a subsidiary, entered into the subordinated term loan agreement with BSS Holdings amounting to 5% of debentures issued for the purpose of partial payment of the Initial Loan Receivables under the provision of the Receivable Sale Agreement. The term loan is due in the year 2025 and the interest is paid on the monthly basis at the rate of 12% per annum.

14. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at February 20, consist of the following:

| | CONSO LIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|---|---------------------------------------|-------------------|----------------------------------|-------------------|
| | 2016 Baht '000 | 2015 Baht '000 | 2016 Baht '000 | 2015 Baht '000 |
| Cost | 3,119,253 | 3,030,675 | 2,535,187 | 2,696,222 |
| Accumulated depreciation | (2,165,482) | (2,000,898) | (1,814,863) | (1,845,906) |
| Total leasehold improvement and equipment | <u>953,771</u> | <u>1,029,777</u> | <u>720,324</u> | <u>850,316</u> |

The movements of leasehold improvement and equipment during the years are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|---|------------------------|------------------------|-----------------------------------|---|
| | Balance as at February 20, 2015 Baht '000 | Additions Baht '000 | Disposals Baht '000 | Transfer in (out) Baht '000 | Balance as at February 20, 2016 Baht '000 |
| Cost | | | | | |
| Leasehold improvement | 893,355 | 34,216 | (72,135) | 106,907 | 962,343 |
| Furniture and office equipment | 2,089,482 | 136,009 | (109,826) | 10,258 | 2,125,923 |
| Assets under installation | 47,838 | 100,314 | - | (117,165) | 30,987 |
| | <u>3,030,675</u> | <u>270,539</u> | <u>(181,961)</u> | <u>-</u> | <u>3,119,253</u> |
| Accumulated depreciation | | | | | |
| Leasehold improvement | (450,365) | (136,268) | 71,129 | - | (515,504) |
| Furniture and office equipment | (1,550,533) | (206,504) | 107,059 | - | (1,649,978) |
| | <u>(2,000,898)</u> | <u>(342,772)</u> | <u>178,188</u> | <u>-</u> | <u>(2,165,482)</u> |
| Total leasehold improvement and equipment | <u>1,029,777</u> | | | | <u>953,771</u> |

| CONSOLIDATED FINANCIAL STATEMENTS | | | | | |
|--|--|------------------|-----------------|----------------------|--|
| | Balance as at February 20, 2014 | Additions | Disposals | Transfer in (out) | Balance as at February 20, 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Leasehold improvement | 627,042 | 113,772 | (18,295) | 170,836 | 893,355 |
| Furniture and office equipment | 1,828,759 | 294,194 | (33,471) | - | 2,089,482 |
| Assets under installation | 5,111 | 213,563 | - | (170,836) | 47,838 |
| | <u>2,460,912</u> | <u>621,529</u> | <u>(51,766)</u> | <u>-</u> | <u>3,030,675</u> |
| Accumulated depreciation | | | | | |
| Leasehold improvement | (359,075) | (107,743) | 16,453 | - | (450,365) |
| Furniture and office equipment | (1,384,911) | (195,274) | 29,652 | - | (1,550,533) |
| | <u>(1,743,986)</u> | <u>(303,017)</u> | <u>46,105</u> | <u>-</u> | <u>(2,000,898)</u> |
| Total leasehold improvement and equipment | <u>716,926</u> | | | | <u>1,029,777</u> |

| SEPARATE FINANCIAL STATEMENTS | | | | | |
|--|--|------------------|------------------|----------------------|--|
| | Balance as at February 20, 2015 | Additions | Disposals | Transfer in (out) | Balance as at February 20, 2016 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Leasehold improvement | 804,014 | 24,770 | (120,660) | 106,907 | 815,031 |
| Furniture and office equipment | 1,844,370 | 101,511 | (266,970) | 10,258 | 1,689,169 |
| Assets under installation | 47,838 | 100,314 | - | (117,165) | 30,987 |
| | <u>2,696,222</u> | <u>226,595</u> | <u>(387,630)</u> | <u>-</u> | <u>2,535,187</u> |
| Accumulated depreciation | | | | | |
| Leasehold improvement | (429,991) | (109,570) | 97,656 | - | (441,905) |
| Furniture and office equipment | (1,415,915) | (157,003) | 199,960 | - | (1,372,958) |
| | <u>(1,845,906)</u> | <u>(266,573)</u> | <u>297,616</u> | <u>-</u> | <u>(1,814,863)</u> |
| Total leasehold improvement and equipment | <u>850,316</u> | | | | <u>720,324</u> |

| SEPARATE FINANCIAL STATEMENTS | | | | | |
|--|--|------------------|-----------------|----------------------|--|
| | Balance as at February 20, 2014 | Additions | Disposals | Transfer in (out) | Balance as at February 20, 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Leasehold improvement | 587,363 | 56,578 | (10,763) | 170,836 | 804,014 |
| Furniture and office equipment | 1,651,673 | 223,426 | (30,729) | - | 1,844,370 |
| Assets under installation | 3,720 | 214,954 | - | (170,836) | 47,838 |
| | <u>2,242,756</u> | <u>494,958</u> | <u>(41,492)</u> | <u>-</u> | <u>2,696,222</u> |
| Accumulated depreciation | | | | | |
| Leasehold improvement | (344,957) | (94,028) | 8,994 | - | (429,991) |
| Furniture and office equipment | (1,279,902) | (163,051) | 27,038 | - | (1,415,915) |
| | <u>(1,624,859)</u> | <u>(257,079)</u> | <u>36,032</u> | <u>-</u> | <u>(1,845,906)</u> |
| Total leasehold improvement and equipment | <u>617,897</u> | | | | <u>850,316</u> |

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|-----------|----------------------|-----------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Depreciation for the years ended February 20, | 342,772 | 303,017 | 266,573 | 257,079 |

Costs of fully depreciated leasehold improvement and equipment still in use as at February 20, are as following:

| | 2016 | 2015 |
|-----------------------------------|-----------|-----------|
| | Baht '000 | Baht '000 |
| Consolidated financial statements | 1,280,744 | 1,401,598 |
| Separate financial statements | 1,267,707 | 1,318,535 |

15. INTANGIBLE ASSETS

Intangible assets as at February 20, consist of the following:

| | CONSOLIDATED | | SEPARATE | |
|--------------------------|----------------------|-------------|----------------------|-------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | 3,423,508 | 3,270,089 | 3,065,627 | 2,985,903 |
| Accumulated amortization | (2,767,983) | (2,532,672) | (2,565,638) | (2,372,537) |
| Total intangible assets | 655,525 | 737,417 | 499,989 | 613,366 |

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

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--------------------------------------|-----------------------------------|-----------|------------|-----------|--------------|
| | Balance | Additions | Disposals/ | Transfer | Balance |
| | as at | | Write-off | in (out) | as at |
| | February 20, | | | | February 20, |
| | 2015 | | | | 2016 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Computer software | 3,053,068 | 39,809 | (569) | 191,587 | 3,283,895 |
| Computer software under installation | 217,021 | 114,179 | - | (191,587) | 139,613 |
| | 3,270,089 | 153,988 | (569) | - | 3,423,508 |
| Accumulated amortization | | | | | |
| Computer software | (2,532,672) | (235,555) | 244 | - | (2,767,983) |
| Total intangible assets | 737,417 | | | | 655,525 |

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--------------------------------------|-----------------------------------|----------------|-------------------------|-----------|----------------------|
| | Balance | Additions | Disposals/ Write-off | Transfer | Balance |
| | as at | | | in (out) | as at |
| | February 20, 2014 | | | | February 20, 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Computer software | 2,843,983 | 156,530 | - | 52,555 | 3,053,068 |
| Computer software under installation | 53,220 | 216,356 | - | (52,555) | 217,021 |
| | <u>2,897,203</u> | <u>372,886</u> | <u>-</u> | <u>-</u> | <u>3,270,089</u> |
| Accumulated amortization | | | | | |
| Computer software | (2,277,045) | (255,627) | - | - | (2,532,672) |
| Total intangible assets | <u>620,158</u> | | | | <u>737,417</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | | |
|--------------------------------------|-------------------------------|----------------|-------------------------|-----------|----------------------|
| | Balance | Additions | Disposals/ Write-off | Transfer | Balance |
| | as at | | | in (out) | as at |
| | February 20, 2015 | | | | February 20, 2016 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Computer software | 2,832,656 | 9,184 | (37,069) | 190,643 | 2,995,414 |
| Computer software under installation | 153,247 | 107,609 | - | (190,643) | 70,213 |
| | <u>2,985,903</u> | <u>116,793</u> | <u>(37,069)</u> | <u>-</u> | <u>3,065,627</u> |
| Accumulated amortization | | | | | |
| Computer software | (2,372,537) | (204,014) | 10,913 | - | (2,565,638) |
| Total intangible assets | <u>613,366</u> | | | | <u>499,989</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | | |
|--------------------------------------|-------------------------------|----------------|-------------------------|-----------|----------------------|
| | Balance | Additions | Disposals/ Write-off | Transfer | Balance |
| | as at | | | in (out) | as at |
| | February 20, 2014 | | | | February 20, 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Cost | | | | | |
| Computer software | 2,650,010 | 131,954 | - | 50,692 | 2,832,656 |
| Computer software under installation | 51,358 | 152,581 | - | (50,692) | 153,247 |
| | <u>2,701,368</u> | <u>284,535</u> | <u>-</u> | <u>-</u> | <u>2,985,903</u> |
| Accumulated amortization | | | | | |
| Computer software | (2,147,687) | (224,850) | - | - | (2,372,537) |
| Total intangible assets | <u>553,681</u> | | | | <u>613,366</u> |

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|-----------|----------------------|-----------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Amortization for the years ended February 20, | 235,555 | 255,627 | 204,014 | 224,850 |

As at February 20, 2016 and 2015, costs of fully amortized computer software still in use are as following:

| | 2016 | 2015 |
|-----------------------------------|-----------|-----------|
| | Baht '000 | Baht '000 |
| Consolidated financial statements | 2,101,562 | 1,890,683 |
| Separate financial statements | 2,086,667 | 1,818,802 |

16. DEFERRED TAX ASSETS

Deferred tax assets as at February 20, consist of the following:

| | CONSOLIDATED | | SEPARATE | |
|--|----------------------|----------------|----------------------|----------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 479,374 | 485,057 | 453,224 | 459,923 |
| Non-accrual of interest income | 65,097 | 67,932 | 63,119 | 66,403 |
| Employee benefit obligation | 17,693 | 15,243 | 11,866 | 14,269 |
| Others | 28,456 | 23,469 | 27,939 | 22,889 |
| | <u>590,620</u> | <u>591,701</u> | <u>556,148</u> | <u>563,484</u> |
| Deferred tax liabilities | | | | |
| Finance lease | - | 975 | - | - |
| Unrealized loss on currency swap contracts | 134,879 | 108,719 | 134,879 | 108,719 |
| Others | 2,447 | 783 | - | - |
| | <u>137,326</u> | <u>110,477</u> | <u>134,879</u> | <u>108,719</u> |
| Deferred tax assets | <u>453,294</u> | <u>481,224</u> | <u>421,269</u> | <u>454,765</u> |

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

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|---------------------------------|-----------------------------------|---------------|----------------|----------------|
| | Balance | Items as | Items as | Balance |
| | As at | recognized in | recognized | As at |
| | February 20, | profit | in other | February 20, |
| | 2015 | or loss | comprehensive | 2016 |
| | Baht '000 | Baht '000 | income | Baht '000 |
| | | | Baht '000 | |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 485,057 | (5,683) | - | 479,374 |
| Non-accrual of interest income | 67,932 | (2,835) | - | 65,097 |
| Employee benefit obligation | 15,243 | 3,886 | (1,436) | 17,693 |
| Others | 23,469 | 4,987 | - | 28,456 |
| | <u>591,701</u> | <u>355</u> | <u>(1,436)</u> | <u>590,620</u> |

| CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|--|--|---|--|
| | Balance As at February 20, 2015 | Items as recognized in profit or loss | Items as recognized in other comprehensive income | Balance As at February 20, 2016 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Deferred tax liabilities | | | | |
| Finance lease | 975 | (975) | - | - |
| Unrealized loss on currency swap contracts | 108,719 | 26,160 | - | 134,879 |
| Others | 783 | 1,664 | - | 2,447 |
| | <u>110,477</u> | <u>26,849</u> | <u>-</u> | <u>137,326</u> |
| Deferred tax assets | <u>481,224</u> | <u>(26,494)</u> | <u>(1,436)</u> | <u>453,294</u> |

| CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|--|--|---|--|
| | Balance As at February 20, 2014 | Items as recognized in profit or loss | Items as recognized in other comprehensive income | Balance As at February 20, 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 381,904 | 103,153 | - | 485,057 |
| Non-accrual of interest income | 57,852 | 10,080 | - | 67,932 |
| Employee benefit obligation | 11,790 | 2,042 | 1,411 | 15,243 |
| Others | 15,081 | 8,388 | - | 23,469 |
| | <u>466,627</u> | <u>123,663</u> | <u>1,411</u> | <u>591,701</u> |
| Deferred tax liabilities | | | | |
| Finance lease | 1,743 | (768) | - | 975 |
| Unrealized loss on currency swap contracts | 110,209 | (1,490) | - | 108,719 |
| Others | - | 783 | - | 783 |
| | <u>111,952</u> | <u>(1,475)</u> | <u>-</u> | <u>110,477</u> |
| Deferred tax assets | <u>354,675</u> | <u>125,138</u> | <u>1,411</u> | <u>481,224</u> |

| SEPARATE FINANCIAL STATEMENTS | | | | |
|--|--|--|---|--|
| | Balance As at February 20, 2015 | Items as recognized in profit or loss | Items as recognized in other comprehensive income | Balance As at February 20, 2016 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 459,923 | (6,699) | - | 453,224 |
| Non-accrual of interest income | 66,403 | (3,284) | - | 63,119 |
| Employee benefit obligation | 14,269 | (728) | (1,675) | 11,866 |
| Others | 22,889 | 5,050 | - | 27,939 |
| | <u>563,484</u> | <u>(5,661)</u> | <u>(1,675)</u> | <u>556,148</u> |
| Deferred tax liabilities | | | | |
| Unrealized loss on currency swap contracts | 108,719 | 26,160 | - | 134,879 |
| | <u>108,719</u> | <u>26,160</u> | <u>-</u> | <u>134,879</u> |
| Deferred tax assets | <u>454,765</u> | <u>(31,821)</u> | <u>(1,675)</u> | <u>421,269</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | |
|--|-------------------------------|-------------------|-------------------------------------|----------------------|
| | Balance | Items as | Items as | Balance |
| | As at | recognized in | recognized | As at |
| | February 20, 2014 | profit or loss | in other comprehensive income | February 20, 2015 |
| Baht '000 | Baht '000 | Baht '000 | Baht '000 | |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 365,392 | 94,531 | - | 459,923 |
| Non-accrual of interest income | 57,008 | 9,395 | - | 66,403 |
| Employee benefit obligation | 10,710 | 1,744 | 1,815 | 14,269 |
| Others | 14,778 | 8,111 | - | 22,889 |
| | <u>447,888</u> | <u>113,781</u> | <u>1,815</u> | <u>563,484</u> |
| Deferred tax liabilities | | | | |
| Unrealized loss on currency swap contracts | 110,209 | (1,490) | - | 108,719 |
| | <u>110,209</u> | <u>(1,490)</u> | <u>-</u> | <u>108,719</u> |
| Deferred tax assets | <u>337,679</u> | <u>115,271</u> | <u>1,815</u> | <u>454,765</u> |

17. OTHER NON-CURRENT ASSETS

Other non-current assets as at February 20, consist of the following:

| | CONSOLIDATED | | SEPARATE | |
|--------------|----------------------|----------------|----------------------|----------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Deposits | 166,639 | 154,687 | 146,910 | 140,308 |
| Others | 9,262 | 19,083 | 4,357 | 19,083 |
| Total | <u>175,901</u> | <u>173,770</u> | <u>151,267</u> | <u>159,391</u> |

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

Bank overdrafts and short-term borrowings from financial institutions as at February 20, consist of the following:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|---------------------------------------|-----------------------------------|------------------|--------------------|------------------|
| | 2016 | | 2015 | |
| | Interest rate % | Baht '000 | Interest rate % | Baht '000 |
| Overdrafts in THB currency | 1.70 | 2,930,000 | 2.20 | 1,440,000 |
| Short term borrowings in THB currency | 1.60 - 1.85 | 3,080,000 | 2.10 - 2.33 | 1,360,000 |
| Short term borrowings in USD currency | 1.03 - 1.53 | 431,058 | 0.92 - 1.34 | 355,305 |
| Short term borrowings in LAK currency | 7.12 - 10.50 | 47,520 | - | - |
| Short term borrowings in MMK currency | 1.25 | 19,320 | - | - |
| Total | | <u>6,507,898</u> | | <u>3,155,305</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | |
|---------------------------------------|-------------------------------|-------------------------|--------------------|-------------------------|
| | 2016 | | 2015 | |
| | Interest rate % | Baht '000 | Interest rate % | Baht '000 |
| Overdrafts in THB currency | 1.70 | 2,930,000 | 2.20 | 1,440,000 |
| Short term borrowings in THB currency | 1.60 - 1.85 | <u>3,080,000</u> | 2.10 - 2.33 | <u>1,360,000</u> |
| Total | | <u>6,010,000</u> | | <u>2,800,000</u> |

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

19. SHORT-TERM BORROWING FROM A RELATED COMPANY

As at February 20, 2015, the Company had short-term borrowing from a subsidiary amounting to Baht 50 million with the interest floating rate of a local bank of Thailand (see Note 34.2.1).

On June 5, 2015, the Company has repaid such short-term borrowing from a related company in the whole amount.

20. OTHER PAYABLES

Other payables as at February 20, are as follows:

| | CONSOLIDATED | | SEPARATE | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 Baht '000 | 2015 Baht '000 | 2016 Baht '000 | 2015 Baht '000 |
| Other payable - related parties (see Note 34.2.1) | 58,771 | 62,197 | 830,574 | 261,490 |
| Other payable - other companies | 243,842 | 253,727 | 205,071 | 208,763 |
| Deferred revenue from customer loyalty programmes | 131,196 | 105,945 | 131,196 | 105,945 |
| Interest payable | 546,426 | 546,318 | 541,743 | 543,888 |
| Accrued expenses | 410,405 | 329,055 | 321,331 | 315,939 |
| Total | <u>1,390,640</u> | <u>1,297,242</u> | <u>2,029,915</u> | <u>1,436,025</u> |

21. LONG-TERM BORROWINGS

As at February 20, 2016 and 2015, the Company entered into various long-term borrowings agreements and issued promissory notes in Baht and foreign currencies as follows:

| CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|---|------------------------|--------------------|-----------------------------|------------------------------|
| 2016 | | | | |
| | Due within the year | Interest rate % | Foreign currency Million | Baht equivalent Baht '000 |
| Borrowings in JPY currency | 2016 - 2021 | 3.16 - 5.26 | 50,700.00 | 15,993,011 |
| Borrowings in USD currency | 2016 - 2020 | 2.16 - 4.32 | 465.00 | 16,632,474 |
| Borrowings in THB currency | 2016 - 2018 | 3.30 - 4.80 | 7,700.00 | 7,700,000 |
| <u>Less</u> Borrowings issuance cost | | | | (102,560) |
| | | | | 40,222,925 |
| <u>Less</u> Current portion of long-term Borrowings | | | | (10,696,264) |
| Total long-term borrowings | | | | 29,526,661 |

| CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|---|------------------------|--------------------|-----------------------------|------------------------------|
| 2015 | | | | |
| | Due within the year | Interest rate % | Foreign currency Million | Baht equivalent Baht '000 |
| Borrowings in JPY currency | 2015 - 2021 | 4.10 - 5.26 | 45,220.00 | 12,531,276 |
| Borrowings in USD currency | 2015 - 2017 | 2.16 - 4.32 | 494.00 | 16,159,189 |
| Borrowings in THB currency | 2015 - 2017 | 3.65 - 5.00 | - | 9,650,000 |
| <u>Less</u> Borrowings issuance cost | | | | (102,643) |
| | | | | 38,237,822 |
| <u>Less</u> Current portion of long-term Borrowings | | | | (10,040,561) |
| Total long-term borrowings | | | | 28,197,261 |

| SEPARATE FINANCIAL STATEMENTS | | | | |
|---|------------------------|--------------------|-----------------------------|------------------------------|
| 2016 | | | | |
| | Due within the year | Interest rate % | Foreign currency Million | Baht equivalent Baht '000 |
| Borrowings in JPY currency | 2016 - 2021 | 3.16 - 5.26 | 50,700.00 | 15,993,011 |
| Borrowings in USD currency | 2016 - 2020 | 2.60 - 4.32 | 455.00 | 16,269,936 |
| Borrowings in THB currency | 2016 - 2018 | 3.30 - 4.80 | 7,700.00 | 7,700,000 |
| <u>Less</u> Borrowings issuance cost | | | | (102,200) |
| | | | | 39,860,747 |
| <u>Less</u> Current portion of long-term Borrowings | | | | (10,696,624) |
| Total long-term borrowings | | | | 29,164,123 |

| SEPARATE FINANCIAL STATEMENTS | | | | |
|---|------------------------|--------------------|-----------------------------|------------------------------|
| 2015 | | | | |
| | Due within the year | Interest rate % | Foreign currency Million | Baht equivalent Baht '000 |
| Borrowings in JPY currency | 2015 - 2021 | 4.10 - 5.26 | 45,220.00 | 12,531,276 |
| Borrowings in USD currency | 2015 - 2017 | 2.80 - 4.32 | 484.00 | 15,828,058 |
| Borrowings in THB currency | 2015 - 2017 | 3.65 - 5.00 | - | 9,650,000 |
| <u>Less</u> Borrowings issuance cost | | | | (102,643) |
| | | | | 37,906,691 |
| <u>Less</u> Current portion of long-term Borrowings | | | | (10,040,561) |
| Total long-term borrowings | | | | 27,866,130 |

In the consolidated and separate financial statements as at February 20, 2016 and 2015, 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 1,571.14 million and JPY 5,000 million or equivalent to Baht 1,378.09 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 34.2.1).

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

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
|---|--|---------------------------------------|----------------------------------|----------------------------|
| As at February 20, 2016 | | | | |
| | Notional amount Baht '000 | Carrying amount | | Total Baht '000 |
| | | Less than 1 year Baht '000 | 1 - 5 years Baht '000 | |
| Receivable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | | | | |
| JPY currency | 4,106,625 | - | 439,382 | 439,382 |
| USD currency | 9,861,375 | 472,640 | 1,075,532 | 1,548,172 |
| Cross Currency Interest Rate Swap Contracts | | | | |
| JPY currency | 945,000 | - | 1,332 | 1,332 |
| USD currency | 1,091,445 | 195,847 | - | 195,847 |
| | <u>16,004,445</u> | <u>668,487</u> | <u>1,516,246</u> | <u>2,184,733</u> |
| Payable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | | | | |
| JPY currency | 10,817,000 | (57,107) | (602,596) | (659,703) |
| USD currency | 544,800 | - | (8,429) | (8,429) |
| | <u>11,361,800</u> | <u>(57,107)</u> | <u>(611,025)</u> | <u>(668,132)</u> |
| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
| As at February 20, 2015 | | | | |
| | Notional amount Baht '000 | Carrying amount | | Total Baht '000 |
| | | Less than 1 year Baht '000 | 1 - 5 years Baht '000 | |
| Receivable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | | | | |
| USD currency | 1,689,185 | 23,609 | 85,849 | 109,458 |
| Cross Currency Interest Rate Swap Contracts | | | | |
| USD currency | 12,892,640 | 310,328 | 335,908 | 646,236 |
| | <u>14,581,825</u> | <u>333,937</u> | <u>421,757</u> | <u>755,694</u> |
| Payable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | | | | |
| JPY currency | 945,000 | - | (113,646) | (113,646) |
| Cross Currency Interest Rate Swap Contracts | | | | |
| JPY currency | 14,315,950 | (541,568) | (2,074,460) | (2,616,028) |
| USD currency | 492,750 | - | (2,211) | (2,211) |
| | <u>15,753,700</u> | <u>(541,568)</u> | <u>(2,190,317)</u> | <u>(2,731,885)</u> |

22. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at February 20, 2016, the Company has recognized the cash received and was settled by the Subordinated lendings Account from the transferred rights on loan receivables under securitization project of ATS Rabbit Special Purpose Vehicle Company Limited (see Note 7.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 593.57 million.

23. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at February 20, are as follows:

| Issue date | Maturity Date | No. of units | Currency | Par value per unit | Amount | Interest rate % | Term of interest payment | 2016 Baht '000 | 2015 Baht '000 |
|--|---------------|--------------|----------|--------------------|---------------|---------------------|--------------------------|-------------------|-------------------|
| Company | | | | | | | | | |
| 30/07/2010 | 30/07/2015 | 20 | USD | 1,000,000 | 20,000,000 | USD-LIBOR 6M + 0.50 | Semi-annual | - | 654,052 |
| 14/07/2011 | 14/07/2016 | 15 | USD | 1,000,000 | 15,000,000 | USD-LIBOR 6M + 0.30 | Semi-annual | 536,372 | 490,539 |
| 16/12/2011 | 16/12/2016 | 20 | USD | 1,000,000 | 20,000,000 | USD-LIBOR 6M + 0.80 | Semi-annual | 715,162 | 654,052 |
| 30/08/2012 | 30/08/2017 | 30 | USD | 1,000,000 | 30,000,000 | USD-LIBOR 3M | Quarterly | 1,072,743 | 981,078 |
| 13/09/2012 | 13/09/2017 | 20 | USD | 1,000,000 | 20,000,000 | USD-LIBOR 3M + 0.20 | Quarterly | 715,162 | 654,052 |
| 24/07/2013 | 29/07/2018 | 17 | USD | 1,000,000 | 17,000,000 | USD-LIBOR 6M + 0.01 | Semi-annual | 607,888 | 555,944 |
| 29/11/2013 | 29/11/2018 | 30 | USD | 1,000,000 | 30,000,000 | USD-LIBOR 6M + 0.05 | Semi-annual | 1,072,743 | 981,078 |
| 28/03/2014 | 28/03/2019 | 30 | USD | 1,000,000 | 30,000,000 | USD-LIBOR 6M | Semi-annual | 1,072,743 | 981,078 |
| 10/07/2014 | 10/07/2017 | 1,200,000 | THB | 1,000 | 1,200,000,000 | 4.43 | Quarterly | 1,200,000 | 1,200,000 |
| 26/09/2014 | 26/09/2017 | 15 | USD | 1,000,000 | 15,000,000 | USD-LIBOR 6M | Semi-annual | 536,372 | 490,539 |
| 27/03/2015 | 27/03/2019 | 22 | JPY | 100,000,000 | 2,200,000,000 | JPY-TIBOR 6M + 0.36 | Semi-annual | 693,977 | - |
| | | | | | | | | 8,223,162 | 7,642,412 |
| <u>Less</u> Debenture issuance cost | | | | | | | | (52,047) | (79,400) |
| | | | | | | | | 8,171,115 | 7,563,012 |
| <u>Less</u> Current portion of long-term debentures | | | | | | | | (1,247,563) | (652,646) |
| Total long-term debentures in separate financial statements | | | | | | | | 6,923,552 | 6,910,366 |
| ATS Rabbit Special Purpose Vehicle Company Limited | | | | | | | | | |
| 29/10/2015 | 28/10/2025 | 410,469 | Baht | 1,000 | 410,469,000 | 4.00 | Monthly | 410,469 | - |
| 18/01/2016 | 28/10/2025 | 86,936 | Baht | 1,000 | 86,936,000 | 4.00 | Monthly | 86,936 | - |
| | | | | | | | | 497,405 | - |
| Total long-term debentures in consolidated financial statements | | | | | | | | 7,420,957 | 6,910,366 |

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

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

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

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

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

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

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

On November 29, 2013, the Company issued and offered debenture amounting to USD 30 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.05% per annum, payable on a semi-annual basis, and will be due on November 29, 2018. Such debenture is guaranteed by the same bank.

On December 24, 2013, the Board of Directors' meeting passed the resolution for the Issuance and Offering of debentures of unsubordinated and unsecured debentures in USD currency to offer for sale to a bank in Japan. The amounts of debentures to be issued are derived from the remaining unissuing balances of debentures from the resolution of the 2009 Annual General Meeting of Shareholders held on June 17, 2009 and the resolution of the 2012 Annual General Meeting of Shareholders held on June 14, 2012, totaling Baht 1,224 million. An issuing amount of the debentures is not to exceed Baht 1,200 million. Interest rate depends on market at time of offer and issuance. Authorized directors shall be empowered to consider conditions and other details for the issue and offering of the debentures.

On March 28, 2014, the Company issued and offered debenture amounting to USD 30 million to a bank in Japan with interest rate of USD - LIBOR 6 month per annum, payable on a semi-annual basis, and will be due on March 28, 2019. Such debenture is guaranteed by the same bank.

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

On July 24, 2013, the Company issued and offered debenture amounting to USD 17 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.01% per annum, payable on a semi-annual basis, and will be due on July 29, 2018. Such debenture is guaranteed by the same bank.

On July 10, 2014, the Company issued and offered debenture amounting to THB 1,200 million to a bank in Thailand with interest rate of 4.43% per annum, payable on a quarterly basis, and will be due on July 10, 2017.

- (4) On June 12, 2014, the Company's Annual General Meeting of shareholders of 2014 had the resolution for the Issuance and Offering of debentures. An issuing amount of the debentures is not to exceed Baht 8,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Director's Meeting later when the Company is ready for the issuance and offering of debentures.

On September 26, 2014, the Company issued and offered debenture amounting to USD 15 million to a bank in Japan with interest rate of USD - LIBOR 6 month per annum, payable on a semi-annual basis, and will be due on September 26, 2017. Such debenture is guaranteed by the same bank.

On March 27, 2015, the Company issued and offered debenture amounting to JPY 2,200 million to a bank in Japan with interest rate of JPY-TIBOR 6 month plus 0.36% per annum, payable on a semi-annual basis, and will be due on March 27, 2019. Such debenture is guaranteed by the same bank.

- (5) On October 29, 2015, ATS Rabbit Special Purpose Vehicle Company Limited, the Company's subsidiary, issued the long-term debentures which are unsubordinated and secured of Baht 410.47 million for settlement the transfer rights in initial financial receivables of Baht 433.27 million, under the Securitization project (see Note 7.5).

Subsequently on January 18, 2016, such subsidiary issued additional long-term debentures which are unsubordinated and secured of Baht 86.94 million for settlement the transfer rights in future financial receivables and additional financial receivables under the Securitization project

Cash flows from a pool of loan receivables will be used to make payments for the debentures. Interest on the debentures will be payable monthly commencing on December 18, 2015.

Such subsidiary's debentures will be initially redeemed in 2023 and matured in 2025 with conditions to redeem before the maturity.

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

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
|---|------------------|----------------|----------------|----------------|
| As at February 20, 2016 | | | | |
| Notional amount | Carrying amount | | | Total |
| | Less than 1 year | 1 - 5 years | | |
| Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Receivable per currency interest rate swap contracts | | | | |
| Cross Currency Interest Rate Swap Contracts | | | | |
| JPY currency | 596,860 | - | 97,117 | 97,117 |
| USD currency | 5,586,900 | 169,484 | 572,800 | 742,284 |
| | <u>6,183,760</u> | <u>169,484</u> | <u>669,917</u> | <u>839,401</u> |

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
|---|------------------|--------------|----------------|----------------|
| As at February 20, 2015 | | | | |
| Notional amount | Carrying amount | | | Total |
| | Less than 1 year | 1 - 5 years | | |
| Baht '000 | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Receivable per currency interest rate swap contracts | | | | |
| Cross Currency Interest Rate Swap Contracts | | | | |
| USD currency | 6,232,900 | 8,052 | 201,460 | 209,512 |
| | <u>6,232,900</u> | <u>8,052</u> | <u>201,460</u> | <u>209,512</u> |

- (6) On May 20, 2013, Eternal 6 Special Purpose Vehicle Company Limited, the Company's subsidiary, issued the debentures of Baht 2,960 million (see Note 7.5), under the Securitization project. Cash flows from a pool of credit card receivables will be used to make payments for the debentures. Interest on the debentures will be payable monthly commencing on July 9, 2013.

The subsidiary's debentures as at February 20, are as follows:

| Debenture Classes | Maturity date | Amount Baht' 000 | Interest rate % | 2016 | 2015 |
|--|---------------|---------------------|--------------------|----------------|------------------|
| | | | | Baht '000 | Baht '000 |
| Eternal 6 Special Purpose Vehicle Co., Ltd. | | | | | |
| ClassA-sf | June 8, 2018 | 2,960,000 | 3.83 | 980,079 | 2,960,000 |
| | | | | <u>980,079</u> | <u>2,960,000</u> |

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

As at February 20, 2016 and 2015, the Company has outstanding letters of credit issued by a bank in Japan for guarantee repayment of the subsidiary's debentures of not exceeding Baht 326.95 million (see Note 38.5).

24. EMPLOYEE BENEFIT OBLIGATIONS

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

For the years ended February 20, 2016 and 2015, 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 | |
|--|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2016 Baht '000 | 2015 Baht '000 | 2016 Baht '000 | 2015 Baht '000 |
| Current service cost | 19,278 | 13,243 | 12,669 | 11,566 |
| Interest cost | 2,542 | 2,521 | 1,826 | 2,313 |
| Actuarial (gain) loss | | | | |
| - From financial assumptions changes | 3,874 | 9,083 | 4,063 | 8,879 |
| - From demographic assumptions changes | (982) | 1,982 | (9,741) | 1,491 |
| - From experience adjustments | (12,187) | (4,105) | (2,698) | (1,295) |
| Loss on settlement | 712 | - | 670 | - |
| Total | <u>13,237</u> | <u>22,724</u> | <u>6,789</u> | <u>22,954</u> |

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

| | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2016 Baht '000 | 2015 Baht '000 | 2016 Baht '000 | 2015 Baht '000 |
| Beginning balance | 76,220 | 58,953 | 71,346 | 53,549 |
| Current service cost | 19,278 | 13,243 | 12,669 | 11,566 |
| Interest cost | 2,542 | 2,521 | 1,826 | 2,313 |
| Actuarial (gain) loss | (9,295) | 6,960 | (8,376) | 9,075 |
| Loss on settlement | 712 | - | 670 | - |
| Benefits paid | (991) | (5,457) | (18,806) | (5,157) |
| Ending balance | <u>88,466</u> | <u>76,220</u> | <u>59,329</u> | <u>71,346</u> |

The significant actuarial assumptions used to calculate the obligation under the defined benefit plans as at February 20, are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | |
|----------------------------------|--------------------------------------|--------------------------------------|
| | 2016 % per annum | 2015 % per annum |
| Financial assumptions | | |
| Discount rate | 2.74 - 3.32 | 3.09 - 3.67 |
| Expected rate of salary increase | 5.0 - 7.0 | 5.0 - 7.0 |
| Demographic assumptions | | |
| Turnover rate | | |
| Monthly staff | 0.0 - 26.0 | 0.0 - 27.0 |
| Daily staff | 0.0 - 57.0 | 0.0 - 61.0 |
| Temporary staff | 0.0 - 62.0 | 0.0 - 64.0 |
| | Subject to range of age of employees | Subject to range of age of employees |

| | SEPARATE FINANCIAL STATEMENTS | |
|----------------------------------|--------------------------------------|--------------------------------------|
| | 2016 % per annum | 2015 % per annum |
| Financial assumptions | | |
| Discount rate | 3.02 | 3.44 - 3.67 |
| Expected rate of salary increase | 5.0 | 5.0 |
| Demographic assumptions | | |
| Turnover rate | | |
| Monthly staff | 0.0 - 21.0 | 0.0 - 19.0 |
| | Subject to range of age of employees | Subject to range of age of employees |
| Daily staff | 0.0 - 51.0 | 0.0 - 47.0 |
| | Subject to range of age of employees | Subject to range of age of employees |
| Temporary staff | 0.0 - 62.0 | 0.0 - 64.0 |
| | Subject to range of age of employees | Subject to range of age of employees |

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of the post-employment benefits obligation as at February 20, 2016 as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS Baht '000 | SEPARATE FINANCIAL STATEMENTS Baht '000 |
|----------------------------------|---|---|
| Financial assumptions | | |
| Discount rate | | |
| - 1% increase | (11,680) | (8,265) |
| - 1% decrease | 14,076 | 9,931 |
| Expected rate of salary increase | | |
| - 1% increase | 12,394 | 8,673 |
| - 1% decrease | (10,484) | (7,340) |
| Demographic assumptions | | |
| Turnover rate | | |
| - 1% increase | (12,629) | (8,912) |
| - 1% decrease | 6,937 | 4,774 |

Maturity analysis of the benefit payments of the post-employment benefits obligation as at February 20, 2016 is as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS Baht '000 | SEPARATE FINANCIAL STATEMENTS Baht '000 |
|-------------------|---|---|
| Within 1 year | - | - |
| Over 1 to 5 years | 2,185 | 2,079 |
| Over 5 years | 86,281 | 57,250 |
| Total | <u>88,466</u> | <u>59,329</u> |

25. SHAREHOLDERS' EQUITY

- 25.1 On June 12, 2014, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the fiscal year 2013 at the rate of Baht 1.85 per share, totaling Baht 462.50 million. The aforementioned shareholders included 2,700 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 462.49 million which were paid to all shareholders on June 24, 2014 in addition to the interim dividends which had been paid to all shareholders at Baht 1.60 per share, totaling Baht 399.95 million on October 24, 2013.
- 25.2 On September 30, 2014, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the fiscal year 2014 at the rate of Baht 1.60 per share to shareholders, totaling Baht 400 million. The aforementioned shareholders included 2,900 shares of foreign shareholders who had no right to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 399.99 million on October 27, 2014.
- 25.3 On June 12, 2015, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the fiscal year 2014 at the rate of Baht 1.85 per share, totaling Baht 462.50 million. The aforementioned shareholders included 92,900 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 462.33 million which were paid to all shareholders on June 25, 2015 in addition to the interim dividends which had been paid to all shareholders at Baht 1.60 per share, totaling Baht 399.99 million on October 27, 2014.
- 25.4 On September 23, 2015, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the fiscal year 2015 at the rate of Baht 1.60 per share to shareholders, totaling Baht 400 million. The aforementioned shareholders included 1,000 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 399.99 million on October 21, 2015.
- 25.5 On February 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 4 had passed the resolutions to approve the dissolution and liquidation, and Eternal 4 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Eternal 4 has already registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce, and repaid the share capital to the Company and shareholder attributed non-controlling interests amounting of Baht 0.01 million and Baht 0.03 million, respectively, on June 17, 2015 (see Notes 7.5 and 11.2).

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

25.6.1 Eternal 6 Special Purpose Vehicle Company Limited's the registered share capital comprises ordinary shares and preferred shares which are held by non-controlling interests. Dividends from the profits of the subsidiary shall be allocated to the holders of preferred shares at a rate not more than 50% of the par value of each preferred share. The rest of the dividends shall be distributed to the holders of ordinary shares.

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

26. LEGAL RESERVE

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

As at February 20, 2016 and 2015, the Company's legal reserve equals to 10% of the registered share capital.

27. CAPITAL MANAGEMENT

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

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

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

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

28. OTHER COMPONENTS OF EQUITY

Other components of equity as at February 20, are as follows:

| | CONSOLIDATED | |
|---|----------------------|-----------------|
| | FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Exchange differences on translating financial statements of foreign operations | | |
| Beginning balance | (1,119) | 9,954 |
| Decrease during the year | <u>(14,698)</u> | <u>(11,073)</u> |
| Ending balance | <u>(15,817)</u> | <u>(1,119)</u> |

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

29. REVENUE RELATING TO SECURITIZATION TRANSACTION

For the years ended February 20, 2016 and 2015, the details of revenues from securitization transaction consist of the following:

29.1 Revenue relating to securitization transaction incurred from sale of credit card receivables to Eternal 6 is included in Credit Card Income for presentation.

| | SEPARATE | |
|---|----------------------|----------------|
| | FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Credit Card Income (see Note 34.2.2) | | |
| Interest income from subordinated lending | 167,922 | 167,922 |
| Revenue from seller loan in Special Purpose Vehicle | 24,713 | 19,151 |
| Dividend from investment in Special Purpose Vehicle | 179,350 | 139,964 |
| Servicing income | <u>267,338</u> | <u>274,879</u> |
| Total | <u>639,323</u> | <u>601,916</u> |

29.2 Revenue relating to securitization transaction incurred from sale of loan receivables to ATS Rabbit is included in Loan Income for presentation.

| | SEPARATE | |
|---|----------------------|-----------|
| | FINANCIAL STATEMENTS | |
| | 2016 | 2015 |
| | Baht '000 | Baht '000 |
| Loan Income (see Note 34.2.2) | | |
| Interest income from subordinated lending | 991 | - |
| Revenue from seller loan in Special Purpose Vehicle | 2,214 | - |
| Servicing income | <u>7,988</u> | <u>-</u> |
| Total | <u>11,193</u> | <u>-</u> |

30. DIRECTORS AND MANAGERMENTS' REMUNERATION

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

For the years ended February 20, 2016 and 2015, directors and managements' remuneration are as follows:

| | CONSOLIDATED | | SEPARATE | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Short-term employee benefits | | | | |
| Managements' remuneration | 110,318 | 100,622 | 58,670 | 62,762 |
| Directors' remuneration | 21,586 | 15,202 | 18,925 | 13,000 |
| Post-employment benefits | 2,820 | 2,366 | 1,219 | 3,833 |
| | <u>134,724</u> | <u>118,190</u> | <u>78,814</u> | <u>79,595</u> |

For the years ended February 20, 2016 and 2015, directors' remunerations which were included in short-term employee benefits were approved by the ordinary shareholders' meetings of the Company held on June 12, 2015 and June 12, 2014, respectively.

31. PROVIDENT FUND

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

For the years ended February 20, 2016 and 2015, the Company contributed to the provident fund and recorded as expenses, as follows:

| | CONSOLIDATED | | SEPARATE | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Contributory provident fund | <u>30,908</u> | <u>25,437</u> | <u>19,471</u> | <u>22,278</u> |

32. EXPENSES BY NATURE

Net profits for the years ended February 20, 2016 and 2015 have been derived after deducting the following significant expenses:

| | CONSOLIDATED | | SEPARATE | |
|---|----------------------|-----------|----------------------|-----------|
| | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Staff costs | 2,396,159 | 1,988,682 | 1,156,171 | 1,518,033 |
| Directors and management's remuneration | 134,724 | 118,190 | 78,814 | 79,595 |
| Marketing expenses | 1,329,356 | 1,310,251 | 1,272,505 | 1,232,283 |
| Equipment expenses | 634,999 | 582,679 | 487,147 | 556,245 |
| Depreciation and amortization | 578,327 | 558,644 | 470,587 | 481,929 |
| Communication expenses | 428,066 | 466,522 | 349,015 | 411,016 |
| Premises' expenses | 627,906 | 597,922 | 546,461 | 541,850 |
| Outsource collection expenses | 278,051 | 154,541 | 1,302,960 | 473,254 |
| Special business tax and duty stamp | 448,179 | 452,657 | 417,132 | 422,846 |
| Bad debts and doubtful accounts | 4,754,037 | 5,015,029 | 4,507,358 | 4,745,620 |
| Finance cost | 2,302,934 | 2,358,259 | 2,237,119 | 2,234,456 |

33. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax calculation for the years ended February 20, 2016 and 2015. The foreign subsidiaries used 20% - 25% and 20% - 30% for corporate income tax calculation for the years ended February 20, 2016 and 2015, respectively.

The Company and its subsidiaries used tax rate of 20% for calculation of deferred tax for the years ended February 20, 2016 and 2015. The foreign subsidiaries used 20% - 25% and 20% - 30% for calculation of deferred tax for the years ended February 20, 2016 and 2015, respectively.

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

For the years ended February 20, 2016 and 2015, income tax expense consists of:

| | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Current tax expense for the years | 598,701 | 736,290 | 494,572 | 644,844 |
| Deferred income tax expense (revenue) | 26,494 | (125,138) | 31,821 | (115,271) |
| Income tax expense per statements of profit or loss | <u>625,195</u> | <u>611,152</u> | <u>526,393</u> | <u>529,573</u> |

Reconciliations of effective tax rates for the years ended February 20, 2016 and 2015 are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|--|-----------------------------------|---------------|---------------------|---------------|
| | 2016 | | 2015 | |
| | Amount Baht '000 | Rate % | Amount Baht '000 | Rate % |
| Profit before income tax expense | <u>3,084,691</u> | | <u>3,027,700</u> | |
| Income tax at the domestic tax rate | 676,410 | 20.00 - 25.00 | 603,289 | 20.00 - 30.00 |
| <u>Add</u> Tax effect of income and expense not exempted for tax purposes | 524 | 0.00 | 9,399 | 0.31 |
| <u>Less</u> Tax effect of income and expense exempted for tax purposes | <u>(51,739)</u> | <u>(1.68)</u> | <u>(1,536)</u> | <u>(0.05)</u> |
| Income tax expense per statements of profit or loss | <u>625,195</u> | <u>20.27</u> | <u>611,152</u> | <u>20.19</u> |

| | SEPARATE FINANCIAL STATEMENTS | | | |
|--|-------------------------------|---------------|---------------------|---------------|
| | 2016 | | 2015 | |
| | Amount Baht '000 | Rate % | Amount Baht '000 | Rate % |
| Profit before income tax expense | <u>2,887,191</u> | | <u>2,831,773</u> | |
| Income tax at the domestic tax rate | 577,438 | 20.00 | 566,355 | 20.00 |
| <u>Add</u> Tax effect of income and expense not exempted for tax purposes | 10,576 | 0.37 | 3,294 | 0.12 |
| <u>Less</u> Tax effect of income and expense exempted for tax purposes | <u>(61,621)</u> | <u>(2.13)</u> | <u>(40,076)</u> | <u>(1.42)</u> |
| Income tax expense per statements of profit or loss | <u>526,393</u> | <u>18.24</u> | <u>529,573</u> | <u>18.70</u> |

34. 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, associate and the related parties which are as follows:

34.1 Investments in associate and subsidiaries (see Note 11.2) as at February 20, 2016 and 2015, are as follows:

| Related parties | Relationship | Paid-up Capital Baht' 000 | % Ownership | SEPARATE FINANCIAL STATEMENTS | |
|--|--------------|---------------------------------|----------------|----------------------------------|---------------------------|
| | | | | 2016 Cost Baht '000 | 2015 Cost Baht '000 |
| Investments in associate and subsidiaries | | | | | |
| Investment in associate | | | | | |
| ACS Trading Vietnam Company Limited | Associate | 84,096.3 | 20.00 | 16,819.3 | 16,819.3 |
| Total investment in associate | | | | <u>16,819.3</u> | <u>16,819.3</u> |
| Investments in subsidiaries | | | | | |
| Eternal 4 Special Purpose Vehicle Company Limited | Subsidiary | 40.0 | 26.00 | - | 10.4 |
| Eternal 5 Special Purpose Vehicle Company Limited | Subsidiary | 40.0 | 26.00 | 10.4 | 10.4 |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | 40.0 | 26.00 | 10.4 | 10.4 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | 40.0 | 48.75 | 19.5 | - |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited | Subsidiary | 320,344.4 | 80.00 | 252,960.0 | 118,160.0 |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | 149,224.3 | 100.00 | 149,224.3 | 149,224.3 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | 175,349.1 | 100.00 | 175,349.1 | 175,349.1 |
| AEON Microfinance (Myanmar) Company Limited | Subsidiary | 276,769.1 | 100.00 | 276,769.1 | 176,204.1 |
| AEON Leasing Service (Lao) Company Limited | Subsidiary | 111,402.9 | 92.58 | 103,069.1 | 101,286.3 |
| Total investments in subsidiaries | | | | <u>957,411.9</u> | <u>720,255.0</u> |
| Total investments in associate and subsidiaries | | | | <u><u>974,231.2</u></u> | <u><u>737,074.3</u></u> |

34.2 Business transactions with related parties

34.2.1 Balances with related parties as at February 20, 2016 and 2015, are as follows:

| Related parties | Relationship | CONSOLIDATED FINANCIAL STATEMENTS | | SEPARATE FINANCIAL STATEMENTS | |
|---|---|--------------------------------------|-------------------|----------------------------------|-------------------|
| | | 2016 Baht '000 | 2015 Baht '000 | 2016 Baht '000 | 2015 Baht '000 |
| Accounts receivable under securitization project (see Note 7.1) | | | | | |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 593,566 | - |
| Other receivables (see Note 8) | | | | | |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | - | - | 108,140 | 154,527 |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 1,078 | 238 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | 7,895 | 739 |
| AEON Financial Service Co., Ltd. | Major shareholder | 712 | 5,525 | 712 | 5,525 |
| AEON Credit Service Company Limited | Common ultimate holding company | 10 | 4 | 10 | 4 |
| ACS Capital Corporation Limited | Shareholder and one common director | 4,894 | 3,994 | 27 | 14 |
| AEON Credit Service (Asia) Company Limited | Common ultimate holding company | - | 186 | - | 186 |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | Subsidiary | - | - | - | 98 |
| AEON (Thailand) Company Limited | Holding shares and two common directors | - | 6 | - | 6 |
| AEON Leasing Service (Lao) Company Limited | Subsidiary | - | - | 254 | - |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 11,041 | - |
| AEON Compass Company Limited | Common ultimate holding company | 248 | - | 248 | - |
| | | <u>5,864</u> | <u>9,715</u> | <u>129,405</u> | <u>161,337</u> |
| Short-term loan (see Note 9) | | | | | |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | 100,000 | - |
| Seller loan in Special Purpose Vehicle for Securitization (see Note 12) | | | | | |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | - | - | 2,464,756 | 232,008 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 48,582 | - |
| | | <u>-</u> | <u>-</u> | <u>2,513,338</u> | <u>232,008</u> |
| Subordinated lending (see Note 13) | | | | | |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | 1,399,352 | 1,399,352 | 1,399,352 | 1,399,352 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 29,870 | - |
| | | <u>1,399,352</u> | <u>1,399,352</u> | <u>1,429,222</u> | <u>1,399,352</u> |
| Short-term borrowing (see Note 19) | | | | | |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | - | 50,000 |
| Long-term borrowings (see Note 21) | | | | | |
| AEON Bank Ltd. | Common ultimate holding company | 1,571,141 | 1,378,089 | 1,571,141 | 1,378,089 |
| Accounts payable | | | | | |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 126,401 | 117,120 |

| Related parties | Relationship | CONSOLIDATED | | SEPARATE | |
|--|---|----------------------|---------------|----------------------|----------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| | | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Other payables (see Note 20) | | | | | |
| Eternal 4 Special Purpose Vehicle Company Limited | Subsidiary | - | - | - | 44 |
| Eternal 5 Special Purpose Vehicle Company Limited | Subsidiary | - | - | 44 | 44 |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | - | - | 640,318 | 171,354 |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 4,594 | 7,869 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | 114,118 | 31,585 |
| AEON (Thailand) Company Limited | Holding shares and two common directors | - | 83 | - | 83 |
| AEON Financial Service Co., Ltd. | Major shareholder | 33,384 | 39,297 | 33,384 | 39,297 |
| AEON Credit Service Company Limited | Common ultimate holding company | 23,545 | 21,313 | 6,471 | 9,997 |
| AEON Credit Service Systems (Philippines) Inc. | Holding shares | 14 | 287 | - | - |
| AEON Bank Ltd. | Common ultimate holding company | 1,244 | 1,217 | - | 1,217 |
| AEON Credit Service (Asia) Company Limited | Common ultimate holding company | 584 | - | - | - |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 31,645 | - |
| | | <u>58,771</u> | <u>62,197</u> | <u>830,574</u> | <u>261,490</u> |
| Long-term borrowing under securitization project (see Note 22) | | | | | |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 593,566 | - |
| Deferred Revenue | | | | | |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 584 | 826 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | - | 9,643 |
| ACS Capital Corporation Limited | Shareholder and one common director | - | 514 | - | 514 |
| | | <u>-</u> | <u>514</u> | <u>584</u> | <u>10,983</u> |

34.2.2 Transactions with related parties for the year ended February 20, 2016 and 2015, are as follows:

| Related parties | Relationship | CONSOLIDATED | | SEPARATE | |
|--|---|----------------------|---------------|----------------------|----------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| | | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Sale promotion income | | | | | |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 13,296 | 9,538 |
| Revenue relating to securitization transaction (including in credit card income and loan income) | | | | | |
| Eternal 6 Special Purpose Vehicle Company Limited | Subsidiary | - | - | 639,323 | 601,916 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 11,193 | - |
| | | <u>-</u> | <u>-</u> | <u>650,516</u> | <u>601,916</u> |
| Other income | | | | | |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 61,291 | 28,334 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | 137,151 | 2,894 |
| ACS Capital Corporation Limited | Shareholder and one common director | 13,536 | 15,159 | 13,536 | 15,159 |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | Subsidiary | - | - | - | 388 |
| AEON (Thailand) Company Limited | Holding shares and two common directors | 141 | 7 | 141 | 7 |
| | | <u>13,677</u> | <u>15,166</u> | <u>212,119</u> | <u>46,782</u> |

| Related parties | Relationship | CONSOLIDATED | | SEPARATE | |
|---|---|----------------------|----------------|----------------------|----------------|
| | | FINANCIAL STATEMENTS | | FINANCIAL STATEMENTS | |
| | | 2016 | 2015 | 2016 | 2015 |
| | | Baht '000 | Baht '000 | Baht '000 | Baht '000 |
| Operating and administrative expenses | | | | | |
| Collection service fee | | | | | |
| ACS Servicing (Thailand) Co., Ltd. | Subsidiary | - | - | 1,172,465 | 341,882 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 921 | - |
| | | <u>-</u> | <u>-</u> | <u>1,173,386</u> | <u>341,882</u> |
| Others | | | | | |
| AEON Financial Service Co., Ltd. | Major shareholder | 77,194 | 49,475 | 77,183 | 49,475 |
| AEON Credit Service Company Limited | Common ultimate holding company | 41,856 | 41,180 | 16,428 | 13,964 |
| AEON Bank Ltd. | Common ultimate holding company | 394 | 1,595 | 394 | 1,595 |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | - | 990 |
| AEON (Thailand) Company Limited | Holding shares and two common directors | 17,986 | 16,765 | 17,986 | 16,765 |
| ACS Capital Corporation Limited | Shareholder and one common director | 45,208 | 44,776 | 45,518 | 43,578 |
| ACS Servicing (Thailand) Co., Ltd. | Subsidiary | - | - | 1,689 | 1,050 |
| AEON Credit Service Systems (Philippines) Inc. | Holding shares | 13,621 | 43,094 | 11,279 | 40,106 |
| ATS Rabbit Special Purpose Vehicle Company Limited | Subsidiary | - | - | 850 | - |
| AEON Credit Service (Asia) Company Limited | Common ultimate holding company | 2,373 | - | - | - |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | Subsidiary | - | - | 1,231 | - |
| | | <u>198,632</u> | <u>196,885</u> | <u>172,558</u> | <u>167,523</u> |
| Dividend income | | | | | |
| AEON Insurance Service (Thailand) Company Limited | Subsidiary | - | - | 60,000 | 35,000 |
| ACS Servicing (Thailand) Company Limited | Subsidiary | - | - | 17,908 | 17,908 |
| AEON Specialized Bank (Cambodia) Plc. (Formerly AEON Microfinance (Cambodia) Private Company Limited) | Subsidiary | - | - | 27,799 | - |
| | | <u>-</u> | <u>-</u> | <u>105,707</u> | <u>52,908</u> |
| Dividend paid | | | | | |
| AEON Financial Service Co., Ltd. | Major shareholder | 302,910 | 302,910 | 302,910 | 302,910 |
| ACS Capital Corporation Limited | Shareholder and one common director | 165,600 | 165,600 | 165,600 | 165,600 |
| | | <u>468,510</u> | <u>468,510</u> | <u>468,510</u> | <u>468,510</u> |
| Purchase of computer software | | | | | |
| AEON Credit Service Systems (Philippines) Inc. | Holding shares | - | 13,232 | - | 13,232 |

- Other income for the years ended February 20, 2016 and 2015 includes the computer fee charged to ACS Capital Corporation Limited, AEON Insurance Service (Thailand) Co., Ltd., and ACS Servicing (Thailand) Co., Ltd., at the rates of Baht 1,000,000 per month, Baht 200,000 per month and Baht 200,000 per month, respectively, and charged to ACS Capital Corporation Limited for marketing support fee at the rate of Baht 200,000 per month.
- Revenues relating to securitization transactions are determined by the Company and subsidiaries in accordance with securitization projects (see Note 7.5).
- 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 is determined by the Company and related parties based on the cost plus basis.
- Computer programs purchasing price is paid to AEON Credit Service Systems (Philippines) Inc. based on specified in the agreement.

35. LONG-TERM OPERATING LEASE AND SERVICE AGREEMENTS

As at February 20, 2016 and 2015, the Company has long-term operating lease and service agreements with the third parties as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|------------------|-----------------------------------|-----------------------------------|----------------------------|-----------------------------------|
| | Rental payments | | | |
| | 2016 | | 2015 | |
| | Within 1 year Baht '000 | Over 1 to 5 years Baht '000 | Within 1 year Baht '000 | Over 1 to 5 years Baht '000 |
| Building | 271,214 | 269,603 | 232,165 | 190,000 |
| Office equipment | 122,184 | 101,083 | 97,170 | 187,750 |
| Vehicle | 26,398 | 21,853 | 26,213 | 11,127 |

| | SEPARATE FINANCIAL STATEMENTS | | | |
|------------------|-------------------------------|-----------------------------------|----------------------------|-----------------------------------|
| | Rental payments | | | |
| | 2016 | | 2015 | |
| | Within 1 year Baht '000 | Over 1 to 5 years Baht '000 | Within 1 year Baht '000 | Over 1 to 5 years Baht '000 |
| Building | 212,278 | 223,710 | 201,103 | 176,470 |
| Office equipment | 121,271 | 99,862 | 96,256 | 187,469 |
| Vehicle | 20,793 | 18,931 | 21,933 | 9,915 |

36. SEGMENT INFORMATION

The Company and subsidiaries presented segment information in respect of the business segments based on the management and internal reporting structure. The business segments of the Company and subsidiaries 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 Company and subsidiaries do 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 Company and its subsidiaries were classified by business segment as follows:

36.1 Operating result classified by business for the years ended February 20, 2016 and 2015 are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|-----------------------------------|----------------|------------------|--------------------|-------------------|
| | 2016 | | | | |
| | 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 | 16,696,611 | 352,475 | 382,140 | - | 17,431,226 |
| Inter - segment revenues | - | - | 1,620,606 | (1,620,606) | - |
| | <u>16,696,611</u> | <u>352,475</u> | <u>2,002,746</u> | <u>(1,620,606)</u> | <u>17,431,226</u> |
| Expenses | | | | | |
| Operating and administrative expenses | 6,651,060 | 243,612 | 1,762,083 | (1,497,937) | 7,158,818 |
| Directors and managements' remuneration | 78,814 | 36,417 | 19,493 | - | 134,724 |
| Bad debts and doubtful accounts | 4,726,095 | 27,942 | - | - | 4,754,037 |
| Finance cost | 2,288,357 | 14,577 | 389 | (389) | 2,302,934 |
| Total expenses | <u>13,744,326</u> | <u>322,548</u> | <u>1,781,965</u> | <u>(1,498,326)</u> | <u>14,350,513</u> |
| Share of profit from investment in associate | - | 3,978 | - | - | 3,978 |
| Profit (loss) before income tax expense | 2,952,285 | 33,905 | 220,781 | (122,280) | 3,084,691 |
| Income tax expense | 576,089 | 15,820 | 33,286 | - | 625,195 |
| Net profit (loss) for the year | <u>2,376,196</u> | <u>18,085</u> | <u>187,495</u> | <u>(122,280)</u> | <u>2,459,496</u> |

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|-----------------------------------|----------------|----------------|------------------|-------------------|
| | 2015 | | | | |
| | 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 | 16,510,006 | 207,118 | 490,819 | - | 17,207,943 |
| Inter - segment revenues | - | - | 436,680 | (436,680) | - |
| | <u>16,510,006</u> | <u>207,118</u> | <u>927,499</u> | <u>(436,680)</u> | <u>17,207,943</u> |
| Expenses | | | | | |
| Operating and administrative expenses | 6,215,805 | 163,818 | 712,280 | (382,722) | 6,709,181 |
| Directors and managements' remuneration | 79,594 | 25,450 | 13,146 | - | 118,190 |
| Bad debts and doubtful accounts | 5,000,000 | 15,029 | - | - | 5,015,029 |
| Finance cost | 2,347,824 | 11,470 | 15 | (1,050) | 2,358,259 |
| Total expenses | <u>13,643,223</u> | <u>215,767</u> | <u>725,441</u> | <u>(383,772)</u> | <u>14,200,659</u> |
| Share of profit from investment in associate | - | 20,416 | - | - | 20,416 |
| Profit (loss) before income tax expense | 2,866,783 | 11,767 | 202,058 | (52,908) | 3,027,700 |
| Income tax expense | 564,567 | 5,792 | 40,793 | - | 611,152 |
| Net profit (loss) for the year | <u>2,302,216</u> | <u>5,975</u> | <u>161,265</u> | <u>(52,908)</u> | <u>2,416,548</u> |

36.2 Financial position classified by business as at February 20, 2016 and 2015 are as follows:

| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
|--|-----------------------------------|----------------------|-----------------------|--------------------|-------------------|
| | 2016 | | | | |
| | Retail finance services | | Other business | Elimination | Total |
| | Domestic Baht '000 | Foreign Baht '000 | Domestic Baht '000 | Baht '000 | Baht '000 |
| Accounts receivable and other receivable | 59,385,905 | 1,324,230 | 543,769 | (316,714) | 60,937,190 |
| Leasehold improvement and equipment and intangible assets | 1,220,312 | 165,168 | 231,710 | (7,894) | 1,609,296 |
| Other assets | 8,658,956 | 95,810 | 416,177 | (996,425) | 8,174,518 |
| Total assets | <u>69,265,173</u> | <u>1,585,208</u> | <u>1,191,656</u> | <u>(1,321,033)</u> | <u>70,721,004</u> |
| Total liabilities | <u>57,543,986</u> | <u>932,797</u> | <u>510,962</u> | <u>(371,900)</u> | <u>58,615,845</u> |
| | CONSOLIDATED FINANCIAL STATEMENTS | | | | |
| | 2015 | | | | |
| | Retail finance services | | Other business | Elimination | Total |
| | Domestic Baht '000 | Foreign Baht '000 | Domestic Baht '000 | Baht '000 | Baht '000 |
| Accounts receivable and other receivable | 55,669,978 | 869,657 | 325,752 | (170,577) | 56,694,810 |
| Leasehold improvement and equipment and intangible assets | 1,463,682 | 150,032 | 153,480 | - | 1,767,194 |
| Other assets | 6,197,435 | 84,743 | 404,165 | (756,273) | 5,930,070 |
| Total assets | <u>63,331,095</u> | <u>1,104,432</u> | <u>883,397</u> | <u>(926,850)</u> | <u>64,392,074</u> |
| Total liabilities | <u>53,130,451</u> | <u>732,558</u> | <u>302,759</u> | <u>(218,514)</u> | <u>53,947,254</u> |

37. DISCLOSURE OF INFORMATION RELATING TO FINANCIAL INSTRUMENTS

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

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

37.1 Accounting policies

Details of significant accounting policies are disclosed in Note 5.

37.2 Credit risk

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

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

37.3 Interest rate risk

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

The Company did not anticipate any interest rate fluctuation risk which may have a material effect on the result of operations as all of the loans carrying floating interest rates have been hedged. Details of interest rate swap agreements and cross currency interest rate swap agreements are disclosed in Notes 21 and 23.

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

37.4 Foreign exchange risk

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

In addition, in order to manage risk from fluctuation in currency and interest rate, the Company has entered into various cross currency interest rate swap contracts to hedge its long-term debts as disclosed in Notes 21 and 23.

37.5 Fair value measurements

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

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

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

- 37.5.2 The fair values of long-term borrowings and debentures are estimated based on the discounted cash flows using average current interest rate over the remaining period to maturity.

The transactions disclosed in the following table, are considered that the carrying amounts of financial liabilities recognized in the consolidated and separate financial statements are different from their fair values.

| | Carrying amount Baht '000 | Fair value Baht '000 | Fair value hierarchy Baht '000 |
|---|--|---------------------------------|---|
| As at February 20, 2016 | | | |
| Consolidated financial statements | | | |
| Financial liabilities | | | |
| Long-term borrowings bearing fixed interest rate | 10,294,063 | 10,376,683 | Level 2 |
| Long-term borrowings bearing floating interest rate | 29,929,223 | 29,929,223 | Level 2 |
| Long-term debentures bearing fixed interest rate | 1,695,926 | 1,713,676 | Level 2 |
| Long-term debentures bearing floating interest rate | 6,972,594 | 6,972,594 | Level 2 |
| Separate financial statements | | | |
| Financial liabilities | | | |
| Long-term borrowings bearing fixed interest rate | 9,931,525 | 10,007,982 | Level 2 |
| Long-term borrowings bearing floating interest rate | 29,929,223 | 29,929,223 | Level 2 |
| Long-term debentures bearing fixed interest rate | 1,198,521 | 1,209,308 | Level 2 |
| Long-term debentures bearing floating interest rate | 6,972,594 | 6,662,890 | Level 2 |
| As at February 20, 2015 | | | |
| Consolidated financial statements | | | |
| Financial liabilities | | | |
| Long-term borrowings bearing fixed interest rate | 12,279,997 | 12,168,755 | Level 2 |
| Long-term borrowings bearing floating interest rate | 25,729,337 | 24,497,203 | Level 2 |
| Long-term debentures bearing fixed interest rate | 1,200,000 | 1,200,000 | Level 2 |
| Long-term debentures bearing floating interest rate | 6,442,412 | 6,038,002 | Level 2 |
| Separate financial statements | | | |
| Financial liabilities | | | |
| Long-term borrowings bearing fixed interest rate | 12,279,997 | 12,168,755 | Level 2 |
| Long-term borrowings bearing floating interest rate | 25,729,337 | 24,497,203 | Level 2 |
| Long-term debentures bearing fixed interest rate | 1,200,000 | 1,200,000 | Level 2 |
| Long-term debentures bearing floating interest rate | 6,442,412 | 6,038,002 | Level 2 |

37.5.3 Estimated fair values of receivables and/or payables per currency and interest rate swap contracts are estimated based on the discounted cash flows. Future cash flows are estimated based on relevant market price of hedged position, i.e. interest rate, foreign exchange rate, discounted at a rate that reflects the credit risk of various counterparties. Fair values of receivables and/or payables per currency and interest rate swap contracts are determined at Level 2.

The carrying amount and estimated fair values of receivables and/or payables per currency and interest rate swap contracts are as followings:

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
|--|-------------------------------|--------------------------|--------------------|--------------------------|
| As at February 20, 2016 | | | | |
| | Carrying amount | | | Fair value |
| | Less than 1 year Baht '000 | 1 - 5 years Baht '000 | Total Baht '000 | Gain (Loss) Baht '000 |
| Receivable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | 472,640 | 1,514,914 | 1,987,554 | 1,370,603 |
| Cross Currency Interest Rate Swap Contracts | 365,330 | 671,249 | 1,036,579 | 653,214 |
| | <u>837,970</u> | <u>2,186,163</u> | <u>3,024,133</u> | <u>2,023,817</u> |
| Payable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | (57,107) | (611,025) | (668,132) | (1,270,217) |
| | <u>(57,107)</u> | <u>(611,025)</u> | <u>(668,132)</u> | <u>(1,270,217)</u> |

| CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | | | | |
|--|-------------------------------|--------------------------|--------------------|--------------------------|
| As at February 20, 2015 | | | | |
| | Carrying amount | | | Fair value |
| | Less than 1 year Baht '000 | 1 - 5 years Baht '000 | Total Baht '000 | Gain (Loss) Baht '000 |
| Receivable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | 23,609 | 85,849 | 109,458 | 75,616 |
| Cross Currency Interest Rate Swap Contracts | 318,380 | 537,368 | 855,748 | 162,446 |
| | <u>341,989</u> | <u>623,217</u> | <u>965,206</u> | <u>238,062</u> |
| Payable per currency swap contracts | | | | |
| Cross Currency Swap Contracts | - | (113,646) | (113,646) | (191,046) |
| Cross Currency Interest Rate Swap Contracts | (541,568) | (2,076,671) | (2,618,239) | (3,561,482) |
| | <u>(541,568)</u> | <u>(2,190,317)</u> | <u>(2,731,885)</u> | <u>(3,752,528)</u> |

38. CREDIT FACILITIES AND LETTER OF GUARANTEE

- 38.1 As at February 20, 2016 and 2015, the Company has the committed and unsecured revolving credit facility agreements with a financial institution for general corporate funding requirements totaling Baht 900 million and 400 million, respectively. Such credit facility is still unused.
- 38.2 As at February 20, 2016 and 2015, the Company has unused overdraft facilities with various banks totaling Baht 130.10 million and Baht 655.10 million, respectively. Such overdraft facilities are unsecured.
- 38.3 As at February 20, 2016 and 2015, the Company has bank's letter of guarantees issued to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantees are unsecured.
- 38.4 As at February 20, 2016 and 2015, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 6.60 million and Baht 3.93 million, respectively.
- 38.5 As at February 20, 2016 and 2015, the Company has outstanding letters of credit issued by a bank in Japan for guarantee repayment of a subsidiary's debentures of not exceeding Baht 326.95 million (see Note 23).
- 38.6 As at February 20, 2016 and 2015, the Company has outstanding letters of credit issued by banks and letter of guarantee issued by the Company for guarantee repayment of a subsidiary's loans of not exceeding USD 1.81 million.

39. SIGNIFICANT AGREEMENTS RELATING TO SECURITIZATION TRANSACTIONS

- 39.1 The Company entered into the Receivables Sale and Purchase Agreements with Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) ("the subsidiary"), on May 14, 2013. Such agreement set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 39.2 The Company entered into the Servicing Agreements with Eternal 6 ("the subsidiary") on May 14, 2013. Based on such agreement, the subsidiary appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for credit card receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

- 39.3 On February 2, 2015, the Company entered into a memorandum of understanding regarding the cooperation between the Company and BTS Group Holdings Public Company Limited (“BTSG”) and Bangkok Smartcard System Company Limited (“BSS”) (a subsidiary of BTSG), for the joint issue of member card under the Co-Branded Rabbit Program and setting up a special purpose vehicle for the securitization project, the purpose of securitization through the establishment of a special purpose vehicle in a form of cooperation framework between the Company and BSS Holdings Company Limited (“BSS Holdings”) (a subsidiary of BTSG), in accordance with the resolution passed at the meeting of the Board of Directors No. 10/2014, held on December 24, 2014.
- 39.4 The Company entered into the Receivables Sale and Purchase Agreements with ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) (“the subsidiary”), on October 22, 2015. Such agreement set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 39.5 The Company entered into the Servicing Agreements with ATS Rabbit (“the subsidiary”) on October 22, 2015. Based on such agreement, the subsidiary appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for loan receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

40. SALES OF WRITTEN-OFF ACCOUNTS RECEIVABLE

- 40.1 On August 20, 2014, the Company sold written-off accounts receivable under loan agreements, hire-purchase agreements and credit card agreements by a bidding process to a local company (the “buyer”) with the purchase price of Baht 478.68 million and the value-added tax of hire-purchase receivables of Baht 2.62 million, totaling Baht 481.30 million. At the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off accounts receivable under loan agreements, hire-purchase agreements and credit card agreements. As at August 20, 2014, the closing date as specified in the agreement, the Company received the initial payment of Baht 120.32 million from the purchaser. The purchaser agreed to pay the remaining amount of purchase price amounting to Baht 360.98 million in three installments of Baht 120.33 million per each, on September 20, 2014, October 20, 2014 and the delivery date, respectively.

40.2 On September 30, 2014, the Company sold written-off accounts receivable under loan agreements and credit card agreements by a bidding process to a local company (the “buyer”) with the purchase price of Baht 128.19 million. At the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off accounts receivable under loan agreements and credit card agreements. As at September 30, 2014, the closing date as specified in the agreement, the Company received the initial payment of Baht 32.05 million from the purchaser. The purchaser agreed to pay the remaining amount of purchase price amounting to Baht 96.14 million in three installments of Baht 32.05 million per each, on October 30, 2014, November 30, 2014 and the delivery date, respectively.

During the year ended February 20, 2015, the Company has already received cash proceeds of the remaining balance as specified in the agreements. Accordingly, the Company recognized income from sale of written-off accounts receivable after claim for damages from sales of loans receivable totaling Baht 605.99 million in the consolidated and separate statements of profit or loss for the year ended February 20, 2015.

40.3 On August 19, 2015, the Company sold written-off accounts receivable under loan agreements, hire-purchase agreements and credit card agreements by a bidding process to a local company (the “buyer”) with the purchase price of Baht 190.67 million and the value-added tax of hire-purchase receivables of Baht 0.09 million, totaling Baht 190.79 million. At the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off accounts receivable under loan agreements, hire-purchase receivables and credit card agreements. As at August 19, 2015, the closing date as specified in the agreement, the Company received the initial payment of Baht 47.69 million from the purchaser. The purchaser agrees to pay the remaining amount of purchase price amounting to Baht 143.07 million in three installments of Baht 47.69 million per each, on September 20, 2015, October 20, 2015 and the delivery date, respectively.

40.4 On September 21, 2015, the Company sold written-off accounts receivable under loan agreements by a bidding process to a local company (the “buyer”) with the purchase price of Baht 109.46 million. At the same date, the Company entered into the “Asset Sale and Purchase Agreement” with the buyer. The agreement sets out the conditions and terms in respect of the sales, assignment and conveyance of the Company’s rights, title, claim, obligation, liability and interest in the written-off accounts receivable under loan agreements. As at September 21, 2015, the closing date as specified in the agreement, the Company received the initial payment of Baht 27.37 million from the purchaser. The purchaser agreed to pay the remaining amount of purchase price amounting to Baht 82.09 million in three installments of Baht 27.37 million per each, on October 21, 2015, November 21, 2015 and the delivery date, respectively.

During the year ended February 20, 2016, the Company has already received cash proceeds of the remaining balance as specified in the agreements. Accordingly, the Company recognized income from sale of written-off accounts receivable after claim for damages from sales of loans receivable totaling Baht 299.41 million in the consolidated and separate statements of profit or loss for the year ended February 20, 2016.

41. CHANGE IN ACCOUNTING PERIOD

On June 12, 2015, the Annual General Meeting of shareholders had the resolutions to approve the change in accounting period of the Company from starting on February 21, and ending on February 20, of the following year, to be starting from March 1, and ending on the last day of February of the following year. The first accounting period of the change shall be effective and starting from the accounting period of February 21 to 29, 2016, and the next accounting periods shall be starting from March 1, and ending on the last day of February of the following year, which the Company received the approval for the change in accounting period from the Revenue Department and the Ministry of Commerce on June 2, 2015, and June 24, 2015, respectively.

42. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuing by the Company's authorized director and the Audit Committee on April 18, 2016.