

**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, 2019, 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, 2019, the related consolidated and separate statements of changes in shareholders' equity and cash flows for the six-month period ended August 31, 2019, 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, 2019

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

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

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2019

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,
		2019	2019	2019	2019
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	4,678,650	4,068,052	3,258,428	2,792,584
Trade and other current receivables					
Trade receivables	5	80,896,496	77,800,975	78,228,954	75,412,204
Other receivables		796,691	637,851	724,171	587,932
Seller loan in Special Purpose Vehicle for securitization	7	-	-	198,282	199,920
Receivables per currency swap contracts	11 and 13	137,536	35,908	137,536	35,908
Current tax assets		67,231	67,231	-	-
Other current assets		124,992	146,437	38,125	37,818
Total Current Assets		<u>86,701,596</u>	<u>82,756,454</u>	<u>82,585,496</u>	<u>79,066,366</u>
<b>NON-CURRENT ASSETS</b>					
Trade receivables	5	2,840,218	1,831,381	908,052	486,446
Fixed deposits at banks under obligations		40,061	42,139	-	-
Investment in an associate	6.1 and 6.2	35,543	38,096	16,819	16,819
Investments in subsidiaries	6.2	-	-	1,206,645	1,028,011
Other long-term investments					
Related companies	6.3	19,072	20,072	19,072	20,072
Subordinated lendings	8.1	-	-	84,074	84,074
Leasehold improvement and equipment		937,969	956,829	782,050	803,219
Intangible assets		649,255	529,593	537,027	413,635
Receivables per currency swap contracts	11	47,167	118,875	47,167	118,875
Deferred tax assets	9	758,951	621,650	733,987	600,052
Other non-current assets		210,923	206,448	184,169	180,220
Total Non-current Assets		<u>5,539,159</u>	<u>4,365,083</u>	<u>4,519,062</u>	<u>3,751,423</u>
<b>TOTAL ASSETS</b>		<u><u>92,240,755</u></u>	<u><u>87,121,537</u></u>	<u><u>87,104,558</u></u>	<u><u>82,817,789</u></u>

See condensed notes to the financial statements

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT AUGUST 31, 2019

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,
		2019	2019	2019	2019
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings					
from financial institutions	10	11,907,936	7,100,203	8,772,503	4,690,163
Trade and other current payables					
Trade payables		542,717	517,370	375,873	183,274
Other payables		1,555,852	1,501,998	1,433,530	1,480,055
Current portion of long-term liabilities					
Liabilities under finance lease agreements		303	911	-	-
Long-term borrowings	11	8,095,773	6,071,921	7,601,130	5,974,076
Long-term debentures	13	3,814,047	2,980,813	3,814,047	2,980,813
Current income tax payable		605,188	467,872	543,575	434,002
Payables per currency swap contracts	11 and 13	640,018	441,278	640,018	441,278
Other current liabilities		247,644	234,293	239,667	227,072
Total Current Liabilities		<u>27,409,478</u>	<u>19,316,659</u>	<u>23,420,343</u>	<u>16,410,733</u>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	11	33,210,052	34,546,943	32,962,730	34,025,106
Long-term borrowings under securitization project	12	-	-	1,711,251	1,652,515
Long-term debentures	13	10,044,624	12,957,807	8,571,542	11,484,725
Payables per currency swap contracts	11 and 13	1,466,233	1,543,443	1,466,233	1,543,443
Subordinated borrowings	8.2	84,074	84,074	-	-
Provisions for employee benefit	14	303,378	271,321	270,689	242,534
Other non-current liabilities		16,210	12,927	374	457
Total Non-current Liabilities		<u>45,124,571</u>	<u>49,416,515</u>	<u>44,982,819</u>	<u>48,948,780</u>
<b>TOTAL LIABILITIES</b>		<u>72,534,049</u>	<u>68,733,174</u>	<u>68,403,162</u>	<u>65,359,513</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT AUGUST 31, 2019

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,
		2019	2019	2019	2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>					
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		13,915,382	12,574,005	13,098,396	11,855,276
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translating financial statements of foreign operations					
		(163,729)	(123,078)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		19,354,653	18,053,927	18,701,396	17,458,276
NON-CONTROLLING INTERESTS		352,053	334,436	-	-
TOTAL SHAREHOLDERS' EQUITY		19,706,706	18,388,363	18,701,396	17,458,276
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>92,240,755</b>	<b>87,121,537</b>	<b>87,104,558</b>	<b>82,817,789</b>

See condensed notes to the financial statements

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

STATEMENT OF PROFIT OR LOSS

FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2019

“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
		2019	2018	2019	2018
REVENUES					
Credit card income		1,886,930	1,877,538	1,960,078	1,950,512
Loan income	16	3,019,850	2,639,133	2,902,897	2,575,662
Hire-purchase income		173,171	99,335	31,765	15,046
Other income					
Bad debt recovery		258,519	182,635	258,519	182,635
Collection service income		65,462	66,955	283	857
Commission income		133,817	127,387	-	-
Dividend income		-	-	-	30,368
Gain on sale of investment		88	-	88	-
Others		125,705	100,460	28,725	34,286
Total other income		583,591	477,437	287,615	248,146
Total Revenues		5,663,542	5,093,443	5,182,355	4,789,366
EXPENSES					
Operating and administrative expenses		2,247,432	2,152,716	1,992,307	1,898,778
Directors and managements' remuneration	17	44,151	45,571	24,954	30,353
Bad debts and doubtful accounts		1,593,300	1,254,217	1,523,705	1,209,772
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		1,197	1,468	972	1,215
Finance costs		556,542	554,094	596,080	597,602
Total Expenses		4,442,622	4,008,066	4,138,018	3,737,720
Share of profit (loss) from investment in an associate		(1,621)	2,766	-	-
PROFIT BEFORE INCOME TAX		1,219,299	1,088,143	1,044,337	1,051,646
INCOME TAX EXPENSE	18	241,418	214,521	202,048	199,835
<b>NET PROFIT FOR THE PERIOD</b>		<b>977,881</b>	<b>873,622</b>	<b>842,289</b>	<b>851,811</b>
<b>NET PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		942,270	861,686	842,289	851,811
Non-controlling interests		35,611	11,936	-	-
		977,881	873,622	842,289	851,811
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	3.77	3.45	3.37	3.41
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARES</b>	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2019  
“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,
	2019	2018	2019	2018
Net profit for the period	977,881	873,622	842,289	851,811
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	(29,235)	36,894	-	-
- Non-controlling interests	(15,199)	14,731	-	-
Other comprehensive income (loss) for the period, net of tax	(44,434)	51,625	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>933,447</b>	<b>925,247</b>	<b>842,289</b>	<b>851,811</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>				
Owners of the parent	913,035	898,580	842,289	851,811
Non-controlling interests	20,412	26,667	-	-
	<b>933,447</b>	<b>925,247</b>	<b>842,289</b>	<b>851,811</b>

See condensed notes to the financial statements

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

STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019

“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
		2019	2018	2019	2018
REVENUES					
Credit card income		3,753,679	3,731,514	3,904,850	3,882,859
Loan income	16	5,940,166	5,243,289	5,722,542	5,132,308
Hire-purchase income		320,895	190,112	55,656	31,742
Other income					
Bad debt recovery		492,826	352,290	492,826	352,290
Collection service income		132,896	131,086	622	1,927
Commission income		266,552	252,128	-	-
Dividend income		-	-	86,180	180,384
Others		250,259	209,487	58,232	71,659
Total other income		1,142,533	944,991	637,860	606,260
Total Revenues		11,157,273	10,109,906	10,320,908	9,653,169
EXPENSES					
Operating and administrative expenses		4,488,166	4,196,951	3,980,352	3,738,358
Directors and managements' remuneration	17	84,924	89,160	49,137	54,842
Bad debts and doubtful accounts		2,987,936	2,459,647	2,853,228	2,375,530
Loss on sale of investment		539	-	539	-
Loss on sale and write-off of leasehold improvement and equipment and intangible assets		2,004	3,121	1,722	1,803
Finance costs		1,100,338	1,105,834	1,184,993	1,195,918
Total Expenses		8,663,907	7,854,713	8,069,971	7,366,451
Share of profit (loss) from investment in an associate		(2,553)	3,888	-	-
PROFIT BEFORE INCOME TAX		2,490,813	2,259,081	2,250,937	2,286,718
INCOME TAX EXPENSE	18	496,121	447,446	420,320	408,463
<b>NET PROFIT FOR THE PERIOD</b>		<b>1,994,692</b>	<b>1,811,635</b>	<b>1,830,617</b>	<b>1,878,255</b>
<b>NET PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		1,928,874	1,789,261	1,830,617	1,878,255
Non-controlling interests		65,818	22,374	-	-
		1,994,692	1,811,635	1,830,617	1,878,255
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	7.72	7.16	7.32	7.51
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARES</b>	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019**

UNIT : THOUSAND BAHT

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>For the six-month</b>		<b>For the six-month</b>	
	<b>periods ended</b>		<b>periods ended</b>	
	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit for the period	1,994,692	1,811,635	1,830,617	1,878,255
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	(40,651)	4,371	-	-
- Non-controlling interests	(24,192)	9,745	-	-
Other comprehensive income (loss) for the period, net of tax	<u>(64,843)</u>	<u>14,116</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>1,929,849</u></b>	<b><u>1,825,751</u></b>	<b><u>1,830,617</u></b>	<b><u>1,878,255</u></b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>				
Owners of the parent	1,888,223	1,793,632	1,830,617	1,878,255
Non-controlling interests	41,626	32,119	-	-
	<u>1,929,849</u>	<u>1,825,751</u>	<u>1,830,617</u>	<u>1,878,255</u>

See condensed notes to the financial statements



AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019  
"UNAUDITED"

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS								
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings	Other components of shareholders' equity	Total owners of the parent	Non-controlling interests	Total shareholders' equity		
			Appropriated	Unappropriated	Exchange differences on translating financial statements of foreign operations				
			Legal reserve	Reserve for business expansion					
<b>Beginning balance as at March 1, 2018</b>	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	-	-	-	-	-	-	-	235,547	235,547
Dividend paid	15.1	-	-	-	(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
<b>Ending balance as at August 31, 2018</b>	<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>325,810</u>	<u>17,293,578</u>
<b>Beginning balance as at March 1, 2019</b>	250,000	478,000	25,000	4,850,000	12,574,005	(123,078)	18,053,927	334,436	18,388,363
Changes during the period									
Dividend paid	15.2	-	-	-	(587,497)	-	(587,497)	(24,009)	(611,506)
Net profit for the period	-	-	-	-	1,928,874	-	1,928,874	65,818	1,994,692
Other comprehensive loss	-	-	-	-	-	(40,651)	(40,651)	(24,192)	(64,843)
<b>Ending balance as at August 31, 2019</b>	<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>13,915,382</u>	<u>(163,729)</u>	<u>19,354,653</u>	<u>352,053</u>	<u>19,706,706</u>

See condensed notes to the financial statements

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	SEPARATE FINANCIAL STATEMENTS				Total shareholders' equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Reserve for business expansion		Unappropriated
<b>Beginning balance as at March 1, 2018</b>		250,000	478,000	25,000	4,850,000	9,574,636	15,177,636
Changes during the period							
Dividend paid	15.1	-	-	-	-	(562,498)	(562,498)
Net profit for the period		-	-	-	-	1,878,255	1,878,255
<b>Ending balance as at August 31, 2018</b>		<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>
<b>Beginning balance as at March 1, 2019</b>							
Changes during the period		250,000	478,000	25,000	4,850,000	11,855,276	17,458,276
Dividend paid	15.2	-	-	-	-	(587,497)	(587,497)
Net profit for the period		-	-	-	-	1,830,617	1,830,617
<b>Ending balance as at August 31, 2019</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>13,098,396</u>	<u>18,701,396</u>

See condensed notes to the financial statements

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

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019

“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, 2019	August 31, 2018	August 31, 2019	August 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	2,490,813	2,259,081	2,250,937	2,286,718
Adjustments for:				
Share of (profit) loss from investment in an associate	2,553	(3,888)	-	-
Bad debts and doubtful accounts	2,987,936	2,459,647	2,853,228	2,375,530
Loss on sale of investment	539	-	539	-
Depreciation of leasehold improvement and equipment	187,267	198,524	152,361	156,333
Amortization of intangible assets	85,958	82,562	71,786	68,469
Loss on sale of leasehold improvement and equipment	1,722	2,859	1,722	1,800
Loss on write-off of leasehold improvement and equipment	282	262	-	3
Employee benefit expense	32,107	30,537	28,155	27,099
Interest income	(6,657,019)	(5,924,613)	(5,851,831)	(5,400,225)
Dividend income	-	-	(86,180)	(180,384)
Finance costs	1,100,338	1,105,834	1,184,993	1,195,918
	232,496	210,805	605,710	531,261
Operating assets (increase) decrease				
Trade and other current receivables	(7,523,688)	(5,941,870)	(6,388,338)	(5,301,215)
Other current assets	21,372	(13,096)	(307)	2,615
Other non-current assets	(5,212)	(5,624)	(3,949)	(8,815)
Operating liabilities increase (decrease)				
Trade and other current payables	109,335	(42,795)	171,067	(67,815)
Other current liabilities	14,674	84,583	12,595	63,919
Other non-current liabilities	3,601	2,421	(83)	(489)
Cash paid for operations	(7,147,422)	(5,705,576)	(5,603,305)	(4,780,539)
Proceeds from interest income	6,715,126	5,830,414	5,937,942	5,325,685
Dividend received	-	-	86,180	176,132
Finance costs paid	(1,073,215)	(1,122,541)	(1,159,722)	(1,201,639)
Income tax paid	(495,856)	(439,199)	(444,682)	(407,222)
Retirement benefits paid	(50)	-	-	-
Net cash used in operating activities	(2,001,417)	(1,436,902)	(1,183,587)	(887,583)

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

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2019

“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, 2019	August 31, 2018	August 31, 2019	August 31, 2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for fixed deposits at banks under obligations		(8)	(12,211)	-	-
Cash paid for investment in a subsidiary		-	-	(178,634)	-
Proceeds from sale of investment in a related company		460	-	460	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(185,653)	(221,646)	(142,450)	(262,282)
Proceeds from sale of leasehold improvement and equipment		404	182	390	119
Cash paid for purchase of intangible assets	4.2	(230,546)	(71,250)	(215,213)	(68,852)
Net cash used in investing activities		<u>(415,343)</u>	<u>(304,925)</u>	<u>(535,447)</u>	<u>(331,015)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	52,627,783	27,818,151	44,085,453	26,981,285
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(47,695,000)	(24,460,926)	(40,003,113)	(24,030,100)
Cash paid for liabilities under finance lease agreements	4.4	(608)	(9,379)	-	-
Proceeds from long-term borrowings	4.4	4,970,997	4,197,220	4,718,125	4,197,220
Cash repayments for long-term borrowings	4.4	(4,286,057)	(5,248,800)	(4,191,230)	(5,248,800)
Proceeds from long-term borrowings under securitization project	4.4	-	-	557,939	480,038
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(422,939)	(387,105)
Proceeds from long-term debentures issuance	4.4	-	88,043	-	-
Cash repayments for long-term debentures	4.4	(1,971,860)	(527,850)	(1,971,860)	(527,850)
Proceeds from subordinated borrowings	4.4	-	4,891	-	-
Proceeds from sale of written-off receivables		-	123,055	-	123,055
Proceeds from ordinary shares issued of a subsidiary		-	235,547	-	-
Cash paid for dividend		(611,506)	(587,985)	(587,497)	(562,498)
Net cash provided by financing activities		<u>3,033,749</u>	<u>1,631,967</u>	<u>2,184,878</u>	<u>1,025,245</u>
Net increase (decrease) in cash and cash equivalents		616,989	(109,860)	465,844	(193,353)
Foreign exchange rate differences		(6,391)	9,061	-	-
Cash and cash equivalents at the beginning of the period		4,068,052	4,089,802	2,792,584	3,227,739
<b>Cash and cash equivalents at the end of the period</b>	4.1	<u><u>4,678,650</u></u>	<u><u>3,989,003</u></u>	<u><u>3,258,428</u></u>	<u><u>3,034,386</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, 2019  
“UNAUDITED”**

**1. OPERATIONS OF THE COMPANY**

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

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

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 2018) “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, 2019 and 2018 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, 2019, 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, 2019 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, 2019 should be read in conjunction with the audited financial statements for the year ended February 28, 2019.
- 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, 2019 have included the subsidiaries’ interim financial information which were reviewed.

For the three-month and six-month periods ended August 31, 2019 and 2018, 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,	
				2019	2018
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. <sup>(3)</sup>	Retail finance business	Cambodia	October 5, 2011	50.00	50.00
AEON Microfinance (Myanmar) Company Limited	Retail finance business	Myanmar	November 2, 2012	100.00	100.00
AEON Leasing Service (Lao) Company Limited <sup>(1)</sup>	Retail finance business	Laos	January 11, 2013	100.00	100.00
ATS Rabbit Special Purpose Vehicle Company Limited <sup>(2)</sup>	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> The Company has the power to control over AEON Specialized Bank (Cambodia) Plc. in accordance with the requirement of TFRS No.10 (Revised 2018) “Consolidated Financial Statements”.

The interim consolidated financial statements for the three-month and six-month periods ended August 31, 2019 and 2018 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, 2019	2018
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, 2019	August 31, 2018
<b>Subsidiaries</b>		
ACS Servicing (Thailand) Company Limited	June 30, 2019	June 30, 2018
AEON Insurance Service (Thailand) Company Limited	June 30, 2019	June 30, 2018
AEON Specialized Bank (Cambodia) Plc.	June 30, 2019	June 30, 2018
AEON Microfinance (Myanmar) Company Limited	June 30, 2019	June 30, 2018
AEON Leasing Service (Lao) Company Limited	June 30, 2019	June 30, 2018
<b>Associate</b>		
ACS Trading Vietnam Company Limited	June 30, 2019	June 30, 2018

- 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 which become effective for the accounting periods beginning on or after January 1, 2019. 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 interim financial statements.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the accounting periods beginning on or after January 1, 2020 onwards, as follows:

Group of Financial Instruments Standards

**Thai Accounting Standards (“TAS”)**

TAS 32 Financial Instruments: Presentation

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

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

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

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This group of Standards makes stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon their effective date.

Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”)

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

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



### 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, 2019.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at August 31, 2019 and February 28, 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Cash	1,559,556	1,231,759	1,345,917	1,210,669
Deposits at bank - call deposits	3,119,094	2,836,293	1,912,511	1,581,915
Cash and cash equivalents	<u>4,678,650</u>	<u>4,068,052</u>	<u>3,258,428</u>	<u>2,792,584</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets for the six-month periods ended August 31, 2019 and 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019 Baht '000	2018 Baht '000	2019 Baht '000	2018 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	28,930	28,400	28,673	25,232
Purchase of leasehold improvement and equipment	176,839	235,706	133,305	307,026
	<u>205,769</u>	<u>264,106</u>	<u>161,978</u>	<u>332,258</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>(185,653)</u>	<u>(221,646)</u>	<u>(142,450)</u>	<u>(262,282)</u>
Liabilities recorded - carried forward	<u>20,116</u>	<u>42,460</u>	<u>19,528</u>	<u>41,660</u>
Intangible assets				
Liabilities recorded - brought forward	28,891	11,017	28,891	11,017
Purchase of intangible assets	210,511	93,793	195,178	91,395
	<u>239,402</u>	<u>104,810</u>	<u>224,069</u>	<u>102,412</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>(230,546)</u>	<u>(71,250)</u>	<u>(215,213)</u>	<u>(68,852)</u>
Liabilities recorded - carried forward	<u>8,856</u>	<u>33,560</u>	<u>8,856</u>	<u>33,560</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 loans receivable to. During the six-month period ended August 31, 2019, such sale was settled by decreasing the Seller loan Account of Baht 1.64 million, and during the six-month period ended August 31, 2018 by increasing the Subordinated lendings Account and the Seller loan Account of Baht 4.89 million and Baht 121.43 million, respectively, instead of cash receipt.
- 4.4 Changes in liabilities arising from financing activities for the six-month periods ended August 31, 2019 and 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited”
	Beginning balance as at March 1, 2019 Baht '000	Financing cash flows		Non-cash changes		Ending balance as at August 31, 2019 Baht '000
		Cash received	Cash paid	Differences on translating foreign currencies	Others	
Bank overdrafts and short-term borrowings from financial institutions	7,100,203	52,627,783	(47,695,000)	(125,050)	-	11,907,936
Liabilities under finance lease agreements	911	-	(608)	-	-	303
Long-term borrowings	40,618,864	4,970,997	(4,286,057)	(9,875)	11,896	41,305,825
Long-term debentures	15,938,620	-	(1,971,860)	(117,497)	9,408	13,858,671
Subordinated borrowings	84,074	-	-	-	-	84,074

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited”
	Beginning balance as at March 1, 2018 Baht '000	Financing cash flows		Non-cash changes		Ending balance as at August 31, 2018 Baht '000
		Cash received	Cash paid	Differences on translating foreign currencies	Others	
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

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2019 Baht '000	Financing cash flows		Non-cash changes		“Unaudited”
		Cash received	Cash paid	Differences on translating foreign currencies	Others	Ending balance as at August 31, 2019 Baht '000
Bank overdrafts and short-term borrowings from financial institutions	4,690,163	44,085,453	(40,003,113)	-	-	8,772,503
Long-term borrowings	39,999,182	4,718,125	(4,191,230)	25,887	11,896	40,563,860
Long-term borrowings under securitization project	1,652,515	557,939	(422,939)	-	(76,264)	1,711,251
Long-term debentures	14,465,538	-	(1,971,860)	(117,497)	9,408	12,385,589

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2018 Baht '000	Financing cash flows		Non-cash changes		“Unaudited”
		Cash received	Cash paid	Differences on translating foreign currencies	Others	Ending balance as at August 31, 2018 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

## 5. TRADE RECEIVABLES

5.1 Trade receivables as at August 31, 2019 and February 28, 2019, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Trade receivables	85,420,207	80,859,809	80,719,233	77,052,776
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	<u>1,711,251</u>	<u>1,652,515</u>	<u>1,711,251</u>	<u>1,652,515</u>
Total	87,131,458	82,512,324	82,430,484	78,705,291
<u>Less</u> Allowance for doubtful accounts	<u>(3,394,744)</u>	<u>(2,879,968)</u>	<u>(3,293,478)</u>	<u>(2,806,641)</u>
<b>Total trade receivables</b>	<b><u>83,736,714</u></b>	<b><u>79,632,356</u></b>	<b><u>79,137,006</u></b>	<b><u>75,898,650</u></b>
Trade receivables due within 1 year	80,896,496	77,800,975	78,228,954	75,412,204
Trade receivables due after 1 year	<u>2,840,218</u>	<u>1,831,381</u>	<u>908,052</u>	<u>486,446</u>
<b>Total trade receivables</b>	<b><u>83,736,714</u></b>	<b><u>79,632,356</u></b>	<b><u>79,137,006</u></b>	<b><u>75,898,650</u></b>

As the securitization transaction under the Receivables Sale and Purchase Agreement for transferred rights on loans receivable 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, 2019 and February 28, 2019, trade receivables are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
“Unaudited”						
	As at August 31, 2019			As at February 28, 2019		
	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000	Due within 1 year Baht '000	Due after 1 year Baht '000	Total Baht '000
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	1,093,139	2,358,502	3,451,641	913,412	1,392,049	2,305,461
<u>Less</u> Unearned financing income	<u>(139,236)</u>	<u>(235,062)</u>	<u>(374,298)</u>	<u>(74,191)</u>	<u>(112,917)</u>	<u>(187,108)</u>
	953,903	2,123,440	3,077,343	839,221	1,279,132	2,118,353
<u>Less</u> Allowance for doubtful accounts	<u>(99,198)</u>	<u>-</u>	<u>(99,198)</u>	<u>(54,309)</u>	<u>-</u>	<u>(54,309)</u>
Hire-purchase and accrued interest receivable - net	<u>854,705</u>	<u>2,123,440</u>	<u>2,978,145</u>	<u>784,912</u>	<u>1,279,132</u>	<u>2,064,044</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	45,948,075	716,778	46,664,853	43,037,869	552,249	43,590,118
<u>Less</u> Allowance for doubtful accounts	<u>(2,045,540)</u>	<u>-</u>	<u>(2,045,540)</u>	<u>(1,728,606)</u>	<u>-</u>	<u>(1,728,606)</u>
Loans and accrued interest receivable - net	<u>43,902,535</u>	<u>716,778</u>	<u>44,619,313</u>	<u>41,309,263</u>	<u>552,249</u>	<u>41,861,512</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	37,274,437	-	37,274,437	36,623,244	-	36,623,244
<u>Less</u> Allowance for doubtful accounts	<u>(1,249,119)</u>	<u>-</u>	<u>(1,249,119)</u>	<u>(1,096,147)</u>	<u>-</u>	<u>(1,096,147)</u>
Credit card and accrued interest receivable - net	<u>36,025,318</u>	<u>-</u>	<u>36,025,318</u>	<u>35,527,097</u>	<u>-</u>	<u>35,527,097</u>
<b>Receivable from rendering the collection service</b>						
Receivable from rendering the collection service	16,876	-	16,876	11,360	-	11,360
<u>Less</u> Allowance for doubtful accounts	<u>(887)</u>	<u>-</u>	<u>(887)</u>	<u>(906)</u>	<u>-</u>	<u>(906)</u>
Receivable from rendering the collection service - net	<u>15,989</u>	<u>-</u>	<u>15,989</u>	<u>10,454</u>	<u>-</u>	<u>10,454</u>
<b>Receivable from insurance broker business</b>						
	<u>97,949</u>	<u>-</u>	<u>97,949</u>	<u>169,249</u>	<u>-</u>	<u>169,249</u>
<b>Total trade receivables</b>	<u>80,896,496</u>	<u>2,840,218</u>	<u>83,736,714</u>	<u>77,800,975</u>	<u>1,831,381</u>	<u>79,632,356</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at August 31, 2019			As at February 28, 2019		
	Due within 1 year	Due after 1 year	Total	Due within 1 year	Due after 1 year	Total
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Hire-purchase receivable</b>						
Hire-purchase and accrued interest receivable	394,302	1,140,349	1,534,651	251,154	570,270	821,424
<u>Less</u> Unearned financing income	(139,237)	(235,063)	(374,300)	(74,191)	(112,917)	(187,108)
	255,065	905,286	1,160,351	176,963	457,353	634,316
<u>Less</u> Allowance for doubtful accounts	(50,563)	-	(50,563)	(21,491)	-	(21,491)
Hire-purchase and accrued interest receivable - net	204,502	905,286	1,109,788	155,472	457,353	612,825
<b>Loans receivable</b>						
Loans and accrued interest receivable	44,446,752	2,766	44,449,518	41,788,870	29,093	41,817,963
<u>Less</u> Allowance for doubtful accounts	(2,004,968)	-	(2,004,968)	(1,696,792)	-	(1,696,792)
Loans and accrued interest receivable - net	42,441,784	2,766	42,444,550	40,092,078	29,093	40,121,171
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	36,820,615	-	36,820,615	36,253,012	-	36,253,012
<u>Less</u> Allowance for doubtful accounts	(1,237,947)	-	(1,237,947)	(1,088,358)	-	(1,088,358)
Credit card and accrued interest receivable - net	35,582,668	-	35,582,668	35,164,654	-	35,164,654
<b>Total trade receivables</b>	<b>78,228,954</b>	<b>908,052</b>	<b>79,137,006</b>	<b>75,412,204</b>	<b>486,446</b>	<b>75,898,650</b>

## 5.2 Quality of assets

Trade receivables as at August 31, 2019 and February 28, 2019 classified by aging, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Less than 3 months	84,410,328	80,229,545	79,796,971	76,487,508
3 months up	2,721,130	2,282,779	2,633,513	2,217,783
Total	87,131,458	82,512,324	82,430,484	78,705,291
<u>Less</u> Allowance for doubtful accounts	(3,394,744)	(2,879,968)	(3,293,478)	(2,806,641)
<b>Total trade receivables</b>	<b>83,736,714</b>	<b>79,632,356</b>	<b>79,137,006</b>	<b>75,898,650</b>

### 5.3 Troubled debt restructuring

For the three-month periods ended August 31, 2019 and 2018, the Company recognized interest income on restructured debts totaling Baht 37.98 million and Baht 39.93 million, respectively.

For the six-month periods ended August 31, 2019 and 2018, the Company had recognized interest income on restructured debts totaling Baht 78.41 million and Baht 80.81 million, respectively.

The Company had outstanding balances of credit card receivable, hire-purchase receivable and loans receivable as at August 31, 2019 and February 28, 2019, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	“Unaudited”			
	As at August 31, 2019		As at February 28, 2019	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	36,798	1,389,077	38,939	1,405,855
Non-restructured trade receivables	3,291,804	85,627,556	3,334,476	80,925,860
Total	<u>3,328,602</u>	<u>87,016,633</u>	<u>3,373,415</u>	<u>82,331,715</u>

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at August 31, 2019		As at February 28, 2019	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	36,772	1,385,190	38,904	1,398,483
Non-restructured trade receivables	2,929,082	81,045,294	3,027,374	77,306,808
Total	<u>2,965,854</u>	<u>82,430,484</u>	<u>3,066,278</u>	<u>78,705,291</u>

As at August 31, 2019 and February 28, 2019, 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, 2019 and February 28, 2019, are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Beginning balance	2,879,968	2,415,692	2,806,641	2,356,958
Bad debts and doubtful accounts	2,987,936	5,284,541	2,853,228	5,087,827
Gain on devaluation of long-term borrowings under securitization project	-	-	74,625	132,828
Written-off bad debts	(2,473,160)	(4,820,265)	(2,441,016)	(4,770,972)
Ending balance	<u>3,394,744</u>	<u>2,879,968</u>	<u>3,293,478</u>	<u>2,806,641</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:

		<b>ATS Rabbit*</b>
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)
<b>Initial sale of receivables</b>		
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 in 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, 2019 and 2018, transactions relating to the transfers of financial assets under the securitization project are summarized as follows:

	For the three-month periods ended August 31,		For the six -month periods ended August 31,	
	2019 Million Baht	2018 Million Baht	2019 Million Baht	2018 Million Baht
Transfers of future and additional receivables (at book value)				
- Loans receivable (ATS Rabbit)	250	360	556	606
	<u>250</u>	<u>360</u>	<u>556</u>	<u>606</u>
Cash collection on behalf of a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	330	291	656	580
	<u>330</u>	<u>291</u>	<u>656</u>	<u>580</u>
Servicing income on cash collection from a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	23	19	46	38
	<u>23</u>	<u>19</u>	<u>46</u>	<u>38</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, 2019 and February 28, 2019, 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, 2019		As at February 28, 2019	
	Paid-up capital	Ownership %	Cost	Equity	Cost	Equity
			method	method	method	method
			Baht '000	Baht '000	Baht '000	Baht '000
<b>Investment in an associate</b>						
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	35,542.5	16,819.3	38,095.9
<b>Total investment in an associate</b>			<u>16,819.3</u>	<u>35,542.5</u>	<u>16,819.3</u>	<u>38,095.9</u>

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

As at August 31, 2019 and February 28, 2019, 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, 2019		As at February 28, 2019	
	Ownership %	Cost	Ownership %	Cost	Cost
		Baht '000	%	Baht '000	Baht '000
<b>Investments in an associate and subsidiaries</b>					
Investment in an associate (see Note 19.1)					
ACS Trading Vietnam Company Limited	20.00	<u>16,819.3</u>	20.00	<u>16,819.3</u>	
<b>Total investment in an associate</b>		<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	50.00	323,580.0	
AEON Microfinance (Myanmar) Company Limited	100.00	455,403.3	100.00	276,769.1	
AEON Leasing Service (Lao) Company Limited	92.58	103,069.1	92.58	103,069.1	
ATS Rabbit Special Purpose Vehicle Company Limited	48.75	19.5	48.75	19.5	
<b>Total investments in subsidiaries</b>		<u>1,206,645.3</u>		<u>1,028,011.1</u>	
<b>Total investments in an associate and subsidiaries</b>		<u>1,223,464.6</u>		<u>1,044,830.4</u>	

On July 5, 2019, the Board of Director’s meeting of the Company had a resolution to approve the capital injection to AEON Microfinance (Myanmar) Co., Ltd., which is a subsidiary of the Company, amounting to USD 5.80 million. Subsequently, the Company paid for such additional capital injection in the subsidiary on July 31, 2019.

6.3 Long-term investments in related companies as at August 31, 2019 and February 28, 2019, consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at August 31, 2019		As at February 28, 2019	
	Ownership	Cost	Ownership	Cost
%	Baht '000	%	Baht '000	
<b>Long-term investments in related companies</b>				
AEON (Thailand) Co., Ltd. (340,000 shares of Baht 100 each, Baht 25 called up)	5.23	8,500	5.23	8,500
PT. AEON Credit Service Indonesia (173 shares of IDR 30 million each, par value of IDR 30 million, fully paid)	2.59	19,072	2.59	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
		<u>27,572</u>		<u>35,217</u>
<u>Less</u> Allowance for impairment of investment		<u>(8,500)</u>		<u>(15,145)</u>
<b>Total long-term investments in related companies</b>		<u>19,072</u>		<u>20,072</u>

On July 5, 2019, the Board of Director’s meeting of the Company had a resolution to approve the sale of 100,000 shares of AEON Credit Service Systems (Philippines) Inc. to AEON Financial Service Co., Ltd. (the “buyer”) at the amount of Baht 460,301. Subsequently, the Company entered into a Deed of Assignment and received cash from the buyer on August 1, 2019.

## 7. SELLER LOAN IN SPECIAL PURPOSE VEHICLE FOR SECURITIZATION

Seller loan in Special Purpose Vehicle for securitization as at August 31, 2019 and February 28, 2019, are as follows:

	SEPARATE	
	FINANCIAL STATEMENTS	
	“Unaudited”	
	As at	As at
August 31,	February 28,	
2019	2019	
Baht '000	Baht '000	
Seller loan in Special Purpose Vehicle for securitization (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	<u>198,282</u>	<u>199,920</u>
<b>Total Seller loan in Special Purpose Vehicle for securitization</b>	<u>198,282</u>	<u>199,920</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, 2019 and February 28, 2019, are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Subordinated lendings (see Note 19.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	84,074	84,074
<b>Total subordinated lendings</b>	<b>84,074</b>	<b>84,074</b>

On October 22, 2015, the Company entered into the subordinated term loan agreement with ATS Rabbit amounting to 5% of transferred rights in initial receivables (see Note 5.5) and originated transaction cost, and of Future Receivables and Additional Receivables, which are settled by Seller Loan Account and backed for each 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 as at August 31, 2019 and February 28, 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
Subordinated borrowings		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	84,074	84,074
<b>Total subordinated borrowings</b>	<b>84,074</b>	<b>84,074</b>

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, 2019 and February 28, 2019, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	665,770	567,388	658,696	561,328
Non-accrual of interest income	59,069	47,205	57,662	45,960
Allowance for impairment of investment and assets	14,683	19,012	14,683	19,012
Provisions for employee benefit	60,686	54,264	54,138	48,507
Deferred revenue from customer loyalty programs	54,718	48,870	54,718	44,351
Others	15,107	9,672	5,149	5,446
	<u>870,033</u>	<u>746,411</u>	<u>845,046</u>	<u>724,604</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	111,059	124,552	111,059	124,552
Others	23	209	-	-
	<u>111,082</u>	<u>124,761</u>	<u>111,059</u>	<u>124,552</u>
<b>Deferred tax assets</b>	<u>758,951</u>	<u>621,650</u>	<u>733,987</u>	<u>600,052</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, 2019 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Balance as at August 31, 2019 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	567,388	98,382	-	665,770
Non-accrual of interest income	47,205	11,864	-	59,069
Allowance for impairment of investment and assets	19,012	(4,329)	-	14,683
Provisions for employee benefit	54,264	6,422	-	60,686
Deferred revenue from customer loyalty programs	48,870	5,848	-	54,718
Others	9,672	5,435	-	15,107
	<u>746,411</u>	<u>123,622</u>	<u>-</u>	<u>870,033</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	124,552	(13,493)	-	111,059
Others	209	(186)	-	23
	<u>124,761</u>	<u>(13,679)</u>	<u>-</u>	<u>111,082</u>
<b>Deferred tax assets</b>	<u>621,650</u>	<u>137,301</u>	<u>-</u>	<u>758,951</u>

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at February 28, 2018	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at February 28, 2019
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	476,804	90,584	-	567,388
Non-accrual of interest income	34,573	12,632	-	47,205
Allowance for impairment of investment and assets	16,109	2,903	-	19,012
Provisions for employee benefit	30,386	22,362	1,516	54,264
Deferred revenue from customer loyalty programs	36,254	12,616	-	48,870
Others	1,155	8,517	-	9,672
	<u>595,281</u>	<u>149,614</u>	<u>1,516</u>	<u>746,411</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	148,691	(24,139)	-	124,552
Others	-	209	-	209
	<u>148,691</u>	<u>(23,930)</u>	<u>-</u>	<u>124,761</u>
<b>Deferred tax assets</b>	<u>446,590</u>	<u>173,544</u>	<u>1,516</u>	<u>621,650</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	Balance as at February 28, 2019	Items as recognized in profit or loss	Items as recognized in other comprehensive income	Balance as at August 31, 2019
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	561,328	97,368	-	658,696
Non-accrual of interest income	45,960	11,702	-	57,662
Allowance for impairment of investment and assets	19,012	(4,329)	-	14,683
Provisions for employee benefit	48,507	5,631	-	54,138
Deferred revenue from customer loyalty programs	44,351	10,367	-	54,718
Others	5,446	(297)	-	5,149
	<u>724,604</u>	<u>120,442</u>	<u>-</u>	<u>845,046</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	124,552	(13,493)	-	111,059
	<u>124,552</u>	<u>(13,493)</u>	<u>-</u>	<u>111,059</u>
<b>Deferred tax assets</b>	<u>600,052</u>	<u>133,935</u>	<u>-</u>	<u>733,987</u>

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Items as	Items as	Balance
	as at February 28, 2018	recognized in profit or loss	recognized in other comprehensive income	as at February 28, 2019
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	471,392	89,936	-	561,328
Non-accrual of interest income	33,885	12,075	-	45,960
Allowance for impairment of investment and assets	16,109	2,903	-	19,012
Provisions for employee benefit	21,039	25,670	1,798	48,507
Deferred revenue from customer loyalty programs	34,464	9,887	-	44,351
Others	-	5,446	-	5,446
	<u>576,889</u>	<u>145,917</u>	<u>1,798</u>	<u>724,604</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	148,691	(24,139)	-	124,552
	<u>148,691</u>	<u>(24,139)</u>	<u>-</u>	<u>124,552</u>
<b>Deferred tax assets</b>	<u>428,198</u>	<u>170,056</u>	<u>1,798</u>	<u>600,052</u>

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

Bank overdrafts and short-term borrowings from financial institutions as at August 31, 2019 and February 28, 2019, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"			
	As at August 31, 2019		As at February 28, 2019	
	Interest rate p.a. (%)	Baht '000	Interest rate p.a. (%)	Baht '000
Overdrafts in THB currency	1.95	1,892,503	1.95	640,163
Short-term borrowings in THB currency	1.60 - 1.80	6,880,000	1.85 - 2.30	4,050,000
Short-term borrowings in USD currency	3.14 - 3.64	1,616,865	3.24 - 3.78	1,141,518
Short-term borrowings in LAK currency	6.40 - 6.50	278,085	6.60 - 7.40	314,954
Short-term borrowings in MMK currency	11.70 - 12.50	1,240,483	11.70 - 12.50	953,568
Total		<u>11,907,936</u>		<u>7,100,203</u>

  

	SEPARATE FINANCIAL STATEMENTS "Unaudited"			
	As at August 31, 2019		As at February 28, 2019	
	Interest rate p.a. (%)	Baht '000	Interest rate p.a. (%)	Baht '000
Overdrafts in THB currency	1.95	1,892,503	1.95	640,163
Short-term borrowings in THB currency	1.60 - 1.80	6,880,000	1.85 - 2.30	4,050,000
Total		<u>8,772,503</u>		<u>4,690,163</u>

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

## 11. LONG-TERM BORROWINGS

As at August 31, 2019 and February 28, 2019, the Company entered into various long-term borrowings agreements in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
As at August 31, 2019				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2020 - 2023	2.96 - 5.26	29,742.05	8,679,235
Borrowings in USD currency	2019 - 2024	2.03 - 3.65	592.49	18,260,510
Borrowings in THB currency	2019 - 2024	2.44 - 3.41	14,400.00	14,400,000
<u>Less</u> Borrowings issuance cost				(33,920)
				41,305,825
<u>Less</u> Current portion of long-term borrowings				(8,095,773)
Total long-term borrowings				<u>33,210,052</u>

CONSOLIDATED FINANCIAL STATEMENTS				
As at February 28, 2019				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2019 - 2023	2.96 - 5.26	34,742.05	9,992,577
Borrowings in USD currency	2019 - 2023	2.26 - 3.38	608.49	19,272,103
Borrowings in THB currency	2019 - 2024	2.44 - 3.41	11,400.00	11,400,000
<u>Less</u> Borrowings issuance cost				(45,816)
				40,618,864
<u>Less</u> Current portion of long-term borrowings				(6,071,921)
Total long-term borrowings				<u>34,546,943</u>

SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
As at August 31, 2019				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2020 - 2023	2.96 - 5.26	29,742.05	8,679,235
Borrowings in USD currency	2019 - 2024	2.03 - 3.38	568.49	17,518,545
Borrowings in THB currency	2019 - 2024	2.44 - 3.41	14,400.00	14,400,000
<u>Less</u> Borrowings issuance cost				(33,920)
				40,563,860
<u>Less</u> Current portion of long-term borrowings				(7,601,130)
Total long-term borrowings				<u>32,962,730</u>

SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2019				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2019 - 2023	2.96 - 5.26	34,742.05	9,992,577
Borrowings in USD currency	2019 - 2023	2.26 - 3.38	589.49	18,652,421
Borrowings in THB currency	2019 - 2024	2.44 - 3.41	11,400.00	11,400,000
<u>Less</u> Borrowings issuance cost				(45,816)
				39,999,182
<u>Less</u> Current portion of long-term borrowings				(5,974,076)
Total long-term borrowings				<u>34,025,106</u>



In the consolidated and separate financial statements as at August 31, 2019, the Company has long-term borrowings in JPY currency from a related company which is a bank in Japan amounting to JPY 2,500 million or equivalent to Baht 728.41 million with interest rate at 4.84% per annum which are unsecured and will be due in the year 2021 (see Note 19.2.1) (As at February 28, 2019 : JPY 5,000 million or equivalent to Baht 1,436.33 million).

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, 2019				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	5,197,000	137,536	47,167	184,703
	<u>5,197,000</u>	<u>137,536</u>	<u>47,167</u>	<u>184,703</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	3,535,000	-	(237,468)	(237,468)
USD currency	18,762,495	(231,669)	(1,012,281)	(1,243,950)
	<u>22,297,495</u>	<u>(231,669)</u>	<u>(1,249,749)</u>	<u>(1,481,418)</u>
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 28, 2019				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	5,197,000	-	107,338	107,338
USD currency	716,220	-	11,537	11,537
	<u>5,913,220</u>	<u>-</u>	<u>118,875</u>	<u>118,875</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	5,111,250	(138,140)	(284,871)	(423,011)
USD currency	18,943,130	(277,386)	(741,080)	(1,018,466)
	<u>24,054,380</u>	<u>(415,526)</u>	<u>(1,025,951)</u>	<u>(1,441,477)</u>

## 12. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT

As at August 31, 2019 and February 28, 2019, 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 1,711.25 million and Baht 1,652.52 million, respectively.

### 13. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at August 31, 2019 and February 28, 2019, 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, 2019 Baht '000	As at February 28, 2019 Baht '000
<b>Company</b>									
28/03/2014	28/03/2019	30	USD	1,000,000	30,000,000	USD-LIBOR 6M	Semi-annual	-	949,248
27/03/2015	27/03/2019	22	JPY	100,000,000	2,200,000,000	JPY-TIBOR 6M + 0.36	Semi-annual	-	632,768
25/03/2016	25/03/2020	70	USD	1,000,000	70,000,000	USD-LIBOR 6M + 0.65	Semi-annual	2,157,113	2,214,912
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	462,239	474,624
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	462,239	474,624
24/08/2016	30/07/2019	400,000	THB	1,000	400,000,000	2.50	Quarterly	-	400,000
21/12/2016	21/12/2019	1,000,000	THB	1,000	1,000,000,000	2.73	Quarterly	1,000,000	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	924,476	949,248
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
15/11/2018	15/11/2020	2,000,000	THB	1,000	2,000,000,000	2.96	Semi-annual	2,000,000	2,000,000
15/11/2018	15/11/2021	800,000	THB	1,000	800,000,000	3.26	Semi-annual	800,000	800,000
								12,406,067	14,495,424
<u>Less</u> Debentures issuance cost								(20,478)	(29,886)
								12,385,589	14,465,538
<u>Less</u> Current portion of long-term debentures								(3,814,047)	(2,980,813)
<b>Total long-term debentures in separate financial statements</b>								8,571,542	11,484,725
<b>ATS Rabbit Special Purpose Vehicle Company Limited</b>									
29/09/2018	28/10/2025	1,473,082	THB	1,000	1,473,082,000	2.84	Monthly	1,473,082	1,473,082
<b>Total long-term debentures in consolidated financial statements</b>								10,044,624	12,957,807

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, 2019				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
USD currency	4,630,900	(408,349)	(216,484)	(624,833)
	<u>4,630,900</u>	<u>(408,349)</u>	<u>(216,484)</u>	<u>(624,833)</u>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at February 28, 2019				
	Notional Amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	596,860	35,908	-	35,908
	<u>596,860</u>	<u>35,908</u>	<u>-</u>	<u>35,908</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
USD currency	5,605,900	(25,752)	(517,492)	(543,244)
	<u>5,605,900</u>	<u>(25,752)</u>	<u>(517,492)</u>	<u>(543,244)</u>

#### 14. PROVISIONS FOR EMPLOYEE BENEFIT

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, 2019 and 2018, 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, 2019 Baht '000	August 31, 2018 Baht '000	August 31, 2019 Baht '000	August 31, 2018 Baht '000
Past service cost	-	-	-	9,140
Current service cost	14,020	8,763	28,042	18,940
Interest cost	2,031	1,138	4,065	2,457
Total	<u>16,051</u>	<u>9,901</u>	<u>32,107</u>	<u>30,537</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month periods ended		For the six-month periods ended	
	August 31, 2019	August 31, 2018	August 31, 2019	August 31, 2018
	Baht '000	Baht '000	Baht '000	Baht '000
Past service cost	-	-	-	9,140
Current service cost	12,253	7,938	24,505	15,876
Interest cost	1,825	1,041	3,650	2,083
Total	<u>14,078</u>	<u>8,979</u>	<u>28,155</u>	<u>27,099</u>

Movements in the present value of the provisions for post-employment benefit for the six-month periods ended August 31, 2019 and 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	271,321	151,930	242,534	105,193
Past service cost	-	9,140	-	9,140
Current service cost	28,042	18,940	24,505	15,876
Interest cost	4,065	2,457	3,650	2,083
Benefits Paid	(50)	-	-	-
Benefits transferred	-	-	-	28,316
Ending balance	<u>303,378</u>	<u>182,467</u>	<u>270,689</u>	<u>160,608</u>

The significant actuarial assumptions used to calculate the provisions under the defined benefit plans as at August 31, 2019 and February 28, 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS "Unaudited"	
	As at August 31, 2019 % per annum	As at February 28, 2019 % per annum
Financial assumptions		
Discount rate	2.72 - 3.01	2.72 - 3.01
Expected rate of salary increase	5.0 - 7.0	5.0 - 7.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 31.0	0.0 - 31.0
Daily staff	0.0 - 52.0	0.0 - 52.0
Temporary staff	0.0 - 43.0	0.0 - 43.0
	Subject to range of age of employees	Subject to range of age of employees
	SEPARATE FINANCIAL STATEMENTS "Unaudited"	
	As at August 31, 2019 % per annum	As at February 28, 2019 % per annum
Financial assumptions		
Discount rate	3.01	3.01
Expected rate of salary increase	6.0	6.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 19.0	0.0 - 19.0
Daily staff	0.0 - 52.0	0.0 - 52.0
	Subject to range of age of employees	Subject to range of age of employees

## 15. SHAREHOLDERS' EQUITY

- 15.1 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.
- 15.2 On June 21, 2019, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the year ended February 28, 2019 at the rate of Baht 2.35 per share, totaling Baht 587.50 million. The aforementioned shareholders included 1,200 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 587.50 million on July 18, 2019 in addition to the interim dividends which had been paid to all shareholders at Baht 2.35 per share, totaling Baht 587.50 million on November 1, 2018.
- 15.3 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, 2019 and 2018, revenues relating to securitization transaction incurred from sales of rights in 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, 2019		For the six-month periods ended August 31, 2018	
	Baht '000	Baht '000	Baht '000	Baht '000
Loan income (see Note 19.2.2)				
Interest income from subordinated lendings	2,543	2,253	5,086	4,432
Revenue from seller loan in Special Purpose Vehicle	5,235	2,318	10,700	3,593
Dividend from investment in Special Purpose Vehicle	13,443	9,042	24,009	19,431
Servicing income	23,516	19,197	46,381	38,167
Total	<u>44,737</u>	<u>32,810</u>	<u>86,176</u>	<u>65,623</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, 2019 and 2018, 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,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefit				
Directors' remuneration	6,798	7,463	16,112	16,241
Managements' remuneration	35,700	36,974	65,777	70,697
Post-employment benefit	1,653	1,134	3,035	2,222
Total	<u>44,151</u>	<u>45,571</u>	<u>84,924</u>	<u>89,160</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefit				
Directors' remuneration	3,994	6,793	9,744	11,593
Managements' remuneration	20,029	22,860	37,532	41,894
Post-employment benefit	931	700	1,861	1,355
Total	<u>24,954</u>	<u>30,353</u>	<u>49,137</u>	<u>54,842</u>

For the three-month and six-month periods ended August 31, 2019 and 2018, 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 21, 2019 and June 22, 2018, respectively.

## 18. CORPORATE INCOME TAX

The Company and its local subsidiaries used tax rate of 20% for corporate income tax and deferred tax calculations for the three-month and six-month periods ended August 31, 2019 and 2018. The foreign subsidiaries used 20% - 25% for corporate income tax and deferred tax calculations for the three-month and six-month periods ended August 31, 2019 and 2018.

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, 2019 and 2018, income tax expense consists of:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	335,447	278,475	633,422	541,609
Deferred income tax revenue	(94,029)	(63,954)	(137,301)	(94,163)
Income tax expense per statements of profit or loss	<u>241,418</u>	<u>214,521</u>	<u>496,121</u>	<u>447,446</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	292,614	260,686	554,255	505,530
Deferred income tax revenue	(90,566)	(60,851)	(133,935)	(97,067)
Income tax expense per statements of profit or loss	<u>202,048</u>	<u>199,835</u>	<u>420,320</u>	<u>408,463</u>

Reconciliations of effective tax rates for the three-month and six-month periods ended August 31, 2019 and 2018, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,219,299	1,088,143	2,490,813	2,259,081
Permanent differences	(19,391)	(27,089)	(37,992)	(43,424)
Temporary differences	469,767	315,321	687,466	468,172
Taxable profit	<u>1,669,675</u>	<u>1,376,375</u>	<u>3,140,287</u>	<u>2,683,829</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	335,447	278,475	633,422	541,609
Deferred tax from temporary differences	(94,029)	(63,954)	(137,301)	(94,163)
Income tax expense per statements of profit or loss	<u>241,418</u>	<u>214,521</u>	<u>496,121</u>	<u>447,446</u>
Effective tax rate (%)	19.80	19.71	19.91	19.81

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2019	2018	2019	2018
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,044,337	1,051,646	2,250,937	2,286,718
Permanent differences	(20,660)	(13,062)	(39,152)	(44,589)
Temporary differences	452,834	304,257	669,679	485,334
Income that is exempt from taxable	(13,441)	(39,410)	(110,189)	(199,815)
Taxable profit	<u>1,463,070</u>	<u>1,303,431</u>	<u>2,771,275</u>	<u>2,527,648</u>
Normal income tax rate (%)	20.00	20.00	20.00	20.00
Income tax for the period currently payable	292,614	260,686	554,255	505,530
Deferred tax from temporary differences	(90,566)	(60,851)	(133,935)	(97,067)
Income tax expense per statements of profit or loss	<u>202,048</u>	<u>199,835</u>	<u>420,320</u>	<u>408,463</u>
Effective tax rate (%)	19.35	19.00	18.67	17.86

## 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, 2019 and February 28, 2019, are as follows:

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS					
		"Unaudited"					
		As at August 31, 2019			As at February 28, 2019		
		Ownership	Paid-up	Cost	Ownership	Paid-up	Cost
%	capital		%	capital			
		Baht '000	Baht '000		Baht '000	Baht '000	
<b>Investments in an associate and subsidiaries</b>							
<b>Investment in an associate</b>							
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>	
<b>Investments in subsidiaries</b>							
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	50.00	643,720.4	323,580.0
AEON Microfinance (Myanmar) Company Limited	Subsidiary	100.00	455,403.3	455,403.3	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>1,206,645.3</u>			<u>1,028,011.1</u>	
<b>Total investments in an associate and subsidiaries</b>			<u>1,223,464.6</u>			<u>1,044,830.4</u>	



## 19.2 Business transactions with related parties

19.2.1 Balances with related parties as at August 31, 2019 and February 28, 2019, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited” As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	“Unaudited” As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
<b>Other receivables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	31,119	59,931
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	2,633	2,135
AEON Financial Service Co., Ltd.	Major shareholder	1,194	1,081	125	187
ACS Capital Corporation Limited	Shareholder and one common director	803	887	10	17
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,050	1,092
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	49,760	44,520
AEON Microfinance (Myanmar) Company Limited	Subsidiary	-	-	-	12
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	-	8
ACS Trading Vietnam Company Limited	Associate	-	30	-	10
AEON (Cambodia) Company Limited	Common ultimate holding company	-	72	-	-
AEON Mall (Cambodia) Company Limited	Common ultimate holding company	-	1,791	-	-
AEON Credit Service Company Limited	Common ultimate holding company	24	-	-	-
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	8	-	-	-
		<u>2,029</u>	<u>3,861</u>	<u>84,697</u>	<u>107,912</u>
<b>Seller loan in Special Purpose Vehicle for securitization (see Note 7)</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	198,282	199,920
<b>Subordinated lendings (see Note 8.1)</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	84,074	84,074
<b>Long-term borrowings (see Note 11)</b>					
AEON Bank Ltd.	Common ultimate holding company	728,408	1,436,331	728,408	1,436,331
<b>Trade payables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	244	610
<b>Other payables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	6,871	11,692
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	43,855	41,556
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	62,330	71,558
AEON (Thailand) Company Limited	Shareholder and two common directors	479	1,434	479	1,434
AEON Financial Service Co., Ltd.	Major shareholder	46,467	154,882	40,892	62,680
AEON Credit Service Company Limited	Common ultimate holding company	9,119	7,024	7,526	3,387
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	1,999	244	647	189
AEON Bank Ltd.	Common ultimate holding company	1,724	1,864	1,059	1,271
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	962	3,630	-	-
AEON ASIA SDN. BHD.	Common ultimate holding company	-	193	-	193
		<u>60,750</u>	<u>169,271</u>	<u>163,659</u>	<u>193,960</u>

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited” As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000	“Unaudited” As at August 31, 2019 Baht '000	As at February 28, 2019 Baht '000
<b>Long-term borrowings under securitization project</b> (see Note 12)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,711,251	1,652,515
<b>Deposit received</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	5,366	5,266
<b>Deferred revenue</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	26,127	27,689

19.2.2 Transactions with related parties for the three-month and six-month periods ended August 31, 2019 and 2018, 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,	
		2019 Baht '000	2018 Baht '000	2019 Baht '000	2018 Baht '000
<b>Collection service income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	894	1,275	1,480	2,659
<b>Other income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	1,851	600	2,689	2,000
<b>Operating and administrative expenses</b>					
<b>Others</b>					
AEON Financial Service Co., Ltd.	Major shareholder	25,174	26,851	51,354	51,953
AEON Credit Service Company Limited	Common ultimate holding company	14,839	11,633	24,823	23,457
AEON (Thailand) Company Limited	Holding shares and two common directors	2,838	2,810	8,464	5,805
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	3,646	2,223	7,121	4,677
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	781	500	1,464	1,147
AEON Bank Ltd.	Common ultimate holding company	641	612	1,214	1,356
		<u>47,919</u>	<u>44,629</u>	<u>94,440</u>	<u>88,395</u>

		CONSOLIDATED FINANCIAL STATEMENTS			
		For the three-month periods ended August 31,		For the six-month periods ended August 31,	
Related parties	Relationship	2019 Baht '000	2018 Baht '000	2019 Baht '000	2018 Baht '000
<b>Finance costs</b>					
AEON Financial Service Co., Ltd.	Major shareholder	605	38,960	1,143	39,240
AEON Bank Ltd.	Common ultimate holding company	2,390	2,834	5,169	5,668
		<u>2,995</u>	<u>41,794</u>	<u>6,312</u>	<u>44,908</u>
<b>Dividend paid</b>					
ACS Capital Corporation Limited	Shareholder and one common director	112,800	108,000	112,800	108,000
AEON Financial Service Co., Ltd.	Major shareholder	206,330	197,550	206,330	197,550
AEON Holding (Thailand) Limited	Common ultimate holding company	51,700	49,500	51,700	49,500
		<u>370,830</u>	<u>355,050</u>	<u>370,830</u>	<u>355,050</u>
		SEPARATE FINANCIAL STATEMENTS			
		For the three-month periods ended August 31,		For the six-month periods ended August 31,	
Related parties	Relationship	2019 Baht '000	2018 Baht '000	2019 Baht '000	2018 Baht '000
<b>Sale promotion income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	552	1,813	1,115	3,538
<b>Credit card income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	90,630	81,694	183,582	165,940
<b>Revenues relating to securitization transaction</b> (included in loan income) (see Note 16)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	44,737	32,810	86,176	65,623
<b>Dividend income</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	62,500	55,000
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	23,680	95,016
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	30,368	-	30,368
		<u>-</u>	<u>30,368</u>	<u>86,180</u>	<u>180,384</u>
<b>Other income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	681	600	1,281	2,000
AEON Insurance Service (Thailand) Company Limited	Subsidiary	11,561	12,618	24,120	26,112
ACS Servicing (Thailand) Company Limited	Subsidiary	966	967	1,931	1,933
		<u>13,208</u>	<u>14,185</u>	<u>27,332</u>	<u>30,045</u>
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	120,641	100,489	238,799	180,917

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS			
		For the three-month periods ended August 31,		For the six-month periods ended August 31,	
		2019	2018	2019	2018
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Operating and administrative expenses (continued)</b>					
<b>Others</b>					
AEON Financial Service Co., Ltd.	Major shareholder	24,083	23,043	46,229	45,120
AEON Credit Service Company Limited	Common ultimate holding company	4,967	4,941	8,768	9,155
AEON (Thailand) Company Limited	Holding shares and two common directors	2,838	2,810	8,464	5,805
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	4,944	-	10,450
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	1,297	1,109	2,349	2,496
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	7,155	4,294	13,191	8,590
AEON Bank Ltd.	Common ultimate holding company	641	612	1,214	1,356
		<u>40,981</u>	<u>41,753</u>	<u>80,215</u>	<u>82,972</u>
<b>Finance costs</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	112,134	93,898	221,894	185,499
AEON Bank Ltd.	Common ultimate holding company	2,390	2,834	5,169	5,668
		<u>114,524</u>	<u>96,732</u>	<u>227,063</u>	<u>191,167</u>
<b>Dividend paid</b>					
ACS Capital Corporation Limited	Shareholder and one common director	112,800	108,000	112,800	108,000
AEON Financial Service Co., Ltd.	Major shareholder	206,330	197,550	206,330	197,550
AEON Holding (Thailand) Limited	Common ultimate holding company	51,700	49,500	51,700	49,500
		<u>370,830</u>	<u>355,050</u>	<u>370,830</u>	<u>355,050</u>

- Other income for the three-month and six-month periods ended August 31, 2019 and 2018 include the computer fee charged to ACS Capital Corporation Limited at the rate of Baht 1,000,000 per month from 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 business	Consist of debt collection service and insurance brokerage services

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

Transactions between segments are recorded on the same basis as the transaction conducted with the third party. Transactions 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 for the three-month and six-month periods ended August 31, 2019 and 2018, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
For the three-month period ended August 31, 2019					
	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	5,034,199	346,039	283,304	-	5,663,542
Inter - segment revenues	103,710	-	104,757	(208,467)	-
	<u>5,137,909</u>	<u>346,039</u>	<u>388,061</u>	<u>(208,467)</u>	<u>5,663,542</u>
Expenses					
Operating and administrative expenses	1,991,447	158,508	305,943	(208,466)	2,247,432
Directors and managements' remuneration	24,954	13,665	5,532	-	44,151
Bad debts and doubtful accounts (reversal)	1,559,014	34,298	(12)	-	1,593,300
(Gain) loss on sale and write-off of leasehold improvement and equipment and intangible assets	972	227	(2)	-	1,197
Finance costs	497,019	59,518	5	-	556,542
Total expenses	<u>4,073,406</u>	<u>266,216</u>	<u>311,466</u>	<u>(208,466)</u>	<u>4,442,622</u>
Share of loss from investment in an associate	-	-	-	(1,621)	(1,621)
Profit before income tax	1,064,503	79,823	76,595	(1,622)	1,219,299
Income tax expense	208,768	17,588	15,062	-	241,418
Net profit for the period	<u>855,735</u>	<u>62,235</u>	<u>61,533</u>	<u>(1,622)</u>	<u>977,881</u>

**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
<b>Revenues</b>					
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>
<b>Expenses</b>					
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 six-month period ended August 31, 2019**

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
<b>Revenues</b>					
Revenue from external customers	9,938,094	651,576	567,603	-	11,157,273
Inter - segment revenues	296,928	-	214,864	(511,792)	-
	<u>10,235,022</u>	<u>651,576</u>	<u>782,467</u>	<u>(511,792)</u>	<u>11,157,273</u>
<b>Expenses</b>					
Operating and administrative expenses	3,979,564	308,071	610,395	(409,864)	4,488,166
Directors and managements' remuneration	49,137	23,552	12,235	-	84,924
Bad debts and doubtful accounts (reversal)	2,927,853	60,101	(18)	-	2,987,936
Loss on sale of investment	539	-	-	-	539
(Gain) loss on sale and write-off of leasehold improvement and equipment and intangible assets	1,722	284	(2)	-	2,004
Finance costs	989,256	111,070	12	-	1,100,338
Total expenses	<u>7,948,071</u>	<u>503,078</u>	<u>622,622</u>	<u>(409,864)</u>	<u>8,663,907</u>
Share of loss from investment in an associate	-	-	-	(2,553)	(2,553)
Profit before income tax	2,286,951	148,498	159,845	(104,481)	2,490,813
Income tax expense	432,324	32,006	31,791	-	496,121
Net profit for the period	<u>1,854,627</u>	<u>116,492</u>	<u>128,054</u>	<u>(104,481)</u>	<u>1,994,692</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		
<b>Revenues</b>					
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>
<b>Expenses</b>					
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
(Gain) loss 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>

20.2 Financial positions classified by business are as follows:

**CONSOLIDATED FINANCIAL STATEMENTS**  
**"Unaudited"**

As at August 31, 2019

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000		
Trade and other receivables	79,811,419	4,590,221	304,141	(172,376)	84,533,405
Leasehold improvement and equipment and intangible assets	1,319,077	209,550	66,569	(7,972)	1,587,224
Other assets	5,811,820	437,732	1,004,633	(1,134,059)	6,120,126
Total assets	<u>86,942,316</u>	<u>5,237,503</u>	<u>1,375,343</u>	<u>(1,314,407)</u>	<u>92,240,755</u>
Total liabilities	<u>68,240,896</u>	<u>4,129,992</u>	<u>309,395</u>	<u>(146,234)</u>	<u>72,534,049</u>

**CONSOLIDATED FINANCIAL STATEMENTS**

As at February 28, 2019

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000		
Trade and other receivables	76,442,062	3,651,073	320,345	(143,273)	80,270,207
Leasehold improvement and equipment and intangible assets	1,216,854	203,495	74,045	(7,972)	1,486,422
Other assets	5,039,686	222,593	1,053,450	(950,821)	5,364,908
Total assets	<u>82,698,602</u>	<u>4,077,161</u>	<u>1,447,840</u>	<u>(1,102,066)</u>	<u>87,121,537</u>
Total liabilities	<u>65,240,302</u>	<u>3,199,934</u>	<u>387,537</u>	<u>(94,599)</u>	<u>68,733,174</u>

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

- 21.1 As at August 31, 2019 and February 28, 2019, 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, 2019 and February 28, 2019, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 1,198 million and Baht 2,440 million, respectively.
- 21.3 As at August 31, 2019 and February 28, 2019, 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, 2019 and February 28, 2019, two subsidiaries have letters of guarantee issued by banks in the amount of Baht 5.73 million and Baht 5.83 million, respectively.

## **22. SALE OF WRITTEN-OFF RECEIVABLES**

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 0.71 million and Baht 1.48 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, 2019, respectively, and recorded outstanding deferred revenue of Baht 25.75 million as other current liabilities in the separate statements of financial position as at August 31, 2019.

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 will be entitled to the right to first negotiate with the buyer with regard to a purchase of the portfolio before any third party. If the negotiation could not be 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, 2019.



(Translation)

No. 21/2019

October 7, 2019

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 11/2019

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby reported the resolutions passed at the meeting of the Board of Directors No. 11/2019, held on October 7, 2019, from 9.30 a.m. as follows:

1. Unanimously acknowledged the Company's performance for the first half year ended August 31, 2019;
2. Unanimously approved the consolidated reviewed 2<sup>nd</sup> quarter financial statements and six-month period of the Company ended August 31, 2019;
3. Unanimously approved interim dividend payment for the first-half of fiscal year 2019 (March 1, 2019 - August 31, 2019). The dividends will be paid at the rate of 2.45 baht per share, totaling 612,500,000 baht or 31.7% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 21, 2019. The Company will pay dividend on November 4, 2019.

Please be informed accordingly

Yours sincerely,

Kenji Fujita

Managing Director

## Management Discussion and Analysis for the 2<sup>nd</sup> Quarter 2019

### Ended August 31, 2019

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 2<sup>nd</sup> quarter financial statements as of August 31, 2019 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 2019 expanded at a slower pace by 2.3%, decreased from 2.8% in the previous quarter, driven mainly by a slowdown in domestic demand and private consumption. The exports sector fell sharply due to the continued strength of the baht, while tourism sector also slowed down. In addition, Thai economy still faces external risk such as trade war between US and China and global economic uncertainty.

As of August 31, 2019, the Company’s total cards reached 8.75 million cards, increased by 3% from the end of fiscal year 2018 (including 2.75 million credit cards, increased by 5% from the end of last year and 6 million member cards, increased by 2% from the end of last year). The Company has active customers more than 2 million IDs, mainly from Bangkok 31%, and in up-country 69%. Covering networks nationwide, the Company has 105 branches, 431 ATMs, and 6,665 member dealers to provide quality financial services to AEON cardholders. For overseas business in Cambodia, Myanmar and Laos, they have active customers more than 307,000, increased by 42% from last year, and representing 13% of total company customers.

#### Summary of Consolidated Financial Results

##### 1. Operating Results

##### Revenues

In the first half of fiscal year 2019, the total consolidated revenues were 11,157 million baht, showing an increase of 1,047 million baht or 10% y-y. In the second quarter of 2019, the Company’s revenues were 5,664 million baht, an increase of 570 million baht or 11% y-y. This is the result of continue growth in core business revenues that increased by 10% y-y, especially in personal loan and hire purchase products as well as a strong growth revenue from bad debt recovery by 42% y-y. In addition, the revenue from overseas subsidiaries grew by 68% y-y as a result of customer increase and product diversification. Details of each business can be described as follows:

- Credit Card

In the first half year of 2019, credit cards turnover accounted 63% of total turnovers with revenue of 3,754 million baht, an increase of 222 million baht or 1% y-y. In the second quarter of 2019, credit card revenue was 1,887 million baht, an increase of 9 million baht or 1% y-y. The Company has focused on promotion activities to encourage customer's spending and increase market share. For example, "AEON Shop Plus 2019" a credit card campaign for customers to accumulate sales slips up to amounts for premium redemption, "Exclusive Trip to Japan 2019" campaign of tour package to Japan for AEON Royal Orchid Plus Platinum Card and AEON Royal Orchid Plus World Mastercard customers when their spending reach specific amount and we also continued a joint promotion with leading department stores. Thus, the Company has a plan to launch new co-brand card to expand new customer base. In addition, AEON Specialized Bank (Cambodia) Plc had credit card revenue in the second quarter of 2019 of 17 million baht, grew by 100% y-y.

- Loans

In the first half year of 2019, loans shared 30% of total turnovers with the revenue of 5,940 million baht, an increase of 697 million baht or 13% y-y. In the second quarter of 2019, loans revenue was 3,020 million baht, an increase of 381 million baht or 14% y-y. This is because the Company integrated credit limit of personal loan and purpose loan to AEON Happy Pay program in 2018 and continued to run the marketing campaign. Thus, the Company provides more channels to facilitate financial services to customers and reduce Company's operation cost. After the Cardless withdrawal service was launched, the Cardless transactions at ATMs accounted for 18% of total personal loan sales. Moreover, loan income from AEON Microfinance (Myanmar) Company Limited in the second quarter of 2019 grew by 47% y-y and AEON Specialized Bank (Cambodia) Plc grew by 105% y-y.

- Hire Purchase

In the first half of 2019, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, with the revenues of 320 million baht, increasing by 69% y-y and hire purchase sales from overseas business grew by 31% y-y, especially from business in Cambodia grew by 48% y-y. In the second quarter of 2019, the Company had hire purchase revenue 173 million baht, increased by 74% y-y and 17% q-q, drove by auto loans business. In addition, in the second quarter of 2019, the Company had hire purchase income from AEON Specialized Bank (Cambodia) Plc that increased 89% y-y and AEON Leasing Service (Lao) Company Limited that increased 16% y-y.

- Others

In the first half of 2019, other incomes were 1,143 million baht, showing an increase of 198 million baht or 21% y-y and represented 10% of total revenues. The increase was mainly from the continued growth of bad debt recovery that increased 40% y-y caused by increased the internal legal staff to expedite

the legal process. In the second quarter of 2019, other incomes were 584 million baht, increased by 22% y-y, due to bad debt recovery that increased 42% y-y and 10% q-q. Moreover, the income for the first half year of 2019 of company's subsidiaries in Thailand, the Company had commission income of 267 million baht, increasing by 6% y-y from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 133 million baht, increasing 1% y-y from ACS Servicing (Thailand) Co., Ltd.

### 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 2019, the Company had total consolidated expenses of 8,664 million baht, an increase of 809 million baht or 10% y-y. For the second quarter of 2019, the consolidated expenses were 4,443 million baht, an increase of 435 million baht or 11% y-y. Details of expenses are shown as follows:

- Operating and Administrative Expenses

In the first half of 2019, the consolidated operating and administrative expense were 4,573 million baht, increasing by 7% y-y and represented 41% of total revenues. The expenses increase came from marketing expense increased 12% y-y and personal expense increased 8% y-y. For the second quarter of 2019, the consolidated operating and administrative expenses were 2,292 million baht, increasing by 4% y-y. However, the Company was able to control the operating and administrative expenses at same level as previous quarter, representing 40% of total revenues. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues represented 39% in the second quarter and the first half of 2019.

- Bad debt and Doubtful accounts

The consolidated bad debts and doubtful accounts, in the first half of 2019, amounted to 2,988 million baht, increasing by 21% y-y. For the second quarter of 2019, the Company recorded bad debts and doubtful accounts of 1,593 million baht, increasing by 27% y-y and 14% q-q. The increase of bad debt and doubtful accounts was mainly from continued growth of total portfolio and also negatively impacted from the economic slowdown and during the early stage of implementation of new collection system.

- Finance Cost

The Company recorded consolidated finance cost in the first half of 2019 of 1,100 million baht which was at the same level as last year. For the second quarter of 2019, the finance cost was 557 million baht, increasing by 2% q-q and the same level as last year and accounted for 11% of total revenues. The average funding cost in the second quarter of 2019 was at 2.99% decreased from 3.32% last year,

due to reducing trend of market interest rate and interest rate paid to ATS Rabbit Special Purpose Vehicle Company Limited.

### **Net Profit**

For the first half of 2019, consolidated operating income was reported at 2,491 million baht, showing an increase of 232 million baht or 10% y-y. The Company recorded net profit of 1,929 million baht, showing an increase of 140 million baht or 8% y-y, and earning per share was 7.72 baht. For the second quarter of 2019, the Company had consolidated operating income of 1,219 million baht, an increase of 131 million baht or 12% y-y. The Company reported net profit attributed to owners of the parent of 942 million baht, an increase of 81 million baht or 9% y-y and earning per share was 3.77 baht. The net profit in the second quarter of 2019 increased thanks to the increase in core business revenues and continued growth of bad debt recovery and total portfolio and a strong growth of both domestic and overseas subsidiaries. In addition, the Company efficiently managed the funding cost.

## **2. Financial Status**

### **Total Assets**

As of August 31, 2019, consolidated total assets were 92,241 million baht, an increase of 5,119 million baht or 6% from 87,122 million baht as of February 28, 2019. 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 87,131 million baht (both current assets and non-current assets) as of August 31, 2019, increasing 6% from as of February 28, 2019. This can be categorized by business type as follows: credit card receivable of 37,274 million baht, increasing by 2% y-y; loans receivable of 46,665 million baht, increasing by 7% y-y; hire purchase receivable of 3,077 million baht, increasing by 45% y-y and others receivable of 115 million baht.

- Allowance for doubtful accounts

As of August 31, 2019, the Company provided allowance for doubtful accounts of 3,395 million baht or 3.90% of total accounts receivable, comparing to that of 2,880 million baht or 3.49% 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 3.12%, increased from 2.77% at the end of last year. The coverage ratio of allowance for doubtful accounts to accounts receivable overdue more than 3 months (NPLs) was 125% in the second quarter of 2019, which was the same level as the end of last year of 126%.

### Liabilities

The consolidated liabilities of the Company as of August 31, 2019 totaling 72,534 million baht, an increase of 3,801 million baht or 6% from 68,733 million baht at the end of fiscal year 2018. This is a result of both short-term and long-term borrowings increased by 5% from the end of last year to 67,073 million baht. The portion of long-term borrowings was 43,255 million baht or represented 64% of total borrowings, decreasing from 75% of fiscal year 2018.

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, 2019, total shareholders' equity amounted to 19,707 million baht, an increase of 1,318 million baht or 7% over the end of fiscal year 2018. Consequently, book value as of August 31, 2019 was 77.4 baht per share, increased from 72.2 baht per share as of February 28, 2019.

Debt to Equity ratio as of August 31, 2019 remained constant at 3.7 times slightly decrease from 3.8 times at the end of 2018. Return on Equity (ROE) and Return on Asset (ROA) for six month period are 20.6% and 4.3%, respectively.

The Company also announces to pay interim dividend of six month performance at the amount 2.45 baht per share or 31.7% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 21, 2019 (XD will be posted on October 18, 2019) and dividend will be paid on November 4, 2019.