

S 11 Group Public Company Limited
Review report and interim financial statements
30 June 2018



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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 2018, the related statements of comprehensive income, in which equity method is applied, for the three-month and six-month periods ended 30 June 2018, 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.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 10 August 2018

S 11 Group Public Company Limited

Statements of financial position

As at 30 June 2018

(Unit: Baht)

	Note	Financial statements in			
		which the equity method is applied		Separate financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		12,925,724	21,347,748	12,925,724	21,347,748
Current portion of hire purchase receivables - net	2	2,525,151,565	2,313,877,011	2,525,151,565	2,313,877,011
Counter service receivables		54,728,926	57,731,415	54,728,926	57,731,415
Prepaid insurance premium		72,036,476	75,260,851	72,036,476	75,260,851
Assets foreclosed - net	3	22,166,654	10,433,978	22,166,654	10,433,978
Other current assets	4	47,222,323	47,513,659	47,222,323	47,513,659
Total current assets		2,734,231,668	2,526,164,662	2,734,231,668	2,526,164,662
Non-current assets					
Investment in an associated company	5	300,641	297,157	249,990	249,990
Restricted bank deposits	6	834,916	747,134	834,916	747,134
Hire purchase receivables - net of current portion	2	2,469,945,212	2,249,248,316	2,469,945,212	2,249,248,316
Prepaid insurance premium		25,331,792	25,396,959	25,331,792	25,396,959
Land, building and equipment - net	7	87,087,624	89,394,837	87,087,624	89,394,837
Deferred tax assets	8	143,547,150	125,302,128	143,547,150	125,302,128
Other non-current assets		264,135	264,135	264,135	264,135
Total non-current assets		2,727,311,470	2,490,650,666	2,727,260,819	2,490,603,499
Total assets		5,461,543,138	5,016,815,328	5,461,492,487	5,016,768,161

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 2018

(Unit: Baht)

Note	Financial statements in				
	which the equity method is applied		Separate financial statements		
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	200,000,000	30,000,000	200,000,000	30,000,000
Trade accounts payables		56,435,457	28,096,659	56,435,457	28,096,659
Current portion of long-term loans	11	1,220,070,069	1,061,821,634	1,220,070,069	1,061,821,634
Current portion of debentures	12	499,788,577	499,231,464	499,788,577	499,231,464
Short-term loans	10	218,316,189	233,258,283	218,316,189	233,258,283
Income tax payable		69,094,314	68,805,095	69,094,314	68,805,095
Insurance premium payables		22,613,897	20,318,432	22,613,897	20,318,432
Accrued expenses		51,405,872	29,897,720	51,405,872	29,897,720
Other current liabilities		21,993,553	21,256,570	21,993,553	21,256,570
Total current liabilities		2,359,717,928	1,992,685,857	2,359,717,928	1,992,685,857
Non-current liabilities					
Long-term loans - net of current portion	11	766,489,061	768,807,035	766,489,061	768,807,035
Debenture - net of current portion	12	149,940,465	149,866,150	149,940,465	149,866,150
Provision for long-term employee benefits		10,937,680	9,698,074	10,937,680	9,698,074
Total non-current liabilities		927,367,206	928,371,259	927,367,206	928,371,259
Total liabilities		3,287,085,134	2,921,057,116	3,287,085,134	2,921,057,116

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 2018

(Unit: Baht)

Note	Financial statements in			
	which the equity method is applied		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(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	61,300,000	61,300,000	61,300,000
	Unappropriated	1,057,035,446	978,335,654	1,056,984,795
	Total shareholders' equity	2,174,458,004	2,095,758,212	2,174,407,353
	Total liabilities and shareholders' equity	5,461,543,138	5,016,815,328	5,461,492,487

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 2018

(Unit: Baht)

	Note	Financial statements in			
		which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Hire purchase interest income		385,143,930	333,127,716	385,143,930	333,127,716
Fee and service income		15,854,673	14,405,063	15,854,673	14,405,063
Other income		3,866,333	3,101,573	3,866,333	3,101,573
Total revenues		404,864,936	350,634,352	404,864,936	350,634,352
Expenses					
Selling and administrative expenses		79,229,407	81,658,007	79,229,407	81,658,007
Bad debts and doubtful accounts		116,867,409	93,330,571	116,867,409	93,330,571
Loss on impairment and disposal of assets foreclosed	13	58,197,884	37,778,146	58,197,884	37,778,146
Total expenses		254,294,700	212,766,724	254,294,700	212,766,724
Profit before finance cost, share of gain (loss) from investment					
in an associated company and income tax expenses		150,570,236	137,867,628	150,570,236	137,867,628
Finance cost		(31,465,418)	(26,638,478)	(31,465,418)	(26,638,478)
Profit before share of gain (loss) from investment					
in an associated company and income tax expense		119,104,818	111,229,150	119,104,818	111,229,150
Share of gain (loss) from investment in an associated company	5.2	9,340	(37,306)	-	-
Profit before income tax expenses		119,114,158	111,191,844	119,104,818	111,229,150
Income tax expenses	8.2	(23,789,564)	(22,210,618)	(23,789,564)	(22,210,618)
Profit for the period		95,324,594	88,981,226	95,315,254	89,018,532
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain		64,817	1,097,203	64,817	1,097,203
Income tax relating to actuarial gain	8.2	(12,964)	(219,441)	(12,964)	(219,441)
Other comprehensive income for the period		51,853	877,762	51,853	877,762
Total comprehensive income for the period		95,376,447	89,858,988	95,367,107	89,896,294
Earnings per share					
Basic earnings per share	14	0.16	0.15	0.16	0.15

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 2018

(Unit: Baht)

	Note	Financial statements in			
		which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Hire purchase interest income		758,289,552	653,951,367	758,289,552	653,951,367
Fee and service income		32,092,027	29,041,451	32,092,027	29,041,451
Other income		7,817,951	5,534,242	7,817,951	5,534,242
Total revenues		798,199,530	688,527,060	798,199,530	688,527,060
Expenses					
Selling and administrative expenses		163,391,610	143,701,048	163,391,610	143,701,048
Bad debts and doubtful accounts		209,229,844	179,609,945	209,229,844	179,609,945
Loss on impairment and disposal of assets foreclosed	13	104,891,194	72,991,063	104,891,194	72,991,063
Total expenses		477,512,648	396,302,056	477,512,648	396,302,056
Profit before finance cost, share of gain (loss) from investment					
in an associated company and income tax expenses		320,686,882	292,225,004	320,686,882	292,225,004
Finance cost		(61,148,310)	(53,531,797)	(61,148,310)	(53,531,797)
Profit before share of gain (loss) from investment					
in an associated company and income tax expense		259,538,572	238,693,207	259,538,572	238,693,207
Share of gain (loss) from investment in an associated company	5.2	3,484	(39,966)	-	-
Profit before income tax expenses		259,542,056	238,653,241	259,538,572	238,693,207
Income tax expenses	8.2	(51,877,543)	(47,686,172)	(51,877,543)	(47,686,172)
Profit for the period		207,664,513	190,967,069	207,661,029	191,007,035
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		(293,401)	470,518	(293,401)	470,518
Income tax relating to actuarial (gain) loss	8.2	58,680	(94,104)	58,680	(94,104)
Other comprehensive income for the period (loss)		(234,721)	376,414	(234,721)	376,414
Total comprehensive income for the period		207,429,792	191,343,483	207,426,308	191,383,449
Earnings per share					
Basic earnings per share	14	0.34	0.31	0.34	0.31

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

S 11 Group Public Company Limited
 Statements of changes in shareholders' equity
 For the six-month period ended 30 June 2018

(Unaudited but reviewed)

(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 16)	-	-	-	-	(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
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,335,654	2,095,758,212
Profit for the period	-	-	-	-	207,664,513	207,664,513
Other comprehensive income for the period (loss)	-	-	-	-	(234,721)	(234,721)
Total comprehensive income for the period	-	-	-	-	207,429,792	207,429,792
Payment for dividend (Note 16)	-	-	-	-	(128,730,000)	(128,730,000)
Balance as at 30 June 2018	613,000,000	427,822,558	15,300,000	61,300,000	1,057,035,446	2,174,458,004

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

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Capital reserve		Retained earnings		Total shareholders' equity
			for share-based payment transactions	statutory reserve	Appropriated -	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	-	-	-	-	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 16)	-	-	-	-	(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	
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,288,487	2,095,711,045	
Profit for the period	-	-	-	-	207,661,029	207,661,029	
Other comprehensive income for the period (loss)	-	-	-	-	(234,721)	(234,721)	
Total comprehensive income for the period	-	-	-	-	207,426,308	207,426,308	
Payment for dividend (Note 16)	-	-	-	-	(128,730,000)	(128,730,000)	
Balance as at 30 June 2018	613,000,000	427,822,558	15,300,000	61,300,000	1,056,984,795	2,174,407,353	

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 2018**

(Unit: Baht)

	Financial statements in			
	which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax	259,542,056	238,653,241	259,538,572	238,693,207
Adjustments to reconcile profit before income tax to net cash provided by (paid) from operating activities				
Depreciation	3,047,994	3,033,527	3,047,994	3,033,527
Bad debts and doubtful accounts	209,229,844	179,609,945	209,229,844	179,609,945
Gain on sale assets	(293)	(466)	(293)	(466)
Loss on written-off assets	3,634	-	3,634	-
Share of (gain) loss from investment in an associated company	(3,484)	39,966	-	-
Loss on impairment of assets foreclosed	7,426,551	788,814	7,426,551	788,814
Provision for long-term employee benefits	946,205	674,267	946,205	674,267
Hire purchase interest income	(758,289,552)	(653,951,367)	(758,289,552)	(653,951,367)
Interest expenses and amortisation of loans issuing cost	61,148,310	53,531,797	61,148,310	53,531,797
Loss from operating activities before changes in operating assets and liabilities	(216,948,735)	(177,620,276)	(216,948,735)	(177,620,276)
Operating assets (increase) decrease				
Hire purchase receivables	(630,226,138)	(455,734,587)	(630,226,138)	(455,734,587)
Assets foreclosed	(19,159,227)	(3,418,303)	(19,159,227)	(3,418,303)
Prepaid insurance premium	3,289,542	3,793,838	3,289,542	3,793,838
Other current assets	3,293,825	(4,587,835)	3,293,825	(4,587,835)
Other non-current assets	-	(21,184)	-	(21,184)
Operating liabilities increase (decrease)				
Trade accounts payables	28,338,798	37,613,384	28,338,798	37,613,384
Insurance premium payables	2,295,465	2,039,726	2,295,465	2,039,726
Accrued expenses	20,937,472	17,860,385	20,937,472	17,860,385
Other current liabilities	736,982	(1,005,624)	736,982	(1,005,624)
Cash flows used in operating activities	(807,442,016)	(581,080,476)	(807,442,016)	(581,080,476)
Cash received from interest	747,314,396	643,621,941	747,314,396	643,621,941
Cash paid for corporate income tax	(69,774,666)	(59,399,168)	(69,774,666)	(59,399,168)
Cash paid for interest	(54,008,380)	(44,314,754)	(54,008,380)	(44,314,754)
Net cash flows used in operating activities	(183,910,666)	(41,172,457)	(183,910,666)	(41,172,457)

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 2018

(Unit: Baht)

	Financial statements in		Separate financial statements	
	which the equity method is applied			
	2018	2017	2018	2017
Cash flows from investing activities				
Cash paid for investment in an associated company	-	(249,990)	-	(249,990)
Increase in restricted bank deposits	(87,782)	(108,463)	(87,782)	(108,463)
Cash receipt for proceed of equipment	2,580	467	2,580	467
Cash paid for acquisition of land, building and equipment	(746,702)	(7,066,364)	(746,702)	(7,066,364)
Net cash flows used in investing activities	(831,904)	(7,424,350)	(831,904)	(7,424,350)
Cash flows from financing activities				
Increase in bank overdraft and short-term loans				
from financial institutions	170,000,000	50,000,000	170,000,000	50,000,000
Increase (decrease) in short-term loans	(18,833,658)	15,483,949	(18,833,658)	15,483,949
Cash receipt from long-term loans	762,000,000	627,200,000	762,000,000	627,200,000
Repayment of long-term loans	(606,015,796)	(492,939,286)	(606,015,796)	(492,939,286)
Repayment of financial lease payables	-	(309,615)	-	(309,615)
Payment for loans issuing cost	(2,100,000)	(2,000)	(2,100,000)	(2,000)
Payment for dividend	(128,730,000)	(140,990,176)	(128,730,000)	(140,990,176)
Net cash flows from financing activities	176,320,546	58,442,872	176,320,546	58,442,872
Net increase (decrease) in cash and cash equivalents	(8,422,024)	9,846,065	(8,422,024)	9,846,065
Cash and cash equivalents at beginning of period	21,347,748	4,948,506	21,347,748	4,948,506
Cash and cash equivalents at end of period	12,925,724	14,794,571	12,925,724	14,794,571

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 2018

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 2018, the Company has 7 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima and Prachinburi (31 December 2017: 6 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 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 financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

2. Hire purchase receivables

2.1 As at 30 June 2018 and 31 December 2017, the contract terms of the Company's hire purchase receivables are 12 - 48 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 2018		
	Amounts due within	Amounts due	Total
	1 year ⁽²⁾	over 1 year	
Hire purchase receivables	4,696,063,254	3,155,866,886	7,851,930,140
Less: Unearned hire purchase income ⁽¹⁾	(1,454,647,452)	(659,275,740)	(2,113,923,192)
Present value of the minimum lease			
payment receivables	3,241,415,802	2,496,591,146	5,738,006,948
Less: Allowance for doubtful accounts ⁽³⁾	(716,264,237)	(26,645,934)	(742,910,171)
Net hire purchase receivables	<u>2,525,151,565</u>	<u>2,469,945,212</u>	<u>4,995,096,777</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.

(Unit: Baht)

	31 December 2017		
	Amounts due within	Amounts due	Total
	1 year ⁽²⁾	over 1 year	
Hire purchase receivables	4,304,465,397	2,879,478,166	7,183,943,563
Less: Unearned hire purchase income ⁽¹⁾	(1,335,970,781)	(606,066,363)	(1,942,037,144)
Present value of the minimum lease			
payment receivables	2,968,494,616	2,273,411,803	5,241,906,419
Less: Allowance for doubtful accounts ⁽³⁾	(654,617,605)	(24,163,487)	(678,781,092)
Net hire purchase receivables	<u>2,313,877,011</u>	<u>2,249,248,316</u>	<u>4,563,125,327</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)

2.2 As at 30 June 2018 and 31 December 2017, 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 June 2018	31 December 2017		30 June 2018	31 December 2017
Not yet due	3,736,636,449	3,435,910,209	1	37,362,621	34,359,052
Past due					
Less than 1 month	740,532,315	666,143,523	1	7,405,323	6,661,436
1 month or more, but less than 2 months	306,694,717	274,684,785	1	3,066,904	2,746,829
2 months or more, but less than 4 months	288,845,001	259,340,926	2	5,776,857	5,186,799
4 months or more, but less than 7 months	176,546,477	149,170,083	100	176,546,477	149,170,083
7 months or more, but less than 13 months	196,085,507	185,151,058	100	196,085,507	185,151,058
13 months or more	292,666,482	271,505,835	100	292,666,482	271,505,835
Total	<u>5,738,006,948</u>	<u>5,241,906,419</u>		718,910,171	654,781,092
Allowance for doubtful accounts - additional provision for uncollectible receivables				24,000,000	24,000,000
Total				<u>742,910,171</u>	<u>678,781,092</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 installment payment has been defaulted for more than 3 installments past the due date, 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 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 2018, the Company had hire purchase receivables amounting to Baht 972 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2017: Baht 894 million).

2.5 As at 30 June 2018, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 1,049 million (31 December 2017: Baht 655 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 2018	For the year ended 31 December 2017
Balance beginning of the period	678,781,092	489,913,743
Add: Doubtful account increase during the period	209,229,844	367,768,912
Less: Bad debt written-off	(145,100,765)	(178,901,563)
Balance end of the period	<u>742,910,171</u>	<u>678,781,092</u>

3. Assets foreclosed

(Unit: Baht)

	30 June 2018	31 December 2017
Assets foreclosed - cost	37,219,991	18,060,764
Less: Allowance for impairment	(15,053,337)	(7,626,786)
Assets foreclosed - net	<u>22,166,654</u>	<u>10,433,978</u>

4. Other current assets

(Unit: Baht)

	30 June 2018	31 December 2017
Advance VAT receivable	24,588,732	22,093,429
Other receivable - sales of assets foreclosed	6,006,353	5,158,413
Revenue department receivables	8,748,459	7,224,256
Other accrued income	4,214,804	6,567,185
Others	3,663,975	6,470,376
Total	<u>47,222,323</u>	<u>47,513,659</u>

5. Investment in an associated company

5.1 Detail of an associated company

(Unit: Baht)

Company's name	Nature of business	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
				Book value		Cost/Book value	
				30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(%)	(%)				
MOD S Company Limited	Manage and develop quality of assets	25	25	300,641	297,157	249,990	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 2018 and 2017, the Company recognised share of gain (loss) from investment in an associated company in the financial statements in which the equity method is applied and no dividends received from the associated company during the periods as follows:

(Unit: Baht)

Company's name	Share of gain (loss) from investment for the three-month periods ended 30 June		Share of gain (loss) from investment for the six-month periods ended 30 June	
	2018	2017	2018	2017
	MOD S Company Limited	9,340	(37,306)	3,484

5.3 Summarised financial information of an associated company

Summarised financial information of MOD S Company Limited as at 30 June 2018 and 31 December 2017 and for the three-month and six-month periods ended 30 June 2018 and 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 June 2018	31 December 2017
Total assets	1,543,696	1,373,246
Total liabilities	341,134	184,618
Net assets	1,202,562	1,188,628

Summarised information about income statement

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Revenue	676,208	11,979	1,056,300	11,979
Profit (loss) for the period	37,357	(149,225)	23,934	(159,905)

6. Restricted bank deposits

As at 30 June 2018 and 31 December 2017, this represents bank deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 18 to the financial statements, a deposit used as an employee's security deposit and the security deposit of a contractor hired to repossess motorcycles.

7. Land, building and equipment

Movements of land, building and equipment for the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)
Cost	
Balance as at 1 January 2018	125,809,683
Additions	746,702
Disposals/written-off	(104,071)
Balance as at 30 June 2018	<u>126,452,314</u>
Accumulated depreciation	
Balance as at 1 January 2018	36,414,846
Depreciation for the period	3,047,994
Disposals/written-off	(98,150)
Balance as at 30 June 2018	<u>39,364,690</u>
Net book value	
Balance as at 30 June 2018	<u><u>87,087,624</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 2018	31 December 2017
Deferred tax assets		
Allowance for doubtful accounts	148,582,034	135,756,219
Allowance for impairment of assets foreclosed	3,010,668	1,525,357
Provision for long-term employee benefits	2,187,536	1,939,615
Accrued bonus	3,152,000	-
Advance insurance service income	9,568,664	7,302,780
Others	571,817	506,989
Total	<u>167,072,719</u>	<u>147,030,960</u>
Deferred tax liabilities		
Deferred commission and initial direct cost from hire purchase contracts	22,198,524	20,286,250
Deferred loans issuing costs	1,272,853	1,262,105
Deferred debentures issuing cost	54,192	180,477
Total	<u>23,525,569</u>	<u>21,728,832</u>
Deferred tax assets - net	<u><u>143,547,150</u></u>	<u><u>125,302,128</u></u>

8.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	32,349,111	36,357,122	70,063,885	72,333,396
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(8,559,547)</u>	<u>(14,146,504)</u>	<u>(18,186,342)</u>	<u>(24,647,224)</u>
Income tax expenses reported in the statements of comprehensive income	<u>23,789,564</u>	<u>22,210,618</u>	<u>51,877,543</u>	<u>47,686,172</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 are as follow:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Deferred tax relating to actuarial (gain) loss	(12,964)	(219,441)	58,680	(94,104)

(Unaudited but reviewed)

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 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	2018	2017	2018	2017
Accounting profit before tax	<u>119,114,158</u>	<u>111,191,844</u>	<u>119,104,818</u>	<u>111,229,150</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	23,822,831	22,238,369	23,820,963	22,245,830
Tax effect of tax-exempt income and disallowed expenses	<u>(33,267)</u>	<u>(27,751)</u>	<u>(31,399)</u>	<u>(35,212)</u>
Income tax expenses reported in the statements of comprehensive income	<u>23,789,564</u>	<u>22,210,618</u>	<u>23,789,564</u>	<u>22,210,618</u>

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Accounting profit before tax	<u>259,542,056</u>	<u>238,653,241</u>	<u>259,538,572</u>	<u>238,693,207</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	51,908,411	47,730,648	51,907,714	47,738,641
Tax effect of tax-exempt income and disallowed expenses	<u>(30,868)</u>	<u>(44,476)</u>	<u>(30,171)</u>	<u>(52,469)</u>
Income tax expenses reported in the statements of comprehensive income	<u>51,877,543</u>	<u>47,686,172</u>	<u>51,877,543</u>	<u>47,686,172</u>

9. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	30 June 2018	31 December 2017
Promissory notes	3.6	200,000,000	30,000,000

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 June 2018, the short-term credit facilities which have not yet been drawdown amounted to Baht 50 million.

10. Short-term loans

As at 30 June 2018, the Company has loans in form of bills of exchange, net of discount, totaling Baht 218 million. The bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between July - December 2018), with interest charged at the rate of 3.20 - 3.50 percent per annum (31 December 2017: Bills of exchange of Baht 233 million, registered, transferable, and maturing within 270 days from the date of issuance (maturity date between January - June 2018), with interest charge at the rate of 3.25 - 3.44 percent per annum).

11. Long-term loans

As at 30 June 2018 and 31 December 2017, 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 2018	31 December 2017
1	Loan agreement dated 27 June 2014	MLR - 1.5 to MLR - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	847,503,576	1,098,530,959
2	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	203,200,000	284,200,000
3	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 drawdown	421,469,946	280,058,359
4	Loan agreement dated 4 October 2017	THBFIX1M + 1.8	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	521,400,000	174,800,000
Total				1,993,573,522	1,837,589,318
Less: Deferred loans issuing costs				(7,014,392)	(6,960,649)
Long-term loans				1,986,559,130	1,830,628,669
Less: current portion due within 1 year				(1,220,070,069)	(1,061,821,634)
Long-term loans - net of current portion				766,489,061	768,807,035

Under each loan agreement, 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, hire purchase receivables with no more than 3 installments past due to total debts ratio, 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 June 2018, the Company has commitments of Baht 725 million under interest rate swap agreements with a bank that is the Company's lender for loan facility no. 2 and 4, 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 2017: The Company has commitments of Baht 459 million under interest rate swap agreements for loan facility no. 2 and 4 with a bank).

(Unaudited but reviewed)

As at 30 June 2018, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,753 million.

Movements in the long-term loans account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2018	1,837,589,318
Add: Drawdown during the period	762,000,000
Less: Repayment during the period	<u>(606,015,796)</u>
Balance as at 30 June 2018	<u>1,993,573,522</u>

12. Debentures

As at 30 June 2018 and 31 December 2017, the debentures issued by the Company has detailed below.

			(Unite: Baht)	
			30 June	31 December
No.	Date	Repayment schedule	2018	2017
1	20 July 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 year 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, 3 year 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			<u>(270,958)</u>	<u>(902,386)</u>
Debentures			649,729,042	649,097,614
Less: Current portion due within 1 year			<u>(499,788,577)</u>	<u>(499,231,464)</u>
Debentures - net of current portion			<u>149,940,465</u>	<u>149,866,150</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	
	2018	2017	2018	2017
Loss on impairment of assets foreclosed	5,814,092	2,229,692	7,426,551	788,814
Loss on disposal of assets foreclosed	52,383,792	35,548,454	97,464,643	72,202,249
Total	58,197,884	37,778,146	104,891,194	72,991,063

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 party. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and that related party. A summary of related party and transactions with that party is below.

Name of related party	Relationship with the Company				Pricing policy
MOD S Company Limited	An associate company				
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	2018	2017	2018	2017	
<u>Transactions with associate</u>					
Service income	2,487	-	2,487	-	As stipulated in agreements
Service expense	582,834	-	847,465	-	As stipulated in agreements

(Unit: Baht)

(Unaudited but reviewed)

The balance of the accounts as at 30 June 2018 and 31 December 2017, between the Company and an associated company are as follows:

	(Unit: Baht)	
	30 June 2018	31 December 2017
<u>Service receivable</u>		
An associated company	2,661	-
<u>Service payable</u>		
An associated company	201,641	77,059

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	
	2018	2017	2018	2017
Short-term employee benefits	5,263,311	5,129,095	10,520,701	10,125,940
Post-employment benefits	232,470	121,524	553,529	388,129
Total	<u>5,495,781</u>	<u>5,250,619</u>	<u>11,074,230</u>	<u>10,514,069</u>

16. 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 5 April 2018, the Annual General Meeting of the Company's shareholders for the year 2018 approved a dividend payment of Baht 0.32 per share from the 2017 operating result to the shareholders of the Company, or a total dividend payment of Baht 196.16 million (interim dividend payment of Baht 0.11 per share and Baht 0.21 per share was paid on 4 May 2018).

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 June 2018, there was an outstanding bank guarantee of Baht 10,000 (31 December 2017: Baht 10,000) issued by a bank on behalf of the Company as a guarantee for a post office box.

19. Events after the reporting period

On 10 August 2018, the Board of Director Meeting of the Company No. 03/2018 approved a dividend payment of Baht 0.12 per share from the operating result of the 2018 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 73.56 million.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2018.