

S 11 Group Public Company Limited
Review report and interim financial statements
30 September 2017



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EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเดจรัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ต.ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S 11 Group Public Company Limited

I have reviewed the accompanying statements of financial position, in which the equity method is applied, of S 11 Group Public Company Limited as at 30 September 2017, the related statements of comprehensive income, in which equity method is applied, for the three-month and nine-month periods ended 30 September 2017, the statements of changes in shareholders' equity and cash flows, in which equity method is applied, for the nine-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of S 11 Group Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 13 November 2017

S 11 Group Public Company Limited

Statements of financial position

As at 30 September 2017

(Unit: Baht)

	Note	Financial statements		
		in which the equity		
		method is applied	Separate financial statements	
	30 September 2017	30 September 2017	31 December 2016	
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents		8,056,337	8,056,337	4,948,506
Current portion of hire purchase receivables - net	2	2,243,961,599	2,243,961,599	2,038,475,099
Assets foreclosed - net	3	11,783,395	11,783,395	8,478,179
Revenue Department receivables		14,834,155	14,834,155	33,926,562
Prepaid insurance premium		76,750,623	76,750,623	75,061,831
Other current assets	4	86,209,761	86,209,761	70,195,892
Total current assets		2,441,595,870	2,441,595,870	2,231,086,069
Non-current assets				
Investment in an associated company	5	311,817	249,990	-
Restricted bank deposits	6	709,217	709,217	537,057
Hire purchase receivables - net of current portion	2	2,116,975,155	2,116,975,155	1,855,779,328
Prepaid insurance premium		25,210,131	25,210,131	30,682,151
Land, building and equipment - net	7	88,664,926	88,664,926	82,972,707
Deferred tax assets	8	119,569,788	119,569,788	82,067,350
Other non-current assets		249,136	249,136	223,950
Total non-current assets		2,351,690,170	2,351,628,343	2,052,262,543
Total assets		4,793,286,040	4,793,224,213	4,283,348,612

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 30 September 2017

(Unit: Baht)

	Note	Financial statements		
		in which the equity		Separate financial statements
		method is applied		
30 September 2017	30 September 2017	31 December 2016		
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans from financial institutions	9	50,000,000	50,000,000	-
Trade accounts payables		59,525,363	59,525,363	9,521,799
Current portion of long-term loans	11	966,870,042	966,870,042	777,146,012
Current portion of liabilities under financial lease agreements		-	-	456,728
Current portion of debentures	12	499,098,153	499,098,153	-
Short-term loans	10	193,380,079	193,380,079	325,492,123
Income tax payable		36,925,167	36,925,167	58,790,052
Insurance premium payables		20,564,080	20,564,080	18,444,426
Accrued expenses		57,547,964	57,547,964	28,299,306
Other current liabilities		23,938,518	23,938,518	19,114,878
Total current liabilities		1,907,849,366	1,907,849,366	1,237,265,324
Non-current liabilities				
Long-term loans - net of current portion	11	737,487,287	737,487,287	481,214,537
Debenture - net of current portion	12	149,678,513	149,678,513	647,824,289
Provision for long-term employee benefits		9,132,928	9,132,928	8,403,504
Total non-current liabilities		896,298,728	896,298,728	1,137,442,330
Total liabilities		2,804,148,094	2,804,148,094	2,374,707,654

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 30 September 2017

(Unit: Baht)

	Financial statements		
	in which the equity		
	method is applied	Separate financial statements	
Note	30 September 2017	30 September 2017	31 December 2016
	(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Shareholders' equity			
Share capital			
Registered			
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000
Issued and fully paid-up			
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000
Share premium	427,822,558	427,822,558	427,822,558
Capital reserve for share-based payment transactions	15,300,000	15,300,000	15,300,000
Retained earnings			
Appropriated - statutory reserve	59,478,174	59,478,174	59,478,174
Unappropriated	873,537,214	873,475,387	793,040,226
Total shareholders' equity	1,989,137,946	1,989,076,119	1,908,640,958
Total liabilities and shareholders' equity	4,793,286,040	4,793,224,213	4,283,348,612

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

S 11 Group Public Company Limited
 Statements of comprehensive income
 For the three-month period ended 30 September 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		
		Separate financial statements		
		2017	2017	2016
Profit or loss:				
Revenues				
Hire purchase interest income		347,149,053	347,149,053	307,574,346
Fee and service income		15,188,264	15,188,264	13,382,167
Other income		3,958,584	3,958,584	2,378,593
Total revenues		366,295,901	366,295,901	323,335,106
Expenses				
Selling and administrative expenses		76,755,961	76,755,961	62,229,112
Bad debts and doubtful accounts		94,050,426	94,050,426	62,468,251
Loss on impairment and on disposal of assets foreclosed	13	44,798,492	44,798,492	37,247,443
Total expenses		215,604,879	215,604,879	161,944,806
Profit before finance cost, share of gain from investment in an associated company and income tax expenses		150,691,022	150,691,022	161,390,300
Finance cost		(28,710,812)	(28,710,812)	(31,705,152)
Profit before share of gain from investment in an associated company and income tax expenses		121,980,210	121,980,210	129,685,148
Share of gain from investment in an associated company	5.2	101,793	-	-
Profit before income tax expenses		122,082,003	121,980,210	129,685,148
Income tax expenses	8.2	(24,373,691)	(24,373,691)	(25,905,426)
Profit for the period		97,708,312	97,606,519	103,779,722
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (losses)		(168,509)	(168,509)	26,097
Income tax relating to actuarial (gain) losses		33,702	33,702	(5,220)
Other comprehensive income for the period (loss)		(134,807)	(134,807)	20,877
Total comprehensive income for the period		97,573,505	97,471,712	103,800,599
Earnings per share	14			
Basic earnings per share		0.16	0.16	0.17

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited
 Statements of comprehensive income
 For the nine-month period ended 30 September 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		
		Separate financial statements		
		2017	2017	2016
Profit or loss:				
Revenues				
Hire purchase interest income		1,001,100,420	1,001,100,420	885,404,307
Fee and service income		44,229,715	44,229,715	39,440,144
Other income		9,492,826	9,492,826	8,363,113
Total revenues		1,054,822,961	1,054,822,961	933,207,564
Expenses				
Selling and administrative expenses		220,457,009	220,457,009	162,066,765
Bad debts and doubtful accounts	2.6	273,660,371	273,660,371	190,336,134
Loss on impairment and on disposal of assets foreclosed	13	117,789,555	117,789,555	101,680,059
Total expenses		611,906,935	611,906,935	454,082,958
Profit before finance cost, share of gain from investment in an associated company and income tax expenses		442,916,026	442,916,026	479,124,606
Finance cost		(82,242,609)	(82,242,609)	(90,807,813)
Profit before share of gain from investment in an associated company and income tax expenses		360,673,417	360,673,417	388,316,793
Share of gain from investment in an associated company	5.2	61,827	-	-
Profit before income tax expenses		360,735,244	360,673,417	388,316,793
Income tax expenses	8.2	(72,059,863)	(72,059,863)	(77,607,576)
Profit for the period		288,675,381	288,613,554	310,709,217
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain		302,009	302,009	404,108
Income tax relating to actuarial gain		(60,402)	(60,402)	(80,822)
Other comprehensive income for the period		241,607	241,607	323,286
Total comprehensive income for the period		288,916,988	288,855,161	311,032,503
Earnings per share				
Basic earnings per share	14	0.47	0.47	0.51

The accompanying notes are an integral part of the financial statements.

(Unaudited but review)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2017

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	613,000,000	427,822,558	15,300,000	59,478,174	793,040,226	1,908,640,958
Profit for the period	-	-	-	-	288,675,381	288,675,381
Other comprehensive income for the period	-	-	-	-	241,607	241,607
Total comprehensive income for the period	-	-	-	-	288,916,988	288,916,988
Payment for dividend (Note 16)	-	-	-	-	(208,420,000)	(208,420,000)
Balance as at 30 September 2017	613,000,000	427,822,558	15,300,000	59,478,174	873,537,214	1,989,137,946

The accompanying notes are an integral part of the financial statements.

(Unaudited but review)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2017

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2016	613,000,000	427,822,558	15,300,000	38,406,028	625,320,801	1,719,849,387
Profit for the period	-	-	-	-	310,709,217	310,709,217
Other comprehensive income for the period	-	-	-	-	323,286	323,286
Total comprehensive income for the period	-	-	-	-	311,032,503	311,032,503
Payment for dividend (Note 16)	-	-	-	-	(232,939,973)	(232,939,973)
Balance as at 30 September 2016	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>38,406,028</u>	<u>703,413,331</u>	<u>1,797,941,917</u>
Balance as at 1 January 2017	613,000,000	427,822,558	15,300,000	59,478,174	793,040,226	1,908,640,958
Profit for the period	-	-	-	-	288,613,554	288,613,554
Other comprehensive income for the period	-	-	-	-	241,607	241,607
Total comprehensive income for the period	-	-	-	-	288,855,161	288,855,161
Payment for dividend (Note 16)	-	-	-	-	(208,420,000)	(208,420,000)
Balance as at 30 September 2017	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>59,478,174</u>	<u>873,475,387</u>	<u>1,989,076,119</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Cash flows statements

For the nine-month period ended 30 September 2017

(Unit: Baht)

	Financial statements		
	in which the equity		
	method is applied	Separate financial statements	
	2017	2017	2016
Cash flows from operating activities			
Profit before income tax	360,735,244	360,673,417	388,316,793
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities			
Depreciation	4,564,816	4,564,816	4,679,204
Bad debts and doubtful accounts	273,660,371	273,660,371	190,336,134
Loss on impairment of assets foreclosed	1,886,325	1,886,325	632,054
Gain on sale assets	(466)	(466)	(71,367)
Loss on written-off assets	16,644	16,644	8,711
Share of gain from investment in an associated company	(61,827)	-	-
Provision for long-term employee benefits	1,031,433	1,031,433	2,130,833
Hire purchase interest income	(1,001,100,420)	(1,001,100,420)	(885,404,307)
Interest expenses and amortisation of loans issuing cost	82,242,609	82,242,609	90,807,813
Loss from operating activities before changes in operating assets and liabilities	(277,025,271)	(277,025,271)	(208,564,132)
Operating assets (increase) decrease			
Hire purchase receivables	(725,772,561)	(725,772,561)	(648,235,228)
Assets foreclosed	(5,191,541)	(5,191,541)	(3,727,665)
Revenue Department receivables	19,092,407	19,092,407	(1,666,908)
Prepaid insurance premium	3,783,228	3,783,228	(31,915,839)
Other current assets	(16,013,869)	(16,013,869)	(704,966)
Other non-current assets	(25,186)	(25,186)	(11,350)
Operating liabilities increase (decrease)			
Trade accounts payables	50,003,564	50,003,564	55,035,351
Insurance premium payables	2,119,654	2,119,654	3,291,312
Accrued expenses	27,431,785	27,431,785	26,339,512
Other current liabilities	4,823,816	4,823,816	(826,462)
Cash flows used in operating activities	(916,773,974)	(916,773,974)	(810,986,375)
Cash received from interest	986,530,283	986,530,283	874,498,836
Cash paid for corporate income tax	(131,487,588)	(131,487,588)	(122,426,503)
Cash paid for interest	(66,143,628)	(66,143,628)	(61,318,589)
Net cash flows used in operating activities	(127,874,907)	(127,874,907)	(120,232,631)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Cash flows statements (continued)

For the nine-month period ended 30 September 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	2017	2016	
Cash flows from investing activities				
Cash paid for investment in an associated company	(249,990)	(249,990)	-	
Decrease (increase) in restricted bank deposits	(172,160)	(172,160)	1,286,796	
Cash received for proceed of equipment	467	467	75,000	
Cash paid for acquisition of building and equipment	(10,273,679)	(10,273,679)	(4,122,615)	
Net cash flows used in investing activities	(10,695,362)	(10,695,362)	(2,760,819)	
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	50,000,000	50,000,000	(20,989,071)	
Increase in short-term loans	(140,715,693)	(140,715,693)	(120,722,250)	
Cash received from debenture	-	-	497,750,000	
Cash received from long-term loans	1,184,200,000	1,184,200,000	889,827,000	
Repayment of long-term loans	(741,177,303)	(741,177,303)	(886,594,334)	
Repayment of financial lease payables	(456,728)	(456,728)	(1,023,473)	
Payment for loans issuing cost	(1,752,000)	(1,752,000)	(2,006,000)	
Payment for dividend	(208,420,176)	(208,420,176)	(232,879,199)	
Net cash flows from financing activities	141,678,100	141,678,100	123,362,673	
Net increase in cash and cash equivalents	3,107,831	3,107,831	369,223	
Cash and cash equivalents at beginning of period	4,948,506	4,948,506	41,321,048	
Cash and cash equivalents at end of period	8,056,337	8,056,337	41,690,271	

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2017

1. General information

1.1 Corporate information

S 11 Group Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholder is S Charter Company Limited which was incorporated in Thailand. The Company is principally engaged in the hire purchase of motorcycles and its registered address is 888, Soi Chatuchot 10, Chatuchot road, Ao Ngoen, Sai Mai, Bangkok.

As at 30 September 2017, the Company has 5 branches located in Chonburi, Ayudhya and Rayong (31 December 2016: 3 branches).

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 New accounting standards

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal year beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016, except for the new accounting policy relating to investments in an associated company.

Investment in an associated company is presented under the cost method in the separate financial statements, and is presented under the equity method in the financial statements in which the equity method is applied.

2. Hire purchase receivables

2.1 As at 30 September 2017 and 31 December 2016, the contract terms of the Company's hire purchase receivables are 12 - 36 installments with payments to be made in equal installments, and interest charged at the fixed rates as specified in the contracts. These are summarised as follows:

	(Unit: Baht)		
	30 September 2017		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	4,130,396,651	2,709,263,845	6,839,660,496
Less: Unearned hire purchase income ⁽¹⁾	(1,274,894,259)	(569,555,737)	(1,844,449,996)
Present value of the minimum lease payment receivables	2,855,502,392	2,139,708,108	4,995,210,500
Less: Allowance for doubtful accounts ⁽³⁾	(611,540,793)	(22,732,953)	(634,273,746)
Net hire purchase receivables	<u>2,243,961,599</u>	<u>2,116,975,155</u>	<u>4,360,936,754</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase.

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased.

(3) The balance of allowance for doubtful account due within 1 year includes additional provision for uncollectible receivables.

(Unaudited but reviewed)

(Unit: Baht)

	31 December 2016		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	3,627,635,361	2,372,079,207	5,999,714,568
Less: Unearned hire purchase income ⁽¹⁾	(1,119,110,884)	(496,435,514)	(1,615,546,398)
Present value of the minimum lease payment receivables	2,508,524,477	1,875,643,693	4,384,168,170
Less: Allowance for doubtful accounts	(470,049,378)	(19,864,365)	(489,913,743)
Net hire purchase receivables	<u>2,038,475,099</u>	<u>1,855,779,328</u>	<u>3,894,254,427</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase.

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased.

2.2 As at 30 September 2017 and 31 December 2016, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for doubtful accounts are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Balance of		Percentage of allowance set up by the Company	Allowance for	
	hire purchase receivables			doubtful accounts	
	30 September 2017	31 December 2016		30 September 2017	31 December 2016
Not yet due	3,269,571,030	2,829,089,769	1	32,695,668	28,290,897
Past due					
Less than 1 months	652,322,597	633,161,697	1	6,523,226	6,331,617
1 month or more, but less than 2 months	258,957,498	243,204,349	1	2,589,574	2,432,043
2 months or more, but less than 4 months	244,789,895	230,462,417	2	4,895,798	4,609,248
4 months or more, but less than 7 months	149,793,137	124,612,873	100	149,793,137	124,612,873
7 months or more, but less than 13 months	176,907,180	137,963,577	100	176,907,180	137,963,577
13 months or more	242,869,163	185,673,488	100	242,869,163	185,673,488
Total	<u>4,995,210,500</u>	<u>4,384,168,170</u>		616,273,746	489,913,743
Allowance for doubtful accounts - additional provision for uncollectible receivables				18,000,000	-
Total				<u>634,273,746</u>	<u>489,913,743</u>

- 2.3 The Notification of the Institute of Certified Accountants and Auditors of Thailand, with the concurrence of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease and full provision is to be recorded for accounts receivable which are past due more than 3 installments, based on the scheduled repayment date per the agreement, and general provision is to be provided for accounts receivable which are not past due or have no more than 3 installments past due. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses and the reason.

The Company had a policy to cease recognising revenue from hire purchase receivables which are past due more than 3 installments and has a policy to set up full allowance for doubtful accounts, without consider collateral value, for hire purchase receivables with 4 months or more installments past due. The management has considered and confident that this policy is appropriated for the debtor's character and to the Company's business.

- 2.4 As at 30 September 2017, the Company had hire purchase receivables amounting to Baht 840 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2016: Baht 678 million).
- 2.5 As at 30 September 2017, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 468 million (31 December 2016: Baht 78 million) in order to secure credit facilities granted by a commercial bank as discussed in Note 11 to the financial statements.

2.6 Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase receivables are as follow:

	(Unit: Baht)	
	For the nine-month period ended 30 September 2017	For the year ended 31 December 2016
Balance beginning of the period	489,913,743	391,066,479
Add: Doubtful account increase during the period	273,660,371	255,763,046
Less: Bad debt written-off	(129,300,368)	(156,915,782)
Balance end of the period	<u>634,273,746</u>	<u>489,913,743</u>

3. Assets foreclosed

	(Unit: Baht)	
	30 September 2017	31 December 2016
Assets foreclosed - cost	19,498,475	14,306,934
Less: Allowance for impairment	(7,715,080)	(5,828,755)
Assets foreclosed - net	<u>11,783,395</u>	<u>8,478,179</u>

4. Other current assets

	(Unit: Baht)	
	30 September 2017	31 December 2016
Advance VAT receivable	21,264,624	17,949,480
Other receivable - sales of assets foreclosed	5,443,470	6,235,608
Other accrued income	4,645,120	3,251,022
Counter service receivables	51,170,253	40,402,551
Others	3,686,294	2,357,231
Total	<u>86,209,761</u>	<u>70,195,892</u>

5. Investment in an associated company**5.1 Detail of an associated company**

Company's name	Nature of business	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
		30	31	Book value		Cost/Book value	
		September	December	30	31	30	31
		2017	2016	September	December	September	December
		(%)	(%)	2017	2016	2017	2016
MOD S Company Limited	Manage and develop quality of assets	25	-	311,817	-	249,990	-

As at 9 January 2017, the Company invested in ordinary shares of MOD S Company Limited, a company incorporated in Thailand, 49,998 shares at amounting to Baht 249,990, or 25% of share capital registered. The Company recognised such investments as investment in an associated company.

5.2 Share of comprehensive income and dividend

During the three-month and nine-month periods ended 30 September 2017, the Company recognised shares of gain from investment in an associated company in the financial statements in which the equity method is applied, amounting to Baht 101,793 and Baht 61,827, respectively, and no dividends received from the associated company during the periods.

5.3 Summarised financial information of an associated company

Summarised financial information of MOD S Company Limited as at 30 September 2017 and for the three-month and nine-month periods ended 30 September 2017, prepared by the management of the associated company and not reviewed by its auditor, is as follows:

Summarised information about financial position

	(Unit: Baht)
	30 September 2017
Total assets	1,445,953
Total liabilities	198,685
Net assets	1,247,268

Summarised information about income statement

	(Unit: Baht)	
	For the three-month period ended 30 September 2017	For the nine-month period ended 30 September 2017
Revenue	731,140	743,119
Profit for the period	407,173	247,268

6. Restricted bank deposits

As at 30 September 2017 and 31 December 2016, these present fixed deposits pledged with commercial banks to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 18 to the financial statements, and a deposit used as an employee's security deposit.

7. Land, building and equipment

Movements of land, building and equipment for the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Baht)
Cost	
Balance as at 1 January 2017	113,438,385
Additions	10,273,679
Disposals/written-off	(131,831)
Balance as at 30 September 2017	<u>123,580,233</u>
Accumulated depreciation	
Balance as at 1 January 2017	30,465,678
Depreciation for the period	4,564,816
Disposals/written-off	(115,187)
Balance as at 30 September 2017	<u>34,915,307</u>
Net book value	
Balance as at 30 September 2017	<u><u>88,664,926</u></u>

8 Deferred tax assets/income tax expenses

8.1 Deferred tax assets

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	30 September	31 December
	2017	2016
Deferred tax assets		
Allowance for doubtful accounts	126,854,749	97,982,749
Allowance for impairment of assets foreclosed	1,543,016	1,165,751
Provision for long-term employee benefits	1,826,586	1,680,701
Accrued Bonus	4,522,000	-
Advance insurance service income	5,063,966	-
Others	463,903	461,095
Total	<u>140,274,220</u>	<u>101,290,296</u>

(Unaudited but reviewed)

	(Unit: Baht)	
	30 September	31 December
	2017	2016
Deferred tax liabilities		
Deferred commission and initial direct cost from		
hire purchase contracts	19,720,990	17,103,812
Deferred loans issuing costs	738,775	1,683,992
Deferred debentures issuing cost	244,667	435,142
Total	20,704,432	19,222,946
Deferred tax assets - net	119,569,788	82,067,350

8.2 Income tax expenses

Income tax expenses for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	37,289,307	31,275,378	109,622,703	96,313,946
Deferred tax:				
Relating to origination and reversal				
of temporary differences	(12,915,616)	(5,369,952)	(37,562,840)	(18,706,370)
Income tax expenses reported in				
 the statements of comprehensive				
 income	24,373,691	25,905,426	72,059,863	77,607,576

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follow:

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Deferred tax relating to actuarial (gain) loss	33,702	(5,220)	(60,402)	(80,822)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

(Unit: Baht)

	For the three-month periods ended 30 September		
	Financial statements		
	method is applied	Separate financial statements	
	2017	2017	2016
Accounting profit before tax	122,082,003	121,980,210	129,685,148
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	24,416,401	24,396,042	25,937,030
Tax effect of tax-exempt income and disallowed expenses	(42,710)	(22,351)	(31,604)
Income tax expenses reported in the statements of comprehensive income	24,373,691	24,373,691	25,905,426

(Unaudited but reviewed)

(Unit: Baht)

	For the nine-month periods ended 30 September		
	Financial statements in which the equity method is applied		Separate financial statements
	2017	2017	2016
Accounting profit before tax	360,735,244	360,673,417	388,316,793
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	72,147,049	72,134,683	77,663,359
Tax effect of tax-exempt income and disallowed expenses	(87,186)	(74,820)	(55,783)
Income tax expenses reported in the statements of comprehensive income	72,059,863	72,059,863	77,607,576

9. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate	30 September 2017	31 December 2016
	(percent per annum)		
Promissory notes	4	50,000,000	-

These present loans in the form of promissory notes, under which principal payment is due at call and interest is payable every month end.

As at 30 September 2017, the short-term credit facilities which have not yet been drawn down amounted to Baht 150 million.

10. Short-term loans

As at 30 September 2017, the Company has loans in form of bills of exchange, net of discount, totaling Baht 193 million. The bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between November 2017 and March 2018), with interest charged at the rate of 3.44 percent per annum (31 December 2016: Bills of exchange of Baht 325 million, registered, transferable, and maturing within 270 days from the date of issuance (maturity date between January and June 2017), with interest charge at the rate of 3.50 - 3.75 percent per annum).

11. Long-term loans

As at 30 September 2017 and 31 December 2016, the long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	30 September 2017	31 December 2016
1	Loan agreement dated 24 October 2013	MLR	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	-	166,545,490
2	Loan agreement dated 27 June 2014	MLR - 0.5 to MLR - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	1,323,753,331	1,009,885,144
3	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	324,700,000	91,000,000
4	Loan agreement dated 13 September 2017	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	62,000,000	-
Total				1,710,453,331	1,267,430,634
Less: Deferred loans issuing costs				(6,096,002)	(9,070,085)
Long-term loans				1,704,357,329	1,258,360,549
Less: current portion due within 1 year				(966,870,042)	(777,146,012)
Long-term loans, net of current portion				737,487,287	481,214,537

Under the loan agreements, the Company has to comply with certain covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, the maintenance of a debt to equity ratio, hire purchase receivables with more than 3 installment past due to total hire purchase receivables ratio, and hire purchase receivables with no more than 3 installments past due to total debts ratio. The loans are to be secured by the transfer of rights of claim under hire purchase agreements and motorcycle registrations, as notified by the commercial bank, or the pledge of the Company's shares held by the major shareholders.

As at 30 September 2017, the Company has commitments of Baht 325 million under interest rate swap agreements with a bank that is the Company's lender for loan facility no.3, whereby a floating interest rate is swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2020, in accordance with the conditions of loan repayment (31 December 2016: The Company has commitments of Baht 91 million under interest rate swap agreements for loan facility no.3 with a bank).

(Unaudited but reviewed)

As at 30 September 2017, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,114 million, and has remaining overdraft facilities amounting to Baht 50 million.

Movements in the long-term loans account during the nine-month period ended 30 September 2017 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2017	1,267,430,634
Add: Drawdown during the period	1,184,200,000
Less: Repayment during the period	(741,177,303)
Balance as at 30 September 2017	<u>1,710,453,331</u>

12. Debentures

As at 30 September 2017 and 31 December 2016, the debentures issued by the Company has detailed below.

No.	Date	Repayment schedule	(Unit: Baht)	
			30 September 2017	31 December 2016
1	20 July 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 years term with a coupon rate at 4% per annum, interest payable every quarter	500,000,000	500,000,000
2	22 November 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 years term with a coupon rate at 4.10% per annum, interest payable every six months	150,000,000	150,000,000
Total			<u>650,000,000</u>	<u>650,000,000</u>
Less: Deferred issuing costs			(1,223,334)	(2,175,711)
Debentures			648,776,666	647,824,289
Less: Current portion due within 1 year			(499,098,153)	-
Debentures - net of current portion			<u>149,678,513</u>	<u>647,824,289</u>

The Company has to comply with financial covenants i.e. maintenance of debt to equity ratio.

13. Loss on impairment and on disposal of assets foreclosed

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Loss on impairment of assets foreclosed	1,097,511	206,153	1,886,325	632,054
Loss on disposal of assets foreclosed	43,700,981	37,041,290	115,903,230	101,048,005
Total	44,798,492	37,247,443	117,789,555	101,680,059

14. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

15. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

Name of related party	Relationship with the Company				
MOD S Company Limited	An associate				
					(Unit: Baht)
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2017	2016	2017	2016	Pricing policy
<u>Transactions with associate</u>					
Service income	28,115	-	47,847	-	As stipulated in agreements
Service expense	477,374	-	512,733	-	As stipulated in agreements

Directors and management benefits

During the periods, the Company had the following employee benefit expenses payable to their directors and management.

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2017	2016	2017	2016
Short-term employee benefits	5,225,654	5,167,355	15,351,594	15,165,558
Post-employment benefits	62,652	(234,745)	450,781	1,227,447
Total	<u>5,288,306</u>	<u>4,932,610</u>	<u>15,802,375</u>	<u>16,393,005</u>

16. Dividends

On 7 April 2016, the Annual General Meeting of the Company's shareholders for the year 2016 approved a dividend payment of Baht 0.27 per share from the 2015 operating result to the shareholders of the Company, or a total dividend payment of Baht 165.51 million. The dividend was paid on 29 April 2016.

On 11 August 2016, the Board of Director's Meeting of the Company No. 3/2559 approved a dividend payment of Baht 0.11 per share from the operating result of the 2016 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 67.43 million. The dividend was paid on 9 September 2016.

On 3 April 2017, the Annual General Meeting of the Company's shareholders for the year 2017 approved a dividend payment of Baht 0.34 per share from the 2016 operating result to the shareholders of the Company, or a total dividend payment of Baht 208.42 million (interim dividend payment of Baht 0.11 per share and Baht 0.23 per share was paid on 3 May 2017).

On 10 August 2017, the Board of Director's Meeting of the Company No. 3/2560 approved a dividend payment of Baht 0.11 per share from the operating result of the 2017 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 67.43 million. The dividend was paid on 8 September 2017.

17. Segment information

The Company's operations involved a single reportable operating segment of hire purchase of motorcycles and are carried on in the single geographical area of Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that the Company's chief operating decision maker (managing director) used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

18. Commitments - Guarantees

As at 30 September 2017, there was an outstanding bank guarantee of Baht 10,000 (31 December 2016: Baht 10,000) issued by a bank on behalf of the Company as a guarantee for a post office box.

19. Reclassification

The Company reclassified the following transactions in the separate comprehensive income statement for the three-month and nine-month periods ended 30 September 2016 to conform with the current period classification, with no effect to the profit or loss or shareholders' equity.

	(Unit: Baht)	
	For the three-month period ended 30 September 2016	
	As reclassified	As previously reported
Other income	2,378,593	11,436,930
Selling and administrative expenses	62,229,112	71,287,449

	(Unit: Baht)	
	For the nine-month period ended 30 September 2016	
	As reclassified	As previously reported
Other income	8,363,113	37,255,610
Selling and administrative expenses	162,066,765	190,959,262

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2017.