

S 11 Group Public Company Limited  
Report and financial statements  
31 December 2014



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## **Independent Auditor's Report**

To the Shareholders of S 11 Group Public Company Limited

I have audited the accompanying financial statements of S 11 Group Public Company Limited, which comprise the statements of financial position as at 31 December 2014, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at 31 December 2014, its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

EY Office Limited  
Bangkok: 27 February 2015

S 11 Group Public Company Limited

Statements of financial position

As at 31 December 2014

		(Unit: Baht)	
	Note	2014	2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	35,013,496	41,145,312
Current portion of hire purchase receivables - net	7	1,501,815,293	1,232,746,457
Assets foreclosed - net	8	8,175,814	5,545,158
Revenue Department receivables		23,060,130	20,287,344
Prepaid insurance premium		40,879,426	34,936,412
Other current assets	9	23,395,000	17,063,822
<b>Total current assets</b>		<u>1,632,339,159</u>	<u>1,351,724,505</u>
<b>Non-current assets</b>			
Restricted bank deposits	10	1,350,363	769,688
Hire purchase receivables - net of current portion - net	7	1,331,986,217	1,064,213,010
Prepaid insurance premium		15,590,202	12,994,779
Land, building and equipment - net	11	74,009,802	68,559,459
Deferred tax assets	12	44,808,146	26,442,166
Other non-current assets		136,600	130,601
<b>Total non-current assets</b>		<u>1,467,881,330</u>	<u>1,173,109,703</u>
<b>Total assets</b>		<u><u>3,100,220,489</u></u>	<u><u>2,524,834,208</u></u>

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

**S 11 Group Public Company Limited**  
**Statements of financial position (continued)**  
**As at 31 December 2014**

		(Unit: Baht)	
	Note	2014	2013
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade accounts payables		2,622,408	14,432,226
Current portion of long-term loans	13	1,155,216,199	952,055,532
Current portion of financial lease payables	14	1,598,033	572,220
Income tax payable		39,167,038	26,470,356
Insurance premium payables		10,654,078	10,336,981
Accrued expenses		16,139,377	19,863,588
Other current liabilities		11,057,462	4,930,999
<b>Total current liabilities</b>		<u>1,236,454,595</u>	<u>1,028,661,902</u>
<b>Non-current liabilities</b>			
Long-term loans - net of current portion	13	802,965,439	651,133,470
Financial lease payables - net of current portion	14	1,632,162	507,515
Provision for long-term employee benefits	15	5,140,410	3,525,497
<b>Total non-current liabilities</b>		<u>809,738,011</u>	<u>655,166,482</u>
<b>Total liabilities</b>		<u>2,046,192,606</u>	<u>1,683,828,384</u>

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

**S 11 Group Public Company Limited**  
**Statements of financial position (continued)**

**As at 31 December 2014**

		(Unit: Baht)	
	Note	2014	2013
<b>Shareholders' equity</b>			
Share capital			
Registered	16		
613,000,000 ordinary shares of Baht 1 each			
(2013: 106,600,000 ordinary shares of Baht 5 each)		613,000,000	533,000,000
Issued and fully paid-up	16		
533,000,000 ordinary shares of Baht 1 each			
(2013: 106,600,000 ordinary shares of Baht 5 each)		533,000,000	533,000,000
Share premium	16	90,606,558	90,606,558
Capital reserve for share-based payment transactions	16	15,300,000	15,300,000
Retained earnings			
Appropriated - statutory reserve	18	20,756,407	10,105,304
Unappropriated		394,364,918	191,993,962
<b>Total shareholders' equity</b>		<b>1,054,027,883</b>	<b>841,005,824</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,100,220,489</b>	<b>2,524,834,208</b>

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

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Directors  
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**S 11 Group Public Company Limited**  
**Statements of comprehensive income**  
**For the year ended 31 December 2014**

		(Unit: Baht)	
	Note	2014	2013
<b>Profit or loss:</b>			
<b>Revenues</b>			
Hire purchase interest income		887,504,649	706,895,025
Fee and service income		37,690,150	20,822,665
Other income		8,830,416	7,531,869
<b>Total revenues</b>		<u>934,025,215</u>	<u>735,249,559</u>
<b>Expenses</b>			
Selling and administrative expenses	19	181,165,365	172,295,707
Bad debts and doubtful accounts	7.6	210,391,625	189,808,250
Loss on impairment and disposal of assets foreclosed	20	137,971,647	109,212,446
<b>Total expenses</b>		<u>529,528,637</u>	<u>471,316,403</u>
<b>Profit before finance cost and income tax expenses</b>		404,496,578	263,933,156
Finance cost		(138,339,510)	(114,681,241)
<b>Profit before income tax expenses</b>		266,157,068	149,251,915
Income tax expenses	12	(53,135,009)	(32,944,427)
<b>Profit for the year</b>		<u>213,022,059</u>	<u>116,307,488</u>
<b>Other comprehensive income for the year:</b>		-	-
<b>Total comprehensive income for the year</b>		<u><u>213,022,059</u></u>	<u><u>116,307,488</u></u>
<b>Earnings per share</b>			
Basic earnings per share	21	<u>0.40</u>	<u>0.24</u>

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 year ended 31 December 2014**

	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	
<b>Balance as at 1 January 2013</b>	470,000,000	4,000,000	-	534,778	85,257,000	559,791,778
Increase in share capital during the year (Note 16)	63,000,000	86,606,558	15,300,000	-	-	164,906,558
Transferred retained earnings to statutory reserve	-	-	-	9,570,526	(9,570,526)	-
Total comprehensive income for the year	-	-	-	-	116,307,488	116,307,488
<b>Balance as at 31 December 2013</b>	<b>533,000,000</b>	<b>90,606,558</b>	<b>15,300,000</b>	<b>10,105,304</b>	<b>191,993,962</b>	<b>841,005,824</b>
<b>Balance as at 1 January 2014</b>	<b>533,000,000</b>	<b>90,606,558</b>	<b>15,300,000</b>	<b>10,105,304</b>	<b>191,993,962</b>	<b>841,005,824</b>
Transferred retained earnings to statutory reserve	-	-	-	10,651,103	(10,651,103)	-
Total comprehensive income for the year	-	-	-	-	213,022,059	213,022,059
<b>Balance as at 31 December 2014</b>	<b>533,000,000</b>	<b>90,606,558</b>	<b>15,300,000</b>	<b>20,756,407</b>	<b>394,364,918</b>	<b>1,054,027,883</b>

(Unit: Baht)

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



**S 11 Group Public Company Limited**

**Cash flows statements**

**For the year ended 31 December 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit before income tax	266,157,068	149,251,915
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation	7,013,653	5,691,646
Bad debts and doubtful accounts	210,391,625	189,808,250
Loss (gain) on disposal of assets	98,148	(50,652)
Loss on written-off assets	58,027	-
Loss on impairment of assets foreclosed	1,707,665	2,440,274
Provision for long-term employee benefits	1,614,913	3,525,497
Expense paid based on share-based payment	-	15,300,000
Hire purchase interest income	(887,504,649)	(706,895,025)
Interest expenses	138,339,510	114,681,241
Loss from operating activities before changes in operating assets and liabilities	(262,124,040)	(226,246,854)
Operating assets (increase) decrease		
Hire purchase receivables	(739,873,115)	(860,130,519)
Assets foreclosed	(4,338,321)	(5,610,020)
Revenue Department receivables	(2,772,786)	(16,019,317)
Prepaid insurance premium	(8,538,437)	(9,732,542)
Other current assets	(6,331,178)	(8,172,754)
Other assets	(5,999)	349,900
Operating liabilities increase (decrease)		
Trade accounts payables	(11,809,818)	13,004,655
Insurance premium payables	317,097	2,276,040
Accrued expenses	(3,647,578)	4,616,222
Other current liabilities	6,126,463	2,017,887
Cash flows used in operating activities	(1,032,997,712)	(1,103,647,302)
Cash received from interest	880,144,098	679,355,067
Cash paid for corporate income tax	(58,804,307)	(42,498,175)
Cash paid for interest	(133,984,576)	(115,398,064)
<b>Net cash flows used in operating activities</b>	<b>(345,642,497)</b>	<b>(582,188,474)</b>

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

**S 11 Group Public Company Limited**  
**Cash flows statements (continued)**  
**For the year ended 31 December 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from investing activities</b>		
Increase in restricted bank deposits	(580,675)	(411,713)
Cash receipt for proceed of land, building and equipment	35,374	2,082,839
Cash paid for acquisition of land, building and equipment	(8,993,049)	(10,014,633)
<b>Net cash flows used in investing activities</b>	<b>(9,538,350)</b>	<b>(8,343,507)</b>
<b>Cash flows from financing activities</b>		
Proceeds from increase in share capital	-	149,606,558
Increase in short-term loans from related parties	-	75,981,216
Repayment of short-term loans from related parties	-	(132,098,808)
Cash receipt from long-term loans	1,564,770,000	1,273,000,000
Repayment of long-term loans	(1,203,558,807)	(747,726,623)
Repayment of financial lease payables	(1,512,037)	(2,126,019)
Payment for loans issuing cost	(10,650,125)	(10,000,000)
<b>Net cash flows from financing activities</b>	<b>349,049,031</b>	<b>606,636,324</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,131,816)</b>	<b>16,104,343</b>
Cash and cash equivalents at beginning of year	41,145,312	25,040,969
<b>Cash and cash equivalents at end of year</b>	<b>35,013,496</b>	<b>41,145,312</b>
<b>Supplement cash flow information</b>		
Non-cash items		
Purchase of assets by financial lease payables	3,662,496	911,520

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

**S 11 Group Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2014**

**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 31 December 2014, the Company has 2 branches in Chonburi and Ayudhya.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### 3.1 Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, provision of interpretations and accounting guidance to users of the accounting standards. The Company's management already assessed and believe that the above-mentioned financial reporting standards, do not have a significant impact on the financial statements.

### **3.2 Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of new and revised financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. 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, provision of interpretations and accounting guidance to users of accounting standards. The Company's management has assessed the effect of these financial reporting standards and believes that they will not have any significant impact on the financial statements in the years in which they are adopted. However, some of these financial reporting standards are relevant to the Company's business and the preparation of financial statements, and involve changes to key principles, these are summarised below:

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively. Based on the preliminary analysis, the Company's management believes that this standard will not have any significant impact on the Company's financial statements.

## **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gain and loss immediately in other comprehensive income while the existing standard allows the entity to recognise such gain and loss immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company immediately recognises actuarial gain and loss in profit or loss in the period in which they occur. The assessment of the Company's management is that when the revised standard is applied in 2015 and the method of recognising those gain and loss is changed to immediately recognise them in other comprehensive income, there will not have any significant impact on the Company's financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

##### **a) Hire purchase interest income**

Hire purchase interest income is recognised on an accrual basis throughout the contract period based on the effective rate method.

The Company ceases recognising revenue from hire purchase receivables which installment payment has been defaulted for more than 3 installments past the due date per the agreement. Interest is then recognised as income on a cash basis.

##### **b) Fee and service income**

Fee and service income are recognised when services have been rendered.

##### **c) Penalty fee income**

Penalty fee income is recognised when received.

#### **4.2 Expense recognition**

##### **a) Interest expenses**

Interest expenses are charged to expenses on an accrual basis.

##### **b) Commissions and direct expenses of the hire purchase contracts.**

The Company recorded the initial commissions and direct expenses at the inception of hire purchase contract by deferred and amortised those expenses using the effective interest method, with amortisation deducted from unearned income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned interest income is stated net of commissions and direct expenses incurred at the inception of the contracts.

#### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.4 Hire purchase receivables

Hire purchase receivables are stated at the contract value net of unearned hire purchase income, which is presented after netting deferred commission and initial direct costs at the inception of the contracts.

#### 4.5 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for hire purchase receivables based on the amount of debts that may not be collectible, determined by analysis of the current status of the receivables. Allowance for doubtful accounts is provided at the percentage of the amount of outstanding receivables net of unearned hire purchase income (net of deferred commissions and direct expenses incurred at the inception of the contracts).

	<u>Provisioning rate</u>
Normal loans and past due less than 2 months	1
Past due 2 months or more, but less than 4 months	2
Past due 4 months or more	100

Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year in part of profit or loss in the statements of comprehensive income. The Company has policy to write-off its receivables when the Company properly made demands for payment and that the matter has been pursued to the extent suitable to the case, and yet debts remains unsettled.

#### 4.6 Assets foreclosed

Assets foreclosed represent assets repossessed from hire purchase receivables and are stated at the lower of cost and estimated net realisable value.

Gain (loss) on disposal of assets foreclosed is recognised in part of profit or loss in the statements of comprehensive income on disposal date. Impairment loss of assets foreclosed is recognised as expenses in part of profit or loss in the statement of comprehensive income (if any).

#### **4.7 Land, building and equipment/Depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs over the following estimated useful lives:

Building	-	20 years, straight - line method
Furniture and office equipment	-	5 years, straight - line method
Computers and equipment	-	3 - 5 years, sum of the year's digits method
Motor vehicles	-	5 years, sum of the year's digits method

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of land, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the assets are derecognised.

#### **4.8 Borrowing costs**

Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.9 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that land, building and equipment may be impaired. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount. An assets recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

An impairment loss is recognised in part of profit or loss (if any).



#### 4.10 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by the Company's management based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in profit or loss.

#### 4.11 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

a) Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

b) Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are directly recorded to shareholders' equity.

#### **4.12 Long-term leases**

Leases that transfer substantially all the risks and rewards of ownership to the Company is classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

#### **4.13 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### 5.1 Allowance for doubtful accounts on hire purchase receivables

In determining an allowance for doubtful accounts on hire purchase receivables, the management needs to make conservative judgment and estimates the probable loss based upon, among other things, past collection history, historical loss, aging profile of outstanding debts and the prevailing economic condition.

### 5.2 Allowance for impairment of assets foreclosed

In determining allowance for impairment of assets foreclosed, management apply judgment in estimating the anticipated losses on such assets, based on analysis of various factors, including net realisable value, historical sales data, the age of the assets and the prevailing economic condition.

### 5.3 Land, building and equipment/Depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and salvage value of the Company's building and equipment and to review estimate useful lives and salvage value when there are any changes.

### 5.4 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

### 5.5 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Cash and cash equivalents

	(Unit: Baht)	
	2014	2013
Cash and cash equivalents	51,100	85,000
Bank deposits	34,962,396	41,060,312
Total	<u>35,013,496</u>	<u>41,145,312</u>

As at 31 December 2014, bank deposits in savings accounts and fixed deposits are carried interest at the rates between 0.63 - 1.70 percent per annum (2013: 0.50 - 2.20 percent per annum) as announced by the banks.

## 7. Hire purchase receivables

7.1 As at 31 December 2014 and 2013, the contracted 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 specified in the contracts. Details are as follows:

(Unit: Baht)

	2014		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Hire purchase receivables	2,610,457,788	1,710,989,983	4,321,447,771
Less: Unearned hire purchase income <sup>(1)</sup>	(829,097,776)	(364,618,313)	(1,193,716,089)
Present value of the minimum lease payment receivables	1,781,360,012	1,346,371,670	3,127,731,682
Less: Allowance for doubtful accounts	(279,544,719)	(14,385,453)	(293,930,172)
Hire purchase receivables, net	<u>1,501,815,293</u>	<u>1,331,986,217</u>	<u>2,833,801,510</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.

(Unit: Baht)

	2013		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Hire purchase receivables	2,043,820,663	1,375,229,560	3,419,050,223
Less: Unearned hire purchase income <sup>(1)</sup>	(649,465,375)	(290,959,627)	(940,425,002)
Present value of the minimum lease payment receivables	1,394,355,288	1,084,269,933	2,478,625,221
Less: Allowance for doubtful accounts	(161,608,831)	(20,056,923)	(181,665,754)
Hire purchase receivables, net	<u>1,232,746,457</u>	<u>1,064,213,010</u>	<u>2,296,959,467</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.

7.2 As at 31 December 2014 and 2013, 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	Hire purchase receivables		Percentage of allowance set up by the Company	Allowance for doubtful accounts	
	2014	2013		2014	2013
Not yet due	1,938,762,765	1,704,851,581	1	19,387,629	17,045,066
Past due:					
Less than 1 months	571,668,598	317,024,096	1	5,716,686	3,173,692
1 month or more, but less than 2 months	178,255,396	151,489,874	1	1,782,554	1,514,899
2 months or more, but less than 4 months	175,511,857	148,293,442	2	3,510,237	2,965,869
4 months or more, but less than 7 months	105,289,791	80,706,024	100	105,289,791	80,706,024
7 months or more, but less than 12 months	108,065,711	62,806,391	100	108,065,711	62,806,391
12 months or more	50,177,564	13,453,813	100	50,177,564	13,453,813
Total	<u>3,127,731,682</u>	<u>2,478,625,221</u>		<u>293,930,172</u>	<u>181,665,754</u>

7.3 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 defaulted for more than 3 installments past the due date per agreement, and has a policy to set up full allowance for doubtful accounts for hire purchase receivables with 4 or more installments past due. The management has considered and confided that this policy is appropriated for the debtor's character and to the Company's business.

**7.4** As at 31 December 2014, the Company had hire purchase receivables amounting to Baht 416 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (2013: Baht 130 million).

**7.5** As at 31 December 2014, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 2,670 million (2013: Baht 2,634 million) in order to secure credit facilities granted by commercial banks as discussed in Note 13 to the financial statements.

**7.6 Allowance for doubtful accounts**

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

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Balance beginning of the year	181,665,754	65,817,720
Add: Doubtful account increase during the year	210,391,625	189,808,250
Less: Bad debt written-off	(98,127,207)	(73,960,216)
Balance end of the year	<u>293,930,172</u>	<u>181,665,754</u>

**8. Assets foreclosed**

	(Unit: Baht)	
	2014	2013
Assets foreclosed - cost	14,137,925	9,799,604
Less: Allowance for impairment	(5,962,111)	(4,254,446)
Assets foreclosed - net	<u>8,175,814</u>	<u>5,545,158</u>

**9. Other current assets**

	(Unit: Baht)	
	2014	2013
Advance VAT receivable	20,121,463	12,118,973
Other receivable - sales of assets foreclosed	1,538,689	3,999,483
Others	1,734,848	945,366
Total	<u>23,395,000</u>	<u>17,063,822</u>

## 10. Restricted bank deposits

As at 31 December 2014 and 2013, this represents fixed deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 25 to the financial statements, and a deposit used as an employee's security deposit.

## 11. Land, building and equipment

Movements of land, building and equipment during the years ended 31 December 2014 and 2013 are summarised below.

	(Unit: Baht)						
	Land	Building	Furniture and office equipment	Computer and equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2013	26,500,000	810,000	6,398,926	2,785,705	8,796,860	25,913,626	71,205,117
Additions	-	-	913,744	1,784,908	1,044,860	6,045,013	9,788,525
Disposals/written off	-	-	(323,270)	-	-	(672,280)	(995,550)
Transferred in (out)	4,692,489	25,513,741	375,039	-	-	(30,581,269)	-
31 December 2013	31,192,489	26,323,741	7,364,439	4,570,613	9,841,720	705,090	79,998,092
Additions	4,230,750	-	2,560,537	1,274,618	4,356,869	232,771	12,655,545
Disposals/written off	-	-	(365,216)	-	-	-	(365,216)
Transferred in (out)	-	703,657	234,204	-	-	(937,861)	-
31 December 2014	35,423,239	27,027,398	9,793,964	5,845,231	14,198,589	-	92,288,421
<b>Accumulated depreciation</b>							
1 January 2013	-	57,280	844,617	1,410,665	3,535,416	-	5,847,978
Depreciation during the year	-	722,719	1,409,982	1,088,349	2,470,596	-	5,691,646
Depreciation for disposals/written off	-	(9,643)	(91,348)	-	-	-	(100,991)
31 December 2013	-	770,356	2,163,251	2,499,014	6,006,012	-	11,438,633
Depreciation during the year	-	1,332,553	1,660,972	1,199,705	2,820,423	-	7,013,653
Depreciation for disposals/written off	-	-	(173,667)	-	-	-	(173,667)
31 December 2014	-	2,102,909	3,650,556	3,698,719	8,826,435	-	18,278,619
<b>Net book value</b>							
31 December 2013	31,192,489	25,553,385	5,201,188	2,071,599	3,835,708	705,090	68,559,459
31 December 2014	35,423,239	24,924,489	6,143,408	2,146,512	5,372,154	-	74,009,802
<b>Depreciation charge for the years ended 31 December</b>							
2013							5,691,646
2014							7,013,653

For the year ended 31 December 2013, interest from borrowing of Baht 304,260 was capitalised as costs of the Company's building. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 7.375% per annum.

As at 31 December 2014, the Company had pledged land and premises thereon with net book value amounting to Baht 56.38 million as collateral against credit facilities received from the financial institution as mentioned in Note 13 to the financial statements.

As at 31 December 2014, the Company had vehicles under finance lease agreements with net book value amounting to Baht 4.06 million. These vehicles will be registered in the name of the Company after the Company completes payment and exercises its purchase option.

## 12. Deferred tax assets/income tax expenses

### 12.1 Deferred tax assets

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

	(Unit: Baht)	
	2014	2013
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	58,786,035	36,333,151
Allowance for impairment of assets foreclosed	1,192,423	850,889
Provision for long-term employee benefits	1,028,083	705,099
Total	<u>61,006,541</u>	<u>37,889,139</u>
<b>Deferred tax liabilities</b>		
Deferred commission and initial direct cost from hire purchase contracts	13,100,309	11,446,973
Deferred loans issuing costs	3,098,086	-
Total	<u>16,198,395</u>	<u>11,446,973</u>
Deferred tax assets - net	<u>44,808,146</u>	<u>26,442,166</u>



## 12.2 Income tax expenses

Income tax expenses for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
<b>Current income tax:</b>		
Corporate income tax charge for the year	73,485,388	52,845,311
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(20,350,379)	(19,900,884)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>53,135,009</u>	<u>32,944,427</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Accounting profit before tax	266,157,068	149,251,915
Applicable tax rate	20%	20%
Amount of profit before tax multiplied by applicable tax rate	53,231,414	29,850,383
Tax effect of tax-exempt income and disallowed expenses	(96,405)	3,094,044
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>53,135,009</u>	<u>32,944,427</u>

### 13. Long-term loans

As at 31 December 2014 and 2013, the long-term loans, which the Company obtained from a local financial institution, are detailed below.

(Unit: Baht)

Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	2014	2013
1	Loan agreement dated 29 August 2011	MLR + 0.5	Payment in 30 equal installments, with the first installment payable on the last day of the month of the first drawdown	-	96,092,372
2	Loan agreement dated 2 March 2012	MLR + 0.5	Payment in 30 equal installments, with the first installment payable on the last day of the month of the first drawdown	3,199,162	196,039,440
3	Loan agreement dated 2 March 2012	MLR	Installments payment, as specified in the agreement, over 12 years, with the first installment due on 7 June 2012	11,120,894	11,907,041
4	Loan agreement dated 2 March 2012	MLR	Installments payment, as specified in the agreement, over 12 years, with the first installment due in the 13 <sup>th</sup> month after the loan drawdown	24,503,708	26,400,114
5	Loan agreement dated 26 July 2012	MLR + 0.5	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	313,419,593	751,818,015
6	Loan agreement dated 12 December 2012	MLR + 0.5	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	149,366,586	271,024,033
7	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	706,556,705	259,829,979
8	Loan agreement dated 27 June 2014	MLR - 0.5	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	766,155,539	-
<b>Total</b>				<b>1,974,322,187</b>	<b>1,613,110,994</b>
Less: Deferred loans issuing costs				<u>(16,140,549)</u>	<u>(9,921,992)</u>
Long-term loans				1,958,181,638	1,603,189,002
Less: current portion due within 1 year				<u>(1,155,216,199)</u>	<u>(952,055,532)</u>
Long-term loans, net of current portion				<u>802,965,439</u>	<u>651,133,470</u>

Loan facilities no. 3 and 4 are for use in building construction. These loan facilities are secured by the Company's land and premises thereon and also guaranteed by the shareholders, managing directors and management of the Company.

Other loans are for use in the expansion of the Company's business. The Company has to comply with loan covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, dividend payment, maintenance of debt to equity ratio and maintenance of ratios of overdue hire purchase receivables to total hire purchase receivables, and total hire purchase receivables to debts, as well as prohibitions on the disposal of assets or rights of claim under hire purchase agreements and prohibition from entering into new debt agreements. And these loan facilities are secured by the transfer of rights of claim under hire purchase agreements and motorcycle registrations as requested by the commercial bank, and also guaranteed by the shareholders, managing directors and management of the Company.

As at 31 December 2014, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 236.84 million. In addition, the Company has remaining overdraft facilities amounting to Baht 50 million.

Movements in the long-term loans account during the year ended 31 December 2014 and 2013 are summarised below.

	(Unit : Baht)	
	For the years ended 31 December	
	2014	2013
Balance at the beginning of year	1,613,110,994	1,087,837,617
Add: Addition borrowings during the year	1,564,770,000	1,273,000,000
Less: Loans repayment during the year	(1,203,558,807)	(747,726,623)
Balance at the end of year	<u>1,974,322,187</u>	<u>1,613,110,994</u>

#### 14. Liabilities under finance lease payables

Liabilities under financial lease payables as at 31 December 2014 and 2013 are comprised of:

	(Unit: Baht)	
	2014	2013
Liabilities under finance lease payables	3,422,847	1,141,533
Less : Deferred interest expenses	(192,652)	(61,798)
Total	3,230,195	1,079,735
Less : Portion due within one year	(1,598,033)	(572,220)
Liabilities under finance lease payables - net of current portion	<u>1,632,162</u>	<u>507,515</u>

As at 31 December 2014, the Company has entered into finance lease agreements with a commercial bank and leasing companies in order to lease 9 motor vehicles for use in its operations, whereby it is committed to pay rental fee on a monthly basis. The term of the agreements are generally 2 years and 3 years.

Under these agreements, the Company has an option to purchase the assets at the end of the contracts and has to comply with conditions specified in the agreements.

As at 31 December 2014, the Company had commitment to pay minimum lease payments under the finance lease agreements as follows:

	(Unit: Baht)		
	Less than		
	1 year	1 - 5 years	Total
Minimum lease payment	1,730,481	1,692,366	3,422,847
Deferred interest expenses	(132,448)	(60,204)	(192,652)
Present value of minimum lease payment	<u>1,598,033</u>	<u>1,632,162</u>	<u>3,230,195</u>

#### 15. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation payable upon employees' retirement, for the years ended 31 December 2014 and 2013 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Balance at beginning of year	3,525,497	-
Amount recognised in profit or loss		
Current service cost	1,577,114	2,600,613
Interest cost	133,056	809,033
Actuarial loss (gain)	(95,257)	115,851
Balance at the end of year	<u>5,140,410</u>	<u>3,525,497</u>

Principal actuarial assumptions at the valuation date were as follows:

	31 December 2014	31 December 2013
	(% per annum)	(% per annum)
Discount rate	3.77	4.43
Future salary increase rate	7.50	7.50
Staff turnover rate	16.19	16.82

## 16. Share capital

On 25 September 2013, the Extraordinary Shareholders' Meeting No. 2/2556 approved the increase of the Company's registered share capital from Baht 500 million to Baht 550 million (110 million ordinary shares with a par value of Baht 5 each) by issuing 10 million new ordinary shares with a par value of Baht 5 each.

During the year 2013, a meeting of the Company's Board of Directors approved the following capital increase and call up of capital, pursuant to a resolution passed by an extraordinary shareholders' meeting:

Registration date	No. of shares issued (shares)	Offer price (Baht)
22 March 2013	220,767	6.5
27 May 2013	248,319	7.0
30 August 2013	339,000	7.5
28 November 2013	1,800,000	5.0
28 November 2013	9,991,914	13.5

On 9 December 2013, the Extraordinary General Meeting of shareholders, consisting of 3.4 million shares with a par value of Baht 5. As a result, as at 31 December 2013, the Company had paid up share capital of 106.6 million shares of Baht 5 per share, or Baht 533 million.

On 27 March 2014, the 2014 Annual General Meeting of the Company's shareholders approved an increase in the Company's registered share capital from Baht 533 million to Baht 613 million (122.60 million ordinary shares with a par value of Baht 5 each) by issuing 16 million new ordinary shares with a par value of Baht 5 each. The capital increase was to be made by issuing shares via an initial public offering at a price not less than the par value of the share. On 4 April 2014, the Company had registered the increase of its share registered capital with the Ministry of Commerce.

On 10 September 2014, the Extraordinary General Meeting of shareholders No.1/2557 passed a resolution to change the par value of the ordinary shares from Baht 5 per share to Baht 1 per share resulting in the change in the number of registered ordinary shares from 122.6 million shares to 613 million shares, and the change in the number of issued and paid up ordinary shares from 106.6 million shares to 533 million shares. On 11 September 2014, the Company had registered to change the par value of the ordinary shares with the Ministry of Commerce.

### **Capital reserve for share-based payment transactions**

During 2013, the Company paid benefits totaling Baht 9 million to three of its directors or shareholders, since those directors or shareholders provided service to facilitate the Company's achievement of objectives, under a management agreement. In addition, the Company agreed to grant those directors or shareholders right to subscribe to a total of 1.8 million ordinary shares of the Company with a par value of Baht 5 each, and the Company issued the additional ordinary shares to support this subscription on 27 November 2013. Such issue was under the scope of Financial Reporting Standard No. 2 regarding share-based payments and the Company therefore recognised the fair value of the service received. The fair value of this transaction was linked to the fair value of the ordinary shares, which can be estimated reliably. The reference for fair value was the offer price of the ordinary shares that the Company issued to all shareholders in proportion to their holdings in the Company's shares in the following day. The difference between the selling price and the fair value, which amounted to Baht 15.3 million, was recognised as administrative expenses in the profit or loss for the year 2013 and recorded as capital reserve for share-based payment transactions in shareholder's equity in the statements of financial position.

### **17. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business and boost the value of the holdings of the Company's shareholders. As at 31 December 2014, the Company had a debt-to-equity ratio of 1.94:1 (2013: 2.00:1).

### **18. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Salary and wages and other employee benefits	83,626,095	69,265,685
Insurance premium	55,684,074	45,750,920
Legal advisor and financial management advisor fee	1,236,980	25,429,019
Depreciation	7,013,653	5,691,646
Stamp duties and postal expenses	6,389,528	4,894,237
Expense relating demands for payment	4,958,549	3,329,563
Miscellaneous for office expenses	1,698,964	2,410,664
Utilities expenses	3,415,054	2,850,305
Registration expenses	3,799,648	2,838,521

## 20. Loss on impairment and disposal of assets foreclosed

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Loss on impairment of assets foreclosed	1,707,665	2,440,274
Loss on disposal of assets foreclosed	136,263,982	106,772,172
Total	<u>137,971,647</u>	<u>109,212,446</u>

## 21. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares proportionately to the change in the number of shares as a result of the change in the par value of the ordinary shares.

On 10 September 2014, an Extraordinary General Meeting of Shareholders of the Company passed a resolution to change the par value of the ordinary shares from Baht 5 per share to Baht 1 per share. In calculating earnings per share, the number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest year reported.

	For the years ended 31 December	
	2014	2013 (Revised)
Weighted average number of ordinary shares in issue during the year (shares)	533,000,000	95,543,870
Increase in number of ordinary shares due to change of par value from Baht 5 to Baht 1 (shares)	-	382,175,480
Total (shares)	<u>533,000,000</u>	<u>477,719,350</u>
Profit for the year (Baht)	213,022,059	116,307,488
Earnings per share (Baht per share)	0.40	0.24

## 22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Ayudhya Fund Management, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company contributed Baht 1.39 million to the fund (2013: Baht 1.14 million).

## 23. Segment information

The Company operations involve 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. In addition, the Company has no major customer with reserve of 10 percent or more of an entity's revenues during the year 2014 and 2013.



## 24. Related party transactions

### 24.1 Significant business transactions with its related parties during the year

During the years 2014 and 2013, the Company had significant business transaction with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Baht)

	For the years ended		Transfer pricing policy
	31 December		
	2014	2013	
<b>Transaction with directors and shareholders</b>			
Interest expenses	-	6,537,480	Interest charge at 8% per annum

### 24.2 Outstanding balances with its related parties

As at 31 December 2014 and 2013, there is no outstanding balance between the Company and those related parties. However, the movements in the balances between the Company and those related parties for the year ended 31 December 2013 are as follows:

(Unit: Baht)

	For the year ended 31 December 2013			
	1 January 2013	Increase	Decrease	31 December 2013
Short-term loans from directors and shareholders	56,117,592	75,981,216	(132,098,808)	-
Interest payable to directors and shareholders	737,985	6,537,480	(7,275,465)	-

### 24.3 Director and management benefits

During the years 2014 and 2013, the Company had the following employee benefit expenses payable to its directors and management.

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Short-term employee benefits	18,729,659	14,980,225
Post-employment benefits	3,068,994	2,378,209
Total	21,798,653	17,358,434

In addition, during 2013 the Company paid benefit to directors and shareholders under the management agreement as discussed in Note 16 to the financial statements.

## 25. Commitment - guarantees

As at 31 December 2014 and 2013, there was an outstanding bank guarantee of Baht 10,000 issued by a bank on behalf of the Company as a guarantee for a post office box.

## 26. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase receivables, restricted bank deposits, account payables, loans, and liabilities under financial lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

### 26.1 Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase receivables. The Company manages the risk by adopting appropriate credit control policies and procedures. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of hire purchase receivables less allowance for doubtful debts as stated in the statements of financial position.

### 26.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial position of the Company. As the Company has no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

#### Interest rate risk

Significant financial assets and liabilities as at 31 December 2014 and 2013 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

Transactions	2014				Total
	Fixed interest rate		Floating interest rate	Non-interest bearing	
	Repricing or maturity date				
Within 1 year	Over 1 - 5 years				
<b>Financial assets</b>					
Cash and cash equivalents	-	-	2,790,966	32,222,530	35,013,496
Hire purchase receivables, net	1,501,815,293	1,331,986,217	-	-	2,833,801,510
Restricted bank deposits	10,633	-	1,339,730	-	1,350,363
<b>Financial liabilities</b>					
Trade accounts payables	-	-	-	2,622,408	2,622,408
Loans	-	-	1,958,181,638	-	1,958,181,638
Liabilities under financial lease agreements	1,598,033	1,632,162	-	-	3,230,195

(Unit: Baht)

Transactions	2013				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalents	-	-	-	41,145,312	41,145,312
Hire purchase receivables, net	1,232,746,457	1,064,213,010	-	-	2,296,959,467
Restricted bank deposits	10,435	-	759,253	-	769,688
<b>Financial liabilities</b>					
Trade accounts payables	-	-	-	14,432,226	14,432,226
Loans	-	-	1,603,189,002	-	1,603,189,002
Liabilities under financial lease agreements	572,220	507,515	-	-	1,079,735

### 26.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2014 and 2013 are as follows:

Transactions	2014				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	35,013,496	-	-	-	35,013,496
Hire purchase receivables, net <sup>(1)</sup>	-	1,501,815,293	1,331,986,217	-	2,833,801,510
Restricted bank deposits	-	-	-	1,350,363	1,350,363
<b>Financial liabilities</b>					
Trade accounts payables	-	2,622,408	-	-	2,622,408
Loans	-	1,155,216,199	802,965,439	-	1,958,181,638
Liabilities under financial lease agreements	-	1,598,033	1,632,162	-	3,230,195

(1) The outstanding balance of hire purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.

(Unit: Baht)

Transactions	2013				Total
	At call	Within 1 year	Over 1 year	No specific maturity	
<b>Financial assets</b>					
Cash and cash equivalents	41,145,312	-	-	-	41,145,312
Hire purchase receivables, net <sup>(1)</sup>	-	1,232,746,457	1,064,213,010	-	2,296,959,467
Restricted bank deposits	-	-	-	769,688	769,688
<b>Financial liabilities</b>					
Trade accounts payables	-	14,432,226	-	-	14,432,226
Loans	-	952,055,532	651,133,470	-	1,603,189,002
Liabilities under financial lease agreements	-	572,220	507,515	-	1,079,735

(1) The outstanding balance of hire purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.

## 26.4 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Methodology of fair value measurement depends upon characteristics of the financial assets and liabilities. The fair value of most financial assets and financial liabilities are amounts presented in the statements of financial position, including deposit with financial institutions and trade accounts payable, since there are repayable in the short term. For loans bear interest at floating rates, their fair value are close to their carrying value. For hire purchase receivables, fair value are the carrying amount net of unearned hire purchase income and allowance for doubtful accounts as stated in the statements of financial position.

As at 31 December 2014 and 2013, the Company expected that the fair value of its financial instruments are not materially different from their carrying value.

## 27. Events after the reporting period

27.1 During 11-13 February 2015, the Company made an initial public offering of 80 million ordinary shares with a par value of Baht 1 each, at a price of Baht 5.3 per share, for total proceeds of Baht 424 million. The Company registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 16 February 2015, and shares of the Company began trading on the Stock Exchange of Thailand on 25 February 2015.

27.2 On 27 February 2015, a meeting of the Company's Board of Directors passed a resolution for approving the Company to enter into a new loan agreement for a total of Baht 1,000 million with a bank.

27.3 On 27 February 2015, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders for approving a cash dividend payment of Baht 0.17 per share to the shareholders from the net profit for the year 2014, or a total of Baht 104.21 million.

## **28. Approval of financial statements**

These financial' statements were authorised for issue by the Company's Board of Directors on 27 February 2015.