

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

**TO THE BOARD OF DIRECTORS**

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

We have reviewed the consolidated statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and the separate statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited as at May 31, 2020, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Thai Standard on Review Engagements 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".

### **Emphasis of Matter**

We draw attention to the Note 3 to the interim financial statements, AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries have adopted the new accounting policies regarding the financial instruments which is in accordance with group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 “Leases”, and recognized the cumulative effect of initially applying such Standards as an adjustment to the beginning balance of retained earnings and other component of shareholders’ equity as at March 1, 2020, which are presented in the aforementioned note to the interim financial statements, to be in accordance with the new accounting policies. Our conclusion is not modified in respect of this matter.

**BANGKOK**  
July 7, 2020

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 MAY 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31,	February 29,	May 31,	February 29,
		2020	2020	2020	2020
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	4,875,341	4,993,557	3,027,348	3,462,432
Trade and other current receivables					
Trade receivables	5	71,726,278	81,307,074	68,315,707	78,306,046
Other receivables		1,152,393	942,044	992,070	833,052
Seller loan in Special Purpose Vehicle for securitization	9	-	-	211,791	235,074
Current portion of derivative assets	16	86,183	-	86,183	-
Receivables per currency swap contracts	13	-	151,056	-	151,056
Other current assets		113,696	75,641	41,628	39,028
Total Current Assets		<u>77,953,891</u>	<u>87,469,372</u>	<u>72,674,727</u>	<u>83,026,688</u>
<b>NON-CURRENT ASSETS</b>					
Trade receivables	5	4,966,446	4,962,730	1,662,175	2,085,728
Fixed deposits at banks under obligations		42,196	39,283	-	-
Long-term loan to a related party	6	-	-	126,689	125,858
Investment in an associate	7.1 and 7.2	12,910	25,431	16,819	16,819
Investments in subsidiaries	7.2	-	-	1,206,645	1,206,645
Investment in equity securities designated at fair value through profit or loss	8.1	19,072	-	19,072	-
Other long-term investments					
Related companies	8.2	-	19,072	-	19,072
Subordinated lendings	10.1	-	-	84,074	84,074
Leasehold improvement and equipment		869,353	885,495	698,754	725,045
Right-of-use assets		809,956	-	658,456	-
Intangible assets other than goodwill		683,883	646,481	521,755	511,377
Derivative assets	16	62,850	-	62,850	-
Receivables per currency swap contracts	13	-	210,072	-	210,072
Deferred tax assets	11	3,018,501	926,002	2,961,994	896,851
Other non-current assets		193,726	211,673	174,924	181,773
Total Non-Current Assets		<u>10,678,893</u>	<u>7,926,239</u>	<u>8,194,207</u>	<u>6,063,314</u>
<b>TOTAL ASSETS</b>		<u><u>88,632,784</u></u>	<u><u>95,395,611</u></u>	<u><u>80,868,934</u></u>	<u><u>89,090,002</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 MAY 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31,	February 29,	May 31,	February 29,
		2020	2020	2020	2020
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	12	5,031,117	7,211,233	300,000	3,400,056
Trade and other current payables					
Trade payables		548,027	522,088	388,312	371,514
Other payables		1,477,578	1,690,368	1,268,114	1,568,907
Current portion of long-term liabilities					
Long-term borrowings	13	9,501,978	11,445,597	8,976,702	10,960,296
Long-term debentures	15	4,598,722	7,298,784	4,598,722	7,298,784
Derivative liabilities	16	768,217	-	768,217	-
Lease liabilities		463,766	-	404,318	-
Current income tax payable		837,707	655,977	775,055	587,564
Payables per currency swap contracts	13 and 15	-	526,253	-	526,253
Other current liabilities		295,582	256,469	317,545	301,981
Total Current Liabilities		<u>23,522,694</u>	<u>29,606,769</u>	<u>17,796,985</u>	<u>25,015,355</u>
NON-CURRENT LIABILITIES					
Long-term borrowings	13	38,186,415	33,814,014	37,300,010	33,116,395
Long-term borrowings under securitization project	14	-	-	1,593,874	1,662,552
Long-term debentures	15	9,501,565	9,489,182	8,028,483	8,016,100
Derivative liabilities	16	1,687,218	-	1,687,218	-
Lease liabilities		355,645	-	262,967	-
Payables per currency swap contracts	13 and 15	-	867,341	-	867,341
Subordinated borrowings	10.2	84,074	84,074	-	-
Provisions for employee benefit	17	412,870	393,419	369,784	352,594
Other non-current liabilities		28,575	15,665	1,125	291
Total Non-Current Liabilities		<u>50,256,362</u>	<u>44,663,695</u>	<u>49,243,461</u>	<u>44,015,273</u>
TOTAL LIABILITIES		<u>73,779,056</u>	<u>74,270,464</u>	<u>67,040,446</u>	<u>69,030,628</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MAY 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2020	As at February 29, 2020	As at May 31, 2020	As at February 29, 2020
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>					
SHAREHOLDERS' EQUITY	18				
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		10,433,883	15,302,773	9,645,476	14,456,374
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translating financial statements of foreign operations		(75,202)	(177,795)	-	-
Cumulative loss on cash flow hedges		(1,419,988)	-	(1,419,988)	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		14,541,693	20,727,978	13,828,488	20,059,374
NON-CONTROLLING INTERESTS		312,035	397,169	-	-
TOTAL SHAREHOLDERS' EQUITY		14,853,728	21,125,147	13,828,488	20,059,374
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>88,632,784</b>	<b>95,395,611</b>	<b>80,868,934</b>	<b>89,090,002</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 MAY 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May 31,	May 31,	May 31,	May 31,
		2020	2019	2020	2019
<b>REVENUES</b>					
Credit card income		1,737,629	1,866,749	1,791,829	1,944,772
Loan income	19	3,075,718	2,920,316	2,907,696	2,819,645
Hire-purchase income		249,143	147,724	66,035	23,891
Other income					
Bad debt recovery		250,040	234,307	250,040	234,307
Collection service income		72,460	67,434	225	339
Commission income		132,595	132,735	-	-
Dividend income		-	-	114,800	86,180
Others		138,112	124,554	31,826	29,507
Total other income		593,207	559,030	396,891	350,333
Total Revenues		5,655,697	5,493,819	5,162,451	5,138,641
<b>EXPENSES</b>					
Operating and administrative expenses		2,038,548	2,240,734	1,763,136	1,988,045
Directors and managements' remuneration	20	44,595	40,773	25,881	24,183
Loss on impairment of investment		-	627	-	627
Loss on sale and write-off of leasehold improvement and equipment and intangible assets other than goodwill		2,892	807	3,202	750
Total Expenses		2,086,035	2,282,941	1,792,219	2,013,605
Finance costs		558,158	543,796	572,287	588,913
Expected credit loss		2,391,806	-	2,153,886	-
Bad debts and doubtful accounts		-	1,394,636	-	1,329,523
Share of loss from an associate		12,521	932	-	-
PROFIT BEFORE INCOME TAX		607,177	1,271,514	644,059	1,206,600
INCOME TAX EXPENSE	21	152,266	254,703	101,142	218,272
<b>PROFIT FOR THE PERIOD</b>		<b>454,911</b>	<b>1,016,811</b>	<b>542,917</b>	<b>988,328</b>
<b>PROFIT ATTRIBUTABLE TO :</b>					
Owners of the parent		530,095	986,604	542,917	988,328
Non-controlling interests		(75,184)	30,207	-	-
		454,911	1,016,811	542,917	988,328
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	2.12	3.95	2.17	3.95
<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 MAY 31, 2020  
“UNAUDITED”

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month		For the three-month	
	periods ended		periods ended	
	May 31,	May 31,	May 31,	May 31,
	2020	2019	2020	2019
Profit for the period	454,911	1,016,811	542,917	988,328
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	102,593	(11,416)	-	-
- Non-controlling interests	39,673	(8,993)	-	-
Loss on cash flow hedges	(73,140)	-	(73,140)	-
Other comprehensive income (loss) for the period, net of tax	69,126	(20,409)	(73,140)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>524,037</u>	<u>996,402</u>	<u>469,777</u>	<u>988,328</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>				
Owners of the parent	559,548	975,188	469,777	988,328
Non-controlling interests	(35,511)	21,214	-	-
	<u>524,037</u>	<u>996,402</u>	<u>469,777</u>	<u>988,328</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 THREE-MONTH PERIOD ENDED MAY 31, 2020  
"UNAUDITED"

UNIT : THOUSAND BAHT

	Note	CONSOLIDATED FINANCIAL STATEMENTS								Total shareholders' equity	
		Owners of the parent					Other components of shareholders' equity	Total owners of the parent	Non- controlling interests		
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		Unappropriated					
		Legal reserve	Reserve for business expansion		Exchange differences on translating financial statements of foreign operations	Cumulative loss on cash flow hedges					
<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		-	-	-	-	-	-	-	-	(10,567)	(10,567)
Profit for the period		-	-	-	-	986,604	-	-	986,604	30,207	1,016,811
Other comprehensive loss		-	-	-	-	-	(11,416)	-	(11,416)	(8,993)	(20,409)
<b>Ending balance as at May 31, 2019</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>13,560,609</u>	<u>(134,494)</u>	<u>-</u>	<u>19,029,115</u>	<u>345,083</u>	<u>19,374,198</u>
<b>Beginning balance as at March 1, 2020 as previously reported</b>		250,000	478,000	25,000	4,850,000	15,302,773	(177,795)	-	20,727,978	397,169	21,125,147
Impacts from the adoption of TFRS 9 and TFRS 16	2.7	-	-	-	-	(5,398,985)	-	(1,346,848)	(6,745,833)	(42,668)	(6,788,501)
<b>Beginning balance as at March 1, 2020 after adjustment</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>9,903,788</u>	<u>(177,795)</u>	<u>(1,346,848)</u>	<u>13,982,145</u>	<u>354,501</u>	<u>14,336,646</u>
Changes during the period											
Dividend paid		-	-	-	-	-	-	-	-	(6,955)	(6,955)
Profit (loss) for the period		-	-	-	-	530,095	-	-	530,095	(75,184)	454,911
Other comprehensive income (loss)		-	-	-	-	-	102,593	(73,140)	29,453	39,673	69,126
<b>Ending balance as at May 31, 2020</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>10,433,883</u>	<u>(75,202)</u>	<u>(1,419,988)</u>	<u>14,541,693</u>	<u>312,035</u>	<u>14,853,728</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 THREE-MONTH PERIOD ENDED MAY 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Note	SEPARATE FINANCIAL STATEMENTS					Other components of shareholders' equity Cumulative loss on cash flow hedges	Total shareholders' equity
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Unappropriated Reserve for business expansion			
<b>Beginning balance as at March 1, 2019</b>		250,000	478,000	25,000	4,850,000	11,855,276	-	17,458,276
Changes during the period								
Profit for the period		-	-	-	-	988,328	-	988,328
<b>Ending balance as at May 31, 2019</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>12,843,604</u>	<u>-</u>	<u>18,446,604</u>
<b>Beginning balance as at March 1, 2020 as previously reported</b>		250,000	478,000	25,000	4,850,000	14,456,374	-	20,059,374
Impacts from the adoption of TFRS 9 and TFRS 16	2.7	-	-	-	-	(5,353,815)	(1,346,848)	(6,700,663)
<b>Beginning balance as at March 1, 2020 after adjustment</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>9,102,559</u>	<u>(1,346,848)</u>	<u>13,358,711</u>
Changes during the period								
Profit for the period		-	-	-	-	542,917	-	542,917
Other comprehensive loss		-	-	-	-	-	(73,140)	(73,140)
<b>Ending balance as at May 31, 2020</b>		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>9,645,476</u>	<u>(1,419,988)</u>	<u>13,828,488</u>

See condensed notes to the financial statements

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

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		May 31,	May 31,	May 31,	May 31,
		2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax		607,177	1,271,514	644,059	1,206,600
Adjustments for:					
Share of loss from an associate		12,521	932	-	-
Expected credit loss		2,391,806	-	2,153,886	-
Bad debts and doubtful accounts		-	1,394,636	-	1,329,523
Loss on impairment of investment		-	627	-	627
Depreciation of leasehold improvement and equipment and right-of-use assets		248,822	94,154	213,143	76,641
Amortization of intangible assets other than goodwill		44,104	40,557	36,050	33,375
Loss on sale of leasehold improvement and equipment		2,836	754	3,202	750
Loss on write-off of leasehold improvement and equipment		5	53	-	-
Loss on sale of intangible assets other than goodwill		389	-	-	-
Employee benefit expense		19,931	15,624	17,670	14,078
Unrealized gain on translating long-term loan to a related company		-	-	(830)	-
Interest income		(3,466,762)	(3,277,780)	(2,957,936)	(2,896,168)
Discount received from lease agreement		(11,885)	-	(11,885)	-
Dividend income		-	-	(114,800)	(86,180)
Finance costs		558,158	543,796	572,287	588,913
		407,102	84,867	554,846	268,159
Operating assets (increase) decrease					
Trade and other current receivables		321,398	(4,098,392)	1,196,371	(3,491,382)
Other current assets		(37,735)	95,915	(2,600)	(102)
Other non-current assets		18,680	(4,153)	6,849	(3,730)
Operating liabilities increase (decrease)					
Trade and other current payables		14,374	(44,323)	(31,157)	40,215
Other current liabilities		33,284	33,214	15,564	16,005
Other non-current liabilities		11,576	(399)	834	(42)
Cash received (paid) for operations		768,679	(3,933,271)	1,740,707	(3,170,877)
Proceeds from interest income		3,409,044	3,279,991	2,852,239	2,914,824
Dividend received		-	-	114,800	86,180
Finance costs paid		(685,190)	(608,905)	(714,086)	(655,688)
Income tax paid		(64,542)	(30,304)	(3,549)	(5,119)
Employee benefit paid		(480)	-	(480)	-
Net cash provided by (used in) operating activities		3,427,511	(1,292,489)	3,989,631	(830,680)

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE THREE-MONTH PERIOD ENDED MAY 31, 2020  
“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month periods ended		For the three-month periods ended	
		May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for fixed deposits at banks under obligations		(6)	(4)	-	-
Cash paid for purchase of leasehold improvement and equipment	4.2	(92,107)	(91,397)	(77,341)	(77,668)
Proceeds from sale of leasehold improvement and equipment		729	74	160	71
Cash paid for purchase of intangible assets other than goodwill	4.2	(47,579)	(93,189)	(40,612)	(80,476)
Net cash used in investing activities		<u>(138,963)</u>	<u>(184,516)</u>	<u>(117,793)</u>	<u>(158,073)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	29,534,559	20,045,960	24,200,000	16,832,262
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(32,160,968)	(17,982,363)	(27,300,056)	(15,301,523)
Cash paid for finance lease agreements	4.4	-	(302)	-	-
Proceeds from long-term borrowings	4.4	4,829,522	2,633,200	4,704,388	2,633,200
Cash repayments for long-term borrowings	4.4	(2,750,950)	(731,430)	(2,750,950)	(731,430)
Proceeds from long-term borrowings under securitization project	4.4	-	-	149,515	347,585
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(149,515)	(212,585)
Cash repayments for long-term debentures	4.4	(3,027,700)	(1,571,860)	(3,027,700)	(1,571,860)
Cash paid for lease liabilities - principle	4.4	(153,674)	-	(129,300)	-
Cash paid for lease liabilities - interest	4.4	(5,992)	-	(3,304)	-
Cash paid for dividend		(6,955)	(10,567)	-	-
Net cash provided by (used in) financing activities		<u>(3,742,158)</u>	<u>2,382,638</u>	<u>(4,306,922)</u>	<u>1,995,649</u>
Net increase (decrease) in cash and cash equivalents		(453,610)	905,633	(435,084)	1,006,896
Foreign exchange rate differences		335,394	(2,002)	-	-
Cash and cash equivalents at the beginning of the period		<u>4,993,557</u>	<u>4,068,052</u>	<u>3,462,432</u>	<u>2,792,584</u>
<b>Cash and cash equivalents at the end of the period</b>	4.1	<u><u>4,875,341</u></u>	<u><u>4,971,683</u></u>	<u><u>3,027,348</u></u>	<u><u>3,799,480</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 PERIOD ENDED MAY 31, 2020  
“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 7.1 and Note 7.2.

**Coronavirus Disease 2019 Pandemic**

A novel coronavirus (“COVID-19”) pandemic started in early 2020 in Thailand and countries the Group companies operate. It clearly affects overall Thailand and global economy, including the Company and the Group’s employees, customers, business partners and business operations.

In order to mitigate the impacts, the Company provides supports to customers as the relief measurement for loan to affected customer from the impact of COVID-19, following to the Bank of Thailand’s the relief measurement to help debtors from the Thai economic situation, by reducing minimum payment rates for credit card and personal loan and providing grace period for principal and interest according to conditions and terms specified by the Company.

Nevertheless, the Group’s and Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

**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 “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission (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 periods ended May 31, 2020 and 2019 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 29, 2020, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been previously audited.

2.3 The unaudited results of operations presented in the three-month period ended May 31, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.

2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRSs, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended May 31, 2020 should be read in conjunction with the audited financial statements for the year ended February 29, 2020.

2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from this interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended May 31, 2020 have included the subsidiaries’ interim financial statements which were reviewed.

For the three-month periods ended May 31, 2020 and 2019, the subsidiaries included in the consolidated financial statements are as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2020	2019
ACS Servicing (Thailand) Company Limited	Collection servicer	Thailand	March 13, 2007	100.00	100.00
AEON Insurance Service (Thailand) Company Limited	Non-life insurance broker and life insurance broker	Thailand	July 1, 2013	100.00	100.00
AEON Specialized Bank (Cambodia) Plc.	Retail finance business	Cambodia	October 5, 2011	50.00	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.

The interim consolidated financial statements for the three-month periods ended May 31, 2020 and 2019 include equity interest in an associate as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				2020	2019
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:

	<b>The date of the end of the reporting period in preparation of the consolidated financial statements For the three-month periods ended</b>	
	<b>May 31, 2020</b>	<b>May 31, 2019</b>
	<b>Subsidiaries</b>	
ACS Servicing (Thailand) Company Limited	March 31, 2020	March 31, 2019
AEON Insurance Service (Thailand) Company Limited	March 31, 2020	March 31, 2019
AEON Specialized Bank (Cambodia) Plc.	March 31, 2020	March 31, 2019
AEON Microfinance (Myanmar) Company Limited	March 31, 2020	March 31, 2019
AEON Leasing Service (Lao) Company Limited	March 31, 2020	March 31, 2019
<b>Associate</b>		
ACS Trading Vietnam Company Limited	March 31, 2020	March 31, 2019

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

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. 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 financial statements, except the following financial reporting standards:

### 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

These group of Standards make 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 its effective date.

In the current year, the Group and the Company have initially applied Group of Financial Instruments Standards. The Group and the Company have elected to recognize the cumulative effect of initially adopting these group of Financial Instruments Standards as an adjustment to the opening balance of retained earnings and other component of shareholders' equity of the reporting period.

Accounting policies resulting from application of such group of Financial Instruments Standards are disclosed in Note 3.1.

The tables below show information relating to financial assets and financial liabilities that have been reclassified, re-measurement and change in provision for impairment of financial assets, as a result of the transition to Thai Financial Reporting Standards No. 9 "Financial instruments" ("TFRS 9").

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>							
	<b>Previous classification and measurement</b>	<b>Balance as at February 29, 2020</b>	<b>Reclassification</b>	<b>Loss from ECL</b>	<b>Re-measurement</b>	<b>Balance as at March 1, 2020</b>	<b>New classification and measurement</b>
		<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	<b>Baht '000</b>	
<b>ASSETS</b>							
Cash and cash equivalents	Cost method	4,993,557	-	-	-	4,993,557	Amortized cost
Trade receivables	Cost method	86,269,804	-	(7,065,429)	-	79,204,375	Amortized cost
Other receivables	Cost method	942,044	-	-	-	942,044	Amortized cost
Receivables per currency swap contracts	Fair value	361,128	(361,128)	-	-	-	-
Derivative assets	-	-	361,128	-	(223,074)	138,054	FVTOCI
Fixed deposits at banks under obligations	Cost method	39,283	-	-	-	39,283	Amortized cost
Other long-term investments	Cost method	19,072	(19,072)	-	-	-	-
Investments in equity securities designated at fair value through profit or loss	-	-	19,072	-	-	19,072	FVTPL
Other non-current assets	Cost method	211,673	-	-	-	211,673	Amortized cost
<b>LIABILITIES</b>							
Bank overdrafts and short-term borrowings	Cost method	7,211,233	-	-	-	7,211,233	Amortized cost
Trade payables	Cost method	522,088	-	-	-	522,088	Amortized cost
Other payables	Cost method	1,206,694	-	-	-	1,206,694	Amortized cost
Accrued interest expense	Cost method	501,135	(94,711)	-	-	406,424	Amortized cost
Long-term borrowings	Cost method	45,259,611	-	-	-	45,259,611	Amortized cost
Long-term debentures	Cost method	16,787,966	-	-	-	16,787,966	Amortized cost
Subordinated borrowings	Cost method	84,074	-	-	-	84,074	Amortized cost
Payables per currency swap contracts	Fair value	1,393,594	(1,393,594)	-	-	-	-
Derivative liabilities	-	-	1,488,305	-	1,460,485	2,948,790	FVTOCI

SEPARATE FINANCIAL STATEMENTS								
	Previous classification and measurement	Balance as at February 29, 2020	Reclassification	Loss from ECL	Re-measurement	Balance as at March 1, 2020	New classification and measurement	
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000		
<b>ASSETS</b>								
	Cash and cash equivalents	Cost method	3,462,432	-	-	-	3,462,432	Amortized cost
	Trade receivable	Cost method	80,391,774	-	(6,965,076)	-	73,426,698	Amortized cost
	Other receivables	Cost method	833,052	-	-	-	833,052	Amortized cost
	Seller loan in SPV	Cost method	235,074	-	-	-	235,074	Amortized cost
	Receivables per currency swap contract	Fair value	361,128	(361,128)	-	-	-	-
	Long-term loan to a related party	Cost method	125,858	-	-	-	125,858	Amortized cost
	Derivative assets	-	-	361,128	-	(223,074)	138,054	FVTOCI
	Subordinated lendings	Cost method	84,074	-	-	-	84,074	Amortized cost
	Other non-current assets	Cost method	181,773	-	-	-	181,773	Amortized cost
<b>LIABILITIES</b>								
	Bank overdraft and short-term borrowing	Cost method	3,400,056	-	-	-	3,400,056	Amortized cost
	Trade payables	Cost method	371,514	-	-	-	371,514	Amortized cost
	Other payables	Cost method	1,090,504	-	-	-	1,090,504	Amortized cost
	Accrued interest expense	Cost method	495,559	(94,711)	-	-	400,848	Amortized cost
	Long-term borrowings	Cost method	44,076,691	-	-	-	44,076,691	Amortized cost
	Long-term borrowings under securitization project	Cost method	1,662,552	-	-	-	1,662,552	Amortized cost
	Long-term debentures	Cost method	15,314,884	-	-	-	15,314,884	Amortized cost
	Payables per currency swap contracts	Fair value	1,393,594	(1,393,594)	-	-	-	-
	Derivative liabilities	-	-	1,488,305	-	1,460,485	2,948,790	FVTOCI

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

The Group and the Company have applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Group and the Company to recognize the cumulative effect of initially applying TFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under TAS 17 and TFRIC 4.

Accounting policies resulting from application of TFRS 16 are disclosed in Note 3.2.

The Group and the Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17 and TFRIC 4. The right-of-use assets were measured at their carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the consolidated and separate statement of financial position on March 1, 2020 are 2.31% per annum and 1.88% per annum, respectively.

The following table shows the operating lease commitments disclosed applying TAS 17 at February 29, 2020, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>SEPARATE FINANCIAL STATEMENTS</b>
	<b>Baht ‘000</b>	<b>Baht ‘000</b>
Operating lease commitments as at February 29, 2020	1,013,754	766,947
Effect of discounting the above amounts	(76,022)	(5,386)
Lease liabilities recognized as at March 1, 2020	<u>937,732</u>	<u>761,561</u>

Total impacts of initial application of TFRS 9 and TFRS 16 on the statement of financial position

The tables below show the amount of adjustment for each financial statement line item affected by the application of TFRS 9 and TFRS 16 for the current year.

Impacts to assets, liabilities and shareholders' equity as at March 1, 2020

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>				
	<b>Before adjustments Baht '000</b>	<b>TFRS 9 adjustments Baht '000</b>	<b>TFRS 16 adjustments Baht '000</b>	<b>After adjustments Baht '000</b>
Trade receivables	86,269,804	(7,065,429)	-	79,204,375
Receivables per currency swap contracts	361,128	(361,128)	-	-
Derivative assets	-	138,054	-	138,054
Other long-term investments	19,072	(19,072)	-	-
Investments in equity securities designated at fair value				
through profit or loss	-	19,072	-	19,072
Right-of-use assets	-	-	921,398	921,398
Accrued interest expense	(501,135)	94,711	-	(406,424)
Payables per currency swap contracts	(1,393,594)	1,393,594	-	-
Derivative liabilities	-	(2,948,790)	-	(2,948,790)
Lease liabilities	-	-	(937,732)	(937,732)
Deferred tax assets	926,002	1,974,055	2,766	2,902,823
		<u>(6,774,933)</u>	<u>(13,568)</u>	
Retained earnings	(15,302,773)	5,387,355	11,630	(9,903,788)
Other components of shareholders' equity	-	1,346,848	-	1,346,848
Non-controlling interests	(397,169)	40,730	1,938	(354,501)
Total impact on shareholders' equity		<u>6,774,933</u>	<u>13,568</u>	

	<b>SEPARATE FINANCIAL STATEMENTS</b>			
	<b>Before adjustments Baht '000</b>	<b>TFRS 9 adjustments Baht '000</b>	<b>TFRS 16 adjustments Baht '000</b>	<b>After adjustments Baht '000</b>
Trade receivables	80,391,774	(6,965,076)	-	73,426,698
Receivables per currency swap contracts	361,128	(361,128)	-	-
Derivative assets	-	138,054	-	138,054
Right-of-use assets	-	-	752,573	752,573
Accrued interest expense	(495,559)	94,711	-	(400,848)
Payables per currency swap contracts	(1,393,594)	1,393,594	-	-
Derivative liabilities	-	(2,948,790)	-	(2,948,790)
Lease liabilities	-	-	(761,561)	(761,561)
Deferred tax assets	896,851	1,955,162	1,798	2,853,811
		<u>(6,693,473)</u>	<u>(7,190)</u>	
Retained earnings	(14,456,374)	5,346,625	7,190	(9,102,559)
Other components of shareholders' equity	-	1,346,848	-	1,346,848
Total impact on shareholders' equity		<u>6,693,473</u>	<u>7,190</u>	

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Group and the Company have not adopted such accounting treatment guidance in the preparation of the interim financial statements for the three-month period ended May 31, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Group and Company have elected to apply the following temporary relief measures:

- Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

### **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 29, 2020, except the adoption of new and revised Thai Financial Reporting Standards as described in Note 2. Accounting policies which significantly changed are as follows:

#### **3.1 Financial instruments**

Financial assets and financial liabilities are recognized in the Group’s consolidated statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **Financial assets**

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate).

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost.

### Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI, are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group and the Company designate an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

### Impairment of financial assets

The Group and the Company recognize a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant increase in credit risk

The Group and the Company compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's and the Company's historical experience and expert credit assessment including forward-looking information.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if;

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group and the Company consider constituting an event of default for internal credit risk management policies and historical experience indicates that financial assets are defaulted by considering information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Group and the Company consider that default has occurred when the past due is more than 90 days unless the Group and the Company have supportable information to demonstrate that a more lagging default criterion is reasonable.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the consideration of following events;

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off loans to customers when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loans to customers, when the days past due are over the period that the Management determined, whichever occurs sooner. Loans to customers written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For financial assets, exposure at default is represented by the asset's gross carrying amount at the reporting date.

For loan commitments, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

### **Financial liabilities**

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

#### Financial liabilities measured subsequently at amortized cost

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

### **Derecognition of financial instruments**

The Group and the Company derecognize a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which the risks and rewards of ownership are transferred.

A financial liability is derecognized from the statement of financial position when the Group and the Company have discharged its obligation or the contract is cancelled or expires.

### **Hedge accounting**

The Group and the Company designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group and the Company document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group and the Company document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements;

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationships; and
- The hedged ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group and the Company actually hedges and the quantity of the hedging instrument that the Group and the Company actually uses to hedge that quantity of hedged item.

### **Cash flow hedges**

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Finance costs" line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group and the Company expect that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

### **3.2 Leases**

The Group and the Company have applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows.

The Group and the Company as lessee

#### **a) Policies applicable from March 1, 2020**

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognize a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the leasee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the leasee under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company Group expects to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated and separate statements of financial position.

The Group and the Company apply TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Leasehold improvement and equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Operating and Administrative expenses” in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Company have used this practical expedient.

b) Policies applicable prior to March 1, 2020

Lease agreements

Finance lease agreements

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

Operating lease agreements

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

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

#### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at May 31, 2020 and February 29, 2020, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Cash	1,009,641	1,313,506	961,799	1,273,999
Deposits at bank - call deposits	3,865,700	3,680,051	2,065,549	2,188,433
Cash and cash equivalents	<u>4,875,341</u>	<u>4,993,557</u>	<u>3,027,348</u>	<u>3,462,432</u>

4.2 Cash paid for purchase of leasehold improvement and equipment and intangible assets other than goodwill for the three-month periods ended May 31, 2020 and 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2020 Baht '000	2019 Baht '000	2020 Baht '000	2019 Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	43,432	28,930	40,514	28,673
Purchase of leasehold improvement and equipment	66,139	90,796	49,186	76,292
	<u>109,571</u>	<u>119,726</u>	<u>89,700</u>	<u>104,965</u>
<u>Less</u> Cash paid for purchase of leasehold improvement and equipment	<u>(92,107)</u>	<u>(91,397)</u>	<u>(77,341)</u>	<u>(77,668)</u>
Liabilities recorded - carried forward	<u>17,464</u>	<u>28,329</u>	<u>12,359</u>	<u>27,297</u>
Intangible assets other than goodwill				
Liabilities recorded - brought forward	1,572	28,891	1,571	28,891
Purchase of intangible assets other than goodwill	73,034	162,495	46,427	149,782
	<u>74,606</u>	<u>191,386</u>	<u>47,998</u>	<u>178,673</u>
<u>Less</u> Cash paid for purchase of intangible assets other than goodwill	<u>(47,579)</u>	<u>(93,189)</u>	<u>(40,612)</u>	<u>(80,476)</u>
Liabilities recorded - carried forward	<u>27,027</u>	<u>98,197</u>	<u>7,386</u>	<u>98,197</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 three-month period ended May 31, 2020, such sale was settled by decreasing the Seller loan Account of Baht 23.28 million, and during the three-month period ended May 31, 2019 by decreasing the Seller loan Account of Baht 41.77 million, instead of cash receipt.

4.4 Changes in liabilities arising from financing activities for the three-month periods ended May 31, 2020 and 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited” Ending balance as at May 31, 2020 Baht '000
	Beginning balance as at March 1, 2020 Baht '000	Financing cash flows		Non-cash changes		
		Cash received	Cash paid	Differences on translating foreign currencies	Others	
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	7,211,233	29,534,559	(32,160,968)	446,293	-	5,031,117
Long-term borrowings	45,259,611	4,829,522	(2,750,950)	269,747	80,463	47,688,393
Long-term debentures	16,787,966	-	(3,027,700)	337,049	2,972	14,100,287
Subordinated borrowings	84,074	-	-	-	-	84,074
Lease Liabilities - principle	-	-	(153,674)	6,280	966,804	819,410
Lease Liabilities - interest	-	-	(5,992)	-	5,992	-

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited” Ending balance as at May 31, 2019 Baht '000
	Beginning balance as at March 1, 2019 Baht '000	Financing cash flows		Non-cash changes		
		Cash received	Cash paid	Differences on translating foreign currencies	Others	
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Bank overdrafts and short-term borrowings from financial institutions	7,100,203	20,045,960	(17,982,363)	(23,239)	-	9,140,561
Liabilities under finance lease agreements	911	-	(302)	-	-	609
Long-term borrowings	40,618,864	2,633,200	(731,430)	461,909	6,090	42,988,633
Long-term debentures	15,938,620	-	(1,571,860)	26,335	4,955	14,398,050
Subordinated borrowings	84,074	-	-	-	-	84,074

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2020 Baht '000	Financing cash flows		Non-cash changes		“Unaudited” Ending balance as at May 31, 2020 Baht '000
		Cash received Baht '000	Cash paid Baht '000	Differences on translating foreign currencies Baht '000	Others Baht '000	
Bank overdrafts and short-term borrowings from financial institutions	3,400,056	24,200,000	(27,300,056)	-	-	300,000
Long-term borrowings	44,076,691	4,704,388	(2,750,950)	269,749	(23,166)	46,276,712
Long-term borrowings under securitization project	1,662,552	149,515	(149,515)	-	(68,678)	1,593,874
Long-term debentures	15,314,884	-	(3,027,700)	337,049	2,972	12,627,205
Lease liabilities - principal	-	-	(129,300)	-	796,585	667,285
Lease liabilities - interest	-	-	(3,304)	-	3,304	-

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2019 Baht '000	Financing cash flows		Non-cash changes		“Unaudited” Ending balance as at May 31, 2019 Baht '000
		Cash received Baht '000	Cash paid Baht '000	Differences on translating foreign currencies Baht '000	Others Baht '000	
Bank overdrafts and short-term borrowings from financial institutions	4,690,163	16,832,262	(15,301,523)	-	-	6,220,902
Long-term borrowings	39,999,182	2,633,200	(731,430)	473,999	6,090	42,381,041
Long-term borrowings under securitization project	1,652,515	347,585	(212,585)	-	(81,089)	1,706,426
Long-term debentures	14,465,538	-	(1,571,860)	26,335	4,955	12,924,968

## 5. TRADE RECEIVABLES

5.1 Trade receivables as at May 31, 2020 and February 29, 2020, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Trade receivables	86,873,784	88,568,952	79,742,633	82,553,942
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	1,593,874	1,662,552	1,593,874	1,662,552
Total	88,467,658	90,231,504	81,336,507	84,216,494
<u>Less</u> Allowance for expected credit loss	(11,774,934)	-	(11,358,625)	-
Allowance for doubtful accounts	-	(3,961,700)	-	(3,824,720)
<b>Total trade receivables</b>	<b>76,692,724</b>	<b>86,269,804</b>	<b>69,977,882</b>	<b>80,391,774</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 May 31, 2020 and February 29, 2020, trade receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”					
	As at May 31, 2020			As at February 29, 2020		
	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	1,557,496	5,099,726	6,657,222	1,527,316	4,546,011	6,073,327
<u>Less</u> Unearned financing income	(314,642)	(582,512)	(897,154)	(315,130)	(572,138)	(887,268)
	1,242,854	4,517,214	5,760,068	1,212,186	3,973,873	5,186,059
<u>Less</u> Allowance for expected credit loss	(191,680)	(631,848)	(823,528)	-	-	-
Allowance for doubtful accounts	-	-	-	(196,086)	-	(196,086)
Hire-purchase and accrued interest receivable - net	1,051,174	3,885,366	4,936,540	1,016,100	3,973,873	4,989,973

CONSOLIDATED FINANCIAL STATEMENTS

“Unaudited”

	As at May 31, 2020			As at February 29, 2020		
	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>Loans receivable</b>						
Loans and accrued interest receivable	46,077,866	1,184,741	47,262,607	46,998,764	988,857	47,987,621
<u>Less</u> Allowance for expected credit loss	(6,875,230)	(103,661)	(6,978,891)	-	-	-
Allowance for doubtful accounts	-	-	-	(2,343,755)	-	(2,343,755)
Loans and accrued interest receivable - net	<u>39,202,636</u>	<u>1,081,080</u>	<u>40,283,716</u>	<u>44,655,009</u>	<u>988,857</u>	<u>45,643,866</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	35,246,334	-	35,246,334	36,892,388	-	36,892,388
<u>Less</u> Allowance for expected credit loss	(3,972,515)	-	(3,972,515)	-	-	-
Allowance for doubtful accounts	-	-	-	(1,421,531)	-	(1,421,531)
Credit card and accrued interest receivable - net	<u>31,273,819</u>	<u>-</u>	<u>31,273,819</u>	<u>35,470,857</u>	<u>-</u>	<u>35,470,857</u>
<b>Receivable from rendering the collection service</b>						
Receivable from rendering the collection service	21,857	-	21,857	11,786	-	11,786
<u>Less</u> Allowance for doubtful accounts	-	-	-	(328)	-	(328)
Receivable from rendering the collection service - net	<u>21,857</u>	<u>-</u>	<u>21,857</u>	<u>11,458</u>	<u>-</u>	<u>11,458</u>
<b>Receivable from insurance broker business</b>	<u>176,792</u>	<u>-</u>	<u>176,792</u>	<u>153,650</u>	<u>-</u>	<u>153,650</u>
<b>Total trade receivables</b>	<u>71,726,278</u>	<u>4,966,446</u>	<u>76,692,274</u>	<u>81,307,074</u>	<u>4,962,730</u>	<u>86,269,804</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at May 31, 2020			As at February 29, 2020		
	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	841,981	2,746,267	3,588,248	822,445	2,657,434	3,479,879
<u>Less</u> Unearned financing income	<u>(314,642)</u>	<u>(582,512)</u>	<u>(897,154)</u>	<u>(315,130)</u>	<u>(572,138)</u>	<u>(887,268)</u>
	527,339	2,163,755	2,691,094	507,315	2,085,296	2,592,611
<u>Less</u> Allowance for expected credit loss	<u>(122,279)</u>	<u>(501,730)</u>	<u>(624,009)</u>	-	-	-
Allowance for doubtful accounts	-	-	-	(127,587)	-	(127,587)
Hire-purchase and accrued interest receivable - net	<u>405,060</u>	<u>1,662,025</u>	<u>2,067,085</u>	<u>379,728</u>	<u>2,085,296</u>	<u>2,465,024</u>
<b>Loans receivable</b>						
Loans and accrued interest receivable	43,990,513	178	43,990,691	45,289,937	432	45,290,369
<u>Less</u> Allowance for expected credit loss	<u>(6,819,426)</u>	<u>(28)</u>	<u>(6,819,454)</u>	-	-	-
Allowance for doubtful accounts	-	-	-	(2,289,386)	-	(2,289,386)
Loans and accrued interest receivable - net	<u>37,171,087</u>	<u>150</u>	<u>37,171,237</u>	<u>43,000,551</u>	<u>432</u>	<u>43,000,983</u>
<b>Credit card receivable</b>						
Credit card and accrued interest receivable	34,654,722	-	34,654,722	36,333,514	-	36,333,514
<u>Less</u> Allowance for expected credit loss	<u>(3,915,162)</u>	-	<u>(3,915,162)</u>	-	-	-
Allowance for doubtful accounts	-	-	-	(1,407,747)	-	(1,407,747)
Credit card and accrued interest receivable - net	<u>30,739,560</u>	-	<u>30,739,560</u>	<u>34,925,767</u>	-	<u>34,925,767</u>
<b>Total trade receivables</b>	<u>68,315,707</u>	<u>1,662,175</u>	<u>69,977,882</u>	<u>78,306,046</u>	<u>2,085,728</u>	<u>80,391,774</u>

## 5.2 Quality of assets

Staging analysis for trade receivables as at May 31, 2020 is as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>			
<b>“Unaudited”</b>			
<b>As at May 31, 2020</b>			
<b>Trade receivables</b>	<b>Allowance for</b>	<b>Total trade</b>	
<b>Baht '000</b>	<b>expected credit loss</b>	<b>receivables</b>	
	<b>Baht '000</b>	<b>Baht '000</b>	
Low credit risk receivables (Stage 1)	82,176,678	(7,239,597)	74,937,081
Significant increase in credit risk receivables (Stage 2)	3,015,118	(1,817,001)	1,198,117
Default receivables in credit risk (Stage 3)	3,275,862	(2,718,336)	557,526
<b>Total</b>	<u>88,467,658</u>	<u>(11,774,934)</u>	<u>76,692,724</u>

<b>SEPARATE FINANCIAL STATEMENTS</b>			
<b>“Unaudited”</b>			
<b>As at May 31, 2020</b>			
<b>Trade receivables</b>	<b>Allowance for</b>	<b>Total trade</b>	
<b>Baht '000</b>	<b>expected credit loss</b>	<b>receivables</b>	
	<b>Baht '000</b>	<b>Baht '000</b>	
Low credit risk receivables (Stage 1)	75,365,038	(7,103,712)	68,261,326
Significant increase in credit risk receivables (Stage 2)	2,842,776	(1,720,668)	1,122,108
Default receivables in credit risk (Stage 3)	3,128,693	(2,534,245)	594,448
<b>Total</b>	<u>81,336,507</u>	<u>(11,358,625)</u>	<u>69,977,882</u>

Trade receivables as at and February 29, 2020 classified by aging, are as follows:

	<b>CONSOLIDATED</b>	<b>SEPARATE</b>
	<b>FINANCIAL STATEMENTS</b>	<b>FINANCIAL STATEMENTS</b>
	<b>As at</b>	<b>As at</b>
	<b>February 29,</b>	<b>February 29,</b>
	<b>2020</b>	<b>2020</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Less than 3 months	86,915,769	81,017,602
3 months up	3,315,735	3,198,892
Total	<u>90,231,504</u>	<u>84,216,494</u>
<u>Less</u> Allowance for doubtful accounts	<u>(3,961,700)</u>	<u>(3,824,720)</u>
<b>Total trade receivables</b>	<u>86,269,804</u>	<u>80,391,774</u>

### 5.3 Troubled debt restructuring

For the three-month periods ended May 31, 2020 and 2019, the Company recognized interest income on restructured debts totaling Baht 27.47 million and Baht 85.40 million, respectively.

The Company had outstanding balances of credit card receivable, hire-purchase receivable and loans receivable as at May 31, 2020 and February 29, 2020, as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2020		As at February 29, 2020	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	35,709	1,429,275	35,896	1,432,794
Non-restructured trade receivables	3,181,905	86,839,734	3,292,108	88,633,274
Total	3,217,614	88,269,009	3,328,004	90,066,068

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at May 31, 2020		As at February 29, 2020	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	35,692	1,426,373	35,873	1,429,317
Non-restructured trade receivables	2,776,797	79,910,134	2,885,335	82,787,177
Total	2,812,489	81,336,507	2,921,208	84,216,494

As at May 31, 2020 and February 29, 2020, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

### 5.4 Allowance for expected credit loss / Allowance for doubtful accounts

Allowance for expected credit loss / Allowance for doubtful accounts as at May 31, 2020 and February 29, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at May 31, 2020	As at February 29, 2020	As at May 31, 2020	As at February 29, 2020
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	3,961,700	2,879,968	3,824,720	2,806,641
Impacts from the adoption of TFRS 9	7,065,429	-	6,965,076	-
Expected credit loss	2,391,806	-	2,153,886	-
Bad debts and doubtful accounts	-	6,646,262	-	6,352,815
Gain on devaluation of long-term borrowings under securitization project	-	-	45,395	160,116
Written-off bad debts	(1,644,001)	(5,564,530)	(1,630,452)	(5,494,852)
Ending balance	11,774,934	3,961,700	11,358,625	3,824,720

## 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 periods ended May 31, 2020 and 2019, transactions relating to the transfers of financial assets under the securitization project are summarized as follows:

	<b>2020</b> <b>Million</b> <b>Baht</b>	<b>2019</b> <b>Million</b> <b>Baht</b>
Transfers of future and additional receivables (at book value)		
- Loans receivable (ATS Rabbit)	<u>126</u>	<u>306</u>
	<u>126</u>	<u>306</u>
Cash collection on behalf of a Special Purpose Vehicle		
- Loans receivable (ATS Rabbit)	<u>261</u>	<u>326</u>
	<u>261</u>	<u>326</u>
Servicing income on cash collection from a Special Purpose Vehicle		
- Loans receivable (ATS Rabbit)	<u>22</u>	<u>23</u>
	<u>22</u>	<u>23</u>

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

As at May 31, 2020, the Company has long-term loan to a subsidiary amounting to USD 4.0 million or equivalent to Baht 126.69 million which will be due in 2026. The loan is unsecured and has interest rate at 8.5% per annum (see Note 22.2.1) (As at February 29, 2020 : USD 4.0 million or equivalent to Baht 125.86 million).

## 7. INVESTMENTS IN AN ASSOCIATE AND SUBSIDIARIES

Investments in an associate and subsidiaries consist of:

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

As at May 31, 2020 and February 29, 2020, 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 May 31, 2020		As at February 29, 2020	
	Paid-up capital	Ownership %	Cost method	Equity method	Cost method	Equity 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	<u>16,819.3</u>	<u>12,910.3</u>	<u>16,819.3</u>	<u>25,430.9</u>
<b>Total investment in an associate</b>			<u>16,819.3</u>	<u>12,910.3</u>	<u>16,819.3</u>	<u>25,430.9</u>

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

As at May 31, 2020 and February 29, 2020, 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 May 31, 2020		As at February 29, 2020	
	Ownership %	Cost Baht '000	Ownership %	Cost Baht '000
<b>Investments in an associate and subsidiaries</b>				
Investment in an associate (see Note 22.1)				
ACS Trading Vietnam Company Limited	20.00	16,819.3	20.00	16,819.3
Total investment in an associate		16,819.3		16,819.3
Investments in subsidiaries (see Note 22.1)				
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	455,403.3
AEON Leasing Service (Lao) Company Limited	92.58	103,069.1	92.58	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	48.75	19.5	48.75	19.5
Total investments in subsidiaries		1,206,645.3		1,206,645.3
<b>Total investments in an associate and subsidiaries</b>		<b>1,223,464.6</b>		<b>1,223,464.6</b>

## 8. INVESTMENTS IN EQUITY SECURITIES DESIGNATED AT FAIR THROUGH PROFIT OR LOSS AND LONG-TERM INVESTMENTS IN RELATED COMPANIES

8.1 Investments in equity securities designated at fair value through profit or loss as at May 31, 2020, consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	“Unaudited”		
	As at May 31, 2020		
	Ownership %	Cost Baht '000	Fair Value Baht '000
AEON (Thailand) Co., Ltd. <sup>(1)</sup>	3.82	8,500	-
PT. AEON Credit Service Indonesia <sup>(2)</sup>	2.59	19,072	19,072
<b>Total</b>		<b>27,572</b>	<b>19,072</b>

<sup>(1)</sup> 340,000 shares of Baht 100 each, Baht 25 called up

<sup>(2)</sup> 173 shares of IDR 30 million each, par value of IDR 30 million, fully paid

8.2 Long-term investments in related companies as at February 29, 2020 consist of the followings:

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>		
<b>As at February 29, 2020</b>		
<b>Ownership</b>	<b>%</b>	<b>Cost Baht '000</b>
AEON (Thailand) Co., Ltd. <sup>(1)</sup>	3.82	8,500
PT. AEON Credit Service Indonesia <sup>(2)</sup>	2.59	19,072
		<u>27,572</u>
<u>Less</u> Allowance for impairment of investment		<u>(8,500)</u>
<b>Total</b>		<u>19,072</u>

<sup>(1)</sup> 340,000 shares of Baht 100 each, Baht 25 called up  
<sup>(2)</sup> 173 shares of IDR 30 million each, par value of IDR 30 million, fully paid

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

Seller loan in Special Purpose Vehicle for securitization as at May 31, 2020 and February 29, 2020, are as follows:

<b>SEPARATE FINANCIAL STATEMENTS "Unaudited"</b>		
	<b>As at May 31, 2020 Baht '000</b>	<b>As at February 29, 2020 Baht '000</b>
Seller loan in Special Purpose Vehicle for securitization (see Note 22.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	211,791	235,074
<b>Total Seller loan in Special Purpose Vehicle for securitization</b>	<u>211,791</u>	<u>235,074</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.

## 10. SUBORDINATED LENDINGS AND SUBORDINATED BORROWINGS

10.1 Subordinated lendings to Special Purpose Vehicle as at May 31, 2020 and February 29, 2020, are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Subordinated lendings (see Note 22.2.1)		
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.

10.2 Subordinated borrowings of Special Purpose Vehicle as at May 31, 2020 and February 29, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at May 31, 2020 Baht '000	As at February 29, 2020 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.

## 11. DEFERRED TAX ASSETS

Deferred tax assets as at May 31, 2020 and February 29, 2020, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
	May 31,	February 29,	May 31,	February 29,
	2020	2020	2020	2020
	Baht '000	Baht '000	Baht '000	Baht '000
<b>Deferred tax assets</b>				
Allowance for expected credit loss	2,307,812	775,917	2,271,725	764,944
Non-accrual of interest income	69,852	73,406	68,214	71,755
Cumulative loss on investments in equity securities designed at fair value through profit or loss	1,700	1,700	1,700	1,700
Allowance for impairment of investment and assets	-	5,200	-	5,200
Provisions for employee benefit	82,574	78,683	73,957	70,518
Deferred revenue from customer loyalty programs	67,048	59,373	67,048	59,373
Lease agreements	1,331	-	1,766	-
Derivatives	461,280	-	461,280	-
Others	26,904	24,878	16,304	16,516
	<u>3,018,501</u>	<u>1,019,157</u>	<u>2,961,994</u>	<u>990,006</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	-	93,155	-	93,155
<b>Deferred tax assets</b>	<u>3,018,501</u>	<u>926,002</u>	<u>2,961,994</u>	<u>896,851</u>

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

CONSOLIDATED FINANCIAL STATEMENTS					
“Unaudited”					
	Beginning balance as at March 1, 2020 Baht '000	Impacts from the adoption of TFRS 9 and TFRS 16 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Ending balance as at May 31, 2020 Baht '000
<b>Deferred tax assets</b>					
Allowance for expected credit loss	775,917	1,411,908	119,987	-	2,307,812
Non-accrual of interest income	73,406	-	(3,554)	-	69,852
Cumulative loss on investments in equity securities designed at fair value through profit or loss	1,700	-	-	-	1,700
Allowance for impairment of assets	5,200	-	(5,200)	-	-
Provisions for employee benefit	78,683	-	3,891	-	82,574
Deferred revenue from customer loyalty programs	59,373	-	7,675	-	67,048
Lease agreements	-	2,766	(1,435)	-	1,331
Derivatives	-	562,147	(119,152)	18,285	461,280
Others	24,878	-	2,026	-	26,904
	<u>1,019,157</u>	<u>1,976,821</u>	<u>4,238</u>	<u>18,285</u>	<u>3,018,501</u>
<b>Deferred tax liabilities</b>					
Unrealized loss on exchange rate of currency swap contracts	93,155	-	(93,155)	-	-
<b>Deferred tax assets</b>	<u>926,002</u>	<u>1,976,821</u>	<u>97,393</u>	<u>18,285</u>	<u>3,018,501</u>

CONSOLIDATED FINANCIAL STATEMENTS				
	Beginning balance as at March 1, 2019 Baht '000	Items as recognized in profit or loss Baht '000	Items as recognized in other comprehensive income Baht '000	Ending balance as at February 29, 2020 Baht '000
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	567,388	208,529	-	775,917
Non-accrual of interest income	47,205	26,201	-	73,406
Allowance for impairment of investment and assets	19,012	(12,112)	-	6,900
Provisions for employee benefit	54,264	12,771	11,648	78,683
Deferred revenue from customer loyalty programs	48,870	10,503	-	59,373
Others	9,672	15,206	-	24,878
	<u>746,411</u>	<u>261,098</u>	<u>11,648</u>	<u>1,019,157</u>
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	124,552	(31,397)	-	93,155
Others	209	(209)	-	-
	<u>124,761</u>	<u>(31,606)</u>	<u>-</u>	<u>93,155</u>
<b>Deferred tax assets</b>	<u>621,650</u>	<u>292,704</u>	<u>11,648</u>	<u>926,002</u>

	SEPARATE FINANCIAL STATEMENTS				
	“Unaudited”				
	Beginning	Impacts from	Items as	Items as	Ending
	balance	the adoption of	recognized in	recognized	balance
	as at	TFRS 9 and	profit or loss	in other	as at
March 1,	TFRS 16		comprehensive	May 31,	
2020			income	2020	
Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
<b>Deferred tax assets</b>					
Allowance for expected credit loss	764,944	1,393,015	113,766	-	2,271,725
Non-accrual of interest income	71,755	-	(3,540)	-	68,215
Cumulative loss on investments in equity securities designed at fair value through profit or loss	1,700	-	-	-	1,700
Allowance for impairment of assets	5,200	-	(5,200)	-	-
Provisions for employee benefit	70,518	-	3,438	-	73,956
Deferred revenue from customer loyalty programs	59,373	-	7,675	-	67,048
Lease agreements	-	1,798	(32)	-	1,766
Derivatives	-	562,147	(119,152)	18,285	461,280
Others	16,516	-	(212)	-	16,304
	990,006	1,956,960	(3,257)	18,285	2,961,994
<b>Deferred tax liabilities</b>					
Unrealized loss on exchange rate of currency swap contracts	93,155	-	(93,155)	-	-
<b>Deferred tax assets</b>	896,851	1,956,960	89,898	18,285	2,961,994

	SEPARATE FINANCIAL STATEMENTS			
	Beginning	Items as	Items as	Ending
	balance	recognized in	recognized	balance
	as at	profit or loss	in other	as at
	March 1,		comprehensive	February 29,
2019		income	2020	
Baht '000	Baht '000	Baht '000	Baht '000	
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	561,328	203,616	-	764,944
Non-accrual of interest income	45,960	25,795	-	71,755
Allowance for impairment of investment and assets	19,012	(12,112)	-	6,900
Provisions for employee benefit	48,507	11,098	10,913	70,518
Deferred revenue from customer loyalty programs	44,351	15,022	-	59,373
Others	5,446	11,070	-	16,516
	724,604	254,489	10,913	990,006
<b>Deferred tax liabilities</b>				
Unrealized loss on exchange rate of currency swap contracts	124,552	(31,397)	-	93,155
<b>Deferred tax assets</b>	600,052	285,886	10,913	896,851

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

Bank overdrafts and short-term borrowings from financial institutions as at May 31, 2020 and February 29, 2020, consist of the following:

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	As at May 31, 2020		As at February 29, 2020	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	-	-	1.45	56
Short-term borrowings in THB currency	0.69	300,000	1.17 - 2.40	3,400,000
Short-term borrowings in USD currency	1.53 - 6.05	2,682,017	2.52 - 6.05	2,229,481
Short-term borrowings in LAK currency	6.50 - 6.60	330,660	6.50 - 6.70	280,013
Short-term borrowings in MMK currency	11.70 - 13.00	1,718,440	11.70 - 12.50	1,301,683
Total		<u>5,031,117</u>		<u>7,211,233</u>

SEPARATE FINANCIAL STATEMENTS				
“Unaudited”				
	As at May 31, 2020		As at February 29, 2020	
	Interest rate	Baht '000	Interest rate	Baht '000
	p.a. (%)		p.a. (%)	
Overdrafts in THB currency	-	-	1.45	56
Short-term borrowings in THB currency	0.69	300,000	1.17 - 2.40	3,400,000
Total		<u>300,000</u>		<u>3,400,056</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.

## 13. LONG-TERM BORROWINGS

As at May 31, 2020 and February 29, 2020, the Company entered into various long-term borrowings agreements in THB and foreign currencies as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
“Unaudited”				
	As at May 31, 2020			
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2020 - 2025	2.06 - 5.26	27,642.05	8,300,658
Borrowings in USD currency	2020 - 2027	1.85 - 8.50	740.29	23,737,388
Borrowings in THB currency	2020 - 2024	2.06 - 3.41	15,700.00	15,700,000
<u>Less</u> Borrowings issuance cost				<u>(49,653)</u>
				47,688,393
<u>Less</u> Current portion of long-term borrowings				<u>(9,501,978)</u>
Total long-term borrowings				<u>38,186,415</u>

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at February 29, 2020**

	<b>Due within the year</b>	<b>Interest rate p.a. (%)</b>	<b>Foreign currency Million</b>	<b>Baht equivalent Baht '000</b>
Borrowings in JPY currency	2020 - 2023	2.96 - 5.26	29,742.05	8,729,499
Borrowings in USD currency	2020 - 2025	2.03 - 3.69	667.49	21,156,598
Borrowings in THB currency	2020 - 2024	2.41 - 3.41	15,400.00	15,400,000
<u>Less</u> Borrowings issuance cost				(26,486)
				45,259,611
<u>Less</u> Current portion of long-term borrowings				(11,445,597)
Total long-term borrowings				<u>33,814,014</u>

**SEPARATE FINANCIAL STATEMENTS**  
**“Unaudited”**

**As at May 31, 2020**

	<b>Due within the year</b>	<b>Interest rate p.a. (%)</b>	<b>Foreign currency Million</b>	<b>Baht equivalent Baht '000</b>
Borrowings in JPY currency	2020 - 2025	2.06 - 5.26	27,642.05	8,300,658
Borrowings in USD currency	2020 - 2025	1.85 - 3.38	697.29	22,325,706
Borrowings in THB currency	2020 - 2024	2.06 - 3.41	15,700.00	15,700,000
<u>Less</u> Borrowings issuance cost				(49,652)
				46,276,712
<u>Less</u> Current portion of long-term borrowings				(8,976,702)
Total long-term borrowings				<u>37,300,010</u>

**SEPARATE FINANCIAL STATEMENTS**  
**As at February 29, 2020**

	<b>Due within the year</b>	<b>Interest rate p.a. (%)</b>	<b>Foreign currency Million</b>	<b>Baht equivalent Baht '000</b>
Borrowings in JPY currency	2019 - 2023	2.96 - 5.26	29,742.05	8,729,499
Borrowings in USD currency	2019 - 2025	2.26 - 3.38	628.49	19,973,678
Borrowings in THB currency	2019 - 2024	2.44 - 3.41	15,400.00	15,400,000
<u>Less</u> Borrowings issuance cost				(26,486)
				44,076,691
<u>Less</u> Current portion of long-term borrowings				(10,960,296)
Total long-term borrowings				<u>33,116,395</u>

In the consolidated and separate financial statements as at May 31, 2020, 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 750.04 million with interest rate at 4.84% per annum which are unsecured and will be due in the year 2021 (see Note 22.2.1) (As at February 29, 2020 : JPY 2,500 million or equivalent to Baht 732.93 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:

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>				
<b>As at February 29, 2020</b>				
	<b>Notional amount Baht '000</b>	<b>Carrying amount</b>		<b>Total Baht '000</b>
		<b>Within 1 year Baht '000</b>	<b>Over 1 - 5 years Baht '000</b>	
<b>Receivables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	5,197,000	151,056	64,814	215,870
USD currency	4,876,045	-	145,258	145,258
	<u>10,073,045</u>	<u>151,056</u>	<u>210,072</u>	<u>361,128</u>
<b>Payables per currency swap contracts</b>				
Cross Currency Swap Contracts				
JPY currency	3,535,000	(64,479)	(153,892)	(218,371)
USD currency	15,628,150	(135,408)	(540,367)	(675,775)
	<u>19,163,150</u>	<u>(199,887)</u>	<u>(694,259)</u>	<u>(894,146)</u>

#### **14. LONG-TERM BORROWINGS UNDER SECURITIZATION PROJECT**

As at May 31, 2020 and February 29, 2020, 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 1,593.87 million and Baht 1,662.55 million, respectively.

## 15. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at May 31, 2020 and February 29, 2020, as follows:

Issue date	Maturity date	No of units	Currency	Par value per unit	Amount	Interest rate p.a. (%)	Term of interest payment	"Unaudited"	
								As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000
<b>Company</b>									
25/03/2016	25/03/2020	70	USD	1,000,000	70,000,000	USD-LIBOR 6M + 0.65	Semi-annual	-	2,224,628
28/03/2016	27/03/2020	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.50	Semi-annual	-	476,706
22/08/2016	20/08/2021	15	USD	1,000,000	15,000,000	USD-LIBOR 6M + 0.85	Semi-annual	480,267	476,706
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	960,534	953,412
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
15/11/2019	15/11/2022	2,800,000	THB	1,000	2,800,000,000	2.27	Semi-annual	2,800,000	2,800,000
15/11/2019	15/11/2024	1,000,000	THB	1,000	1,000,000,000	2.57	Semi-annual	1,000,000	1,000,000
								12,640,801	15,331,452
<u>Less</u> Debentures issuance cost								(13,596)	(16,568)
								12,627,205	15,314,884
<u>Less</u> Current portion of long-term debentures								(4,598,722)	(7,298,784)
<b>Total long-term debentures in separate financial statements</b>								<b>8,028,483</b>	<b>8,016,100</b>
<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>								<b>9,501,565</b>	<b>9,489,182</b>

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	As at February 29, 2020			
Payables per currency swap contracts	Notional Amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
Cross Currency Swap Contracts				
USD currency	4,630,900	(326,366)	(173,082)	(499,448)
	<u>4,630,900</u>	<u>(326,366)</u>	<u>(173,082)</u>	<u>(499,448)</u>

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values and notional amounts of derivative instruments are set out as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS "Unaudited" As at May 31, 2020			
	Fair value		Notional amount
	Assets Baht '000	Liabilities Baht '000	Baht '000
Derivatives designated as cash flow hedges			
Cross currency swaps	149,033	(1,999,408)	32,067,165
Interest rate swaps	-	(456,027)	9,000,000
<b>Total derivative assets / liabilities</b>	<u>149,033</u>	<u>(2,455,435)</u>	<u>41,067,165</u>

## 17. 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 periods ended May 31, 2020 and 2019, amounts recognized in the statements of profit or loss in respect of the post-employment benefit plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2020 Baht '000	2019 Baht '000	2020 Baht '000	2019 Baht '000
Current service cost	18,262	13,636	16,174	12,253
Interest cost	1,663	1,988	1,490	1,825
Loss on settlement	6	-	6	-
<b>Total</b>	<u>19,931</u>	<u>15,624</u>	<u>17,670</u>	<u>14,078</u>

Movements in the present value of the provisions for post-employment benefit for the three-month periods ended May 31, 2020 and 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2020 Baht '000	2019 Baht '000	2020 Baht '000	2019 Baht '000
Beginning balance	393,419	271,321	352,594	242,534
Current service cost	18,262	13,636	16,174	12,253
Interest cost	1,663	1,988	1,490	1,825
Loss on settlement	6	-	6	-
Benefits paid	(480)	-	(480)	-
Ending balance	<u>412,870</u>	<u>286,945</u>	<u>369,784</u>	<u>256,612</u>

The significant actuarial assumptions used to calculate the provisions under the defined benefit plans as at May 31, 2020 and February 29, 2020, are as follows:

<b>CONSOLIDATED FINANCIAL STATEMENTS</b>		
<b>“Unaudited”</b>		
	<b>As at May 31, 2020</b>	<b>As at February 29, 2020</b>
	<b>% per annum</b>	<b>% per annum</b>
Financial assumptions		
Discount rate	1.47 - 1.80	1.47 - 1.80
Expected rate of salary increase	5.0	5.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 30.0	0.0 - 30.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 52.0	0.0 - 52.0
	Subject to range of age of employees	Subject to range of age of employees
Temporary staff	0.0 - 42.0	0.0 - 42.0
	Subject to range of age of employees	Subject to range of age of employees
<b>SEPARATE FINANCIAL STATEMENTS</b>		
<b>“Unaudited”</b>		
	<b>As at May 31, 2020</b>	<b>As at February 29, 2020</b>
	<b>% per annum</b>	<b>% per annum</b>
Financial assumptions		
Discount rate	1.69	1.69
Expected rate of salary increase	5.0	5.0
Demographic assumptions		
Turnover rate		
Monthly staff	0.0 - 18.0	0.0 - 18.0
	Subject to range of age of employees	Subject to range of age of employees
Daily staff	0.0 - 52.0	0.0 - 52.0
	Subject to range of age of employees	Subject to range of age of employees

## 18. SHAREHOLDERS' EQUITY

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.

## 19. REVENUES RELATING TO SECURITIZATION TRANSACTION

For the three-month periods ended May 31, 2020 and 2019, 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	
	2020	2019
	Baht '000	Baht '000
Loan income (see Note 22.2.2)		
Interest income from subordinated lendings	2,543	2,543
Revenue from seller loan in Special Purpose Vehicle	6,541	5,465
Dividend from investment in Special Purpose Vehicle	6,955	10,566
Servicing income	22,498	22,865
Total	<u>38,537</u>	<u>41,439</u>

## 20. 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 periods ended May 31, 2020 and 2019, directors and managements' remuneration are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefit				
Directors' remuneration	12,319	9,314	7,250	5,750
Managements' remuneration	31,088	30,077	17,736	17,503
Post-employment benefit	1,188	1,382	895	930
Total	<u>44,595</u>	<u>40,773</u>	<u>25,881</u>	<u>24,183</u>

For the three-month periods ended May 31, 2020 and 2019, 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 24, 2020 and June 21, 2019, respectively.

## 21. 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 periods ended May 31, 2020 and 2019. The foreign subsidiaries used 20% - 25% for corporate income tax and deferred tax calculations for the three-month periods ended May 31, 2020 and 2019.

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

For the three-month periods ended May 31, 2020 and 2019, income tax expense consists of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	249,659	297,975	191,040	261,641
Deferred income tax revenue	(97,393)	(43,272)	(89,898)	(43,369)
Income tax expense per statements of profit or loss	<u>152,266</u>	<u>254,703</u>	<u>101,142</u>	<u>218,272</u>

Reconciliations of effective tax rates for the three-month periods ended May 31, 2020 and 2019, are as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Accounting profit before income tax	607,178	1,271,514
Permanent differences	133,295	(18,601)
Temporary differences	451,344	217,699
Taxable profit	<u>1,191,817</u>	<u>1,470,612</u>
Normal income tax rate (%)	20.00 - 25.00	20.00 - 25.00
Income tax for the period currently payable	249,659	297,975
Deferred tax from temporary differences	<u>(97,393)</u>	<u>(43,272)</u>
Income tax expense per statements of profit or loss	<u>152,266</u>	<u>254,703</u>
Effective tax rate (%)	25.08	20.03

	<b>SEPARATE FINANCIAL STATEMENTS</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Accounting profit before income tax	644,059	1,206,600
Permanent differences	(16,594)	(18,492)
Temporary differences	449,488	216,845
Income that is exempt from taxable	<u>(121,755)</u>	<u>(96,748)</u>
Taxable profit	<u>955,198</u>	<u>1,308,205</u>
Normal income tax rate (%)	20.00	20.00
Income tax for the period currently payable	191,040	261,641
Deferred tax from temporary differences	<u>(89,898)</u>	<u>(43,369)</u>
Income tax expense per statements of profit or loss	<u>101,142</u>	<u>218,272</u>
Effective tax rate (%)	15.70	18.09

## 22. 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:

22.1 Investments in an associate and subsidiaries (see Note 7.2) as at May 31, 2020 and February 29, 2020, are as follows:

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS					
		“Unaudited”			“Unaudited”		
		As at May 31, 2020			As at February 29, 2020		
		Ownership	Paid-up capital	Cost	Ownership	Paid-up capital	Cost
%	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				16,819.3	16,819.3		
<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	455,403.3	455,403.3
AEON Leasing Service (Lao) Company Limited	Subsidiary	92.58	111,402.9	103,069.1	92.58	111,402.9	103,069.1
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	48.75	40.0	19.5	48.75	40.0	19.5
Total investments in subsidiaries				1,206,645.3	1,206,645.3		
<b>Total investments in an associate and subsidiaries</b>				<b>1,223,464.6</b>	<b>1,223,464.6</b>		

22.2 Business transactions with related parties

22.2.1 Balances with related parties as at May 31, 2020 and February 29, 2020, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		May 31, 2020	February 29, 2020	May 31, 2020	February 29, 2020
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Other receivables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	31,946	31,673
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	1,217	1,089
AEON Financial Service Co., Ltd.	Major shareholder	1,321	1,065	183	215
AEON Credit Service Company Limited	Common ultimate holding company	100	60	-	-
ACS Capital Corporation Limited	Shareholder and one common director	7,099	1,024	322	1
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	484	464
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	48,877	48,381
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	5,493	1,800
AEON Bank Ltd.	Common ultimate holding company	173	82	-	-
AEON Credit Service Systems (Philippines) Inc.	Holding shares	11	-	-	-
		<u>8,704</u>	<u>2,231</u>	<u>88,522</u>	<u>83,623</u>
<b>Long-term loan (see Note 6)</b>					
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	126,689	125,858
<b>Seller loan in Special Purpose Vehicle for securitization (see Note 9)</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	211,791	235,074

Related parties	Relationship	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000	As at May 31, 2020 Baht '000	As at February 29, 2020 Baht '000
<b>Subordinated lendings</b> (see Note 10.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	84,074	84,074
<b>Long-term borrowings</b> (see Note 13)					
AEON Bank Ltd.	Common ultimate holding company	750,038	732,928	750,038	732,928
<b>Trade payables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	35	80
<b>Other payables</b>					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	15,106	9,085
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	132,995	145,924
AEON (Thailand) Company Limited	Shareholder and				
	two common directors	1,179	11,346	1,179	11,346
AEON Financial Service Co., Ltd.	Major shareholder	32,974	45,438	24,306	40,355
AEON Credit Service Company Limited	Common ultimate holding company	11,093	12,346	6,927	8,996
AEON Credit Service Systems (Philippines) Inc.	Holding shares	669	1,619	-	-
AEON Bank Ltd.	Common ultimate holding company	3,673	1,847	3,582	1,847
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	62,943	59,878
AEON Insurance Service Company Limited (JP)	Common ultimate holding company	-	1,371	-	-
AEON Credit Service (Malaysia) BHD.	Common ultimate holding company	401	-	-	-
		<u>49,989</u>	<u>73,967</u>	<u>247,038</u>	<u>277,431</u>
<b>Long-term borrowings under securitization project</b> (see Note 14)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,593,874	1,662,552
<b>Deposit received</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,163	4,163
<b>Deferred revenue</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	82,647	82,872

22.2.2 Transactions with related parties for the three-month periods ended May 31, 2020 and 2019, are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020 Baht '000	2019 Baht '000	2020 Baht '000	2019 Baht '000
<b>Sales promotion income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	437	563
<b>Credit card income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	78,986	92,952
<b>Revenue relating to securitization transaction</b> (including in loan income) (see Note 19)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	38,537	41,439
<b>Dividend income</b>					
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	100,000	62,500
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	14,800	23,680
		<u>-</u>	<u>-</u>	<u>114,800</u>	<u>86,180</u>
<b>Collection service income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	282	-	-	-
<b>Other income</b>					
ACS Capital Corporation Limited	Shareholder and one common director	5,122	838	1,189	600
AEON Insurance Services (Thailand) Company Limited	Subsidiary	-	-	15,263	12,559
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	3,246	965
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	2,817	-
		<u>5,122</u>	<u>838</u>	<u>22,515</u>	<u>14,124</u>
<b>Operating and administrative expenses</b>					
<b>Collection service fee</b>					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	113,822	118,158
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,639	2,518
		<u>-</u>	<u>-</u>	<u>115,461</u>	<u>120,676</u>
<b>Finance costs</b>					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	105,725	109,760
AEON Bank Ltd.	Common ultimate holding company	1,724	2,779	1,724	2,779
AEON Financial Service Co., Ltd.	Major shareholder	710	538	-	-
		<u>2,434</u>	<u>3,317</u>	<u>107,449</u>	<u>112,539</u>
<b>Others</b>					
AEON Financial Service Co., Ltd.	Major shareholder	28,576	26,180	24,162	22,146
AEON Credit Service Company Limited	Common ultimate holding company	9,215	9,984	3,466	3,801
AEON (Thailand) Company Limited	Holding shares and two common directors	5,200	5,626	5,200	5,626
AEON Credit Service Systems (Philippines) Inc.	Holding shares	1,452	3,475	679	1,052

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
		Baht '000	Baht '000	Baht '000	Baht '000
<b>Others (Cont'd)</b>					
AEON Bank Ltd.	Common ultimate holding company	2,731	573	787	573
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	4,411	3,518
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	-	683	-	-
		<u>47,174</u>	<u>46,521</u>	<u>38,705</u>	<u>36,716</u>

- Other income for the three-month periods ended May 31, 2020 and 2019 include the computer fee charged to ACS Capital Corporation Limited at the rate of Baht 130,000 per month from September 2019 onwards, and charged to AEON Insurance Service (Thailand) Company Limited and ACS Servicing (Thailand) Company Limited at the rate of Baht 550,000 per month and Baht 770,000 per month, respectively, and from March 2020 onwards, Finance and Accounting operation services fee charged to ACS Capital Corporation Limited, AEON Insurance Service (Thailand) Company Limited and ACS Servicing (Thailand) Company Limited at the rate of Baht 97,000 per month, Baht 580,000 and Baht 760,000 respectively. The service fees are determined on a cost plus basis.
- 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) Company Limited 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.

## 23. 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:

23.1 Operating results classified by business for the three-month periods ended May 31, 2020 and 2019, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	2020				
	Retail finance services		Other businesses	Elimination	Total
	Domestic Baht '000	Foreign Baht '000	Domestic Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	4,908,365	446,005	301,327	-	5,655,697
Inter - segment revenues	215,549	830	128,300	(344,679)	-
	<u>5,123,914</u>	<u>446,835</u>	<u>429,627</u>	<u>(344,679)</u>	<u>5,655,697</u>
Expenses					
Operating and administrative expenses	1,763,117	191,685	309,978	(226,232)	2,038,548
Directors and managements' remuneration	25,881	9,947	8,767	-	44,595
Loss (gain) on sale and write-off of leasehold improvement and equipment and intangible assets other than goodwill	3,202	56	(366)	-	2,892
Total expenses	<u>1,792,200</u>	<u>201,688</u>	<u>318,379</u>	<u>(226,232)</u>	<u>2,086,035</u>
Finance costs	477,941	81,567	1,467	(2,817)	558,158
Expected credit loss (reversal)	2,199,281	192,853	(328)	-	2,391,806
Share of loss an associate	-	-	-	12,521	12,521
Profit (loss) before income tax	<u>654,492</u>	<u>(29,273)</u>	<u>110,109</u>	<u>(128,151)</u>	<u>607,177</u>
Income tax expense	104,620	26,912	20,734	-	152,266
Profit (loss) for the period	<u><u>549,872</u></u>	<u><u>(56,185)</u></u>	<u><u>89,375</u></u>	<u><u>(128,151)</u></u>	<u><u>454,911</u></u>

CONSOLIDATED FINANCIAL STATEMENTS					
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	4,903,983	305,537	284,299	-	5,493,819
Inter - segment revenues	193,218	-	110,107	(303,325)	-
	<u>5,097,201</u>	<u>305,537</u>	<u>394,406</u>	<u>(303,325)</u>	<u>5,493,819</u>
Expenses					
Operating and administrative expenses	1,988,116	149,564	304,452	(201,398)	2,240,734
Directors and managements' remuneration	24,184	9,886	6,703	-	40,773
Loss on impairment of investment	627	-	-	-	627
Loss on sale and write-off of leasehold improvement and equipment and intangible assets other than goodwill	750	57	-	-	807
Total expenses	<u>2,013,677</u>	<u>159,507</u>	<u>311,155</u>	<u>(201,398)</u>	<u>2,282,941</u>
Finance costs	492,237	51,552	7	-	543,796
Bad debts and doubtful accounts (reversal)	1,368,839	25,803	(6)	-	1,394,636
Share of loss from an associate	-	-	-	932	932
Profit before income tax	1,222,448	68,675	83,250	(102,859)	1,271,514
Income tax expense	223,556	14,418	16,729	-	254,703
Profit for the period	<u>998,892</u>	<u>54,257</u>	<u>66,521</u>	<u>(102,859)</u>	<u>1,016,811</u>

23.2 Financial positions classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
"Unaudited"					
As at May 31, 2020					
	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	70,921,076	6,757,810	484,500	(318,269)	77,845,117
Leasehold improvement and equipment and intangible assets other than goodwill	1,220,508	218,662	121,008	(6,942)	1,553,236
Other assets	8,682,010	1,041,018	842,992	(1,331,589)	9,234,431
Total assets	<u>80,823,594</u>	<u>8,017,490</u>	<u>1,448,500</u>	<u>(1,656,800)</u>	<u>88,632,784</u>
Total liabilities	<u>66,995,082</u>	<u>6,656,927</u>	<u>431,759</u>	<u>(304,712)</u>	<u>73,779,056</u>

CONSOLIDATED FINANCIAL STATEMENTS					
As at February 29, 2020					
	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Trade and other receivables	81,232,942	5,797,829	421,700	(240,623)	87,211,848
Leasehold improvement and equipment and intangible assets other than goodwill	1,236,422	203,540	98,956	(6,942)	1,531,976
Other assets	6,561,997	625,348	807,177	(1,342,735)	6,651,787
Total assets	<u>89,031,361</u>	<u>6,626,717</u>	<u>1,327,833</u>	<u>(1,590,300)</u>	<u>95,395,611</u>
Total liabilities	<u>68,915,446</u>	<u>5,386,901</u>	<u>283,164</u>	<u>(315,047)</u>	<u>74,270,464</u>

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

- 24.1 As at May 31, 2020 and February 29, 2020, the Company has unused committed and unsecured revolving credit facility agreements with various financial institutions totaling Baht 3,000 million.
- 24.2 As at May 31, 2020 and February 29, 2020, the Company has unused and unsecured overdraft facilities with various banks totaling Baht 3,090 million.
- 24.3 As at May 31, 2020 and February 29, 2020, 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.
- 24.4 As at May 31, 2020 and February 29, 2020, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 5.78 million and Baht 5.38 million, respectively.

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

- 25.1 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 0.53 million as bad debt recovery in the consolidated and separate statements of profit or loss for the three-month period ended May 31, 2020, and recorded outstanding deferred revenue of Baht 24.22 million as other current liabilities in the separate statements of financial position as at May 31, 2020.

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.

25.2 On October 28, 2019, the Company sold written-off receivables under loan agreements and credit card agreements by a bidding process to ACS Servicing (Thailand) Company Limited (the “buyer”), a subsidiary, with the purchase price of Baht 59.11 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 October 28, 2019, 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 0.44 million as bad debt recovery in the consolidated and separate statements of profit or loss for the three-month period ended May 31, 2020 and recorded outstanding deferred revenue of Baht 57.30 million as other current liabilities in the separate statements of financial position as at May 31, 2020.

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

## **26. EVENT AFTER THE REPORTING PERIOD**

On June 24, 2020, the Annual General Meeting of Shareholders had the resolutions to approve the declaration of final dividends for the fiscal year 2019 at the rate of Baht 2.55 per share, totaling Baht 637.50 million, which will be paid to all shareholders on July 20, 2020 in addition to the interim dividends which had been paid to the shareholders at Baht 2.45 per share, totaling Baht 612.50 million on November 4, 2019.

## **27. 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 July 7, 2020.

(Translation)

No. 09/2020

July 7, 2020

President

The Stock Exchange of Thailand

Re: Notification of the Resolution of the Board of Directors' Meeting No. 7/2020

We, AEON Thana Sinsap (Thailand) Public Company Limited ("Company"), hereby report the resolutions passed at the meeting of the Board of Directors No.7/2020 held on July 7, 2020 from 2:00 p.m. as follows:

1. Unanimously approved the reviewed financial statements of the Company for the first quarter ended May 31, 2020
2. Approved the connected transactions with the related companies (Details as attachment)

Please be informed accordingly

Yours sincerely,

Suporn Wattanavekin

Executive Director

## Connected transactions

The Board of Director's meeting of AEON Thana Sinsap (Thailand) Plc. No. 7/2020 held on July 7, 2020 had a resolution of the connected transaction as follows:

### Date of agreement:

Company	Date of agreement
ACS Capital Corporation Limited ("ACS Capital")	Agreement period is 6 months effective from April 1, 2020 to September 30, 2020.

### Contractual parties with AEON Thana Sinsap (Thailand) Plc. ("AEONTS"):

Company	Business	Relationship with AEONTS
ACS Capital Corporation Limited ("ACS Capital")	Leasing Business	- Shareholders of AEONTS, holding 19.20% of AEONTS's shares - Subsidiary company of AFS*

*\*AEON Financial Service Co., Ltd. ("AFS") - Major shareholder of AEONTS, holding 35.12% of AEONTS's shares*

*- Major shareholder of ACS Capital*

### AEONTS's subsidiaries companies:

Company	Business	Relationship with AEONTS
ACS Servicing (Thailand) Company Limited (hereinafter "ACSS")	Collection Service	- 100% of ACSS's shares held by AEONTS

### General characteristics of transactions:

1. AEONTS provides the support on the business operation to ACS Capital and receives support agreement fee for the amount of totally not more than 338,250 baht.
2. ACSS provides the support on debt collection and litigation operations to ACS Capital and receives support fee for 6 months at the amount not more than 6,100,000 baht.

Value of consideration:

Unit: Baht

Related company name	Amount
AEONTS (6 months)	338,250
ACSS (6 months)	6,100,000
Total	6,438,250

The total transaction from the period April 2020 to September 2020 is the amount of 6,438,250 Baht.

Name, position and shareholding proportion of the connected persons

Related company name	Paid Up Capital No. of shares	Name of connected persons	Share (s) in related company	% of share in AEONTS
ACS Capital	30,437,500 Baht/ 3,043,750 shares	Mr. Kazumasa Oshima <sup>1</sup>	-	-
ACSS	148,000,000 Baht/ 14,800,000 shares	Mr. Masanori Kosaka <sup>2</sup> Ms. Suriporn Thammawatid <sup>3</sup>	- -	0.04% -

Note: <sup>1</sup>Mr.Kazumasa Oshima is the Non-Executive Director of ACS Capital and Executive Director of AEONTS.

<sup>2</sup>Mr.Masanori Kosaka is the Managing Director of ACSS and Non-Executive Director of AEONTS

<sup>3</sup>Ms.Suriporn Thammawatid is the Non-Executive Director of ACSS and Executive Director of AEONTS.

The measurement of total transactions

By measurement in percentage of the Company Net Tangible Assets (NTA), total transaction is 6.44 million baht or 0.05% of the company NTA. The Company approved the connected transaction within the last six months as follows:

- Board of Director's meeting No. 02/2020 held on February 5, 2020, AEONTS and its subsidiaries engage outsourcing service agreement in the system development, maintenance and license of the system with AFS and AFS arranges its subsidiary "AEON Systems" to support this agreement with cost of totally 90.41 million baht and approved to waived the right to subscribe the increasing shares of AEON (Thailand) Co., Ltd totally amount of 12.55 million baht. Total transaction is 102.96 million baht or 0.54% of the Company NTA.
- Board of Director's meeting No. 3/2020 held on March 10, 2020, approved providing Finance and Accounting operation services to ACS Capital Corporation Limited in the amount of 0.97 million baht or 0.01% of the Company NTA.

- Board of Director's meeting No. 5/2020 held on May 21, 2020 approved that AFS provides the business administration and support to the oversea subsidiaries. AEONTS and its subsidiaries enter into "Business Administration Agreement" and pay management fee to AFS total transaction is 115.23 million baht or 0.57% which more than 0.03% but less than 3.00% of NTA of the Company.

Therefore, the total connected transaction approved by the Board of Directors' meeting in the last six months period including this time was 225.6 million baht or 1.17% which more than 0.03% of the Company NTA but less than 3% of NTA of the Company. So this transaction is the connected transaction pursuant to the Notifications which shall be approved by Audit Committee and Board of Director as well as disclose to the Stock Exchange of Thailand.

*Remarks: NTA was as of May 31, 2020*

**Opinion of the Audit Committee:**

The Audit Committee has resolved that outsourced service fee is reasonable and proposed to the Board of Directors for further approval.

**Opinion of the Board of Director:**

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

## Management Discussion and Analysis

### For the 1<sup>st</sup> Quarter 2020 ended May 31, 2020

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 1<sup>st</sup> quarter financial statements as of May 31, 2020 which were reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The Company has net profit attributed to owners of the parent of 530 million baht or 2.12 baht per share, decreasing by 46% y-y. The financial performance can be summarized as follows.

#### Overview

The Thai economy in the first quarter of 2020 contracted by 1.8%, compared to a growth of 1.5% in the previous quarter, according to data from Bank of Thailand and NESDB. This was mainly from contraction of export sector due to sluggish demand in the global market, oil prices as well as the decline in public and private consumption. The tourism industry, especially in the hotel, transportation and restaurant businesses, was hard hit by the impact of COVID-19 outbreak, resulting in an increase in the unemployment rate.

The impact of COVID-19 was felt globally, and the state of emergency was declared in Thailand, resulting in disrupted economic activities whereby certain places were closed temporarily and travel restrictions imposed. Consequently, the Company’s marketing activities were suspended and over 70 branches were closed down temporarily, from April to mid-May. In order to alleviate such impact on our customers, the Company offered credit assistance measures to those customers affected by COVID-19, in line with the Bank of Thailand’s measures to ease debtors’ burden by reducing minimum payment for credit card and personal loan as well as providing a grace period and relief program in the first quarter of 2020. Moreover, the Company adopted a more cautious in granting new credits.

As of May 31, 2020, the Company’s total cards reached 9.01 million cards, increasing by 4% y-y (including 2.86 million credit cards and 6.15 million member cards). Covering networks nationwide, the Company has 104 branches decreased 1 branch from previous quarter, 410 ATMs, and over 6,660 member dealers to provide quality financial services to AEON cardholders.

#### Adoption of new financial reporting standards

In the first quarter of 2020 ended May 31, 2020, the Company and its subsidiaries started to adopt the new Financial Reporting Standards (TFRS 9), which effects the classification and measurement of financial assets and financial liabilities, impairment of financial assets and general hedge accounting as well as leases standard (TFRS 16). However, the Company has not restated the comparative information (See more details

in Item 2.7 of the Notes of Financial Statements). The financial reporting in the first quarter of 2020 has the material changes from the previous reporting as follows:

- As at May 31, 2020, the loss allowance for a financial instrument was calculated based on the concept of expected credit losses (ECL), the principles of hedge accounting and forward looking macroeconomic factors totally at the amount of 11,775 million baht. The Group has elected to recognize the cumulative effect of initially adopting of TFRS 9 and TFRS 16 as an adjustment to the beginning balance of retained earnings of the reporting period as at March 1, 2020, the additional credit loss allowance has been recognized against retained earnings and net of their related deferred tax, resulting in a net decrease in retained earnings of 6,788 million baht.

## Summary of Consolidated Financial Results

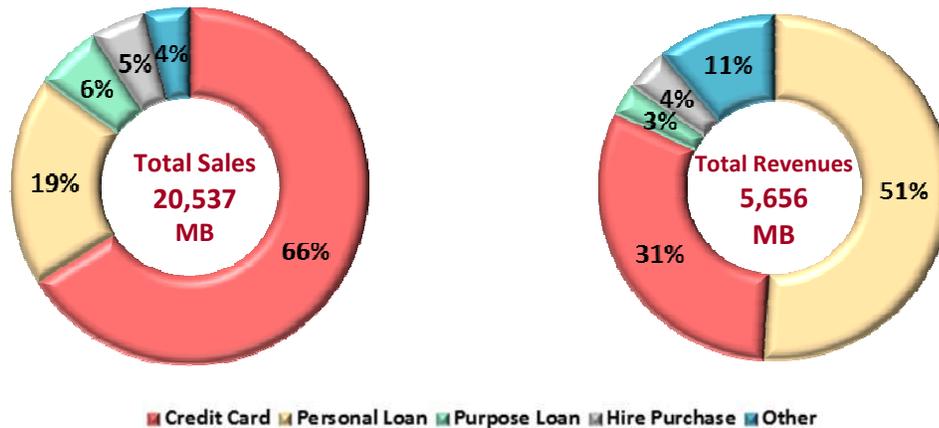
### 1. Operating Results

Profit and Loss Statement (Consolidated) Unit : Million Baht	1Q/19	1Q/20 (TFRS9)	%YoY
Credit card income	1,867	1,738	-7%
Loan income	2,920	3,076	5%
Hire-purchase income	148	249	69%
Other income	559	593	6%
<b>Total Revenues</b>	<b>5,494</b>	<b>5,656</b>	<b>3%</b>
Operating and administrative expenses and others	2,283	2,086	-9%
Bad debts and doubtful accounts	1,395	2,392	72%
Finance costs	544	558	3%
<b>Total Expenses</b>	<b>4,221</b>	<b>5,036</b>	<b>19%</b>
Profit before tax income	1,272	607	-52%
Income tax expenses	255	152	-40%
<b>Net profit for the period</b>	<b>987</b>	<b>530</b>	<b>-46%</b>
<b>Earning Per Share (Baht per share)</b>	<b>3.95</b>	<b>2.12</b>	<b>-46%</b>

### Revenues

In the first quarter of 2020, the total consolidated revenues were 5,656 million baht, showing an increase of 162 million baht or 3% y-y. This was mainly contributed from an increase in hire purchase income by 69%, personal loan income increased by 5% y-y and other incomes in bad debt recovery increased by 7% y-y as well as revenue growth from overseas subsidiaries by 46% y-y. As of May 31, 2020, the Company has active customers more than 2 million IDs, mainly from Bangkok 31%, and in up-country 69%. For overseas business in Cambodia, Myanmar and Laos, they have active customers more than 356,000 customers, increased by 16% from last year, and representing 13% of active customers of the Company. Details of each business can be described as follows:

Sales and Revenues Structure for the first quarter of 2020



- Credit Card

Credit cards turnover shared 66% of total turnovers. In the first quarter of 2020, the consolidated revenues from credit card were 1,738 million baht, a decrease of 129 million baht or 7% y-y, and represented 31% of total revenues. A drop in the revenue from credit card was attributable to the slump in credit card spending caused by of the COVID-19 pandemic. During this quarter the Company collaborated with new business alliances, namely Shopee and Grab Food, to increase business opportunities via online channels and also offer more discount and convenience to our customers. The AEON Shop More Get More Campaign which offering a cash back through accumulated spending via AEON credit cards up on the conditions. In addition, AEON Specialized Bank (Cambodia) Plc expanded credit card revenue of 25 million baht in the first quarter of 2020, grew by 66% y-y.

- Loans

In the first quarter of 2020, loans shared 25% of total turnovers (shared 19% from personal loan and 6% from purposed loan for mobile phone, IT products, electrical appliances and etc. at department stores and over 6,660 dealers nationwide) with the consolidated revenues of 3,076 million baht, showing an increase of 156 million baht or 5% y-y, and shared 54% of total revenues. This was contributed from loan income from AEON Microfinance (Myanmar) Company Limited of 123 million baht, which grew by 41% y-y and AEON Specialized Bank (Cambodia) PLC of 84 million baht, grew by 52% y-y. In addition, the Company has been expanding more service channels providing more convenience to customers and this also saved the Company's operation cost. For the Cardless transactions currently accounted for 25% of total personal loan sales.

- **Motorcycle and Used Car Hire Purchase**

In the first quarter of 2020, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, sharing 5% of total turnovers. The consolidated revenues from hire purchase were 249 million baht, showing an increase of 101 million baht or 69% y-y. In addition, the Company had hire purchase income from AEON Specialized Bank (Cambodia) PLC of 152 million baht, increasing by 60% y-y and AEON Leasing Service (Lao) Company Limited of 31 million baht, increasing by 8% y-y.

- **Other**

In the first quarter of 2020, other incomes were 593 million baht, showing an increase of 34 million baht or 6% y-y and represented 10% of total revenues. This was as a result of an increase in others income from bad debt recovery of 250 million baht, which grew by 7% from the same period last year. Moreover, the income for the first quarter of 2020 of company's subsidiaries in Thailand, the Company had commission income from AEON Insurance Service (Thailand) Co., Ltd. of 133 million baht, which was the same level as last year, and collection service income from ACS Servicing (Thailand) Co., Ltd. of 72 million baht, increasing by 7% y-y.

**Expenses**

The Company's expenses mainly consist of operating and administrative expenses, bad debt and doubtful accounts and finance cost. In the first quarter of 2020, the Company had total consolidated expenses of 5,036 million baht, an increase of 815 million baht or 19% y-y. Details of expenses are shown as follows:

- **Operating and Administrative Expenses**

In the first quarter of 2020, the operating and administrative from consolidated expenses were 2,086 million baht, a decrease of 197 million baht or 9% y-y. This was as a result of a decrease in premises and equipment expenses by 47% y-y, personal expenses by 17% y-y and marketing expense by 2% y-y. The Company's efficient control of operating expenses was down from 42% of total revenues to 37% in the first quarter of 2020. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of total revenues was down to 35% in the first quarter of 2020.

- **Expect Credit Loss**

In the first quarter of 2020, the Company posted the expect credit loss of 2,392 million baht, an increase of 997 million baht or 72% y-y. This was as a result of an increase in the provision of bad debt in accordance with the new Financial Reporting Standards (TFRS 9) coupled with additional provision for future impact of ongoing economic slowdown and the COVID-19 pandemic totally at the amount of 1,016 million baht.

## - Finance Cost

In the first quarter of 2020, the Company had finance cost of 558 million baht, a slightly increase of 14 million baht or 3% y-y. However, finance cost in the first quarter of 2020 accounted for 10% of total revenues. As a result, the weighted average funding cost in the first quarter of 2020 was 2.89%, decreased from 3.04% in the first quarter of 2019.

## Net Profit

In the first quarter of 2020, the Company had consolidated operating income of 607 million baht, a decrease of 664 million baht or 52% y-y and reported net profit attributed to owners of the parent of 530 million baht, a decrease of 456 million baht or 46% y-y, and earning per share (EPS) was 2.12 baht. The decrease was derived largely from the sudden stop in economic activities during in April and May 2020 to prevent the spread of COVID-19 such as the shopping malls were closed temporarily and travel restrictions imposed, resulting in lower credit card spending. The provision of bad debt also increased in accordance to TFRS 9. On the other hand, the Company continued success to control the operation cost and finance cost.

## 2. Financial Status

Statement of Financial Position	February 29, 2020	May 31, 2020	Change
Unit : Million Baht		(TFRS 9)	%YoY
Accounts Receivable	90,232	88,468	-2%
Total Assets	95,396	88,633	-7%
Total Borrowing	69,437	66,904	-4%
Total Liabilities	74,271	73,779	-1%
Total Equites	21,125	14,854	-30%
ROE	20.5%	12.0%	-41%
ROA	4.4%	2.3%	-48%
D/E Ratio	3.6	5.1	42%

## Total Assets

As of May 31, 2020, consolidated total assets were 88,633 million baht, a decrease of 6,763 million baht or 7% from 95,396 million baht as of February 29, 2020. The main assets were attributed to the portfolio of net account receivables which shared 87% of total assets.

- **Accounts Receivable**

The Company had gross accounts receivable of 88,468 million baht as of May 31, 2020, a decrease of 2% from the fiscal year 2019. The decrease was attributed mainly from the reducing of new customers and trading volume caused by the COVID-19 pandemic. This can be categorized by business type as follows: credit card receivable of 35,246 million baht decreasing by 4% y-y, loans receivable of 47,263 million baht decreasing by 2% y-y, hire purchase receivable of 5,760 million baht increasing by 11% y-y and others receivable of 199 million baht increasing by 8% y-y.

- **Allowance for expected credit loss**

As of May 31, 2020, the Company provided allowance for expected credit loss at the amount of 11,775 million baht or 13.3% of total accounts receivable, comparing to that of 3,962 million baht or 4.39% of total accounts receivable at the end of previous fiscal year. The majority of this increase was related to adopt financial reporting standards' provision model by calculating the expected credit loss (ECL Model) together with probable forward looking macroeconomic factors. The Company has also set additional management overlay for customers in the relief program of COVID-19 at the amount of 1,016 million baht. The non-performing loan ratio was 3.70%, which was the same level last year. The coverage ratio of allowance for expected credit loss to NPL (NPL Coverage ratio) increased from 119% at the end of last year to 359% in the first quarter of 2020.

**Liabilities**

The consolidated liabilities of the Company as of May 31, 2020 totaled 73,779 million baht, a decrease of 491 million baht or 1% from 74,270 million baht at the end of fiscal year 2019. There were both short-term and long-term borrowings totally 66,904 million baht, decreasing by 4% from the end of last year. The portion of long-term borrowings was 47,772 million baht or represented 71% of total borrowings. To manage risk that might occur from the fluctuation in currency and interest rate of long-term a debenture in foreign currencies, the Company has entered into cross currency interest rate swap contracts to hedge its debt. However, the Company has unused unsecured revolving credit facilities as of May 31, 2020 totaling 3,000 million baht and unused uncommitted facilities with foreign banks totaling 10.4 billion baht, which is enough to drive the Company's operation. The Company also has the debentures totaling 4,600 million baht that will mature in 2020, which the Company can issue the replacement debentures or use a working capital to repay those debentures.

### Shareholders' Equity

As of May 31, 2020, total shareholders' equity amounted to 14,854 million baht, decreasing by 6,271 million baht, or 30% from the end of fiscal year 2019, reflected the first time adoption of ECL model, hedge accounting and leases standard (TFRS 16) resulting in a net decrease in retained earnings of 6,788 million baht. Consequently, Book value as of May 31, 2020 was 58.2 baht per share, decreased from that of 82.9 baht per share as of February 29, 2020.

Debt to Equity ratio as of May 31, 2020 was at 5.1 times increased from 3.6 times at the end of fiscal year 2019. Return on Equity (ROE) and Return on Asset (ROA) equaled to 12.0% and 2.3%, respectively.