

**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**  
**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED**

**Opinion**

We have audited the consolidated financial statements of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of AEON Thana Sinsap (Thailand) Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at February 28, 2017, 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 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 28, 2017, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

**Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King’s Code of Ethics for Professional Accountants that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
<p><b>Allowance for doubtful accounts</b></p> <p>The allowance for doubtful accounts represent management estimation of loss that would occur from the Company and its subsidiaries' loan portfolios as at the end of period. The Company's allowance for doubtful accounts on accounts receivable has 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.</p> <p>The allowance for doubtful accounts is a key audit matter as there are management's judgement and subjective assumption applied to the calculation of allowance for doubtful accounts.</p> <p>The allowance for doubtful accounts is presented as deductive amount of trade receivables. Accounting policy and detail of allowance for doubtful accounts were disclosed in Note 4.3 and Note 6 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's design and implementation of the key internal controls over source data and calculation of allowance for doubtful accounts</li> <li>• Performed operating effectiveness testing of key internal controls over source data and calculation of allowance for doubtful account</li> <li>• Evaluated the design and implementation and performed operating effectiveness testing of key General Computer Controls over the IT processing environment for retail finance system with the involvement of IT specialists</li> <li>• Tested application controls with the involvement of IT specialists over the completeness and accuracy of the reports from retail finance system</li> <li>• Assessed the adequacy of allowance and appropriateness of methodology, significant input and assumption used in calculation of loan loss reserve to determine if they are in compliance with the accounting standards and regulatory requirements and have been consistently applied</li> <li>• Tested calculation of allowance for doubtful accounts</li> <li>• Performed analysis of the Company's allowance for doubtful accounts by comparing to historical data and considering related macroeconomic factors.</li> </ul>

### **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BANGKOK**  
April 24, 2017

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 28, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5.1	3,649,124	3,808,571	2,932,195	3,129,591
Accounts receivable and other receivables					
Accounts receivable	6	62,334,783	59,560,348	61,569,653	56,801,824
Other receivables	7	877,715	810,012	883,146	880,433
Seller loans in Special Purpose Vehicles					
for securitization due within one year	11	-	-	11,643	2,556,675
Subordinated lendings due within one year	12.1	-	1,399,352	-	1,399,352
Receivables per currency swap contracts	20 and 22	741,888	848,201	741,888	848,201
Short-term loan to a related party	8	-	-	100,000	100,000
Other current assets		91,152	42,010	40,472	39,732
Total Current Assets		<u>67,694,662</u>	<u>66,468,494</u>	<u>66,278,997</u>	<u>65,755,808</u>
<b>NON-CURRENT ASSETS</b>					
Accounts receivable	6	1,533,412	1,329,984	393,704	617,854
Fixed deposits at banks under obligations	9	28,094	34,237	-	-
Investment in associate	10.1 and 10.2	31,538	41,245	16,819	16,819
Investments in subsidiaries	10.2	-	-	957,401	957,412
Other long-term investments					
Related companies	10.3	26,717	26,717	26,717	26,717
Subordinated lendings	12.1	-	-	45,263	29,870
Leasehold improvement and equipment	13	1,044,852	949,732	770,128	717,517
Intangible assets	14	591,545	650,434	436,934	495,094
Receivables per currency swap contracts	20 and 22	1,098,175	2,312,832	1,098,175	2,312,832
Deferred tax assets	15	395,942	459,099	382,205	427,018
Other non-current assets	16	193,386	178,395	164,627	150,585
Total Non-Current Assets		<u>4,943,661</u>	<u>5,982,675</u>	<u>4,291,973</u>	<u>5,751,718</u>
<b>TOTAL ASSETS</b>		<u><u>72,638,323</u></u>	<u><u>72,451,169</u></u>	<u><u>70,570,970</u></u>	<u><u>71,507,526</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 28, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at February 28, 2017	As at February 29, 2016	As at February 28, 2017	As at February 29, 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	17	3,501,820	7,292,064	2,580,042	6,790,000
Accounts payable and other payables					
Accounts payable		456,979	430,886	322,281	310,896
Other payables	18	1,336,932	1,362,153	1,392,084	1,965,910
Current portion of :					
Liabilities under finance lease agreements	19	6,002	-	-	-
Long-term borrowings	20	9,391,461	11,217,769	9,031,436	11,217,769
Long-term debentures	22	3,472,286	1,250,021	3,472,286	1,250,021
Accrued income tax		266,452	281,686	257,037	235,577
Payables per currency swap contracts	20	228,854	44,163	228,854	44,163
Other current liabilities		164,258	358,656	142,641	196,481
Total Current Liabilities		<u>18,825,044</u>	<u>22,237,398</u>	<u>17,426,661</u>	<u>22,010,817</u>
<b>NON-CURRENT LIABILITIES</b>					
Liabilities under finance lease agreements	19	10,884	-	-	-
Long-term borrowings	20	28,032,549	29,693,023	27,924,542	29,329,260
Long-term borrowings under securitization project	21	-	-	789,300	607,836
Long-term debentures	22	11,249,784	7,639,461	10,475,311	7,142,056
Payables per currency swap contracts	20 and 22	561,014	505,175	561,014	505,175
Subordinated borrowings	12.2	45,263	29,870	-	-
Employee benefit obligations	23	132,950	88,990	98,291	59,672
Other non-current liabilities		7,957	584	3,865	584
Total Non-Current Liabilities		<u>40,040,401</u>	<u>37,957,103</u>	<u>39,852,323</u>	<u>37,644,583</u>
<b>TOTAL LIABILITIES</b>		<u>58,865,445</u>	<u>60,194,501</u>	<u>57,278,984</u>	<u>59,655,400</u>

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT FEBRUARY 28, 2017**

**BAHT '000**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at February 28, 2017	As at February 29, 2016	As at February 28, 2017	As at February 29, 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
(CONTINUED)					
SHAREHOLDERS' EQUITY	24				
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 SHARES		478,000	478,000	478,000	478,000
RETAINED EARNINGS					
Appropriated					
Legal reserve	25	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		8,107,999	6,582,881	7,688,986	6,249,126
OTHER COMPONENTS OF EQUITY	27				
Exchange differences on translating financial statements of foreign operations		(31,975)	(13,075)	-	-
EQUITY ATTRIBUTABLE TO					
OWNERS OF THE PARENT					
		13,679,024	12,172,806	13,291,986	11,852,126
SHARE SUBSCRIPTION RECEIVED IN ADVANCE		17,655	-	-	-
NON-CONTROLLING INTERESTS		76,199	83,862	-	-
TOTAL SHAREHOLDERS' EQUITY		13,772,878	12,256,668	13,291,986	11,852,126
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>72,638,323</b>	<b>72,451,169</b>	<b>70,570,970</b>	<b>71,507,526</b>

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 28, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
<b>REVENUES</b>					
Credit card income	28	6,506,864	6,275,129	6,855,240	6,224,712
Loan income	28	9,004,842	8,821,605	8,901,212	8,738,725
Hire-purchase income		392,314	430,712	143,994	213,207
Other income					
Bad debt recovery		499,638	532,471	496,054	518,594
Gain on sale of written-off accounts receivable	39	346,352	299,406	346,352	299,406
Collection service income		208,970	203,172	9,147	16,224
Commission income		470,818	476,473	-	-
Gain (loss) on sale of leasehold improvement and equipment and intangible assets		(32,439)	180	(25,220)	4,488
Dividend income		-	-	54,000	115,707
Others		361,986	392,078	138,743	174,845
Total other income		<u>1,855,325</u>	<u>1,903,780</u>	<u>1,019,076</u>	<u>1,129,264</u>
Total Revenues		<u>17,759,345</u>	<u>17,431,226</u>	<u>16,919,522</u>	<u>16,305,908</u>
<b>EXPENSES</b>					
Operating and administrative expenses		7,360,238	7,158,818	6,743,520	6,595,426
Directors and managements' remuneration	29	149,092	134,724	79,002	78,814
Bad debts and doubtful accounts		5,117,260	4,754,037	5,041,199	4,507,358
Finance cost		2,110,246	2,302,934	2,222,969	2,237,119
Total Expenses		<u>14,736,836</u>	<u>14,350,513</u>	<u>14,086,690</u>	<u>13,418,717</u>
Share of profit (loss) from investment in associate	10.1	<u>(9,707)</u>	<u>3,978</u>	<u>-</u>	<u>-</u>
PROFIT BEFORE INCOME TAX EXPENSE		<u>3,012,802</u>	<u>3,084,691</u>	<u>2,832,832</u>	<u>2,887,191</u>
INCOME TAX EXPENSE	32	<u>594,736</u>	<u>625,195</u>	<u>512,822</u>	<u>526,393</u>
<b>NET PROFIT FOR THE YEAR</b>		<u><u>2,418,066</u></u>	<u><u>2,459,496</u></u>	<u><u>2,320,010</u></u>	<u><u>2,360,798</u></u>
<b>NET PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		2,403,464	2,446,356	2,320,010	2,360,798
Non-controlling interests		14,602	13,140	-	-
		<u>2,418,066</u>	<u>2,459,496</u>	<u>2,320,010</u>	<u>2,360,798</u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	9.61	9.79	9.28	9.44
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARES</b>	250,000,000	250,000,000	250,000,000	250,000,000

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

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED FEBRUARY 28, 2017**

**BAHT '000**

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28,	February 20,	February 28,	February 20,
		2017	2016	2017	2016
Net profit for the year		2,418,066	2,459,496	2,320,010	2,360,798
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	27				
- Owners of the parent		(18,900)	(14,698)	-	-
- Non-controlling interests		(1,258)	(193)	-	-
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain (loss) from actuarial assumptions		(16,067)	7,431	(17,871)	6,701
Other comprehensive income (loss) for the year, net of income tax		(36,225)	(7,460)	(17,871)	6,701
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,381,841</b>	<b>2,452,036</b>	<b>2,302,139</b>	<b>2,367,499</b>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>ATTRIBUTABLE TO :</b>					
Owners of the parent		2,368,497	2,439,089	2,302,139	2,367,499
Non-controlling interests		13,344	12,947	-	-
		<b>2,381,841</b>	<b>2,452,036</b>	<b>2,302,139</b>	<b>2,367,499</b>

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 28, 2017

BAHT '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS									
		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	Share subscription received in advance of subsidiary	Non-controlling interests	Total shareholders' equity	
				Appropriated Legal reserve	Unappropriated Reserve for business expansion	Exchange differences on translating financial statements of foreign operations					
<b>Beginning balance, as at February 21, 2015</b>											
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	10.2	-	-	-	-	-	-	-	-	64,302	64,302
Change in shareholding in a subsidiary	10.2	-	-	-	-	-	-	-	-	6,372	6,372
Dividend paid	24.1	-	-	-	-	(462,328)	-	(462,328)	-	(15)	(462,343)
Interim dividend paid	24.2	-	-	-	-	(399,998)	-	(399,998)	-	-	(399,998)
Capital repayment from dissolution of a subsidiary	24.3	-	-	-	-	-	-	-	-	(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)
<b>Ending balance, as at February 20, 2016</b>		<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>-</u>	<u>84,221</u>	<u>12,105,159</u>
<b>Beginning balance, as at February 21, 2016</b>		250,000	478,000	25,000	4,850,000	6,433,755	(15,817)	12,020,938	-	84,221	12,105,159
Changes during the period											
Net profit (loss) for the period		-	-	-	-	149,126	-	149,126	-	(869)	148,257
Other comprehensive income		-	-	-	-	-	2,742	2,742	-	510	3,252
<b>Ending balance, as at February 29, 2016</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>6,582,881</u>	<u>(13,075)</u>	<u>12,172,806</u>	<u>-</u>	<u>83,862</u>	<u>12,256,668</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 28, 2017**

**BAHT '000**

Notes	CONSOLIDATED FINANCIAL STATEMENTS									
	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	Share subscription received in advance of subsidiary	Non- controlling interests	Total shareholders' equity	
			Appropriated Legal reserve	Unappropriated Reserve for business expansion	Exchange differences on translating financial statements of foreign operations					
<b>Beginning balance, as at March 1, 2016</b>	250,000	478,000	25,000	4,850,000	6,582,881	(13,075)	12,172,806	-	83,862	12,256,668
Changes during the year										
Dividend paid	24.4	-	-	-	(462,349)	-	(462,349)	-	(20,977)	(483,326)
Interim dividend paid	24.5	-	-	-	(399,930)	-	(399,930)	-	-	(399,930)
Capital repayment from dissolution of a subsidiary	24.6	-	-	-	-	-	-	-	(30)	(30)
Share subscription received in advance of a subsidiary		-	-	-	-	-	-	17,655	-	17,655
Net profit for the year		-	-	-	2,403,464	-	2,403,464	-	14,602	2,418,066
Other comprehensive loss		-	-	-	(16,067)	(18,900)	(34,967)	-	(1,258)	(36,225)
<b>Ending balance, as at February 28, 2017</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,107,999</u>	<u>(31,975)</u>	<u>13,679,024</u>	<u>17,655</u>	<u>76,199</u>	<u>13,772,878</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 28, 2017

BAHT '000

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Unappropriated		
<b>Beginning balance, as at February 21, 2015</b>		250,000	478,000	25,000	4,850,000	4,597,544	10,200,544
Changes during the year							
Dividend paid	24.1	-	-	-	-	(462,328)	(462,328)
Interim dividend paid	24.2	-	-	-	-	(399,998)	(399,998)
Net profit for the year		-	-	-	-	2,360,798	2,360,798
Other comprehensive income		-	-	-	-	6,701	6,701
<b>Ending balance, as at February 20, 2016</b>		<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>
<b>Beginning balance, as at February 21, 2016</b>		250,000	478,000	25,000	4,850,000	6,102,717	11,705,717
Changes during the period							
Net profit for the period		-	-	-	-	146,409	146,409
<b>Ending balance, as at February 29, 2016</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>6,249,126</u>	<u>11,852,126</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 28, 2017**

**BAHT '000**

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Unappropriated		
				Reserve for business expansion			
<b>Beginning balance, as at March 1, 2016</b>		250,000	478,000	25,000	4,850,000	6,249,126	11,852,126
Changes during the year							
Dividend paid	24.4	-	-	-	-	(462,349)	(462,349)
Interim dividend paid	24.5	-	-	-	-	(399,930)	(399,930)
Net profit for the year		-	-	-	-	2,320,010	2,320,010
Other comprehensive loss		-	-	-	-	(17,871)	(17,871)
<b>Ending balance, as at February 28, 2017</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>7,688,986</u>	<u>13,291,986</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 28, 2017

BAHT '000

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax expense		3,012,802	3,084,691	2,832,832	2,887,191
Adjustments for:					
Share of (profit) loss from investment in associate		9,707	(3,978)	-	-
Bad debts and doubtful accounts		5,117,260	4,754,037	5,041,199	4,507,358
Depreciation of leasehold improvement and equipment		351,401	342,772	263,066	266,573
Amortization of intangible assets		211,653	235,555	165,735	204,014
Employee benefit expense		24,427	22,532	16,280	15,165
Gain on sale of written-off accounts receivable		(346,352)	(299,406)	(346,352)	(299,406)
(Gain) loss on sale of leasehold improvement and equipment		30,422	(1,284)	25,415	(4,162)
Loss on disposal of leasehold improvement and equipment		3,796	2,805	1,584	653
Gain on sale of intangible assets		(1,779)	(1,701)	(1,779)	(979)
Interest income		(9,451,511)	(9,426,900)	(9,262,724)	(8,533,309)
Dividend income		-	-	(54,000)	(115,707)
Finance cost		2,110,246	2,302,934	2,222,969	2,237,119
		<u>1,072,072</u>	<u>1,012,057</u>	<u>904,225</u>	<u>1,164,510</u>
Operating assets increase					
Accounts receivable and other receivables		(6,405,931)	(8,865,140)	(7,147,444)	(14,191,497)
Other current assets		(49,142)	(40,043)	(740)	(1,234)
Other non-current assets		(18,666)	(16,856)	(17,717)	(7,284)
Operating liabilities increase (decrease)					
Accounts payable and other payables		(6,887)	244,967	(562,009)	247,928
Other current liabilities		(194,398)	74,217	(53,840)	70,867
Other non-current liabilities		7,373	(130)	3,281	(10,399)
Cash paid for operations		<u>(5,595,579)</u>	<u>(7,590,928)</u>	<u>(6,874,244)</u>	<u>(12,727,109)</u>
Proceeds from interest income		9,267,084	9,295,400	8,996,408	8,416,246
Dividend received		-	-	54,000	115,707
Finance cost paid		(2,105,999)	(2,259,832)	(2,211,949)	(2,177,465)
Income tax paid		(542,796)	(675,001)	(442,081)	(582,234)
Retirement benefits paid		(551)	(991)	-	(18,806)
Net cash provided by (used in) operating activities		<u>1,022,159</u>	<u>(1,231,352)</u>	<u>(477,866)</u>	<u>(6,973,661)</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED FEBRUARY 28, 2017

BAHT '000

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for fixed deposits at banks under obligations	-	(12,216)	-	-	
Proceeds from fixed deposits at banks under obligations	6,143	-	-	-	
Cash paid for short-term loan to a related party	-	-	-	(100,000)	
Cash paid for investment in subsidiaries	-	-	(70,610)	(237,167)	
Cash paid for purchase of investment in a subsidiary from non-controlling interest	-	(1,783)	-	-	
Capital refund paid from dissolution of a subsidiary	(30)	(30)	-	-	
Proceeds from capital refund from a subsidiary	-	-	-	10	
Cash paid for purchase of leasehold improvement and equipment	(471,723)	(244,265)	(351,605)	(200,321)	
Proceeds from sale of leasehold improvement and equipment	3,502	2,210	3,471	93,523	
Cash paid for purchase of intangible assets	(154,887)	(168,936)	(109,323)	(131,741)	
Proceeds from sale of intangible assets	7,433	2,026	7,058	27,135	
Net cash used in investing activities		<u>(609,562)</u>	<u>(422,994)</u>	<u>(521,009)</u>	<u>(548,561)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	196,319,130	239,532,636	192,967,036	237,241,617	
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	(200,109,374)	(236,180,043)	(197,176,995)	(234,031,617)	
Cash repayments for short-term borrowings from a related company	-	-	-	(50,000)	
Cash paid for finance lease agreements	(1,178)	-	-	-	
Proceeds from long-term borrowings	8,268,038	8,717,400	8,160,030	8,717,400	
Cash repayments for long-term borrowings	(10,592,751)	(10,225,174)	(10,589,013)	(10,256,580)	
Proceeds from sale of additional revolving receivables under securitization projects	-	-	2,014,291	6,084,009	
Proceeds from long-term borrowings under securitization project	-	-	873,730	789,330	
Cash repayments for long-term borrowings under securitization project	-	-	(707,658)	(217,947)	
Proceeds from long-term debentures	7,307,968	1,094,265	7,030,900	596,860	
Cash repayments for long-term debentures	(1,082,050)	(646,000)	(1,082,050)	(646,000)	
Proceeds from long-term subordinate borrowings under securitization project	15,393	29,870	-	-	
Proceeds from sale of written-off accounts receivable	173,487	299,406	173,487	299,406	
Proceeds from ordinary shares issued of a subsidiary	-	64,302	-	-	



AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED FEBRUARY 28, 2017

BAHT '000

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
<b>CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED)</b>					
Proceeds from share subscription received in advance of a subsidiary		17,655	-	-	-
Dividend paid		(468,274)	(462,343)	(462,349)	(462,328)
Interim dividend paid		(399,930)	(399,998)	(399,930)	(399,998)
Net cash provided by (used in) financing activities		<u>(551,886)</u>	<u>1,824,321</u>	<u>801,479</u>	<u>7,664,152</u>
Net increase (decrease) in cash and cash equivalents		(139,289)	169,975	(197,396)	141,930
Decrease in exchange differences on translating financial statements of foreign operations		(20,158)	(14,891)	-	-
Cash and cash equivalents at beginning of the year		<u>3,808,571</u>	<u>2,769,448</u>	<u>3,129,591</u>	<u>2,218,371</u>
<b>Cash and cash equivalents at the end of the year</b>	5.1	<u><u>3,649,124</u></u>	<u><u>2,924,532</u></u>	<u><u>2,932,195</u></u>	<u><u>2,360,301</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 28, 2017**

**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, 27<sup>th</sup> 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 28, 2017 and February 29, 2016, the Company has 111 branches and 120 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., incorporated in Japan, is the ultimate parent company of the group.

The Company has subsidiaries which are under its control in finance and operations and an associate which the Company has significant influence, but no control or joint control, over the financial and operating policies as mentioned in Notes 3.4, 10.1 and 10.2.

**2. 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 was approved for the change in accounting period from the Revenue Department and the Ministry of Commerce on June 2, 2015, and June 24, 2015, respectively

In order that the financial statements have comparability and provide useful information for users of the financial statements, the Company presented the statement of profit or loss, statement of profit or loss and other comprehensive income, and statement of cash flows for the year ended February 20, 2016 as comparative information of the current year's financial statements.

However, the Company disclosed additional information of the statement of profit or loss, statement of profit or loss and other comprehensive income, and statement of cash flows for the period from February 21 to 29, 2016, which should be read in conjunction with the audited statement of financial position as at February 29, 2016 and statement of changes in shareholders' equity for the period from February 21 to 29, 2016 as follows:

	<b>FOR THE PERIOD FROM FEBRUARY 21 TO 29, 2016</b>	
	<b>CONSOLIDATED</b>	<b>SEPARATE</b>
	<b>FINANCIAL STATEMENTS</b>	<b>FINANCIAL STATEMENTS</b>
	<b>Baht '000</b>	<b>Baht '000</b>
<b>STATEMENT OF PROFIT OR LOSS</b>		
REVENUES		
Credit card income	140,877	136,584
Loan income	226,849	227,931
Hire-purchase income	5,973	5,297
Other income		
Bad debt recovery	8,814	8,612
Collection service income	4,501	230
Commission income	11,635	-
Loss on sale of leasehold improvement and equipment and intangible assets	(24)	(24)
Others	5,610	2,561
Total other income	30,536	11,379
Total Revenues	<u>404,235</u>	<u>381,191</u>
EXPENSES		
Operating and administrative expenses	148,347	133,648
Directors and managements' remuneration	3,273	1,953
Bad debt and doubtful accounts	8,688	8,188
Finance costs	57,993	56,342
Total Expenses	<u>218,301</u>	<u>200,131</u>
Share of profit from investment in associate	33	-
PROFIT BEFORE INCOME TAX EXPENSE	<u>185,967</u>	<u>181,060</u>
INCOME TAX EXPENSE	37,710	34,651
<b>NET PROFIT</b>	<u>148,257</u>	<u>146,409</u>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Net profit for the period		
Other comprehensive income - net from income tax	148,257	146,409
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translating financial statements of foreign operations		
- Owner of the parent	2,742	-
- Non-controlling interests	510	-
Other comprehensive income for the period, net of income tax	<u>3,252</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>151,509</u>	<u>146,409</u>

	<b>FOR THE PERIOD FROM FEBRUARY 21 TO 29, 2016</b>	
	<b>CONSOLIDATED</b>	<b>SEPARATE</b>
	<b>FINANCIAL STATEMENTS</b>	<b>FINANCIAL STATEMENTS</b>
	<b>Baht '000</b>	<b>Baht '000</b>
<b>STATEMENT OF CASH FLOWS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax expense	185,967	181,060
Adjustments for:		
Share of profit from investment in associate	(33)	-
Bad debts and doubtful accounts	8,688	8,188
Depreciation of leasehold improvement and equipment	7,788	6,037
Amortization of intangible assets	5,447	4,895
Employee benefit expense	524	343
Gain on sale of leasehold improvement and equipment	(3)	(3)
Loss on writing-off of leasehold improvement and equipment	27	27
Interest income	(262,400)	(235,955)
Finance cost	57,993	56,342
	<u>3,998</u>	<u>20,934</u>
Operating assets (increase) decrease		
Accounts receivable and other receivables	(716,811)	(6,820,581)
Other current assets	52,694	287
Other non-current assets	(3,183)	-
Operating liabilities increase (decrease)		
Accounts payable and other payables	(227,076)	(264,187)
Other current liabilities	209,821	64,378
Cash paid for operations	(680,557)	(6,999,169)
Proceeds from interest income	207,360	183,384
Finance cost paid	(55,689)	(53,409)
Income tax paid	(203)	(71)
Net cash used in operating activities	<u>(529,089)</u>	<u>(6,869,265)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for fixed deposits at banks under obligations	(64)	-
Cash paid for purchase of leasehold improvement and equipment	(23,404)	(22,886)
Proceeds from sale of leasehold improvement and equipment	9	9
Cash paid for purchase of intangible assets	(2,057)	(1,701)
Net cash used in investing activities	<u>(25,516)</u>	<u>(24,578)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank overdrafts and short-term borrowings from financial institutions	7,669,000	7,660,000
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	(6,884,833)	(6,880,000)
Proceeds from sale of additional revolving receivables under securitization projects	-	6,217,777
Proceeds from long-term debentures	450,000	450,000
Cash repayments for long-term debentures	201,225	200,000
Proceeds from long-term borrowings under securitization project	-	33,573
Cash repayments for long-term borrowings under securitization project	-	(18,217)
Net cash provided by financing activities	<u>1,435,392</u>	<u>7,663,133</u>
Net increase in cash and cash equivalents	880,787	769,290
Increase in exchange differences on translating financial statements of foreign operations	3,252	-
Cash and cash equivalents at beginning of the period	2,924,532	2,360,301
<b>Cash and cash equivalents at end of the period</b>	<u><b>3,808,571</b></u>	<u><b>3,129,591</b></u>

### 3. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

- 3.1 The Group and the Company maintain its accounting records in Thai Baht and prepare 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.

- 3.2 The consolidated and separate financial statements have been prepared in accordance with Thai Accounting Standard (TAS) No. 1 (Revised 2015) “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”.

- 3.3 The consolidated financial statements for the years ended February 28, 2017 and February 20, 2016 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.

- 3.3.1 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 available-for-sale securities depending on the level of influence retained.

- 3.3.2 An associate is the entity in which the Company has significant influence, but no 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.

3.4 For the years ended February 28, 2017 and February 20, 2016, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings	
				2017	2016
Eternal 5 Special Purpose Vehicle Company Limited*	Special purpose juristic person in securitization projects	Thailand	April 5, 2010	-	26.00
Eternal 6 Special Purpose Vehicle Company Limited**	Special purpose juristic person in securitization projects	Thailand	March 14, 2013	26.00	26.00
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
AEON Insurance Service (Thailand) Company Limited	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc.	Retail finance business	Cambodia	October 5, 2011	80.00	80.00
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	100.00
ATS Rabbit Special Purpose Vehicle Company Limited****	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

\* Eternal 5 Special Purpose Vehicle Company Limited had registered the dissolution and the liquidation with the Department of Business Development, Ministry of Commerce on August 20, 2013, and February 9, 2017, respectively (see Notes 6.5 and 10.2).

\*\* Eternal 6 Special Purpose Vehicle Company Limited had already registered the dissolution with the Department of Business Development, Ministry of Commerce on August 31, 2016. Currently, Eternal 6 is under the liquidation process (see Notes 6.5 and 10.2).

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

\*\*\*\* 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 28, 2017 and February 20, 2016, the consolidated financial statements include equity interest in an associate as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings	
				2017	2016
ACS Trading Vietnam Company Limited	Retail finance business	Vietnam	May 26, 2008	20.00	20.00

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

- 3.5 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 dates of the end of the reporting period of the financial statements of the subsidiaries and associate which are different from that of the consolidated financial statements are as follows:

	<b>The date of the end of the reporting period in preparation of the consolidated financial statements For the year ended</b>	
	<b>February 28, 2017</b>	<b>February 20, 2016</b>
	<b>Subsidiaries</b>	
ACS Servicing (Thailand) Company Limited	December 31, 2016	December 31, 2015
AEON Insurance Service (Thailand) Company Limited	December 31, 2016	December 31, 2015
AEON Specialized Bank (Cambodia) Plc.	December 31, 2016	December 31, 2015
AEON Microfinance (Myanmar) Company Limited	December 31, 2016	December 31, 2015
AEON Leasing Service (Lao) Company Limited	December 31, 2016	December 31, 2015
<b>Associate</b>		
ACS Trading Vietnam Company Limited	December 31, 2016	December 31, 2015

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

The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards (“TFRSs”), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2017 onwards as follows:

**Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets

**Thai Accounting Standards (“TAS”) (continued)**

TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSIC”)**

TSIC 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Change in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

**Guideline on Accounting**

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the financial statements when it becomes effective. The Group’s and the Company’s management are in the process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

Regarding “Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities”, the Company’s management have assessed the impact of this Accounting Guideline and believe that it will not have material difference from the Draft Accounting Guideline which the Company adopted before the effective date.



#### **4. SIGNIFICANT ACCOUNTING POLICIES**

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

##### **4.1 Cash and cash equivalents**

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

##### **4.2 Accounts receivable**

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

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

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

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 "SEC").

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.

##### **4.4 Troubled debt restructuring**

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

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

## 4.5 Securitization transactions

### 4.5.1 Securitization Project which was approved by the SEC since February 3, 2006 but before October 2, 2015

Since there was 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 (the "FAP") 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 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.

#### 4.5.2 Securitization Project which was approved by the SEC on October 2, 2015

The Company has adopted the “Draft Guideline on Accounting regarding 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 qualified for derecognition, the difference between the financial assets' carrying amount and the consideration received will be recognized in statement of profit or loss.

#### 4.6 Investments

Equity securities which are not marketable, subsidiaries and associate are classified as other long-term investments and are stated at cost, less allowance 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 loss result of investment is recognized in the statement of profit or loss.

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

#### 4.7 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.

#### 4.8 Intangible assets

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

#### 4.9 Assets and liabilities in foreign currencies

##### 4.9.1 Functional currency and presentation currency

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

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

##### 4.9.2 Translation of foreign currency transaction

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

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

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

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

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

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

Gains (losses) on translation of financial statements of foreign operations are shown as other components of equity under shareholders' equity.

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

#### 4.10 Financial instruments

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

Income or expense from Interest Rate Swap Contracts used to manage interest rate exposures is 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 is 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 Group and the Company have no policy to speculate in or engage in the trading of any derivative financial instruments.

#### 4.11 Lease agreements

##### Finance lease agreements

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

##### Operating lease agreements

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

#### 4.12 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 4<sup>th</sup> installment, in accordance with the notification of the SEC dated April 30, 2004 regarding "The Opinion on Provision for Doubtful Accounts for Consumer Finance Business".

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

Collection service income is recognized when debt is collected.

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

Other income and expense are recognized on an accrual basis.

#### 4.13 Employee Benefits

##### 4.13.1 Provident Fund

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

##### 4.13.2 Post-employment benefits

The Company and its subsidiaries operate post-employment benefits plans under the 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 is recognized in statement of profit or loss and other comprehensive income.

#### 4.14 Deferred revenue from customer loyalty programs

Customer loyalty programs are to grant the points whereby customers are awarded credits (Points) entitling customers to the rights to redeem within determined period under condition of customer loyalty programmes. Obligations 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 rights to redeem. Such obligations are allocated from consideration received or receivable and recorded through "Deferred revenue from customer loyalty programs" 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.

#### 4.15 Income tax expense

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

##### 4.15.1 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.

##### 4.15.2 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.

#### 4.16 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.

#### 4.17 Fair value measurements

In estimating the fair value of an asset or a liability, the management takes into account the characteristics of the asset or liability if a producer or supplier of a marketable goods 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 values 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.

#### 4.18 Use of management's judgments and key sources of estimation uncertainty

##### 4.18.1 Use of management's judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's and the Company's management to exercise various judgments in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgments in applying accounting policies are as follows:

##### (1) Allowance for doubtful accounts

The Company determines allowance for doubtful accounts on accounts receivable using 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.

##### (2) Deferred revenue from customer loyalty programs

The deferred revenue from customer loyalty programs granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and fair value of reward prices and is presented in the statement of financial position under "Other payables".

##### (3) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.



The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group and the Company consider the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 23.

#### 4.18.2 Key sources of estimation uncertainty

The Group and the Company have estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### Fair value measurements and valuation processes

In estimating the fair value of an asset or liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and Company engage third party qualified valuers to perform the valuation.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 36.5.

## 5. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

5.1 Cash and cash equivalents as at February 28, 2017 and February 29, 2016 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28,	February 29,	February 28,	February 29,
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Cash	1,504,677	1,383,301	1,404,243	1,370,634
Deposits at bank - call deposits	2,144,447	2,425,270	1,527,952	1,758,957
Cash and cash equivalents	<u>3,649,124</u>	<u>3,808,571</u>	<u>2,932,195</u>	<u>3,129,591</u>

- 5.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the years ended February 28, 2017 and February 20, 2016 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	15,500	8,848	15,500	8,848
Purchase of leasehold improvement and Equipment	<u>466,265</u>	<u>270,539</u>	<u>346,147</u>	<u>226,595</u>
	481,765	279,387	361,647	235,443
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(471,723)</u>	<u>(244,265)</u>	<u>(351,605)</u>	<u>(200,321)</u>
Liabilities recorded - carried forward	<u>10,042</u>	<u>35,122</u>	<u>10,042</u>	<u>35,122</u>
Intangible assets				
Liabilities recorded - brought forward	366	17,015	366	17,015
Purchase of intangible assets	<u>158,418</u>	<u>153,988</u>	<u>112,854</u>	<u>116,793</u>
	158,784	171,003	113,220	133,808
<u>Less</u> Cash paid for purchase of intangible assets	<u>(154,887)</u>	<u>(168,936)</u>	<u>(109,323)</u>	<u>(131,741)</u>
Liabilities recorded - carried forward	<u>3,897</u>	<u>2,067</u>	<u>3,897</u>	<u>2,067</u>

- 5.3 For the years ended February 28, 2017 and February 20, 2016, the Company had non-cash item relating to sale of the rights on credit card receivables to Eternal 6 Special Purpose Vehicle Company Limited, which is a subsidiary, as the Company sold additional revolving credit card receivables to a subsidiary during the revolving period or repurchased the rights on credit card receivables which was settled by decreasing and increasing the Seller Participation Account of Baht 2,493.86 million and Baht 2,232.75 million, respectively, instead of cash receipt.

In addition, for the year ended February 28, 2017, the Company had non-cash item relating to repurchase the rights on credit card receivables from Eternal 6 Special Purpose Vehicle Company Limited, which was settled by decreasing Subordinated Lendings Account of Baht 1,399.35 (see Note 12.1).

- 5.4 For the year ended February 28, 2017, 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, as the Company sold loan receivables to such subsidiary which was settled by increasing the Subordinated Lendings Account and decreasing Seller loan Account of Baht 15.39 million and Baht 51.17, respectively, instead of cash receipt.

For 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 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.

## 6. ACCOUNTS RECEIVABLE

6.1 Accounts receivable as at February 28, 2017 and February 29, 2016, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Accounts receivable	65,338,271	62,694,464	63,385,828	59,086,148
Accounts receivable under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	789,300	607,836	789,300	607,836
Total	66,127,571	63,302,300	64,175,128	59,693,984
<u>Less</u> Allowance for doubtful accounts	(2,259,376)	(2,411,968)	(2,211,771)	(2,274,306)
<b>Total accounts receivable</b>	<b>63,868,195</b>	<b>60,890,332</b>	<b>61,963,357</b>	<b>57,419,678</b>
Accounts receivable due within 1 year	62,334,783	59,560,348	61,569,653	56,801,824
Accounts receivable due after than 1 year	1,533,412	1,329,984	393,704	617,854
<b>Total accounts receivable</b>	<b>63,868,195</b>	<b>60,890,332</b>	<b>61,963,357</b>	<b>57,419,678</b>

As the securitization transaction under the Receivables Sale and Purchase Agreement for transferred rights on loan receivables with ATS Rabbit Special Purpose Vehicle Company Limited does not qualified for derecognition of financial assets according to the “Guideline on Accounting regarding 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 borrowings under the securitization project (see Note 6.5).

As at February 28, 2017 and February 29, 2016, accounts receivable are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at February 28, 2017			As at February 29, 2016		
	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
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	553,005	988,150	1,541,155	920,059	899,130	1,819,189
<u>Less</u> Unearned financing income	(75,608)	(21,181)	(96,789)	(138,944)	(43,693)	(182,637)
	477,397	966,969	1,444,366	781,115	855,437	1,636,552
<u>Less</u> Allowance for doubtful accounts	(53,475)	-	(53,475)	(53,804)	-	(53,804)
Hire-purchase and accrued interest receivable - net	423,922	966,969	1,390,891	727,311	855,437	1,582,748
<b>Loans receivable</b>						
Loans and accrued interest receivable	35,260,083	566,443	35,826,526	35,544,125	474,547	36,018,672
<u>Less</u> Allowance for doubtful accounts	(1,352,365)	-	(1,352,365)	(1,398,264)	-	(1,398,264)
Loans and accrued interest receivable - net	33,907,718	566,443	34,474,161	34,145,861	474,547	34,620,408

CONSOLIDATED FINANCIAL STATEMENTS

	As at February 28, 2017			As at February 29, 2016		
	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
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	28,711,152	-	28,711,152	25,327,203	-	25,327,203
<u>Less</u> Allowance for doubtful accounts	(853,536)	-	(853,536)	(959,900)	-	(959,900)
Credit card and accrued interest receivable - net	<u>27,857,616</u>	<u>-</u>	<u>27,857,616</u>	<u>24,367,303</u>	<u>-</u>	<u>24,367,303</u>
<b>Receivable from rendering the collection service</b>	46,901	-	46,901	87,664	-	87,664
<b>Receivable from insurance broker business</b>	98,626	-	98,626	232,209	-	232,209
<b>Total accounts receivable</b>	<u>62,334,783</u>	<u>1,533,412</u>	<u>63,868,195</u>	<u>59,560,348</u>	<u>1,329,984</u>	<u>60,890,332</u>

SEPARATE FINANCIAL STATEMENTS

	As at February 28, 2017			As at February 29, 2016		
	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
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	386,773	153,968	540,741	641,045	301,449	942,494
<u>Less</u> Unearned financing income	(75,608)	(21,181)	(96,789)	(138,944)	(43,693)	(182,637)
	<u>311,165</u>	<u>132,787</u>	<u>443,952</u>	<u>502,101</u>	<u>257,756</u>	<u>759,857</u>
<u>Less</u> Allowance for doubtful accounts	(19,749)	-	(19,749)	(32,842)	-	(32,842)
Hire-purchase and accrued interest receivable - net	<u>291,416</u>	<u>132,787</u>	<u>424,203</u>	<u>469,259</u>	<u>257,756</u>	<u>727,015</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	34,865,083	260,917	35,126,000	35,188,282	360,098	35,548,380
<u>Less</u> Allowance for doubtful accounts	(1,338,553)	-	(1,338,553)	(1,391,862)	-	(1,391,862)
Loans and accrued interest receivable - net	<u>33,526,530</u>	<u>260,917</u>	<u>33,787,447</u>	<u>33,796,420</u>	<u>360,098</u>	<u>34,156,518</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	28,605,176	-	28,605,176	23,385,747	-	23,385,747
<u>Less</u> Allowance for doubtful accounts	(853,469)	-	(853,469)	(849,602)	-	(849,602)
Credit card and accrued interest receivable - net	<u>27,751,707</u>	<u>-</u>	<u>27,751,707</u>	<u>22,536,145</u>	<u>-</u>	<u>22,536,145</u>
<b>Total accounts receivable</b>	<u>61,569,653</u>	<u>393,704</u>	<u>61,963,357</u>	<u>56,801,824</u>	<u>617,854</u>	<u>57,419,678</u>

## 6.2 Quality of assets

Accounts receivable as at February 28, 2017 and February 29, 2016 classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Less than 3 months	64,335,024	61,210,162	62,421,244	57,725,400
3 months up	1,792,547	2,092,138	1,753,884	1,968,584
Total	66,127,571	63,302,300	64,175,128	59,693,984
Less Allowance for doubtful accounts	(2,259,376)	(2,411,968)	(2,211,771)	(2,274,306)
<b>Total accounts receivable</b>	<b>63,868,195</b>	<b>60,890,332</b>	<b>61,963,357</b>	<b>57,419,678</b>

## 6.3 Troubled debt restructuring

For the years ended February 28, 2017 and February 20, 2016, the Company had recognized interest income on restructured debts totaling Baht 197.36 million and Baht 219.23 million, respectively.

The Company had the outstanding balances of credit card receivables, hire-purchase receivables and loan receivables as at February 28, 2017 and February 29, 2016 as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	46,971	1,462,147	51,527	1,671,702
Non-restructured accounts receivable	3,644,082	64,519,897	3,619,821	61,310,725
Total	3,691,053	65,982,044	3,671,348	62,982,427

	SEPARATE FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	46,971	1,462,147	51,527	1,671,702
Non-restructured accounts receivable	3,392,243	62,712,981	3,346,756	58,022,282
Total	3,439,214	64,175,128	3,398,283	59,693,984

As at February 28, 2017 and February 29, 2016, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

#### 6.4 Allowance for doubtful accounts

Allowance for doubtful accounts as at February 28, 2017 and February 29, 2016, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Beginning balance	2,411,968	2,403,280	2,274,306	2,266,118
Bad debts and doubtful accounts	5,117,260	8,688	5,041,199	8,188
Gain on devaluation of long-term borrowings under securitization project	-	-	71,928	-
Written-off bad debts	(5,269,852)	-	(5,175,662)	-
Ending balance	<u>2,259,376</u>	<u>2,411,968</u>	<u>2,211,771</u>	<u>2,274,306</u>

#### 6.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreements with three 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 5*	Eternal 6**	ATS Rabbit***
Approved date of the securitization projects by the Office of the Securities and Exchange Commission of Thailand (the "SEC")		May 19, 2010	May 10, 2013	October 2, 2015
Initial selling date		May 20, 2010	May 20, 2013	October 29, 2015
Type of transferred receivables		Credit card receivable	Credit card receivable	Loans receivable
Revolving period		May 2010 - April 2015 (approximately)	April 2013 - April 2018 (approximately)	October 2015 - October 2025 (approximately)
<b>Initial sales of receivables</b>				
Net book value of initial receivables	Baht	4,355,040,449	4,500,002,090	456,076,200
Proceeds from transfer of the rights of receivables	Baht	2,790,000,000	2,960,000,000	433,272,390
Subordinated lendings (see Note 12)	Baht	1,438,000,000	1,399,351,988	50,081,313
Minimum seller loans - pari passu with debentures (see Note 11)	Baht	126,840,000	130,780,560	None
Number of contracts		205,485	183,047	49,225
Average principal amount outstanding	Baht	21,194	24,584	9,265
Interest rate		20% p.a.	20% p.a.	28% p.a.

- \* 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 May 10, 2013, Eternal 5 redeemed all seller loan in special purpose vehicle for securitization, subordinated lendings 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. On August 20, 2013, the Extraordinary Shareholders' Meeting 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 registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on February 9, 2017 (see Note 10.2).

On June 8, 2016, Eternal 6 redeemed all seller loan in special purpose vehicle for securitization, subordinated lendings and debentures, and the Company repurchased all outstanding receivables from Eternal 6 which led to the end of the securitization project of Eternal 6 on the same date. On August 31, 2016, the Extraordinary Shareholders' Meeting of Eternal 6 had passed the resolutions to approve the dissolution and liquidation, and Eternal 6 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Currently, Eternal 6 is under the liquidation process (see Note 10.2).

During the life of the securitization projects, the Company may repurchase the rights on the Purchased Receivables with 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 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. On 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 lendings agreement of Baht 25.04 million. 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 5*	Eternal 6*	ATS Rabbit*
	Baht '000	Baht '000	Baht '000
<b>Statements of financial position</b>			
<b>As of February 28, 2017</b>			
Total assets	-	52	916,410
Total liabilities	-	-	916,366
Total shareholders' equity	-	52	44
<b>As of February 29, 2016</b>			
Total assets	44	5,034,169	652,945
Total liabilities	-	5,034,125	638,865
Total shareholders' equity	44	44	14,080
<b>Statement of profit or loss</b>			
<b>For the year ended February 28, 2017</b>			
Total revenues	-	204,143	199,907
Bad debts and doubtful accounts (Reversal)	-	(47,526)	71,928
Other operating expenses	-	75,598	51,897
Interest expenses	-	62,627	41,222
Income tax expense	-	31,310	6,972
Net profit	-	118,134	27,888



	Eternal 5*	Eternal 6*	ATS Rabbit*
	Baht '000	Baht '000	Baht '000
<b>For the year ended February 20, 2016</b>			
Total revenues	-	1,044,391	49,370
Bad debts and doubtful accounts	-	211,050	7,687
Other operating expenses	-	320,454	12,546
Interest expenses	-	284,837	10,008
Income tax expense	-	45,950	3,745
Net profit	-	182,100	15,384

\* 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 (ATS Rabbit) are the Company's subsidiaries (see Notes 3.4 and 10.2).

For the years ended February 28, 2017 and February 20, 2016, transactions relating to the transfers of financial assets under the securitization projects are summarized as follows:

	<b>For the year ended February 28, 2017 Million Baht</b>	<b>February 20, 2016 Million Baht</b>
Transfers of future receivables (at book value)		
- Credit card receivable (Eternal 6)	1,411	6,084
- Loans receivable (ATS Rabbit)	741	281
	<u>2,152</u>	<u>6,365</u>
Cash collection on behalf of Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	1,678	7,311
- Loans receivable (ATS Rabbit)	904	244
	<u>2,582</u>	<u>7,555</u>
Servicing income on cash collection from Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	63	267
- Loans receivable (ATS Rabbit)	38	9
	<u>101</u>	<u>276</u>

As at February 28, 2017 and February 29, 2016, 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:

	<b>As at February 28, 2017 Million Baht</b>	<b>As at February 29, 2016 Million Baht</b>
Credit card receivables (included accrued interest receivable) - Eternal 6		
Less than 3 months	-	4,225
3 months up	-	95
	<u>-</u>	<u>4,320</u>
<u>Less Allowance for doubtful accounts</u>	<u>-</u>	<u>(110)</u>
Total	<u>-</u>	<u>4,210</u>

## 7. OTHER RECEIVABLES

Other receivables as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	As at	As at	As at	As at
	February 28,	February 29,	February 28,	February 29,
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Other receivable - related companies (see Note 33.2.1)	4,063	5,815	102,044	154,920
Other receivable - other companies	753,309	702,461	723,020	684,684
Prepaid expenses	80,021	63,200	54,403	40,311
Advance payment	10,643	6,562	70	518
Accrued income	29,679	31,974	3,609	-
Total	<u>877,715</u>	<u>810,012</u>	<u>883,146</u>	<u>880,433</u>

## 8. SHORT-TERM LOAN TO A RELATED PARTY

As at February 28, 2017 and February 29, 2016, the Company has short-term loan to a subsidiary amounting to Baht 100 million (see Note 33.2.1). The loan can be called to repay within 30 days after receiving written notice. The loan is unsecured and have interest rate at policy interest rate of the Bank of Thailand plus margin of 0.5% per annum.

## 9. FIXED DEPOSITS AT BANKS UNDER OBLIGATIONS

As at February 28, 2017 and February 29, 2016, the 4 subsidiaries have fixed deposits at banks under obligations as follows:

	CONSOLIDATED	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	As at	As at
	February 28,	February 29,
	2017	2016
	Baht '000	Baht '000
Pledge as collateral for bank's letters of guarantee issued for debt collection service	1,105	892
Reserve in accordance with insurance regulations	3,000	3,000
Legal reserve of the foreign subsidiaries	23,989	30,345
Total	<u>28,094</u>	<u>34,237</u>

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

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

### 10.1 Investment in associate in the consolidated financial statements

As at February 28, 2017 and February 29, 2016, the Company had investment in the entity which is associate and accounted for using equity method in the consolidated financial statements as following details.

CONSOLIDATED FINANCIAL STATEMENTS						
			As at February 28, 2017		As at February 29, 2016	
	Paid-up capital	% of Ownership	Cost method Baht '000	Equity method Baht '000	Cost method Baht '000	Equity method Baht '000
<b>Investment in associate</b>						
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	31,538.0	16,819.3	41,245.2
<b>Total investment in associate</b>			<u>16,819.3</u>	<u>31,538.0</u>	<u>16,819.3</u>	<u>41,245.2</u>

The summarized financial information of an associate used for preparation of the consolidated financial statements are as follows:

#### ACS Trading Vietnam Company Limited

	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Total assets	<u>1,663,692</u>	<u>1,787,817</u>
Total liabilities	<u>1,496,114</u>	<u>1,571,703</u>
	<b>For the year ended</b>	
	<b>February 28, 2017 Baht '000</b>	<b>February 20, 2016 Baht '000</b>
Total revenues	<u>541,844</u>	<u>571,951</u>
Net profit	<u>(48,536)</u>	<u>19,887</u>

The consolidated statement of profit or loss for the years ended February 28, 2017 and February 20, 2016 recognized share of profit (loss) from investment in associate resulting from portion of holding investment in associate as following:

CONSOLIDATED FINANCIAL STATEMENTS		
For the year ended		
	February 28, 2017 Baht '000	February 20, 2016 Baht '000
<b>Share of profit (loss) from investment in associate</b>		
ACS Trading Vietnam Company Limited	<u>(9,707)</u>	<u>3,978</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS	
	For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Net assets of an associate	167,578	215,949
Proportion of the ownership interest in an associate (%)	20.00	20.00
	<u>33,516</u>	<u>43,190</u>
Goodwill	-	-
Other adjustments		
- Exchange differences on acquisition date	(1,978)	(1,978)
Carrying amount of the investment in an associate	<u>31,538</u>	<u>41,212</u>

## 10.2 Investments in associate and subsidiaries in the separate financial statements

As at February 28, 2017 and February 29, 2016, the Company had investments in associate and subsidiaries which are accounted for cost method in the separate financial statements as follows:

	SEPARATE FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
<b>Investment in associate and subsidiaries</b>				
Investment in associate (see Note 33.1)				
ACS Trading Vietnam Company Limited	20.00	16,819.3	20.00	16,819.3
<b>Total investment in associate</b>		<u>16,819.3</u>		<u>16,819.3</u>
Investments in subsidiaries (see Note 33.1)				
Eternal 5 Special Purpose Vehicle Company Limited	-	-	26.00	10.4
Eternal 6 Special Purpose Vehicle Company Limited	26.00	10.4	26.00	10.4
ACS Servicing (Thailand) Company Limited	100.00	175,349.1	100.00	175,349.1
AEON Insurance Service (Thailand) Company Limited	100.00	149,224.3	100.00	149,224.3
AEON Specialized Bank (Cambodia) Plc.	80.00	252,960.0	80.00	252,960.0
AEON Microfinance (Myanmar) Company Limited	100.00	276,769.1	100.00	276,769.1
AEON Leasing Service (Lao) Company Limited	92.58	103,069.1	92.58	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	48.75	19.5	48.75	19.5
<b>Total investments in subsidiaries</b>		<u>957,401.5</u>		<u>957,411.9</u>
<b>Total investments in associate and subsidiaries</b>		<u>974,220.8</u>		<u>974,231.2</u>

- (1) On August 20, 2013, the Extraordinary Shareholders' Meeting 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 registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on February 9, 2017 (see Note 6.5).

- (2) On February 2, 2015, the Company had 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, registered as a limited company under the Civil and Commercial Code of Thailand, for a special purpose company for securitization project 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 6.5).

According to the Memorandum of Understanding, the Receivables Sale and Purchase Agreement and the Servicing Agreement made on October 22, 2015 (see Note 6.5), 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 Group’s consolidated financial statements included such company’s operating results.

- (3) On June 4, 2015, the Company paid Baht 134.80 million for additional investment for capital increase of AEON Specialized Bank (Cambodia) Plc. The Company holds 80% of shareholding in the subsidiary after capital increased.
- (4) 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.
- (5) During the year ended February 20, 2016, the Company paid Baht 100.57 million for additional investment for capital increase of AEON Microfinance (Myanmar) Company Limited.
- (6) On August 31, 2016, the Extraordinary Shareholders’ Meeting of Eternal 6 had passed the resolutions to approve the dissolution and liquidation, and Eternal 6 registered the dissolution with Department of Business Development, Ministry of Commerce on the same date. Currently, Eternal 6 is under the liquidation process (see Note 6.5).

10.3 Long-term investments in related companies as at February 28, 2017 and February 29, 2016, consist of:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
<b>Long-term investments in related companies</b>				
AEON (Thailand) Co., Ltd. (340,000 shares of Baht 100 each, Baht 25 called up)	5.23	8,500	5.23	8,500
PT. AEON Credit Service Indonesia (173 shares of IDR 30 million each, par value of IDR 30 million, fully paid)	5.18	19,072	5.18	19,072
AEON Credit Service Systems (Philippines) Inc. (100,000 shares of PHP 100 each, par value of PHP 100, fully paid)	3.33*	7,645	10.00	7,645
		<u>35,217</u>		<u>35,217</u>
<u>Less</u> Allowance for impairment of investment		(8,500)		(8,500)
<b>Total long-term investments in related companies</b>		<u>26,717</u>		<u>26,717</u>

\* On January 9, 2017, AEON Credit Service Systems (Philippines) Inc. registered the increase of share capital of 2,000,000 shares at the par value of PHP 100 each. However, the Company waived the right to purchase the increased shares of the related company. As a result, the proportion of the Company's shareholding decreased from 10.00% to 3.33%.

**11. SELLER LOANS IN SPECIAL PURPOSE VEHICLES FOR SECURITIZATION**

Seller loans in Special Purpose Vehicles for securitization as at February 28, 2017 and February 29, 2016, are as follows:

	SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Seller loans in Special Purpose Vehicles for securitization (see Note 33.2.1)		
Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6)	-	2,493,858
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	11,643	62,817
Total	<u>11,643</u>	<u>2,556,675</u>
<u>Less</u> Seller loans in Special Purpose Vehicles for securitization due within one year	<u>(11,643)</u>	<u>(2,556,675)</u>
<b>Total Seller loans in Special Purpose Vehicles for securitization</b>	<u>-</u>	<u>-</u>

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

On the contract date under securitization project, the Company had received partial payments from Eternal 6 with seller loan accounts under securitization projects 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 Companies for purchase of Future Receivables and Additional Receivables when such Special Purpose Vehicle Companies' net cash flow generated by the Purchased Receivables is insufficient. Seller loan accounts are reduced by the repurchase of ineligible receivables and the receipt of the excess cash from such Special Purpose Vehicle Companies. However, the Company has to retain such 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.

On June 8, 2016, Eternal 6 redeemed the remaining seller loan in special purpose vehicle for securitization (see Notes 6.5 and 10.2).

(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 loans receivable during the revolving period or repurchased the rights on loans receivable. 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.

**12. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS**

12.1 Subordinated lendings to Special Purpose Vehicles as at February 28, 2017 and February 29, 2016, are as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
	<b>As at February 28, 2017 Baht '000</b>	<b>As at February 29, 2016 Baht '000</b>
Subordinated lendings (see Note 33.2.1)		
Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6)	-	1,399,352
<u>Less Subordinated lendings due within one year</u>	-	(1,399,352)
<b>Total Subordinated lendings</b>	<b>-</b>	<b>-</b>
	<b>SEPARATE FINANCIAL STATEMENTS</b>	
	<b>As at February 28, 2017 Baht '000</b>	<b>As at February 29, 2016 Baht '000</b>
Subordinated lendings (see Note 33.2.1)		
Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6)	-	1,399,352
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	45,263	29,870
Total	45,263	1,429,222
<u>Less Subordinated lendings due within one year</u>	-	(1,399,352)
<b>Total subordinated lendings</b>	<b>45,263</b>	<b>29,870</b>

On May 14, 2013, the Company had 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 Receivables Sale and Purchase Agreement (see Note 6.5). 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.

Subsequently, on June 8, 2016, Eternal 6 redeemed the remaining subordinated lendings (see Notes 6.5 and 10.2).

On October 22, 2015, the Company entered into the subordinated term loan agreement with ATS Rabbit amounting to 5% of transferred rights in initial receivables (see Note 6.5) and originated transaction cost and of Future Receivables and Additional Receivables which are settled by Seller Loan Account and backed for each debentures issuance of ATS Rabbit, for the purpose of partial payment for the sales of rights in loan receivables.

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.

12.2 Subordinated borrowings of Special Purpose Vehicle are as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
	<b>As at February 28, 2017 Baht '000</b>	<b>As at February 29, 2016 Baht '000</b>
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATC Rabbit)	45,263	29,870
<b>Total subordinated borrowings</b>	<u>45,263</u>	<u>29,870</u>

On October 22, 2015, ATS Rabbit, a subsidiary, entered into the subordinated term borrowings agreement with BSS Holdings amounting to 5% of transferred rights in initial receivables (see Note 6.5) and originated transaction cost and of Future Receivables and Additional Receivables which are settled by Seller Loan Account and backed for each debentures issuance of ATS Rabbit, for the purpose of partial payment for the purchase of rights in loan receivables.

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.



### 13. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28,	February 29,	February 28,	February 29,
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Cost	3,378,479	3,122,322	2,687,750	2,537,737
Accumulated depreciation	(2,333,627)	(2,172,590)	(1,917,622)	(1,820,220)
<b>Total leasehold improvement and equipment</b>	<b>1,044,852</b>	<b>949,732</b>	<b>770,128</b>	<b>717,517</b>

The movements of leasehold improvement and equipment during the year/period are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Additions	Disposals	Transfer	Balance
	as at			in (out)	as at
	February 29,				February 28,
	2016				2017
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	962,573	88,039	(138,236)	165,390	1,077,766
Furniture and office equipment	2,128,837	189,339	(89,848)	44,303	2,272,631
Assets under installation	30,912	206,863	-	(209,693)	28,082
	<u>3,122,322</u>	<u>484,241</u>	<u>(228,084)</u>	<u>-</u>	<u>3,378,479</u>
<b>Accumulated depreciation</b>					
Leasehold improvement	(518,692)	(155,540)	101,720	-	(572,512)
Furniture and office equipment	(1,653,898)	(195,861)	88,644	-	(1,761,115)
	<u>(2,172,590)</u>	<u>(351,401)</u>	<u>190,364</u>	<u>-</u>	<u>(2,333,627)</u>
<b>Total leasehold improvement and equipment</b>	<b>949,732</b>				<b>1,044,852</b>

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Additions	Disposals	Transfer	Balance
	as at			in (out)	as at
	February 20,				February 29,
	2016				2016
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	962,343	230	-	-	962,573
Furniture and office equipment	2,125,923	3,552	(686)	48	2,128,837
Assets under installation	30,987	-	(27)	(48)	30,912
	<u>3,119,253</u>	<u>3,782</u>	<u>(713)</u>	<u>-</u>	<u>3,122,322</u>
<b>Accumulated depreciation</b>					
Leasehold improvement	(515,504)	(3,188)	-	-	(518,692)
Furniture and office equipment	(1,649,978)	(4,600)	680	-	(1,653,898)
	<u>(2,165,482)</u>	<u>(7,788)</u>	<u>680</u>	<u>-</u>	<u>(2,172,590)</u>
<b>Total leasehold improvement and equipment</b>	<b>953,771</b>				<b>949,732</b>

	SEPARATE FINANCIAL STATEMENTS				
	Balance	Additions	Disposals	Transfer	Balance
	as at			in (out)	as at
	February 29, 2016				February 28, 2017
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	815,095	18,665	(120,162)	165,390	878,988
Furniture and office equipment	1,691,731	120,618	(75,972)	44,303	1,780,680
Assets under installation	30,911	206,864	-	(209,693)	28,082
	<u>2,537,737</u>	<u>346,147</u>	<u>(196,134)</u>	<u>-</u>	<u>2,687,750</u>
<b>Accumulated depreciation</b>					
Leasehold improvement	(444,626)	(130,269)	93,378	-	(481,517)
Furniture and office equipment	(1,375,594)	(132,797)	72,286	-	(1,436,105)
	<u>(1,820,220)</u>	<u>(263,066)</u>	<u>165,664</u>	<u>-</u>	<u>(1,917,622)</u>
<b>Total leasehold improvement and equipment</b>	<u>717,517</u>				<u>770,128</u>

	SEPARATE FINANCIAL STATEMENTS				
	Balance	Additions	Disposals	Transfer	Balance
	as at			in (out)	as at
	February 20, 2016				February 29, 2016
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Leasehold improvement	815,031	64	-	-	815,095
Furniture and office equipment	1,689,169	3,200	(687)	49	1,691,731
Assets under installation	30,987	-	(27)	(49)	30,911
	<u>2,535,187</u>	<u>3,264</u>	<u>(714)</u>	<u>-</u>	<u>2,537,737</u>
<b>Accumulated depreciation</b>					
Leasehold improvement	(441,905)	(2,721)	-	-	(444,626)
Furniture and office equipment	(1,372,958)	(3,316)	680	-	(1,375,594)
	<u>(1,814,863)</u>	<u>(6,037)</u>	<u>680</u>	<u>-</u>	<u>(1,820,220)</u>
<b>Total leasehold improvement and equipment</b>	<u>720,324</u>				<u>717,517</u>

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Depreciation for the years</b>	<u>351,401</u>	<u>342,772</u>	<u>263,066</u>	<u>266,573</u>

Costs of fully depreciated leasehold improvement and equipment still in use as at February 28, 2017 and February 29, 2016, are as following:

	As at	As at
	February 28, 2017	February 29, 2016
	Baht '000	Baht '000
Consolidated financial statements	<u>1,562,639</u>	<u>1,280,744</u>
Separate financial statements	<u>1,297,689</u>	<u>1,267,707</u>

#### 14. INTANGIBLE ASSETS

Intangible assets as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28,	February 29,	February 28,	February 29,
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Cost	3,575,002	3,423,864	3,171,579	3,065,627
Accumulated amortization	(2,983,457)	(2,773,430)	(2,734,645)	(2,570,533)
<b>Total intangible assets</b>	<b>591,545</b>	<b>650,434</b>	<b>436,934</b>	<b>495,094</b>

The movements of intangible assets during the year/period are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Additions	Disposals/	Transfer	Balance
	as at		Write-off	in (out)	as at
	February 29,				February 28,
	2016				2017
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Computer software	3,284,251	89,081	(7,280)	106,592	3,472,644
Computer software under installation	139,613	69,337	-	(106,592)	102,358
	3,423,864	158,418	(7,280)	-	3,575,002
<b>Accumulated amortization</b>					
Computer software	(2,773,430)	(211,653)	1,626	-	(2,983,457)
<b>Total intangible assets</b>	<b>650,434</b>				<b>591,545</b>

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Additions	Disposals/	Transfer	Balance
	as at		Write-off	in (out)	as at
	February 20,				February 29,
	2016				2016
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Computer software	3,283,895	356	-	-	3,284,251
Computer software under installation	139,613	-	-	-	139,613
	3,423,508	356	-	-	3,423,864
<b>Accumulated amortization</b>					
Computer software	(2,767,983)	(5,447)	-	-	(2,773,430)
<b>Total intangible assets</b>	<b>655,525</b>				<b>650,434</b>

	SEPARATE FINANCIAL STATEMENTS				
	Balance	Additions	Disposals/	Transfer	Balance
	as at		Write-off	in (out)	as at
	February 29,				February 28,
	2016				2017
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Cost</b>					
Computer software	2,995,414	43,916	(6,902)	37,193	3,069,621
Computer software under installation	70,213	68,938	-	(37,193)	101,958
	3,065,627	112,854	(6,902)	-	3,171,579
<b>Accumulated amortization</b>					
Computer software	(2,570,533)	(165,735)	1,623	-	(2,734,645)
<b>Total intangible assets</b>	<b>495,094</b>				<b>436,934</b>

	SEPARATE FINANCIAL STATEMENTS				Balance as at February 29, 2016 Baht '000
	Balance as at February 20, 2016 Baht '000	Additions Baht '000	Disposals/ Write-off Baht '000	Transfer in (out) Baht '000	
<b>Cost</b>					
Computer software	2,995,414	-	-	-	2,995,414
Computer software under installation	70,213	-	-	-	70,213
	<u>3,065,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,627</u>
<b>Accumulated amortization</b>					
Computer software	(2,565,638)	(4,895)	-	-	(2,570,533)
<b>Total intangible assets</b>	<u>499,989</u>				<u>495,094</u>
		CONSOLIDATED FINANCIAL STATEMENTS For the year ended		SEPARATE FINANCIAL STATEMENTS For the year ended	
		February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
<b>Amortization for the years</b>		<u>211,653</u>	<u>235,555</u>	<u>165,735</u>	<u>204,014</u>

As at February 28, 2017 and February 29, 2016, costs of fully amortized computer software still in use are as following:

	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Consolidated financial statements	<u>2,483,014</u>	<u>2,101,562</u>
Separate financial statements	<u>2,331,788</u>	<u>2,086,667</u>

## 15. DEFERRED TAX ASSETS

Deferred tax assets as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	447,959	481,107	442,354	454,861
Non-accrual of interest income	39,585	65,194	38,961	63,290
Employee benefit obligations	26,590	17,803	19,658	11,934
Deferred revenue from customer loyalty programs	26,588	26,639	26,588	26,639
Others	2,282	2,217	1,700	1,700
	<u>543,004</u>	<u>592,960</u>	<u>529,261</u>	<u>558,424</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	147,056	131,406	147,056	131,406
Others	6	2,455	-	-
	<u>147,062</u>	<u>133,861</u>	<u>147,056</u>	<u>131,406</u>
<b>Deferred tax assets</b>	<u>395,942</u>	<u>459,099</u>	<u>382,205</u>	<u>427,018</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at February 29, 2016 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Balance as at February 28, 2017 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	481,107	(33,148)	-	447,959
Non-accrual of interest income	65,194	(25,609)	-	39,585
Employee benefit obligations	17,803	4,770	4,017	26,590
Deferred revenue from customer loyalty programs	26,639	(51)	-	26,588
Others	2,217	65	-	2,282
	<u>592,960</u>	<u>(53,973)</u>	<u>4,017</u>	<u>543,004</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	131,406	15,650	-	147,056
Others	2,455	(2,449)	-	6
	<u>133,861</u>	<u>13,201</u>	<u>-</u>	<u>147,062</u>
<b>Deferred tax assets</b>	<u>459,099</u>	<u>(67,174)</u>	<u>4,017</u>	<u>395,942</u>

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at February 20, 2016	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 29, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	479,374	1,733	-	481,107
Non-accrual of interest income	65,097	97	-	65,194
Employee benefit obligations	17,693	110	-	17,803
Deferred revenue from customer loyalty programs	26,239	400	-	26,639
Others	2,217	-	-	2,217
	<u>590,620</u>	<u>2,340</u>	<u>-</u>	<u>592,960</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	134,879	(3,473)	-	131,406
Others	2,447	8	-	2,455
	<u>137,326</u>	<u>(3,465)</u>	<u>-</u>	<u>133,861</u>
<b>Deferred tax assets</b>	<u>453,294</u>	<u>5,805</u>	<u>-</u>	<u>459,099</u>

SEPARATE FINANCIAL STATEMENTS				
	Balance as at February 29, 2016	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 28, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	454,861	(12,507)	-	442,354
Non-accrual of interest income	63,290	(24,329)	-	38,961
Employee benefit obligations	11,934	3,256	4,468	19,658
Deferred revenue from customer loyalty programs	26,639	(51)	-	26,588
Others	1,700	-	-	1,700
	<u>558,424</u>	<u>(33,631)</u>	<u>4,468</u>	<u>529,261</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	131,406	15,650	-	147,056
	<u>131,406</u>	<u>15,650</u>	<u>-</u>	<u>147,056</u>
<b>Deferred tax assets</b>	<u>427,018</u>	<u>(49,281)</u>	<u>4,468</u>	<u>382,205</u>

SEPARATE FINANCIAL STATEMENTS				
	Balance as at February 20, 2016	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 29, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	453,224	1,637	-	454,861
Non-accrual of interest income	63,119	171	-	63,290
Employee benefit obligations	11,866	68	-	11,934
Deferred revenue from customer loyalty programs	26,239	400	-	26,639
Others	1,700	-	-	1,700
	<u>556,148</u>	<u>2,276</u>	<u>-</u>	<u>558,424</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	134,879	(3,473)	-	131,406
	<u>134,879</u>	<u>(3,473)</u>	<u>-</u>	<u>131,406</u>
<b>Deferred tax assets</b>	<u>421,269</u>	<u>5,749</u>	<u>-</u>	<u>427,018</u>

## 16. OTHER NON-CURRENT ASSETS

Other non-current assets as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
Deposits	193,386	174,115	164,627	146,910
Others	-	4,280	-	3,675
<b>Total</b>	<u>193,386</u>	<u>178,395</u>	<u>164,627</u>	<u>150,585</u>

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

Bank overdrafts and short-term borrowings from financial institutions as at February 28, 2017 and February 29, 2016, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	Interest rate % (p.a.)	Baht '000	Interest rate % (p.a.)	Baht '000
Overdrafts in THB currency	1.70	42	1.70	2,980,000
Short term borrowings in THB currency	1.60 - 2.26	2,580,000	1.60 - 1.85	3,810,000
Short term borrowings in USD currency	1.48 - 1.88	564,879	1.03 - 1.53	432,514
Short term borrowings in LAK currency	7.12 - 10.50	150,260	6.22 - 10.50	49,950
Short term borrowings in MMK currency	12.50	206,639	12.50	19,600
<b>Total</b>		<u>3,501,820</u>		<u>7,292,064</u>

	SEPARATE FINANCIAL STATEMENTS			
	As at February 28, 2017		As at February 29, 2016	
	Interest rate % (p.a.)	Baht '000	Interest rate % (p.a.)	Baht '000
Overdrafts in THB currency	1.70	42	1.70	2,980,000
Short term borrowings in THB currency	1.60 - 2.26	2,580,000	1.60 - 1.85	3,810,000
<b>Total</b>		<u>2,580,042</u>		<u>6,790,000</u>

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

## 18. OTHER PAYABLES

Other payables as at February 28, 2017 and February 29, 2016, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
Other payable - related companies (see Note 33.2.1)	63,809	45,059	239,782	832,419
Other payable - other companies	257,497	195,935	143,548	133,827
Deferred revenue from customer loyalty programs	133,306	133,193	132,940	133,193
Interest payable	541,094	546,658	561,575	541,917
Accrued expenses	341,226	441,308	314,239	324,554
Total	<u>1,336,932</u>	<u>1,362,153</u>	<u>1,392,084</u>	<u>1,965,910</u>

## 19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

As at February 28, 2017 and February 29, 2016, the Company' subsidiary has liabilities under finance lease agreements as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Minimum		Present value of minimum	
	lease payment		lease payment	
	As at	As at	As at	As at
February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016	
Within 1 year	6,507	-	6,002	-
Over 1 year to 5 years	11,259	-	10,884	-
	<u>17,766</u>	<u>-</u>	<u>16,886</u>	<u>-</u>
Less Deferred interest	(880)	-	-	-
	<u>16,886</u>	<u>-</u>	<u>16,886</u>	<u>-</u>

Liabilities under finance lease agreements are liabilities arising from the leases of office equipment and copyrights for computer software. The contracts are for the period of 3 - 5 years, and the liabilities are repayable in monthly installments. At the end of the lease terms, the subsidiary has the rights to exercise a purchase option on the leased assets at the price as specified in the agreements.



## 20. LONG-TERM BORROWINGS

As at February 28, 2017 and February 29, 2016, the Company entered into various long-term borrowings agreements and issued promissory notes in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 28, 2017				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2017 - 2021	3.16 - 5.26	47,500.00	14,890,443
Borrowings in USD currency	2017 - 2021	2.16 - 4.32	508.99	17,853,787
Borrowings in THB currency	2017 - 2019	2.48 - 4.70	4,750.00	4,750,000
<u>Less</u> Borrowings issuance cost				(70,220)
				37,424,010
<u>Less</u> Current portion of long-term borrowings				(9,391,461)
<b>Total long-term borrowings</b>				<b>28,032,549</b>

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 29, 2016				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2016 - 2021	3.16 - 5.26	50,700.00	16,198,092
Borrowings in USD currency	2016 - 2020	2.16 - 4.32	465.00	16,663,729
Borrowings in THB currency	2016 - 2018	3.30 - 4.80	8,150.00	8,150,000
<u>Less</u> Borrowings issuance cost				(101,029)
				40,910,792
<u>Less</u> Current portion of long-term borrowings				(11,217,769)
<b>Total long-term borrowings</b>				<b>29,693,023</b>

SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2017				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2017 - 2021	3.16 - 5.26	47,500.00	14,890,443
Borrowings in USD currency	2017 - 2021	2.22 - 4.32	495.99	17,385,755
Borrowings in THB currency	2017 - 2019	2.48 - 4.70	4,750.00	4,750,000
<u>Less</u> Borrowings issuance cost				(70,220)
				36,955,978
<u>Less</u> Current portion of long-term borrowings				(9,031,436)
<b>Total long-term borrowings</b>				<b>27,924,542</b>

SEPARATE FINANCIAL STATEMENTS				
As at February 29, 2016				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2016 - 2021	3.16 - 5.26	50,700.00	16,198,092
Borrowings in USD currency	2016 - 2020	2.60 - 4.32	455.00	16,299,966
Borrowings in THB currency	2016 - 2018	3.30 - 4.80	8,150.00	8,150,000
<u>Less</u> Borrowings issuance cost				(101,029)
				40,547,029
<u>Less</u> Current portion of long-term borrowings				(11,217,769)
<b>Total long-term borrowings</b>				<b>29,329,260</b>

In the consolidated and separate financial statements as at February 28, 2017 and February 29, 2016, the Company has long-term borrowings in JPY currency from a related company which is a bank in Japan amounting to JPY 5,000.00 million or equivalent to Baht 1,562.79 million and JPY 5,000.00 million or equivalent to Baht 1,591.40 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 33.2.1).

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:

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 28, 2017</b>				
	<b>Notional amount Baht '000</b>	<b>Carrying amount</b>		<b>Total Baht '000</b>
		<b>Less than 1 year Baht '000</b>	<b>1 - 5 years Baht '000</b>	
<b>Receivables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
JPY currency	4,450,000	-	408,986	408,986
USD currency	13,548,790	505,469	356,997	862,466
	<u>17,998,790</u>	<u>505,469</u>	<u>765,983</u>	<u>1,271,452</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	945,000	-	(4,551)	(4,551)
Cross Currency Interest Rate Swap Contracts				
JPY currency	9,750,472	(228,854)	(430,611)	(659,465)
USD currency	3,023,100	-	(48,601)	(48,601)
	<u>13,718,572</u>	<u>(228,854)</u>	<u>(483,763)</u>	<u>(712,617)</u>
<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 29, 2016</b>				
	<b>Notional amount Baht '000</b>	<b>Carrying amount</b>		<b>Total Baht '000</b>
		<b>Less than 1 year Baht '000</b>	<b>1 - 5 years Baht '000</b>	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	5,691,625	-	514,525	514,525
USD currency	9,861,375	478,184	1,096,652	1,574,836
Cross Currency Interest Rate Swap Contracts				
JPY currency	945,000	-	13,467	13,467
USD currency	1,091,445	198,223	-	198,223
	<u>17,589,445</u>	<u>676,407</u>	<u>1,624,644</u>	<u>2,301,051</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	9,232,000	(44,163)	(497,736)	(541,899)
USD currency	544,800	-	(7,439)	(7,439)
	<u>9,776,800</u>	<u>(44,163)</u>	<u>(505,175)</u>	<u>(549,338)</u>

## 21. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at February 28, 2017 and February 29, 2016, the Company recognized the cash received which was settled by the Subordinated Lendings Account from the transferred rights on loans receivable under securitization project of ATS Rabbit Special Purpose Vehicle Company Limited (see Note 6.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 789.30 million and Baht 607.84 million, respectively.

## 22. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at February 28, 2017 and February 29, 2016, as follows:

Issue date	Maturity Date	No. of units	Currency	Par value per unit	Amount	Interest rate % (p.a.)	Term of interest payment	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
<b>Company</b>									
14/07/2011	14/07/2016	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.30	Semi-annual	-	537,362
16/12/2011	16/12/2016	20	USD	1,000,000	20,000,000	USD-LIBOR 6M + 0.80	Semi-annual	-	716,482
30/08/2012	30/08/2017	30	USD	1,000,000	30,000,000	USD-LIBOR 3M	Quarterly	1,051,578	1,074,723
13/09/2012	13/09/2017	20	USD	1,000,000	20,000,000	USD-LIBOR 3M + 0.20	Quarterly	701,052	716,482
24/07/2013	29/07/2018	17	USD	1,000,000	17,000,000	USD-LIBOR 6M + 0.01	Semi-annual	595,894	609,010
29/11/2013	29/11/2018	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.05	Semi-annual	1,051,578	1,074,723
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	1,051,578	1,074,723
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	525,789	537,362
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	689,663	702,876
23/02/2016	21/02/2019	200,000	THB	1,000	200,000,000	2.87	Semi-annual	200,000	200,000
25/03/2016	25/03/2020	70	USD	1,000,000	70,000,000	USD-LIBOR 6M + 0.65	Semi-annual	2,453,682	-
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	525,789	-
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	525,789	-
24/08/2016	30/07/2019	400,000	THB	1,000	400,000,000	2.50	Quarterly	400,000	-
21/12/2016	21/12/2019	1,000,000	THB	1,000	1,000,000,000	2.73	Quarterly	1,000,000	-
21/12/2016	21/12/2021	1,000,000	THB	1,000	1,000,000,000	3.48	Quarterly	1,000,000	-
30/12/2016	30/12/2021	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.65	Semi-annual	1,051,578	-
								14,023,970	8,443,743
<u>Less</u> Debentures issuance cost								(76,373)	(51,666)
								13,947,597	8,392,077
<u>Less</u> Current portion of long-term debentures								(3,472,286)	(1,250,021)
<b>Total long-term debentures in separate financial statements</b>								<b>10,475,311</b>	<b>7,142,056</b>
<b>ATS Rabbit Special Purpose Vehicle Company Limited</b>									
18/01/2016	28/10/2025	497,405	Baht	1,000	497,405,000	4.00	Monthly	-	497,405
30/01/2017	28/10/2025	774,473	Baht	1,000	774,473,000	4.00	Monthly	774,473	-
<b>Total long-term debentures in consolidated financial statements</b>								<b>11,249,784</b>	<b>7,639,461</b>

- (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 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 debentures are 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 debentures are 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 debentures 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 debentures are guaranteed by the same bank.

On September 13, 2012, the Company issued and offered debentures 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 debentures are guaranteed by the same bank.

On November 29, 2013, the Company issued and offered debentures 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 debentures are 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 debentures 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 debentures are 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 debentures 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 debentures are guaranteed by the same bank.

On July 10, 2014, the Company issued and offered debentures amounting to Baht 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 debentures 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 debentures are guaranteed by the same bank.

On March 27, 2015, the Company issued and offered debentures 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 debentures are guaranteed by the same bank.

On February 23, 2016, the Company issued and offered debentures amounting to Baht 200 million to a non-financial market mutual fund in Thailand with interest rate of 2.87% per annum, payable on a semi-annual basis, and will be due on February 21, 2019.

On March 25, 2016, the Company issued and offered debentures amounting to USD 70 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.65% per annum, payable on a semi-annual basis, and will be due on March 25, 2020. Such debentures are guaranteed by the same bank.

On March 28, 2016, 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 0.50% per annum, payable on a semi-annual basis, and will be due on March 27, 2020. Such debentures are guaranteed by the same bank.

- (5) On June 17, 2016, the Company's Annual General Meeting of shareholders of 2016 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 August 22, 2016, 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 0.85% per annum, payable on a semi-annual basis, and will be due on August 20, 2021. Such debentures are guaranteed by the same bank.

On August 24, 2016, the Company issued and offered debentures amounting to Baht 400 million to a non-financial market mutual fund institution investors in Thailand with interest rate of 2.50% per annum, payable on a quarterly basis, and will be due on July 30, 2019.

On December 21, 2016, the Company issued and offered debentures amounting to Baht 1,000 million to a financial institution and high net worth investors in Thailand with interest rate of 2.73% per annum, payable on a quarterly basis, and will be due on December 21, 2019.

On December 21, 2016, the Company issued and offered debentures amounting to Baht 1,000 million to public investors in Thailand with interest rate of 3.48% per annum, payable on a quarterly basis, and will be due on December 21, 2021.

On December 30, 2016, the Company issued and offered debentures amounting to USD 30 million to a bank in Japan with interest rate of USD - LIBOR 6 month plus 0.65% per annum, payable on a semi-annual basis, and will be due on December 30, 2021. Such debentures are guaranteed by the same bank.

- (6) 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 6.5).

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 of Baht 96.59 million in accordance with conditions in the Agreements.

During the year ended February 28, 2017, the subsidiary issued additional long-term debentures which are unsubordinated and unsecured of Baht 277.07 million for settlement the transfer rights in future financial receivables and additional financial receivables of Baht 307.85 million in accordance with conditions in the Agreements.

Such debentures of the subsidiary are assets-backed debentures under the Securitization Law with fixed interest rate at 4% per annum for the 3-year period after the first issuance date, and thereafter an interest rate equal to the corporate bond yield per annum as prescribed in the conditions. The subsidiary offered the debentures to no more than 10 specific investors during any 4-month period which such offering has been approved by the SEC on October 2, 2015.

Cash flows from a pool of loans receivable 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 on October 28, 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 28, 2017				
	Notional Amount	Carrying amount		Total
		Less than 1 year	1 - 5 years	
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Receivables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
JPY currency	596,860	-	92,803	92,803
USD currency	5,027,450	236,419	239,389	475,808
	<u>5,624,310</u>	<u>236,419</u>	<u>332,192</u>	<u>568,611</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
USD currency	4,108,300	-	(77,251)	(77,251)
	<u>4,108,300</u>	<u>-</u>	<u>(77,251)</u>	<u>(77,251)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 29, 2016				
	Notional amount	Carrying amount		Total
		Less than 1 year	1 - 5 years	
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Receivables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
JPY currency	596,860	-	106,016	106,016
USD currency	5,586,900	171,794	582,172	753,966
	<u>6,183,760</u>	<u>171,794</u>	<u>688,188</u>	<u>859,982</u>

- (7) 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 6.5), 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.

On June 8, 2016, Eternal 6 Special Purpose Vehicle Company Limited redeemed the remaining balance of debentures in full (see Note 6.5).

The subsidiary's debentures that have been eliminated against credit card receivables in the consolidated financial statements as at February 28, 2017 and February 29, 2016, are as follows:

Debenture classes	Maturity date	Amount Baht' 000	Interest rate % (p.a.)	As at	As at
				February 28, 2017 Baht '000	February 29, 2016 Baht '000
<b>Eternal 6 Special Purpose Vehicle Co., Ltd.</b>					
Class A-sf	June 8, 2018	2,960,000	3.83	-	980,079
				<u>-</u>	<u>980,079</u>

As at February 29, 2016, the Company had 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 37.5).

### 23. 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 28, 2017 and February 20, 2016, 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	
	For the year ended		For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Current service cost	21,223	19,278	14,479	12,669
Interest cost	2,699	2,542	1,801	1,826
Loss on settlement	505	712	-	670
Total	<u>24,427</u>	<u>22,532</u>	<u>16,280</u>	<u>15,165</u>

For the years ended February 28, 2017 and February 20, 2016, amounts recognized in the statements of profit or loss and other comprehensive income in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Actuarial (gain) loss				
- From financial assumptions changes	5,738	3,874	6,029	4,063
- From demographic assumptions changes	(3,345)	(982)	(1,778)	(9,741)
- From experience adjustments	17,691	(12,187)	18,088	(2,698)
Total	<u>20,084</u>	<u>(9,295)</u>	<u>22,339</u>	<u>(8,376)</u>



Movements in the present value of the post-employment benefit obligations are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	88,990	76,220	59,672	71,346
Current service cost	21,223	19,278	14,479	12,669
Interest cost	2,699	2,542	1,801	1,826
Loss on settlement	505	712	-	670
Actuarial (gain) loss	20,084	(9,295)	22,339	(8,376)
Benefits paid	(551)	(991)	-	(18,806)
Ending balance	<u>132,950</u>	<u>88,466</u>	<u>98,291</u>	<u>59,329</u>

The significant actuarial assumptions used to calculate the obligations under the defined benefit plans as at February 28, 2017 and February 29, 2016, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	As at February 28, 2017 % per annum	As at February 29, 2016 % per annum
Financial assumptions		
Discount rate	2.87 - 3.38	2.74 - 3.32
Expected rate of salary increase	5.0 - 7.0	5.0 - 7.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 33.0	0.0 - 26.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 54.0	0.0 - 57.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 63.0	0.0 - 62.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees

	SEPARATE FINANCIAL STATEMENTS	
	As at February 28, 2017 % per annum	As at February 29, 2016 % per annum
Financial assumptions		
Discount rate	3.19	3.02
Expected rate of salary increase	6.0	5.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 20.0	0.0 - 21.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 51.0
Subject to range of age of employees	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 63.0	0.0 - 62.0
Subject to range of age of employees	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 benefit obligations as at February 28, 2017 and February 29, 2016 as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		
	<b>As at February 28, 2017</b>	<b>As at February 29, 2016</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Financial assumptions		
Discount rate		
- 1% increase	(17,250)	(11,723)
- 1% decrease	20,575	14,126
Expected rate of salary increase		
- 1% increase	18,507	12,454
- 1% decrease	(15,807)	(10,533)
Demographic assumptions		
Turnover rate		
- 1% increase	(18,642)	(12,679)
- 1% decrease	9,458	6,962

<b>SEPARATE FINANCIAL STATEMENTS</b>		
	<b>As at February 28, 2017</b>	<b>As at February 29, 2016</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Financial assumptions		
Discount rate		
- 1% increase	(12,342)	(8,307)
- 1% decrease	14,662	9,982
Expected rate of salary increase		
- 1% increase	12,955	8,733
- 1% decrease	(11,104)	(7,390)
Demographic assumptions		
Turnover rate		
- 1% increase	(13,299)	(8,962)
- 1% decrease	6,454	4,799

Maturity analysis of the benefit payments of the post-employment benefit obligations as at February 28, 2017 and February 29, 2016 are as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		
	<b>As at February 28, 2017</b>	<b>As at February 29, 2016</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Within 1 year	-	-
Over 1 to 5 years	8,180	2,185
Over 5 years	124,770	86,805
Total	132,950	88,990

<b>SEPARATE FINANCIAL STATEMENTS</b>		
	<b>As at February 28, 2017</b>	<b>As at February 29, 2016</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Within 1 year	-	-
Over 1 to 5 years	6,322	2,185
Over 5 years	91,969	57,487
Total	98,291	59,672

## 24. SHAREHOLDERS' EQUITY

- 24.1 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 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.
- 24.2 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.
- 24.3 On February 20, 2013, the Extraordinary Shareholders' Meeting of Eternal 4 Special Purpose Vehicle Company Limited had passed the resolutions to approve the dissolution and liquidation. The company registered the dissolution with Department of Business Development, Ministry of Commerce on the same date and then 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 to Baht 0.01 million and Baht 0.03 million, respectively, on June 17, 2015.
- 24.4 On June 17, 2016, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the year ended February 20, 2016 at the rate of Baht 1.67 per share and for the period from February 21 to 29, 2016 at the rate of Baht 0.18 per share, totaling at the rate of Baht 1.85 per share, totaling Baht 462.50 million. The aforementioned shareholders included 81,600 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 462.35 million on June 27, 2016 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 21, 2015.
- 24.5 On October 7, 2016, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the fiscal year 2016 at the rate of Baht 1.60 per share to shareholders, totaling Baht 400 million. The aforementioned shareholders included 43,521 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 399.93 million on November 7, 2016.

- 24.6 On August 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 5 Special Purpose Vehicle Company Limited had passed the resolutions to approve the dissolution and liquidation. The company registered the dissolution with Department of Business Development, Ministry of Commerce on the same date, and then Eternal 5 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 February 9, 2017 (See Note 6.5 and 10.2).
- 24.7 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 after the approval of Board of Directors' meeting on a monthly basis at each Monthly Purchase Date as an appropriation of net profit after income tax of each month.
- 24.7.1 Eternal 6 Special Purpose Vehicle Company Limited's the registered share capital comprises ordinary shares and preferred shares which were 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 remaining dividends shall be distributed to the holders of ordinary shares.
- 24.7.2 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 subsidiary 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 remaining dividends shall be distributed to the holders of ordinary shares and another group of preferred shares.

## **25. 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 28, 2017 and February 29, 2016, the Company's legal reserve equals to 10% of the registered share capital.

## 26. 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.

## 27. OTHER COMPONENTS OF EQUITY

Other components of equity as at February 28, 2017 and February 29, 2016, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
<b>Exchange differences on translating financial statements of foreign operations</b>		
Beginning balance	(13,075)	(15,817)
Decrease during the year/period	(18,900)	2,742
Ending balance	<u>(31,975)</u>	<u>(13,075)</u>

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

## 28. REVENUE RELATING TO SECURITIZATION TRANSACTION

For the years ended February 28, 2017 and February 20, 2016, the details of revenues from securitization transaction consist of the following:

28.1 Revenue relating to securitization transaction incurred from sale of credit card receivables to Eternal 6 Special Purpose Vehicle Company Limited is included in Credit Card Income for presentation as follows:

	SEPARATE FINANCIAL STATEMENTS For the year ended	
	February 28, 2017	February 20, 2016
	Baht '000	Baht '000
Credit Card Income (see Note 33.2.2)		
Interest income from subordinated lending	46,006	167,922
Revenue from seller loan in Special Purpose Vehicle	10,793	24,713
Dividend from investment in Special Purpose Vehicle	118,111	179,350
Servicing income	62,520	267,338
Total	<u>237,430</u>	<u>639,323</u>

28.2 Revenue relating to securitization transaction incurred from sale of loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited is included in Loan Income for presentation as follows:

	SEPARATE FINANCIAL STATEMENTS For the year ended	
	February 28, 2017	February 20, 2016
	Baht '000	Baht '000
Loan Income (see Note 33.2.2)		
Interest income from subordinated lending	4,529	991
Revenue from seller loan in Special Purpose Vehicle	6,248	2,214
Dividend from investment in Special Purpose Vehicle	20,962	-
Servicing income	38,903	7,988
Total	<u>70,642</u>	<u>11,193</u>

## 29. 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 28, 2017 and February 20, 2016, directors and managements' remuneration are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Short-term employee benefits				
Directors' remuneration	18,127	21,586	9,528	18,925
Managements' remuneration	127,979	110,318	67,133	58,670
Post-employment benefits	2,986	2,820	2,341	1,219
	<u>149,092</u>	<u>134,724</u>	<u>79,002</u>	<u>78,814</u>

For the years ended February 28, 2017 and February 20, 2016, directors' remunerations which were included in short-term employee benefits were approved by the Annual General Meeting of shareholders of the Company held on June 17, 2016 and June 12, 2015, respectively.

### 30. 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 28, 2017 and February 20, 2016, the Company contributed to the provident fund and recorded as expenses, as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017 Baht '000	February 20, 2016 Baht '000	February 28, 2017 Baht '000	February 20, 2016 Baht '000
Contributory provident fund	<u>34,206</u>	<u>30,908</u>	<u>21,567</u>	<u>19,471</u>

### 31. EXPENSES BY NATURE

Net profits for the years ended February 28, 2017 and February 20, 2016 have been derived after deducting the following significant expenses:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
Staff costs	2,264,251	2,179,980	1,129,265	1,156,171
Directors and management's remuneration	149,092	134,724	79,002	78,814
Marketing expenses	1,291,299	1,329,356	1,227,717	1,272,505
Equipment expenses	636,855	634,999	572,411	487,147
Depreciation and amortization	563,054	578,327	428,801	470,587
Communication expenses	404,376	428,066	311,595	349,015
Premises' expenses	727,297	627,906	577,068	546,461
Outsource collection expenses	276,673	156,275	1,455,387	1,302,960
Special business tax and duty stamp	474,625	448,179	459,544	417,132
Bad debts and doubtful accounts	5,117,260	4,754,037	5,041,199	4,507,358
Finance cost	2,110,246	2,302,934	2,222,969	2,237,119

### 32. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax calculation for the years ended February 28, 2017 and February 20, 2016. The foreign subsidiaries used 20% - 25% for corporate income tax calculation for the years ended February 28, 2017 and February 20, 2016.

The Company and its subsidiaries used tax rate of 20% for calculation of deferred tax for the years ended February 28, 2017 and February 20, 2016. The foreign subsidiaries used 20% - 25% for calculation of deferred tax for the years ended February 28, 2017 and February 20, 2016.

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



For the years ended February 28, 2017 and February 20, 2016, income tax expense consists of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the year ended		For the year ended	
	February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the years	527,562	598,701	463,541	494,572
Deferred income tax expense	67,174	26,494	49,281	31,821
Income tax expense per statements of profit or loss	<u>594,736</u>	<u>625,195</u>	<u>512,822</u>	<u>526,393</u>

Reconciliations of effective tax rates for the years ended February 28, 2017 and February 20, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the year ended February 28, 2017		For the year ended February 20, 2016	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax expense	<u>3,012,802</u>		<u>3,084,691</u>	
Income tax at the domestic tax rate	641,175	20.00 - 25.00	676,410	20.00 - 25.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	8,485	0.28	524	0.00
<u>Less</u> Tax effect of income and expense exempted for tax purposes	<u>(54,924)</u>	<u>(1.82)</u>	<u>(51,739)</u>	<u>(1.68)</u>
Income tax expense per statements of profit or loss	<u>594,736</u>	<u>19.74</u>	<u>625,195</u>	<u>20.27</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the year ended February 28, 2017		For the year ended February 20, 2016	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax expense	<u>2,832,832</u>		<u>2,887,191</u>	
Income tax at the domestic tax rate	566,566	20.00	577,438	20.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	1,375	0.05	10,576	0.37
<u>Less</u> Tax effect of income and expense exempted for tax purposes	<u>(55,119)</u>	<u>(1.95)</u>	<u>(61,621)</u>	<u>(2.13)</u>
Income tax expense per statements of profit or loss	<u>512,822</u>	<u>18.10</u>	<u>526,393</u>	<u>18.24</u>

### 33. 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:

33.1 Investments in associate and subsidiaries (see Note 10.2) as at February 28, 2017 and February 29, 2016, are as follows:

Related parties	Relationship	Paid-up Capital Baht' 000	Ownership %	SEPARATE FINANCIAL STATEMENTS	
				As at February 28, 2017 Cost Baht '000	As at February 29, 2016 Cost Baht '000
<b>Investments in associate and subsidiaries</b>					
<b>Investment in associate</b>					
ACS Trading Vietnam Company Limited	Associate	84,096.3	20.00	16,819.3	16,819.3
Total investment in associate				16,819.3	16,819.3
<b>Investments in subsidiaries</b>					
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	40.0	26.00	-	10.4
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	40.0	26.00	10.4	10.4
ACS Servicing (Thailand) Company Limited	Subsidiary	175,349.1	100.00	175,349.1	175,349.1
AEON Insurance Service (Thailand) Company Limited	Subsidiary	149,224.3	100.00	149,224.3	149,224.3
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	320,344.4	80.00	252,960.0	252,960.0
AEON Microfinance (Myanmar) Company Limited	Subsidiary	276,769.1	100.00	276,769.1	276,769.1
AEON Leasing Service (Lao) Company Limited	Subsidiary	111,402.9	92.58	103,069.1	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	40.0	48.75	19.5	19.5
Total investments in subsidiaries				957,401.5	957,411.9
<b>Total investments in associate and subsidiaries</b>				<b>974,220.8</b>	<b>974,231.2</b>

### 33.2 Business transactions with related parties

#### 33.2.1 Balances with related parties as at February 28, 2017 and February 29, 2016, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
<b>Accounts receivable under securitization project</b>					
(see Note 6.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	789,300	607,836
<b>Other receivables (see Note 7)</b>					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	128,244
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	3,534	1,405
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,716	11,602
AEON Financial Service Co., Ltd.	Major shareholder	107	712	107	712
AEON Credit Service Company Limited	Common ultimate holding company	-	10	-	10
ACS Capital Corporation Limited	Shareholder and one common director	3,956	5,093	210	225
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,705	226
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	19,266	12,496
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	1,886	-
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	70,620	-
		<u>4,063</u>	<u>5,815</u>	<u>102,044</u>	<u>154,920</u>
<b>Short-term loan (see Note 8)</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	100,000	100,000
<b>Seller loans in Special Purpose Vehicles for securitization (see Note 11)</b>					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	2,493,858
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	11,643	62,817
		<u>-</u>	<u>-</u>	<u>11,643</u>	<u>2,556,675</u>
<b>Subordinated lendings (see Note 12.1)</b>					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	1,399,352	-	1,399,352
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	45,263	29,870
		<u>-</u>	<u>1,399,352</u>	<u>45,263</u>	<u>1,429,222</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000	As at February 28, 2017 Baht '000	As at February 29, 2016 Baht '000
<b>Long-term borrowings</b> (see Note 20)					
AEON Bank Ltd.	Common ultimate holding company	1,562,793	1,591,401	1,562,793	1,591,401
<b>Accounts payable</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	130,012	123,380
<b>Other payables</b> (see Note 18)					
Eternal 5 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	44
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	640,318
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	2,308	1,821
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	148,988	114,112
AEON (Thailand) Company Limited	Shareholder and two common directors	48	-	48	-
AEON Financial Service Co., Ltd.	Major shareholder	42,556	33,384	42,556	33,384
AEON Credit Service Company Limited	Common ultimate holding company	14,774	11,059	4,847	6,471
ACS Capital Corporation Limited	Shareholder and one common director	1,218	9	1,218	9
AEON Credit Service Systems (Philippines) Inc.	Holding shares	3,260	14	687	-
AEON Bank Ltd.	Common ultimate holding company	1,064	-	902	-
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	889	593	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	38,228	36,260
		<u>63,809</u>	<u>45,059</u>	<u>239,782</u>	<u>832,419</u>
<b>Long-term borrowing under securitization project</b> (see Note 21)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	789,300	607,836
<b>Deposit Received</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	12,799	-
<b>Deferred Revenue</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	3,543	-
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	342	584
		<u>-</u>	<u>-</u>	<u>3,885</u>	<u>584</u>

33.2.2 Transactions with related parties for the years ended February 28, 2017 and February 20, 2016, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Sale promotion income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	10,599	13,296
<b>Credit card income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	351,885	337,646
<b>Revenue relating to securitization transaction</b> (including in credit card income and loan income) (see Note 28)					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	237,430	639,323
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	70,642	11,193
		<u>-</u>	<u>-</u>	<u>308,072</u>	<u>650,516</u>
<b>Other income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	56,536	61,291
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	12,806	28,927
ACS Capital Corporation Limited	Shareholder and one common director	12,005	13,536	12,000	13,536
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,201	-
AEON (Thailand) Company Limited	Holding shares and two common directors	41	141	41	141
AEON Bank Ltd.	Common ultimate holding company	24	-	-	-
AEON Credit Service Company Limited	Common ultimate holding company	29	-	-	-
		<u>12,099</u>	<u>13,677</u>	<u>82,584</u>	<u>103,895</u>
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	1,187,565	1,172,465
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	8,493	921
		<u>-</u>	<u>-</u>	<u>1,196,058</u>	<u>1,173,386</u>
<b>Finance cost</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	188,787	-
AEON Bank Ltd.	Common ultimate holding company	11,581	-	11,581	-
		<u>11,581</u>	<u>-</u>	<u>200,368</u>	<u>-</u>
<b>Others</b>					
AEON Financial Service Co., Ltd.	Major shareholder	97,069	77,194	94,792	77,183
AEON Credit Service Company Limited	Common ultimate holding company	45,223	41,856	18,812	16,428
AEON Bank Ltd.	Common ultimate holding company	-	394	-	394
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	8,109	-
AEON (Thailand) Company Limited	Holding shares and two common directors	18,124	17,986	18,124	17,986
ACS Capital Corporation Limited	Shareholder and one common director	49,679	42,808	47,005	43,118
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	-	1,689
AEON Credit Service Systems (Philippines) Inc.	Holding shares	15,929	13,621	13,258	11,279
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	2,607	850
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	1,999	2,373	-	-
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	-	1,231
		<u>228,023</u>	<u>196,232</u>	<u>202,707</u>	<u>170,158</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the year ended		For the year ended	
		February 28, 2017	February 20, 2016	February 28, 2017	February 20, 2016
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Dividend income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	54,000	60,000
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	-	17,908
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	-	27,799
		<u>-</u>	<u>-</u>	<u>54,000</u>	<u>105,707</u>
<b>Dividend paid</b>					
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>

- Other income for the years ended February 28, 2017 and February 20, 2016 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.
- Revenues relating to securitization transactions are determined by the Company and subsidiaries in accordance with securitization projects (see Note 6.5).
- Collection service fee paid to ACS Servicing (Thailand) Co., Ltd. is based on general market price and in the normal course of business.
- Management assistant fee is paid to AEON Financial Service Co., Ltd. as stated in the agreement.
- Pricing policy for other operating and administrative expenses are determined by the Company and related parties based on the cost plus basis.
- Computer programs purchasing price is paid to AEON Credit Service Systems (Philippines) Inc. as specified in the agreement.

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

As at February 28, 2017 and February 29, 2016, the Company has long-term operating lease and service agreements with third parties as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Rental payments			
	As at February 28, 2017		As at February 29, 2016	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000
Building	320,167	354,225	269,963	267,155
Office equipment	114,084	87,875	125,585	183,914
Vehicle	37,460	10,685	26,403	21,366

SEPARATE FINANCIAL STATEMENTS

	Rental payments			
	As at February 28, 2017		As at February 29, 2016	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000
Building	258,293	232,642	210,427	221,262
Office equipment	113,222	87,170	124,672	182,694
Vehicle	28,116	9,637	20,711	18,445

### 35. SEGMENT INFORMATION

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

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

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

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

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

35.1 Operating result classified by business for the years ended February 28, 2017 and February 20, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	For the year ended February 28, 2017				
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
Revenues					
Revenue from external customers	16,361,268	456,672	941,405	-	17,759,345
Inter - segment revenues	490,337	-	1,187,634	(1,677,971)	-
	<u>16,851,605</u>	<u>456,672</u>	<u>2,129,039</u>	<u>(1,677,971)</u>	<u>17,759,345</u>
Expenses					
Operating and administrative expenses	6,758,490	339,973	1,888,553	(1,626,778)	7,360,238
Directors and managements' remuneration	79,002	46,580	23,510	-	149,092
Bad debts and doubtful accounts	5,065,601	51,037	622	-	5,117,260
Finance cost	2,070,454	39,704	2,088	(2,000)	2,110,246
Total expenses	<u>13,973,547</u>	<u>477,294</u>	<u>1,914,773</u>	<u>(1,628,778)</u>	<u>14,736,836</u>
Share of loss from investment in associate	-	-	-	(9,707)	(9,707)
Profit (loss) before income tax expense	2,878,058	(20,622)	214,266	(58,900)	3,012,802
Income tax expense	551,104	3,439	40,193	-	594,736
Net profit (loss) for the year	<u>2,326,954</u>	<u>(24,061)</u>	<u>174,073</u>	<u>(58,900)</u>	<u>2,418,066</u>

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended February 20, 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	16,229,622	352,475	849,129	-	17,431,226
Inter - segment revenues	466,336	-	1,153,618	(1,619,954)	-
	<u>16,695,958</u>	<u>352,475</u>	<u>2,002,747</u>	<u>(1,619,954)</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 before income tax expense	2,951,632	29,927	220,782	(117,650)	3,084,691
Income tax expense	576,089	15,820	33,286	-	625,195
Net profit for the year	<u>2,375,543</u>	<u>14,107</u>	<u>187,496</u>	<u>(117,650)</u>	<u>2,459,496</u>

35.2 Financial position classified by business as at February 28, 2017 and February 29, 2016 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2017

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Accounts receivable and other receivable	62,827,237	1,807,819	519,952	(409,098)	64,745,910
Leasehold improvement and equipment and intangible assets	1,207,063	152,860	279,564	(3,090)	1,636,397
Other assets	6,549,401	208,846	561,748	(1,063,979)	6,256,016
Total assets	<u>70,583,701</u>	<u>2,169,525</u>	<u>1,361,264</u>	<u>(1,476,167)</u>	<u>72,638,323</u>
Total liabilities	<u>57,291,650</u>	<u>1,471,558</u>	<u>553,515</u>	<u>(451,278)</u>	<u>58,865,445</u>

CONSOLIDATED FINANCIAL STATEMENTS

As at February 29, 2016

	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Accounts receivable and other receivable	59,990,390	1,361,106	708,042	(359,194)	61,700,344
Leasehold improvement and equipment and intangible assets	1,212,611	165,718	229,732	(7,895)	1,600,166
Other assets	9,600,468	161,095	430,566	(1,041,470)	9,150,659
Total assets	<u>70,803,469</u>	<u>1,687,919</u>	<u>1,368,340</u>	<u>(1,408,559)</u>	<u>72,451,169</u>
Total liabilities	<u>58,937,215</u>	<u>1,034,012</u>	<u>682,468</u>	<u>(459,194)</u>	<u>60,194,501</u>



### **36. 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.

#### **36.1 Accounting policies**

Details of significant accounting policies are disclosed in Note 4.

#### **36.2 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.

#### **36.3 Interest rate risk**

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

The Company did not anticipate any interest rate fluctuation risk which may have a material effect on the result of operations as all of the loans carrying floating interest rates have been hedged. Details of interest rate swap agreements and cross currency interest rate swap agreements are disclosed in Notes 20 and 22.

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

#### **36.4 Foreign exchange risk**

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

In addition, in order to manage risk from fluctuation in currency and interest rate, the Company has entered into various cross currency interest rate swap contracts to hedge its long-term debts as disclosed in Notes 20 and 22.

### 36.5 Fair value measurements

36.5.1 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 lendings: 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.

36.5.2 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.

	<b>Carrying amount Baht '000</b>	<b>Fair value Baht '000</b>	<b>Fair value hierarchy Baht '000</b>
<b>As at February 28, 2017</b>			
<b>Consolidated financial statements</b>			
<b>Financial liabilities</b>			
Long-term borrowings bearing fixed interest rate	6,156,759	6,222,462	Level 2
Long-term borrowings bearing floating interest rate	31,267,251	31,335,748	Level 2
Long-term debentures bearing fixed interest rate	4,568,907	4,607,510	Level 2
Long-term debentures bearing floating interest rate	10,153,163	10,223,970	Level 2
<b>Separate financial statements</b>			
<b>Financial liabilities</b>			
Long-term borrowings bearing fixed interest rate	5,688,727	5,738,048	Level 2
Long-term borrowings bearing floating interest rate	31,267,251	31,335,748	Level 2
Long-term debentures bearing fixed interest rate	3,794,434	3,812,322	Level 2
Long-term debentures bearing floating interest rate	10,153,163	10,223,970	Level 2
<b>As at February 29, 2016</b>			
<b>Consolidated financial statements</b>			
<b>Financial liabilities</b>			
Long-term borrowings bearing fixed interest rate	10,759,875	10,846,308	Level 2
Long-term borrowings bearing floating interest rate	30,150,917	30,242,387	Level 2
Long-term debentures bearing fixed interest rate	1,895,633	1,916,199	Level 2
Long-term debentures bearing floating interest rate	6,993,849	7,054,415	Level 2
<b>Separate financial statements</b>			
<b>Financial liabilities</b>			
Long-term borrowings bearing fixed interest rate	10,396,112	10,476,361	Level 2
Long-term borrowings bearing floating interest rate	30,150,917	30,242,387	Level 2
Long-term debentures bearing fixed interest rate	1,398,228	1,411,933	Level 2
Long-term debentures bearing floating interest rate	6,993,849	7,054,415	Level 2

36.5.3 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 28, 2017				
	Carrying amount			Fair value
	Less than 1 year Baht '000	1 - 5 years Baht '000	Total Baht '000	Gain (Loss) Baht '000
<b>Receivables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts	741,888	1,098,175	1,840,063	1,240,620
	<u>741,888</u>	<u>1,098,175</u>	<u>1,840,063</u>	<u>1,240,620</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts	-	(4,551)	(4,551)	(61,337)
Cross Currency Interest Rate Swap Contracts	(228,854)	(556,463)	(785,317)	(1,405,448)
	<u>(228,854)</u>	<u>(561,014)</u>	<u>(789,868)</u>	<u>(1,466,785)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 29, 2016				
	Carrying amount			Fair value
	Less than 1 year Baht '000	1 - 5 years Baht '000	Total Baht '000	Gain (Loss) Baht '000
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts	478,184	1,611,177	2,089,361	1,482,690
Cross Currency Interest Rate Swap Contracts	370,017	701,655	1,071,672	663,118
	<u>848,201</u>	<u>2,312,832</u>	<u>3,161,033</u>	<u>2,145,808</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts	(44,163)	(505,175)	(549,338)	(1,183,912)
	<u>(44,163)</u>	<u>(505,175)</u>	<u>(549,338)</u>	<u>(1,183,912)</u>

### 37. CREDIT FACILITIES AND LETTER OF GUARANTEE

- 37.1 As at February 28, 2017 and February 29, 2016, the Company has the unused committed and unsecured revolving credit facility agreements with some financial institutions totaling Baht 2,300 million and Baht 900 million, respectively.
- 37.2 As at February 28, 2017 and February 29, 2016, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 3,060 million and Baht 80.10 million, respectively.
- 37.3 As at February 28, 2017 and February 29, 2016, 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.

- 37.4 As at February 28, 2017 and February 29, 2016, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 7.80 million and Baht 6.60 million, respectively.
- 37.5 As at February 29, 2016, 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 22).
- 37.6 The Company has outstanding standby letters of credit issued by two banks not exceeding USD 2.30 million and letter of guarantee issued by the Company for guarantee repayment of two subsidiaries' loans of not exceeding USD 12.10 million and LAK 12,300 million as at February 28, 2017 and letter of guarantee not exceeding USD 1.81 million as at February 29, 2016.

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

- 38.1 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.
- 38.2 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.
- 38.3 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.

- 38.4 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.
- 38.5 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.

### **39. SALE OF WRITTEN-OFF ACCOUNTS RECEIVABLE**

- 39.1 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 190.76 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.
- 39.2 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 agreement. 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.

39.3 On December 20, 2016, 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 346.35 million and the value-added tax of hire-purchase receivables of Baht 0.62 million, totaling Baht 346.97 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 December 20, 2016, the closing date as specified in the agreement, the Company received the initial payment of Baht 57.83 million from the purchaser. The purchaser agrees to pay the remaining amount of purchase price amounting to Baht 289.14 million in five installments of Baht 57.83 million per each, on January 20, 2017, February 20, 2017, March 20, 2017, April 20, 2017 and the delivery date, respectively. The Company recognized income from sale of written-off accounts receivable after claim for damages from sales of loans receivable totaling Baht 346.35 million in the consolidated and separate statements of profit or loss for the year ended February 28, 2017.

Subsequently, on January 20, 2017 and February 20, 2017, the Company has already received cash proceeds of Baht 115.66 million as specified in the agreement, and recorded outstanding receivables of Baht 173.48 million as other receivables in the consolidated and separate statements of financial position as at February 28, 2017.

Under the Asset Sale and Purchase Agreement, the buyer was entitled to claim damages from the Company from sales of loans receivable in events the buyer did not have lawful title over loans receivable or loan agreements are not legal as specified in the agreement. The claim was to be settled with the final payment which the Company would receive from the buyer. However, the Company believed that such damage was not significant, therefore, the Company had not recorded such claim in the financial statements for the year ended February 28, 2017. In addition, if the buyer wished to sell or transfer loan that were intended to be a portfolio sale to a third party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third party. If the negotiation did not conclude within three months or the Company decided not to make a purchase, the buyer might sell such loan to a third party.

**40. EVENT AFTER THE REPORTING PERIOD**

On January 30, 2017, the Company paid for the capital injection to AEON Specialized Bank (Cambodia) Plc., which is a subsidiary of the Company, amounting to USD 2 million or equivalent to Baht 70.62 million according to the resolution of capital injection to AEON Specialized Bank (Cambodia) Plc. from Board of Directors Meeting on December 8, 2016. Subsequently, the subsidiary registered the increased share capital on March 16, 2017. The Company still maintains 80% of shareholding in the subsidiary.

**41. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved for issuing by the Company's authorized director and the Audit Committee on April 24, 2017.

## Management's Discussion and Analysis FY2016 ended February 28, 2017

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) already submitted the audited financial statements for the year ended February 28, 2017 which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has net profit attributed to owners of the parent of 2,403 million baht, a decrease of 43 million baht or 2% compared to 2015, and earning per share (EPS) of 9.61 baht per share. The operating performance is summarized as follows;

### Overview

Overall, the Thai economy in 2016 expanded by 3.2%, higher than 2.9% growth in 2015, according to data from Bank of Thailand and NESDB. This was mainly from acceleration of government expenditure and the recovery in both of farm income and export sector. In addition, the household consumption expanded by 3.1%, compared with 2.2% in the previous year, which was supported by the government stimulus measures at the end of 2016.

The Thai economy in 2017 is expected to recover gradually from last year, supported by the government's infrastructure investment, the recovery in both of export and tourism sectors. However, the Thai economy faces increased downside risks from external factors such as uncertainty in the U.S. economic policies may affect international trade, the slowdown of the Chinese and the EU economies and etc.

According to the Bank of Thailand data, at the end of December 2016, reported the total numbers of credit card industry amounted to 23.2 million cards, has grown by 6% more than last year. Credit Card Receivables was 358,413 million baht, with the growth of 6% from the same period last year. For personal loan industry, the numbers of account of personal loan under supervision amounted to 13.7 million accounts, 6% more than last year. Personal loan Receivables was 338,117 million baht, with the growth of 4% from the same period last year.

In the fiscal year 2016, the Company's total cards reached 7.81 million cards, increasing by 4% from last year, including 2.38 million credit cards increased by 3% y-y and 5.43 million member cards increased 4% y-y. For branch development network, the Company has opened 1 new branch and closed down 10 branches to save operation cost. As a result, the Company has 111 branches, opened AEON Lounge total 12 locations to facilitate gold card and platinum card members, 469 ATMs, and over 17,400 member dealers to provide quality financial services to AEON cardholders.

### Operating Results

#### ● Revenues

In the fiscal year 2016, the Company's consolidated revenues amounted to 17,759 million baht, an increase of 328 million baht or 2% from 17,431 million baht in the fiscal year 2015. For the fourth quarter 2016, revenues amounted to 4,624 million baht, increased by 6% from the previous quarter. This was resulted an increase in



credit cards income at 4%, personal loan income at 2% and the growth of subsidiaries in Thailand and overseas. In addition, the Company has continued marketing campaigns throughout the year. The Company has active billings of 3.44 million per month with active customers of 2.17 million, mainly from Bangkok 31%, and in up-country 69%. Details of each business can be described as follows:

- Credit Card

Credit card turnover in the fiscal year 2016 improved by 3% from last year and represented 54% of total turnovers. Revenues from credit card were 6,507 million baht, showing an increase of 232 million baht or 4% from last year. This was due to the Company has cooperated with many high-potential leading business partners to increase member base such as issuance of AEON M GEN Visa Card, AEON Royal Orchid Plus Platinum JCB Card and launched privileges and campaigns to AEON credit cardholders throughout the year. For example the campaign “AEON Happy Plan” which offering credit cardholders to convert the transaction from full payment to installment payment for up to 10 months, “AEON Gift 2017” AEON cardholders register via website or SMS in order to redeem the premiums, “AEON Shop Plus” campaign was launched for credit card customers to accumulate sales slips up to required amounts for premium redemption and etc. In addition, a subsidiary of company in Cambodia launched a credit card business in 2016, the key sector which make up the growth of credit card business.

Focusing on card recruitment activities, the Company has developed more card recruitment channels including setting booths in high traffic areas and encouraging card application on the Company’s website and dealer network nationwide. In addition, the Company has focused to continue enhancing the relationship with our existing business partners to increase customer base.

- Loans

In the fiscal year 2016, loans shared 40% of total turnovers (shared 22% from personal loan and 18% from purposed loan for mobile phone, IT products, electrical appliances and etc. at over department stores and more than 17,400 dealers nationwide). Revenues from loans were 9,005 million baht, showing an increase of 183 million baht or 2% from last year. This was contributed from loan income from AEON Microfinance (Myanmar) Company Limited, which grew by 75% from last year and AEON Specialized Bank (Cambodia) Plc grew by 46% from last year. In addition, the Company has expanding more cashing service channels providing more convenience to customers and this also saved the Company’s operation cost. AEON members can utilize the revolving loans service through many service channels; besides AEONTS ATMs, other major bank ATMs i.e. Kasikorn, Thanachart, Bangkok Bank, Krungsri, Krungthai, GSB, Government Saving Bank, Siam Commercial Bank, and Counter Service through 7-11 nationwide. Totalling, we have more than 60,000 cashing channels.

#### - Hire Purchase

In the fiscal year 2016, hire purchase (motorcycle, electrical appliances, mobile phone and etc.), sharing 1% of total turnovers, with revenues from hire purchase of 392 million baht, a decrease of 38 million baht or 9% from total hire purchase revenues last year. This was mainly contributed from hire purchase income from AEON SPECIALIZED BANK (CAMBODIA) PLC amounted to 219 million baht, increasing by 11% from last year and AEON Leasing (Lao) Company Limited amount to 40 million baht, increasing by 91% from last year. In addition, the company has continued launching promotions with motorcycle manufacturers and suppliers as well as increased distribution channels for motorcycle sales through our branches.

#### - Others

In the fiscal year 2016, the Company had other income of 1,855 million baht, a decrease of 48 million baht or 3% from the same period last year and sharing 10% of total revenue. The majority of other incomes came from bad debt recovery of 500 million baht and gain on sales of written-off accounts receivable of 346 million baht. Moreover, the income for the fiscal year 2016 of company's subsidiaries in Thailand, the Company had commission income of 471 million baht, the same as last year from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 209 million baht, increasing by 3% from last year from ACS Servicing (Thailand) Co., Ltd. accordingly and others. The Company has planed to generate more fee base incomes in the future.

#### ● Expenses

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts, and finance cost. In the fiscal year 2016, the Company had total consolidated expenses of 14,737 million baht, increased by 386 million baht or 3% from the previous fiscal year. For the fourth quarter 2016, the Company had total consolidated expenses of 3,581 million baht, decreasing by 5% from the previous quarter. Details of total expenses can be described as follows:

#### - Operating and Administrative Expenses

In fiscal year 2016, the Company's operating and administrative expenses were 7,509 million baht, increased 215 million baht or 3% from last year. This was as a result of an increase in personal expense by 4% caused by increasing employment of the Company's subsidiaries, increases in rental cost of the Company's subsidiaries as well as relocated South operation center to improve work efficiency. In terms of proportion to total revenues, operating and administrative expenses represented 42% of total revenues. Considering the Company's financial statement, the operating and administrative expenses as a percentage of revenues decreased to 40% in 2016.

- Bad debt and doubtful accounts

In the fiscal year 2016, the bad debt and doubtful accounts in the consolidated financial statement of the Company was 5,117 million baht, an increase of 363 million baht or 8% from the previous fiscal year. The increase was due to the Company increase the provision for bad debt to prevent uncertainty of economic fluctuation in the future i.e. economic slowdown, natural disaster and etc. However, for the fourth quarter of 2016, the bad debt and doubtful accounts was 1,200 million baht, decreasing by 12% from the previous quarter.

- Finance Cost

In the fiscal year 2016, the Company's finance cost recorded at 2,110 million baht, a decrease of 193 million baht or 8% from the previous fiscal year. However, finance cost in the fiscal year 2016 accounted for 12% of total revenues, slightly decreased from 13% in the fiscal year 2015. A decrease in finance cost was due to the ability to maintain low financial cost as well as the Company's policy is to manage liquidity risk and interest rates fluctuation risk by mainly locking in long-term borrowing, which is 71% of total borrowings and weight average funding cost for the fiscal year 2016 was decreased 3.62% from 3.96% in the fiscal year 2015.

- **Net Income**

In the fiscal year 2016, the Company's has net profit attributed to owners of the parent of 2,403 million baht, a decrease of 43 million baht or 2% from the previous fiscal year, and earning per share was 9.61 baht per share. Net profit in the fourth quarter of 2016 amount to 836 million baht, showing an increase of 194 million baht or 30% from last year, due to the Company ability to maintain low financial cost and a decrease in bad debt and doubtful account as well as the Company recorded extra revenue from gain on sales of written-off account receivable an amount of 346 million baht in this quarter. However, the Company has set aside higher allowance for doubtful accounts to reserve for economic uncertainty and natural disaster.

### Financial Status

- **Total Assets**

As of February 28, 2017, consolidated total assets were 72,638 million baht, the same as last year of 72,451 million baht. Mainly, the assets were attributed to the portfolio of net accounts receivable, which was 88% of total assets.

- Accounts Receivable

For the year ended February 28, 2017, The Company had consolidated accounts receivable of 66,128 million baht, increasing by 4% y-y from 63,302 million baht in fiscal year 2015, driven by credit card receivable. This can be categorized by business type as follows: credit card receivable 28,711 million baht, increasing by 13%, loans receivable 35,827 million baht, the same as last year and hire purchase receivable 1,444 million baht and other receivables 146 million baht.

As of February 28, 2017, the Company provided allowance for doubtful accounts of 2,259 million baht or 3.42% of total accounts receivable, decreased from 3.81% at the end of previous fiscal year. The percentage account receivable 3 months overdue or non-performing loan ratio was 2.71% at February 28, 2017, decreased from 3.30% at the end of previous fiscal year. The Company has set aside higher allowance for doubtful accounts and the coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 126% at February 28, 2017, increased from 115% at the end of fiscal year 2015.

- **Total Liabilities**

As of February 28, 2017, total liabilities amounted to 58,865 million baht, a decrease of 1,330 million baht or 2% from 60,195 million baht as of February 29, 2016. There were both short-term and long-term borrowings totally 55,648 million baht. The portion of long-term borrowings was 39,283 million baht or represented 71% of total borrowings.

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.

- **Shareholders' Equity**

As of February 28, 2017, shareholders' equity was 13,773 million baht, representing the increase of 1,516 million baht or 12% from 12,257 million baht as of February 29, 2016. Consequently, Book value as of February 28, 2017 was 55.1 baht per share, increasing from that of 49 baht per share at the end of last fiscal year.

Debt to Equity ratio as of February 28, 2017, decreased to 4.3 times from 4.9 times in the fiscal year 2015. Return on Equity and Return on Asset are to 18.5% and 3.3 %, respectively.

In addition, the Board of Directors' meeting has approved the final dividend payment for the fiscal year ended February 28, 2017, at the rate of 1.85 baht per share, which will be paid after being approved from AGM on June 28, 2017. The Company already paid the interim dividend of 1.60 baht per share on November 7, 2016.

The total dividend for FY2016 will be 3.45 baht per share or 35.89% payout ratio. The company has set the record date on May 15, 2017 to determine the shareholders entitled to receive dividends, and setting the shareholder register book closing date on May 16, 2017, to compile the shareholder list pursuant to section 225 of the Securities and Exchange Act.

(Translation)

No.06/2017

April 26, 2017

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 4/2017

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby report the resolutions passed at the meeting of the Board of Directors No. 4/2017, held on April 26, 2017 from 9:35 a.m. as follows:

1. Unanimously approved of the audited financial statements of the Company for the fiscal year ended February 28, 2017.
2. Unanimously approved and declaration of final dividend payment for the fiscal year ended February 28, 2017. The final dividends will be paid at 1.85 baht per share to the shareholders on July 20, 2017. The right to receive dividend, it has to be approved at shareholders meeting on June 28, 2017.

This dividend is paid in addition to the interim dividend already paid at the rate of 1.60 baht per share on November 7, 2016. The total dividends for the fiscal year ended February 28, 2017 is 3.45 baht per share or 35.89% payout ratio. The company has set the record date on May 15, 2017 to determine the shareholders entitled to receive dividends, and setting the shareholder register book closing date on May 16, 2017, to compile the shareholder list pursuant to section 225 of the Securities and Exchange Act.

3. Approved the appointment of directors for the replacement of the directors who vacated office by rotation and appointment of new directors at the Annual General Meeting of the Shareholders 2017, there will be 4 directors who are due to retire upon completion of their term of office, namely:

1. Mrs. Suporn Wattanavekin
2. Mr. Nuntawat Chotvijit
3. Mr. Chatchaval Jiaravanon
4. Mr. Noppun Muangkote

Approved to propose of re-appointment of Mrs. Suporn Wattanavekin, Mr.Nuntawat Chotvijit, Mr. Chatchaval Jiaravanon and Mr. Noppun Muangkote, whose term will be due on the date of the Annual General Meeting of Shareholders 2017 to be the Company's Directors for another term.

4. Approved to increase the number of directors of the Company from 12 to 14 directors and to appoint Mr. Masanori Kosaka and Mr.Kunio Kawamura as new directors of the Company. The resolution was to be presented to Annual General Meeting of Shareholders 2017 for further consideration.

The meeting also approved the directors' remuneration for the fiscal year ended February 28, 2018 to be not more than 25,000,000 baht.

5. Unanimously approved the appointment of three auditors of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited to be the Company's auditors for the fiscal year ended February 28, 2018 and the determination of the auditing fee within the amount of not exceeding 5,450,000 baht and the miscellaneous expenses of not more than 300,000 baht. The Company's auditors are as follows:

1. Dr. Suphamit Techamontrikul CPA (Thailand) No. 3356
2. Mr. Permsak Wongpatcharapakorn CPA (Thailand) No. 3427
3. Mr. Chavala Tienpasertkij CPA (Thailand) No. 4301

6. Unanimously approved the schedule of the Annual General Meeting of Shareholders for the year 2017 to be held on June 28, 2017 at 10.00 am at the Grand Ballroom of Pullman Grand Bangkok Sukhumvit, 30 Sukhumvit 21, Asoke Road, Klongtoey Nua, Wattana, Bangkok 10110. The meeting agenda are as follows:

1. To adopt the Minutes of the Annual General Meeting of Shareholders for the year 2016;
2. To acknowledge the annual report and the Company's operating results;
3. To approve the audited financial statements for the fiscal year ended February 28, 2017;
4. To acknowledge the payment of interim dividend and approve declaration of final dividend payment for the fiscal year ended February 28, 2017;
5. To appoint auditor and determine audit fee;
6. To elect directors to replace those retiring by rotation;
7. To increase number of directors and appoint two new directors;
8. To approve remuneration of directors; and
9. Other businesses (if any)

The Board of Director meeting also approved the record date on May 15, 2017 to determine the shareholders who have the right to attend the Annual General Meeting and set the shareholder register book closing date and suspending shares transfer on May 16, 2017 to compile the shareholder list pursuant to Section 225 of the Securities and Exchange Act.

Please be informed accordingly

Yours sincerely,

Kiyoyasu Asanuma

Managing Director