

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of AEON Thana Sinsap (Thailand) Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at February 28, 2018, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and of AEON Thana Sinsap (Thailand) Public Company Limited as at February 28, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	Audit Responses
<p>Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts represent management estimation of loss that would occur from the Company and its subsidiaries' loan portfolios as at the end of period.</p> <p>The Company's allowance for doubtful accounts on trade receivables has been calculated based on a collective approach by classifying a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category, which the Company's allowance for doubtful accounts shall not be less than allowance for doubtful accounts fully provided for all receivables over 3 installments contractually past due, in order to comply with the notification of the Office of the Securities and Exchange Commission.</p> <p>The allowance for doubtful accounts is a key audit matter as there are management's judgment and subjective assumption applied to the calculation of allowance for doubtful accounts.</p> <p>The allowance for doubtful accounts is presented as deductive amount of trade receivables. Accounting policy and detail of allowance for doubtful accounts were disclosed in Note 3.3 and Note 5 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's design and implementation of the key internal controls over source data and calculation of allowance for doubtful accounts • Performed operating effectiveness testing of key internal controls over source data and calculation of allowance for doubtful account • Evaluated the design and implementation and performed operating effectiveness testing of key General Computer Controls over the IT processing environment for retail finance system with the involvement of IT specialists • Tested application controls with the involvement of IT specialists over the completeness and accuracy of the reports from retail finance system • Assessed the adequacy of allowance and appropriateness of methodology, significant input and assumption used in calculation of loan loss reserve to determine if they are in compliance with the accounting standards and regulatory requirements and have been consistently applied • Tested calculation of allowance for doubtful accounts • Performed analysis of the Company's allowance for doubtful accounts by comparing to historical data and considering related macroeconomic factors.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BANGKOK
April 19, 2018

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 ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	4,089,802	3,649,124	3,227,739	2,932,195
Trade and other current receivables					
Trade receivables	5	72,466,271	62,334,783	70,883,021	61,569,653
Other receivables	6	717,372	877,715	659,983	883,146
Seller loan in Special Purpose Vehicle for securitization	10	-	-	39,087	11,643
Receivables per currency swap contracts	19 and 21	66,220	741,888	66,220	741,888
Short-term loan to a related party	7	-	-	-	100,000
Other current assets		99,858	91,152	40,430	40,472
Total Current Assets		<u>77,439,523</u>	<u>67,694,662</u>	<u>74,916,480</u>	<u>66,278,997</u>
NON-CURRENT ASSETS					
Trade receivables	5	941,597	1,533,412	248,716	393,704
Fixed deposits at banks under obligations	8	29,840	28,094	-	-
Investment in an associate	9.1 and 9.2	32,482	31,538	16,819	16,819
Investments in subsidiaries	9.2	-	-	1,028,011	957,401
Other long-term investments					
Related companies	9.3	20,072	26,717	20,072	26,717
Subordinated lendings	11.1	-	-	71,157	45,263
Leasehold improvement and equipment	12	900,495	1,044,852	639,914	770,128
Intangible assets	13	527,504	591,545	399,170	436,934
Receivables per currency swap contracts	19 and 21	237,437	1,098,175	237,437	1,098,175
Deferred tax assets	14	446,590	395,942	428,198	382,205
Other non-current assets	15	195,860	193,386	172,080	164,627
Total Non-Current Assets		<u>3,331,877</u>	<u>4,943,661</u>	<u>3,261,574</u>	<u>4,291,973</u>
TOTAL ASSETS		<u><u>80,771,400</u></u>	<u><u>72,638,323</u></u>	<u><u>78,178,054</u></u>	<u><u>70,570,970</u></u>

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	16	3,952,399	3,501,820	2,820,000	2,580,042
Trade and other current payables					
Trade payables		502,611	456,979	360,430	322,281
Other payables	17	1,510,117	1,336,932	1,517,646	1,392,084
Current portion of long-term liabilities					
Liabilities under finance lease agreements	18	5,961	6,002	-	-
Long-term borrowings	19	12,662,086	9,391,461	12,662,086	9,031,436
Long-term debentures	21	1,685,317	3,472,286	1,685,317	3,472,286
Current income tax payable		413,593	266,452	397,245	257,037
Payables per currency swap contracts	19 and 21	1,123,923	228,854	1,123,923	228,854
Other current liabilities		172,323	164,258	143,505	142,641
Total Current Liabilities		<u>22,028,330</u>	<u>18,825,044</u>	<u>20,710,152</u>	<u>17,426,661</u>
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements	18	4,923	10,884	-	-
Long-term borrowings	19	28,126,037	28,032,549	27,501,940	27,924,542
Long-term borrowings under securitization project	20	-	-	1,366,167	789,300
Long-term debentures	21	12,907,856	11,249,784	11,667,286	10,475,311
Payables per currency swap contracts	19 and 21	1,648,651	561,014	1,648,651	561,014
Subordinated borrowings	11.2	71,157	45,263	-	-
Provisions for employee benefits	22	151,930	132,950	105,193	98,291
Other non-current liabilities		10,715	7,957	1,029	3,865
Total Non-Current Liabilities		<u>42,921,269</u>	<u>40,040,401</u>	<u>42,290,266</u>	<u>39,852,323</u>
TOTAL LIABILITIES		<u>64,949,599</u>	<u>58,865,445</u>	<u>63,000,418</u>	<u>57,278,984</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY	23				
SHARE CAPITAL					
Authorized share capital					
250,000,000 ordinary shares of Baht 1 each		250,000	250,000	250,000	250,000
Issued and paid-up share capital					
250,000,000 ordinary shares of Baht 1 each, fully paid		250,000	250,000	250,000	250,000
SHARE PREMIUM ON ORDINARY SHARES		478,000	478,000	478,000	478,000
RETAINED EARNINGS					
Appropriated					
Legal reserve	24	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		10,223,575	8,107,999	9,574,636	7,688,986
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY	26				
Exchange differences on translating					
financial statements of foreign operations		(89,941)	(31,975)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		15,736,634	13,679,024	15,177,636	13,291,986
SHARE SUBSCRIPTION RECEIVED IN ADVANCE		-	17,655	-	-
NON-CONTROLLING INTERESTS		85,167	76,199	-	-
TOTAL SHAREHOLDERS' EQUITY		15,821,801	13,772,878	15,177,636	13,291,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		80,771,400	72,638,323	78,178,054	70,570,970

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
REVENUES					
Credit card income	27	6,806,582	6,506,864	7,145,943	6,855,240
Loan income	27	9,572,563	9,004,842	9,436,475	8,901,212
Hire-purchase income		369,714	392,314	83,913	143,994
Other income					
Bad debt recovery		603,163	499,638	603,163	496,054
Gain on sale of written-off accounts receivable	38	179,146	346,352	179,146	346,352
Collection service income		233,720	208,970	5,962	9,147
Commission income		492,395	470,818	-	-
Dividend income		-	-	58,000	54,000
Others		405,686	361,986	149,533	138,743
Total other income		1,914,110	1,887,764	995,804	1,044,296
Total Revenues		18,662,969	17,791,784	17,662,135	16,944,742
EXPENSES					
Operating and administrative expenses		7,980,773	7,360,238	7,392,508	6,743,520
Directors and managements' remuneration	28	172,294	149,092	100,945	79,002
Bad debts and doubtful accounts		4,678,530	5,117,260	4,528,435	5,041,199
Loss on impairment of investment		6,645	-	6,645	-
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		6,834	32,439	5,942	25,220
Finance costs		2,104,483	2,110,246	2,256,057	2,222,969
Total Expenses	30	14,949,559	14,769,275	14,290,532	14,111,910
Share of profit (loss) from investment in an associate	9.1	944	(9,707)	-	-
PROFIT BEFORE INCOME TAX		3,714,354	3,012,802	3,371,603	2,832,832
INCOME TAX EXPENSE	31	719,951	594,736	637,687	512,822
NET PROFIT FOR THE YEAR		2,994,403	2,418,066	2,733,916	2,320,010
NET PROFIT ATTRIBUTABLE TO :					
Owners of the parent		2,966,331	2,403,464	2,733,916	2,320,010
Non-controlling interests		28,072	14,602	-	-
		2,994,403	2,418,066	2,733,916	2,320,010
BASIC EARNINGS PER SHARE	BAHT	11.87	9.61	10.94	9.28
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Net profit for the year		2,994,403	2,418,066	2,733,916	2,320,010
Other comprehensive income (loss), net of tax					
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translating financial statements of foreign operations	26				
- Owners of the parent		(57,966)	(18,900)	-	-
- Non-controlling interests		(8,650)	(1,258)	-	-
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		11,741	(16,067)	14,230	(17,871)
Other comprehensive income (loss) for the year, net of tax		(54,875)	(36,225)	14,230	(17,871)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,939,528</u>	<u>2,381,841</u>	<u>2,748,146</u>	<u>2,302,139</u>
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO :					
Owners of the parent		2,920,106	2,368,497	2,748,146	2,302,139
Non-controlling interests		19,422	13,344	-	-
		<u>2,939,528</u>	<u>2,381,841</u>	<u>2,748,146</u>	<u>2,302,139</u>

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings Appropriated Reserve for business expansion	Unappropriated	Other components of shareholders' equity Exchange differences on translating financial statements of foreign operations	Total owners of the parent	Share subscription received in advance of a subsidiary	Non-controlling interests	Total shareholders' equity
Beginning balance as at March 1, 2016	250,000	478,000	25,000	4,850,000	6,582,881	(13,075)	12,172,806	-	83,862	12,256,668
Changes during the year										
Dividend paid 23.1	-	-	-	-	(462,349)	-	(462,349)	-	(20,977)	(483,326)
Interim dividend paid 23.2	-	-	-	-	(399,930)	-	(399,930)	-	-	(399,930)
Capital repayment from dissolution of a subsidiary 23.5	-	-	-	-	-	-	-	-	(30)	(30)
Share subscription received in advance of a subsidiary	-	-	-	-	-	-	-	17,655	-	17,655
Net profit for the year	-	-	-	-	2,403,464	-	2,403,464	-	14,602	2,418,066
Other comprehensive loss	-	-	-	-	(16,067)	(18,900)	(34,967)	-	(1,258)	(36,225)
Ending balance as at February 28, 2017	250,000	478,000	25,000	4,850,000	8,107,999	(31,975)	13,679,024	17,655	76,199	13,772,878

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings	Other components of shareholders' equity	Total owners of the parent	Share subscription received in advance of a subsidiary	Non-controlling interests	Total shareholders' equity		
		Legal reserve	Appropriated Reserve for business expansion	Unappropriated	Exchange differences on translating financial statements of foreign operations					
Beginning balance as at March 1, 2017	250,000	478,000	25,000	4,850,000	8,107,999	(31,975)	13,679,024	17,655	76,199	13,772,878
Changes during the year										
Share subscription received in advance of a subsidiary	-	-	-	-	-	-	-	(17,655)	-	(17,655)
Increase in share capital from non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	17,655	17,655
Dividend paid 23.3	-	-	-	-	(462,498)	-	(462,498)	-	(28,079)	(490,577)
Interim dividend paid 23.4	-	-	-	-	(399,998)	-	(399,998)	-	-	(399,998)
Capital repayment from dissolution of a subsidiary 23.6	-	-	-	-	-	-	-	-	(30)	(30)
Net profit for the year	-	-	-	-	2,966,331	-	2,966,331	-	28,072	2,994,403
Other comprehensive income (loss)	-	-	-	-	11,741	(57,966)	(46,225)	-	(8,650)	(54,875)
Ending balance as at February 28, 2018	250,000	478,000	25,000	4,850,000	10,223,575	(89,941)	15,736,634	-	85,167	15,821,801

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Reserve for business expansion		Unappropriated
Beginning balance as at March 1, 2016		250,000	478,000	25,000	4,850,000	6,249,126	11,852,126
Changes during the year							
Dividend paid	23.1	-	-	-	-	(462,349)	(462,349)
Interim dividend paid	23.2	-	-	-	-	(399,930)	(399,930)
Net profit for the year		-	-	-	-	2,320,010	2,320,010
Other comprehensive loss		-	-	-	-	(17,871)	(17,871)
Ending balance as at February 28, 2017		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>7,688,986</u>	<u>13,291,986</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Unappropriated Reserve for business expansion		
Beginning balance as at March 1, 2017		250,000	478,000	25,000	4,850,000	7,688,986	13,291,986
Changes during the year							
Dividend paid	23.3	-	-	-	-	(462,498)	(462,498)
Interim dividend paid	23.4	-	-	-	-	(399,998)	(399,998)
Net profit for the year		-	-	-	-	2,733,916	2,733,916
Other comprehensive income		-	-	-	-	14,230	14,230
Ending balance as at February 28, 2018		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>9,574,636</u>	<u>15,177,636</u>

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax expense		3,714,354	3,012,802	3,371,603	2,832,832
Adjustments for:					
Share of (profit) loss from investment in an associate		(944)	9,707	-	-
Bad debts and doubtful accounts		4,678,530	5,117,260	4,528,435	5,041,199
Loss on impairment of investment		6,645	-	6,645	-
Depreciation of leasehold improvement and equipment		387,419	351,401	281,496	263,066
Amortization of intangible assets		185,909	211,653	139,150	165,735
Loss on sale of leasehold improvement and equipment		5,859	30,422	5,031	25,415
Loss on write-off of leasehold improvement and equipment		412	3,796	348	1,584
Gain on sale of intangible assets		-	(1,779)	-	(1,779)
Loss on write-off of intangible assets		563	-	563	-
Employee benefit expense		34,804	24,427	24,690	16,280
Gain on sale of written-off accounts receivable		(179,146)	(346,352)	(179,146)	(346,352)
Interest income		(10,729,439)	(9,451,511)	(9,924,306)	(9,262,724)
Dividend income		-	-	(58,000)	(54,000)
Finance costs		2,104,483	2,110,246	2,256,057	2,222,969
		<u>209,449</u>	<u>1,072,072</u>	<u>452,566</u>	<u>904,225</u>
Operating assets (increase) decrease					
Trade and other current receivables		(13,869,538)	(6,405,931)	(13,451,648)	(7,147,444)
Other current assets		(8,706)	(49,142)	42	(740)
Other non-current assets		(2,474)	(18,666)	(7,453)	(17,717)
Operating liabilities increase (decrease)					
Trade and other current payables		165,526	(6,887)	119,409	(562,009)
Other current liabilities		8,065	(194,398)	864	(53,840)
Other non-current liabilities		2,758	7,373	(2,836)	3,281
Cash paid for operations		(13,494,920)	(5,595,579)	(12,889,056)	(6,874,244)
Proceeds from interest income		10,472,907	9,267,084	9,691,266	8,996,408
Dividend received		-	-	58,000	54,000
Finance costs paid		(2,035,961)	(2,105,999)	(2,197,565)	(2,211,949)
Income tax paid		(626,393)	(542,796)	(547,030)	(442,081)
Employee benefits paid		(1,148)	(551)	-	-
Net cash provided by (used in) operating activities		<u>(5,685,515)</u>	<u>1,022,159</u>	<u>(5,884,385)</u>	<u>(477,866)</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from short-term loan to a related party		-	-	100,000	-
Cash paid for fixed deposits at banks under obligations		(1,746)	-	-	-
Proceeds from fixed deposits at banks under obligations		-	6,143	-	-
Cash paid for investment in subsidiaries		-	-	-	(70,610)
Cash paid for capital repayment from dissolution of a subsidiary		(30)	(30)	-	-
Proceeds from capital refund from a subsidiary		-	-	10	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(231,686)	(471,723)	(141,850)	(351,605)
Proceeds from sale of leasehold improvement and equipment		711	3,502	380	3,471
Cash paid for purchase of intangible assets	4.2	(115,311)	(154,887)	(94,829)	(109,323)
Proceeds from sale of intangible assets		-	7,433	-	7,058
Net cash used in investing activities		<u>(348,062)</u>	<u>(609,562)</u>	<u>(136,289)</u>	<u>(521,009)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank overdrafts and short-term borrowings from financial institutions		47,344,612	196,319,130	46,156,690	192,967,036
Cash repayments for bank overdrafts and short-term borrowings from financial institutions		(46,894,034)	(200,109,374)	(45,916,732)	(197,176,995)
Cash paid for finance lease agreements		(6,002)	(1,178)	-	-
Proceeds from long-term borrowings		14,993,398	8,268,038	14,498,000	8,160,030
Cash repayments for long-term borrowings		(9,099,544)	(10,592,751)	(8,760,210)	(10,589,013)
Proceeds from sale of additional revolving receivables under securitization projects		-	-	-	2,014,291
Proceeds from long-term borrowings under securitization project		-	-	1,376,466	873,730
Cash repayments for long-term borrowings under securitization project		-	-	(763,078)	(707,658)
Proceeds from long-term debentures issuance		4,066,097	7,307,968	3,600,000	7,030,900
Cash repayments for long-term debentures		(3,242,000)	(1,082,050)	(3,242,000)	(1,082,050)
Proceeds from long-term subordinated borrowings		25,894	15,393	-	-
Proceeds from sale of written-off accounts receivable		229,578	173,487	229,578	173,487

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED FEBRUARY 28, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED)					
Proceeds from share subscription received in advance of a subsidiary		-	17,655	-	-
Cash paid for dividend		(477,130)	(468,274)	(462,498)	(462,349)
Cash paid for interim dividend		(399,998)	(399,930)	(399,998)	(399,930)
Net cash provided by (used in) financing activities		<u>6,540,871</u>	<u>(551,886)</u>	<u>6,316,218</u>	<u>801,479</u>
Net increase (decrease) in cash and cash equivalents		507,294	(139,289)	295,544	(197,396)
Decrease in exchange differences on translating financial statements of foreign operations		(66,616)	(20,158)	-	-
Cash and cash equivalents at beginning of the year		<u>3,649,124</u>	<u>3,808,571</u>	<u>2,932,195</u>	<u>3,129,591</u>
Cash and cash equivalents at the end of the year	4.1	<u><u>4,089,802</u></u>	<u><u>3,649,124</u></u>	<u><u>3,227,739</u></u>	<u><u>2,932,195</u></u>

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

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2018**

1. OPERATIONS OF THE COMPANY

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

As at February 28, 2018 and 2017, the Company has head office and branches totaling 107 locations and 111 locations, respectively.

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

The Company has subsidiaries which are under its control in finance and operations and an associate which the Company has significant influence, but no control or joint control, over the financial and operating policies as mentioned in Note 2.4, Note 9.1 and Note 9.2.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 The Group and the Company maintain its accounting records in Thai Baht and prepare their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding "The Preparation and Submission of Financial Statements and Reports for the Financial Position and Results of Operations of the Listed Companies B.E. 2560" and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.

2.3 The consolidated financial statements for the years ended February 28, 2018 and 2017 included the accounts of the Company and its subsidiaries and interest in equity-accounted in an associate. Significant transactions and balances between the Company and its subsidiaries have been eliminated.

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

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

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

2.3.2 An associate is an entity in which the Company has significant influence, but no control or joint control, over the financial and operating policies.

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

2.4 For the years ended February 28, 2018 and 2017, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2018	2017
Eternal 6 Special Purpose Vehicle Company Limited*	Special purpose juristic person in securitization projects	Thailand	March 14, 2013	-	26.00
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
AEON Insurance Service (Thailand) Company Limited	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc.	Retail finance business	Cambodia	October 5, 2011	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 6 Special Purpose Vehicle Company Limited had registered the dissolution and the liquidation with the Department of Business Development, Ministry of Commerce on August 31, 2016, and June 29, 2017, respectively (see Notes 5.5 and 9.2).

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

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

For the years ended February 28, 2018 and 2017, the consolidated financial statements include equity interest in an associate as follows:

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

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

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

	The date of the end of the reporting period in preparation of the consolidated financial statements For the years ended February 28,	
	2018	2017
Subsidiaries		
ACS Servicing (Thailand) Company Limited	December 31, 2017	December 31, 2016
AEON Insurance Service (Thailand) Company Limited	December 31, 2017	December 31, 2016
AEON Specialized Bank (Cambodia) Plc.	December 31, 2017	December 31, 2016
AEON Microfinance (Myanmar) Company Limited	December 31, 2017	December 31, 2016
AEON Leasing Service (Lao) Company Limited	December 31, 2017	December 31, 2016
Associate		
ACS Trading Vietnam Company Limited	December 31, 2017	December 31, 2016

- 2.6 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the period, the Group and the Company have adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for the accounting periods 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.

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

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the accounting periods beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Trade receivables

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

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

3.3 Allowance for doubtful accounts and bad debts

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

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

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

3.4 Troubled debt restructuring

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

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

3.5 Securitization transactions

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

Since there were no Thai Accounting Standards that deal with securitization transactions, the Company applied the exposure draft of the accounting guideline issued by the Federation of Accounting Professions (the "FAP") for accounting for securitizations.

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

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

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

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

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

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

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

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

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

3.6 Investments

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

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

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

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

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

3.7 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

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

3.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for diminution in value (if any).

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

3.9 Assets and liabilities in foreign currencies

3.9.1 Functional currency and presentation currency

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

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

3.9.2 Translation of foreign currency transaction

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

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

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

3.9.3 Translation of financial statements of foreign operations

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

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

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

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

3.10 Financial instruments

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

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

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

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

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

3.11 Lease agreements

Finance lease agreements

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

Operating lease agreements

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

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

3.12 Recognition of revenues and expenses

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

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

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

Collection service income is recognized when debt is collected.

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

Other income and expense are recognized on an accrual basis.

3.13 Employee Benefits

3.13.1 Provident Fund

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

3.13.2 Post-employment benefits

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

Gains (losses) on remeasurements of defined benefit plans are recognized in statement of profit or loss and other comprehensive income.

3.14 Deferred revenue from customer loyalty programs

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

3.15 Income tax expense

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

3.15.1 Current tax

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

3.15.2 Deferred tax

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

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

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

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

3.16 Basic earnings per share

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

3.17 Fair value measurements

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

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

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

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

3.18 Use of management's judgments and key sources of estimation uncertainty

3.18.1 Use of management's judgments

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

(1) Allowance for doubtful accounts

The Company determines allowance for doubtful accounts on trade receivables using a collective approach which requires the management to classify a group of loans having similar credit risk characteristics and using the historical loss experience of each loan category for estimation.

(2) Deferred revenue from customer loyalty programs

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

(3) Provisions for employee benefits

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

The Group and the Company determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the provisions for employee benefit. In determining the appropriate discount rate, the Group and the Company consider the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related provisions. Additional information is disclosed in Note 22.

3.18.2 Key sources of estimation uncertainty

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

Fair value measurements and valuation processes

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

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 35.5.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Cash	1,302,910	1,504,677	1,281,876	1,404,243
Deposits at bank - call deposits	2,786,892	2,144,447	1,945,863	1,527,952
Cash and cash equivalents	<u>4,089,802</u>	<u>3,649,124</u>	<u>3,227,739</u>	<u>2,932,195</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the years ended February 28, 2018 and 2017, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	10,042	15,500	10,042	15,500
Purchase of leasehold improvement and equipment	250,044	466,265	157,040	346,147
	<u>260,086</u>	<u>481,765</u>	<u>167,082</u>	<u>361,647</u>
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	(231,686)	(471,723)	(141,850)	(351,605)
Liabilities recorded - carried forward	<u>28,400</u>	<u>10,042</u>	<u>25,232</u>	<u>10,042</u>
Intangible assets				
Liabilities recorded - brought forward	3,897	366	3,897	366
Purchase of intangible assets	122,431	158,418	101,949	112,854
	<u>126,328</u>	<u>158,784</u>	<u>105,846</u>	<u>113,220</u>
<u>Less</u> Cash paid for purchase of intangible assets	(115,311)	(154,887)	(94,829)	(109,323)
Liabilities recorded - carried forward	<u>11,017</u>	<u>3,897</u>	<u>11,017</u>	<u>3,897</u>

4.3 For the years ended February 28, 2018 and 2017, the Company had non-cash item relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, a subsidiary, as the Company sold loan receivables to such subsidiary which was settled by increasing the Subordinated Lendings Account and the Seller loan Account of Baht 25.89 million and Baht 27.44 million, respectively, and increasing the Subordinated Lendings of Baht 15.39 million and decreasing the Seller loan Account of Baht 51.17 million, respectively, instead of cash receipt.

5. TRADE RECEIVABLES

5.1 Trade receivables as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Trade receivables	74,457,393	65,338,844	72,122,528	63,385,828
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	<u>1,366,167</u>	<u>789,300</u>	<u>1,366,167</u>	<u>789,300</u>
Total	<u>75,823,560</u>	<u>66,128,144</u>	<u>73,488,695</u>	<u>64,175,128</u>
<u>Less</u> Allowance for doubtful accounts	(2,415,692)	(2,259,949)	(2,356,958)	(2,211,771)
Total trade receivables	<u>73,407,868</u>	<u>63,868,195</u>	<u>71,131,737</u>	<u>61,963,357</u>
Trade receivables due within 1 year	72,466,271	62,334,783	70,883,021	61,569,653
Trade receivables due after 1 year	<u>941,597</u>	<u>1,533,412</u>	<u>248,716</u>	<u>393,704</u>
Total trade receivables	<u>73,407,868</u>	<u>63,868,195</u>	<u>71,131,737</u>	<u>61,963,357</u>

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

As at February 28, 2018 and 2017, trade receivables are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
	2018			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
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	677,663	654,252	1,331,915	553,005	988,150	1,541,155
<u>Less</u> Unearned financing income	<u>(46,135)</u>	<u>(18,832)</u>	<u>(64,967)</u>	<u>(75,608)</u>	<u>(21,181)</u>	<u>(96,789)</u>
	631,528	635,420	1,266,948	477,397	966,969	1,444,366
<u>Less</u> Allowance for doubtful accounts	<u>(45,040)</u>	<u>-</u>	<u>(45,040)</u>	<u>(53,475)</u>	<u>-</u>	<u>(53,475)</u>
Hire-purchase and accrued interest receivable - net	<u>586,488</u>	<u>635,420</u>	<u>1,221,908</u>	<u>423,922</u>	<u>966,969</u>	<u>1,390,891</u>
Loans receivable						
Loans and accrued interest receivable	39,490,563	306,177	39,796,740	35,260,083	566,443	35,826,526
<u>Less</u> Allowance for doubtful accounts	<u>(1,406,224)</u>	<u>-</u>	<u>(1,406,224)</u>	<u>(1,352,365)</u>	<u>-</u>	<u>(1,352,365)</u>
Loans and accrued interest receivable - net	<u>38,084,339</u>	<u>306,177</u>	<u>38,390,516</u>	<u>33,907,718</u>	<u>566,443</u>	<u>34,474,161</u>
Credit card receivable						
Credit card and accrued interest receivable	34,588,275	-	34,588,275	28,711,152	-	28,711,152
<u>Less</u> Allowance for doubtful accounts	<u>(962,919)</u>	<u>-</u>	<u>(962,919)</u>	<u>(853,536)</u>	<u>-</u>	<u>(853,536)</u>
Credit card and accrued interest receivable - net	<u>33,625,356</u>	<u>-</u>	<u>33,625,356</u>	<u>27,857,616</u>	<u>-</u>	<u>27,857,616</u>
Receivable from rendering the collection service						
Receivable from rendering the collection service	48,855	-	48,855	47,474	-	47,474
<u>Less</u> Allowance for doubtful accounts	<u>(1,509)</u>	<u>-</u>	<u>(1,509)</u>	<u>(573)</u>	<u>-</u>	<u>(573)</u>
Receivable from rendering the collection service - net	<u>47,346</u>	<u>-</u>	<u>47,346</u>	<u>46,901</u>	<u>-</u>	<u>46,901</u>
Receivable from insurance broker business						
	<u>122,742</u>	<u>-</u>	<u>122,742</u>	<u>98,626</u>	<u>-</u>	<u>98,626</u>
Total trade receivables	<u><u>72,466,271</u></u>	<u><u>941,597</u></u>	<u><u>73,407,868</u></u>	<u><u>62,334,783</u></u>	<u><u>1,533,412</u></u>	<u><u>63,868,195</u></u>

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	2018			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
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	234,008	123,042	357,050	386,773	153,968	540,741
<u>Less</u> Unearned financing income	(46,135)	(18,832)	(64,967)	(75,608)	(21,181)	(96,789)
	187,873	104,210	292,083	311,165	132,787	443,952
<u>Less</u> Allowance for doubtful accounts	(11,114)	-	(11,114)	(19,749)	-	(19,749)
Hire-purchase and accrued interest receivable - net	176,759	104,210	280,969	291,416	132,787	424,203
Loans receivable						
Loans and accrued interest receivable	38,652,542	144,506	38,797,048	34,865,083	260,917	35,126,000
<u>Less</u> Allowance for doubtful accounts	(1,386,302)	-	(1,386,302)	(1,338,553)	-	(1,338,553)
Loans and accrued interest receivable - net	37,266,240	144,506	37,410,746	33,526,530	260,917	33,787,447
Credit card receivable						
Credit card and accrued interest receivable	34,399,564	-	34,399,564	28,605,176	-	28,605,176
<u>Less</u> Allowance for doubtful accounts	(959,542)	-	(959,542)	(853,469)	-	(853,469)
Credit card and accrued interest receivable - net	33,440,022	-	33,440,022	27,751,707	-	27,751,707
Total trade receivables	70,883,021	248,716	71,131,737	61,569,653	393,704	61,963,357

5.2 Quality of assets

Trade receivables as at February 28, 2018 and 2017, classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Less than 3 months	74,044,653	64,335,597	71,761,305	62,421,244
3 months up	1,778,907	1,792,547	1,727,390	1,753,884
Total	75,823,560	66,128,144	73,488,695	64,175,128
<u>Less</u> Allowance for doubtful accounts	(2,415,692)	(2,259,949)	(2,356,958)	(2,211,771)
Total trade receivables	73,407,868	63,868,195	71,131,737	61,963,357

5.3 Troubled debt restructuring

For the years ended February 28, 2018 and 2017, the Company had recognized interest income on restructured debts totaling Baht 205.97 million and Baht 197.36 million, respectively.

The Company had outstanding balances of credit card receivable, hire-purchase receivable and loans receivable as at February 28, 2018 and 2017, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		2017	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	45,562	1,487,941	46,971	1,462,147
Non-restructured trade receivables	3,487,624	74,164,022	3,644,082	64,519,897
Total	<u>3,533,186</u>	<u>75,651,963</u>	<u>3,691,053</u>	<u>65,982,044</u>

	SEPARATE FINANCIAL STATEMENTS			
	2018		2017	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	45,528	1,475,496	46,971	1,462,147
Non-restructured trade receivables	3,210,892	72,013,199	3,392,243	62,712,981
Total	<u>3,256,420</u>	<u>73,488,695</u>	<u>3,439,214</u>	<u>64,175,128</u>

As at February 28, 2018 and 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 February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	2,259,949	2,411,968	2,211,771	2,274,306
Bad debts and doubtful accounts	4,678,530	5,117,260	4,528,435	5,041,199
Gain on devaluation of long-term borrowings under securitization project	-	-	89,860	71,928
Written-off bad debts	<u>(4,522,787)</u>	<u>(5,269,279)</u>	<u>(4,473,108)</u>	<u>(5,175,662)</u>
Ending balance	<u>2,415,692</u>	<u>2,259,949</u>	<u>2,356,958</u>	<u>2,211,771</u>

5.5 Transfers of financial assets

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

* 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 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 the Department of Business Development, Ministry of Commerce on the same date. Eternal 6 registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on June 29, 2017 (see Note 9.2).

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.

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

	Eternal 6* Baht '000	ATS Rabbit* Baht '000
Statements of financial position		
As at February 28, 2018		
Total assets	-	1,498,725
Total liabilities	-	1,498,681
Total shareholders' equity	-	44
As at February 28, 2017		
Total assets	52	916,410
Total liabilities	-	916,366
Total shareholders' equity	52	44
Statement of profit or loss		
For the year ended February 28, 2018		
Total revenues	-	295,066
Bad debts and doubtful accounts	-	89,860
Other operating expenses	-	73,609
Interest expenses	-	61,401
Income tax expense	-	14,039
Net profit	-	56,157
For the year ended February 28, 2017		
Total revenues	240,143	199,907
Bad debts and doubtful accounts (Reversal)	(47,526)	71,928
Other operating expenses	75,598	51,897
Interest expenses	62,627	41,222
Income tax expense	31,310	6,972
Net profit	118,134	27,888

* Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) and ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) are the Company's subsidiaries (see Notes 2.4 and 9.2).

For the years ended February 28, 2018 and 2017, transactions relating to the transfers of financial assets under the securitization projects are summarized as follows:

	2018 Million Baht	2017 Million Baht
Transfers of future receivables and additional receivables (at book value)		
- Credit card receivable (Eternal 6)	-	1,411
- Loans receivable (ATS Rabbit)	1,430	960
	<u>1,430</u>	<u>2,371</u>
Cash collection on behalf of Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	-	1,678
- Loans receivable (ATS Rabbit)	950	904
	<u>950</u>	<u>2,582</u>
Servicing income on cash collection from Special Purpose Vehicles		
- Credit card receivable (Eternal 6)	-	63
- Loans receivable (ATS Rabbit)	57	38
	<u>57</u>	<u>101</u>

6. OTHER RECEIVABLES

Other receivables as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Other receivable - related companies (see Note 32.2.1)	850	4,063	46,735	102,044
Other receivable - other companies	566,846	753,309	533,576	723,020
Prepaid expenses	106,573	80,021	79,511	54,403
Advance payment	21,642	10,643	140	70
Accrued income	21,461	29,679	21	3,609
Total	<u>717,372</u>	<u>877,715</u>	<u>659,983</u>	<u>883,146</u>

7. SHORT-TERM LOAN TO A RELATED PARTY

As at February 28, 2017, the Company had short-term loan to a subsidiary amounting to Baht 100 million. The loan can be called to repay within 30 days after receiving written notice. The loan was unsecured and had interest rate at the policy interest rate of the Bank of Thailand plus margin of 0.50% per annum. Subsequently, the loan has been fully repaid by the subsidiary on September 26, 2017 (see Note 32.2.1).

8. FIXED DEPOSITS AT BANKS UNDER OBLIGATIONS

As at February 28, 2018 and 2017, 4 subsidiaries have fixed deposits at banks under obligations as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Pledge as collateral for bank's letters of guarantee issued for debt collection service	1,058	1,105
Reserve in accordance with insurance regulations	3,000	3,000
Legal reserve of the foreign subsidiaries	25,782	23,989
Total	<u>29,840</u>	<u>28,094</u>

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

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

9.1 Investment in an associate in the consolidated financial statements

As at February 28, 2018 and 2017, the Company had investment in an entity, which is an associate, and is accounted for using the equity method in the consolidated financial statements as follows:

	Paid-up capital	% of Ownership	CONSOLIDATED FINANCIAL STATEMENTS			
			2018		2017	
			Cost method Baht '000	Equity method Baht '000	Cost method Baht '000	Equity method Baht '000
Investment in an associate						
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	32,482.3	16,819.3	31,538.0
Total investment in an associate			<u>16,819.3</u>	<u>32,482.3</u>	<u>16,819.3</u>	<u>31,538.0</u>

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

ACS Trading Vietnam Company Limited

	As at February 28,	
	2018 Baht '000	2017 Baht '000
Total assets	<u>2,015,589</u>	<u>1,663,692</u>
Total liabilities	<u>1,864,564</u>	<u>1,496,114</u>
	For the years ended February 28,	
	2018 Baht '000	2017 Baht '000
Total revenues	<u>512,506</u>	<u>541,844</u>
Net profit (loss)	<u>4,722</u>	<u>(48,536)</u>

The consolidated statements of profit or loss for the years ended February 28, 2018 and 2017, recognized share of profit (loss) from investment in an associate according to the proportion of the ownership interest in an associate as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Share of profit (loss) from investment in an associate		
ACS Trading Vietnam Company Limited	944	(9,707)

Reconciliation of the above summarized financial information to the carrying amount of the interest in an associate recognized in the consolidated financial statements for the years ended February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Net assets of an associate	151,025	167,578
Proportion of the ownership interest in an associate (%)	20.00	20.00
	30,205	33,516
Goodwill	-	-
Other adjustments		
- Exchange differences on acquisition date	2,277	(1,978)
Carrying amount of the investment in an associate	32,482	31,538

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

As at February 28, 2018 and 2017, the Company had investments in an associate and subsidiaries which are accounted for using the cost method in the separate financial statements as follows:

	SEPARATE FINANCIAL STATEMENTS			
	2018		2017	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
Investment in an associate and subsidiaries				
Investment in an associate (see Note 32.1)				
ACS Trading Vietnam Company Limited	20.00	16,819.3	20.00	16,819.3
Total investment in an associate		16,819.3		16,819.3
Investments in subsidiaries (see Note 32.1)				
Eternal 6 Special Purpose Vehicle Company Limited	-	-	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		1,028,011.1		957,401.5
Total investments in an associate and subsidiaries		1,044,830.4		974,220.8

- (1) 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 the Department of Business Development, Ministry of Commerce on the same date. Eternal 6 registered the completion of the liquidation process with the Department of Business Development, Ministry of Commerce on June 29, 2017 (see Note 5.5).
- (2) 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.

9.3 Long-term investments in related companies as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	2018		2017	
	% of Ownership	Cost Baht '000	% of Ownership	Cost Baht '000
Long-term investments in related companies				
AEON (Thailand) Co., Ltd. (340,000 shares of Baht 100 each, Baht 25 called up)	5.23	8,500	5.23	8,500
PT. AEON Credit Service Indonesia (173 shares of IDR 30 million each, par value of IDR 30 million, fully paid)	5.18	19,072	5.18	19,072
AEON Credit Service Systems (Philippines) Inc. (100,000 shares of PHP 100 each, par value of PHP 100, fully paid)	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>(15,145)</u>		<u>(8,500)</u>
Total long-term investments in related companies		<u>20,072</u>		<u>26,717</u>

10. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Seller loan in Special Purpose Vehicle for securitization as at February 28, 2018 and 2017, as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 32.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	<u>39,087</u>	<u>11,643</u>
Total Seller loan in Special Purpose Vehicle for securitization	<u>39,087</u>	<u>11,643</u>

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

11. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

11.1 Subordinated lendings to Special Purpose Vehicle as at February 28, 2018 and 2017, are as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Subordinated lendings (see Note 32.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	71,157	45,263
Total subordinated lendings	<u>71,157</u>	<u>45,263</u>

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

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

11.2 Subordinated borrowings of Special Purpose Vehicle as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	71,157	45,263
Total subordinated borrowings	<u>71,157</u>	<u>45,263</u>

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

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

12. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Cost	3,481,820	3,378,479	2,725,319	2,687,750
Accumulated depreciation	(2,581,325)	(2,333,627)	(2,085,405)	(1,917,622)
Total leasehold improvement and equipment	900,495	1,044,852	639,914	770,128

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

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at February 28, 2017	Additions	Disposals/ Write-off	Transfer in (out)	Balance as at February 28, 2018
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Cost					
Leasehold improvement	1,077,766	52,061	(44,533)	36,362	1,121,656
Furniture and office equipment	2,272,631	126,655	(102,170)	60,737	2,357,853
Assets under installation	28,082	71,328	-	(97,099)	2,311
	3,378,479	250,044	(146,703)	-	3,481,820
Accumulated depreciation					
Leasehold improvement	(572,512)	(170,622)	39,494	-	(703,640)
Furniture and office equipment	(1,761,115)	(216,797)	100,227	-	(1,877,685)
	(2,333,627)	(387,419)	139,721	-	(2,581,325)
Total leasehold improvement and equipment	1,044,852				900,495

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

	SEPARATE FINANCIAL STATEMENTS				
	Balance	Additions	Disposals/	Transfer	Balance
	as at		Write-off	in (out)	as at
	February 28,				February 28,
	2017				2018
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
Cost					
Leasehold improvement	878,988	23,176	(40,498)	36,354	898,020
Furniture and office equipment	1,780,680	62,536	(78,973)	60,745	1,824,988
Assets under installation	28,082	71,328	-	(97,099)	2,311
	<u>2,687,750</u>	<u>157,040</u>	<u>(119,471)</u>	<u>-</u>	<u>2,725,319</u>
Accumulated depreciation					
Leasehold improvement	(481,517)	(135,406)	35,541	-	(581,382)
Furniture and office equipment	(1,436,105)	(146,090)	78,172	-	(1,504,023)
	<u>(1,917,622)</u>	<u>(281,496)</u>	<u>113,713</u>	<u>-</u>	<u>(2,085,405)</u>
Total leasehold improvement and equipment	<u>770,128</u>				<u>639,914</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Depreciation for the years ended February 28,	<u>387,419</u>	<u>351,401</u>	<u>281,496</u>	<u>263,066</u>

As at February 28, 2018 and 2017, costs of fully depreciated leasehold improvement and equipment still in use are as follows:

	2018	2017
	Baht '000	Baht '000
Consolidated financial statements	<u>1,635,513</u>	<u>1,562,639</u>
Separate financial statements	<u>1,380,149</u>	<u>1,297,689</u>

13. INTANGIBLE ASSETS

Intangible assets as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Cost	3,693,663	3,575,002	3,272,965	3,171,579
Accumulated amortization	(3,166,159)	(2,983,457)	(2,873,795)	(2,734,645)
Total intangible assets	527,504	591,545	399,170	436,934

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

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Additions	Disposals/	Transfer	Balance
	as at		Write-off	in (out)	as at
	February 28,				February 28,
	2017				2018
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Cost					
Computer software	3,472,644	42,982	(3,207)	58,883	3,571,302
Computer software under installation	102,358	79,449	(563)	(58,883)	122,361
	3,575,002	122,431	(3,770)	-	3,693,663
Accumulated amortization					
Computer software	(2,983,457)	(185,909)	3,207	-	(3,166,159)
Total intangible assets	591,545				527,504

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

	SEPARATE FINANCIAL STATEMENTS				Balance as at February 28, 2018 Baht '000	
	Balance as at February 28, 2017 Baht '000	Additions	Disposals/ Write-off Baht '000	Transfer in (out) Baht '000		
	Cost					
	Computer software	3,069,621	22,581	-		58,483
Computer software under installation	101,958	79,368	(563)	(58,483)	122,280	
	3,171,579	101,949	(563)	-	3,272,965	
Accumulated amortization						
Computer software	(2,734,645)	(139,150)	-	-	(2,873,795)	
Total intangible assets	<u>436,934</u>				<u>399,170</u>	

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Amortization for the years ended February 28,	185,909	211,653	139,150	165,735

As at February 28, 2018 and 2017, costs of fully amortized computer software still in use are as follows:

	2018 Baht '000	2017 Baht '000
Consolidated financial statements	<u>2,616,641</u>	<u>2,483,014</u>
Separate financial statements	<u>2,483,918</u>	<u>2,331,788</u>

14. DEFERRED TAX ASSETS

Deferred tax assets as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	476,804	447,959	471,392	442,354
Non-accrual of interest income	34,573	39,585	33,885	38,961
Allowance for impairment of assets	13,080	-	13,080	-
Provisions for employee benefits	30,386	26,590	21,039	19,658
Deferred revenue from customer loyalty programs	34,464	26,588	34,464	26,588
Others	5,974	3,268	3,029	1,700
	<u>595,281</u>	<u>543,990</u>	<u>576,889</u>	<u>529,261</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	148,691	147,056	148,691	147,056
Others	-	992	-	-
	<u>148,691</u>	<u>148,048</u>	<u>148,691</u>	<u>147,056</u>
Deferred tax assets	<u>446,590</u>	<u>395,942</u>	<u>428,198</u>	<u>382,205</u>

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

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

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
Deferred tax assets				
Allowance for doubtful accounts	481,107	(33,148)	-	447,959
Non-accrual of interest income	65,194	(25,609)	-	39,585
Provisions for employee benefits	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>
Deferred tax liabilities				
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>
Deferred tax assets	<u>459,099</u>	<u>(67,174)</u>	<u>4,017</u>	<u>395,942</u>

SEPARATE FINANCIAL STATEMENTS

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

	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	
Deferred tax assets				
Allowance for doubtful accounts	454,861	(12,507)	-	442,354
Non-accrual of interest income	63,290	(24,329)	-	38,961
Provisions for employee benefits	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>
Deferred tax liabilities				
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>
Deferred tax assets	<u>427,018</u>	<u>(49,281)</u>	<u>4,468</u>	<u>382,205</u>

15. OTHER NON-CURRENT ASSETS

Other non-current assets as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Deposits	195,860	193,386	172,080	164,627
Total	<u>195,860</u>	<u>193,386</u>	<u>172,080</u>	<u>164,627</u>

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

Bank overdrafts and short-term borrowings from financial institutions as at February 28, 2018 and 2017, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		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 - 1.67	2,820,000	1.60 - 2.26	2,580,000
Short term borrowings in USD currency	2.14 - 2.44	384,312	1.48 - 1.88	564,879
Short term borrowings in LAK currency	7.30 - 9.50	224,719	7.12 - 10.50	150,260
Short term borrowings in MMK currency	11.70 - 12.50	523,368	12.50	206,639
Total		<u>3,952,399</u>		<u>3,501,820</u>

	SEPARATE FINANCIAL STATEMENTS			
	2018		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 - 1.67	2,580,000	1.60 - 2.26	2,580,000
Total		<u>2,580,000</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.

17. OTHER PAYABLES

Other payables as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Other payable - related companies (see Note 32.2.1)	53,058	63,809	208,042	239,782
Other payable - other companies	335,564	257,497	215,011	143,548
Deferred revenue from customer loyalty programs	173,645	133,306	172,321	132,940
Interest payable	542,953	541,094	583,418	561,575
Accrued expenses	404,897	341,226	338,854	314,239
Total	<u>1,510,117</u>	<u>1,336,932</u>	<u>1,517,646</u>	<u>1,392,084</u>

18. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

As at February 28, 2018 and 2017, a subsidiary of the Company has liabilities under finance lease agreements as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Minimum lease payment		Present value of minimum lease payment	
	2018	2017	2018	2017
Within 1 year	6,255	6,507	5,961	6,002
Over 1 year to 5 years	5,004	11,259	4,923	10,884
	11,259	17,766	10,884	16,886
<u>Less</u> Deferred interest	(375)	(880)	-	-
	<u>10,884</u>	<u>16,886</u>	<u>10,884</u>	<u>16,886</u>

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

19. LONG-TERM BORROWINGS

As at February 28, 2018 and 2017, the Company entered into various long-term borrowings agreements in THB and foreign currencies as follows:

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

CONSOLIDATED FINANCIAL STATEMENTS				
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	14,890,442
Borrowings in USD currency	2017 - 2021	2.16 - 4.32	508.99	17,853,787
Borrowings in THB currency	2017 - 2019	2.48 - 4.70	4,750.00	4,750,000
<u>Less</u> Borrowings issuance cost				(70,219)
				37,424,010
<u>Less</u> Current portion of long-term borrowings				(9,391,461)
Total long-term borrowings				28,032,549

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

SEPARATE FINANCIAL STATEMENTS				
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	14,890,442
Borrowings in USD currency	2017 - 2021	2.22 - 4.32	495.99	17,385,755
Borrowings in THB currency	2017 - 2019	2.48 - 4.70	4,750.00	4,750,000
<u>Less</u> Borrowings issuance cost				(70,219)
				36,955,978
<u>Less</u> Current portion of long-term borrowings				(9,031,436)
Total long-term borrowings				27,924,542

In the consolidated and separate financial statements as at February 28, 2018 and 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 1,482.73 million and JPY 5,000 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 32.2.1).

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2018				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	2,883,750	56,215	180,488	236,703
	<u>2,883,750</u>	<u>56,215</u>	<u>180,488</u>	<u>236,703</u>

Payables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	11,804,722	(752,003)	(264,867)	(1,016,870)
USD currency	18,016,680	(361,075)	(840,044)	(1,201,119)
	<u>29,821,402</u>	<u>(1,113,078)</u>	<u>(1,104,911)</u>	<u>(2,217,989)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2017				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	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>

Payables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	10,695,472	(228,854)	(435,162)	(664,016)
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>

20. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at February 28, 2018 and 2017, the Company recognized the cash received and the settlement by the Seller Loan Account of ATS Rabbit for the transferred rights in loans receivable under securitization (see Note 5.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 1,366.17 million and Baht 789.30 million, respectively.

21. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at February 28, 2018 and 2017, as follows:

Issue date	Maturity Date	No. of units	Currency	Par value per unit	Amount	Interest rate p.a. (%)	Term of interest payment	2018 Baht '000	2017 Baht '000
Company									
30/08/2012	30/08/2017	30	USD	1,000,000	30,000,000	USD-LIBOR 3M	Quarterly	-	1,051,578
13/09/2012	13/09/2017	20	USD	1,000,000	20,000,000	USD-LIBOR 3M + 0.20	Quarterly	-	701,052
24/07/2013	29/07/2018	17	USD	1,000,000	17,000,000	USD-LIBOR 6M + 0.01	Semi-annual	537,855	595,894
29/11/2013	29/11/2018	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.05	Semi-annual	949,155	1,051,578
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	949,155	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
26/09/2014	26/09/2017	15	USD	1,000,000	15,000,000	USD-LIBOR 6M	Semi-annual	-	525,789
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	653,809	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	2,214,695	2,453,682
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	474,578	525,789
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	474,578	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	949,154	1,051,578
18/08/2017	18/08/2020	200,000	THB	1,000	200,000,000	2.50	Quarterly	200,000	-
14/09/2017	14/09/2020	300,000	THB	1,000	300,000,000	2.50	Semi-annual	300,000	-
21/09/2017	21/09/2020	100,000	THB	1,000	100,000,000	2.50	Semi-annual	100,000	-
15/12/2017	15/12/2020	2,000,000	THB	1,000	2,000,000,000	2.37	Semi-annual	2,000,000	-
15/12/2017	15/12/2022	1,000,000	THB	1,000	1,000,000,000	2.93	Semi-annual	1,000,000	-
								<u>13,402,979</u>	<u>14,023,970</u>
								<u>(50,376)</u>	<u>(76,373)</u>
								<u>13,352,603</u>	<u>13,947,597</u>
								<u>(1,685,317)</u>	<u>(3,472,286)</u>
								<u>11,667,286</u>	<u>10,475,311</u>
ATS Rabbit Special Purpose Vehicle Company Limited									
30/01/2017	28/10/2025	774,473	THB	1,000	774,473,000	4.00	Monthly	-	774,473
29/01/2018	28/10/2025	1,240,570	THB	1,000	1,240,570,000	4.00	Monthly	1,240,570	-
								<u>12,907,856</u>	<u>11,249,784</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On March 28, 2016, the Company issued and offered debentures amounting to USD 15 million to a bank in Japan with interest rate of USD - LIBOR 6 months plus 0.50% per annum, payable on a semi-annual basis, and will be due on March 27, 2020. Such debentures are guaranteed by the same bank.

- (5) On June 17, 2016, the Company's Annual General Meeting of shareholders of 2016 had the resolution for the issuance and offering of debentures. An issuing amount of the debentures is not to exceed Baht 8,000 million. The currency, tenor, interest rate and other conditions will be considered and approved by the Board of Director's Meeting later when the Company is ready for the issuance and offering of debentures.

On August 22, 2016, the Company issued and offered debentures amounting to USD 15 million to a bank in Japan with interest rate of USD - LIBOR 6 months plus 0.85% per annum, payable on a semi-annual basis, and will be due on August 20, 2021. Such debentures are guaranteed by the same bank.

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

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

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

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

On August 18, 2017, the Company issued and offered debentures amounting to Baht 200 million to a mutual fund and a pension fund in Thailand with interest rate of 2.50% per annum, payable on a quarterly basis, and will be due on August 18, 2020.

On September 14, 2017, the Company issued and offered debentures amounting to Baht 300 million to a mutual fund and a pension fund in Thailand with interest rate of 2.50% per annum, payable on a semi-annual basis, and will be due on September 14, 2020.

On September 21, 2017, the Company issued and offered debentures amounting to Baht 100 million to a mutual fund in Thailand with interest rate of 2.50% per annum, payable on a semi-annual basis, and will be due on September 21, 2020.

On December 15, 2017, the Company issued and offered debentures amounting to Baht 2,000 million to institutional and high net worth investors in Thailand with interest rate of 2.37% per annum, payable on a semi-annual basis, and will be due on December 15, 2020.

On December 15, 2017, the Company issued and offered debentures amounting to Baht 1,000 million to institutional and high net worth investors in Thailand with interest rate of 2.93% per annum, payable on a semi-annual basis, and will be due on December 15, 2022.

- (6) A subsidiary has offered the debentures to no more than 10 specific investors during any 4-month period which such offering was approved by the SEC on October 2, 2015.

During the year ended February 28, 2017, the subsidiary issued and offered the long-term refinanced debentures which are unsubordinated and unsecured of Baht 774.47 million for partial settlement of the transfer of rights in future receivables and additional receivables in accordance with conditions in the agreements.

During the year ended February 28, 2018, the subsidiary issued and offered the long-term refinanced debentures which are unsubordinated and unsecured of Baht 1,240.57 million for partial settlement of the transfer of rights in future receivables and additional receivables in accordance with conditions in the agreements.

Such debentures are assets-backed debentures under the Securitization Law with fixed interest rate at 4% per annum for the 3-year period after the first issuance date, and thereafter with a fixed interest rate equal to the corporate bond yield per annum as prescribed in the conditions.

Cash flows from a pool of loans receivable will be used to make payments for the debentures. Interest on the debentures will be payable monthly throughout their lives commencing on December 18, 2015.

Such debentures will be initially redeemed in 2023 and matured on October 29, 2025 with conditions to redeem before the maturity.

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2018				
	Notional	Carrying amount		
	Amount	Within 1 year	1 - 5 years	Total
	Baht '000	Baht '000	Baht '000	Baht '000
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	596,860	-	56,949	56,949
USD currency	527,850	10,005	-	10,005
	<u>1,124,710</u>	<u>10,005</u>	<u>56,949</u>	<u>66,954</u>
Payables per currency swap contracts				
Cross Currency Swap Contracts				
USD currency	6,565,900	(10,845)	(543,740)	(554,585)
	<u>6,565,900</u>	<u>(10,845)</u>	<u>(543,740)</u>	<u>(554,585)</u>
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2017				
	Notional	Carrying amount		
	amount	Within 1 year	1 - 5 years	Total
	Baht '000	Baht '000	Baht '000	Baht '000
Receivables per currency swap contracts				
Cross Currency 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>
Payables per currency swap contracts				
Cross Currency 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>

22. PROVISIONS FOR EMPLOYEE BENEFITS

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

For the years ended February 28, 2018 and 2017, amounts recognized in the statements of profit or loss in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Current service cost	29,964	21,223	21,555	14,479
Interest cost	4,286	2,699	3,135	1,801
Loss on settlement	554	505	-	-
Total	<u>34,804</u>	<u>24,427</u>	<u>24,690</u>	<u>16,280</u>

For the years ended February 28, 2018 and 2017, amounts recognized in the statements of profit or loss and other comprehensive income in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
(Gain) loss on remeasurements of defined benefit plans				
- From financial assumptions changes	8,525	5,738	4,647	6,029
- From demographic assumptions changes	3,294	(3,345)	5,958	(1,778)
- From experience adjustments	(26,495)	17,691	(28,393)	18,088
Total	<u>(14,676)</u>	<u>20,084</u>	<u>(17,788)</u>	<u>22,339</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	132,950	88,990	98,291	59,672
Current service cost	29,964	21,223	21,555	14,479
Interest cost	4,286	2,699	3,135	1,801
Loss on settlement	554	505	-	-
(Gain) loss on remeasurements of defined benefit plans	(14,676)	20,084	(17,788)	22,339
Benefits paid	(1,148)	(551)	-	-
Ending balance	<u>151,930</u>	<u>132,950</u>	<u>105,193</u>	<u>98,291</u>

The significant actuarial assumptions used to calculate the provisions under the defined benefit plans as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	2017
	% per annum	% per annum
Financial assumptions		
Discount rate	2.54 - 2.96	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 - 51.0	0.0 - 54.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 61.0	0.0 - 63.0
	Subject to range of age of employees	Subject to range of age of employees

	SEPARATE FINANCIAL STATEMENTS	
	2018	2017
	% per annum	% per annum
Financial assumptions		
Discount rate	2.89	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 - 61.0	0.0 - 63.0
	Subject to range of age of employees	Subject to range of age of employees

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of the provisions for post-employment benefits as at February 28, 2018 and 2017, as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Financial assumptions				
Discount rate				
- 1% increase	(21,170)	(17,250)	(14,550)	(12,342)
- 1% decrease	25,519	20,575	17,509	14,662
Expected rate of salary increase				
- 1% increase	22,729	18,507	15,200	12,955
- 1% decrease	(19,226)	(15,807)	(12,894)	(11,104)
Demographic assumptions				
Turnover rate				
- 1% increase	(22,844)	(18,642)	(15,628)	(13,299)
- 1% decrease	13,279	9,458	7,944	6,454

Maturity analysis of the benefit payments of the provisions for post-employment benefits as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Within 1 year	-	-	-	-
Over 1 to 5 years	14,381	8,180	9,713	6,322
Over 5 years	137,549	124,770	95,480	91,969
Total	<u>151,930</u>	<u>132,950</u>	<u>105,193</u>	<u>98,291</u>

23. SHAREHOLDERS' EQUITY

- 23.1 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.
- 23.2 On October 7, 2016, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the year ended February 28, 2017 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.
- 23.3 On June 28, 2017, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the year ended February 28, 2017 at the rate of Baht 1.85 per share, totaling Baht 462.50 million. The aforementioned shareholders included 1,000 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 462.50 million 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.

- 23.4 On October 6, 2017, the Company's Board of Directors' meeting passed the resolution to declare interim dividends for the year ended February 28, 2018 at the rate of Baht 1.60 per share to shareholders, totaling Baht 400 million. The aforementioned shareholders included 1,000 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 399.99 million on November 6, 2017.
- 23.5 On August 20, 2013, the Extraordinary Shareholders' Meetings of Eternal 5 Special Purpose Vehicle Company Limited had passed the resolutions to approve the dissolution and liquidation. The company registered the dissolution with Department of Business Development, Ministry of Commerce on the same date, and then Eternal 5 registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce, and repaid the share capital to the Company and shareholders attributable to non-controlling interests amounting to Baht 0.01 million and Baht 0.03 million, respectively, on February 9, 2017.
- 23.6 On August 31, 2016, the Extraordinary Shareholders' Meetings of Eternal 6 Special Purpose Vehicle Company Limited had passed the resolutions to approve the dissolution and liquidation. The company registered the dissolution with Department of Business Development, Ministry of Commerce on the same date, and then Eternal 6 registered the completion of the liquidation process with Department of Business Development, Ministry of Commerce, and repaid the share capital to the Company and shareholders attributable to non-controlling interests amounting to Baht 0.01 million and Baht 0.03 million, respectively, on June 25, 2017 (See Note 5.5 and 9.2).
- 23.7 Under the Securitization project, the subsidiaries have to pay dividend to their shareholders from all remaining amounts after deducting the required accumulated reserves and payment of all fees and expenses. The subsidiaries appropriate interim dividends after the approval of the 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.
- 23.7.1 Eternal 6 Special Purpose Vehicle Company Limited's 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 of not more than 50% of the par value of each preferred share. The remaining dividends shall be distributed to the holders of ordinary shares.
- 23.7.2 ATS Rabbit Special Purpose Vehicle Company Limited's registered share capital comprises 2 groups of ordinary shares and 2 groups of preferred shares. Dividends from the profits of the subsidiary shall be allocated to the holders of preferred shares which are non-controlling interests at 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.

24. LEGAL RESERVE

Pursuant to the Public Limited Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than 5% of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount of not less than 10% of the registered capital.

As at February 28, 2018 and 2017, the Company's legal reserve equals to 10% of the registered share capital.

25. CAPITAL MANAGEMENT

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

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

The Company has been granted the license to operate as a non-financial institution that provides personal loans from the Minister of Finance, of which the Company must have authorized share capital of at least Baht 50 million.

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

26. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

Other components of shareholders' equity as at February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2018	2017
	Baht '000	Baht '000
Exchange differences on translating financial statements of foreign operations		
Beginning balance	(31,975)	(13,075)
Decrease during the year	(57,966)	(18,900)
Ending balance	<u>(89,941)</u>	<u>(31,975)</u>

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

27. REVENUES RELATING TO SECURITIZATION TRANSACTION

For the years ended February 28, 2018 and 2017, the details of revenues from securitization transaction consist of the following:

27.1 Revenues relating to securitization transaction incurred from sales of credit card receivables to Eternal 6 Special Purpose Vehicle Company Limited are included in Credit Card Income for presentation as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2018	2017
	Baht '000	Baht '000
Credit Card Income (see Note 32.2.2)		
Interest income from subordinated lending	-	46,006
Revenue from seller loan in Special Purpose Vehicle	-	10,793
Dividend from investment in Special Purpose Vehicle	-	118,111
Servicing income	-	62,520
Total	<u>-</u>	<u>237,430</u>

27.2 Revenues relating to securitization transaction incurred from sales of loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited are included in Loan Income for presentation as follows:

	SEPARATE FINANCIAL STATEMENTS	
	2018	2017
	Baht '000	Baht '000
Loan Income (see Note 32.2.2)		
Interest income from subordinated lending	6,546	4,529
Revenue from seller loan in Special Purpose Vehicle	10,026	6,248
Dividend from investment in Special Purpose Vehicle	28,079	20,962
Servicing income	56,621	38,903
Total	<u>101,272</u>	<u>70,642</u>

28. DIRECTORS AND MANagements' REMUNERATION

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

For the years ended February 28, 2018 and 2017, directors and managements' remuneration are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	30,472	18,127	19,200	9,528
Managements' remuneration	138,042	127,979	78,701	67,133
Post-employment benefits	3,780	2,986	3,044	2,341
Total	<u>172,294</u>	<u>149,092</u>	<u>100,945</u>	<u>79,002</u>

For the years ended February 28, 2018 and 2017, directors' remunerations which were included in short-term employee benefits were approved by the Annual General Meeting of shareholders of the Company held on June 28, 2017 and June 17, 2016, respectively.

29. PROVIDENT FUND

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

For the years ended February 28, 2018 and 2017, the Company contributed to the provident fund and recorded as expenses, as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Contributory provident fund	40,428	34,206	25,015	21,567

30. EXPENSES BY NATURE

Net profits for the years ended February 28, 2018 and 2017, have been derived after deducting the following significant expenses:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Staff costs	2,539,166	2,264,251	1,266,670	1,129,265
Marketing expenses	1,551,358	1,291,299	1,491,222	1,227,717
Equipment expenses	639,586	636,855	596,773	572,411
Depreciation and amortization	573,328	563,054	420,646	428,801
Communication expenses	357,761	404,376	276,155	311,595
Premises' expenses	757,503	727,297	594,118	577,068
Outsource collection expenses	369,789	276,673	1,697,032	1,455,387
Special business tax and duty stamp	498,738	474,625	487,151	459,544
Printing material expenses	228,825	219,025	218,381	209,049
Transportation expenses	180,435	179,734	125,761	124,473
Fees and commissions	176,187	201,706	159,252	185,141
Other expenses	108,097	121,343	59,347	63,069
Directors and managements' remuneration	172,294	149,092	100,945	79,002
Bad debts and doubtful accounts	4,678,530	5,117,260	4,528,435	5,041,199
Loss on impairment of investment	6,645	-	6,645	-
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	6,834	32,439	5,942	25,220
Finance costs	2,104,483	2,110,246	2,256,057	2,222,969
Total Expenses	<u>14,949,559</u>	<u>14,769,275</u>	<u>14,290,532</u>	<u>14,111,910</u>

31. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax calculation for the years ended February 28, 2018 and 2017. The foreign subsidiaries used 20% - 25% for corporate income tax calculation for the years ended February 28, 2018 and 2017.

The Company and its local subsidiaries used tax rate of 20% for calculation of deferred tax for the years ended February 28, 2018 and 2017. The foreign subsidiaries used 20% - 25% for calculation of deferred tax for the years ended February 28, 2018 and 2017.

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

For the years ended February 28, 2018 and 2017, income tax expense consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Current tax expense for the years	773,534	527,562	687,237	463,541
Deferred income tax expense	(53,583)	67,174	(49,550)	49,281
Income tax expense per statements of profit or loss	<u>719,951</u>	<u>594,736</u>	<u>637,687</u>	<u>512,822</u>

Reconciliations of effective tax rates for the years ended February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	2018		2017	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax expense	<u>3,714,354</u>		<u>3,012,802</u>	
Income tax at the domestic tax rate	760,057	20.00 - 25.00	641,175	20.00 - 25.00
<u>Add</u> Tax effect of non-deductible expenses	6,214	0.17	8,485	0.28
<u>Less</u> Tax effect of tax-exempted income and additional deductible expenses	(46,320)	(1.25)	(54,924)	(1.82)
Income tax expense per statements of profit or loss	<u>719,951</u>	<u>19.38</u>	<u>594,736</u>	<u>19.74</u>

	SEPARATE FINANCIAL STATEMENTS			
	2018		2017	
	Amount Baht '000	Rate %	Amount Baht '000	Rate %
Profit before income tax expense	<u>3,371,603</u>		<u>2,832,832</u>	
Income tax at the domestic tax rate	674,321	20.00	566,566	20.00
<u>Add</u> Tax effect of non-deductible expenses	1,333	0.04	1,375	0.05
<u>Less</u> Tax effect of tax-exempted income and additional deductible expenses	(37,967)	(1.13)	(55,119)	(1.95)
Income tax expense per statements of profit or loss	<u>637,687</u>	<u>18.91</u>	<u>512,822</u>	<u>18.10</u>

32. 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:

32.1 Investments in an associate and subsidiaries (see Note 9.2) as at February 28, 2018 and 2017, are as follows:

Related parties	Relationship	Ownership %	SEPARATE FINANCIAL STATEMENTS						
			2018		2017		Ownership %	Paid-up capital Baht '000	Cost Baht '000
			Paid-up capital Baht '000	Cost Baht '000	Paid-up capital Baht '000	Cost Baht '000			
Investments in an associate and subsidiaries									
Investment in an associate									
ACS Trading Vietnam Company Limited	Associate	20.00	84,096.3	16,819.3	20.00	84,096.3	16,819.3		
Total investment in an associate				16,819.3			16,819.3		
Investments in subsidiaries									
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	26.00	40.0	10.4		
ACS Servicing (Thailand) Company Limited	Subsidiary	100.00	175,349.1	175,349.1	100.00	175,349.1	175,349.1		
AEON Insurance Service (Thailand) Company Limited	Subsidiary	100.00	149,224.3	149,224.3	100.00	149,224.3	149,224.3		
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	80.00	408,619.4	323,580.0	80.00	320,344.4	252,960.0		
AEON Microfinance (Myanmar) Company Limited	Subsidiary	100.00	276,769.1	276,769.1	100.00	276,769.1	276,769.1		
AEON Leasing Service (Lao) Company Limited	Subsidiary	92.58	111,402.9	103,069.1	92.58	111,402.9	103,069.1		
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	48.75	40.0	19.5	48.75	40.0	19.5		
Total investments in subsidiaries				1,028,011.1			957,401.5		
Total investments in an associate and subsidiaries				1,044,830.4			974,220.8		

32.2 Business transactions with related parties

32.2.1 Balances with related parties as at February 28, 2018 and 2017, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018	2017	2018	2017
		Baht '000	Baht '000	Baht '000	Baht '000
Other receivables (see Note 6)					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	5,132	3,534
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,840	4,716
AEON Financial Service Co., Ltd.	Major shareholder	677	107	83	107
AEON Credit Service Company Limited	Common ultimate holding company	33	-	33	-
ACS Capital Corporation Limited	Shareholder and one common director	134	3,956	78	210
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	866	1,705
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	35,688	19,266
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	9	1,886
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	-	70,620
ACS Trading Vietnam Company Limited	Associate	6	-	6	-
		<u>850</u>	<u>4,063</u>	<u>46,735</u>	<u>102,044</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Short-term loan (see Note 7)					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	-	100,000
Seller loan in Special Purpose Vehicle for securitization (see Note 10)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	39,087	11,643
Subordinated lendings (see Note 11.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	71,157	45,263
Long-term borrowings (see Note 19)					
AEON Bank Ltd.	Common ultimate holding company	1,482,730	1,562,793	1,482,730	1,562,793
Trade payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	135,904	130,012
Other payables (see Note 17)					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	3,270	2,308
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	110,133	148,988
AEON (Thailand) Company Limited	Shareholder and two common directors	423	48	423	48
AEON Financial Service Co., Ltd.	Major shareholder	39,895	42,556	38,034	42,556
AEON Credit Service Company Limited	Common ultimate holding company	9,006	14,774	2,542	4,847
ACS Capital Corporation Limited	Shareholder and one common director	-	1,218	-	1,218
AEON Credit Service Systems (Philippines) Inc.	Holding shares	821	3,260	345	687
AEON Bank Ltd.	Common ultimate holding company	1,926	1,064	1,278	902
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	394	889	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	52,017	38,228
AEON Credit Service (Philippines) Inc.	Common ultimate holding company	593	-	-	-
		<u>53,058</u>	<u>63,809</u>	<u>208,042</u>	<u>239,782</u>
Long-term borrowing under securitization project (see Note 20)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,366,167	789,300
Deposit Received					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	14,264	12,799
Deferred Revenue					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	101	3,543
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	929	342
		<u>-</u>	<u>-</u>	<u>1,030</u>	<u>3,885</u>

32.2.2 Transactions with related parties for the years ended February 28, 2018 and 2017, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Sale promotion income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	9,246	10,599
Credit card income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	359,848	351,885
Revenue relating to securitization transaction (including in credit card income and loan income) (see Note 27)					
Eternal 6 Special Purpose Vehicle Company Limited	Subsidiary	-	-	-	237,430
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	101,272	70,642
		<u>-</u>	<u>-</u>	<u>101,272</u>	<u>308,072</u>
Other income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	57,138	56,536
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	3,551	12,806
ACS Capital Corporation Limited	Shareholder and one common director	12,000	12,005	12,000	12,000
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,995	1,201
AEON (Thailand) Company Limited	Holding shares and two common directors	-	41	-	41
AEON Bank Ltd.	Common ultimate holding company	430	24	-	-
AEON Credit Service Company Limited	Common ultimate holding company	-	29	-	-
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	2,251	-
AEON Financial Service Co., Ltd.	Major shareholder	57	-	-	-
		<u>12,487</u>	<u>12,099</u>	<u>76,935</u>	<u>82,584</u>
Operating and administrative expenses					
Collection service fee					
ACS Servicing (Thailand) Co., Ltd.	Subsidiary	-	-	1,333,969	1,187,565
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	9,810	8,493
		<u>-</u>	<u>-</u>	<u>1,343,779</u>	<u>1,196,058</u>
Finance costs					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	280,394	188,787
AEON Bank Ltd.	Common ultimate holding company	11,256	11,581	11,256	11,581
		<u>11,256</u>	<u>11,581</u>	<u>291,650</u>	<u>200,368</u>
Others					
AEON Financial Service Co., Ltd.	Major shareholder	96,167	97,069	84,108	94,792
AEON Credit Service Company Limited	Common ultimate holding company	46,870	45,223	18,485	18,812
AEON Bank Ltd.	Common ultimate holding company	2,243	-	1,767	-
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	19,812	8,109
AEON (Thailand) Company Limited	Holding shares and two common directors	15,700	18,124	15,700	18,124
ACS Capital Corporation Limited	Shareholder and one common director	6,634	49,679	6,009	47,005
AEON Credit Service Systems (Philippines) Inc.	Holding shares	11,913	15,929	8,706	13,258
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	4,811	2,607
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	3,002	1,999	-	-
		<u>182,529</u>	<u>228,023</u>	<u>159,398</u>	<u>202,707</u>
Dividend income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	58,000	54,000
Dividend paid					
AEON Financial Service Co., Ltd.	Major shareholder	302,910	302,910	302,910	302,910
ACS Capital Corporation Limited	Shareholder and one common director	165,600	165,600	165,600	165,600
		<u>468,510</u>	<u>468,510</u>	<u>468,510</u>	<u>468,510</u>

- Other income for the years ended February 28, 2018 and 2017 include 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.

33. LONG-TERM OPERATING LEASE AND SERVICE AGREEMENTS

As at February 28, 2018 and 2017, the Company has long-term operating lease and service agreements with third parties as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Rental payments			
	2018		2017	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000
Building	389,765	263,733	320,167	354,225
Office equipment	99,945	77,357	114,084	87,875
Vehicle	38,942	35,997	37,460	10,685
	SEPARATE FINANCIAL STATEMENTS			
	Rental payments			
	2018		2017	
	Within 1 year	Over 1 to 5 years	Within 1 year	Over 1 to 5 years
	Baht '000	Baht '000	Baht '000	Baht '000
Building	305,167	208,184	258,293	232,642
Office equipment	99,092	76,284	113,222	87,170
Vehicle	27,592	31,852	28,116	9,637

34. 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:

34.1 Operating result classified by business for the years ended February 28, 2018 and 2017, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	2018				
	Retail finance services		Other business	Elimination	Total
	Domestic Baht '000	Foreign Baht '000	Domestic Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	17,068,874	587,143	1,006,952	-	18,662,969
Inter - segment revenues	492,028	-	1,333,969	(1,825,997)	-
	<u>17,560,902</u>	<u>587,143</u>	<u>2,340,921</u>	<u>(1,825,997)</u>	<u>18,662,969</u>
Expenses					
Operating and administrative expenses	7,394,874	388,741	1,965,035	(1,767,877)	7,980,773
Directors and managements' remuneration	100,945	44,633	26,716	-	172,294
Bad debts and doubtful accounts	4,618,295	59,299	936	-	4,678,530
Loss on impairment of investment	6,645	-	-	-	6,645
(Gain) loss on sale and write-off of leasehold improvement and equipment and intangible assets	5,941	(3)	889	7	6,834
Finance costs	2,020,491	83,163	1,979	(1,150)	2,104,483
Total expenses	<u>14,147,191</u>	<u>575,833</u>	<u>1,995,555</u>	<u>(1,769,020)</u>	<u>14,949,559</u>
Share of profit from investment in an associate	-	-	-	944	944
Profit before income tax	3,413,711	11,310	345,366	(56,033)	3,714,354
Income tax expense	651,727	4,175	64,049	-	719,951
Net profit for the year	<u>2,761,984</u>	<u>7,135</u>	<u>281,317</u>	<u>(56,033)</u>	<u>2,994,403</u>

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	2017				
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	16,386,488	456,697	948,599	-	17,791,784
Inter - segment revenues	490,337	-	1,187,634	(1,677,971)	-
	<u>16,876,825</u>	<u>456,697</u>	<u>2,136,233</u>	<u>(1,677,971)</u>	<u>17,791,784</u>
Expenses					
Operating and administrative expenses	6,758,490	339,973	1,888,553	(1,626,778)	7,360,238
Directors and managements' remuneration	79,002	46,580	23,510	-	149,092
Bad debts and doubtful accounts	5,065,601	51,037	622	-	5,117,260
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	25,220	25	7,194	-	32,439
Finance costs	2,070,454	39,704	2,088	(2,000)	2,110,246
Total expenses	<u>13,998,767</u>	<u>477,319</u>	<u>1,921,967</u>	<u>(1,628,778)</u>	<u>14,769,275</u>
Share of loss from investment in an associate	-	-	-	(9,707)	(9,707)
Profit (loss) before income tax	2,878,058	(20,622)	214,266	(58,900)	3,012,802
Income tax expense	551,104	3,439	40,193	-	594,736
Net profit (loss) for the year	<u>2,326,954</u>	<u>(24,061)</u>	<u>174,073</u>	<u>(58,900)</u>	<u>2,418,066</u>

34.2 Financial position classified by business as at February 28, 2018 and 2017, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS

	2018				
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	71,756,031	2,168,305	494,235	(293,331)	74,125,240
Leasehold improvement and equipment and intangible assets	1,039,084	171,940	219,035	(2,060)	1,427,999
Other assets	5,317,527	157,395	778,232	(1,034,993)	5,218,161
Total assets	<u>78,112,642</u>	<u>2,497,640</u>	<u>1,491,502</u>	<u>(1,330,384)</u>	<u>80,771,400</u>
Total liabilities	<u>62,934,982</u>	<u>1,859,160</u>	<u>462,925</u>	<u>(307,468)</u>	<u>64,949,599</u>

CONSOLIDATED FINANCIAL STATEMENTS

	2017				
	Retail finance services		Other business	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	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>

35. DISCLOSURE OF INFORMATION RELATING TO FINANCIAL INSTRUMENTS

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

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

35.1 Accounting policies

Details of significant accounting policies are disclosed in Note 3.

35.2 Credit risk

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

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

35.3 Interest rate risk

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

The Company did not anticipate any interest rate fluctuation risk which may have a material effect on the result of operations as all of the loans carrying floating interest rates have been hedged.

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

35.4 Foreign exchange risk

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

In addition, in order to manage risk from fluctuation in currency and interest rate, the Company has entered into various cross currency swap contracts to hedge its long-term debts as disclosed in Notes 19 and 21.

35.5 Fair value measurements

35.5.1 Cash and cash equivalents, trade and other current receivables, short-term borrowings from financial institutions and trade and other current payables; the carrying values of outstanding balances approximate their fair values due to relatively short period to maturity.

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

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

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

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

	Carrying amount Baht '000	Fair value Baht '000	Fair value hierarchy
As at February 28, 2018			
Consolidated financial statements			
Financial liabilities			
Long-term borrowings bearing fixed interest rate	7,744,266	7,824,631	Level 2
Long-term borrowings bearing floating interest rate	33,043,857	33,089,343	Level 2
Long-term debentures bearing fixed interest rate	7,432,106	7,498,947	Level 2
Long-term debentures bearing floating interest rate	7,161,067	7,202,979	Level 2
Separate financial statements			
Financial liabilities			
Long-term borrowings bearing fixed interest rate	7,120,169	7,200,535	Level 2
Long-term borrowings bearing floating interest rate	33,043,857	33,089,343	Level 2
Long-term debentures bearing fixed interest rate	6,191,536	6,238,756	Level 2
Long-term debentures bearing floating interest rate	7,161,067	7,202,979	Level 2
As at February 28, 2017			
Consolidated financial statements			
Financial liabilities			
Long-term borrowings bearing fixed interest rate	6,156,759	6,222,462	Level 2
Long-term borrowings bearing floating interest rate	31,267,257	31,335,748	Level 2
Long-term debentures bearing fixed interest rate	4,568,906	4,607,510	Level 2
Long-term debentures bearing floating interest rate	10,153,163	10,223,970	Level 2
Separate financial statements			
Financial liabilities			
Long-term borrowings bearing fixed interest rate	5,688,727	5,738,048	Level 2
Long-term borrowings bearing floating interest rate	31,267,251	31,335,748	Level 2
Long-term debentures bearing fixed interest rate	3,794,434	3,812,322	Level 2
Long-term debentures bearing floating interest rate	10,153,163	10,223,970	Level 2

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

The carrying amount and estimated fair values of receivables and/or payables per cross currency swap contracts are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2018				
	Within 1 year	Carrying amount	Total	Fair value
	Baht '000	Over 1 - 5 years	Baht '000	assets (liabilities)
		Baht '000	Baht '000	Baht '000
Receivables per currency swap contracts				
Cross Currency Swap Contracts	66,220	237,437	303,657	143,438
Payables per currency swap contracts				
Cross Currency Swap Contracts	(1,123,923)	(1,648,651)	(2,772,574)	(3,838,540)
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2017				
	Within 1 year	Carrying amount	Total	Fair value
	Baht '000	Over 1 - 5 years	Baht '000	assets (liabilities)
		Baht '000	Baht '000	Baht '000
Receivables per currency swap contracts				
Cross Currency Swap Contracts	741,888	1,098,175	1,840,063	1,240,620
Payables per currency swap contracts				
Cross Currency Swap Contracts	(228,854)	(561,014)	(789,868)	(1,466,785)

36. CREDIT FACILITIES AND LETTERS OF GUARANTEE

- 36.1 As at February 28, 2018 and 2017, the Company has unused committed and unsecured revolving credit facility agreements with some financial institutions totaling Baht 3,000 million and Baht 2,300 million, respectively.
- 36.2 As at February 28, 2018 and 2017, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 3,060 million.
- 36.3 As at February 28, 2018 and 2017, the Company has a bank's letter of guarantee issued to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantee is unsecured.
- 36.4 As at February 28, 2018 and 2017, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 6.78 million and Baht 7.80 million, respectively.
- 36.5 As at February 28, 2018 and 2017, the Company has outstanding standby letters of credit issued by two banks of not exceeding USD 3.41 million and USD 2.30 million, respectively. In addition, the Company has issued letters of guarantee for guarantee repayment of a subsidiary's loans of not exceeding USD 6.61 million and of two subsidiaries' loans of not exceeding USD 13.64 million as at February 28, 2018 and 2017, respectively.

37. SIGNIFICANT AGREEMENTS RELATING TO SECURITIZATION TRANSACTIONS

- 37.1 The Company entered into the Receivables Sale and Purchase Agreements with Eternal 6 Special Purpose Vehicle Company Limited (Eternal 6) (the subsidiary), on May 14, 2013. Such agreement set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 37.2 The Company entered into the Servicing Agreements with Eternal 6 (the subsidiary) on May 14, 2013. Based on such agreement, the subsidiary appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for credit card receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.
- 37.3 On February 2, 2015, the Company entered into a memorandum of understanding regarding the cooperation between the Company and BTS Group Holdings Public Company Limited (“BTSG”) and Bangkok Smartcard System Company Limited (“BSS”) (a subsidiary of BTSG), for the joint issue of member card under the Co-Branded Rabbit Program and setting up a special purpose vehicle for the securitization project, the purpose of securitization through the establishment of a special purpose vehicle in a form of cooperation framework between the Company and BSS Holdings Company Limited (“BSS Holdings”) (a subsidiary of BTSG), in accordance with the resolution passed at the meeting of the Board of Directors No. 10/2014, held on December 24, 2014.
- 37.4 The Company entered into the Receivables Sale and Purchase Agreements with ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit) (the subsidiary), on October 22, 2015. Such agreement set out the procedures and terms in respect of the sale and purchase of the Initial Receivables on the Closing Date, for Future Receivables on each Purchase Date and for Additional Receivables on each Monthly Purchase Date including the rights, obligations and responsibilities of both parties. The Receivables Sale and Purchase Agreement also set out the terms and conditions in respect of the resale and repurchase of the Ineligible Receivables and Defaulted Receivables.
- 37.5 The Company entered into the Servicing Agreements with ATS Rabbit (the subsidiary) on October 22, 2015. Based on such agreement, the subsidiary appointed the Company (as a transferor and servicer) to provide certain administration services (including record keeping and producing written reports relating to the Collections), to act as the collection agent and other services for loan receivables in relation to the Purchased Receivables. In addition, the Servicing Agreement also set out other relevant terms, such as the scope of the services, the payment of service fees, the termination of the appointment of the Servicer and the Back-up Servicer appointment of the substitute servicer.

38. SALE OF WRITTEN-OFF ACCOUNTS RECEIVABLE

38.1 On December 20, 2016, the Company sold written-off accounts receivable under loan agreements, hire-purchase agreements and credit card agreements to an unrelated 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. On December 20, 2016, which is the closing date as specified in the agreement, the Company received the initial payment of Baht 57.83 million from the buyer. The buyer agreed 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 on the delivery date, respectively. The Company has already recognized gain on 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 totaling 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 year ended February 28, 2018, the Company has already received cash proceeds of the remaining balance as specified in the agreement.

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

Under the Asset Sale and Purchase Agreement, the buyer was entitled to claim damages from the Company from sales of loans receivable in events the buyer did not have lawful title over loans receivable or loan agreements are not legal as specified in the agreement. The claim was to be settled with the final payment which the Company would receive from the buyer. However, the Company believed that such damage was not significant, therefore, the Company had not recorded such claim in the financial statements for the year ended February 28, 2018. 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.

39. EVENTS AFTER THE REPORTING PERIOD

- 39.1 On March 1, 2018, the Company entered into the Sales and Purchase of Assets and Transfer of Employees Agreement with ACS Servicing (Thailand) Co., Ltd., which is a subsidiary of the Company. According to the agreement, the Company purchased and accepted the transfer of assets and existing employees as at February 28, 2018, as specified in the agreement, at market value of transferred assets net of liabilities relating to employees which were transferred from the subsidiary.
- 39.2 On February 26, 2018, the Shareholders' Meeting of AEON Specialized Bank (Cambodia) Plc., which is a subsidiary of the Company, had significant resolutions as follows:
- 39.2.1 To approve the declaration of dividend payment for the fiscal year 2017 in the amount of USD 0.092 per share to the shareholders based on current shareholders structure. The dividend will be paid after getting approval from the National Bank of Cambodia ("NBC").
- 39.2.2 To approve the issuance of 7,500,000 new ordinary shares at USD 1 per share for business expansion responding to the minimum capital requirement by NBC based on current share proportion. However, the Board of Directors' Meeting of the Company had a resolution to waive the rights to purchase the increased shares of the subsidiary. Subsequently, on March 7, 2018, AEON Financial Service Co., Ltd., which is the Company's major shareholder, paid for the capital injection to such subsidiary in the amount of USD 7.50 million. The increased share capital will be registered after getting approval from NBC. After the completion of increased share capital registration, the proportion of the Company's shareholding in the subsidiary will decrease from 80% to 50%.

Currently, the dividend payment and the increase in share capital as aforementioned are under the process of getting approval from NBC.

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Company's authorized director and the Audit Committee on April 19, 2018.

Management's Discussion and Analysis

Fiscal year ended February 28, 2018

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) already submitted the audited financial statements for the year ended February 28, 2018 which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has net profit attributed to owners of the parent of 2,966 million baht, an increase of 563 million baht or 23% compared to fiscal year 2016, and earning per share (EPS) of 11.87 baht per share. The operating performance is summarized as follows;

Overview

According to Bank of Thailand and NESDB, overall Thai economy in 2017 expanded by 3.9%, higher than 3.3% growth in 2016. This was mainly from acceleration of private consumption, export sector, and private investment in the second half of the year. However, government expenditure was slightly decline as well as the contraction on agricultural and construction sector.

The Thai economy in 2018 is expected to expand more than in 2017 which mainly supported by acceleration of global economy growth. Moreover, expansion in private consumption, export growth, and private investment from last year was due to higher consumer confidence. There is also expansion in government expenditure or public investment from infrastructure investment. However, Thai economy still facing external risk such as U.S. monetary and trading policy which may affect international trade and exchange rate fluctuation.

According to the Bank of Thailand data, at the end of December 2017, reported the total numbers of credit card industry amounted to 20.3 million cards, has grown by 1% more than last year. Credit Card receivable was 394,123 million baht, with the growth of 9% from the same period last year. For personal loan industry, the numbers of account of personal loan under supervision amounted to 12.8 million accounts, 5% more than last year. Personal loan receivable was 354,294 million baht, with the growth of 6% from the same period last year.

In the fiscal year ended February 28, 2018, the Company's total cards reached 8.15 million cards, increasing by 4% from last year, including 2.50 million credit cards increased by 5% y-y and 5.65 million member cards increased 4% y-y. For branch development network, the Company has opened 2 new branch and closed down 6 branches to save operation cost. As a result, the Company has 107 branches, opened AEON Lounge total 12 locations to facilitate gold card and platinum card members, 472 ATMs, and over 17,700 member dealers to provide quality financial services to AEON cardholders.

Operating Results

● Revenues

In the fiscal year ended February 28, 2018, the Company's consolidated revenues amounted to 18,663 million baht, an increase of 871 million baht or 5% from 17,792 million baht in the fiscal year 2016. For the fourth quarter 2017, revenues amounted to 5,056 million baht, increased by 8% from the previous quarter and 9% from last year. This was the result of an increase in credit cards income at 5%, personal loan income at 6%, bad debt recovery at 21% as well as the growth of subsidiaries in Thailand and overseas by 15%. This is because the Company has continued launching new marketing campaigns throughout the year. The Company also launched AEON Thai Mobile Application in 2017 to provide more convenient for customers and has planned to develop application platform to be more practical and attractive.

The Company has active billings of 3.26 million per month with active customers of 2.14 million, mainly from Bangkok 31%, and in up-country 69%. Details of each business can be described as follows:

- Credit Card

Credit card turnover in the fiscal year 2017 improved by 21% from last year and represented 58% of total turnovers. Revenues from credit card were 6,807 million baht, showing an increase of 300 million baht or 5% from last year. This was the result of the Company has cooperated with many high-potential leading business partners to increase member base such as issuance of Big C Platinum payWave Credit Card, and launched privileges and campaigns to AEON credit cardholders throughout the year. For example the campaign 5th year anniversary partnership with Thai Airways for AEON royal orchid plus platinum card holder, and a big awarded campaign "AEON 25th year Anniversary for 25 Cars." In addition, AEON Specialized Bank (Cambodia) Plc, that launched a credit card business in 2016, credit card revenue grew significantly from last year.

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

- Loans

In the fiscal year ended February 28, 2018, loans shared 36% of total turnovers (shared 23% from personal loan and 13% from purposed loan for mobile phone, IT products, electrical appliances and etc. at over department stores and more than 17,700 dealers nationwide). Revenues from loans were 9,573 million baht, showing an increase of 568 million baht or 6% from last year. This was contributed from loan incomes from AEON Microfinance (Myanmar) Company Limited, and AEON Specialized Bank (Cambodia) Plc which grew by 61% and 17% respectively. In addition, the Company has expanded more cashing service channels

providing more convenience to customers and this also saved the Company's operation cost. AEON members can utilize the revolving loans service through many service channels; besides AEONTS ATMs, other major bank ATMs i.e. Kasikorn, Thanachart, Bangkok Bank, Krungsri, Krungthai, Government Saving Bank, Siam Commercial Bank, and Counter Service through 7-11 nationwide. Totaling, we have more than 60,000 cashing channels.

- Hire Purchase

In the fiscal year ended February 28, 2018, hire purchase (motorcycle, electrical appliances, mobile phone and etc.), sharing 1% of total turnovers, with revenues from hire purchase of 370 million baht, a decrease of 22 million baht or 6% from total hire purchase revenues last year. This was mainly contributed from hire purchase income from AEON Specialized Bank (Cambodia) Plc amounted to 210 million baht and AEON Leasing (Lao) Company Limited amount to 76 million baht, increasing by 88% from last year. Moreover, In February 2018, the Company launched new business model "AEON Auto Loan" or used car loan to expand new target customers.

- Others

In the fiscal year ended February 28, 2018, the Company had other incomes of 1,914 million baht, an increase of 26 million baht, which is the same level as last year, and sharing 10% of total revenue. The majority of other incomes came from bad debt recovery of 603 million baht, increasing by 21% and gain on sales of written-off accounts receivable of 179 million baht. For performances of company's subsidiaries in Thailand, the Company had commission income of 492 million baht, increasing by 4% from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 234 million baht, increasing by 12% from last year from ACS Servicing (Thailand) Co., Ltd. accordingly and others. The Company has planed to generate more fee base incomes in the future.

● Expenses

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts, and finance cost. In the fiscal year ended February 28, 2018, the Company had total consolidated expenses of 14,950 million baht, increased by 181 million baht, which at the same level as previous fiscal year. For the fourth quarter 2017, the Company had total consolidated expenses of 3,892 million baht, increasing by 4% from Q3/2017 and 8% from previous year. Details of total expenses can be described as follows:

- Operating and Administrative Expenses

In fiscal year ended February 28, 2018, the Company's operating and administrative expenses were 8,167 million baht, increased 626 million baht or 9% from last year. This was a result of an increase in marketing expense by 26% from BigC campaign since the beginning of the year and increase in personal expense by 12% caused by increasing employment of the Company's subsidiaries. In terms of proportion to total revenues, operating and administrative expenses represented 44% of total revenues. Considering the Company's financial statement, the operating and administrative expenses as a percentage of revenues represented 42%

- Bad debt and doubtful accounts

In the fiscal year ended February 28, 2018, the bad debt and doubtful accounts in the consolidated financial statement of the Company was 4,679 million baht, a decrease of 438 million baht or 9% from the previous fiscal year. This is the result of development in new collection system which leads to more efficient improvement in collection operation and continuously improving asset quality as well as positive sign of economic recovery.

- Finance Cost

In the fiscal year ended February 28, 2018, the Company's finance cost recorded at 2,104 million baht, which is the same level as last year. However, finance cost accounted for 11% of total revenues, slightly decreased from 12% in the fiscal year 2016. A decrease in finance cost was due to the ability to maintain low financial cost as well as the Company's policy to manage liquidity risk and interest rates fluctuation risk by mainly locking in long-term borrowing, which is 69% of total borrowings and weight average funding cost for the fiscal year 2017 was decreased 3.37% from 3.62% in the fiscal year 2016.

● Net Income

In the fiscal year ended February 28, 2018, the Company's has net profit attributed to owners of the parent of 2,966 million baht, an increase of 563 million baht or 23% from the previous fiscal year, and earning per share was 11.87 baht per share. Net profit in the fourth quarter of 2017 amount to 928 million baht, showing an increase of 92 million baht or 11% from last year and 24% from Q3/2017, due to higher revenues from credit cards, personal loan, and bad debt recovery. The Company ability to maintain low financial cost and a decrease in bad debt and doubtful account as well as the Company recorded extra revenue from gain on sales of written-off account receivable an amount of 179 million baht in this quarter. Therefore, when excluding both gain on sale of written off account receivables, our net profit increased 35% from last year.

Financial Status

- **Total Assets**

As of February 28, 2018, consolidated total assets were 80,771 million baht, increasing by 8,133 million baht or 11% from 72,638 million baht as of February 28, 2017. Mainly, the assets were attributed to the portfolio of net accounts receivable, which was 91% of total assets.

- Accounts Receivable

For the year ended February 28, 2018, The Company had consolidated accounts receivable of 75,824 million baht, increasing by 15% y-y from 66,128 million baht in fiscal year 2016, driven by credit card receivable. This can be categorized by business type as follows: credit card receivable 34,588 million baht, increasing by 20%, loans receivable 39,797 million baht, increasing by 11% and hire purchase receivable 1,267 million baht and other receivables 172 million baht.

As of February 28, 2018, the Company provided allowance for doubtful accounts of 2,416 million baht or 3.19% of total accounts receivable, decreased from 3.42% at the end of previous fiscal year. The percentage account receivable 3 months overdue or non-performing loan ratio was 2.35% at February 28, 2018, decreased from 2.71% at the end of previous fiscal year. The Company has set aside higher allowance for doubtful accounts and the coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 136% at February 28, 2018, increased from 126% at the end of fiscal year 2016.

- **Total Liabilities**

As of February 28, 2018, total liabilities amounted to 64,950 million baht, an increase of 6,085 million baht or 10% from 58,865 million baht as of February 28, 2017. There were both short-term and long-term borrowings totally 59,334 million baht. The portion of long-term borrowings was 41,034 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 debentures in foreign currencies, the Company has entered into cross currency interest rate swap contracts to hedge its debt.

- **Shareholders' Equity**

As of February 28, 2018, shareholders' equity was 15,822 million baht, an increase of 2,049 million baht or 15% from 13,773 million baht as of February 28, 2017. Consequently, Book value as of February 28, 2018 was 63.3 baht per share, increasing from that of 55.1 baht per share at the end of last fiscal year.

Debt to Equity ratio as of February 28, 2018, decreased to 4.1 times from 4.3 times in the fiscal year 2016. Return on Equity and Return on Asset are 20% and 3.9 %, respectively.

In addition, the Board of Directors' meeting has approved the final dividend payment for the fiscal year ended February 28, 2018, at the rate of 2.25 baht per share (regular dividend 2 baht and 0.25 baht for special dividend to celebrate 25 years of the Company), which will be paid after being approved from AGM on June 22, 2018. The Company already paid the interim dividend of 1.60 baht per share on November 6, 2017.

The total dividend for FY2017 will be 3.85 baht per share or 32.4% payout ratio. The company has set the record date on May 16, 2018 to determine the shareholders entitled to receive dividends (XD will be posted on May 15, 2018).

(Translation)

No.10/2018

April 25, 2018

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 4/2018

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby report the resolutions passed at the meeting of the Board of Directors No. 4/2018, held on April 25, 2018 from 9:30 a.m. as follows:

1. Unanimously approved of the audited financial statements of the Company for the fiscal year ended February 28, 2018.
2. Unanimously approved and declaration of final dividend payment for the fiscal year ended February 28, 2018. The final dividends will be paid at 2.25 baht per share (regular dividend 2 baht and 0.25 baht for special dividend to celebrate 25 years anniversary of the Company) to the shareholders on July 20, 2018. The right to receive dividend has to be approved at shareholders meeting on June 22, 2018

This dividend is paid in addition to the interim dividend already paid at the rate of 1.60 baht per share on November 6, 2017. The total dividends for the fiscal year ended February 28, 2018 is 3.85 baht per share or 32.4% payout ratio. The company has set the record date on May 16, 2018 to determine the shareholders entitled to receive dividends (XD will be posted on May 15, 2018).

3. Approved the appointment of directors for the replacement of the directors who vacated office by rotation at the Annual General Meeting of the Shareholders 2018, there will be 4 directors who are due to retire upon completion of their term of office, namely:

1. Ms. Kannika Kursirikul
2. Mrs. Jiraporn Kongcharoenwanich
3. Mr. Dej Bulsuk
4. Mr. Kenji Hayashi

Approved re-appointment of Ms. Kannika Kursirikul and Mr. Kenji Hayashi, whose term will be due on the date of the Annual General Meeting of Shareholders 2018 to be the Company's Directors for another term. Also appoint Ms. Suriporn Thammawatid and Dr. Mongkon Laowrapong as new directors of the Company. The resolution was to be presented to Annual General Meeting of Shareholders 2018 for further consideration.

4. Approved to reduce the number of directors of the Company from 14 to 13 directors and approve Mr. Kunio Kawamura resignation from director's position. Board of Director of the Company will be as followed:

1. Mr. Hideki Wakabayashi
2. Mr. Kiyoyasu Asanuma
3. Mrs. Suporn Wattanavekin
4. Mr. Nuntawat Chotvijit
5. Mr. Masanori Kosaka
6. Ms. Suriporn Thammawatid
7. Ms. Kannika Kursirikul
8. Mr. Chatchaval Jiravanon
9. Mr. Noppun Muangkote
10. Dr. Sucharit Koontanakulvong
11. Mr. Shunichi Kobayashi
12. Mr. Kenji Hayashi
13. Dr. Mongkon Laoworapong

The meeting also approved the directors' remuneration for the fiscal year ended February 28, 2019 to be not more than 25,000,000 baht.

5. Approved the appointment of the Audit Committee Members for the year ended February 28, 2019. The Audit Committee Members will consist of the following persons:

- (1) Mr. Noppun Muangkote
- (2) Dr. Sucharit Koontanakulvong
- (3) Mr. Shunichi Kobayashi

6. Unanimously approved the appointment of three auditors of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited to be the Company's auditors for the fiscal year ended February 28, 2019 and the determination of the auditing fee within the amount of not exceeding 5,550,000 baht and the miscellaneous expenses of not more than 300,000 baht. The Company's auditors are as follows:

- | | |
|-------------------------------|-------------------------|
| 1. Mrs. Nisakorn Songmanee | CPA (Thailand) No. 5035 |
| 2. Mr. Chavala Tienpasertkij | CPA (Thailand) No. 4301 |
| 3. Mr. Yongyuth Lertsurapibul | CPA (Thailand) No. 6770 |

7. Approved the amendment to Clause 24, 25, and 31 of the Articles of Association of the Company to read as follows:

CHAPTER V	
<u>Board of Directors and Audit Committee</u>	
Before Amendment	After Amendment
<p>24. At a meeting of the board of directors, at least one half (1/2) of the total number of directors present shall form a quorum. The chairman of the board shall be the chairman of the board of directors' meeting. If the chairman of the board is not present at a meeting or cannot perform his duty, if there is a vice chairman, the vice chairman present at the meeting shall be the chairman of the meeting. If there is no vice chairman or there is a vice chairman who is not present at the meeting or cannot perform his duty, the directors present at the meeting shall elect one director to be the chairman of the meeting. Decisions at the meeting shall be made by the majority vote. Each director is entitled to one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the chairman of the meeting shall have a casting vote.</p>	<p>24. At a meeting of the board of directors, at least one half (1/2) of the total number of directors present shall form a quorum. The chairman of the board shall be the chairman of the board of directors' meeting. If the chairman of the board is not present at a meeting or cannot perform his duty, if there is a vice chairman, the vice chairman present at the meeting shall be the chairman of the meeting. If there is no vice chairman or there is a vice chairman who is not present at the meeting or cannot perform his duty, the directors present at the meeting shall elect one director to be the chairman of the meeting.</p> <p><u>At a meeting of the board of directors, the chairman may conduct the meeting through electronic means in which the meeting shall comply with the principles indicated in related announcements or laws.</u></p> <p>Decisions at the meeting shall be made by the majority vote. Each director is entitled to one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the chairman of the meeting shall have a casting vote.</p>

Before Amendment	After Amendment
<p>25. In calling a meeting of the board of directors, the chairman of the board or the person assigned by the chairman of the board shall serve written notice calling for such meeting to the directors not less than seven (7) days prior to the date of the meeting. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be called by other methods and an earlier meeting date may be chosen.</p>	<p>25. In calling a meeting of the board of directors, the chairman of the board or the person assigned by the chairman of the board shall serve written notice calling for such meeting to the directors not less than seven (7) days prior to the date of the meeting. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be called by other methods and an earlier meeting date may be chosen.</p> <p><u>In case the chairman requests the meeting to be held through electronic means, to call the board of directors for the meeting, the chairman or any person assigned can serve written notice calling to the directors by electronic mail.</u></p>
<p>CHAPTER VI <u>Shareholders' Meeting</u></p>	
Before Amendment	After Amendment
<p>31. The board of directors shall call a shareholders' meeting which is an annual general meeting of shareholders within four (4) months of the last day of the fiscal year of the Company.</p> <p>Shareholders' meetings other than the one referred to above shall be called extraordinary general meetings of shareholders. The board of directors may call an extraordinary general meeting of shareholders any time the board of directors considers it expedient to do so.</p> <p>Shareholders holding shares amounting to not less than one-fifth (1/5) of the total number of shares sold or shareholders numbering not less than twenty-five (25) persons holding shares amounting to not less than one-tenth (1/10) of the</p>	<p>31. The board of directors shall call a shareholders' meeting which is an annual general meeting of shareholders within four (4) months of the last day of the fiscal year of the Company.</p> <p>Shareholders' meetings other than the one referred to above shall be called extraordinary general meetings of shareholders. The board of directors may call an extraordinary general meeting of shareholders any time the board of directors considers it expedient to do so.</p> <p><u>One or more shareholders holding shares amounting to not less than ten (10) percent of the total number of shares sold may submit a written request to the Board of Directors for calling an extraordinary general meeting at any time, but the</u></p>

Before Amendment	After Amendment
<p>total number of shares sold may submit their names in a request directing the board of directors to call an extraordinary general meeting of shareholders at any time, but the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholders' meeting to be held within one (1) month of the date of receipt of such request from the said shareholders.</p>	<p><u>reasons for calling such meeting shall be clearly stated in such request. In this regard, the board of directors shall proceed to call a meeting of shareholders to be held within forty-five (45) days as from the date the request in writing from the shareholders is received.</u></p> <p><u>In case the board of directors fails to arrange for the meeting within such period under paragraph three, the shareholders who have subscribed their names or other shareholders holding the required aggregate number of shares may themselves call the meeting within forty-five (45) days as from the date of expiration of the period under paragraph one. In such case, the meeting is deemed to be shareholders' meeting called by the board of directors and the Company shall be responsible for necessary expenses as may be incurred in the course of convening such meeting and the Company shall reasonably provide facilitation.</u></p> <p><u>In the case where, at the meeting called by the shareholders under paragraph four, the number of the shareholders presented does not constitute quorum as prescribed by article 33, the shareholders under paragraph four shall jointly compensate the Company for the expenses incurred in arrangements for holding that meeting.</u></p>

And proposed the matter to the general meeting of shareholders of the Company for consideration and approval.

8. Unanimously approved the issuance and offering of Debentures, details as follows:

Type	Unsubordinated and unsecured debentures
Purpose	Refinance / Reserve Fund / General Working Capital
Currency	THB/USD/JPY
Issuing amount	Up to THB 10 billion equivalent amount
Tenor	Up to 10 years from each issuance date
Interest rate	Depend on market at time of offer and issuance

To expedite the issuance and offering of the debentures, we propose the Board of Directors Meeting to consider and approve appointing authorized directors of the Company to be the authorized persons to act singly for and on behalf of the Company in effecting any acts and things in connection with the issuance and offering of debentures.

9. Unanimously approved the schedule of the Annual General Meeting of Shareholders for the year 2018 to be held on June 22, 2018 at 10.00 am at the Grand Ballroom of Pullman Grand Bangkok Sukhumvit, 30 Sukhumvit 21, Asoke Road, Klongtoey Nua, Wattana, Bangkok 10110. The meeting agenda are as follows:

1. To acknowledge the annual report and the Company's operating results for the fiscal year ended February 28th, 2018;
2. To approve the audited financial statements for the fiscal year ended February 28, 2018;
3. To acknowledge the payment of interim dividend and approve declaration of final dividend payment for the fiscal year ended February 28, 2018;
4. To appoint auditor and determine audit fee for the fiscal year ended February 28, 2019;
5. To approve amendment of Articles 24, 25 and 31 of the Articles of Association of the Company;
6. To elect directors to replace those retiring by rotation, appointment of new directors and reduction of number of directors from 14 to 13;
7. To approve remuneration of directors for the fiscal year ended February 28, 2019;
8. To approve issuing and offering of debentures;
9. Other businesses (if any)

The Board of Director meeting also approved the record date on May 16, 2018 to determine the shareholders who have the right to attend the Annual General Meeting.

Please be informed accordingly

Yours sincerely,

Kiyoyasu Asanuma

Managing Director