

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

**TO THE BOARD OF DIRECTORS**

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

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

**Scope of Review**

We conducted our review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**BANGKOK**  
July 5, 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 MAY 31, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2017	As at February 28, 2017	As at May 31, 2017	As at February 28, 2017
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents	4.1	3,854,249	3,649,124	3,114,322	2,932,195
Accounts receivable and other receivables					
Accounts receivable	5	62,551,294	62,334,783	61,315,124	61,569,653
Other receivables		604,838	877,715	532,129	883,146
Seller loan in Special Purpose Vehicle for securitization due within one year	8	-	-	27,484	11,643
Receivables per currency swap contracts	12 and 14	600,134	741,888	600,134	741,888
Short-term loan to a related party	6	-	-	100,000	100,000
Other current assets		120,232	91,152	40,276	40,472
Total Current Assets		<u>67,730,747</u>	<u>67,694,662</u>	<u>65,729,469</u>	<u>66,278,997</u>
NON-CURRENT ASSETS					
Accounts receivable	5	1,066,629	1,533,412	369,874	393,704
Fixed deposits at banks under obligations		31,418	28,094	-	-
Investment in associate	7.1 and 7.2	30,867	31,538	16,819	16,819
Investments in subsidiaries	7.2	-	-	1,028,022	957,401
Other long-term investments					
Related companies	7.3	26,717	26,717	26,717	26,717
Subordinated lendings	9.1	-	-	47,252	45,263
Leasehold improvement and equipment		986,984	1,044,852	724,292	770,128
Intangible assets		561,267	591,545	418,437	436,934
Receivables per currency swap contracts	12 and 14	732,163	1,098,175	732,163	1,098,175
Deferred tax assets	10	386,623	395,942	372,430	382,205
Other non-current assets		192,489	193,386	164,137	164,627
Total Non-Current Assets		<u>4,015,157</u>	<u>4,943,661</u>	<u>3,900,143</u>	<u>4,291,973</u>
<b>TOTAL ASSETS</b>		<u><u>71,745,904</u></u>	<u><u>72,638,323</u></u>	<u><u>69,629,612</u></u>	<u><u>70,570,970</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MAY 31, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2017	As at February 28, 2017	As at May 31, 2017	As at February 28, 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	11	2,047,407	3,501,820	1,100,000	2,580,042
Accounts payable and other payables					
Accounts payable		440,980	456,979	333,975	322,281
Other payables		1,245,274	1,336,932	1,236,251	1,392,084
Current portion of :					
Liabilities under finance lease agreements		5,802	6,002	-	-
Long-term borrowings	12	11,155,871	9,391,461	10,809,727	9,031,436
Long-term debentures	14	3,424,327	3,472,286	3,424,327	3,472,286
Accrued income tax		375,575	266,452	358,591	257,037
Payables per currency swap contracts	12	301,767	228,854	301,767	228,854
Other current liabilities		171,019	164,258	158,586	142,641
Total Current Liabilities		<u>19,168,022</u>	<u>18,825,044</u>	<u>17,723,224</u>	<u>17,426,661</u>
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements		9,414	10,884	-	-
Long-term borrowings	12	26,055,315	28,032,549	25,951,472	27,924,542
Long-term borrowings under securitization project	13	-	-	811,565	789,300
Long-term debentures	14	11,123,896	11,249,784	10,313,615	10,475,311
Payables per currency swap contracts	12 and 14	829,401	561,014	829,401	561,014
Subordinated borrowings	9.2	47,252	45,263	-	-
Employee benefit obligations	15	140,388	132,950	104,463	98,291
Other non-current liabilities		9,098	7,957	3,170	3,865
Total Non-Current Liabilities		<u>38,214,764</u>	<u>40,040,401</u>	<u>38,013,686</u>	<u>39,852,323</u>
TOTAL LIABILITIES		<u>57,382,786</u>	<u>58,865,445</u>	<u>55,736,910</u>	<u>57,278,984</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT MAY 31, 2017

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2017	As at February 28, 2017	As at May 31, 2017	As at February 28, 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
(CONTINUED)					
SHAREHOLDERS' EQUITY	16				
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		25,000	25,000	25,000	25,000
Reserve for business expansion		4,850,000	4,850,000	4,850,000	4,850,000
Unappropriated		8,725,767	8,107,999	8,289,702	7,688,986
OTHER COMPONENTS OF EQUITY					
Exchange differences on translating financial statements of foreign operations		(55,903)	(31,975)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
		14,272,864	13,679,024	13,892,702	13,291,986
SHARE SUBSCRIPTION RECEIVED IN ADVANCE OF SUBSIDIARY					
		-	17,655	-	-
NON-CONTROLLING INTERESTS					
		90,254	76,199	-	-
TOTAL SHAREHOLDERS' EQUITY					
		14,363,118	13,772,878	13,892,702	13,291,986
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		71,745,904	72,638,323	69,629,612	70,570,970

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF PROFIT OR LOSS  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”

BAHT '000

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May, 31	May, 31	May, 31	May, 31
		2017	2016	2017	2016
<b>REVENUES</b>					
Credit card income	17	1,619,296	1,581,209	1,705,114	1,587,348
Loan income	17	2,273,107	2,263,328	2,236,087	2,249,646
Hire-purchase income		97,244	104,896	25,096	43,503
Other income					
Bad debt recovery		140,437	112,577	140,437	108,994
Collection service income		31,622	51,557	1,884	3,050
Commission income		121,454	119,048	-	-
Dividend income		-	-	48,000	45,000
Others		105,568	99,023	38,131	43,777
Total other income		399,081	382,205	228,452	200,821
Total Revenues		4,388,728	4,331,638	4,194,749	4,081,318
<b>EXPENSES</b>					
Operating and administrative expenses		1,916,945	1,847,112	1,790,291	1,683,140
Directors and managements' remuneration	18	39,512	33,082	22,455	18,830
Bad debts and doubtful accounts		1,151,680	1,240,258	1,112,670	1,165,045
Loss on sale and write off of leasehold improvement and equipment and intangible assets		3,046	1,810	3,188	1,795
Finance cost		523,057	551,637	549,499	575,905
Total Expenses		3,634,240	3,673,899	3,478,103	3,444,715
Share of profit (loss) from investment in associate		(671)	517	-	-
PROFIT BEFORE INCOME TAX EXPENSE		753,817	658,256	716,646	636,603
INCOME TAX EXPENSE	19	134,093	136,968	115,930	110,437
<b>NET PROFIT FOR THE PERIOD</b>		<b>619,724</b>	<b>521,288</b>	<b>600,716</b>	<b>526,166</b>
<b>NET PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		617,768	515,849	600,716	526,166
Non-controlling interests		1,956	5,439	-	-
		619,724	521,288	600,716	526,166
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	2.47	2.06	2.40	2.10
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARES</b>	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”

BAHT '000

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	May, 31 2017	May, 31 2016	May, 31 2017	May, 31 2016
Net profit for the period	619,724	521,288	600,716	526,166
Other comprehensive loss - net from income tax				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating financial statements of foreign operations				
- Owners of the parent	(23,928)	(780)	-	-
- Non-controlling interests	(3,608)	(2,262)	-	-
Other comprehensive loss for the period, net of income tax	<u>(27,536)</u>	<u>(3,042)</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>592,188</u></u>	<u><u>518,246</u></u>	<u><u>600,716</u></u>	<u><u>526,166</u></u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>				
<b>ATTRIBUTABLE TO :</b>				
Owners of the parent	593,840	515,069	600,716	526,166
Non-controlling interests	(1,652)	3,177	-	-
	<u><u>592,188</u></u>	<u><u>518,246</u></u>	<u><u>600,716</u></u>	<u><u>526,166</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”

BAHT '000

	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Premium on ordinary shares	Owners of the parent Retained earnings		Unappropriated	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	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 period										
Dividend paid	-	-	-	-	-	-	-	-	(11,837)	(11,837)
Net profit for the period	-	-	-	-	515,849	-	515,849	-	5,439	521,288
Other comprehensive loss	-	-	-	-	-	(780)	(780)	-	(2,262)	(3,042)
<b>Ending balance, as at May 31, 2016</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>7,098,730</u>	<u>(13,855)</u>	<u>12,687,875</u>	<u>-</u>	<u>75,202</u>	<u>12,763,077</u>
<b>Beginning balance, as at March 1, 2017</b>	250,000	478,000	25,000	4,850,000	8,107,999	(31,975)	13,679,024	17,655	76,199	13,772,878
Changes during the period										
Share subscription received in advance	-	-	-	-	-	-	-	(17,655)	-	(17,655)
Capital increase from non-controlling interests	-	-	-	-	-	-	-	-	17,655	17,655
Dividend paid	-	-	-	-	-	-	-	-	(1,948)	(1,948)
Net profit for the period	-	-	-	-	617,768	-	617,768	-	1,956	619,724
Other comprehensive loss	-	-	-	-	-	(23,928)	(23,928)	-	(3,608)	(27,536)
<b>Ending balance, as at May 31, 2017</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,725,767</u>	<u>(55,903)</u>	<u>14,272,864</u>	<u>-</u>	<u>90,254</u>	<u>14,363,118</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
"UNAUDITED"

BAHT '000

	SEPARATE FINANCIAL STATEMENTS					Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Retained earnings Appropriated Reserve for business expansion	Unappropriated	
<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 period						
Net profit for the period	-	-	-	-	526,166	526,166
<b>Ending balance, as at May 31, 2016</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>6,775,292</u>	<u>12,378,292</u>
<b>Beginning balance, as at March 1, 2017</b>	250,000	478,000	25,000	4,850,000	7,688,986	13,291,986
Changes during the period						
Net profit for the period	-	-	-	-	600,716	600,716
<b>Ending balance, as at May 31, 2017</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,289,702</u>	<u>13,892,702</u>

See condensed notes to the financial statements



AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CASH FLOWS  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”

BAHT '000

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May, 31	May, 31	May, 31	May, 31
		2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax expense		753,817	658,256	716,646	636,603
Adjustments for:					
Share of (profit) loss from investment in associate		671	(517)	-	-
Bad debts and doubtful accounts		1,151,680	1,240,258	1,112,670	1,165,045
Depreciation of leasehold improvement and equipment		95,232	89,732	72,068	66,975
Amortization of intangible assets		49,215	55,882	35,886	44,939
Employee benefit expense		8,562	5,988	6,172	4,065
Loss on sale of leasehold improvement and equipment		3,027	290	3,169	275
Loss on written-off of leasehold improvement and equipment		19	1,525	19	1,525
Gain on sale of intangible assets		-	(5)	-	(5)
Interest income		(2,424,311)	(2,401,285)	(2,371,961)	(2,162,512)
Dividend income		-	-	(48,000)	(45,000)
Finance cost		523,057	551,637	549,499	575,905
		<u>160,969</u>	<u>201,761</u>	<u>76,168</u>	<u>287,815</u>
Operating assets (increase) decrease					
Accounts receivable and other receivables		(785,753)	(2,558,418)	(889,349)	(3,994,163)
Other current assets		(34,952)	(12,026)	196	(1,303)
Other non-current assets		897	(18,015)	490	(19,890)
Operating liabilities increase (decrease)					
Accounts payable and other payables		65,290	26,215	35,673	107,398
Other current liabilities		12,632	(111,406)	15,945	(65,880)
Other non-current liabilities		1,141	(60)	(695)	(60)
Cash paid for operations		(579,776)	(2,471,949)	(761,572)	(3,686,083)
Proceeds from interest income		2,390,923	2,363,060	2,339,557	2,124,763
Dividend received		-	-	48,000	-
Finance cost paid		(679,360)	(751,637)	(729,273)	(769,042)
Income tax paid		(15,652)	(29,609)	(4,600)	(8,351)
Retirement benefits paid		(1,124)	-	-	-
Net cash provided by (used in) operating activities		<u>1,115,011</u>	<u>(890,135)</u>	<u>892,112</u>	<u>(2,338,713)</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”

BAHT '000

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May, 31	May, 31	May, 31	May, 31
		2017	2016	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for fixed deposits at banks under obligations		(3,324)	-	-	-
Proceeds from fixed deposits at banks under obligations		-	665	-	-
Cash paid for purchase of leasehold improvement and equipment		(41,027)	(58,157)	(29,884)	(48,559)
Proceeds from sale of leasehold improvement and equipment		164	114	11	113
Cash paid for purchase of intangible assets		(17,223)	(21,963)	(15,674)	(13,903)
Proceeds from sale of intangible assets		-	22	-	22
Net cash used in investing activities		<u>(61,410)</u>	<u>(79,319)</u>	<u>(45,547)</u>	<u>(62,327)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from bank overdrafts and short-term borrowings from financial institutions		7,679,098	86,815,355	6,000,000	86,184,692
Cash repayments for bank overdrafts and short-term borrowings from financial institutions		(9,133,511)	(87,957,980)	(7,480,042)	(87,394,692)
Cash paid for finance lease agreements		(1,816)	-	-	-
Proceeds from long-term borrowings		2,500,000	2,509,730	2,500,000	2,509,730
Cash repayments for long-term borrowings		(2,075,245)	(3,498,109)	(2,057,200)	(3,488,420)
Proceeds from sale of additional revolving receivables under securitization projects		-	-	179,041	1,597,067
Proceeds from long-term borrowings under securitization project		-	-	212,512	225,737
Cash repayments for long-term borrowings under securitization project		-	-	(192,236)	(162,195)
Proceeds from long-term debentures		35,808	3,125,281	-	3,027,700
Cash paid for subordinated lendings		-	-	-	(5,421)
Proceeds from subordinated borrowings		1,989	5,421	-	-
Proceeds from sale of written-off accounts receivable		173,487	-	173,487	-
Dividend paid		(750)	(498)	-	-
Net cash provided by (used in) financing activities		<u>(820,940)</u>	<u>999,200</u>	<u>(664,438)</u>	<u>2,494,198</u>
Net increase in cash and cash equivalents		232,661	29,746	182,127	93,158
Decrease in exchange differences on translating financial statements of foreign operations		(27,536)	(3,042)	-	-
Cash and cash equivalents at beginning of the period		3,649,124	3,808,571	2,932,195	3,129,591
<b>Cash and cash equivalents at the end of the period</b>	4.1	<u>3,854,249</u>	<u>3,835,275</u>	<u>3,114,322</u>	<u>3,222,749</u>

See condensed notes to the financial statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2017  
“UNAUDITED”**

**1. OPERATIONS OF THE COMPANY**

The Company was registered as a limited company under the Civil and Commercial Code on September 18, 1992 and registered to be Public Limited Company with the Ministry of Commerce on August 7, 2001. The Company was listed on The Stock Exchange of Thailand on December 11, 2001. The Company’s head office is located at 388, 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.

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 2.5, 7.1 and 7.2.

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

2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2016) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.

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

2.2 The interim consolidated and separate financial statements for the three-month periods ended May 31, 2017 and 2016 are prepared by the management of the Company and are unaudited. However, in the opinion of the Company, all adjustments necessary for a fair presentation have been reflected therein.

The consolidated and separate statements of financial position as at February 28, 2017, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which have been audited.

- 2.3 The unaudited results of operations presented in the three-month period ended May 31, 2017 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRSs, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended May 31, 2017 should be read in conjunction with the audited financial statements for the year ended February 28, 2017.
- 2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from this interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended May 31, 2017 have included the subsidiaries' interim financial information which were reviewed.

For the three-month periods ended May 31, 2017 and 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 5.5 and 7.2).

\*\* 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. As at May 31, 2017, Eternal 6 is under the liquidation process (see Notes 5.5 and 7.2).

\*\*\* 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.

The interim consolidated financial statements for the three-month periods ended May 31, 2017 and 2016 included equity interests in an associated company as follow:

	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.

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

	The date of the end of the reporting period in preparation of the consolidated financial statements For the three-month periods ended	
	May 31, 2017	May 31, 2016
<b>Subsidiaries</b>		
ACS Servicing (Thailand) Company Limited	March 31, 2017	March 31, 2016
AEON Insurance Service (Thailand) Company Limited	March 31, 2017	March 31, 2016
AEON Specialized Bank (Cambodia) Plc.	March 31, 2017	March 31, 2016
AEON Microfinance (Myanmar) Company Limited	March 31, 2017	March 31, 2016
AEON Leasing Service (Lao) Company Limited	March 31, 2017	March 31, 2016
<b>Associate</b>		
ACS Trading Vietnam Company Limited	March 31, 2017	March 31, 2016

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

During the period, the Group and the Company have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions (“FAP”) which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s and the Company’s financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended February 28, 2017.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at May 31, 2017 and February 28, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"		SEPARATE FINANCIAL STATEMENTS "Unaudited"	
	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000
Cash	1,503,450	1,504,677	1,488,563	1,404,243
Deposits at bank - call deposits	2,350,799	2,144,447	1,625,759	1,527,952
Cash and cash equivalents	<u>3,854,249</u>	<u>3,649,124</u>	<u>3,114,322</u>	<u>2,932,195</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the three-month periods ended May 31, 2017 and 2016, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2017 Baht '000	2016 Baht '000	2017 Baht '000	2016 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	10,042	15,500	10,042	15,500
Purchase of leasehold improvement and Equipment	<u>40,573</u>	<u>50,750</u>	<u>29,430</u>	<u>41,152</u>
	50,615	66,250	39,472	56,652
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(41,027)</u>	<u>(58,157)</u>	<u>(29,884)</u>	<u>(48,559)</u>
Liabilities recorded - carried forward	<u>9,588</u>	<u>8,093</u>	<u>9,588</u>	<u>8,093</u>
Intangible assets				
Liabilities recorded - brought forward	3,897	366	3,897	366
Purchase of intangible assets	<u>18,937</u>	<u>25,114</u>	<u>17,388</u>	<u>17,054</u>
	22,834	25,480	21,285	17,420
<u>Less</u> Cash paid for purchase of intangible assets	<u>(17,223)</u>	<u>(21,963)</u>	<u>(15,674)</u>	<u>(13,903)</u>
Liabilities recorded - carried forward	<u>5,611</u>	<u>3,517</u>	<u>5,611</u>	<u>3,517</u>

- 4.3 During the three-month period ended May 31, 2016, the Company had non-cash item relating to sale of the right on credit card receivables as the Company sold additional revolving credit card receivables to subsidiaries during the revolving period or repurchased the right on credit card receivables which was settled by increasing the Seller loan Account of Baht 308.20 million, instead of cash receipt.
- 4.4 During the three-month periods ended May 31, 2017 and 2016, the Company had non-cash item relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, which is a subsidiary of the Company, as the Company sold loan receivables to such subsidiary which was settled by increasing the Subordinated lendings Account and the Seller loan Account of Baht 1.99 million and Baht 15.84 million, respectively, increasing the Subordinated lendings Account and decreasing the Seller loan Account of Baht 5.42 million and Baht 33.07 million, respectively, instead of cash receipt.

## 5. ACCOUNTS RECEIVABLE

- 5.1 Accounts receivable as at May 31, 2017 and February 28, 2017, consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
May 31,	February 28,	May 31,	February 28,	
2017	2017	2017	2017	
Baht *000	Baht *000	Baht *000	Baht *000	
Accounts receivable	65,032,330	65,338,271	63,049,778	63,385,828
Accounts receivable under securitization project				
- ATS Rabbit Special Purpose Vehicle Company Limited	811,565	789,300	811,565	789,300
Total	65,843,895	66,127,571	63,861,343	64,175,128
Less Allowance for doubtful accounts	(2,225,972)	(2,259,376)	(2,176,345)	(2,211,771)
<b>Total accounts receivable</b>	<b>63,617,923</b>	<b>63,868,195</b>	<b>61,684,998</b>	<b>61,963,357</b>
Accounts receivable due within 1 year	62,551,294	62,334,783	61,315,124	61,569,653
Accounts receivable due after than 1 year	1,066,629	1,533,412	369,874	393,704
<b>Total accounts receivable</b>	<b>63,617,923</b>	<b>63,868,195</b>	<b>61,684,998</b>	<b>61,963,357</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 qualify 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 5.5).

As at May 31, 2017 and February 28, 2017, accounts receivable are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
“Unaudited”						
	As at May 31, 2017			As at February 28, 2017		
	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	775,615	691,696	1,467,311	553,005	988,150	1,541,155
<u>Less</u> Unearned financing income	<u>(65,504)</u>	<u>(18,683)</u>	<u>(84,187)</u>	<u>(75,608)</u>	<u>(21,181)</u>	<u>(96,789)</u>
	710,111	673,013	1,383,124	477,397	966,969	1,444,366
<u>Less</u> Allowance for doubtful accounts	<u>(50,354)</u>	<u>-</u>	<u>(50,354)</u>	<u>(53,475)</u>	<u>-</u>	<u>(53,475)</u>
Hire-purchase and accrued interest receivable - net	<u>659,757</u>	<u>673,013</u>	<u>1,332,770</u>	<u>423,922</u>	<u>966,969</u>	<u>1,390,891</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	35,238,153	393,616	35,631,769	35,260,083	566,443	35,826,526
<u>Less</u> Allowance for doubtful accounts	<u>(1,343,167)</u>	<u>-</u>	<u>(1,343,167)</u>	<u>(1,352,365)</u>	<u>-</u>	<u>(1,352,365)</u>
Loans and accrued interest receivable - net	<u>33,894,986</u>	<u>393,616</u>	<u>34,288,602</u>	<u>33,907,718</u>	<u>566,443</u>	<u>34,474,161</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	28,699,137	-	28,699,137	28,711,152	-	28,711,152
<u>Less</u> Allowance for doubtful accounts	<u>(832,451)</u>	<u>-</u>	<u>(832,451)</u>	<u>(853,536)</u>	<u>-</u>	<u>(853,536)</u>
Credit card and accrued interest receivable - net	<u>27,866,686</u>	<u>-</u>	<u>27,866,686</u>	<u>27,857,616</u>	<u>-</u>	<u>27,857,616</u>
<b>Receivable from rendering the collection service</b>	46,546	-	46,546	46,901	-	46,901
<b>Receivable from insurance broker business</b>	83,319	-	83,319	98,626	-	98,626
<b>Total accounts receivable</b>	<u>62,551,294</u>	<u>1,066,629</u>	<u>63,617,923</u>	<u>62,334,783</u>	<u>1,533,412</u>	<u>63,868,195</u>



SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at May 31, 2017			As at February 28, 2017		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	336,961	135,095	472,056	386,773	153,968	540,741
<u>Less</u> Unearned financing income	(65,504)	(18,683)	(84,187)	(75,608)	(21,181)	(96,789)
	271,457	116,412	387,869	311,165	132,787	443,952
<u>Less</u> Allowance for doubtful accounts	(18,885)	-	(18,885)	(19,749)	-	(19,749)
Hire-purchase and accrued interest receivable - net	252,572	116,412	368,984	291,416	132,787	424,203
<b>Loans receivable</b>						
Loans and accrued interest receivable	34,652,535	253,462	34,905,997	34,865,083	260,917	35,126,000
<u>Less</u> Allowance for doubtful accounts	(1,327,060)	-	(1,327,060)	(1,338,553)	-	(1,338,553)
Loans and accrued interest receivable - net	33,325,475	253,462	33,578,937	33,526,530	260,917	33,787,447
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	28,567,477	-	28,567,477	28,605,176	-	28,605,176
<u>Less</u> Allowance for doubtful accounts	(830,400)	-	(830,400)	(853,469)	-	(853,469)
Credit card and accrued interest receivable - net	27,737,077	-	27,737,077	27,751,707	-	27,751,707
<b>Total accounts receivable</b>	<u>61,315,124</u>	<u>369,874</u>	<u>61,684,998</u>	<u>61,569,653</u>	<u>393,704</u>	<u>61,963,357</u>

5.2 Quality of assets

Accounts receivable as at May 31, 2017 and February 28, 2017 classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2017	As at February 28, 2017	As at May 31, 2017	As at February 28, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
Less than 3 months	64,205,910	64,335,024	62,271,090	62,421,244
3 months up	1,637,985	1,792,547	1,590,253	1,753,884
Total	65,843,895	66,127,571	63,861,343	64,175,128
<u>Less</u> Allowance for doubtful accounts	(2,225,972)	(2,259,376)	(2,176,345)	(2,211,771)
<b>Total accounts receivable</b>	<u>63,617,923</u>	<u>63,868,195</u>	<u>61,684,998</u>	<u>61,963,357</u>

### 5.3 Troubled debt restructuring

For the three-month periods ended May 31, 2017 and 2016, the Company had recognized interest income on restructured debts totaling Baht 89.75 million and Baht 105.56 million, respectively.

The Company had the outstanding balances of credit card receivables, hire-purchase receivables and loan receivables as at May 31, 2017 and February 28, 2017 as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2017		As at February 28, 2017	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	46,464	1,449,859	46,971	1,462,147
Non-restructured accounts receivable	3,623,833	64,264,171	3,644,082	64,519,897
Total	<u>3,670,297</u>	<u>65,714,030</u>	<u>3,691,053</u>	<u>65,982,044</u>

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2017		As at February 28, 2017	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured accounts receivable	46,464	1,449,859	46,971	1,462,147
Non-restructured accounts receivable	3,371,994	62,411,484	3,392,243	62,712,981
Total	<u>3,418,458</u>	<u>63,861,343</u>	<u>3,439,214</u>	<u>64,175,128</u>

As at May 31, 2017 and February 28, 2017, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

### 5.4 Allowance for doubtful accounts

Allowance for doubtful accounts as at May 31, 2017 and February 28, 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at May 31, 2017	As at February 28, 2017	As at May 31, 2017	As at February 28, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	2,259,376	2,411,968	2,211,771	2,274,306
Bad debts and doubtful accounts	1,151,680	5,117,260	1,112,670	5,041,199
Gain on devaluation of long-term borrowings under securitization project	-	-	24,762	71,928
Written-off bad debts	<u>(1,185,084)</u>	<u>(5,269,852)</u>	<u>(1,172,858)</u>	<u>(5,175,662)</u>
Ending balance	<u>2,225,972</u>	<u>2,259,376</u>	<u>2,176,345</u>	<u>2,211,771</u>

## 5.5 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 9)	Baht	1,438,000,000	1,399,351,988	50,081,313
Minimum seller loans - pari passu with debentures (see Note 8)	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 7.2).

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. As at May 31, 2017, Eternal 6 is under the liquidation process (see Note 7.2).

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.

During the life of the securitization projects, the Company may repurchase the rights on the Purchased Receivables with ATS Rabbit in the following circumstances:

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

For the three-month periods ended May 31, 2017 and 2016, transactions relating to the transfers of financial assets under the securitization projects are summarized as follows:

	<b>2017</b>	<b>2016</b>
	<b>Million</b>	<b>Million</b>
	<b>Baht</b>	<b>Baht</b>
Transfers of future receivables (at book value)		
- Credit card receivable (Eternal 6)	-	1,411
- Loans receivable (ATS Rabbit)	179	186
	<u>179</u>	<u>1,597</u>
Cash collection on behalf of Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	-	1,678
- Loans receivable (ATS Rabbit)	247	206
	<u>247</u>	<u>1,884</u>
Servicing income on cash collection from Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	-	62
- Loans receivable (ATS Rabbit)	11	9
	<u>11</u>	<u>71</u>

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

As at May 31, 2017 and February 28, 2017, the Company has short-term loan to a subsidiary amounting to Baht 100 million (see Note 20.2.1). The loan can be called to repay within 30 days after receiving written notice. The loan is unsecured and has interest rate at the policy interest rate of the Bank of Thailand plus margin of 0.5% per annum.

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

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

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

As at May 31, 2017 and February 28, 2017, 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						
“Unaudited”						
		As at May 31, 2017		As at February 28, 2017		
Paid-up	% of	Cost	Equity	Cost	Equity	
capital	Ownership	method	method	method	method	
		Baht '000	Baht '000	Baht '000	Baht '000	
<b>Investment in associate</b>						
	ACS Trading Vietnam					
	Company Limited	VND 50,000 million	20.00	16,819.3	30,867.4	
				16,819.3	31,538.0	
<b>Total investment in associate</b>				<u>16,819.3</u>	<u>30,867.4</u>	
				<u>16,819.3</u>	<u>31,538.0</u>	

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

As at May 31, 2017 and February 28, 2017, the Company had investments in associate and subsidiaries which are accounted for cost method in the separate financial statements as follows:

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2017		As at February 28, 2017	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
<b>Investments in associate and subsidiaries</b>				
Investment in associate (see Note 20.1)				
ACS Trading Vietnam Company Limited	20.00	16,819.3	20.00	16,819.3
Total investment in associate		<u>16,819.3</u>		<u>16,819.3</u>
Investments in subsidiaries (see Note 20.1)				
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	323,580.0	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
Total investments in subsidiaries		<u>1,028,021.5</u>		<u>957,401.5</u>
<b>Total investments in associate and subsidiaries</b>		<u>1,044,840.8</u>		<u>974,220.8</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 5.5).
- (2) 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. As at May 31, 2017, Eternal 6 is under the liquidation process (see Note 5.5).
- (3) 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 resolutions to approve the capital injection to AEON Specialized Bank (Cambodia) Plc. from the 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.

7.3 Long-term investments in related companies as at May 31, 2017 and February 28, 2017, consist of:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2017		As at February 28, 2017	
	% of	Cost	% of	Cost
	Ownership	Baht '000	Ownership	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	3.33	7,645
		<u>35,217</u>		<u>35,217</u>
<u>Less</u> Allowance for impairment of investment		<u>(8,500)</u>		<u>(8,500)</u>
<b>Total long-term investments in related companies</b>		<u>26,717</u>		<u>26,717</u>

8. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Seller loan in Special Purpose Vehicle for securitization as at May 31, 2017 and February 28, 2017, are as follows:

	SEPARATE	
	FINANCIAL STATEMENTS	
	“Unaudited”	
	As at	As at
	May 31,	February 28,
	2017	2017
	Baht '000	Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 20.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	27,484	11,643
<u>Less</u> Seller loan in Special Purpose Vehicle for securitization due within one year	<u>(27,484)</u>	<u>(11,643)</u>
<b>Total Seller loan in Special Purpose Vehicle for securitization</b>	<u>-</u>	<u>-</u>

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 Account under securitization project for sale of additional revolving loans receivable during the revolving period or repurchased the rights on loans receivable. Such Seller loan Account 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.

**9. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS**

9.1 Subordinated lendings to Special Purpose Vehicle as at May 31, 2017 and February 28, 2017, are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000
Subordinated lendings (see Note 20.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATC Rabbit)	47,252	45,263
<b>Total subordinated lendings</b>	<b>47,252</b>	<b>45,263</b>

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

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

9.2 Subordinated borrowings of Special Purpose Vehicle are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATC Rabbit)	47,252	45,263
<b>Total subordinated borrowings</b>	<b>47,252</b>	<b>45,263</b>

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 5.5) 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 borrowings are due within the year 2025 and the interest is repayable on the monthly basis at the rate of 12% per annum.



## 10. DEFERRED TAX ASSETS

Deferred tax assets as at May 31, 2017 and February 28, 2017, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000	As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	440,658	447,959	435,269	442,354
Non-accrual of interest income	35,759	39,585	35,182	38,961
Employee benefit obligations	28,077	26,590	20,893	19,658
Deferred revenue from customer loyalty programs	27,162	26,588	27,162	26,588
Others	3,373	3,268	1,700	1,700
	<u>535,029</u>	<u>543,990</u>	<u>520,206</u>	<u>529,261</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	147,776	147,056	147,776	147,056
Others	630	992	-	-
	<u>148,406</u>	<u>148,048</u>	<u>147,776</u>	<u>147,056</u>
<b>Deferred tax assets</b>	<u>386,623</u>	<u>395,942</u>	<u>372,430</u>	<u>382,205</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”			
	Balance as at February 28, 2017 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Balance as at May 31, 2017 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	447,959	(7,301)	-	440,658
Non-accrual of interest income	39,585	(3,826)	-	35,759
Employee benefit obligations	26,590	1,487	-	28,077
Deferred revenue from customer loyalty programs	26,588	574	-	27,162
Others	3,268	105	-	3,373
	<u>543,990</u>	<u>(8,961)</u>	<u>-</u>	<u>535,029</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	147,056	720	-	147,776
Others	992	(362)	-	630
	<u>148,048</u>	<u>358</u>	<u>-</u>	<u>148,406</u>
<b>Deferred tax assets</b>	<u>395,942</u>	<u>(9,319)</u>	<u>-</u>	<u>386,623</u>

CONSOLIDATED 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	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	1,051	-	3,268
	<u>592,960</u>	<u>(52,987)</u>	<u>4,017</u>	<u>543,990</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	131,406	15,650	-	147,056
Others	2,455	(1,463)	-	992
	<u>133,861</u>	<u>14,187</u>	<u>-</u>	<u>148,048</u>
<b>Deferred tax assets</b>	<u>459,099</u>	<u>(67,174)</u>	<u>4,017</u>	<u>395,942</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	Balance as at February 28, 2017	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at May 31, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	442,354	(7,085)	-	435,269
Non-accrual of interest income	38,961	(3,779)	-	35,182
Employee benefit obligations	19,658	1,235	-	20,893
Deferred revenue from customer loyalty programs	26,588	574	-	27,162
Others	1,700	-	-	1,700
	<u>529,261</u>	<u>(9,055)</u>	<u>-</u>	<u>520,206</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	147,056	720	-	147,776
	<u>147,056</u>	<u>720</u>	<u>-</u>	<u>147,776</u>
<b>Deferred tax assets</b>	<u>382,205</u>	<u>(9,775)</u>	<u>-</u>	<u>372,430</u>

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Items as	Items as	Balance
	as at	recognized in	recognized	as at
	February 29, 2016	profit or loss	in other comprehensive income	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>

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

Bank overdrafts and short-term borrowings from financial institutions as at May 31, 2017 and February 28, 2017, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	"Unaudited"			
	As at May 31, 2017		As at February 28, 2017	
	Interest rate % (p.a.)	Baht '000	Interest rate % (p.a.)	Baht '000
Overdrafts in THB currency	-	-	1.70	42
Short term borrowings in THB currency	1.60 - 2.26	1,100,000	1.60 - 2.26	2,580,000
Short term borrowings in USD currency	1.60 - 2.12	515,408	1.48 - 1.88	564,879
Short term borrowings in LAK currency	7.12 - 7.78	176,820	7.12 - 10.50	150,260
Short term borrowings in MMK currency	12.50	255,179	12.50	206,639
<b>Total</b>		<u>2,047,407</u>		<u>3,501,820</u>

	SEPARATE FINANCIAL STATEMENTS			
	"Unaudited"			
	As at May 31, 2017		As at February 28, 2017	
	Interest rate % (p.a.)	Baht '000	Interest rate % (p.a.)	Baht '000
Overdrafts in THB currency	-	-	1.70	42
Short term borrowings in THB currency	1.60 - 2.26	1,100,000	1.60 - 2.26	2,580,000
<b>Total</b>		<u>1,100,000</u>		<u>2,580,042</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.

## 12. LONG-TERM BORROWINGS

As at May 31, 2017 and February 28, 2017, the Company entered into various long-term borrowings agreements and issued promissory notes in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
"Unaudited"				
As at May 31, 2017				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2017 - 2022	3.16 - 5.26	50,000.00	15,548,950
Borrowings in USD currency	2017 - 2022	2.16 - 4.32	483.99	16,589,888
Borrowings in THB currency	2017 - 2020	2.48 - 4.70	5,150.00	5,150,000
<u>Less</u> Borrowings issuance cost				<u>(77,652)</u>
				37,211,186
<u>Less</u> Current portion of long-term borrowings				<u>(11,155,871)</u>
<b>Total long-term borrowings</b>				<b><u>26,055,315</u></b>

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				<u>(70,220)</u>
				37,424,010
<u>Less</u> Current portion of long-term borrowings				<u>(9,391,461)</u>
<b>Total long-term borrowings</b>				<b><u>28,032,549</u></b>

SEPARATE FINANCIAL STATEMENTS				
"Unaudited"				
As at May 31, 2017				
	Due within the year	Interest rate % (p.a.)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2017 - 2022	3.16 - 5.26	50,000.00	15,548,950
Borrowings in USD currency	2017 - 2022	2.22 - 4.32	470.99	16,139,900
Borrowings in THB currency	2017 - 2020	2.48 - 4.70	5,150.00	5,150,000
<u>Less</u> Borrowings issuance cost				<u>(77,651)</u>
				36,761,199
<u>Less</u> Current portion of long-term borrowings				<u>(10,809,727)</u>
<b>Total long-term borrowings</b>				<b><u>25,951,472</u></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				<u>(70,220)</u>
				36,955,978
<u>Less</u> Current portion of long-term borrowings				<u>(9,031,436)</u>
<b>Total long-term borrowings</b>				<b><u>27,924,542</u></b>

In the consolidated and separate financial statements as at May 31, 2017 and February 28, 2017, the Company has long-term borrowings in JPY currency from a related company which is a bank in Japan amounting to JPY 5,000 million or equivalent to Baht 1,550.63 million and JPY 5,000.00 million or equivalent to Baht 1,562.79 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 20.2.1).

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
As at May 31, 2017				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts	775,000	-	2,448	2,448
JPY currency				
Cross Currency Interest Rate Swap Contracts				
JPY currency	2,883,750	45,349	336,181	381,530
USD currency	8,409,860	369,365	130,454	499,819
	<u>12,068,610</u>	<u>414,714</u>	<u>469,083</u>	<u>883,797</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	945,000	-	(12,063)	(12,063)
Cross Currency Interest Rate Swap Contracts				
JPY currency	11,316,722	(236,867)	(506,569)	(743,436)
USD currency	7,429,830	(64,900)	(134,709)	(199,609)
	<u>19,691,552</u>	<u>(301,767)</u>	<u>(653,341)</u>	<u>(955,108)</u>
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2017				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency 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>

### 13. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at May 31, 2017 and February 28, 2017, 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 5.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 811.57 million and Baht 789.30 million, respectively.

### 14. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at May 31, 2017 and February 28, 2017, as follows:

Issue date	Maturity Date	No. of units	Currency	Par value per unit	Amount	Interest rate % (p.a.)	Term of interest payment	"Unaudited"	
								As at May 31, 2017	As at February 28, 2017
								Baht '000	Baht '000
<b>Company</b>									
30/08/2012	30/08/2017	30	USD	1,000,000	30,000,000	USD-LIBOR 3M	Quarterly	1,028,040	1,051,578
13/09/2012	13/09/2017	20	USD	1,000,000	20,000,000	USD-LIBOR 3M + 0.20	Quarterly	685,360	701,052
24/07/2013	29/07/2018	17	USD	1,000,000	17,000,000	USD-LIBOR 6M + 0.01	Semi-annual	582,556	595,894
29/11/2013	29/11/2018	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.05	Semi-annual	1,028,040	1,051,578
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	1,028,040	1,051,578
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	514,020	525,789
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	684,154	689,663
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	2,398,760	2,453,682
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	514,020	525,789
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	514,020	525,789
24/08/2016	30/07/2019	400,000	THB	1,000	400,000,000	2.50	Quarterly	400,000	400,000
21/12/2016	21/12/2019	1,000,000	THB	1,000	1,000,000,000	2.73	Quarterly	1,000,000	1,000,000
21/12/2016	21/12/2021	1,000,000	THB	1,000	1,000,000,000	3.48	Quarterly	1,000,000	1,000,000
30/12/2016	30/12/2021	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.65	Semi-annual	1,028,040	1,051,578
								13,805,050	14,023,970
<u>Less</u> Debentures issuance cost								(67,108)	(76,373)
								13,737,942	13,947,597
<u>Less</u> Current portion of long-term debentures								(3,424,327)	(3,472,286)
<b>Total long-term debentures in separate financial statements</b>								<b>10,313,615</b>	<b>10,475,311</b>
<b>ATS Rabbit Special Purpose Vehicle Company Limited</b>									
30/01/2017	28/10/2025	774,473	Baht	1,000	774,473,000	4.00	Monthly	-	774,473
28/04/2017	28/10/2025	810,281	Baht	1,000	810,281,000	4.00	Monthly	810,281	-
<b>Total long-term debentures in consolidated financial statements</b>								<b>11,123,896</b>	<b>11,249,784</b>

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 "Unaudited" As at May 31, 2017				
	Notional Amount  Baht '000	Carrying amount		Total  Baht '000
		Less than 1 year Baht '000	1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
JPY currency	596,860	-	87,294	87,294
USD currency	4,504,850	185,420	175,786	361,206
	<u>5,101,710</u>	<u>185,420</u>	<u>263,080</u>	<u>448,500</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Interest Rate Swap Contracts				
USD currency	4,630,900	-	(176,060)	(176,060)
	<u>4,630,900</u>	<u>-</u>	<u>(176,060)</u>	<u>(176,060)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2017				
	Notional Amount  Baht '000	Carrying amount		Total  Baht '000
		Less than 1 year Baht '000	1 - 5 years 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>

## 15. 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 three-month periods ended May 31, 2017 and 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	
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Current service cost	7,491	5,301	5,388	3,615
Interest cost	1,071	687	784	450
Total	<u>8,562</u>	<u>5,988</u>	<u>6,172</u>	<u>4,065</u>

Movements in the present value of the post-employment benefit obligations for the three-month periods ended May 31, 2017 and 2016, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	132,950	88,990	98,291	59,672
Current service cost	7,491	5,301	5,388	3,615
Interest cost	1,071	687	784	450
Benefits paid	(1,124)	-	-	-
Ending balance	140,388	94,978	104,463	63,737

The significant actuarial assumptions used to calculate the obligations under the defined benefit plans as at May 31, 2017 and February 28, 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	"Unaudited"	
	As at May 31, 2017	As at February 28, 2017
	% per annum	% per annum
Financial assumptions		
Discount rate	2.87 - 3.38	2.87 - 3.38
Expected rate of salary increase	5.0 - 7.0	5.0 - 7.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 33.0	0.0 - 33.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 54.0	0.0 - 54.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 63.0	0.0 - 63.0
	Subject to range of age of employees	Subject to range of age of employees
SEPARATE FINANCIAL STATEMENTS		
"Unaudited"		
	As at May 31, 2017	As at February 28, 2017
	% per annum	% per annum
Financial assumptions		
Discount rate	3.19	3.19
Expected rate of salary increase	6.0	6.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 20.0	0.0 - 20.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 51.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 63.0	0.0 - 63.0
	Subject to range of age of employees	Subject to range of age of employees



## 16. SHAREHOLDERS' EQUITY

- 16.1 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.
- 16.2 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.
- 16.3 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.
- 16.3.1 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.
- 16.3.2 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.

**17. REVENUE RELATING TO SECURITIZATION TRANSACTION**

For the three-month periods ended May 31, 2017 and 2016, the details of revenues from securitization transaction consist of the following:

- 17.1 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	
	2017	2016
	Baht '000	Baht '000
Credit Card Income (see Note 20.2.2)		
Interest income from subordinated lending	-	46,466
Revenue from seller loan in Special Purpose Vehicle	-	6,536
Dividend from investment in Special Purpose Vehicle	-	42,663
Servicing income	-	61,973
Total	<u>-</u>	<u>157,638</u>

- 17.2 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	
	2017	2016
	Baht '000	Baht '000
Loan Income (see Note 20.2.2)		
Interest income from subordinated lending	1,391	962
Revenue from seller loan in Special Purpose Vehicle	770	1,820
Dividend from investment in Special Purpose Vehicle	1,948	11,822
Servicing income	10,938	8,542
Total	<u>15,047</u>	<u>23,146</u>

## 18. DIRECTORS AND MANAGERMENTS' REMUNERATION

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

For the three-month periods ended May 31, 2017 and 2016, directors and managements' remuneration are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	7,767	5,898	4,800	5,000
Managements' remuneration	30,800	26,446	16,894	13,254
Post-employment benefits	945	738	761	576
	<u>39,512</u>	<u>33,082</u>	<u>22,455</u>	<u>18,830</u>

For the three-month periods ended May 31, 2017 and 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 28, 2017 and June 17, 2016, respectively.

## 19. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax calculation for the three-month periods ended May 31, 2017 and 2016. The foreign subsidiaries used 20% - 25% for corporate income tax calculation for the three-month period ended May 31, 2017 and 2016.

The Company and its subsidiaries used tax rate of 20% for calculation of deferred tax for the three-month periods ended May 31, 2017 and 2016. The foreign subsidiaries used 20% - 25% for calculation of deferred tax for the three-month periods ended May 31, 2017 and 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 three-month periods ended May 31, 2017 and 2016, income tax expense consists of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the periods	124,774	124,756	106,155	99,442
Deferred income tax expense	9,319	12,212	9,775	10,995
Income tax expense per statements of profit or loss	<u>134,093</u>	<u>136,968</u>	<u>115,930</u>	<u>110,437</u>

Reconciliations of effective tax rates for the three-month periods ended May 31, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2017		2016	
	Amount	Rate	Amount	Rate
	Baht '000	%	Baht '000	%
Profit before income tax expense	<u>753,817</u>		<u>658,256</u>	
Income tax at the domestic tax rate	160,928	20.00 - 25.00	151,922	20.00 - 25.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	913	0.12	2,318	0.35
<u>Less</u> Tax effect of income and expense exempted for tax purposes	<u>(27,748)</u>	<u>(3.68)</u>	<u>(17,272)</u>	<u>(2.62)</u>
Income tax expense per statements of profit or loss	<u>134,093</u>	<u>17.79</u>	<u>136,968</u>	<u>20.81</u>

	SEPARATE FINANCIAL STATEMENTS			
	2017		2016	
	Amount	Rate	Amount	Rate
	Baht '000	%	Baht '000	%
Profit before income tax expense	<u>716,646</u>		<u>636,603</u>	
Income tax at the domestic tax rate	143,329	20.00	127,321	20.00
<u>Add</u> Tax effect of income and expense not exempted for tax purposes	189	0.03	280	0.04
<u>Less</u> Tax effect of income and expense exempted for tax purposes	<u>(27,588)</u>	<u>(3.85)</u>	<u>(17,164)</u>	<u>(2.70)</u>
Income tax expense per statements of profit or loss	<u>115,930</u>	<u>16.18</u>	<u>110,437</u>	<u>17.34</u>

## 20. 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:

20.1 Investments in associate and subsidiaries (see Note 7.2) as at May 31, 2017 and February 28, 2017, are as follows:

Related parties	Relationship	Ownership %	SEPARATE FINANCIAL STATEMENTS			
			“Unaudited”			
			As at May 31, 2017		As at February 28, 2017	
			Paid-up capital Baht’ 000	Cost Baht ’000	Paid-up Capital Baht’ 000	Cost Baht ’000
<b>Investments in associate and subsidiaries</b>						
<b>Investment in associate</b>						
ACS Trading Vietnam Company Limited	Associate	20.00	84,096.3	16,819.3	84,096.3	16,819.3
Total investment in associate				<u>16,819.3</u>		<u>16,819.3</u>
<b>Investments in subsidiaries</b>						
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	26.00	40.0	10.4	40.0	10.4
ACS Servicing (Thailand) Company Limited	Subsidiary	100.00	175,349.1	175,349.1	175,349.1	175,349.1
AEON Insurance Service (Thailand) Company Limited	Subsidiary	100.00	149,224.3	149,224.3	149,224.3	149,224.3
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	80.00	408,619.4	323,580.0	320,344.4	252,960.0
AEON Microfinance (Myanmar) Company Limited	Subsidiary	100.00	276,769.1	276,769.1	276,769.1	276,769.1
AEON Leasing Service (Lao) Company Limited	Subsidiary	92.58	111,402.9	103,069.1	111,402.9	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	48.75	40.0	19.5	40.0	19.5
Total investments in subsidiaries				<u>1,028,021.5</u>		<u>957,401.5</u>
<b>Total investments in associate and subsidiaries</b>				<u>1,044,840.8</u>		<u>974,220.8</u>

20.2 Business transactions with related parties

20.2.1 Balances with related parties as at May 31, 2017 and February 28, 2017, are as follows:

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31 2017 Baht ’000	As at February 28, 2017 Baht ’000	As at May 31, 2017 Baht ’000	As at February 28, 2017 Baht ’000
<b>Accounts receivable under securitization project</b> (see Note 5.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	811,565	789,300
<b>Other receivables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	3,455	3,534
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,591	4,716
AEON Financial Service Co., Ltd.	Major shareholder	46	107	46	107
ACS Capital Corporation Limited	Shareholder and one common director	6,518	3,956	80	210
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,174	1,705
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	21,144	19,266
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	311	1,886
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	7	70,620
ACS Trading Vietnam Company Limited	Associate	6	-	6	-
		<u>6,570</u>	<u>4,063</u>	<u>30,814</u>	<u>102,044</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited” As at May 31 2017 Baht '000	As at February 28, 2017 Baht '000	“Unaudited” As at May 31, 2017 Baht '000	As at February 28, 2017 Baht '000
<b>Short-term loan</b> (see Note 6)					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	100,000	100,000
<b>Seller loan in Special Purpose Vehicle for securitization</b> (see Note 8)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	27,484	11,643
<b>Subordinated lendings</b> (see Note 9.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	47,252	45,263
<b>Long-term borrowings</b> (see Note 12)					
AEON Bank Ltd.	Common ultimate holding company	1,550,631	1,562,793	1,550,631	1,562,793
<b>Accounts payable</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	124,829	130,012
<b>Other payables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	14,890	2,308
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	127,782	148,988
AEON (Thailand) Company Limited	Shareholder and two common directors	-	48	-	48
AEON Financial Service Co., Ltd.	Major shareholder	19,903	42,556	16,830	42,556
AEON Credit Service Company Limited	Common ultimate holding company	13,276	14,774	6,389	4,847
ACS Capital Corporation Limited	Shareholder and one common director	-	1,218	-	1,218
AEON Credit Service Systems (Philippines) Inc.	Holding shares	2,307	3,260	-	687
AEON Bank Ltd.	Common ultimate holding company	3,921	1,064	3,762	902
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	409	889	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	24,919	38,228
		<u>39,816</u>	<u>63,809</u>	<u>194,572</u>	<u>239,782</u>
<b>Long-term borrowing under securitization project</b> (see Note 13)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	811,565	789,300
<b>Deposit Received</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	12,799	12,799
<b>Deferred Revenue</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	2,889	3,543
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	282	342
		<u>-</u>	<u>-</u>	<u>3,171</u>	<u>3,885</u>

20.2.2 Transactions with related parties for the three-month periods ended May 31, 2017 and 2016, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017 Baht '000	2016 Baht '000	2017 Baht '000	2016 Baht '000
<b>Sales promotion income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	2,894	2,826
<b>Credit card income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	89,656	85,046
<b>Revenue relating to securitization transaction</b> (including in credit card income and loan income) (see Note 17)					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	157,638
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	15,047	23,146
		<u>-</u>	<u>-</u>	<u>15,047</u>	<u>180,784</u>
<b>Dividend income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	48,000	45,000
<b>Other income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	3,000	3,000	3,000	3,000
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	13,108	15,025
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	1,104	8,757
AEON Bank Ltd.	Common ultimate holding company	85	-	-	-
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	-	88
AEON (Thailand) Company Limited	Shareholder and two common directors	-	41	-	41
		<u>3,085</u>	<u>3,041</u>	<u>17,212</u>	<u>26,911</u>
<b>Gain on sale of leasehold improvement and equipment</b>					
ACS Capital Corporation Limited	Shareholder and one common director	-	-	-	3
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	346,406	309,960
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	2,389	1,662
		<u>-</u>	<u>-</u>	<u>348,795</u>	<u>311,622</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2017	2016	2017	2016
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Others</b>					
AEON Financial Service Company Limited	Major shareholder	23,123	20,159	20,478	20,159
AEON Credit Service Company Limited	Common ultimate holding company	11,938	12,141	4,583	3,973
AEON (Thailand) Company Limited	Holding shares and two common directors	4,429	3,948	4,429	3,948
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	2,812	2,342
AEON Credit Service Systems (Philippines) Inc.	Holding shares	3,254	5,312	2,635	4,640
ACS Capital Corporation Limited	Shareholder and one common director	6,374	12,176	5,894	11,951
AEON Bank Ltd.	Common ultimate holding company	476	-	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	927	526
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	616	615	-	-
		50,210	54,351	41,758	47,539

- Other income for the three-month periods ended May 31, 2017 and 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 5.5).
- Collection service fee paid to ACS Servicing (Thailand) Co., Ltd. is based on general market price and in the normal course of business.
- Management assistant fee is paid to AEON Financial Service Co., Ltd. as stated in the agreement.
- Pricing policy for other operating and administrative expenses are determined by the Company and related parties based on the cost plus basis.
- Computer programs purchasing price is paid to AEON Credit Service Systems (Philippines) Inc. as specified in the agreement.



## 21. 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:

21.1 Operating results classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
For the three-month period ended May 31, 2017					
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	4,024,640	138,158	225,930	-	4,388,728
Inter - segment revenues	155,063	-	346,406	(501,469)	-
	<u>4,179,703</u>	<u>138,158</u>	<u>572,336</u>	<u>(501,469)</u>	<u>4,388,728</u>
Expenses					
Operating and administrative expenses	1,790,495	92,537	486,889	(452,976)	1,916,945
Directors and managements' remuneration	22,455	11,109	5,948	-	39,512
Bad debts and doubtful accounts	1,137,432	14,248	-	-	1,151,680
Loss (gain) on sale and write off of leasehold improvement and equipment and intangible assets	3,188	-	(142)	-	3,046
Finance cost	506,566	16,345	639	(493)	523,057
Total expenses	<u>3,460,136</u>	<u>134,239</u>	<u>493,334</u>	<u>(453,469)</u>	<u>3,634,240</u>
Share of loss from investment in associate	-	-	-	(671)	(671)
Profit (loss) before income tax expense	719,567	3,919	79,002	(48,671)	753,817
Income tax expense	116,904	1,087	16,102	-	134,093
Net profit (loss) for the period	<u>602,663</u>	<u>2,832</u>	<u>62,900</u>	<u>(48,671)</u>	<u>619,724</u>

**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three-month period ended May 31, 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	3,991,097	102,177	238,364	-	4,331,638
Inter - segment revenues	149,536	-	314,584	(464,120)	-
	<u>4,140,633</u>	<u>102,177</u>	<u>552,948</u>	<u>(464,120)</u>	<u>4,331,638</u>
Expenses					
Operating and administrative expenses	1,696,083	78,176	491,480	(418,627)	1,847,112
Directors and managements' remuneration	18,830	8,770	5,482	-	33,082
Bad debts and doubtful accounts	1,230,890	9,368	-	-	1,240,258
Loss on sale and write off of leasehold improvement and equipment and intangible assets	1,795	-	15	-	1,810
Finance cost	545,577	6,060	493	(493)	551,637
Total expenses	<u>3,493,175</u>	<u>102,374</u>	<u>497,470</u>	<u>(419,120)</u>	<u>3,673,899</u>
Share of profit from investment in associate	-	-	-	517	517
Profit (loss) before income tax expense	647,458	(197)	55,478	(44,483)	658,256
Income tax expense	123,505	1,484	11,979	-	136,968
Net profit (loss) for the period	<u>523,953</u>	<u>(1,681)</u>	<u>43,499</u>	<u>(44,483)</u>	<u>521,288</u>

21.2 Financial positions classified by business are as follows:

**CONSOLIDATED FINANCIAL STATEMENTS**  
**"Unaudited"**  
**As at May 31, 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	62,195,983	1,856,715	498,704	(328,641)	64,222,761
Leasehold improvement and equipment and intangible assets	1,142,729	145,252	263,359	(3,089)	1,548,251
Other assets	6,334,946	155,943	600,456	(1,116,453)	5,974,892
Total assets	<u>69,673,658</u>	<u>2,157,910</u>	<u>1,362,519</u>	<u>(1,448,183)</u>	<u>71,745,904</u>
Total liabilities	<u>55,780,892</u>	<u>1,484,646</u>	<u>539,871</u>	<u>(422,623)</u>	<u>57,382,786</u>

**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>

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

- 22.1 As at May 31, 2017 and February 28, 2017, the Company has the unused committed and unsecured revolving credit facility agreements with some financial institutions totaling Baht 1,800 million and Baht 2,300 million, respectively.
- 22.2 As at May 31, 2017 and February 28, 2017, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 3,060 million.
- 22.3 As at May 31, 2017 and February 28, 2017, the Company has letter of guarantees issued by the bank to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantee is unsecured.
- 22.4 As at May 31, 2017 and February 28, 2017, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 8.70 million and Baht 7.80 million, respectively.
- 22.5 As at May 31, 2017 and February 28, 2017, the Company has outstanding standby letters of credit issued by two banks not exceeding USD 2.71 million and USD 2.30 million, respectively. In addition, the Company has letters of guarantee issued by the Company for guarantee repayment of two subsidiaries' loans of not exceeding USD 13.64 million and LAK 8,300 million as at May 31, 2017 and not exceeding USD 12.64 million and LAK 8,300 million as at February 28, 2017.

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

On December 20, 2016, the Company sold written-off accounts receivable under loan agreements, hire-purchase agreements and credit card agreements 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.

During the three-month period ended May 31, 2017, the Company has already received cash proceeds of the remaining balance as specified in the agreement.

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 three-month period ended May 31, 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.

#### **24. EVENTS AFTER THE REPORTING PERIOD**

- 24.1 On June 28, 2017, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the fiscal year 2016 at the rate of Baht 1.85 per share, which will be paid to all shareholders on July 20, 2017 in addition to the interim dividends which had been paid to all shareholders at Baht 1.60 per share, totaling Baht 399.93 million on November 7, 2016.
- 24.2 On June 29, 2017, Eternal 6 Special Purpose Vehicle Company Limited, which is a subsidiary of the Company, has registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce.

#### **25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

These interim financial statements were approved for issuing by the Company's authorized director and the Audit Committee on July 5, 2017.

(Translation)

No.22/2017

July 7, 2017

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 7/2017

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby report the resolutions passed at the meeting of the Board of Directors No. 7/2017, held on July 7, 2017 from 10.00 a.m. as follows:

1. Unanimously approved the reviewed financial statements of the Company for the first quarter ended May 31, 2017;
2. Approved the connected transaction with the related companies. (Details as attachment)
3. Notification of the Liquidation of Eternal 6

The Company would like to inform that the securitization project of Eternal 6 Special Purpose Vehicle Company Limited ("Eternal 6"), a subsidiary of the Company with 26% shareholding which was incorporated under the Civil and Commercial Code and the Securitization Law of Thailand, whose securitization project was approved by the Office of the Securities and Exchange Commission ("SEC"), has already registered its dissolution with the Business Development Department, the Ministry of Commerce, on August 31, 2016 and the end of liquidation process on June 27, 2017.

Please be informed accordingly

Yours sincerely,

Kiyoyasu Asanuma

Managing Director

### Connected transactions

The Board of Director's meeting of AEON Thana Sinsap (Thailand) Plc. No.7/2017 held on July 7, 2017 had a resolution of the connected transaction as follows:

#### Date of agreement:

Company	Date of agreement
AEON Financial Service Co., Ltd. ("AFS")	Within March 31, 2018 Agreement period is one year from April 2017 to March 2018

#### Contractual parties with AEONTS and its subsidiaries companies:

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

#### AEONTS' s subsidiaries:

Company	Business	% of shares held by AEONTS
1). AEON Specialized bank (Cambodia) Private Company Limited ("ASB Cambodia")	Retail Finance	80%
2). AEON Insurance Service (Thailand) Company Limited ("AIS")	Non-life and Life Insurance Broker	100%
3). ACS Servicing (Thailand) Company Limited("ACSS")	Collection Service	100%
4.) AEON Microfinance (Myanmar) Company Limited ("AMF Myanmar")	Retail Finance	100%

#### General characteristics of transactions:

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

Value of consideration:

Related company name	Amount	
	JPY	THB
AEONTS	255,955,000	78,273,599
ACSS	11,477,000	3,509,781
AIS	9,779,000	2,990,516
ASB (Cambodia)	13,080,000	3,999,995
AMF (Myanmar)	10,534,000	3,221,403
<b>Total</b>	<b>300,825,000</b>	<b>91,995,294</b>

\* Exchange Rate (as of July 3, 2017) : 1 JPY = 0.30581 THB

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

Name, position and shareholding proportion of the connected persons

Related company name	Paid Up Capital No. of shares	Name of connected persons	Share (s) in related company	% of share in AEONTS
AFS	45,673,196,100 JPY/ 225,472,801 shares	Mr. Hideki Wakabayashi <sup>1</sup>	-	-
ASB (Cambodia)	10,000,000 USD 10,000,000 Shares	Mr. Kiyoyasu Asanuma <sup>2</sup>	-	0.08%

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

<sup>2</sup>Mr. Kiyoyasu Asanuma is the AFS's representative and the Vice Chairman of the Board and Managing Directors of AEONTS, including Chairman of the Board of ASB (Cambodia),

The measurement of total transactions

By measurement in percentage of the Company Net Tangible Assets (NTA), total transaction is 300.8 million JPY or 92 million baht or 0.67% which more than 0.03% but less than 3% of NTA of the Company. So this transaction is the connected transaction pursuant to the Notifications which shall be approved by Audit Committee and Board of Director as well as disclose to the Stock Exchange of Thailand.

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

- Board of Director's meeting No. 3/2017 held on March 17, 2017, approved the transaction with AEON Capital Corporation Limited for supporting on the business operation including marketing research and support as well as system support in total amount of 14,400,000 baht or 0.12% of NTA of the Company and approved the transaction with AEON Credit Service Systems (Philippines) Inc. for Outsourcing Service Agreement in total amount of 33,552,000 baht or 0.27% of NTA of the Company.
- Board of Director's meeting No. 5/2017 held on May 24, 2017, approved the transaction with AEON Credit Service Systems (Philippines) Inc, which AEON Systems provides outsourcing service in the system development to ASB Cambodia in total amount of 31,912,000 baht or 0.24% of NTA of the Company.

Therefore, the total connected transaction approved by the Board of Directors' meeting in the last six months period including this time was 171.86 million baht or 1.30% which more than 0.03% of the Company NTA but less than 3% of NTA of the Company.

**Opinion of the Audit Committee:**

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

**Opinion of the Board of Director:**

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



## Management Discussion and Analysis for the 1<sup>st</sup> Quarter 2017 ended May 31, 2017

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 1<sup>st</sup> quarter financial statements as of May 31, 2017 which were reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has net profit attributed to owners of the parent of 618 million baht or 2.47 baht per share. The financial performance can be summarized as follows.

### Overview

Overall, the Thai economy in the first quarter expanded by 3.3%, higher than 3.0% growth in the previous quarter, according to data from Bank of Thailand and NESDB. This was mainly from acceleration of export sector and tourism sector continued to recover. In addition, the household consumption expanded gradually, in line with the expansion of consumption expenditure on durable goods and greater consumer confidence, as well as improvements in farm income. Meanwhile, private investment continued to decline.

As of May 31, 2017, the Company’s total cards reached 7.87 million cards (including 2.40 million credit cards and 5.47 million member cards), net increasing by 59,000 cards from February 28, 2017. Covering networks nationwide, the Company has 110 branches, 468 ATMs, and over 17,500 member dealers to provide quality financial services to AEON cardholders.

### Operating Results

#### **Revenues**

In the first quarter of 2017, the total consolidated revenues were 4,389 million baht, the same level as last year. The revenues for the Company only were 4,195 million baht, increasing by 113 million baht or 3% from last year. The revenues growth came from an increase in credit card income and bad debt recovery. As of May 31, 2017, The Company has active billings of 3.42 million accounts per month with active customers of 2.15 million IDs, mainly from Bangkok 31%, and in up-country 69%. Details of each business can be described as follows:

#### **- Credit Card**

Credit cards turnover shared 54% of total turnovers. In the first quarter of 2017, revenues from credit card were 1,619 million baht, showing an increase of 38 million baht or 2% from the same period last year, and represented 37% of total revenues. This was due to the fact that the Company has focused on promotional activities were also organized jointly with leading shops and department stores. In May 2017, the Company cooperated with Big C Supercenter Public Company Limited to launch the Big C Platinum payWave Credit

Card and Big C Exclusive Card, which offering privileges under the concept “Daily happiness for shopping at Big C”. The Big C Platinum payWave Credit Card offers special discount of 3% to our cardholders when spending at Big C Supercenter and also enjoy 0% interest rate for 6 months installment payment with AEON Happy Plan when purchasing electrical appliances. The Big C Exclusive Card offers exclusive privileges to cardholders get special interest rate at 0% for 3 months installment payment or 0.59% interest rate for 18 months installment payment with AEON Purpose Loan when purchasing electrical appliances. This new card will expand its credit card share.

**- Loans**

In the first quarter of 2017, loans shared 39% of total turnovers (shared 21% from personal loan and 18% from purposed loan for mobile phone, IT products, electrical appliances and etc. at department stores and over 17,500 dealers nationwide) with the revenues of 2,273 million baht , the same level as last year and shared 52% of total revenues. This was contributed from loan income from AEON Microfinance (Myanmar) Company Limited, which grew by 68% from last year and AEON Specialized Bank (Cambodia) Plc grew by 28% from last year. In addition, the Company has expanding more service channels providing more convenience to customers and this also saved the Company's operation cost.

**- Hire Purchase**

In the first quarter of 2017, motorcycle hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, sharing 2% of total turnovers with revenues of 97 million baht, a decrease of 8 million baht or 8% from the same period last year. This was mainly contributed from hire purchase income from AEON Specialized Bank (Cambodia) Plc and AEON Leasing (Lao) Company Limited. However, the company has continued launching promotions with motorcycle manufacturers and suppliers, as well as increased distribution channels for motorcycle sales through our branches.

**- Other**

In the first quarter of 2017, other incomes were 399 million baht, showing an increase of 17 million baht or 4% from last year and represented 9% of total revenues. This was as a result of an increase in bad debt recovery from 113 million baht to 140 million baht, which grew by 25% from last year. Moreover, the income for the first quarter of 2017 of company's subsidiaries in Thailand, the Company had commission income of 121 million baht, increasing by 2% y-y from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 32 million baht from ACS Servicing (Thailand) Co., Ltd. accordingly and others.

## Expenses

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts and finance cost. In the first quarter of 2017, the Company had total consolidated expenses of 3,634 million baht, a decrease of 40 million baht or 1% from last year. Mainly came from a decrease in bad debt and doubtful accounts, as well as the finance cost continued to decline. Details of expenses are shown as follows:

### - Operating and Administrative Expenses

In the first quarter of 2017, the operating and administrative expenses were 1,956 million baht, an increase of 76 million baht or 4% from last year. This was as a result of an increase in marketing expenses, increase in personal expense caused by increasing employment of the Company's subsidiaries, increases in rental cost of the Company's subsidiaries, as well as a business expansion of the oversea subsidiaries to increase customer base. In terms of proportion to total revenues, operating and administrative expenses represented 45% of total revenues. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues represented 43% in the first quarter of 2017.

### - Bad debt and Doubtful accounts

In the first quarter of 2017, the Company posted bad debt and doubtful accounts of 1,152 million baht, a decrease of 88 million baht, or 7% from the same period last year and decreased 4% from the previous quarter . Mainly came from efficiency improvement in collection and credit judgment.

### - Finance Cost

In the first quarter of 2017, the Company had finance cost of 523 million baht, a decrease of 29 million baht or 5% from the same period last year. Key factors were well-managed funding cost and lower interest rate. However, finance cost in the first quarter of 2017 accounted for 12% of total revenues, slightly decreased from 13% in the previous year. This was because the Company's policy is to manage liquidity risk and interest rates fluctuation risk by mainly locking in long-term borrowing, represented 69% of total borrowing and weight average funding cost at 3.67% in the first quarter of 2017, decreased from 3.85% in the first quarter of 2016.

## **Net Profit**

In the first quarter of 2017, the Company had consolidated operating income of 754 million baht, an increase of 96 million baht or 15% from last year and reported net profit attributed to owners of the parent of 618 million baht, an increase of 102 million baht or 20% from last year, and earning per share was 2.47 baht per share. Excluding the gains on sale of written-off accounts receivable, the net profit grew 26% from the fourth quarter last year. An increase in net profit mainly due to a decline in bad debt and doubtful accounts and finance cost.

## **Financial Status**

### **Total Assets**

As of May 31, 2017, consolidated total assets were 71,746 million baht, a decrease of 892 million baht or 1% from 72,638 million baht as of February 28, 2017. The main assets were attributed to the portfolio of net account receivables which shared 89% of total assets.

#### **- Accounts Receivable**

The Company had gross accounts receivable of 65,844 million baht (both current assets and non-current assets) as of May 31, 2017, the same level as of February 28, 2017. This can be categorized by business type as follows: credit card receivable 28,699 million baht, loans receivable 35,632 million baht, hire purchase receivable 1,383 million baht and other receivable 130 million baht.

#### **- Allowance for doubtful accounts**

As of May 31, 2017, the Company provided allowance for doubtful accounts of 2,226 million baht or 3.38% of total accounts receivable, comparing to that of 2,259 million baht or 3.42% of total accounts receivable at the end of previous fiscal year. The percentage account receivable 3 months overdue or non-performing loan ratio was 2.49%, decreased from 2.71% in the fiscal year 2016. The Company was able to control accounts receivable overdue more than 3 months better than last year. The coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 136% in the first quarter of 2017, increased from 126% at the end of fiscal year 2016, reflecting the adequacy of the Company's provision for doubtful accounts.

### **Liabilities**

The consolidated liabilities of the Company as of May 31, 2017 totaled 57,383 million baht, a decrease of 1,482 million baht, or 3% from 58,865 at the end of fiscal year 2016. There were both short-term and long-term borrowings totally 53,806 million baht. The portion of long-term borrowings was 37,179 million baht or represented 69% of total borrowings.

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

### **Shareholders' Equity**

As of May 31, 2017, total shareholders' equity amounted to 14,363 million baht, increasing by 590 million baht, or 4% over the end of fiscal year 2016. Consequently, Book value as of May 31, 2017 was 57.5 baht per share, increasing from that of 55.1 baht per share as of February 28, 2017.

Debt to Equity ratio as of May 31, 2017 decreased to 4 times. Return on Equity and Return on Asset equaled to 17.6% and 3.4%, respectively.