

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



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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 June 2017, the related statements of comprehensive income, in which equity method is applied, for the three-month and six-month periods ended 30 June 2017, the statements of changes in shareholders' equity and cash flows, in which equity method is applied, for the six-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: 10 August 2017

S 11 Group Public Company Limited

Statements of financial position

As at 30 June 2017

(Unit: Baht)

	Note	Financial statements	Separate financial statements	
		in which the equity method is applied	30 June 2017	31 December 2016
		30 June 2017	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents		14,794,571	14,794,571	4,948,506
Current portion of hire purchase receivables - net	2	2,177,283,714	2,177,283,714	2,038,475,099
Assets foreclosed - net	3	11,107,668	11,107,668	8,478,179
Revenue Department receivables		36,371,848	36,371,848	33,926,562
Prepaid insurance premium		76,701,736	76,701,736	75,061,831
Other current assets	4	72,338,441	72,338,441	70,195,892
Total current assets		2,388,597,978	2,388,597,978	2,231,086,069
Non-current assets				
Investment in an associated company	5	210,024	249,990	-
Restricted bank deposits	6	645,520	645,520	537,057
Hire purchase receivables - net of current portion	2	2,003,424,781	2,003,424,781	1,855,779,328
Prepaid insurance premium		25,248,408	25,248,408	30,682,151
Land, building and equipment - net	7	87,005,543	87,005,543	82,972,707
Deferred tax assets	8	106,620,470	106,620,470	82,067,350
Other non-current assets		245,134	245,134	223,950
Total non-current assets		2,223,399,880	2,223,439,846	2,052,262,543
Total assets		4,611,997,858	4,612,037,824	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 June 2017

(Unit: Baht)

	Note	Financial statements		
		in which the equity		Separate financial statements
		method is applied		
	30 June 2017	30 June 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		47,135,183	47,135,183	9,521,799
Current portion of long-term loans	11	811,985,922	811,985,922	777,146,012
Current portion of liabilities under financial lease agreements		147,113	147,113	456,728
Short-term loans	10	346,523,553	346,523,553	325,492,123
Income tax payable		71,724,280	71,724,280	58,790,052
Insurance premium payables		20,484,152	20,484,152	18,444,426
Accrued expenses		45,764,756	45,764,756	28,299,306
Other current liabilities		18,109,077	18,109,077	19,114,878
Total current liabilities		1,411,874,036	1,411,874,036	1,237,265,324
Non-current liabilities				
Long-term loans - net of current portion	11	584,066,409	584,066,409	481,214,537
Debt issued - debentures	12	648,455,719	648,455,719	647,824,289
Provision for long-term employee benefits		8,607,253	8,607,253	8,403,504
Total non-current liabilities		1,241,129,381	1,241,129,381	1,137,442,330
Total liabilities		2,653,003,417	2,653,003,417	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 June 2017

(Unit: Baht)

	Financial statements		
	in which the equity		
	method is applied		Separate financial statements
Note	30 June 2017	30 June 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	843,393,709	843,433,675	793,040,226
Total shareholders' equity	1,958,994,441	1,959,034,407	1,908,640,958
Total liabilities and shareholders' equity	4,611,997,858	4,612,037,824	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 June 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		333,127,716	333,127,716	294,273,163	
Fee and service income		14,405,063	14,405,063	12,894,499	
Other income	19	3,101,573	3,101,573	3,041,978	
Total revenues		350,634,352	350,634,352	310,209,640	
Expenses					
Selling and administrative expenses	19	81,658,007	81,658,007	52,347,981	
Bad debts and doubtful accounts		93,330,571	93,330,571	60,127,951	
Loss on impairment and on disposal of assets foreclosed	13	37,778,146	37,778,146	33,183,590	
Total expenses		212,766,724	212,766,724	145,659,522	
Profit before finance cost, share of loss from investment in an associated company and income tax expenses		137,867,628	137,867,628	164,550,118	
Finance cost		(26,638,478)	(26,638,478)	(29,572,099)	
Profit before share of loss from investment in an associated company and income tax expense		111,229,150	111,229,150	134,978,019	
Share of loss from investment in an associated company	5	(37,306)	-	-	
Profit before income tax expenses		111,191,844	111,229,150	134,978,019	
Income tax expenses	8.2	(22,210,618)	(22,210,618)	(26,971,444)	
Profit for the period		88,981,226	89,018,532	108,006,575	
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain		1,097,203	1,097,203	370,249	
Income tax relating to actuarial gain		(219,441)	(219,441)	(74,050)	
Other comprehensive income for the period		877,762	877,762	296,199	
Total comprehensive income for the period		89,858,988	89,896,294	108,302,774	
Earnings per share					
Basic earnings per share	14	0.15	0.15	0.18	

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 six-month period ended 30 June 2017

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		
		2017	2017	2016
Profit or loss:				
Revenues				
Hire purchase interest income		653,951,367	653,951,367	577,829,961
Fee and service income		29,041,451	29,041,451	26,057,977
Other income	19	5,534,242	5,534,242	5,984,519
Total revenues		688,527,060	688,527,060	609,872,457
Expenses				
Selling and administrative expenses	19	143,701,048	143,701,048	99,837,652
Bad debts and doubtful accounts	2.6	179,609,945	179,609,945	127,867,883
Loss on impairment and on disposal of assets foreclosed	13	72,991,063	72,991,063	64,432,616
Total expenses		396,302,056	396,302,056	292,138,151
Profit before finance cost, share of loss from investment in an associated company and income tax expenses		292,225,004	292,225,004	317,734,306
Finance cost		(53,531,797)	(53,531,797)	(59,102,661)
Profit before share of loss from investment in an associated company and income tax expense		238,693,207	238,693,207	258,631,645
Share of loss from investment in an associated company	5	(39,966)	-	-
Profit before income tax expenses		238,653,241	238,693,207	258,631,645
Income tax expenses	8.2	(47,686,172)	(47,686,172)	(51,702,150)
Profit for the period		190,967,069	191,007,035	206,929,495
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain		470,518	470,518	378,011
Income tax relating to actuarial gain		(94,104)	(94,104)	(75,602)
Other comprehensive income for the period		376,414	376,414	302,409
Total comprehensive income for the period		191,343,483	191,383,449	207,231,904
Earnings per share	14			
Basic earnings per share		0.31	0.31	0.34

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 six-month period ended 30 June 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	-	-	-	-	190,967,069	190,967,069
Other comprehensive income for the period	-	-	-	-	376,414	376,414
Total comprehensive income for the period	-	-	-	-	191,343,483	191,343,483
Payment for dividend (Note 15)	-	-	-	-	(140,990,000)	(140,990,000)
Balance as at 30 June 2017	613,000,000	427,822,558	15,300,000	59,478,174	843,393,709	1,958,994,441

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 six-month period ended 30 June 2017

(Unit: Baht)

	Separate financial statements					
	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 2016	613,000,000	427,822,558	15,300,000	38,406,028	625,320,801	1,719,849,387
Profit for the period	-	-	-	-	206,929,495	206,929,495
Other comprehensive income for the period	-	-	-	-	302,409	302,409
Total comprehensive income for the period	-	-	-	-	207,231,904	207,231,904
Payment for dividend (Note 15)	-	-	-	-	(165,509,973)	(165,509,973)
Balance as at 30 June 2016	613,000,000	427,822,558	15,300,000	38,406,028	667,042,732	1,761,571,318
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	-	-	-	-	191,007,035	191,007,035
Other comprehensive income for the period	-	-	-	-	376,414	376,414
Total comprehensive income for the period	-	-	-	-	191,383,449	191,383,449
Payment for dividend (Note 15)	-	-	-	-	(140,990,000)	(140,990,000)
Balance as at 30 June 2017	613,000,000	427,822,558	15,300,000	59,478,174	843,433,675	1,959,034,407

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 six-month period ended 30 June 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	238,653,241	238,693,207	258,631,645	
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation	3,033,527	3,033,527	3,197,999	
Bad debts and doubtful accounts	179,609,945	179,609,945	127,867,883	
Loss on impairment of assets foreclosed	788,814	788,814	425,900	
Gain on sale assets	(466)	(466)	(71,367)	
Loss on written-off assets	-	-	8,711	
Share of loss from investment in an associated company	39,966	-	-	
Provision for long-term employee benefits	674,267	674,267	1,879,817	
Hire purchase interest income	(653,951,367)	(653,951,367)	(577,829,961)	
Interest expenses and amortisation of loans issuing cost	53,531,797	53,531,797	59,102,661	
Loss from operating activities before changes in operating assets and liabilities	(177,620,276)	(177,620,276)	(126,786,712)	
Operating assets (increase) decrease				
Hire purchase receivables	(455,734,587)	(455,734,587)	(423,951,239)	
Assets foreclosed	(3,418,303)	(3,418,303)	(3,387,291)	
Revenue Department receivables	(2,445,286)	(2,445,286)	(1,666,908)	
Prepaid insurance premium	3,793,838	3,793,838	(22,117,628)	
Other current assets	(2,142,549)	(2,142,549)	(1,501,367)	
Other non-current assets	(21,184)	(21,184)	4,000	
Operating liabilities increase (decrease)				
Trade accounts payables	37,613,384	37,613,384	50,437,406	
Insurance premium payables	2,039,726	2,039,726	3,993,221	
Accrued expenses	17,860,385	17,860,385	17,290,474	
Other current liabilities	(1,005,624)	(1,005,624)	(9,170,096)	
Cash flows used in operating activities	(581,080,476)	(581,080,476)	(516,856,140)	
Cash received from interest	643,621,941	643,621,941	570,203,396	
Cash paid for corporate income tax	(59,399,168)	(59,399,168)	(57,725,916)	
Cash paid for interest	(44,314,754)	(44,314,754)	(42,150,772)	
Net cash flows used in operating activities	(41,172,457)	(41,172,457)	(46,529,432)	

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 six-month period ended 30 June 2017

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	2017	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	(108,463)	(108,463)		1,294,257
Cash received for proceed of equipment	467	467		75,000
Cash paid for acquisition of building and equipment	(7,066,364)	(7,066,364)		(1,529,845)
Net cash flows used in investing activities	(7,424,350)	(7,424,350)		(160,588)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	50,000,000	50,000,000		(8,188,130)
Increase in short-term loans	15,483,949	15,483,949		190,719,388
Cash received from long-term loans	627,200,000	627,200,000		629,827,001
Repayment of long-term loans	(492,939,286)	(492,939,286)		(602,060,123)
Repayment of financial lease payables	(309,615)	(309,615)		(741,187)
Payment for loans issuing cost	(2,000)	(2,000)		(2,004,000)
Payment for dividend	(140,990,176)	(140,990,176)		(165,509,135)
Net cash flows from financing activities	58,442,872	58,442,872		42,043,814
Net increase (decreased) in cash and cash equivalents	9,846,065	9,846,065		(4,646,206)
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	14,794,571	14,794,571		36,674,842

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 six-month periods ended 30 June 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 June 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 June 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 June 2017		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	3,955,481,915	2,561,513,973	6,516,995,888
Less: Unearned hire purchase income ⁽¹⁾	(1,215,300,665)	(536,562,303)	(1,751,862,968)
Present value of the minimum lease payment receivables	2,740,181,250	2,024,951,670	4,765,132,920
Less: Allowance for doubtful accounts ⁽³⁾	(562,897,536)	(21,526,889)	(584,424,425)
Net hire purchase receivables	<u>2,177,283,714</u>	<u>2,003,424,781</u>	<u>4,180,708,495</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	Amounts due	Total
	within 1 year ⁽²⁾	over 1 year	
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 June 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 doubtful accounts	
	hire purchase receivables			30 June	31 December
	30 June 2017	31 December 2016		2017	2016
Not yet due	3,092,631,977	2,829,089,769	1	30,926,289	28,290,897
Past due					
Less than 1 months	640,795,470	633,161,697	1	6,407,955	6,331,617
1 month or more, but less than 2 months	256,338,993	243,204,349	1	2,563,390	2,432,043
2 months or more, but less than 4 months	247,795,600	230,462,417	2	4,955,911	4,609,248
4 months or more, but less than 7 months	144,538,600	124,612,873	100	144,538,600	124,612,873
7 months or more, but less than 12 months	161,308,550	137,963,577	100	161,308,550	137,963,577
12 months or more	221,723,730	185,673,488	100	221,723,730	185,673,488
Total	<u>4,765,132,920</u>	<u>4,384,168,170</u>		572,424,425	489,913,743
Allowance for doubtful accounts - additional provision for uncollectible receivables				12,000,000	-
Total				<u>584,424,425</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 June 2017, the Company had hire purchase receivables amounting to Baht 787 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 June 2017, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 365 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 six-month period ended 30 June 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	179,609,945	255,763,046
Less: Bad debt written-off	(85,099,263)	(156,915,782)
Balance end of the period	<u>584,424,425</u>	<u>489,913,743</u>

(Unaudited but reviewed)

3. Assets foreclosed

	(Unit: Baht)	
	30 June 2017	31 December 2016
Assets foreclosed - cost	17,725,237	14,306,934
Less: Allowance for impairment	(6,617,569)	(5,828,755)
Assets foreclosed - net	<u>11,107,668</u>	<u>8,478,179</u>

4. Other current assets

	(Unit: Baht)	
	30 June 2017	31 December 2016
Advance VAT receivable	20,370,991	17,949,480
Other receivable - sales of assets foreclosed	7,106,878	6,235,608
Other accrued income	3,897,846	3,251,022
Counter service receivables	37,850,554	40,402,551
Others	3,112,172	2,357,231
Total	<u>72,338,441</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		(Unit: Baht)			
				Financial statements in which the equity method is applied		Separate financial statements	
				Book value		Cost/Book value	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(%)	(%)				
MOD S Company Limited	Manage and develop quality of assets	25	-	210,024	-	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 six-month periods ended 30 June 2017, the Company recognised shares of loss from investment in an associated company in the financial statements in which the equity method is applied, amounting to Baht 37,306 and Baht 39,966, 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 June 2017 and for the three-month and six-month periods ended 30 June 2017 are as follows:

Summarised information about financial position

	(Unit: Baht)
	30 June 2017
Total assets	977,668
Total liabilities	137,573
Net assets	840,095

Summarised information about income statement

	(Unit: Baht)	
	For the three-month period ended 30 June 2017	For the six-month period ended 30 June 2017
Revenue	11,979	11,979
Loss for the period	149,225	159,905

6. Restricted bank deposits

As at 30 June 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 six-month period ended 30 June 2017 are summarised below.

	(Unit: Baht)
Cost	
Balance as at 1 January 2017	113,438,385
Additions	7,066,364
Disposals	(34,000)
Balance as at 30 June 2017	<u>120,470,749</u>
Accumulated depreciation	
Balance as at 1 January 2017	30,465,678
Depreciation for the period	3,033,527
Disposals	(33,999)
Balance as at 30 June 2017	<u>33,465,206</u>
Net book value	
Balance as at 30 June 2017	<u><u>87,005,543</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 June 2017	31 December 2016
	<u>2017</u>	<u>2016</u>
Deferred tax assets		
Allowance for doubtful accounts	116,884,885	97,982,749
Allowance for impairment of assets foreclosed	1,323,514	1,165,751
Provision for long-term employee benefits	1,721,451	1,680,701
Accrued Bonus	2,948,000	-
Others	3,876,418	461,095
Total	<u>126,754,268</u>	<u>101,290,296</u>

(Unaudited but reviewed)

	(Unit: Baht)	
	30 June	31 December
	2017	2016
Deferred tax liabilities		
Deferred commission and initial direct cost from hire purchase contracts	18,827,563	17,103,812
Deferred loans issuing costs	997,379	1,683,992
Deferred debentures issuing cost	308,856	435,142
Total	<u>20,133,798</u>	<u>19,222,946</u>
Deferred tax assets - net	<u>106,620,470</u>	<u>82,067,350</u>

8.2 Income tax expenses

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

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	36,357,122	32,319,629	72,333,396	65,038,568
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(14,146,504)</u>	<u>(5,348,185)</u>	<u>(24,647,224)</u>	<u>(13,336,418)</u>
Income tax expenses reported in the statements of comprehensive income	<u>22,210,618</u>	<u>26,971,444</u>	<u>47,686,172</u>	<u>51,702,150</u>

(Unaudited but reviewed)

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

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Deferred tax relating to actuarial gain	(219,441)	(74,050)	(94,104)	(75,602)

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

(Unit: Baht)

	For the three-month periods ended 30 June		
	Financial statements		
	in which the equity method is applied		Separate financial statements
	2017	2017	2016
Accounting profit before tax	111,191,844	111,229,150	134,978,019
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	22,238,369	22,245,830	26,995,604
Tax effect of tax-exempt income and disallowed expenses	(27,751)	(35,212)	(24,160)
Income tax expenses reported in the statements of comprehensive income	22,210,618	22,210,618	26,971,444

(Unaudited but reviewed)

(Unit: Baht)

	For the six-month periods ended 30 June		
	Financial statements in which the equity method is applied		Separate financial statements
	2017	2017	2016
Accounting profit before tax	238,653,241	238,693,207	258,631,645
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	47,730,648	47,738,641	51,726,329
Tax effect of tax-exempt income and disallowed expenses	(44,476)	(52,469)	(24,179)
Income tax expenses reported in the statements of comprehensive income	47,686,172	47,686,172	51,702,150

9. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate	30 June 2017	31 December 2016
	(percent per annum)		
Promissory notes	4.4	50,000,000	-

Loans in the form promissory notes pay interest every month end. As at 30 June 2017, the short-term loan of the Company which have not yet been drawn down amounted to Baht 150 million.

10. Short-term loans

As at 30 June 2017, the Company has loans in form of bills of exchange, net of discount, totaling Baht 347 million. The bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between July and December 2017), with interest charged at the rate of 3.10 - 3.45 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 June 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 June 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 - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	1,150,191,348	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	251,500,000	91,000,000
Total				1,401,691,348	1,267,430,634
Less: Deferred loans issuing costs				(5,639,017)	(9,070,085)
Long-term loans				1,396,052,331	1,258,360,549
Less: current portion due within 1 year				(811,985,922)	(777,146,012)
Long-term loans, net of current portion				584,066,409	481,214,537

Under loan agreements, the Company has to comply with loan covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, the maintenance of debt to equity ratios, ratios of hire purchase receivables with more than 3 installment past due to total hire purchase receivables, and ratios of hire purchase receivables with no more than 3 installments past due to total debts. In addition, loan facility no.3 is secured by the transfer of rights of claim under hire purchase agreements and motorcycle registrations, as requested by the commercial bank.

As at 30 June 2017, the Company has commitments of Baht 252 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 2019, 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 June 2017, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 960 million, and has remaining overdraft facilities amounting to Baht 50 million.

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

	(Unit: Baht)
Balance as at 1 January 2017	1,267,430,634
Add: Drawdown during the period	627,200,000
Less: Repayment during the period	(492,939,286)
Balance as at 30 June 2017	<u>1,401,691,348</u>

12. Debt issued - debentures

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

No.	Date	Repayment schedule	(Unite: Baht)	
			30 June 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			650,000,000	650,000,000
Less: Deferred issuing costs			(1,544,281)	(2,175,711)
Debentures			648,455,719	647,824,289
Less: Current portion due within 1 year			-	-
Debentures - net of current portion			<u>648,455,719</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 six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Loss on impairment of assets foreclosed (reversal)	2,229,692	(596,332)	788,814	425,900
Loss on disposal of assets foreclosed	35,548,454	33,779,922	72,202,249	64,006,716
Total	37,778,146	33,183,590	72,991,063	64,432,616

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. Dividends

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 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.

16. 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.

17. 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 ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
Short-term employee benefits	5,129,095	4,992,109	10,125,940	9,998,203
Post-employment benefits	121,524	1,195,460	388,129	1,462,192
Total	5,250,619	6,187,569	10,514,069	11,460,395

18. Commitments - Guarantees

As at 30 June 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 six-month periods ended 30 June 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 June 2016	
	As reclassified	As previously reported
Other income	3,041,978	12,732,490
Selling and administrative expenses	52,347,981	62,038,493

(Unit: Baht)

	For the six-month period ended 30 June 2016	
	As reclassified	As previously reported
Other income	5,984,519	25,818,680
Selling and administrative expenses	99,837,652	119,671,813

20. Events after the reporting period

On 10 August 2017, the Board of Director 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.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2017.