

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

TO THE BOARD OF DIRECTORS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED

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

Scope of Review

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

Conclusion

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

BANGKOK
October 3, 2018

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

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 28,	August 31,	February 28,
		2018	2018	2018	2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	3,989,003	4,089,802	3,034,386	3,227,739
Trade and other current receivables					
Trade receivables	5	75,670,844	72,466,271	73,687,613	70,883,021
Other receivables		699,573	717,372	619,279	659,983
Seller loan in Special Purpose Vehicle for securitization	7	-	-	160,520	39,087
Receivables per currency swap contracts	11 and 13	100,390	66,220	100,390	66,220
Other current assets		112,833	99,858	37,815	40,430
Total Current Assets		<u>80,572,643</u>	<u>77,439,523</u>	<u>77,640,003</u>	<u>74,916,480</u>
NON-CURRENT ASSETS					
Trade receivables	5	1,224,465	941,597	307,850	248,716
Fixed deposits at banks under obligations		42,856	29,840	-	-
Investment in an associate	6.1 and 6.2	36,371	32,482	16,819	16,819
Investments in subsidiaries	6.2	-	-	1,028,011	1,028,011
Other long-term investments					
Related companies	6.3	20,072	20,072	20,072	20,072
Subordinated lendings	8.1	-	-	76,048	71,157
Leasehold improvement and equipment		934,980	900,495	788,685	639,914
Intangible assets		539,961	527,504	422,097	399,170
Receivables per currency swap contracts	11 and 13	290,578	237,437	290,578	237,437
Deferred tax assets	9	540,753	446,590	525,265	428,198
Other non-current assets		201,575	195,860	180,895	172,080
Total Non-Current Assets		<u>3,831,611</u>	<u>3,331,877</u>	<u>3,656,320</u>	<u>3,261,574</u>
TOTAL ASSETS		<u><u>84,404,254</u></u>	<u><u>80,771,400</u></u>	<u><u>81,296,323</u></u>	<u><u>78,178,054</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT AUGUST 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 28,	August 31,	February 28,
		2018	2018	2018	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	10	7,312,898	3,952,399	5,771,185	2,820,000
Trade and other current payables					
Trade payables		366,315	502,611	272,910	360,430
Other payables		1,610,806	1,510,117	1,554,963	1,517,646
Current portion of long-term liabilities					
Liabilities under finance lease agreements		1,200	5,961	-	-
Long-term borrowings	11	11,798,096	12,662,086	11,698,113	12,662,086
Long-term debentures	13	3,228,187	1,685,317	3,228,187	1,685,317
Current income tax payable		515,942	413,593	495,553	397,245
Payables per currency swap contracts	11 and 13	967,459	1,123,923	967,459	1,123,923
Other current liabilities		257,284	172,323	207,424	143,505
Total Current Liabilities		<u>26,058,187</u>	<u>22,028,330</u>	<u>24,195,794</u>	<u>20,710,152</u>
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements		305	4,923	-	-
Long-term borrowings	11	28,856,053	28,126,037	28,322,808	27,501,940
Long-term borrowings under securitization project	12	-	-	1,527,470	1,366,167
Long-term debentures	13	11,174,576	12,907,856	9,845,963	11,667,286
Payables per currency swap contracts	11 and 13	749,747	1,648,651	749,747	1,648,651
Subordinated borrowings	8.2	76,048	71,157	-	-
Provisions for employee benefits	14	182,467	151,930	160,608	105,193
Other non-current liabilities		13,293	10,715	540	1,029
Total Non-Current Liabilities		<u>41,052,489</u>	<u>42,921,269</u>	<u>40,607,136</u>	<u>42,290,266</u>
TOTAL LIABILITIES		<u>67,110,676</u>	<u>64,949,599</u>	<u>64,802,930</u>	<u>63,000,418</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT AUGUST 31, 2018

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 28,	August 31,	February 28,
		2018	2018	2018	2018
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY	15				
SHARE CAPITAL					
Authorized share capital					
250,000,000 ordinary shares of Baht 1 each		250,000	250,000	250,000	250,000
Issued and paid-up share capital					
250,000,000 ordinary shares of Baht 1 each, fully paid		250,000	250,000	250,000	250,000
SHARE PREMIUM ON ORDINARY SHARES		478,000	478,000	478,000	478,000
RETAINED EARNINGS					
Appropriated					
Legal reserve		25,000	25,000	25,000	25,000
Reserve for business expansion		4,850,000	4,850,000	4,850,000	4,850,000
Unappropriated		11,450,338	10,223,575	10,890,393	9,574,636
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translating financial statements of foreign operations					
		(85,570)	(89,941)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		16,967,768	15,736,634	16,493,393	15,177,636
NON-CONTROLLING INTERESTS		325,810	85,167	-	-
TOTAL SHAREHOLDERS' EQUITY		17,293,578	15,821,801	16,493,393	15,177,636
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		84,404,254	80,771,400	81,296,323	78,178,054

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2018	2017	2018	2017
REVENUES					
Credit card income		1,877,538	1,705,906	1,950,512	1,792,152
Loan income	16	2,639,133	2,288,097	2,575,662	2,251,094
Hire-purchase income		99,335	94,520	15,046	22,208
Other income					
Bad debt recovery		182,635	150,624	182,635	150,624
Collection service income		66,955	82,081	857	1,518
Commission income		127,387	120,682	-	-
Dividend income		-	-	30,368	-
Others		100,460	99,004	34,286	37,935
Total other income		477,437	452,391	248,146	190,077
Total Revenues		5,093,443	4,540,914	4,789,366	4,255,531
EXPENSES					
Operating and administrative expenses		2,152,716	1,990,899	1,898,778	1,842,742
Directors and managements' remuneration	17	45,571	42,822	30,353	26,933
Bad debts and doubtful accounts		1,254,217	1,134,724	1,209,772	1,096,616
Loss on impairment of investment		-	6,368	-	6,368
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		1,468	2,162	1,215	1,730
Finance costs		554,094	517,795	597,602	546,923
Total Expenses		4,008,066	3,694,770	3,737,720	3,521,312
Share of profit (loss) from investment in an associate		2,766	(664)	-	-
PROFIT BEFORE INCOME TAX		1,088,143	845,480	1,051,646	734,219
INCOME TAX EXPENSE	18	214,521	170,200	199,835	145,892
NET PROFIT FOR THE PERIOD		873,622	675,280	851,811	588,327
NET PROFIT ATTRIBUTABLE TO :					
Owners of the parent		861,686	670,846	851,811	588,327
Non-controlling interests		11,936	4,434	-	-
		873,622	675,280	851,811	588,327
BASIC EARNINGS PER SHARE	BAHT	3.45	2.68	3.41	2.35
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

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

	UNIT : THOUSAND BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month		For the three-month	
	periods ended		periods ended	
	August 31,	August 31,	August 31,	August 31,
	2018	2017	2018	2017
Net profit for the period	873,622	675,280	851,811	588,327
Other comprehensive income (loss), net of tax				
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translating financial statements of foreign operations				
- Owners of the parent	36,894	(11,190)	-	-
- Non-controlling interests	14,731	(1,508)	-	-
Other comprehensive income (loss) for the period, net of tax	<u>51,625</u>	<u>(12,698)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>925,247</u></u>	<u><u>662,582</u></u>	<u><u>851,811</u></u>	<u><u>588,327</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :				
Owners of the parent	898,580	659,656	851,811	588,327
Non-controlling interests	26,667	2,926	-	-
	<u><u>925,247</u></u>	<u><u>662,582</u></u>	<u><u>851,811</u></u>	<u><u>588,327</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the six-month		For the six-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2018	2017	2018	2017
REVENUES					
Credit card income		3,731,514	3,325,202	3,882,859	3,497,266
Loan income	16	5,243,289	4,561,204	5,132,308	4,487,181
Hire-purchase income		190,112	191,764	31,742	47,304
Other income					
Bad debt recovery		352,290	291,061	352,290	291,061
Collection service income		131,086	113,703	1,927	3,402
Commission income		252,128	242,136	-	-
Dividend income		-	-	180,384	48,000
Others		209,487	204,572	71,659	76,066
Total other income		944,991	851,472	606,260	418,529
Total Revenues		10,109,906	8,929,642	9,653,169	8,450,280
EXPENSES					
Operating and administrative expenses		4,196,951	3,907,844	3,738,358	3,633,033
Directors and managements' remuneration	17	89,160	82,334	54,842	49,388
Bad debts and doubtful accounts		2,459,647	2,286,404	2,375,530	2,209,286
Loss on impairment of investment		-	6,368	-	6,368
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		3,121	5,208	1,803	4,918
Finance costs		1,105,834	1,040,852	1,195,918	1,096,422
Total Expenses		7,854,713	7,329,010	7,366,451	6,999,415
Share of profit (loss) from investment in an associate		3,888	(1,335)	-	-
PROFIT BEFORE INCOME TAX		2,259,081	1,599,297	2,286,718	1,450,865
INCOME TAX EXPENSE	18	447,446	304,293	408,463	261,822
NET PROFIT FOR THE PERIOD		1,811,635	1,295,004	1,878,255	1,189,043
NET PROFIT ATTRIBUTABLE TO :					
Owners of the parent		1,789,261	1,288,614	1,878,255	1,189,043
Non-controlling interests		22,374	6,390	-	-
		1,811,635	1,295,004	1,878,255	1,189,043
BASIC EARNINGS PER SHARE	BAHT	7.16	5.15	7.51	4.76
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

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

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month		For the six-month	
	periods ended		periods ended	
	August 31,	August 31,	August 31,	August 31,
	2018	2017	2018	2017
Net profit for the period	1,811,635	1,295,004	1,878,255	1,189,043
Other comprehensive income (loss), net of tax				
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translating financial statements of foreign operations				
- Owners of the parent	4,371	(35,118)	-	-
- Non-controlling interests	9,745	(5,116)	-	-
Other comprehensive income (loss) for the period, net of tax	<u>14,116</u>	<u>(40,234)</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>1,825,751</u></u>	<u><u>1,254,770</u></u>	<u><u>1,878,255</u></u>	<u><u>1,189,043</u></u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :				
Owners of the parent	1,793,632	1,253,496	1,878,255	1,189,043
Non-controlling interests	32,119	1,274	-	-
	<u><u>1,825,751</u></u>	<u><u>1,254,770</u></u>	<u><u>1,878,255</u></u>	<u><u>1,189,043</u></u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share premium on ordinary shares	Owners of the parent Retained earnings		Other components of shareholders' equity	Total owners of the parent	Share subscription received in advance of a subsidiary	Non-controlling interests	Total shareholders' equity	
		Appropriated	Unappropriated	Legal reserve						Reserve for business expansion
Beginning balance, as at March 1, 2017	250,000	478,000	25,000	4,850,000	8,107,999	(31,975)	13,679,024	17,655	76,199	13,772,878
Changes during the period										
Share subscription received in advance of a subsidiary	-	-	-	-	-	-	-	(17,655)	-	(17,655)
Increase in share capital from non controlling interests in a subsidiary	-	-	-	-	-	-	-	-	17,655	17,655
Dividend paid	15.1	-	-	-	(462,498)	-	(462,498)	-	(6,446)	(468,944)
Net profit for the period	-	-	-	-	1,288,614	-	1,288,614	-	6,390	1,295,004
Other comprehensive loss	-	-	-	-	-	(35,118)	(35,118)	-	(5,116)	(40,234)
Ending balance, as at August 31, 2017	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,934,115</u>	<u>(67,093)</u>	<u>14,470,022</u>	<u>-</u>	<u>88,682</u>	<u>14,558,704</u>
Beginning balance, as at March 1, 2018	250,000	478,000	25,000	4,850,000	10,223,575	(89,941)	15,736,634	-	85,167	15,821,801
Changes during the period										
Increase in share capital from non controlling interests in a subsidiary	6.2	-	-	-	-	-	-	-	235,547	235,547
Dividend paid	15.3	-	-	-	(562,498)	-	(562,498)	-	(27,023)	(589,521)
Net profit for the period	-	-	-	-	1,789,261	-	1,789,261	-	22,374	1,811,635
Other comprehensive income	-	-	-	-	-	4,371	4,371	-	9,745	14,116
Ending balance, as at August 31, 2018	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>11,450,338</u>	<u>(85,570)</u>	<u>16,967,768</u>	<u>-</u>	<u>325,810</u>	<u>17,293,578</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Appropriated Legal reserve	Retained earnings Reserve for business expansion Unappropriated		
Beginning balance, as at March 1, 2017		250,000	478,000	25,000	4,850,000	7,688,986	13,291,986
Changes during the period							
Dividend Paid	15.1	-	-	-	-	(462,498)	(462,498)
Net profit for the period		-	-	-	-	1,189,043	1,189,043
Ending balance, as at August 31, 2017		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>8,415,531</u>	<u>14,018,531</u>
Beginning balance, as at March 1, 2018		250,000	478,000	25,000	4,850,000	9,574,636	15,177,636
Changes during the period							
Dividend Paid	15.3	-	-	-	-	(562,498)	(562,498)
Net profit for the period		-	-	-	-	1,878,255	1,878,255
Ending balance, as at August 31, 2018		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>10,890,393</u>	<u>16,493,393</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2018

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the six-month		For the six-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		2,259,081	1,599,297	2,286,718	1,450,865
Adjustments for:					
Share of (profit) loss from investment in an associate		(3,888)	1,335	-	-
Bad debts and doubtful accounts		2,459,647	2,286,404	2,375,530	2,209,286
Depreciation of leasehold improvement and equipment		198,524	195,961	156,333	143,210
Amortization of intangible assets		82,562	93,683	68,469	71,272
Loss on impairment of investment		-	6,368	-	6,368
Loss on sale of leasehold improvement and equipment		2,859	4,560	1,800	4,322
Loss on write-off of leasehold improvement and equipment		262	85	3	33
Loss on write-off of intangible assets		-	563	-	563
Employee benefit expense		30,537	17,124	27,099	12,345
Interest income		(5,924,613)	(5,027,176)	(5,400,225)	(4,766,601)
Dividend income		-	-	(180,384)	(48,000)
Finance costs		1,105,834	1,040,852	1,195,918	1,096,422
		<u>210,805</u>	<u>219,056</u>	<u>531,261</u>	<u>180,085</u>
Operating assets (increase) decrease					
Trade and other current receivables		(5,941,870)	(6,813,627)	(5,301,215)	(7,316,720)
Other current assets		(13,096)	(23,363)	2,615	56
Other non-current assets		(5,624)	789	(8,815)	(1,541)
Operating liabilities increase (decrease)					
Trade and other current payables		(42,795)	117,464	(67,815)	126,479
Other current liabilities		84,583	32,207	63,919	11,839
Other non-current liabilities		2,421	1,599	(489)	(1,408)
Cash paid for operations		(5,705,576)	(6,465,875)	(4,780,539)	(7,001,210)
Proceeds from interest income		5,830,414	4,927,137	5,325,685	4,672,921
Dividend received		-	-	176,132	48,000
Finance costs paid		(1,122,541)	(1,007,666)	(1,201,639)	(1,085,824)
Income tax paid		(439,199)	(288,587)	(407,222)	(266,127)
Retirement benefits paid		-	(1,124)	-	-
Net cash used in operating activities		<u>(1,436,902)</u>	<u>(2,836,115)</u>	<u>(887,583)</u>	<u>(3,632,240)</u>

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2018
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the six-month periods ended		For the six-month periods ended	
		August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for fixed deposits at banks under obligations		(12,211)	(2,893)	-	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(221,646)	(70,224)	(262,282)	(45,968)
Proceeds from sale of leasehold improvement and equipment		182	290	119	66
Cash paid for purchase of intangible assets	4.2	(71,250)	(31,723)	(68,852)	(32,754)
Proceeds from capital refund from a subsidiary		-	-	-	10
Capital refund paid from dissolution in a subsidiary		-	(30)	-	-
Net cash used in investing activities		<u>(304,925)</u>	<u>(104,580)</u>	<u>(331,015)</u>	<u>(78,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	27,818,151	19,366,691	26,981,285	18,740,180
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(24,460,926)	(14,579,129)	(24,030,100)	(14,010,085)
Cash paid for finance lease agreements	4.4	(9,379)	(3,379)	-	-
Proceeds from long-term borrowings	4.4	4,197,220	5,174,733	4,197,220	4,833,250
Cash repayments for long-term borrowings	4.4	(5,248,800)	(4,223,394)	(5,248,800)	(3,994,400)
Proceeds from sale of additional revolving receivables under securitization projects		-	-	-	590,503
Proceeds from long-term borrowings under securitization project	4.4	-	-	480,038	659,471
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(387,105)	(387,761)
Proceeds from long-term debentures issuance	4.4	88,043	261,718	-	200,000
Cash repayments for long-term debentures	4.4	(527,850)	(2,137,200)	(527,850)	(2,137,200)
Proceeds from subordinated borrowings	4.4	4,891	3,429	-	-
Proceeds from sale of written-off receivables	22.1	123,055	173,487	123,055	173,487
Proceeds from ordinary shares issued of a subsidiary		235,547	-	-	-
Cash paid for dividend		(587,985)	(466,533)	(562,498)	(462,498)
Net cash provided by financing activities		<u>1,631,967</u>	<u>3,570,423</u>	<u>1,025,245</u>	<u>4,204,947</u>
Net increase (decrease) in cash and cash equivalents		<u>(109,860)</u>	<u>629,728</u>	<u>(193,353)</u>	<u>494,061</u>
Increase (decrease) in exchange differences on translating financial statements of foreign operations		9,061	(40,234)	-	-
Cash and cash equivalents at the beginning of the period		<u>4,089,802</u>	<u>3,649,124</u>	<u>3,227,739</u>	<u>2,932,195</u>
Cash and cash equivalents at the end of the period	4.1	<u><u>3,989,003</u></u>	<u><u>4,238,618</u></u>	<u><u>3,034,386</u></u>	<u><u>3,426,256</u></u>

See condensed notes to the financial statements

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

1. OPERATIONS OF THE COMPANY

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

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

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

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

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

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

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

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

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

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

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				For the three-month and six-month periods ended August 31,	
				2018	2017
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
AEON Insurance Service (Thailand) Company Limited	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc.	Retail finance business	Cambodia	October 5, 2011	50.00 ⁽³⁾	80.00
AEON Microfinance (Myanmar) Company Limited	Retail finance business	Myanmar	November 2, 2012	100.00	100.00
AEON Leasing Service (Lao) Company Limited ⁽¹⁾	Retail finance business	Laos	January 11, 2013	100.00	100.00
ATS Rabbit Special Purpose Vehicle Company Limited ⁽²⁾	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Since April 24, 2018, the proportion of the Company’s shareholding in AEON Specialized Bank (Cambodia) Plc. (the “subsidiary”) decreased from 80% to 50% because the Company waived the rights to purchase the increased shares of the subsidiary; however, the Company still has the power to control over the subsidiary in accordance with the requirement of TFRS No.10 (Revised 2017) “Consolidated Financial Statements” (see Note 6.2).

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

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				For the three-month and six-month periods ended August 31, 2018	For the three-month and six-month periods ended August 31, 2017
ACS Trading Vietnam Company Limited	Retail finance business	Vietnam	May 26, 2008	20.00	20.00

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

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

	The date of the end of the reporting period in preparation of the consolidated financial statements	
	For the three-month and six-month periods ended August 31, 2018	For the three-month and six-month periods ended August 31, 2017
Subsidiaries		
ACS Servicing (Thailand) Company Limited	June 30, 2018	June 30, 2017
AEON Insurance Service (Thailand) Company Limited	June 30, 2018	June 30, 2017
AEON Specialized Bank (Cambodia) Plc.	June 30, 2018	June 30, 2017
AEON Microfinance (Myanmar) Company Limited	June 30, 2018	June 30, 2017
AEON Leasing Service (Lao) Company Limited	June 30, 2018	June 30, 2017
Associate		
ACS Trading Vietnam Company Limited	June 30, 2018	June 30, 2017

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

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

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

On March 14, 2018, 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 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 TFRS 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 this TFRS and considered that the adoption of this financial reporting standard does not have any significant impact on the financial statements of the Group and the Company in the period of initial application.

In addition, on September 21, 2018, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards that are relevant to financial instruments, which have been announced in the Royal Gazette and will be effective for the financial statements for the periods beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 32	Financial Instruments: Presentation
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Thai Financial Reporting Standards (“TFRS”)

TFRS 7	Financial Instruments: Disclosures
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TFRS 9	Financial Instruments
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Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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The Group’s and the Company’s management will adopt such TFRSs relevant to financial instruments in the preparation of the Group’s and the Company’s financial statements when they become effective or earlier than the effective date. The Group’s and the Company’s management are in the process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Cash	1,349,823	1,302,910	1,330,285	1,281,876
Deposits at bank - call deposits	2,639,180	2,786,892	1,704,101	1,945,863
Cash and cash equivalents	<u>3,989,003</u>	<u>4,089,802</u>	<u>3,034,386</u>	<u>3,227,739</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	28,400	10,042	25,232	10,042
Purchase of leasehold improvement and equipment	235,706	74,196	307,026	47,735
	<u>264,106</u>	<u>84,238</u>	<u>332,258</u>	<u>57,777</u>
<u>Less</u> Liabilities relating to transferred employees (see Note 14)	-	-	(28,316)	-
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(221,646)</u>	<u>(70,224)</u>	<u>(262,282)</u>	<u>(45,968)</u>
Liabilities recorded - carried forward	<u>42,460</u>	<u>14,014</u>	<u>41,660</u>	<u>11,809</u>
Intangible assets				
Liabilities recorded - brought forward	11,017	3,897	11,017	3,897
Purchase of intangible assets	93,793	29,533	91,395	30,564
	<u>104,810</u>	<u>33,430</u>	<u>102,412</u>	<u>34,461</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>(71,250)</u>	<u>(31,723)</u>	<u>(68,852)</u>	<u>(32,754)</u>
Liabilities recorded - carried forward	<u>33,560</u>	<u>1,707</u>	<u>33,560</u>	<u>1,707</u>

4.3 The Company had non-cash items relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, a subsidiary, which the Company had sold loan receivables to. During the six-month period ended August 31, 2018, such sale was settled by increasing the Subordinated lendings Account and the Seller loan Account of Baht 4.89 million and Baht 121.43 million, respectively, and during the six-month period ended August 31, 2017 by increasing the Subordinated lendings Account and the Seller loan Account of Baht 3.43 million and Baht 130.86 million, respectively, instead of cash receipt.

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

CONSOLIDATED FINANCIAL STATEMENTS						“Unaudited”
	As at	Changes in cash flows		Non-cash items		As at
	March 1, 2018	Cash received	Cash paid	Differences on translating foreign currencies	Others	August 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	3,952,399	27,818,151	(24,460,926)	3,274	-	7,312,898
Liabilities under finance lease agreements	10,884	-	(9,379)	-	-	1,505
Long-term borrowings	40,788,123	4,197,220	(5,248,800)	915,284	2,322	40,654,149
Long-term debentures	14,593,173	88,043	(527,850)	236,526	12,871	14,402,763
Subordinated borrowings	71,157	4,891	-	-	-	76,048

CONSOLIDATED FINANCIAL STATEMENTS						“Unaudited”
	As at	Changes in cash flows		Non-cash items		As at
	March 1, 2017	Cash received	Cash paid	Differences on translating foreign currencies	Others	August 31, 2017
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	3,501,820	19,366,691	(14,579,129)	1	-	8,289,383
Liabilities under finance lease agreements	16,886	-	(3,379)	-	278	13,785
Long-term borrowings	37,424,010	5,174,733	(4,223,394)	(1,404,381)	1,262	36,972,230
Long-term debentures	14,722,070	261,718	(2,137,200)	(539,546)	18,123	12,325,165
Subordinated borrowings	45,263	3,429	-	-	-	48,692

SEPARATE FINANCIAL STATEMENTS

	As at	Changes in cash flows		Non-cash items		“Unaudited”
	March 1,	Cash	Cash	Differences	Others	As at
	2018	received	paid	on translating		August 31,
	Baht '000	Baht '000	Baht '000	foreign	Baht '000	Baht '000
				currencies		
				Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	2,820,000	26,981,285	(24,030,100)	-	-	5,771,185
Long-term borrowings	40,164,026	4,197,220	(5,248,800)	906,153	2,322	40,020,921
Long-term borrowings under securitization project	1,366,167	480,038	(387,105)	-	68,370	1,527,470
Long-term debentures	13,352,603	-	(527,850)	236,526	12,871	13,074,150

SEPARATE FINANCIAL STATEMENTS

	As at	Changes in cash flows		Non-cash items		“Unaudited”
	March 1,	Cash	Cash	Differences	Others	As at
	2017	received	paid	on translating		August 31,
	Baht '000	Baht '000	Baht '000	foreign	Baht '000	Baht '000
				currencies		
				Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	2,580,042	18,740,180	(14,010,085)	-	-	7,310,137
Long-term borrowings	36,955,978	4,833,250	(3,994,400)	(1,404,381)	1,262	36,391,709
Long-term borrowings under securitization project	789,300	659,471	(387,761)	-	3,429	1,064,439
Long-term debentures	13,947,597	200,000	(2,137,200)	(539,546)	18,123	11,488,974

5. TRADE RECEIVABLES

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Trade receivables	78,104,551	74,457,393	75,141,618	72,122,528
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	<u>1,527,470</u>	<u>1,366,167</u>	<u>1,527,470</u>	<u>1,366,167</u>
Total	79,632,021	75,823,560	76,669,088	73,488,695
<u>Less</u> Allowance for doubtful accounts	<u>(2,736,712)</u>	<u>(2,415,692)</u>	<u>(2,673,625)</u>	<u>(2,356,958)</u>
Total trade receivables	<u>76,895,309</u>	<u>73,407,868</u>	<u>73,995,463</u>	<u>71,131,737</u>
Trade receivables due within 1 year	75,670,844	72,466,271	73,687,613	70,883,021
Trade receivables due after 1 year	<u>1,224,465</u>	<u>941,597</u>	<u>307,850</u>	<u>248,716</u>
Total trade receivables	<u>76,895,309</u>	<u>73,407,868</u>	<u>73,995,463</u>	<u>71,131,737</u>

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

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

CONSOLIDATED FINANCIAL STATEMENTS						
“Unaudited”						
	As at August 31, 2018			As at February 28, 2018		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	734,303	851,547	1,585,850	677,663	654,252	1,331,915
<u>Less</u> Unearned financing income	<u>(46,471)</u>	<u>(39,643)</u>	<u>(86,114)</u>	<u>(46,135)</u>	<u>(18,832)</u>	<u>(64,967)</u>
	687,832	811,904	1,499,736	631,528	635,420	1,266,948
<u>Less</u> Allowance for doubtful accounts	<u>(45,504)</u>	<u>-</u>	<u>(45,504)</u>	<u>(45,040)</u>	<u>-</u>	<u>(45,040)</u>
Hire-purchase and accrued interest receivable - net	<u>642,328</u>	<u>811,904</u>	<u>1,454,232</u>	<u>586,488</u>	<u>635,420</u>	<u>1,221,908</u>
Loans receivable						
Loans and accrued interest receivable	41,072,790	412,561	41,485,351	39,490,563	306,177	39,796,740
<u>Less</u> Allowance for doubtful accounts	<u>(1,597,778)</u>	<u>-</u>	<u>(1,597,778)</u>	<u>(1,406,224)</u>	<u>-</u>	<u>(1,406,224)</u>
Loans and accrued interest receivable - net	<u>39,475,012</u>	<u>412,561</u>	<u>39,887,573</u>	<u>38,084,339</u>	<u>306,177</u>	<u>38,390,516</u>
Credit card receivable						
Credit card and accrued interest receivable	36,496,629	-	36,496,629	34,588,275	-	34,588,275
<u>Less</u> Allowance for doubtful accounts	<u>(1,092,617)</u>	<u>-</u>	<u>(1,092,617)</u>	<u>(962,919)</u>	<u>-</u>	<u>(962,919)</u>
Credit card and accrued interest receivable - net	<u>35,404,012</u>	<u>-</u>	<u>35,404,012</u>	<u>33,625,356</u>	<u>-</u>	<u>33,625,356</u>
Receivable from rendering the collection service						
Receivable from rendering the collection service	54,274	-	54,274	48,855	-	48,855
<u>Less</u> Allowance for doubtful accounts	<u>(813)</u>	<u>-</u>	<u>(813)</u>	<u>(1,509)</u>	<u>-</u>	<u>(1,509)</u>
Receivable from rendering the collection service - net	<u>53,461</u>	<u>-</u>	<u>53,461</u>	<u>47,346</u>	<u>-</u>	<u>47,346</u>
Receivable from insurance broker business						
	96,031	-	96,031	122,742	-	122,742
Total trade receivables	<u>75,670,844</u>	<u>1,224,465</u>	<u>76,895,309</u>	<u>72,466,271</u>	<u>941,597</u>	<u>73,407,868</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at August 31, 2018			As at February 28, 2018		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	203,771	223,266	427,037	234,008	123,042	357,050
<u>Less</u> Unearned financing income	(46,472)	(39,642)	(86,114)	(46,135)	(18,832)	(64,967)
	157,299	183,624	340,923	187,873	104,210	292,083
<u>Less</u> Allowance for doubtful accounts	(9,901)	-	(9,901)	(11,114)	-	(11,114)
Hire-purchase and accrued interest receivable - net	147,398	183,624	331,022	176,759	104,210	280,969
Loans receivable						
Loans and accrued interest receivable	39,979,877	124,226	40,104,103	38,652,542	144,506	38,797,048
<u>Less</u> Allowance for doubtful accounts	(1,574,825)	-	(1,574,825)	(1,386,302)	-	(1,386,302)
Loans and accrued interest receivable - net	38,405,052	124,226	38,529,278	37,266,240	144,506	37,410,746
Credit card receivable						
Credit card and accrued interest receivable	36,224,062	-	36,224,062	34,399,564	-	34,399,564
<u>Less</u> Allowance for doubtful accounts	(1,088,899)	-	(1,088,899)	(959,542)	-	(959,542)
Credit card and accrued interest receivable - net	35,135,163	-	35,135,163	33,440,022	-	33,440,022
Total trade receivables	<u>73,687,613</u>	<u>307,850</u>	<u>73,995,463</u>	<u>70,883,021</u>	<u>248,716</u>	<u>71,131,737</u>

5.2 Quality of assets

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

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Less than 3 months	77,504,695	74,044,653	74,588,116	71,761,305
3 months up	2,127,326	1,778,907	2,080,972	1,727,390
Total	79,632,021	75,823,560	76,669,088	73,488,695
<u>Less</u> Allowance for doubtful accounts	(2,736,712)	(2,415,692)	(2,673,625)	(2,356,958)
Total trade receivables	<u>76,895,309</u>	<u>73,407,868</u>	<u>73,995,463</u>	<u>71,131,737</u>

5.3 Troubled debt restructuring

For the three-month periods ended August 31, 2018 and 2017, the Company had recognized interest income on restructured debts totaling Baht 39.93 million and Baht 30.02 million, respectively.

For the six-month periods ended August 31, 2018 and 2017, the Company had recognized interest income on restructured debts totaling Baht 130.28 million and Baht 128.77 million, respectively.

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

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	As at August 31, 2018		As at February 28, 2018	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	41,991	1,423,946	45,562	1,487,941
Non-restructured trade receivables	3,710,664	78,057,770	3,487,624	74,164,022
Total	<u>3,752,655</u>	<u>79,481,716</u>	<u>3,533,186</u>	<u>75,651,963</u>

SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
	As at August 31, 2018		As at February 28, 2018	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	41,991	1,423,946	45,528	1,475,496
Non-restructured trade receivables	3,174,367	75,245,142	3,210,892	72,013,199
Total	<u>3,216,358</u>	<u>76,669,088</u>	<u>3,256,420</u>	<u>73,488,695</u>

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

5.4 Allowance for doubtful accounts

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at August 31, 2018	As at February 28, 2018	As at August 31, 2018	As at February 28, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	2,415,692	2,259,949	2,356,958	2,211,771
Bad debts and doubtful accounts	2,459,647	4,678,530	2,375,530	4,528,435
Gain on devaluation of long-term borrowings under securitization project	-	-	57,984	89,860
Written-off bad debts	(2,138,627)	(4,522,787)	(2,116,847)	(4,473,108)
Ending balance	<u>2,736,712</u>	<u>2,415,692</u>	<u>2,673,625</u>	<u>2,356,958</u>

5.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreement with Special Purposes Vehicle Company, which was incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicle (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 Agreement and Servicing Agreement.

Details of aforementioned sales of receivables are summarized as follows:

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

* ATS Rabbit Special Purpose Vehicle Company Limited (Subsidiary)

The Company does not recognize other assets obtained in the transfer of financial assets including retained interests on the financial statements because it is not practical to estimate their reliable fair values.

On October 22, 2015, the Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited which was registered as a special purpose vehicle company under the Civil and Commercial Code of Thailand for the purpose of implementing or facilitating the securitization in accordance with the securitization project 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 project, the Company may repurchase the rights on the Purchased Receivables with ATS Rabbit in the following circumstances:

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

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

	For the three-month periods ended		For the six-month periods ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
	Million Baht	Million Baht	Million Baht	Million Baht
Transfers of future and additional receivables (at book value)				
- Loans receivable (ATS Rabbit)	360	412	606	591
	<u>360</u>	<u>412</u>	<u>606</u>	<u>591</u>
Cash collection on behalf of a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	291	254	580	501
	<u>291</u>	<u>254</u>	<u>580</u>	<u>501</u>
Servicing income on cash collection from a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	19	11	38	22
	<u>19</u>	<u>11</u>	<u>38</u>	<u>22</u>

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

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

6.1 Investment in an associate in the consolidated financial statements

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

CONSOLIDATED FINANCIAL STATEMENTS							
“Unaudited”							
			As at August 31, 2018		As at February 28, 2018		
	Paid-up capital	Ownership %	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	36,370.7	16,819.3	32,482.3
Total investment in an associate				<u>16,819.3</u>	<u>36,370.7</u>	<u>16,819.3</u>	<u>32,482.3</u>

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

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

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

On February 26, 2018, the Shareholders' Meeting of AEON Specialized Bank (Cambodia) Plc., which is a subsidiary of the Company, had a resolution 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 to existing shareholders based on existing 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 and another shareholder of the subsidiary, paid for the capital injection to such subsidiary in the amount of USD 7.50 million. The subsidiary registered the increased share capital on April 24, 2018. After the completion of increased share capital registration, the proportion of the Company's shareholding in the subsidiary decreased from 80% to 50%. However, the Company still has the power to control over the subsidiary in accordance with the requirement of TFRS No.10 (Revised 2017) "Consolidated Financial Statements".

In addition, the Shareholders' Meeting of the subsidiary had a resolution to approve the declaration of dividend payment for the fiscal year 2017 in the amount of USD 0.092 per share from total retained earnings as at December 31, 2017, to the shareholders based on shareholders' structure at that time (prior to the change in shareholders' structure). The dividend would be paid after getting approval from the National Bank of Cambodia ("NBC"). Subsequently, on June 14, 2018, the subsidiary obtained an approval from the NBC on dividend payment totaling USD 1.15 million or equivalent to Baht 36.77 million, which was paid to the shareholders on June 29, 2018.

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	"Unaudited"			
	As at August 31, 2018		As at February 28, 2018	
Ownership	Cost	Ownership	Cost	
%	Baht '000	%	Baht '000	
Long-term investments in related companies				
AEON (Thailand) Co., Ltd. (340,000 shares of Baht 100 each, Baht 25 called up)	5.23	8,500	5.23	8,500
PT. AEON Credit Service Indonesia (173 shares of IDR 30 million each, par value of IDR 30 million, fully paid)	5.18	19,072	5.18	19,072
AEON Credit Service Systems (Philippines) Inc. (100,000 shares of PHP 100 each, par value of PHP 100, fully paid)	3.33	7,645	3.33	7,645
		35,217		35,217
<u>Less</u> Allowance for impairment of investment		(15,145)		(15,145)
Total long-term investments in related companies		20,072		20,072

7. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

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

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	160,520	39,087
Total Seller loan in Special Purpose Vehicle for securitization	<u>160,520</u>	<u>39,087</u>

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

8. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

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

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Subordinated lendings (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	76,048	71,157
Total subordinated lendings	<u>76,048</u>	<u>71,157</u>

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

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

8.2 Subordinated borrowings of Special Purpose Vehicle are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at	As at
	August 31, 2018	February 28, 2018
	Baht '000	Baht '000
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATC Rabbit)	76,048	71,157
Total subordinated borrowings	<u>76,048</u>	<u>71,157</u>

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

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

9. DEFERRED TAX ASSETS

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

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at	As at	As at	As at
	August 31, 2018	February 28, 2018	August 31, 2018	February 28, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	540,075	476,804	534,725	471,392
Non-accrual of interest income	42,497	34,573	41,468	33,885
Allowance for impairment of assets	4,000	13,080	4,000	13,080
Provisions for employee benefits	36,493	30,386	32,122	21,039
Deferred revenue from customer loyalty programs	39,349	34,464	39,349	34,464
Others	14,091	5,974	8,951	3,029
	<u>676,505</u>	<u>595,281</u>	<u>660,615</u>	<u>576,889</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	135,350	148,691	135,350	148,691
Others	402	-	-	-
	<u>135,752</u>	<u>148,691</u>	<u>135,350</u>	<u>148,691</u>
Deferred tax assets	<u>540,753</u>	<u>446,590</u>	<u>525,265</u>	<u>428,198</u>

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

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	Balance as at February 28, 2018	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at August 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	476,804	63,271	-	540,075
Non-accrual of interest income	34,573	7,924	-	42,497
Allowance for impairment of assets	13,080	(9,080)	-	4,000
Provisions for employee benefits	30,386	6,107	-	36,493
Deferred revenue from customer loyalty programs	34,464	4,885	-	39,349
Others	5,974	8,117	-	14,091
	<u>595,281</u>	<u>81,224</u>	<u>-</u>	<u>676,505</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	148,691	(13,341)	-	135,350
Others	-	402	-	402
	<u>148,691</u>	<u>(12,939)</u>	<u>-</u>	<u>135,752</u>
Deferred tax assets	<u>446,590</u>	<u>94,163</u>	<u>-</u>	<u>540,753</u>

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

SEPARATE FINANCIAL STATEMENTS
“Unaudited”

	Balance as at February 28, 2018	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at August 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Deferred tax assets				
Allowance for doubtful accounts	471,392	63,333	-	534,725
Non-accrual of interest income	33,885	7,583	-	41,468
Allowance for impairment of assets	13,080	(9,080)	-	4,000
Provisions for employee benefits	21,039	11,083	-	32,122
Deferred revenue from customer loyalty programs	34,464	4,885	-	39,349
Others	3,029	5,922	-	8,951
	<u>576,889</u>	<u>83,726</u>	<u>-</u>	<u>660,615</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	148,691	(13,341)	-	135,350
	<u>148,691</u>	<u>(13,341)</u>	<u>-</u>	<u>135,350</u>
Deferred tax assets	<u>428,198</u>	<u>97,067</u>	<u>-</u>	<u>525,265</u>

SEPARATE FINANCIAL STATEMENTS

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	As at August 31, 2018		As at February 28, 2018	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	1.70	971,185	-	-
Short-term borrowings in THB currency	1.60 - 1.90	4,800,000	1.60 - 1.67	2,820,000
Short-term borrowings in USD currency	2.19 - 3.09	509,916	2.14 - 2.44	384,312
Short-term borrowings in LAK currency	6.40 - 9.50	258,459	7.30 - 9.50	224,719
Short-term borrowings in MMK currency	11.70 - 12.50	773,338	11.70 - 12.50	523,368
Total		7,312,898		3,952,399

SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
	As at August 31, 2018		As at February 28, 2018	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	1.70	971,185	-	-
Short-term borrowings in THB currency	1.60 - 1.90	4,800,000	1.60 - 1.67	2,820,000
Total		5,771,185		2,820,000

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

11. LONG-TERM BORROWINGS

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

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	Due within the year	As at August 31, 2018		
		Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2023	2.96 - 5.26	45,100.00	13,471,370
Borrowings in USD currency	2019 - 2023	2.26 - 3.35	523.49	17,240,297
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	10,000.00	10,000,000
<u>Less</u> Borrowings issuance cost				(57,518)
				40,654,149
<u>Less</u> Current portion of long-term borrowings				(11,798,096)
Total long-term borrowings				28,856,053

CONSOLIDATED FINANCIAL STATEMENTS
As at February 28, 2018

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

SEPARATE FINANCIAL STATEMENTS
“Unaudited”

As at August 31, 2018

	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2018 - 2023	2.96 - 5.26	45,100.00	13,471,370
Borrowings in USD currency	2019 - 2023	2.26 - 3.35	504.49	16,607,069
Borrowings in THB currency	2018 - 2022	2.44 - 3.20	10,000.00	10,000,000
<u>Less</u> Borrowings issuance cost				(57,518)
				<u>40,020,921</u>
<u>Less</u> Current portion of long-term borrowings				(11,698,113)
Total long-term borrowings				<u>28,322,808</u>

SEPARATE FINANCIAL STATEMENTS
As at February 28, 2018

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

In the consolidated and separate financial statements as at August 31, 2018 and February 28, 2018, the Company has long-term borrowings in JPY currency from a related company which is a bank in Japan amounting to JPY 5,000.00 million or equivalent to Baht 1,491.02 million and JPY 5,000.00 million or equivalent to Baht 1,482.73 million, respectively, with interest rate at 4.16% - 4.84% per annum which are unsecured and will be due in the year 2019 and 2021 (see Note 19.2.1).

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS “Unaudited” As at August 31, 2018				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	2,197,000	-	192,600	192,600
USD currency	3,457,220	-	97,978	97,978
	<u>5,654,220</u>	<u>-</u>	<u>290,578</u>	<u>290,578</u>
Payables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	12,044,722	(803,262)	(159,690)	(962,952)
USD currency	13,454,630	(164,197)	(238,562)	(402,759)
	<u>25,499,352</u>	<u>(967,459)</u>	<u>(398,252)</u>	<u>(1,365,711)</u>
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2018				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 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>

12. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at August 31, 2018 and February 28, 2018, the Company recognized the cash received and the settlement by the Seller Loan Account of ATS Rabbit for the transferred rights in loans receivable under securitization project (see Note 5.5) as long-term borrowings under securitization project in the separate financial statements in the amount of Baht 1,527.47 million and Baht 1,366.17 million, respectively.

13. LONG-TERM DEBENTURES

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

Issue date	Maturity date	No. of units	Currency	Par value per unit	Amount	Interest rate p.a. (%)	Term of interest payment	"Unaudited"	
								As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Company									
24/07/2013	29/07/2018	17	USD	1,000,000	17,000,000	USD-LIBOR 6M + 0.01	Semi-annual	-	537,855
29/11/2013	29/11/2018	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.05	Semi-annual	987,555	949,155
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	987,555	949,155
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	657,140	653,809
23/02/2016	21/02/2019	200,000	THB	1,000	200,000,000	2.87	Semi-annual	200,000	200,000
25/03/2016	25/03/2020	70	USD	1,000,000	70,000,000	USD-LIBOR 6M + 0.65	Semi-annual	2,304,294	2,214,695
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	493,778	474,578
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	493,778	474,578
24/08/2016	30/07/2019	400,000	THB	1,000	400,000,000	2.50	Quarterly	400,000	400,000
21/12/2016	21/12/2019	1,000,000	THB	1,000	1,000,000,000	2.73	Quarterly	1,000,000	1,000,000
21/12/2016	21/12/2021	1,000,000	THB	1,000	1,000,000,000	3.48	Quarterly	1,000,000	1,000,000
30/12/2016	30/12/2021	30	USD	1,000,000	30,000,000	USD-LIBOR 6M + 0.65	Semi-annual	987,555	949,154
18/08/2017	18/08/2020	200,000	THB	1,000	200,000,000	2.50	Quarterly	200,000	200,000
14/09/2017	14/09/2020	300,000	THB	1,000	300,000,000	2.50	Semi-annual	300,000	300,000
21/09/2017	21/09/2020	100,000	THB	1,000	100,000,000	2.50	Semi-annual	100,000	100,000
15/12/2017	15/12/2020	2,000,000	THB	1,000	2,000,000,000	2.37	Semi-annual	2,000,000	2,000,000
15/12/2017	15/12/2022	1,000,000	THB	1,000	1,000,000,000	2.93	Semi-annual	1,000,000	1,000,000
								<u>13,111,655</u>	<u>13,402,979</u>
								(37,505)	(50,376)
								<u>13,074,150</u>	<u>13,352,603</u>
								<u>(3,228,187)</u>	<u>(1,685,317)</u>
								<u>9,845,963</u>	<u>11,667,286</u>
ATS Rabbit Special Purpose Vehicle Company Limited									
29/01/2018	28/10/2025	1,240,570	THB	1,000	1,240,570,000	4.00	Monthly	-	1,240,570
31/07/2018	28/10/2025	1,328,613	THB	1,000	1,328,613,000	4.00	Monthly	1,328,613	-
								<u>11,174,576</u>	<u>12,907,856</u>

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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS "Unaudited" As at August 31, 2018				
	Notional Amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	596,860	60,280	-	60,280
USD currency	1,935,000	40,110	-	40,110
	<u>2,531,860</u>	<u>100,390</u>	<u>-</u>	<u>100,390</u>
Payables per currency swap contracts				
Cross Currency Swap Contracts				
USD currency	4,630,900	-	(351,495)	(351,495)
	<u>4,630,900</u>	<u>-</u>	<u>(351,495)</u>	<u>(351,495)</u>

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

14. PROVISIONS FOR EMPLOYEE BENEFITS

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

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month periods ended		For the six-month periods ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
Past service cost	-	-	9,140	-
Current service cost	8,763	7,490	18,940	14,981
Interest cost	1,138	1,072	2,457	2,143
Total	<u>9,901</u>	<u>8,562</u>	<u>30,537</u>	<u>17,124</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month periods ended		For the six-month periods ended	
	August 31, 2018	August 31, 2017	August 31, 2018	August 31, 2017
	Baht '000	Baht '000	Baht '000	Baht '000
Past service cost	-	-	9,140	-
Current service cost	7,938	5,389	15,876	10,777
Interest cost	1,041	784	2,083	1,568
Total	<u>8,979</u>	<u>6,173</u>	<u>27,099</u>	<u>12,345</u>

Movements in the present value of the provisions for post-employment benefits for the six-month periods ended August 31, 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	151,930	132,950	105,193	98,291
Past service cost	9,140	-	9,140	-
Current service cost	18,940	14,981	15,876	10,777
Interest cost	2,457	2,143	2,083	1,568
Benefits paid	-	(1,124)	-	-
Benefits transferred	-	-	28,316	-
Ending balance	<u>182,467</u>	<u>148,950</u>	<u>160,608</u>	<u>110,636</u>

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

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

	SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”	
	As at August 31, 2018	As at February 28, 2018
	% per annum	% per annum
Financial assumptions		
Discount rate	2.92	2.89
Expected rate of salary increase	6.0	6.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 20.0	0.0 - 20.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 51.0	0.0 - 51.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 61.0	0.0 - 61.0
	Subject to range of age of employees	Subject to range of age of employees

15. SHAREHOLDERS' EQUITY

- 15.1 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.
- 15.2 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.
- 15.3 On June 22, 2018, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the year ended February 28, 2018 at the rate of Baht 2.25 per share, totaling Baht 562.50 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 562.50 million on July 20, 2018 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 November 6, 2017.

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

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

16. REVENUES RELATING TO SECURITIZATION TRANSACTION

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

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month periods ended August 31, 2018		For the six-month periods ended August 31, 2017	
	Baht '000	Baht '000	Baht '000	Baht '000
Loan income (see Note 19.2.2)				
Interest income from subordinated lendings	2,253	1,444	4,432	2,835
Revenue from seller loan in Special Purpose Vehicle	2,318	2,400	3,593	3,170
Dividend from investment in Special Purpose Vehicle	9,042	4,498	19,431	6,446
Servicing income	19,197	11,453	38,167	22,391
Total	<u>32,810</u>	<u>19,795</u>	<u>65,623</u>	<u>34,842</u>

17. DIRECTORS AND MANAGERMENTS' REMUNERATION

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

For the three-month and six-month periods ended August 31, 2018 and 2017, directors and managements' remuneration are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	7,463	4,322	16,241	12,089
Managements' remuneration	36,974	37,555	70,697	68,355
Post-employment benefits	1,134	945	2,222	1,890
Total	<u>45,571</u>	<u>42,822</u>	<u>89,160</u>	<u>82,334</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefits				
Directors' remuneration	6,793	4,800	11,593	9,600
Managements' remuneration	22,860	21,372	41,894	38,266
Post-employment benefits	700	761	1,355	1,522
Total	<u>30,353</u>	<u>26,933</u>	<u>54,842</u>	<u>49,388</u>

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

18. CORPORATE INCOME TAX

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

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

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

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	278,475	198,627	541,609	323,401
Deferred income tax revenue	(63,954)	(28,427)	(94,163)	(19,108)
Income tax expense per statements of profit or loss	<u>214,521</u>	<u>170,200</u>	<u>447,446</u>	<u>304,293</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	260,686	173,737	505,530	279,892
Deferred income tax revenue	(60,851)	(27,845)	(97,067)	(18,070)
Income tax expense per statements of profit or loss	<u>199,835</u>	<u>145,892</u>	<u>408,463</u>	<u>261,822</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,088,143	845,480	2,259,081	1,599,297
Permanent differences	(27,089)	7,236	(43,424)	(76,316)
Temporary differences	315,321	142,987	468,172	95,858
Taxable profit	<u>1,376,375</u>	<u>995,703</u>	<u>2,683,829</u>	<u>1,618,839</u>
Normal income tax rate (%)	20.00 - 25.00	20.00 - 25.00	20.00 - 25.00	20.00 - 25.00
Income tax for the period currently payable	278,475	198,627	541,609	323,401
Deferred tax from temporary differences	(63,954)	(28,427)	(94,163)	(19,108)
Income tax expense per statements of profit or loss	<u>214,521</u>	<u>170,200</u>	<u>447,446</u>	<u>304,293</u>
Effective tax rate (%)	19.71	20.13	19.81	19.03

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2018	2017	2018	2017
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,051,646	734,219	2,286,718	1,450,865
Permanent differences	(13,062)	(260)	(44,589)	(87,307)
Temporary differences	304,257	139,226	485,334	90,349
Income that is exempt from taxable	(39,410)	(4,498)	(199,815)	(54,446)
Taxable profit	<u>1,303,431</u>	<u>868,687</u>	<u>2,527,648</u>	<u>1,399,461</u>
Normal income tax rate (%)	20.00	20.00	20.00	20.00
Income tax for the period currently payable	260,686	173,737	505,530	279,892
Deferred tax from temporary differences	(60,851)	(27,845)	(97,067)	(18,070)
Income tax expense per statements of profit or loss	<u>199,835</u>	<u>145,892</u>	<u>408,463</u>	<u>261,822</u>
Effective tax rate (%)	19.00	19.87	17.86	18.05

19. TRANSACTIONS WITH RELATED PARTIES

The consolidated and separate financial statements include certain transactions with the subsidiaries, an associate and related parties. The relationship may be by shareholding or the companies may have the same group of shareholders or directors. The consolidated and separate financial statements reflect the effects of these transactions on the basis determined by the Company, the subsidiaries, the associate and the related parties which are as follows:

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

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

19.2 Business transactions with related parties

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

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited” As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000	“Unaudited” As at August 31, 2018 Baht '000	As at February 28, 2018 Baht '000
Other receivables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	4,594	5,132
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	2,652	4,840
AEON Financial Service Co., Ltd.	Major shareholder	1,132	677	30	83
AEON Credit Service Company Limited	Common ultimate holding company	-	33	-	33
ACS Capital Corporation Limited	Shareholder and one common director	698	134	11	78
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	525	866
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	43,697	35,688
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	-	9
ACS Trading Vietnam Company Limited	Associate	6	6	6	6
		<u>1,836</u>	<u>850</u>	<u>51,515</u>	<u>46,735</u>
Seller loan in Special Purpose Vehicle for securitization (see Note 7)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	160,520	39,087
Subordinated lendings (see Note 8.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	76,048	71,157
Long-term borrowings (see Note 11)					
AEON Bank Ltd.	Common ultimate holding company	1,491,016	1,482,730	1,491,016	1,482,730
Trade payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	1,884	135,904
Other payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	5,092	3,270
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	69,791	110,133
AEON (Thailand) Company Limited	Shareholder and two common directors	352	423	352	423
AEON Financial Service Co., Ltd.	Major shareholder	44,610	39,895	40,419	38,034
AEON Credit Service Company Limited	Common ultimate holding company	6,260	9,006	3,205	2,542
AEON Credit Service Systems (Philippines) Inc.	Holding shares	1,713	821	-	345
AEON Bank Ltd.	Common ultimate holding company	1,399	1,926	1,399	1,278
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	282	394	-	-
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	56,712	52,017
AEON Credit Service (Philippines) Inc.	Common ultimate holding company	-	593	-	-
		<u>54,616</u>	<u>53,058</u>	<u>176,970</u>	<u>208,042</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at August 31, 2018	As at February 28, 2018	As at August 31, 2018	As at February 28, 2018
		Baht '000	Baht '000	Baht '000	Baht '000
Long-term borrowings under securitization project					
(see Note 12)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,527,470	1,366,167
Deposit received					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,972	14,264
Deferred revenue					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	30,157	101
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	-	929
		<u>-</u>	<u>-</u>	<u>30,157</u>	<u>1,030</u>

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

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS			
		For the three-month periods ended August 31,		For the six-month periods ended August 31,	
		2018	2017	2018	2017
		Baht '000	Baht '000	Baht '000	Baht '000
Other income					
ACS Capital Corporation Limited	Shareholder and one common director	600	3,000	2,000	6,000
AEON Bank Ltd.	Common ultimate holding company	-	52	-	137
AEON Financial Service Co., Ltd.	Major shareholder	-	3	-	3
		<u>600</u>	<u>3,055</u>	<u>2,000</u>	<u>6,140</u>
Operating and administrative expenses					
Others					
AEON Financial Service Company Limited	Major shareholder	26,851	30,858	51,953	53,981
AEON Credit Service Company Limited	Common ultimate holding company	11,633	11,856	23,457	23,794
AEON (Thailand) Company Limited	Holding shares and two common directors	2,810	3,988	5,805	8,417
ACS Capital Corporation Limited	Shareholder and one common director	-	143	-	6,517
AEON Credit Service Systems (Philippines) Inc.	Holding shares	2,223	3,784	4,677	7,038
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	500	661	1,147	1,277
AEON Bank Ltd.	Common ultimate holding company	612	831	1,356	1,307
		<u>44,629</u>	<u>52,121</u>	<u>88,395</u>	<u>102,331</u>

CONSOLIDATED FINANCIAL STATEMENTS					
Related parties	Relationship	For the three-month		For the six-month	
		periods ended August 31,		periods ended August 31,	
		2018	2017	2018	2017
		Baht '000	Baht '000	Baht '000	Baht '000
Finance costs					
AEON Financial Service Company Limited	Major shareholder	38,960	-	39,240	-
AEON Bank Ltd.	Common ultimate holding company	2,834	2,846	5,668	5,706
		<u>41,794</u>	<u>2,846</u>	<u>44,908</u>	<u>5,706</u>
Dividend paid					
ACS Capital Corporation Limited	Shareholder and one common director	108,000	88,800	108,000	88,800
AEON Financial Service Company Limited	Major shareholder	197,550	162,430	197,550	162,430
AEON Holding (Thailand) Limited	Common ultimate holding company	49,500	40,700	49,500	40,700
		<u>355,050</u>	<u>291,930</u>	<u>355,050</u>	<u>291,930</u>
SEPARATE FINANCIAL STATEMENTS					
Related parties	Relationship	For the three-month		For the six-month	
		periods ended August 31,		periods ended August 31,	
		2018	2017	2018	2017
		Baht '000	Baht '000	Baht '000	Baht '000
Sale promotion income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	1,813	2,210	3,538	5,104
Credit card income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	81,694	91,034	165,940	180,690
Revenues relating to securitization transaction (included in loan income) (See Note 16)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	32,810	19,795	65,623	34,842
Dividend income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	55,000	48,000
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	95,016	-
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	30,368	-	30,368	-
		<u>30,368</u>	<u>-</u>	<u>180,384</u>	<u>48,000</u>
Other income					
ACS Capital Corporation Limited	Shareholder and one common director	600	3,000	2,000	6,000
AEON Insurance Service (Thailand) Company Limited	Subsidiary	12,618	13,509	26,112	26,617
ACS Servicing (Thailand) Company Limited	Subsidiary	967	1,104	1,933	2,208
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	1,119	-	1,119
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	1,990	-	1,990
		<u>14,185</u>	<u>20,722</u>	<u>30,045</u>	<u>37,934</u>
Operating and administrative expenses					
Collection service fee					
ACS Servicing (Thailand) Company Limited	Subsidiary	100,489	350,445	180,917	696,851
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	2,320	2,568	4,993	4,957
		<u>102,809</u>	<u>353,013</u>	<u>185,910</u>	<u>701,808</u>

		SEPARATE FINANCIAL STATEMENTS			
		For the three-month periods ended August 31,		For the six-month periods ended August 31,	
Related parties	Relationship	2018 Baht '000	2017 Baht '000	2018 Baht '000	2017 Baht '000
Operating and administrative expenses (continued)					
Others					
AEON Financial Service Company Limited	Major shareholder	23,043	26,066	45,120	46,544
AEON Credit Service Company Limited	Common ultimate holding company	4,941	6,201	9,155	10,784
AEON (Thailand) Company Limited	Holding shares and two common directors	2,810	3,987	5,805	8,416
AEON Insurance Service (Thailand) Company Limited	Subsidiary	4,944	3,473	10,450	6,285
ACS Capital Corporation Limited	Shareholder and one common director	-	-	-	5,894
AEON Credit Service Systems (Philippines) Inc.	Holding shares	1,109	2,301	2,496	4,936
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	1,974	1,070	3,597	1,997
AEON Bank Ltd.	Common ultimate holding company	612	518	1,356	518
		<u>39,433</u>	<u>43,616</u>	<u>77,979</u>	<u>85,374</u>
Finance costs					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	93,898	57,247	185,499	109,596
AEON Bank Ltd.	Common ultimate holding company	2,834	2,846	5,668	5,706
		<u>96,732</u>	<u>60,093</u>	<u>191,167</u>	<u>115,302</u>
Dividend paid					
ACS Capital Corporation Limited	Shareholder and one common director	108,000	88,800	108,000	88,800
AEON Financial Service Company Limited	Major shareholder	197,550	162,430	197,550	162,430
AEON Holding (Thailand) Limited	Common ultimate holding company	49,500	40,700	49,500	40,700
		<u>355,050</u>	<u>291,930</u>	<u>355,050</u>	<u>291,930</u>

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

20. SEGMENT INFORMATION

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

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

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 between segments are eliminated on consolidation.

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

20.1 Operating results classified by business are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	For the three-month period ended August 31, 2018				
	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
Revenues					
Revenue from external customers	4,623,481	204,143	265,819	-	5,093,443
Inter - segment revenues	133,098	-	75,551	(208,649)	-
	<u>4,756,579</u>	<u>204,143</u>	<u>341,370</u>	<u>(208,649)</u>	<u>5,093,443</u>
Expenses					
Operating and administrative expenses	1,900,001	125,328	293,200	(165,813)	2,152,716
Directors and managements' remuneration	30,353	9,697	5,521	-	45,571
Bad debts and doubtful accounts (reversal)	1,240,550	13,781	(114)	-	1,254,217
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	1,215	104	149	-	1,468
Finance costs	519,253	34,825	16	-	554,094
Total expenses	<u>3,691,372</u>	<u>183,735</u>	<u>298,772</u>	<u>(165,813)</u>	<u>4,008,066</u>
Share of profit from investment in an associate	-	-	-	2,766	2,766
Profit before income tax	1,065,207	20,408	42,598	(40,070)	1,088,143
Income tax expense	204,355	2,967	7,199	-	214,521
Net profit for the period	<u>860,852</u>	<u>17,441</u>	<u>35,399</u>	<u>(40,070)</u>	<u>873,622</u>

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

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	4,125,120	144,274	271,520	-	4,540,914
Inter - segment revenues	110,647	-	322,153	(432,800)	-
	<u>4,235,767</u>	<u>144,274</u>	<u>593,673</u>	<u>(432,800)</u>	<u>4,540,914</u>
Expenses					
Operating and administrative expenses	1,842,762	95,167	485,271	(432,301)	1,990,899
Directors and managements' remuneration	26,933	13,155	2,734	-	42,822
Bad debts and doubtful accounts	1,117,553	17,171	-	-	1,134,724
Loss on impairment of investment	6,368	-	-	-	6,368
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	1,730	-	432	-	2,162
Finance costs	499,467	18,196	631	(499)	517,795
Total expenses	<u>3,494,813</u>	<u>143,689</u>	<u>489,068</u>	<u>(432,800)</u>	<u>3,694,770</u>
Share of loss from investment in an associate	-	-	-	(664)	(664)
Profit before income tax	740,954	585	104,605	(664)	845,480
Income tax expense	148,141	1,200	20,859	-	170,200
Net profit (loss) for the period	<u>592,813</u>	<u>(615)</u>	<u>83,746</u>	<u>(664)</u>	<u>675,280</u>

CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended August 31, 2018

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	9,204,024	376,751	529,131	-	10,109,906
Inter - segment revenues	383,545	-	307,746	(691,291)	-
	<u>9,587,569</u>	<u>376,751</u>	<u>836,877</u>	<u>(691,291)</u>	<u>10,109,906</u>
Expenses					
Operating and administrative expenses	3,740,595	234,341	721,385	(499,370)	4,196,951
Directors and managements' remuneration	54,842	19,579	14,739	-	89,160
Bad debts and doubtful accounts (reversal)	2,433,513	26,830	(696)	-	2,459,647
Loss (gain) on sale and write-off of leasehold improvement and equipment and intangible assets	1,803	105	(6,660)	7,873	3,121
Finance costs	1,040,953	64,542	339	-	1,105,834
Total expenses	<u>7,271,706</u>	<u>345,397</u>	<u>729,107</u>	<u>(491,497)</u>	<u>7,854,713</u>
Share of profit from investment in an associate	-	-	-	3,888	3,888
Profit before income tax	2,315,863	31,354	107,770	(195,906)	2,259,081
Income tax expense	418,178	8,089	21,179	-	447,446
Net profit for the period	<u>1,897,685</u>	<u>23,265</u>	<u>86,591</u>	<u>(195,906)</u>	<u>1,811,635</u>

CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended August 31, 2017

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	8,149,760	282,432	497,450	-	8,929,642
Inter - segment revenues	265,710	-	668,559	(934,269)	-
	<u>8,415,470</u>	<u>282,432</u>	<u>1,166,009</u>	<u>(934,269)</u>	<u>8,929,642</u>
Expenses					
Operating and administrative expenses	3,633,257	187,704	972,160	(885,277)	3,907,844
Directors and managements' remuneration	49,388	24,264	8,682	-	82,334
Bad debts and doubtful accounts	2,254,985	31,419	-	-	2,286,404
Loss on impairment of investment	6,368	-	-	-	6,368
Loss on sale and write-off of leasehold improvement and equipment and intangible assets	4,918	-	290	-	5,208
Finance costs	1,006,033	34,541	1,270	(992)	1,040,852
Total expenses	<u>6,954,949</u>	<u>277,928</u>	<u>982,402</u>	<u>(886,269)</u>	<u>7,329,010</u>
Share of loss from investment in an associate	-	-	-	(1,335)	(1,335)
Profit before income tax	1,460,521	4,504	183,607	(49,335)	1,599,297
Income tax expense	265,045	2,287	36,961	-	304,293
Net profit for the period	<u>1,195,476</u>	<u>2,217</u>	<u>146,646</u>	<u>(49,335)</u>	<u>1,295,004</u>

20.2 Financial positions classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS
"Unaudited"

As at August 31, 2018

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	74,571,045	2,831,018	406,948	(214,129)	77,594,882
Leasehold improvement and equipment and intangible assets	1,210,782	182,244	90,917	(9,002)	1,474,941
Other assets	5,378,578	186,790	822,522	(1,053,459)	5,334,431
Total assets	<u>81,160,405</u>	<u>3,200,052</u>	<u>1,320,387</u>	<u>(1,276,590)</u>	<u>84,404,254</u>
Total liabilities	<u>64,666,987</u>	<u>2,332,242</u>	<u>355,237</u>	<u>(243,790)</u>	<u>67,110,676</u>

CONSOLIDATED FINANCIAL STATEMENTS

As at February 28, 2018

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

21. CREDIT FACILITIES AND LETTER OF GUARANTEE

- 21.1 As at August 31, 2018 and February 28, 2018, the Company has unused committed and unsecured revolving credit facility agreements with various financial institutions totaling Baht 3,000 million.
- 21.2 As at August 31, 2018 and February 28, 2018, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 2,098 million and Baht 3,060 million, respectively.
- 21.3 As at August 31, 2018 and February 28, 2018, the Company has a bank's letter of guarantee issued to suppliers for guarantee payment of Baht 0.50 million. Such letter of guarantee is unsecured.
- 21.4 As at August 31, 2018 and February 28, 2018, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 5.88 million and Baht 6.78 million, respectively.
- 21.5 As at August 31, 2018 and February 28, 2018, the Company has outstanding standby letters of credit issued by two banks of not exceeding USD 3.18 million and USD 3.41 million, respectively. In addition, the Company has letters of guarantee for guarantee repayment of a subsidiary's loans of not exceeding USD 3.50 million and USD 6.61 million as at August 31, 2018 and February 28, 2018, respectively.

22. SALE OF WRITTEN-OFF RECEIVABLES

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

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

Under the Asset Sale and Purchase Agreement, if the buyer wished to sell or transfer loans receivable that were intended to be a portfolio sale to a third party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third party. If the negotiation was not concluded within three months or the Company decided not to make a purchase, the buyer might sell such loans receivable to a third party.

- 22.2 On June 28, 2018, the Company sold written-off receivables under loan agreements and credit card agreements to ACS Servicing (Thailand) Company Limited (the “buyer”), a subsidiary, with the purchase price of Baht 31.52 million. On 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 receivables under loan agreements and credit card agreements. On June 28, 2018, which is the closing date as specified in the agreement, the Company received the payment in full from the buyer. However, the Group has retained substantially all of the risks and rewards of the assets transferred to the buyer which is the subsidiary. Consequently, the Company recorded cash received from the buyer as deferred revenue which will be recognized as revenue when the buyer can collect from debtors. The Company has already recognized revenue of Baht 1.90 million as bad debt recovery in the consolidated and separate statements of profit or loss for the three-month and six-month periods ended August 31, 2018, and recorded outstanding deferred revenue of Baht 29.62 million as other current liabilities in the separate statements of financial position as at August 31, 2018.

Under the Asset Sale and Purchase Agreement, if the buyer wished to sell or transfer loans receivable that were intended to be a portfolio sale to a third party, the Company was entitled to a right to first negotiate with the buyer with regard to a purchase of the portfolio before any third party. If the negotiation was not concluded within three months or the Company decided not to make a purchase, the buyer might sell such loans receivable to a third party.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issue by the Company’s authorized director and the Audit Committee on October 3, 2018.

(Translation)

No. 29/2018

October 5, 2018

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 10/2018

We, AEON Thana Sinsap (Thailand) Public Company Limited (“Company”), hereby reported the resolutions passed at the meeting of the Board of Directors No. 10/2018, held on October 5, 2018, from 10.00 a.m. as follows:

1. Unanimously acknowledged the Company’s performance for the first half year ended August 31, 2018;
2. Unanimously approved the consolidated reviewed 2nd quarter financial statements and six-month period of the Company ended August 31, 2018;
3. Unanimously approved interim dividend payment for the first-half of fiscal year 2018 (March 1, 2018 - August 31, 2018). The dividends will be paid at the rate of 2.35 baht per share, totaling 587,500,000 baht or 32.83% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 19, 2018. The Company will pay dividend on November 1, 2018.
4. Unanimously approved the related transactions with the related companies (Details as attachment)

Please be informed accordingly

Yours sincerely,

Kiyoyasu Asanuma
Managing Director

Connected transactions

The Board of Director's meeting of AEON Thana Sinsap (Thailand) Plc. No.10/2018 held on October 5, 2018 had a resolution of the connected transaction as follows:

- Date of agreement between AEON Thanasinsap (Thailand) PCL and AEON Specialized Bank (Cambodia) Plc ("ASB Cambodia") with AEON Credit Service Systems (Philippines) Inc ("AEON Systems"):

Company	Transactions	Date of agreement
1.1) AEON Systems with AEONTS	ACE Plus Annual Fee	Agreement period is 1 year from December 2018 to November 2019
1.2) AEON Systems with ASB Cambodia	3D Secure System	Agreement period is two months from October 8 th 2018 to December 7 th 2018.
1.3) AEON Systems with ASB Cambodia	payWave System	Agreement period is four months from October 8 th 2018 to February 7 th 2019.

- Date of waiver transaction of the preemptive right to subscribe to the additional shares:

Completion date of Capital Injection Payment for PT AEON Credit Service Indonesia ("ACSI") is within the end of October, 2018.

Contractual parties with AEONTS and its subsidiaries companies:

Company	Business	Relationship with AEONTS
AEON Financial Service Co., Ltd. ("AFS")	Finance	-Major shareholder of AEONTS, holding 35.12% of AEONTS' s shares
AEON Credit Service Systems (Philippines) Inc. (AEON Systems)	System Development	-AEON Systems is 90% owned by AFS -AEON Systems is 3.3% owned by AEONTS
PT AEON Credit Service Indonesia ("ACSI")	Finance	- ACSI is 74.6% owned by AFS - ACSI is 5.2% owned by AEONTS

AEONTS's subsidiaries

Company	Business	Relationship with AEONTS
AEON Specialized Bank (Cambodia) Plc ("ASB Cambodia")	Retail Finance	- ASB Cambodia is 50% owned by AFS - ASB Cambodia is 50% owned by AEONTS

General characteristics of transactions:

1. With reference to the resolution of the Board of Directors Meeting No.8/2013 on December 24, 2013, AEONTS entered a System Implementation Agreement for the ACE Plus System (Fraud Detection System) with AEON Systems. AEONTS has utilized such system since November 2014 and continue operating this system. Therefore, AEONTS is required to pay the Annual System Fee of JPY 8,040,000 or 2,307,786 baht to AEON Systems, which is the same amount of the previous year.
2. As ASB Cambodia recognizes the importance of secured online shopping transactions, the 3D-Secure aims to greatly reduce risk of fraud and chargebacks. Therefore, ASB Cambodia is required to pay the development fee of 734,461 baht to AEON Systems.
3. ASB Cambodia would like AEON Systems to modify the current FEP system to support payWave for both Issuing and Acquiring transaction for VISA. Therefore, ASB Cambodia is required to pay the development fee of 1,977,662 baht to AEON Systems.

AEON Systems provides the system development to the AFS group, and has been successful in implementing the Hire Purchase System as well as the Credit Card system to ASB Cambodia.

4. In order to comply with the regulation of Otoritas Jasa Keuangan (“OJK”) (Indonesian Financial Service Authority) that ACSI is required to have local shareholders not less than 15% of the total shares. However, ACSI would like to increase capital registered from IDR 100,200 million to IDR 200,400 million in order to expand its business in Indonesia.

Existing shareholders including AEONTS have pre-emptive rights to subscribe the additional issuance of new common shares in proportion of 5.2% which is existing shares in ACSI.

The Board of Director’s meeting of AEONTS held on October 5, 2018, had resolution to waive the right to subscribe the increasing shares of ACSI totally amount approximately 11.9 million baht as ACSI has operating losses for last several years.

Value of consideration:

- Total pre-emptive rights of the additional shares subscription are 173 shares; amounting to total value of IDR 5,190 million (Par value of the share issued is IDR 30,000,000)

- The new shareholder structure will be changed as follow;

Shareholders	Current			Proposed Capital Injection			After Injection		
	No. of Shares	Amount (IDR million)	%	No. of Shares	Amount (IDR million)	%	No. of Shares	Amount (IDR million)	%
AEON Financial Service Co., Ltd.	2,493	74,790	74.6%	2,493	74,790	74.6%	4,986	149,580	74.6%
PT Centra Prima Lestari	298	8,940	8.9%	-	-	0.0%	298	8,940	4.5%
AEON Credit Service(Asia) Co., Ltd.	173	5,190	5.2%	-	-	0.0%	173	5,190	2.6%
AEON Thana Sinsap (Thailand) PCL	173	5,190	5.2%	-	-	0.0%	173	5,190	2.6%
AEON Credit Service (Malaysia) Berhad	-	-	0.0%	346	10,380	10.4%	346	10,380	5.2%
PT Taman Wisata Matahari	124	3,720	3.7%	-	-	0.0%	-	-	0.0%
PT AEON Indonesia	79	2,370	2.4%	-	-	0.0%	-	-	0.0%
PT Sentra Cakrawala Pusaka	-	-	0.0%	501	15,030	15.0%	704	21,120	10.5%
Total	3,340	100,200	100%	3,340	100,200	100%	6,680	200,400	100%

Unit : Baht

Related company name	Amount
AEONTS pays for ACE Plus Annual Fee to AEON Systems	2,307,786
ASB Cambodia pays Development Fee for 3D Secure to AEON Systems	734,461
ASB Cambodia pays Development Fee for payWave to AEON Systems	1,977,662
ACSI waives the right to subscribe the increasing shares of ACSI	11,875,758
Total	16,895,667

*Exchange rate as of 1 Oct, 2018: 1JPY=0.2870 baht, 1PHP=0.6091 baht, 1IDR=0.0022882 baht

Name, position and shareholding proportion of the connected persons

Related company name	Paid Up Capital No. of shares	Name of connected persons	Share (s) in related company	% of share in AEONTS
AFS	45,698,196,100 JPY/ 225,510,128 shares	Mr. Hideki Wakabayashi*	-	-
AEON Systems	300 Million Peso/ 3,000,000 shares	Mr. Junichi Iwakami**	1 share	-
ASB Cambodia	20 Million USD/ 20,000,000 shares	Mr. Masanori Kosaka***	-	0.04%

*Mr. Hideki Wakabayashi is the Chairman of Board of Directors of AEONTS and the Director of AFS

** Mr. Junichi Iwakami is Senior Executive Vice President of AEONTS and Non-Executive Director of AEON Systems

*** Mr. Masanori Kosaka is the Executive Director of AEONTS and the Chairman of Board of Directors of ASB Cambodia

The measurement of total transactions

By measurement in percentage of the Company Net Tangible Assets (NTA), total transaction is 16.9 million baht or 0.10% which is more than 0.03% but less than 3.00% of NTA of the Company. So this transaction is the connected transaction pursuant to the Notifications which shall be approved by the Audit Committee and Board of Director as well as disclose to the Stock Exchange of Thailand.

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

- Board of Director's meeting No. 5/2018 held on May 22, 2018 approved the transaction with AEON Credit Service Systems (Philippines) Inc, which AEON Systems provide outsourcing service in the system development to AEON Specialized Bank (Cambodia) Plc in total amount of 9.3 million baht or 0.06% of the Company NTA.
- Board of Director's meeting no.7/2018 held on July 11, 2018 approved management support agreement in terms of business management and operation by AEON Financial Service, in amounting to 95.7 million baht or 0.59% of the company NTA.

Therefore, the total connected transaction amount in the last six month period including this time would be 121.9 million baht or 0.75% which more than 0.03% but less than 3% of NTA of the Company.

Opinion of the Audit Committee:

The Audit Committee has considered the transactions are reasonable and be proposed to the Board of Directors for further approval.

Opinion of the Board of Director:

The Board of Directors has considered the transactions are necessary and reasonable.

Management Discussion and Analysis for the 2nd Quarter 2018 ended August 31, 2018

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 2nd quarter financial statements as of August 31, 2018 which were reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The operating performance is summarized as follows.

Overview

According to the Bank of Thailand and Office of the National Economic and Social Development Board data, the Thai economy in the second quarter of 2018 expanded by 4.6%, decreased from 4.8% in the previous quarter. However, the Thai economy is expected to grow continually from last year, thanks to the expansion of exports and tourism sectors as well as an increase in government consumption. In addition, the private consumption and total investment were constantly expanding. However, Thai economy still faces external risk such as U.S. monetary and trade policy and global economic uncertainty.

As of August 31, 2018, the Company's total cards reached 8.34 million cards (including 2.56 million credit cards and 5.78 million member cards), increased by 2% from the end of fiscal year 2017. Covering networks nationwide, the Company has 104 branches, 448 ATMs, and over 17,870 member dealers to provide quality financial services to AEON cardholders.

Summary of Consolidated Financial Results

1. Operating Results

Revenues

In the first half of fiscal year 2018, the total consolidated revenues were 10,110 million baht, showing an increase of 1,180 million baht or 13% y-y. In second quarter of 2018, the Company's revenues were 5,093 million baht, an increase of 553 million baht or 12% y-y. This is the result of an increase in credit card and personal loan incomes as well as bad debt recovery continue to improve. As of August 31, 2018, the Company has active billings of 3.21 million transaction per month and 2.14 million IDs which came from up-country 69% and Bangkok 31%. Details of each business can be described as follows:

- Credit Card

In the first half year of 2018, credit cards turnover accounted 63% of total turnovers with revenue of 3,732 million baht, an increase of 406 million baht or 12% y-y. In the second quarter of 2018, credit card revenue was 1,878 million baht, an increase of 172 million baht or 10% y-y and the same level as

the previous quarter. The increase of credit card revenue was contributed by AEON ROP card and AEON Gold card. Thus, the Company has focused on promotion activities to encourage customer's spending and increase market share. For example the campaign AEON Shop Plus 2018 and offered premiums for credit card purchase that reach specific amount, new special discount for Big C Platinum payWave cardholders when spending at Big C Supercenter, Big C Extra, Big C Market, Mini Big C and Big C Shopping Online. In addition, AEON Specialized Bank (Cambodia) Plc had credit card revenue of 15 million baht, grew by 69% y-y.

- Loans

In the first half year of 2018, loans shared 30% of total turnovers (shared 19% from personal loan and 11% from purposed loan for mobile phones, IT products, electrical appliances and etc. at department stores and over 17,870 dealers nationwide) with the revenue of 5,243 million baht, an increase of 682 million baht or 15% y-y. In the second quarter of 2018, loans revenue was 2,639 million baht, an increase of 351 million baht or 15% y-y. This is because the Company reviewed credit line for customers who never have cash revolving credit line to inline with their new income that resulted an increase of the new revolving loans spending 27% from previous quarter. In August 2018, the Company launched an instant card for cash withdrawal service at our branches to facilitate customers and also launched "AEON Happy Pay", which the customers were able to withdraw cash and installment loans for purchasing a variety of products and services up to 48 months. Thus, the Company provides more channels to facilitate financial services to customers and reduce Company's operation cost. Moreover, loan income from AEON Microfinance (Myanmar) Company Limited grew by 64% y-y and AEON Specialized Bank (Cambodia) Plc grew by 26% y-y.

- Hire Purchase

In the first half of 2018, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, with the revenues of 190 million baht, the same level as last year and hire purchase sales from overseas business grew by 10% y-y. In second quarter of 2018, the Company had hire purchase revenue 99 million baht, increased by 5% y-y and 9% q-q. This was mainly contributed by auto loans business that launched in February 2018. In addition, the Company had hire purchase income from AEON Specialized Bank (Cambodia) Plc that increased 2% y-y and AEON Leasing Service (Lao) Company Limited that increased 35% y-y.

- Others

In the first half of 2018, other incomes were 945 million baht, showing an increase of 94 million baht or 11% y-y and represented 9% of total revenues. The increase was mainly from the continued

growth of bad debt recovery that increased 21% y-y and 8% q-q. In second quarter of 2018, other incomes were 477 million baht, increased by 6% y-y. Moreover, the income for the first half year of 2018 of company's subsidiaries in Thailand, the Company had commission income of 252 million baht, increasing by 4% y-y from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 131 million baht, increasing 15% y-y from ACS Servicing (Thailand) Co., Ltd. The Company has plans to increase fees base in the future.

Expenses

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts and finance cost. In the first half of 2018, the Company had total consolidated expenses of 7,855 million baht, an increase of 526 million baht or 7% y-y. For the second quarter of 2018, the consolidated expenses were 4,008 million baht, an increase of 313 million baht or 8% y-y. Details of expenses are shown as follows:

- Operating and Administrative Expenses

In the first half of 2018, the consolidated operating and administrative expense were 4,286 million baht, increasing by 7% y-y and represented 42% of total revenues. For the second quarter of 2018, the consolidated operating and administrative expenses were 2,198 million baht, increasing by 8% y-y, 5% q-q and represent 43% of total revenues. The expenses increase came from an increase in administrative expenses and oversea business expansion. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues represented 40% in the second quarter of 2018 and 39% in the first half of 2018.

- Bad debt and Doubtful accounts

The consolidated bad debts and doubtful accounts, in the first half of 2018, amounted to 2,460 million baht, increasing by 8% y-y. For the second quarter of 2018, the Company recorded bad debts and doubtful accounts of 1,254 million baht, increasing by 11% y-y and 4% q-q. The increase of bad debt and doubtful accounts was mainly from higher growth of total portfolio.

- Finance Cost

In the first half of 2018, The Company recorded finance cost of 1,106 million baht, increasing by 6% y-y. For the second quarter of 2018, the finance cost was 554 million baht, increasing by 7% y-y and the same level as previous quarter and accounted for 11% of total revenues. The average funding cost was at 3.32%, the same level as previous quarter. This is a result of the increase in short-term portion.

Net Profit

For the first half of 2018, consolidated operating income was reported at 2,259 million baht, showing an increase of 660 million baht or 41% y-y. However, net profit from the Company was 1,789 million baht showing an increase of 501 million baht or 39% y-y, and earning per share was 7.16 baht. For the second quarter of 2018, the Company had consolidated operating income of 1,088 million baht, an increase of 243 million baht or 29% y-y. The Company reported net profit attributed to owners of the parent of 862 million baht, an increase of 191 million baht or 28% y-y and earning per share was 3.45 baht. The net profit in the second quarter of 2018 increased mainly from an increase in core business revenues by 13% y-y and continued growth of bad debt recovery by 21% y-y and account receivable by 5% from the end of last year.

2. Financial Status

Total Assets

As of August 31, 2018, consolidated total assets were 84,404 million baht, an increase of 3,633 million baht or 4% from 80,771 million baht as of February 28, 2018. The main assets were attributed to the portfolio of net account receivables which shared 91% of total assets.

- Accounts Receivable

The Company has gross accounts receivable of 79,632 million baht (both current assets and non-current assets) as of August 31, 2018, increasing 5% from as of February 28, 2018. This can be categorized by business type as follows: credit card receivable 36,497 million baht, increasing by 6% y-y; loans receivable 41,485 million baht, increasing by 4% y-y; hire purchase receivable 1,500 million baht, increasing by 18% y-y and other receivable 150 million baht.

- Allowance for doubtful accounts

As of August 31, 2018, the Company provided allowance for doubtful accounts of 2,737 million baht or 3.44% of total accounts receivable, comparing to that of 2,416 million baht or 3.19% of total accounts receivable at the end of previous fiscal year. The percentage account receivable 3 month's overdue or non-performing loan ratio was 2.67%, increased from 2.35% at the end of last year. The Company could managed account receivable overdue more than 3 months. The coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 129% in the second quarter of 2018, slightly lower from the end of fiscal year 2017 of 136%.

Liabilities

The consolidated liabilities of the Company as of August 31, 2018 totaling 67,111 million baht, an increase of 2,161 million baht or 3% from 64,950 million baht at the end of fiscal year 2017. This is a result of both short-term and long-term borrowings totally 62,370 million baht, increasing 5% from the end of fiscal year 2017. The portion of long-term borrowings was 40,031 million baht or represented 64% of total borrowings, decreasing from 69% of fiscal year 2017.

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

Shareholders' Equity

As of August 31, 2018, total shareholders' equity amounted to 17,294 million baht, an increase of 1,472 million baht or 9% over the end of fiscal year 2017. Consequently, book value as of August 31, 2018 was 69.2 baht per share, increased from 63.3 baht per share as of February 28, 2018.

Debt to Equity ratio as of August 31, 2018 remained constant at 3.9 times. Return on Equity (ROE) and Return on Asset (ROA) for six month period are 21.6% and 4.3%, respectively.

The Company also announces to pay interim dividend of six month performance at the amount 2.35 baht per share or 32.8% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 19, 2018 (XD will be posted on October 18, 2018) and dividend will be paid on November 1, 2018.