

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

TO THE BOARD OF DIRECTORS

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED

We have reviewed the consolidated statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited and its subsidiaries and the separate statement of financial position of AEON Thana Sinsap (Thailand) Public Company Limited as at August 31, 2020, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income for the three-month and six-month periods ended August 31, 2020, and the related consolidated and separate statements of changes in shareholders' equity and cash flows for the six-month period ended August 31, 2020, 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
October 2, 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 AUGUST 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 29,	August 31,	February 29,
		2020	2020	2020	2020
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4.1	4,776,599	4,993,557	2,538,318	3,462,432
Trade and other current receivables					
Trade receivables	5	71,304,309	81,307,074	68,826,315	78,306,046
Other receivables		716,819	942,044	566,785	833,052
Seller loan in Special Purpose Vehicle for securitization	9	-	-	217,653	235,074
Receivables per currency swap contracts	13	-	151,056	-	151,056
Other current assets		125,437	75,641	44,466	39,028
Total Current Assets		<u>76,923,164</u>	<u>87,469,372</u>	<u>72,193,537</u>	<u>83,026,688</u>
NON-CURRENT ASSETS					
Trade receivables	5	4,740,008	4,962,730	1,679,071	2,085,728
Fixed deposits at banks under obligations		40,073	39,283	-	-
Long-term loan to a subsidiary	6	-	-	123,697	125,858
Investment in an associate	7.1 and 7.2	7,326	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	5,062	-	5,062	-
Other long-term investments					
Related companies	8.2	-	19,072	-	19,072
Subordinated lendings	10.1	-	-	84,074	84,074
Leasehold improvement and equipment		831,902	885,495	667,497	725,045
Right-of-use assets		712,652	-	580,422	-
Intangible assets other than goodwill		701,426	646,481	526,481	511,377
Derivative assets	16	33,804	-	33,804	-
Receivables per currency swap contracts	13	-	210,072	-	210,072
Deferred tax assets	11	3,076,880	926,002	3,022,303	896,851
Other non-current assets		192,462	211,673	173,592	181,773
Total Non-Current Assets		<u>10,341,595</u>	<u>7,926,239</u>	<u>8,119,467</u>	<u>6,063,314</u>
TOTAL ASSETS		<u><u>87,264,759</u></u>	<u><u>95,395,611</u></u>	<u><u>80,313,004</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 AUGUST 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 29,	August 31,	February 29,
		2020	2020	2020	2020
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term borrowings					
from financial institutions	12	6,210,160	7,211,233	2,890,000	3,400,056
Trade and other current payables					
Trade payables		381,777	522,088	224,195	371,514
Other payables		1,420,940	1,690,368	1,252,765	1,568,907
Current portion of long-term liabilities					
Long-term borrowings	13	8,874,723	11,445,597	8,719,394	10,960,296
Long-term debentures	15	4,866,892	7,298,784	4,866,892	7,298,784
Derivative liabilities	16	1,065,444	-	1,065,444	-
Lease liabilities		454,258	-	391,859	-
Current income tax payable		650,088	655,977	578,989	587,564
Payables per currency swap contracts	13 and 15	-	526,253	-	526,253
Other current liabilities		337,126	256,469	331,269	301,981
Total Current Liabilities		24,261,408	29,606,769	20,320,807	25,015,355
NON-CURRENT LIABILITIES					
Long-term borrowings	13	36,273,029	33,814,014	34,191,620	33,116,395
Long-term borrowings under securitization project	14	-	-	1,563,368	1,662,552
Long-term debentures	15	9,001,252	9,489,182	7,528,170	8,016,100
Derivative liabilities	16	1,591,633	-	1,591,633	-
Lease liabilities		268,778	-	197,629	-
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	413,147	393,419	369,857	352,594
Other non-current liabilities		27,892	15,665	208	291
Total Non-Current Liabilities		47,659,805	44,663,695	45,442,485	44,015,273
TOTAL LIABILITIES		71,921,213	74,270,464	65,763,292	69,030,628

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT AUGUST 31, 2020

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		“Unaudited”		“Unaudited”	
		As at	As at	As at	As at
		August 31,	February 29,	August 31,	February 29,
		2020	2020	2020	2020
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
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		10,762,873	15,302,773	10,075,338	14,456,374
OTHER COMPONENTS OF SHAREHOLDERS' EQUITY					
Exchange differences on translating					
financial statements of foreign operations		(131,567)	(177,795)	-	-
Cumulative loss on cash flow hedges		(1,128,626)	-	(1,128,626)	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		15,105,680	20,727,978	14,549,712	20,059,374
NON-CONTROLLING INTERESTS		237,866	397,169	-	-
TOTAL SHAREHOLDERS' EQUITY		15,343,546	21,125,147	14,549,712	20,059,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		87,264,759	95,395,611	80,313,004	89,090,002

See condensed notes to the financial statements

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

STATEMENT OF PROFIT OR LOSS

FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the three-month		For the three-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2020	2019	2020	2019
REVENUES					
Credit card income		1,621,422	1,886,930	1,682,323	1,960,078
Loan income	19	2,904,705	3,019,850	2,784,128	2,902,897
Hire-purchase income		239,731	173,171	67,273	31,765
Other income					
Bad debt recovery		325,483	258,519	325,483	258,519
Collection service income		48,184	65,462	203	283
Commission income		130,381	133,817	-	-
Gain on sale of investment		-	88	-	88
Others		114,581	125,705	30,867	28,725
Total other income		618,629	583,591	356,553	287,615
Total Revenues		5,384,487	5,663,542	4,890,277	5,182,355
EXPENSES					
Operating and administrative expenses		1,983,421	2,247,432	1,716,452	1,992,307
Directors and managements' remuneration	20	19,901	44,151	4,791	24,954
Loss on revaluation of investment		14,009	-	14,009	-
Loss on sale and write-off of leasehold improvement and equipment		1,885	1,197	1,735	972
Total Expenses		2,019,216	2,292,780	1,736,987	2,018,233
Finance costs		554,296	556,542	554,991	596,080
Expected credit loss		1,589,822	-	1,269,706	-
Bad debts and doubtful accounts		-	1,593,300	-	1,523,705
Share of loss from an associate		5,584	1,621	-	-
PROFIT BEFORE INCOME TAX		1,215,569	1,219,299	1,328,593	1,044,337
INCOME TAX EXPENSE	21	286,293	241,418	261,236	202,048
PROFIT FOR THE PERIOD		929,276	977,881	1,067,357	842,289
PROFIT (LOSS) ATTRIBUTABLE TO :					
Owners of the parent		966,485	942,270	1,067,357	842,289
Non-controlling interests		(37,209)	35,611	-	-
		929,276	977,881	1,067,357	842,289
BASIC EARNINGS PER SHARE	BAHT	3.87	3.77	4.27	3.37
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month		For the three-month	
	periods ended		periods ended	
	August 31,	August 31,	August 31,	August 31,
	2020	2019	2020	2019
Profit for the period	929,276	977,881	1,067,357	842,289
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	(56,365)	(29,235)	-	-
- Non-controlling interests	(27,624)	(15,199)	-	-
Gain on cash flow hedges	291,362	-	291,362	-
Other comprehensive income (loss) for the period, net of tax	207,373	(44,434)	291,362	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,136,649	933,447	1,358,719	842,289
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :				
Owners of the parent	1,201,482	913,035	1,358,719	842,289
Non-controlling interests	(64,833)	20,412	-	-
	1,136,649	933,447	1,358,719	842,289

See condensed notes to the financial statements

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

STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the six-month		For the six-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2020	2019	2020	2019
REVENUES					
Credit card income		3,359,051	3,753,679	3,474,152	3,904,850
Loan income	19	5,980,423	5,940,166	5,691,824	5,722,542
Hire-purchase income		488,874	320,895	133,308	55,656
Other income					
Bad debt recovery		575,523	492,826	575,523	492,826
Collection service income		120,644	132,896	428	622
Commission income		262,976	266,552	-	-
Dividend income		-	-	114,800	86,180
Others		252,693	250,259	62,693	58,232
Total other income		1,211,836	1,142,533	753,444	637,860
Total Revenues		11,040,184	11,157,273	10,052,728	10,320,908
EXPENSES					
Operating and administrative expenses		4,021,969	4,488,166	3,479,588	3,980,352
Directors and managements' remuneration	20	64,496	84,924	30,672	49,137
Loss on sale of investment		-	539	-	539
Loss on revaluation of investment		14,009	-	14,009	-
Loss on sale and write-off of leasehold improvement and equipment		4,777	2,004	4,937	1,722
Total Expenses		4,105,251	4,575,633	3,529,206	4,031,750
Finance costs		1,112,454	1,100,338	1,127,278	1,184,993
Expected credit loss	5.4	3,981,628	-	3,423,592	-
Bad debts and doubtful accounts		-	2,987,936	-	2,853,228
Share of loss from an associate		18,105	2,553	-	-
PROFIT BEFORE INCOME TAX		1,822,746	2,490,813	1,972,652	2,250,937
INCOME TAX EXPENSE	21	438,559	496,121	362,378	420,320
PROFIT FOR THE PERIOD		1,384,187	1,994,692	1,610,274	1,830,617
PROFIT (LOSS) ATTRIBUTABLE TO :					
Owners of the parent		1,496,580	1,928,874	1,610,274	1,830,617
Non-controlling interests		(112,393)	65,818	-	-
		1,384,187	1,994,692	1,610,274	1,830,617
BASIC EARNINGS PER SHARE	BAHT	5.99	7.72	6.44	7.32
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	250,000,000	250,000,000	250,000,000	250,000,000

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the six-month		For the six-month	
	periods ended		periods ended	
	August 31,	August 31,	August 31,	August 31,
	2020	2019	2020	2019
Profit for the periods	1,384,187	1,994,692	1,610,274	1,830,617
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	46,228	(40,651)	-	-
- Non-controlling interests	12,049	(24,192)	-	-
Gain on cash flow hedges	218,222	-	218,222	-
Other comprehensive income (loss) for the period, net of tax	276,499	(64,843)	218,222	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,660,686</u>	<u>1,929,849</u>	<u>1,828,496</u>	<u>1,830,617</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :				
Owners of the parent	1,761,030	1,888,223	1,828,496	1,830,617
Non-controlling interests	(100,344)	41,626	-	-
	<u>1,660,686</u>	<u>1,929,849</u>	<u>1,828,496</u>	<u>1,830,617</u>

See condensed notes to the financial statements

AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2020
“UNAUDITED”

UNIT : THOUSAND BAHT

Notes	CONSOLIDATED FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings Appropriated Legal reserve	Retained earnings Unappropriated Reserve for business expansion	Other components of shareholders' equity Exchange differences on translating financial statements of foreign operations	Other components of shareholders' equity Cumulative loss on cash flow hedges	Total owners of the parent	Non-controlling interests	Total shareholders' equity	
Beginning balance as at March 1, 2019	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	18.1	-	-	-	(587,497)	-	-	(587,497)	(24,009)	(611,506)
Profit for the period		-	-	-	1,928,874	-	-	1,928,874	65,818	1,994,692
Other comprehensive loss		-	-	-	-	(40,651)	-	(40,651)	(24,192)	(64,843)
Ending balance as at August 31, 2019		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>13,915,382</u>	<u>(163,729)</u>	<u>19,354,653</u>	<u>352,053</u>	<u>19,706,706</u>
Beginning balance as at March 1, 2020 as previously reported		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)	(42,668)	(6,788,501)
Beginning balance as at March 1, 2020 after adjustment		<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>13,982,145</u>	<u>354,501</u>	<u>14,336,646</u>
Changes during the period										
Dividend paid	18.2	-	-	-	(637,495)	-	-	(637,495)	(16,291)	(653,786)
Profit (loss) for the period		-	-	-	1,496,580	-	-	1,496,580	(112,393)	1,384,187
Other comprehensive income		-	-	-	-	46,228	218,222	264,450	12,049	276,499
Ending balance as at August 31, 2020		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>10,762,873</u>	<u>(131,567)</u>	<u>15,105,680</u>	<u>237,866</u>	<u>15,343,546</u>

See condensed notes to the financial statements

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	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			
Beginning balance as at March 1, 2019		250,000	478,000	25,000	4,850,000	11,855,276	-	17,458,276
Changes during the period								
Dividend paid	18.1	-	-	-	-	(587,497)	-	(587,497)
Profit for the period		-	-	-	-	1,830,617	-	1,830,617
Ending balance as at August 31, 2019		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>13,098,396</u>	<u>-</u>	<u>18,701,396</u>
Beginning balance as at March 1, 2020 as previously reported		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)
Beginning balance as at March 1, 2020 after adjustment		<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								
Dividend paid	18.2	-	-	-	-	(637,495)	-	(637,495)
Profit for the period		-	-	-	-	1,610,274	-	1,610,274
Other comprehensive income		-	-	-	-	-	218,222	218,222
Ending balance as at August 31, 2020		<u>250,000</u>	<u>478,000</u>	<u>25,000</u>	<u>4,850,000</u>	<u>10,075,338</u>	<u>(1,128,626)</u>	<u>14,549,712</u>

See condensed notes to the financial statements

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

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2020

“UNAUDITED”

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		For the six-month		For the six-month	
		periods ended		periods ended	
		August 31,	August 31,	August 31,	August 31,
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		1,822,746	2,490,813	1,972,652	2,250,937
Adjustments for:					
Share of loss from an associate		18,105	2,553	-	-
Expected credit loss		3,981,628	-	3,423,592	-
Bad debts and doubtful accounts		-	2,987,936	-	2,853,228
Loss on sale of investment		-	539	-	539
Loss on revaluation of investment		14,009	-	14,009	-
Depreciation of leasehold improvement and equipment and right-of-use assets		436,165	187,267	363,740	152,361
Amortization of intangible assets other than goodwill		87,961	85,958	70,009	71,786
Loss on sale of leasehold improvement and equipment		4,635	1,722	4,937	1,722
Loss on write-off of leasehold improvement and equipment		142	282	-	-
Employee benefit expense		75,668	32,107	62,407	28,155
Unrealized gain on exchange rate		-	-	2,162	-
Interest income		(6,795,008)	(6,657,019)	(5,828,677)	(5,851,831)
Gain on discount received from lease agreement		(1,222)	-	(1,222)	-
Dividend income		-	-	(114,800)	(86,180)
Finance costs		1,112,454	1,100,338	1,127,278	1,184,993
		<u>757,283</u>	<u>232,496</u>	<u>1,096,087</u>	<u>605,710</u>
Operating assets (increase) decrease					
Trade and other current receivables		(421,521)	(7,523,688)	(398,116)	(6,388,338)
Other current assets		(49,824)	21,372	(5,438)	(307)
Other non-current assets		19,649	(5,212)	8,181	(3,949)
Operating liabilities increase (decrease)					
Trade and other current payables		(205,187)	109,335	(231,934)	171,067
Other current liabilities		78,394	14,674	29,288	12,595
Other non-current liabilities		12,197	3,601	(83)	(83)
Cash received (paid) for operations		190,991	(7,147,422)	497,985	(5,603,305)
Proceeds from interest income		6,710,614	6,715,126	5,744,351	5,937,942
Dividend received		-	-	114,800	86,180
Finance costs paid		(1,184,837)	(1,073,215)	(1,211,541)	(1,159,722)
Income tax paid		(670,751)	(495,856)	(594,000)	(444,682)
Employee benefit paid		(55,940)	(50)	(45,144)	-
Net cash provided by (used in) operating activities		<u>4,990,077</u>	<u>(2,001,417)</u>	<u>4,506,451</u>	<u>(1,183,587)</u>

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

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		For the six-month periods ended		For the six-month periods ended	
		August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for fixed deposits at banks under obligations		(13)	(8)	-	-
Cash paid for investment in a subsidiary		-	-	-	(178,634)
Proceeds from sale of investment in a related company		-	460	-	460
Cash paid for purchase of leasehold improvement and equipment	4.2	(142,443)	(185,653)	(118,628)	(142,450)
Proceeds from sale of leasehold improvement and equipment		1,055	404	439	390
Cash paid for purchase of intangible assets other than goodwill	4.2	(132,652)	(230,546)	(79,583)	(215,213)
Proceeds from sale of intangible assets other than goodwill		412	-	-	-
Net cash used in investing activities		<u>(273,641)</u>	<u>(415,343)</u>	<u>(197,772)</u>	<u>(535,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank overdrafts and short-term borrowings from financial institutions	4.4	35,151,656	52,627,783	28,250,000	44,085,453
Cash repayments for bank overdrafts and short-term borrowings from financial institutions	4.4	(36,360,452)	(47,695,000)	(28,760,056)	(40,003,113)
Cash paid for finance lease agreements	4.4	-	(608)	-	-
Proceeds from long-term borrowings	4.4	6,095,010	4,970,997	4,704,388	4,718,125
Cash repayments for long-term borrowings	4.4	(5,849,756)	(4,286,057)	(5,502,100)	(4,191,230)
Proceeds from long-term borrowings under securitization project	4.4	-	-	278,429	557,939
Cash repayments for long-term borrowings under securitization project	4.4	-	-	(278,429)	(422,939)
Cash repayments for long-term debentures	4.4	(3,227,700)	(1,971,860)	(3,227,700)	(1,971,860)
Cash paid for lease liabilities	4.4	(271,527)	-	(224,378)	-
Proceeds from sales of written-off receivables		164,548	-	164,548	-
Cash paid for dividend		(653,786)	(611,506)	(637,495)	(587,497)
Net cash provided by (used in) financing activities		<u>(4,952,007)</u>	<u>3,033,749</u>	<u>(5,232,793)</u>	<u>2,184,878</u>
Net increase (decrease) in cash and cash equivalents		(235,571)	616,989	(924,114)	465,844
Foreign exchange rate differences		18,613	(6,391)	-	-
Cash and cash equivalents at the beginning of the period		4,993,557	4,068,052	3,462,432	2,792,584
Cash and cash equivalents at the end of the period	4.1	<u><u>4,776,599</u></u>	<u><u>4,678,650</u></u>	<u><u>2,538,318</u></u>	<u><u>3,258,428</u></u>

See condensed notes to the financial statements

**AEON THANA SINSAP (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED AUGUST 31, 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, 27th Floor, Exchange Tower, Sukhumvit Road, Klongtoey, Bangkok. The Company's main objective is to do the retail finance services which consist of credit card, hire-purchase and personal loans, and others.

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

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 and six-month periods ended August 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 and six-month periods ended August 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 and six-month periods ended August 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 and six-month periods ended August 31, 2020 have included the subsidiaries’ interim financial statements which were reviewed.

For the three-month and six-month periods ended August 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 (%) for the three-month and six-month periods ended August 31,	
				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. ⁽⁵⁾	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 ⁽¹⁾	Retail finance business	Laos	January 11, 2013	100.00	100.00
ATS Rabbit Special Purpose Vehicle Company Limited ⁽²⁾	Special purpose juristic person in securitization projects	Thailand	March 20, 2015	48.75	48.75

⁽¹⁾ The Company indirectly holds shares of AEON Leasing Service (Lao) Company Limited through ACS Servicing (Thailand) Company Limited and AEON Insurance Service (Thailand) Company Limited with 3.71% and 3.71% shareholdings, respectively.

⁽²⁾ The Company has the power to control over ATS Rabbit Special Purpose Vehicle Company Limited because the Company has power to appoint the board of directors and rights to provide certain service which is significantly impacted by the performance of underlying assets and has rights to get variable return from such company under securitization project.

⁽³⁾ The Company has the power to control over AEON Specialized Bank (Cambodia) Plc. in accordance with the requirement of TFRS No. 10 "Consolidated Financial Statements".

The interim consolidated financial statements for the three-month and six-month periods ended August 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 (%) for the three-month and six-month periods ended August 31,	
				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:

	The date of the end of the reporting period in preparation of the consolidated financial statements for the three-month and six-month periods ended	
	August 31, 2020	August 31, 2019
	Subsidiaries	
ACS Servicing (Thailand) Company Limited	June 30, 2020	June 30, 2019
AEON Insurance Service (Thailand) Company Limited	June 30, 2020	June 30, 2019
AEON Specialized Bank (Cambodia) Plc.	June 30, 2020	June 30, 2019
AEON Microfinance (Myanmar) Company Limited	June 30, 2020	June 30, 2019
AEON Leasing Service (Lao) Company Limited	June 30, 2020	June 30, 2019
Associate		
ACS Trading Vietnam Company Limited	June 30, 2020	June 30, 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 and the Company'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.

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").

CONSOLIDATED FINANCIAL STATEMENTS							
	Previous classification and measurement	Book value as at February 29, 2020	Reclassification	Loss from ECL	Re-measurement	Book value as at March 1, 2020	New classification and measurement
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
ASSETS							
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	FVTPL
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
LIABILITIES							
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
Interest payable	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	FVTPL

SEPARATE FINANCIAL STATEMENTS							
	Previous classification and measurement	Book value as at February 29, 2020	Reclassification	Loss from ECL	Re-measurement	Book value as at March 1, 2020	New classification and measurement
		Baht '000	Baht '000	Baht '000	Baht '000	Baht '000	
ASSETS							
Cash and cash equivalents	Cost method	3,462,432	-	-	-	3,462,432	Amortized cost
Trade receivables	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 contracts	Fair value	361,128	(361,128)	-	-	-	-
Long-term loan to a subsidiary	Cost method	125,858	-	-	-	125,858	Amortized cost
Derivative assets	-	-	361,128	-	(223,074)	138,054	FVTPL
Subordinated lendings	Cost method	84,074	-	-	-	84,074	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	181,773	-	-	-	181,773	Amortized cost
LIABILITIES							
Bank overdraft and short-term borrowings	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
Interest payable	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	FVTPL

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

The Group’s and the Company’s management 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 and the Company’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.

	CONSOLIDATED FINANCIAL STATEMENTS Baht '000	SEPARATE FINANCIAL STATEMENTS Baht '000
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

CONSOLIDATED FINANCIAL STATEMENTS				
	Before adjustments Baht '000	TFRS 9 adjustments Baht '000	TFRS 16 adjustments Baht '000	After adjustments Baht '000
Trade receivables	86,269,804	(7,065,429)	-	79,204,375
Receivables per currency swap contracts	361,128	(361,128)	-	-
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
Derivative assets	-	138,054	-	138,054
Deferred tax assets	926,002	1,974,055	2,766	2,902,823
Interest payable	(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)
Total impact on net assets		<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>	

	SEPARATE FINANCIAL STATEMENTS			
	Before	TFRS 9	TFRS 16	After
	adjustments	adjustments	adjustments	adjustments
	Baht '000	Baht '000	Baht '000	Baht '000
Trade receivables	80,391,774	(6,965,076)	-	73,426,698
Receivables per currency swap contracts	361,128	(361,128)	-	-
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	-	-	752,573	752,573
Derivative assets	-	138,054	-	138,054
Deferred tax assets	896,851	1,955,162	1,798	2,853,811
Interest payable	(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)
Total impact on net assets		<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	-	<u>1,346,848</u>	<u>-</u>	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 and six-month periods ended August 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 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 recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework (when applicable) in TFRS, except the financial reporting standards as follow:

Thai Financial Reporting Standard No.3 “Business Combinations”

This revised financial reporting standard clearly clarifies the definition of business. To be considered a business an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The revision introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Thai Accounting Standards No.1 “Presentation of Financial Statements” and No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”

These revised accounting standards are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in TFRS. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

The Group’s and the Company’s management will adopt such TFRSs in the preparation of the Group’s and the Company’s financial statements when it becomes effective. The Group’s and the Company’s management is in process to assess the impact of these TFRSs on the financial statements of the Group and the Company in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended February 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 and the Company’s separate 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 and the Company measure 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 and the Company assume 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 and the Company write 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 lease.

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 lease 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 August 31, 2020 and February 29, 2020 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
August 31,	February 29,	August 31,	February 29,	
2020	2020	2020	2020	
Baht '000	Baht '000	Baht '000	Baht '000	
Cash	869,977	1,313,506	829,152	1,273,999
Deposits at bank - call deposits	3,906,622	3,680,051	1,709,166	2,188,433
Cash and cash equivalents	<u>4,776,599</u>	<u>4,993,557</u>	<u>2,538,318</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 six-month periods ended August 31, 2020 and 2019 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Leasehold improvement and equipment				
Liabilities recorded - brought forward	43,432	28,930	40,514	28,673
Purchase of leasehold improvement and equipment	129,548	176,839	91,699	133,305
	<u>172,980</u>	<u>205,769</u>	<u>132,213</u>	<u>161,978</u>
<u>Less</u> Cash paid for purchase of				
leasehold improvement and equipment	(142,443)	(185,653)	(118,628)	(142,450)
Liabilities recorded - carried forward	<u>30,537</u>	<u>20,116</u>	<u>13,585</u>	<u>19,528</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	138,180	210,511	85,112	195,178
	<u>139,752</u>	<u>239,402</u>	<u>86,683</u>	<u>224,069</u>
<u>Less</u> Cash paid for purchase of				
intangible assets other than goodwill	(132,652)	(230,546)	(79,583)	(215,213)
Liabilities recorded - carried forward	<u>7,100</u>	<u>8,856</u>	<u>7,100</u>	<u>8,856</u>

4.3 The Company had non-cash items relating to sale of the rights on loans receivable to ATS Rabbit Special Purpose Vehicle Company Limited, a subsidiary, which the Company had sold loans receivable to. During the six-month period ended August 31, 2020, such sale was settled by decreasing the Seller loan Account of Baht 17.42 million, and during the six-month period ended August 31, 2019 by decreasing the Seller loan Account of Baht 1.64 million, instead of cash receipt.

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

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited” Ending balance as at August 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	35,151,656	(36,360,452)	207,723	-	6,210,160
Long-term borrowings	45,259,611	6,095,010	(5,849,756)	(339,709)	(17,404)	45,147,752
Long-term debentures	16,787,966	-	(3,227,700)	302,525	5,353	13,868,144
Subordinated borrowings	84,074	-	-	-	-	84,074
Lease liabilities	937,732	-	(271,527)	2,593	54,238	723,036

	CONSOLIDATED FINANCIAL STATEMENTS					“Unaudited” Ending balance as at August 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	52,627,783	(47,695,000)	(125,050)	-	11,907,936
Liabilities under finance lease agreements	911	-	(608)	-	-	303
Long-term borrowings	40,618,864	4,970,997	(4,286,057)	(9,875)	11,896	41,305,825
Long-term debentures	15,938,620	-	(1,971,860)	(117,497)	9,408	13,858,671
Subordinated borrowings	84,074	-	-	-	-	84,074

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2020 Baht '000	Financing cash flows		Non-cash changes		“Unaudited” Ending balance as at August 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	28,250,000	(28,760,056)	-	-	2,890,000
Long-term borrowings	44,076,691	4,704,388	(5,502,100)	(350,560)	(17,405)	42,911,014
Long-term borrowings under securitization project	1,662,552	278,429	(278,429)	-	(99,184)	1,563,368
Long-term debentures	15,314,884	-	(3,227,700)	302,525	5,353	12,395,062
Lease liabilities	761,561	-	(224,378)	-	52,305	589,488

SEPARATE FINANCIAL STATEMENTS

	Beginning balance as at March 1, 2019 Baht '000	Financing cash flows		Non-cash changes		“Unaudited” Ending balance as at August 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	44,085,453	(40,003,113)	-	-	8,772,503
Long-term borrowings	39,999,182	4,718,125	(4,191,230)	25,887	11,896	40,563,860
Long-term borrowings under securitization project	1,652,515	557,939	(422,939)	-	(76,264)	1,711,251
Long-term debentures	14,465,538	-	(1,971,860)	(117,497)	9,408	12,385,589

5. TRADE RECEIVABLES

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

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000	As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Trade receivables	86,453,351	88,568,952	80,268,373	82,553,942
Trade receivables under securitization project - ATS Rabbit Special Purpose Vehicle Company Limited	1,563,368	1,662,552	1,563,368	1,662,552
Total	88,016,719	90,231,504	81,831,741	84,216,494
<u>Less</u> Allowance for expected credit loss	(11,972,402)	-	(11,326,355)	-
Allowance for doubtful accounts	-	(3,961,700)	-	(3,824,720)
Total trade receivables	76,044,317	86,269,804	70,505,386	80,391,774

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

As at August 31, 2020 and February 29, 2020, trade receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”					
	As at August 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
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	1,483,814	5,058,076	6,541,890	1,527,316	4,546,011	6,073,327
<u>Less</u> Unearned financing income	(333,353)	(565,335)	(898,688)	(315,130)	(572,138)	(887,268)
	1,150,461	4,492,741	5,643,202	1,212,186	3,973,873	5,186,059
<u>Less</u> Allowance for expected credit loss	(238,676)	(694,677)	(933,353)	-	-	-
Allowance for doubtful accounts	-	-	-	(196,086)	-	(196,086)
Hire-purchase and accrued interest receivable - net	911,785	3,798,064	4,709,849	1,016,100	3,973,873	4,989,973

CONSOLIDATED FINANCIAL STATEMENTS

“Unaudited”

	As at August 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
Loans receivable						
Loans and accrued interest receivable	45,128,042	1,129,164	46,257,206	46,998,764	988,857	47,987,621
<u>Less</u> Allowance for expected credit loss	(6,826,535)	(187,220)	(7,013,755)	-	-	-
Allowance for doubtful accounts	-	-	-	(2,343,755)	-	(2,343,755)
Loans and accrued interest receivable - net	<u>38,301,507</u>	<u>941,944</u>	<u>39,243,451</u>	<u>44,655,009</u>	<u>988,857</u>	<u>45,643,866</u>
Credit card receivable						
Credit card and accrued interest receivable	35,935,377	-	35,935,377	36,892,388	-	36,892,388
<u>Less</u> Allowance for expected credit loss	(4,025,292)	-	(4,025,292)	-	-	-
Allowance for doubtful accounts	-	-	-	(1,421,531)	-	(1,421,531)
Credit card and accrued interest receivable - net	<u>31,910,085</u>	<u>-</u>	<u>31,910,085</u>	<u>35,470,857</u>	<u>-</u>	<u>35,470,857</u>
Receivable from rendering the collection service						
Receivable from rendering the collection service	29,212	-	29,212	11,786	-	11,786
<u>Less</u> Allowance for expected credit loss	(2)	-	(2)	-	-	-
Allowance for doubtful accounts	-	-	-	(328)	-	(328)
Receivable from rendering the collection service - net	<u>29,210</u>	<u>-</u>	<u>29,210</u>	<u>11,458</u>	<u>-</u>	<u>11,458</u>
Receivable from insurance broker business	<u>151,722</u>	<u>-</u>	<u>151,722</u>	<u>153,650</u>	<u>-</u>	<u>153,650</u>
Total trade receivables	<u>71,304,309</u>	<u>4,740,008</u>	<u>76,044,317</u>	<u>81,307,074</u>	<u>4,962,730</u>	<u>86,269,804</u>

SEPARATE FINANCIAL STATEMENTS

“Unaudited”

	As at August 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
Hire-purchase receivable						
Hire-purchase and accrued interest receivable	905,362	2,764,383	3,669,745	822,445	2,657,434	3,479,879
<u>Less</u> Unearned financing income	(333,353)	(565,335)	(898,688)	(315,130)	(572,138)	(887,268)
	<u>572,009</u>	<u>2,199,048</u>	<u>2,771,057</u>	<u>507,315</u>	<u>2,085,296</u>	<u>2,592,611</u>
<u>Less</u> Allowance for expected credit loss	(165,159)	(520,020)	(685,179)	-	-	-
Allowance for doubtful accounts	-	-	-	(127,587)	-	(127,587)
Hire-purchase and accrued interest receivable - net	<u>406,850</u>	<u>1,679,028</u>	<u>2,085,878</u>	<u>379,728</u>	<u>2,085,296</u>	<u>2,465,024</u>
Loans receivable						
Loans and accrued interest receivable	43,708,672	48	43,708,720	45,289,937	432	45,290,369
<u>Less</u> Allowance for expected credit loss	(6,672,723)	(5)	(6,672,728)	-	-	-
Allowance for doubtful accounts	-	-	-	(2,289,386)	-	(2,289,386)
Loans and accrued interest receivable - net	<u>37,035,949</u>	<u>43</u>	<u>37,035,992</u>	<u>43,000,551</u>	<u>432</u>	<u>43,000,983</u>
Credit card receivable						
Credit card and accrued interest receivable	35,351,964	-	35,351,964	36,333,514	-	36,333,514
<u>Less</u> Allowance for expected credit loss	(3,968,448)	-	(3,968,448)	-	-	-
Allowance for doubtful accounts	-	-	-	(1,407,747)	-	(1,407,747)
Credit card and accrued interest receivable - net	<u>31,383,516</u>	<u>-</u>	<u>31,383,516</u>	<u>34,925,767</u>	<u>-</u>	<u>34,925,767</u>
Total trade receivables	<u><u>68,826,315</u></u>	<u><u>1,679,071</u></u>	<u><u>70,505,386</u></u>	<u><u>78,306,046</u></u>	<u><u>2,085,728</u></u>	<u><u>80,391,774</u></u>

5.2 Quality of assets

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

CONSOLIDATED FINANCIAL STATEMENTS			
“Unaudited”			
As at August 31, 2020			
Trade receivables	Allowance for	expected credit loss	Total trade
Baht '000	Baht '000	Baht '000	receivables
			Baht '000
Low credit risk receivables (Stage 1)	81,243,231	(7,095,035)	74,148,196
Significant increase in credit risk receivables (Stage 2)	3,361,481	(2,119,134)	1,242,347
Default receivables in credit risk (Stage 3)	3,412,007	(2,758,233)	653,774
Total	<u>88,016,719</u>	<u>(11,972,402)</u>	<u>76,044,317</u>

SEPARATE FINANCIAL STATEMENTS			
“Unaudited”			
As at August 31, 2020			
Trade receivables	Allowance for	expected credit loss	Total trade
Baht '000	Baht '000	Baht '000	receivables
			Baht '000
Low credit risk receivables (Stage 1)	75,581,447	(6,891,365)	68,690,082
Significant increase in credit risk receivables (Stage 2)	3,178,940	(2,039,726)	1,139,214
Default receivables in credit risk (Stage 3)	3,071,354	(2,395,264)	676,090
Total	<u>81,831,741</u>	<u>(11,326,355)</u>	<u>70,505,386</u>

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

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

5.3 Troubled debt restructuring

For the three-month periods ended August 31, 2020 and 2019, the Company recognized interest income on restructured debts totaling Baht 39.04 million and Baht 37.98 million, respectively.

For the six-month periods ended August 31, 2020 and 2019, the Company recognized interest income on restructured debts totaling Baht 66.51 million and Baht 78.41 million, respectively.

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	“Unaudited”			
	As at August 31, 2020		As at February 29, 2020	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	34,416	1,356,866	35,896	1,432,794
Non-restructured trade receivables	3,123,304	86,478,919	3,292,108	88,633,274
Total	<u>3,157,720</u>	<u>87,835,785</u>	<u>3,328,004</u>	<u>90,066,068</u>

	SEPARATE FINANCIAL STATEMENTS			
	“Unaudited”			
	As at August 31, 2020		As at February 29, 2020	
	Number of debtors	Amount Baht '000	Number of debtors	Amount Baht '000
Restructured trade receivables	34,396	1,355,174	35,873	1,429,317
Non-restructured trade receivables	2,762,723	80,476,567	2,885,335	82,787,177
Total	<u>2,797,119</u>	<u>81,831,741</u>	<u>2,921,208</u>	<u>84,216,494</u>

As at August 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 August 31, 2020 and February 29, 2020 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	“Unaudited”		“Unaudited”	
	As at	As at	As at	As at
	August 31,	February 29,	August 31,	February 29,
	2020	2020	2020	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	3,981,628	-	3,423,592	-
Bad debts and doubtful accounts	-	6,646,262	-	6,352,815
Gain on devaluation of long-term borrowings under securitization project	-	-	81,764	160,116
Written-off bad debts	(3,036,355)	(5,564,530)	(2,968,797)	(5,494,852)
Ending balance	<u>11,972,402</u>	<u>3,961,700</u>	<u>11,326,355</u>	<u>3,824,720</u>

5.5 Transfers of financial assets

The Company entered into the Receivables Sale and Purchase Agreement with Special Purposes Vehicle Company, which was incorporated under the Civil and Commercial Code of Thailand to be special purpose vehicle (SPV) under the Royal Enactment on Special Purpose Juristic Persons for Securitization B.E. 2540 (1997). Under the securitization plan which was approved by the SEC, the Company sold an amount of revolving receivables and the SPV also appointed the Company to act as the servicer responsible for collecting payments from its obligor under the Receivables Sale and Purchase Agreement and Servicing Agreement.

Details of aforementioned sales of receivables are summarized as follows:

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

* ATS Rabbit Special Purpose Vehicle Company Limited (Subsidiary)

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

On October 22, 2015, the Company entered into the Receivables Sale and Purchase Agreement with ATS Rabbit Special Purpose Vehicle Company Limited which was registered as a special purpose vehicle company under the Civil and Commercial Code of Thailand for the purpose of implementing or facilitating the securitization in accordance with the securitization project approved by the Office of the SEC on October 2, 2015 for transferred rights, title, interest and benefits in respect of the Initial Receivables, the Future Receivables and the Additional Receivables on the term of the Agreement.

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

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

For the three-month and six-month periods ended August 31, 2020 and 2019, transactions relating to the transfers of financial assets under the securitization project are summarized as follows:

	For the three-month periods ended August 31,		For the six-month periods ended August 31,	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
Transfers of future and additional receivables (at book value)				
- Loans receivable (ATS Rabbit)	135	250	261	556
	<u>135</u>	<u>250</u>	<u>261</u>	<u>556</u>
Cash collection on behalf of a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	236	330	497	656
	<u>236</u>	<u>330</u>	<u>497</u>	<u>656</u>
Servicing income on cash collection from a Special Purpose Vehicle				
- Loans receivable (ATS Rabbit)	22	23	44	46
	<u>22</u>	<u>23</u>	<u>44</u>	<u>46</u>

6. LONG-TERM LOAN TO A SUBSIDIARY

As at August 31, 2020, the Company has long-term loan to a subsidiary amounting to USD 4 million or equivalent to Baht 123.70 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 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 August 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 August 31, 2020		As at February 29, 2020	
	Paid-up capital	Ownership %	Cost method Baht '000	Equity method Baht '000	Cost method Baht '000	Equity method Baht '000
Investment in an associate						
ACS Trading Vietnam Company Limited	VND 50,000 million	20.00	16,819.3	7,325.8	16,819.3	25,430.9
Total investment in an associate			16,819.3	7,325.8	16,819.3	25,430.9

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

As at August 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 August 31, 2020		As at February 29, 2020	
		Ownership %	Cost Baht '000	Ownership %	Cost Baht '000
Investments in an associate and subsidiaries					
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
Total investments in an associate and subsidiaries			1,223,464.6		1,223,464.6

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 August 31, 2020, consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS "Unaudited" As at August 31, 2020	
	Ownership %	Fair Value Baht '000
AEON (Thailand) Co., Ltd. ⁽¹⁾	3.82	-
PT. AEON Credit Service Indonesia ⁽²⁾	2.59	5,062
Total		<u>5,062</u>

⁽¹⁾ 340,000 shares of Baht 100 each, Baht 25 called up

⁽²⁾ 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:

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

⁽¹⁾ 340,000 shares of Baht 100 each, Baht 25 called up

⁽²⁾ 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 August 31, 2020 and February 29, 2020 are as follows:

	SEPARATE FINANCIAL STATEMENTS "Unaudited"	
	As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Seller loan in Special Purpose Vehicle for securitization (see Note 22.2.1)		
ATS Rabbit Special Purpose Vehicle Company Limited (ATS Rabbit)	<u>217,653</u>	<u>235,074</u>
Total Seller loan in Special Purpose Vehicle for securitization	<u>217,653</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 August 31, 2020 and February 29, 2020 are as follows:

	SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 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
Total subordinated lendings	84,074	84,074

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 August 31, 2020 and February 29, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”	
	As at August 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
Total subordinated borrowings	84,074	84,074

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 August 31, 2020 and February 29, 2020 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS “Unaudited”		SEPARATE FINANCIAL STATEMENTS “Unaudited”	
	As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000	As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Deferred tax assets				
Allowance for expected credit loss	2,298,983	775,917	2,265,271	764,944
Non-accrual of interest income	62,229	73,406	60,624	71,755
Cumulative loss on investments in equity securities	4,502	-	4,502	-
Allowance for impairment of investment and assets	-	6,900	-	6,900
Provisions for employee benefit	82,629	78,683	73,971	70,518
Deferred revenue from customer loyalty programs	75,377	59,373	75,377	59,373
Lease agreements	1,813	-	1,813	-
Derivatives	524,655	-	524,655	-
Others	26,692	24,878	16,090	16,516
	<u>3,076,880</u>	<u>1,019,157</u>	<u>3,022,303</u>	<u>990,006</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	-	93,155	-	93,155
Deferred tax assets	<u>3,076,880</u>	<u>926,002</u>	<u>3,022,303</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 August 31, 2020 Baht '000
Deferred tax assets					
Allowance for expected credit loss	775,917	1,411,908	111,158	-	2,298,983
Non-accrual of interest income	73,406	-	(11,177)	-	62,229
Cumulative loss on investments in equity securities	-	1,700	2,802	-	4,502
Allowance for impairment of investment and assets	6,900	(1,700)	(5,200)	-	-
Provisions for employee benefit	78,683	-	3,946	-	82,629
Deferred revenue from customer loyalty programs	59,373	-	16,004	-	75,377
Lease agreements	-	2,766	(953)	-	1,813
Derivatives	-	562,147	17,063	(54,555)	524,655
Others	24,878	-	1,814	-	26,692
	<u>1,019,157</u>	<u>1,976,821</u>	<u>135,457</u>	<u>(54,555)</u>	<u>3,076,880</u>
Deferred tax liabilities					
Unrealized loss on exchange rate of currency swap contracts	93,155	-	(93,155)	-	-
Deferred tax assets	<u>926,002</u>	<u>1,976,821</u>	<u>228,612</u>	<u>(54,555)</u>	<u>3,076,880</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
Deferred tax assets				
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>
Deferred tax liabilities				
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>
Deferred tax assets	<u>621,650</u>	<u>292,704</u>	<u>11,648</u>	<u>926,002</u>

SEPARATE 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 August 31, 2020 Baht '000
Deferred tax assets					
Allowance for expected credit loss	764,944	1,393,015	107,312	-	2,265,271
Non-accrual of interest income	71,755	-	(11,131)	-	60,624
Cumulative loss on investments in equity securities	-	1,700	2,802	-	4,502
Allowance for impairment of investment and assets	6,900	(1,700)	(5,200)	-	-
Provisions for employee benefit	70,518	-	3,453	-	73,971
Deferred revenue from customer loyalty programs	59,373	-	16,004	-	75,377
Lease agreements	-	1,798	15	-	1,813
Derivatives	-	562,147	17,063	(54,555)	524,655
Others	16,516	-	(426)	-	16,090
	<u>990,006</u>	<u>1,956,960</u>	<u>129,892</u>	<u>(54,555)</u>	<u>3,022,303</u>
Deferred tax liabilities					
Unrealized loss on exchange rate of currency swap contracts	93,155	-	(93,155)	-	-
Deferred tax assets	<u>896,851</u>	<u>1,956,960</u>	<u>223,047</u>	<u>(54,555)</u>	<u>3,022,303</u>

	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	
Deferred tax assets				
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
	<u>724,604</u>	<u>254,489</u>	<u>10,913</u>	<u>990,006</u>
Deferred tax liabilities				
Unrealized loss on exchange rate of currency swap contracts	124,552	(31,397)	-	93,155
Deferred tax assets	<u>600,052</u>	<u>285,886</u>	<u>10,913</u>	<u>896,851</u>

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

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	"Unaudited"			
	As at August 31, 2020		As at February 29, 2020	
	Interest rate		Interest rate	
p.a. (%)	Baht '000	p.a. (%)	Baht '000	
Overdrafts in THB currency	-	-	1.45	56
Short-term borrowings in THB currency	0.69 - 0.80	2,890,000	1.17 - 2.40	3,400,000
Short-term borrowings in USD currency	0.95 - 6.05	1,410,778	2.52 - 6.05	2,229,481
Short-term borrowings in LAK currency	6.50 - 6.60	277,952	6.50 - 6.70	280,013
Short-term borrowings in MMK currency	10.00 - 13.00	1,631,430	11.70 - 12.50	1,301,683
Total		<u>6,210,160</u>		<u>7,211,233</u>

	SEPARATE FINANCIAL STATEMENTS			
	"Unaudited"			
	As at August 31, 2020		As at February 29, 2020	
	Interest rate		Interest rate	
p.a. (%)	Baht '000	p.a. (%)	Baht '000	
Overdrafts in THB currency	-	-	1.45	56
Short-term borrowings in THB currency	0.69 - 0.80	2,890,000	1.17 - 2.40	3,400,000
Total		<u>2,890,000</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 August 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 August 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	23,642.05	7,057,931
Borrowings in USD currency	2020 - 2027	1.85 - 8.50	734.29	22,933,712
Borrowings in THB currency	2020 - 2024	2.06 - 3.41	15,200.00	15,200,000
<u>Less</u> Borrowings issuance cost				(43,891)
				45,147,752
<u>Less</u> Current portion of long-term borrowings				(8,874,723)
Total long-term borrowings				<u>36,273,029</u>

CONSOLIDATED FINANCIAL STATEMENTS As at February 29, 2020				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2020 - 2023	2.96 - 5.26	29,742.05	8,729,499
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 August 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	23,642.05	7,057,931
Borrowings in USD currency	2020 - 2025	1.85 - 3.38	662.29	20,696,974
Borrowings in THB currency	2020 - 2024	2.06 - 3.41	15,200.00	15,200,000
<u>Less</u> Borrowings issuance cost				(43,891)
				42,911,014
<u>Less</u> Current portion of long-term borrowings				(8,719,394)
Total long-term borrowings				<u>34,191,620</u>

SEPARATE FINANCIAL STATEMENTS As at February 29, 2020				
	Due within the year	Interest rate p.a. (%)	Foreign currency Million	Baht equivalent Baht '000
Borrowings in JPY currency	2020 - 2023	2.96 - 5.26	29,742.05	8,729,499
Borrowings in USD currency	2020 - 2025	2.03 - 3.38	628.49	19,973,678
Borrowings in THB currency	2020 - 2024	2.41 - 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 August 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 745.79 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:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at February 29, 2020				
	Notional amount Baht '000	Carrying amount		Total Baht '000
		Within 1 year Baht '000	Over 1 - 5 years Baht '000	
Receivables per currency swap contracts				
Cross Currency Swap Contracts				
JPY currency	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>
Payables per currency swap contracts				
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 August 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 1,563.37 million and Baht 1,662.55 million, respectively.

15. LONG-TERM DEBENTURES

Long-term debentures represent unsubordinated and unsecured debentures as at August 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 August 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Company									
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	468,759	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	937,518	953,412
18/08/2017	18/08/2020	200,000	THB	1,000	200,000,000	2.50	Quarterly	-	200,000
14/09/2017	14/09/2020	300,000	THB	1,000	300,000,000	2.50	Semi-annual	300,000	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
								12,406,277	15,331,452
<u>Less</u> Debentures issuance cost								(11,215)	(16,568)
								12,395,062	15,314,884
<u>Less</u> Current portion of long-term debentures								(4,866,892)	(7,298,784)
Total long-term debentures in separate financial statements								7,528,170	8,016,100
ATS Rabbit Special Purpose Vehicle Company Limited									
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
Total long-term debentures in consolidated financial statements								9,001,252	9,489,182

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			
	Notional Amount Baht '000	Within 1 year Baht '000	Carrying amount Over 1 - 5 years Baht '000	Total Baht '000
Payables per currency swap contracts				
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 August 31, 2020			
	Fair value		Notional amount
	Assets Baht '000	Liabilities Baht '000	Baht '000
Derivatives designated as cash flow hedges			
Cross currency swaps	33,804	2,259,915	29,161,182
Interest rate swaps	-	397,162	9,000,000
Total derivative assets / liabilities	33,804	2,657,077	38,161,182

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 and six-month periods ended August 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			
	For the three-month periods ended		For the six-month periods ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
	Baht '000	Baht '000	Baht '000	Baht '000
Current service cost	17,775	14,020	36,037	28,042
Interest cost	1,626	2,031	3,289	4,065
Loss on settlement	36,336	-	36,342	-
Total	55,737	16,051	75,668	32,107

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month periods ended		For the six-month periods ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
	Baht '000	Baht '000	Baht '000	Baht '000
Current service cost	15,688	12,253	31,862	24,505
Interest cost	1,451	1,825	2,941	3,650
Loss on settlement	27,598	-	27,604	-
Total	44,737	14,078	62,407	28,155

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Beginning balance	393,419	271,321	352,594	242,534
Current service cost	36,037	28,042	31,862	24,505
Interest cost	3,289	4,065	2,941	3,650
Loss on settlement	36,342	-	27,604	-
Benefits paid	(55,940)	(50)	(45,144)	-
Ending balance	<u>413,147</u>	<u>303,378</u>	<u>369,857</u>	<u>270,689</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS	
	“Unaudited”	
	As at August 31, 2020	As at February 29, 2020
	% per annum	% per annum
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
SEPARATE FINANCIAL STATEMENTS		
“Unaudited”		
	As at August 31, 2020	As at February 29, 2020
	% per annum	% per annum
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

- 18.1 On June 21, 2019, the Annual General Meeting of shareholders had the resolutions to approve the declaration of final dividends for the year ended February 28, 2019 at the rate of Baht 2.35 per share, totaling Baht 587.50 million. The aforementioned shareholders included 1,200 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 587.50 million on July 18, 2019 in addition to the interim dividends which had been paid to all shareholders at Baht 2.35 per share, totaling Baht 587.50 million on November 1, 2018.
- 18.2 On June 24, 2020, the Annual General Meeting of Shareholders had the resolutions to approve the declaration of final dividends for the year ended February 29, 2020 at the rate of Baht 2.55 per share, totaling Baht 637.50 million. The aforementioned shareholders included 1,800 shares of foreign shareholders who had no rights to receive dividend in accordance with regulation of Thailand Securities Depository, thus the Company paid dividend to shareholders amounting to Baht 637.50 million on July 20, 2020 in addition to the interim dividends which had been paid to all shareholders at Baht 2.45 per share, totaling Baht 612.50 million on November 4, 2019.
- 18.3 Under the Securitization project, the subsidiary has to pay dividend to its shareholders from all remaining amounts after deducting the required accumulated reserves and payment of all fees and expenses. The subsidiary appropriates interim dividends after the approval of Board of Directors' meeting on a monthly basis at each Monthly Purchase Date as an appropriation of net profit after income tax of each month.

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

19. REVENUES RELATING TO SECURITIZATION TRANSACTION

For the three-month and six-month periods ended August 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			
	For the three-month periods ended August 31,		For the six-month periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Loan income (see Note 22.2.2)				
Interest income from subordinated lendings	2,543	2,543	5,086	5,086
Revenue from seller loan in Special Purpose Vehicle	6,288	5,235	12,829	10,700
Dividend from investment in Special Purpose Vehicle	9,336	13,443	16,291	24,009
Servicing income	21,669	23,516	44,167	46,381
Total	<u>39,836</u>	<u>44,737</u>	<u>78,373</u>	<u>86,176</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 and six-month periods ended August 31, 2020 and 2019, directors and managements' remuneration are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefit				
Directors' remuneration	(12,047)	6,798	272	16,112
Managements' remuneration	30,729	35,700	61,817	65,777
Post-employment benefit	1,219	1,653	2,407	3,035
Total	<u>19,901</u>	<u>44,151</u>	<u>64,496</u>	<u>84,924</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Short-term employee benefit				
Directors' remuneration	(12,553)	3,994	(5,303)	9,744
Managements' remuneration	16,419	20,029	34,155	37,532
Post-employment benefit	925	931	1,820	1,861
Total	<u>4,791</u>	<u>24,954</u>	<u>30,672</u>	<u>49,137</u>

For the three-month and six-month periods ended August 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 and six-month periods ended August 31, 2020 and 2019. The foreign subsidiaries used 20% - 25% for corporate income tax and deferred tax calculations for the three-month and six-month periods ended August 31, 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 and six-month periods ended August 31, 2020 and 2019, income tax expense consists of:

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	417,512	335,447	667,171	633,422
Deferred income tax revenue	(131,219)	(94,029)	(228,612)	(137,301)
Income tax expense per statements of profit or loss	<u>286,293</u>	<u>241,418</u>	<u>438,559</u>	<u>496,121</u>

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Current tax expense for the period	394,385	292,614	585,425	554,255
Deferred income tax revenue	(133,149)	(90,566)	(223,047)	(133,935)
Income tax expense per statements of profit or loss	<u>261,236</u>	<u>202,048</u>	<u>362,378</u>	<u>420,320</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,215,569	1,219,299	1,822,746	2,490,813
Permanent differences	(11,984)	(19,391)	121,311	(37,992)
Temporary differences	668,706	469,767	1,120,051	687,466
Taxable profit	<u>1,872,291</u>	<u>1,669,675</u>	<u>3,064,108</u>	<u>3,140,287</u>
Normal income tax rate (%)	20.00 - 25.00	20.00 - 25.00	20.00 - 25.00	20.00 - 25.00
Income tax for the period currently payable	417,512	335,447	667,171	633,422
Deferred tax from temporary differences	(131,219)	(94,029)	(228,612)	(137,301)
Income tax expense per statements of profit or loss	<u>286,293</u>	<u>241,418</u>	<u>438,559</u>	<u>496,121</u>
Effective tax rate (%)	23.55	19.80	24.06	19.91

	SEPARATE FINANCIAL STATEMENTS			
	For the three-month		For the six-month	
	periods ended August 31,		periods ended August 31,	
	2020	2019	2020	2019
	Baht '000	Baht '000	Baht '000	Baht '000
Accounting profit before income tax	1,328,593	1,044,337	1,972,652	2,250,937
Permanent differences	(13,077)	(20,660)	(29,671)	(39,152)
Temporary differences	665,751	452,834	1,115,239	669,679
Income that is exempt from taxable	(9,336)	(13,441)	(131,091)	(110,189)
Taxable profit	<u>1,971,931</u>	<u>1,463,070</u>	<u>2,927,129</u>	<u>2,771,275</u>
Normal income tax rate (%)	20.00	20.00	20.00	20.00
Income tax for the period currently payable	394,385	292,614	585,425	554,255
Deferred tax from temporary differences	(133,149)	(90,566)	(223,047)	(133,935)
Income tax expense per statements of profit or loss	<u>261,236</u>	<u>202,048</u>	<u>362,378</u>	<u>420,320</u>
Effective tax rate (%)	19.66	19.35	18.37	18.67

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 August 31, 2020 and February 29, 2020 are as follows:

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS					
		"Unaudited"					
		As at August 31, 2020			As at February 29, 2020		
		Ownership	Paid-up	Cost	Ownership	Paid-up	Cost
%	capital		%	capital			
		Baht '000	Baht '000		Baht '000	Baht '000	
Investments in an associate and subsidiaries							
Investment in an associate							
ACS Trading Vietnam Company Limited	Associate	20.00	84,096.3	16,819.3	20.00	84,096.3	16,819.3
Total investment in an associate			<u>16,819.3</u>			<u>16,819.3</u>	
Investments in subsidiaries							
ACS Servicing (Thailand) Company Limited	Subsidiary	100.00	175,349.1	175,349.1	100.00	175,349.1	175,349.1
AEON Insurance Service (Thailand) Company Limited	Subsidiary	100.00	149,224.3	149,224.3	100.00	149,224.3	149,224.3
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	50.00	643,720.4	323,580.0	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			<u>1,206,645.3</u>			<u>1,206,645.3</u>	
Total investments in an associate and subsidiaries			<u>1,223,464.6</u>			<u>1,223,464.6</u>	

22.2 Business transactions with related parties

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

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		“Unaudited” As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000	“Unaudited” As at August 31, 2020 Baht '000	As at February 29, 2020 Baht '000
Other receivables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	31,113	31,673
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	298	1,089
AEON Financial Service Co., Ltd.	Major shareholder	1,434	1,065	462	215
AEON Credit Service Company Limited	Common ultimate holding company	95	60	-	-
ACS Capital Corporation Limited	Shareholder and one common director	4,902	1,024	-	1
AEON Leasing Service (Lao) Company Limited	Subsidiary	-	-	1,357	464
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	50,875	48,381
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	1,816	1,800
AEON Bank Ltd.	Common ultimate holding company	190	82	-	-
AEON Credit Service Systems (Philippines) Inc.	Holding shares	10	-	-	-
		<u>6,631</u>	<u>2,231</u>	<u>85,921</u>	<u>83,623</u>
Long-term loan (see Note 6)					
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	-	-	123,697	125,858
Seller loan in Special Purpose Vehicle for securitization (see Note 9)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	217,653	235,074
Subordinated lendings (see Note 10.1)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	84,074	84,074
Long-term borrowings (see Note 13)					
AEON Bank Ltd.	Common ultimate holding company	745,792	732,928	745,792	732,928
Trade payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	46	80
Other payables					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	-	-	1,612	9,085
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	50,811	145,924
AEON (Thailand) Company Limited	Shareholder and two common directors	1,029	11,346	1,029	11,346
AEON Financial Service Co., Ltd.	Major shareholder	45,508	45,438	42,714	40,355
AEON Credit Service Company Limited	Common ultimate holding company	3,279	12,346	1,461	8,996
AEON Credit Service Systems (Philippines) Inc.	Holding shares	1,091	1,619	-	-
AEON Bank Ltd.	Common ultimate holding company	1,433	1,847	1,433	1,847
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	58,027	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>52,741</u>	<u>73,967</u>	<u>157,087</u>	<u>277,431</u>
Long-term borrowings under securitization project (see Note 14)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	-	-	1,563,368	1,662,552
Deposit received					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	4,163	4,163
Deferred revenue					
ACS Servicing (Thailand) Company Limited	Subsidiary	-	-	80,658	82,872

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

		CONSOLIDATED FINANCIAL STATEMENTS			
		For the three-month		For the six-month	
		periods ended August 31,		periods ended August 31,	
Related parties	Relationship	2020	2019	2020	2019
		Baht '000	Baht '000	Baht '000	Baht '000
Collection service income					
ACS Capital Corporation Limited	Shareholder and one common director	293	894	575	1,480
Other income					
ACS Capital Corporation Limited	Shareholder and one common director	6,322	1,851	11,444	2,689
Operating and administrative expenses					
Others					
AEON Financial Service Co., Ltd.	Major shareholder	25,665	25,174	54,241	51,354
AEON Credit Service Company Limited	Common ultimate holding company	7,579	14,839	16,794	24,823
AEON (Thailand) Company Limited	Holding shares and two common directors	4,309	2,838	9,509	8,464
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	4,655	3,646	6,107	7,121
AEON Credit Service (Asia) Company Limited	Common ultimate holding company	-	781	-	1,464
AEON Bank Ltd.	Common ultimate holding company	4,599	641	7,330	1,214
AEON Leasing Service (Lao) Co., Ltd	Subsidiary	1,457	-	1,457	-
		<u>48,264</u>	<u>47,919</u>	<u>95,438</u>	<u>94,440</u>
Finance costs					
AEON Financial Service Co., Ltd.	Major shareholder	821	605	1,531	1,143
AEON Bank Ltd.	Common ultimate holding company	1,689	2,390	3,413	5,169
		<u>2,510</u>	<u>2,995</u>	<u>4,944</u>	<u>6,312</u>
Dividend paid					
ACS Capital Corporation Limited	Shareholder and one common director	122,400	112,800	122,400	112,800
AEON Financial Service Co., Ltd.	Major shareholder	223,890	206,330	223,890	206,330
AEON Holding (Thailand) Limited	Common ultimate holding company	56,100	51,700	56,100	51,700
		<u>402,390</u>	<u>370,830</u>	<u>402,390</u>	<u>370,830</u>

		SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	For the three-month periods ended August 31,		For the six-month periods ended August 31,	
		2020	2019	2020	2019
		Baht '000	Baht '000	Baht '000	Baht '000
Sale promotion income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	302	552	739	1,115
Credit card income					
AEON Insurance Service (Thailand) Company Limited	Subsidiary	86,290	90,630	165,276	183,582
Revenues relating to securitization transaction (included in loan income) (see Note 19)					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	39,836	44,737	78,373	86,176
Dividend income					
AEON Insurance Service (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>
Other income					
ACS Capital Corporation Limited	Shareholder and one common director	891	681	2,080	1,281
AEON Insurance Service (Thailand) Company Limited	Subsidiary	15,674	11,561	30,937	24,120
ACS Servicing (Thailand) Company Limited	Subsidiary	3,247	966	6,493	1,931
AEON Specialized Bank (Cambodia) Plc.	Subsidiary	2,692	-	5,509	-
		<u>22,504</u>	<u>13,208</u>	<u>45,019</u>	<u>27,332</u>
Operating and administrative expenses					
Collection service fee					
ACS Servicing (Thailand) Company Limited	Subsidiary	117,907	120,641	231,729	238,799
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	1,726	-	3,365	-
		<u>119,633</u>	<u>120,641</u>	<u>235,094</u>	<u>238,799</u>
Others					
AEON Financial Service Co., Ltd.	Major shareholder	22,374	24,083	46,536	46,229
AEON Credit Service Company Limited	Common ultimate holding company	2,122	4,967	5,588	8,768
AEON (Thailand) Company Limited	Holding shares and two common directors	4,309	2,838	9,509	8,464
AEON Credit Service Systems (Philippines) Inc.	Common ultimate holding company	-	1,297	679	2,349
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	5,725	7,155	10,136	13,191
AEON Bank Ltd.	Common ultimate holding company	2,626	641	3,413	1,214
AEON Leasing Service (Lao) Co., Ltd.	Subsidiary	1,457	-	1,457	-
ACS Servicing (Thailand) Company Limited	Subsidiary	52	-	52	-
		<u>38,665</u>	<u>40,981</u>	<u>77,370</u>	<u>80,215</u>
Finance costs					
ATS Rabbit Special Purpose Vehicle Company Limited	Subsidiary	99,712	112,134	205,437	221,894
AEON Bank Ltd.	Common ultimate holding company	1,689	2,390	3,413	5,169
		<u>101,401</u>	<u>114,524</u>	<u>208,850</u>	<u>227,063</u>
Dividend paid					
ACS Capital Corporation Limited	Shareholder and one common director	122,400	112,800	122,400	112,800
AEON Financial Service Co., Ltd.	Major shareholder	223,890	206,330	223,890	206,330
AEON Holding (Thailand) Limited	Common ultimate holding company	56,100	51,700	56,100	51,700
		<u>402,390</u>	<u>370,830</u>	<u>402,390</u>	<u>370,830</u>

- Other income for the three-month and six-month periods ended August 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 and six-month periods ended August 31, 2020 and 2019, are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
For the three-month period ended August 31, 2020					
	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	4,742,235	389,413	252,839	-	5,384,487
Inter - segment revenues	108,206	(2,992)	114,706	(219,920)	-
	<u>4,850,441</u>	<u>386,421</u>	<u>367,545</u>	<u>(219,920)</u>	<u>5,384,487</u>
Expenses					
Operating and administrative expenses	1,714,908	195,460	293,272	(220,219)	1,983,421
Directors and managements' remuneration	4,791	9,817	5,293	-	19,901
Loss on revaluation of investment	14,009	-	-	-	14,009
Loss (gain) on sale and write-off of leasehold improvement and equipment	1,735	220	(70)	-	1,885
Total expenses	<u>1,735,443</u>	<u>205,497</u>	<u>298,495</u>	<u>(220,219)</u>	<u>2,019,216</u>
Finance costs	466,326	89,366	1,296	(2,692)	554,296
Expected credit loss	1,306,074	283,746	2	-	1,589,822
Share of loss from an associate	-	-	-	5,584	5,584
Profit (loss) before income tax	1,342,598	(192,188)	67,752	(2,593)	1,215,569
Income tax expense	265,904	8,800	11,589	-	286,293
Profit (loss) for the period	<u>1,076,694</u>	<u>(200,988)</u>	<u>56,163</u>	<u>(2,593)</u>	<u>929,276</u>

CONSOLIDATED FINANCIAL STATEMENTS					
For the three-month period ended August 31, 2019					
	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	5,034,199	346,039	283,304	-	5,663,542
Inter - segment revenues	103,710	-	104,757	(208,467)	-
	<u>5,137,909</u>	<u>346,039</u>	<u>388,061</u>	<u>(208,467)</u>	<u>5,663,542</u>
Expenses					
Operating and administrative expenses	1,991,447	158,508	305,943	(208,466)	2,247,432
Directors and managements' remuneration	24,954	13,665	5,532	-	44,151
Loss (gain) on sale and write-off of leasehold improvement and equipment	972	227	(2)	-	1,197
Total expenses	<u>2,017,373</u>	<u>172,400</u>	<u>311,473</u>	<u>(208,466)</u>	<u>2,292,780</u>
Finance costs	497,019	59,518	5	-	556,542
Bad debts and doubtful accounts (reversal)	1,559,014	34,298	(12)	-	1,593,300
Share of loss from an associate	-	-	-	1,621	1,621
Profit before income tax	1,064,503	79,823	76,595	(1,622)	1,219,299
Income tax expense	208,768	17,588	15,062	-	241,418
Profit for the period	<u>855,735</u>	<u>62,235</u>	<u>61,533</u>	<u>(1,622)</u>	<u>977,881</u>

CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended August 31, 2020

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	9,650,600	835,418	554,166	-	11,040,184
Inter - segment revenues	323,755	(2,162)	243,006	(564,599)	-
	<u>9,974,355</u>	<u>833,256</u>	<u>797,172</u>	<u>(564,599)</u>	<u>11,040,184</u>
Expenses					
Operating and administrative expenses	3,478,025	387,145	603,250	(446,451)	4,021,969
Directors and managements' remuneration	30,672	19,764	14,060	-	64,496
Loss on revaluation of investments	14,009	-	-	-	14,009
Loss (gain) on sale and write-off of leasehold improvement and equipment	4,937	276	(436)	-	4,777
Total expenses	<u>3,527,643</u>	<u>407,185</u>	<u>616,874</u>	<u>(446,451)</u>	<u>4,105,251</u>
Finance costs	944,267	170,933	2,763	(5,509)	1,112,454
Expected credit loss (reversal)	3,505,355	476,599	(326)	-	3,981,628
Share of loss from an associate	-	-	-	18,105	18,105
Profit (loss) before income tax	1,997,090	(221,461)	177,861	(130,744)	1,822,746
Income tax expense	370,524	35,712	32,323	-	438,559
Profit (loss) for the period	<u>1,626,566</u>	<u>(257,173)</u>	<u>145,538</u>	<u>(130,744)</u>	<u>1,384,187</u>

CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended August 31, 2019

	Retail finance services		Other businesses	Elimination	Total
	Domestic	Foreign	Domestic		
	Baht '000	Baht '000	Baht '000	Baht '000	Baht '000
Revenues					
Revenue from external customers	9,938,094	651,576	567,603	-	11,157,273
Inter - segment revenues	296,928	-	214,864	(511,792)	-
	<u>10,235,022</u>	<u>651,576</u>	<u>782,467</u>	<u>(511,792)</u>	<u>11,157,273</u>
Expenses					
Operating and administrative expenses	3,979,564	308,071	610,395	(409,864)	4,488,166
Directors and managements' remuneration	49,137	23,552	12,235	-	84,924
Loss on sale of investment	539	-	-	-	539
Loss (gain) on sale and write-off of leasehold improvement and equipment	1,722	284	(2)	-	2,004
Total expenses	<u>4,030,962</u>	<u>331,907</u>	<u>622,628</u>	<u>(409,864)</u>	<u>4,575,633</u>
Finance costs	989,256	111,070	12	-	1,100,338
Bad debts and doubtful accounts (reversal)	2,927,853	60,101	(18)	-	2,987,936
Share of loss from an associate	-	-	-	2,553	2,553
Profit before income tax	2,286,951	148,498	159,845	(104,481)	2,490,813
Income tax expense	432,324	32,006	31,791	-	496,121
Profit for the period	<u>1,854,627</u>	<u>116,492</u>	<u>128,054</u>	<u>(104,481)</u>	<u>1,994,692</u>

23.2 Financial positions classified by business are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
“Unaudited”					
As at August 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	71,021,295	5,477,640	453,603	(191,402)	76,761,136
Leasehold improvement and equipment and intangible assets other than goodwill	1,193,978	199,892	146,400	(6,942)	1,533,328
Other assets	8,085,004	1,340,154	873,218	(1,328,081)	8,970,295
Total assets	<u>80,300,277</u>	<u>7,017,686</u>	<u>1,473,221</u>	<u>(1,526,425)</u>	<u>87,264,759</u>
Total liabilities	<u>65,750,540</u>	<u>6,062,102</u>	<u>400,316</u>	<u>(291,745)</u>	<u>71,921,213</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 August 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 August 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 August 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 August 31, 2020 and February 29, 2020, two subsidiaries have letters of guarantee issued by banks in the amounts of Baht 5.68 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 0.52 million and Baht 1.05 million as bad debt recovery in the consolidated and separate statements of profit or loss for the three-month and six-month periods ended August 31, 2020, respectively, and recorded outstanding deferred revenue of Baht 23.70 million as other current liabilities in the separate statements of financial position as at August 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 0.54 million and Baht 0.98 million as bad debt recovery in the consolidated and separate statements of profit or loss for the three-month and six-month periods ended August 31, 2020, respectively, and recorded outstanding deferred revenue of Baht 56.76 million as other current liabilities in the separate statements of financial position as at August 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. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issue by the Company's authorized director and the Audit Committee on October 2, 2020.

Headline: Notification of the Resolution of the Board of Directors' Meeting No. 10/2020;
Interim dividend payment

Security Symbol: AEONTS

Announcement Details

Dividend payment / Omitted dividend payment	
Subject	Cash dividend payment
Date of Board resolution	06-Oct-2020
Type of dividend payment	Cash dividend payment
Record date for the right to receive dividends	20-Oct-2020
Ex-dividend date	19-Oct-2020
Payment for	Common shareholders
Cash dividend payment (baht per share)	1.85
Par value (baht)	1.00
Payment date	05-Nov-2020
Paid from	Operating period from 01-Mar-2020 to 31-Aug-2020 and Retained Earnings

The company hereby certifies that the information above is correct and complete.

Signature _____
(Tsutomu Omodera)
Managing Director
Authorized Persons to Disclose
Information

Remark

3. Unanimously approved interim dividend payment for the first-half of fiscal year 2020 (March 1, 2020 - August 31, 2020). The dividends will be paid at the rate of 1.85 baht per share, totaling 462,500,000 baht or 30.9% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 20, 2020. The Company will pay dividend on November 5, 2020.

This announcement was prepared and disseminated by listed company or issuer through the electronic system which is provided for the purpose of dissemination of the information and related documents of listed company or issuer to the Stock Exchange of Thailand only. The Stock Exchange of Thailand has no responsibility for the correctness and completeness of any statements, figures, reports or opinions contained in this announcement, and has no liability for any losses and damages in any cases. In case you have any inquiries or clarification regarding this announcement, please directly contact listed company or issuer who made this announcement.

Management Discussion and Analysis for the 2nd Quarter 2020

Ended August 31, 2020

AEON Thana Sinsap (Thailand) Public Company Limited (“the Company”) has already submitted the consolidated reviewed the 2nd quarter financial statements as of August 31, 2020 which were reviewed by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The operating performance is summarized as follows.

Overview

According to the Bank of Thailand and Office of the National Economic and Social Development Board data, the Thai economy in the second quarter of 2020 dropped by 12.2% compared with a 2% contraction in the previous quarter, as a result of the Covid-19 pandemic situation which disrupted economic activities in many sectors, especially in tourism sector that was directly impacted by lockdown measures. The exports sector fell sharply affected by weakening trading partner demand. These factors resulted in an increase in the unemployment rate to 2% in the second quarter of 2020 and the high level of household debt. On the other hand, public spending and investment continued to grow due to government’s relief measure through cash injection for people and businesses.

As of August 31, 2020, the Company’s total cards reached 9.03 million cards, including 2.88 million credit cards, and 6.15 million member cards. The Company has active customers more than 2 million IDs, mainly from Bangkok 31%, and in up-country 69%. Covering networks nationwide, the Company has 102 branches, 408 ATMs, and 6,494 member dealers to provide quality financial services to AEON cardholders. For overseas business in Cambodia, Myanmar and Laos, they have active customers more than 276,000, with representing 10% of total company customers.

Summary of Consolidated Financial Results

1. Operating Results

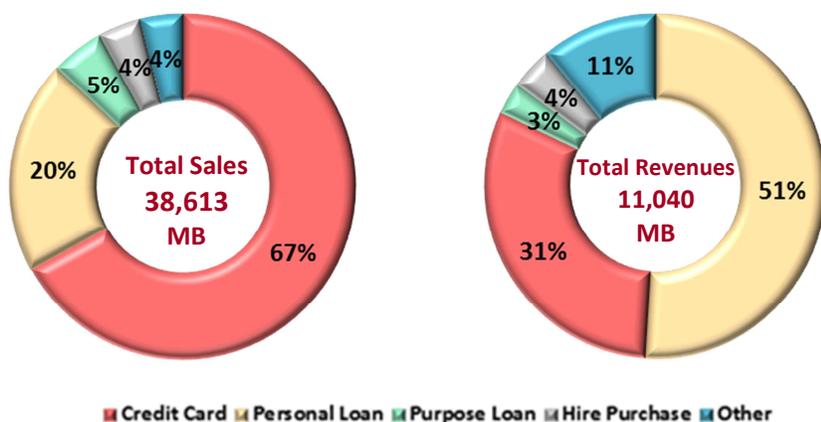
Profit and Loss Statement (Consolidated) Unit : Million Baht	2Q/19	1Q/20	2Q/20	%QoQ	%YoY	1H19	1H20	%YoY
Credit card income	1,887	1,738	1,621	-9%	-14%	3,754	3,359	-11%
Loan income	3,020	3,076	2,905	-6%	-4%	5,940	5,980	1%
Hire-purchase income	173	249	240	-4%	38%	321	489	52%
Other income	584	593	619	4%	6%	1,143	1,212	6%
Total Revenues	5,664	5,656	5,384	-5%	-5%	11,157	11,040	-1%

Profit and Loss Statement (Consolidated) Unit : Million Baht	2Q/19	1Q/20	2Q/20	%QoQ	%YoY	1H19	1H20	%YoY
Operating and administrative expenses and others	2,293	2,086	2,019	-3%	-12%	4,576	4,105	-10%
Bad debts and doubtful accounts	1,593	2,392	1,590	-34%	-0.2%	2,988	3,982	33%
Finance costs	557	558	554	-1%	-0.5%	1,100	1,112	1%
Total Expenses	4,443	5,036	4,163	-18%	-7%	8,664	9,199	6%
Profit before tax income	1,219	607	1,216	100%	0%	2,491	1,823	-27%
Income tax expenses	241	152	286	88%	19%	496	439	-12%
Net profit for the period	942	530	966	82%	3%	1,929	1,497	-22%
Earning Per Share (Baht per share)	3.77	2.12	3.87	82%	3%	7.72	5.99	-22%

Revenues

In the first half of fiscal year 2020, the total consolidated revenues were 11,040 million baht, decreasing of 117 million baht or 1% y-y. In the second quarter of 2020, the Company's revenues were 5,384 million baht, decreasing of 279 million baht or 5% y-y and q-q. This is the result of the COVID-19 pandemic situation and economic slowdown has made consumers more cautious on spending, resulting in decreasing of card spending. In addition, the Bank of Thailand cut the ceiling rates for interest rates on credit card from 18% to 16% per annum and personal loan from 28% to 25% per annum, effective from August 1, 2020 onwards. On the other hand, our revenue from bad debt recovery continued to grow that increased by 26% y-y and the revenue from overseas subsidiaries grew by 28% y-y. Details of each business can be described as follows:

Sales and Revenues Structure for the first six months of 2020



- Credit Card

In the first half year of 2020, credit card turnover accounted 67% of total turnovers with revenue of 3,359 million baht, a decrease of 359 million baht or 11% y-y. In the second quarter of 2020, credit card revenue was 1,621 million baht, a decrease of 266 million baht or 14% y-y, mainly resulted from dropped in

credit card spending and cutting in ceiling interest rate for credit card by 2%, which would be effective in August. For credit card expansion, in this quarter, the Company cooperated with Big C Supercenter Public Company Limited to launch Big C World Mastercard, which offering privileges under the concept “The best credit card @Big C”. The Big C World Mastercard offers special discount of 10% to our cardholders when spending through Big C shopping online and 7% at Big C Supercenter. In addition, our cardholders can enjoy 0% interest rate for 6 or 10 months installment payment when purchasing electrical appliances. In addition, AEON Specialized Bank (Cambodia) Plc had credit card revenue in the second quarter of 2020 of 25 million baht, grew by 47% y-y.

- Loans

In the first half of 2020, loans shared 25% of total turnovers with the revenue of 5,980 million baht, an increase of 40 million baht or 1% y-y. In the second quarter of 2020, loans revenue was 2,905 million baht, a decrease of 115 million baht or 4% y-y, mainly from lower new trading volume and reduction on interest rate ceiling for personal loan by 3%. Moreover, loan income from AEON Specialized Bank (Cambodia) PLC of 79 million baht, grew by 23% y-y and AEON Microfinance (Myanmar) Company Limited of 82 million baht, decreasing by 17% 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 31% of total personal loan sales.

- Hire Purchase

In the first half of 2020, motorcycle and used car hire purchase in Thailand and electrical appliances, mobile phone and etc. in oversea business, with the revenues of 489 million baht, increasing by 168 million baht or 52% y-y mainly from continued growth of hire purchase in overseas business. In the second quarter of 2020, the Company had hire purchase revenue of 240 million baht, increasing by 66 million baht or 38% y-y. In addition, in the second quarter of 2020, the Company had hire purchase income from AEON Specialized Bank (Cambodia) Plc of 146 million baht, increasing by 29% y-y and AEON Leasing Service (Lao) Company Limited of 26 million baht, which was at the same level as last year.

- Others

In the first half of 2020, other incomes were 1,212 million baht, showing an increase of 69 million baht or 6% y-y and represented 11% of total revenues. The increase was mainly from the continued growth of bad debt recovery that increased by 17% y-y caused by increased expedite the legal process. In the second quarter of 2020, other incomes were 619 million baht, increased by 6% y-y, due to bad debt recovery that increased by 26% y-y and 30% q-q. Moreover, the income for the first half year of 2020 of company's subsidiaries in Thailand, the Company had commission income of 263 million baht, decreasing

by 1% y-y from AEON Insurance Service (Thailand) Co., Ltd. and collection service income of 121 million baht, decreasing 9% y-y from ACS Servicing (Thailand) Co., Ltd.

Expenses

The Company's expenses mainly consist of operating and administrative expenses, expected credit loss and finance cost. In the first half of 2020, the Company had total consolidated expenses of 9,199 million baht, an increase of 535 million baht or 6% y-y. For the second quarter of 2020, the consolidated expenses were 4,163 million baht, a decrease of 280 million baht or 6% y-y. Details of expenses are shown as follows:

- Operating and Administrative Expenses

In the first half of 2020, the consolidated operating and administrative expense were 4,105 million baht, decreasing by 10% y-y. The decrease in operating and administrative expense was mainly from lower marketing activities and a decrease in personal expense and transportation expense. For the second quarter of 2020, the consolidated operating and administrative expenses were 2,019 million baht, decreasing by 12% y-y. However, the Company still maintained effective operating cost control with cost to income ratio at 37% of total revenues. Considering the Company's separate financial statement, the operating and administrative expenses as a percentage of revenues represented 35% in the second quarter and the first half of 2020.

- Expected Credit Loss

The consolidated expected credit loss in the first half of 2020 amounted to 3,982 million baht, increasing by 33% y-y. For the second quarter of 2020, the Company recorded expected credit loss of 1,590 million baht, which was at the same level as last year and decreasing by 34% q-q. The significant decrease in expected credit loss was mainly from additional provision in the previous quarter in accordance with the new Financial Reporting Standards (TFRS 9) coupled with provision for future impact of ongoing economic slowdown and management overlay.

- Finance Cost

The Company recorded consolidated finance cost in the first half of 2020 of 1,112 million baht, increasing by 1% y-y. For the second quarter of 2020, the finance cost was 554 million baht, which was the same level as last year and accounted for 11% of total revenues. The average funding cost in the second quarter of 2020 was at 2.92% decreased from 2.99% last year.

Net Profit

For the first half of 2020, consolidated operating income was reported at 1,823 million baht, a decrease of 668 million baht or 27% y-y. The Company recorded net profit of 1,497 million baht, a decrease of 432 million baht or 22% y-y, and earning per share was 5.99 baht, which was resulted from higher provision in the first quarter with probable forward looking macroeconomic factors. For the second quarter of 2020, the Company had consolidated operating income of 1,216 million baht, which was the same level as last year. The Company reported net profit attributed to owners of the parent of 966 million baht, an increase of 24 million baht or 3% y-y and earning per share was 3.87 baht, mainly contributed by continued growth of bad debt recovery and efficiently control the operation cost as well as the relaxation of lockdown measures both in Thailand and abroad, supporting economic activities to resume operations.

2. Financial Status

Statement of Financial Position	February 29, 2020	August 31, 2020	Change
Unit : Million Baht		(TFRS 9)	%YoY
Accounts Receivable	90,232	88,017	-2%
Total Assets	95,396	87,265	-9%
Total Borrowing	69,437	65,310	-6%
Total Liabilities	74,271	71,921	-3%
Total Equities	21,125	15,344	-27%
ROE	20.5%	16.7%	-18%
ROA	4.4%	3.3%	-25%
D/E Ratio	3.6	4.8	33%

Total Assets

As of August 31, 2020, consolidated total assets were 87,265 million baht, a decrease of 8,131 million baht or 9% 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 has gross accounts receivable of 88,017 million baht as of August 31, 2020, decreasing 2% from as of February 29, 2020. 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 35,935 million baht, decreasing by 3%; loans receivable of 46,257

million baht, decreasing by 4%; hire purchase receivable of 5,643 million baht, increasing by 9% and others receivable of 181 million baht, increasing by 9% from the end of last year.

- Allowance for expected credit loss

As of August 31, 2020, the Company provided allowance for doubtful accounts of 11,972 million baht or 13.6% 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, which was resulted from the adoption of accounting standard TFRS 9 by calculating the expected credit loss (ECL Model) together with probable forward looking macroeconomic factors and also set additional management overlay in the previous quarter. The non-performing loan ratio was 3.88% slightly increased from the previous quarter due to higher provision of overseas business caused by IFRS 9 adoption and lockdown measures in April. The coverage ratio of allowance for expected credit loss to NPL (NPL Coverage ratio) decreased from 359% in the first quarter of 2020 to 351% in the second quarter of 2020.

Liabilities

The consolidated liabilities of the Company as of August 31, 2020 totaling 71,921 million baht, a decrease of 2,349 million baht or 3% from 74,271 million baht at the end of fiscal year 2019. There were both short-term and long-term borrowings totally 65,310 million baht, decreasing by 6% from the end of last year. The portion of long-term borrowings was 45,358 million baht or represented 69% of total borrowings. To manage risk that might occur from the fluctuation in currency and interest rate of long-term a debenture in foreign currencies, the Company has entered into cross currency interest rate swap contracts to hedge its debt. However, the Company has unused unsecured revolving credit facilities as of August 31, 2020 totaling 3 billion baht and unused uncommitted facilities with foreign banks totaling 9.8 billion baht, which is enough to drive the Company's operation. The Company also has the debentures totaling 4.9 billion baht that will mature in the next 12 months, which the Company can issue the replacement debentures or use a working capital to repay those debentures.

Shareholders' Equity

As of August 31, 2020, total shareholders' equity amounted to 15,106 million baht, a decrease of 5,622 million baht or 27% from the end of fiscal year 2019, reflected the adoption of ECL model, hedge accounting and leases standard (TFRS 16). Consequently, Book value as of August 31, 2020 was 60.4 baht per share, decreased from that of 82.9 baht per share as of February 29, 2020. Debt to Equity ratio as of August 31, 2020 was at 4.8 times increased from 3.6 times at the end of 2019. Return on Equity (ROE) and Return on Asset (ROA) for six month period of 2020 are 16.7% and 3.3%, respectively.

The Company also announces to pay interim dividend of six month performance at the amount 1.85 baht per share or 30.9% payout ratio. The shareholder register book for the right to receive dividends shall be recorded on October 20, 2020 (XD will be posted on October 19, 2020) and dividend will be paid on November 5, 2020.