



Annual Report 2017

Leader in Thailand's Microfinance



บริษัท เมืองไทย ลีสซิ่ง จำกัด (มหาชน)
MUANGTHAI LEASING PUBLIC COMPANY LIMITED



: เมืองไทย ลีสซิ่ง Muangthai Leasing



: @Muangthailensing

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Message from the Chairman of the Board of Directors

Muangthai Leasing Public Company Limited has been listed in the Stock Exchange of Thailand for for three consecutive years. The company has a continuous and satisfactory operating performance. In the year 2017, the net profit from operation is totaled 2,501 million baht, increased from 1,037 million baht of the prior year, or 70.83% increased.

In the present year, 2018, the Company extensively remains its focus on the branch networking coverage expansion across Thailand, as well as acquiring various of its sales and service channels. In addition to the commitment to continually grow our business in a professional matter, the Board of Directors also targets on its sustainable growth by adhering to the principles of good corporate governance, morality, ethic, transparency and responsible to social and environment with a strong belief that good corporate governance will be value added and build up a confidence to shareholders, investors and all stakeholders in long-run. Besides, the Company has also earned a status of ratification of the Collective Action Coalition (CAC) against corruption and assigned a working group to assess the fraud related risks within the company, including implemented the Anti-Corruption Policy and its action plan. Moreover, the company has also provided a Guide / Guidelines for Business to all executives and employees.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders, customers, business counterparts for your continued trusts and supports, and thank our management and every employee for your commitment and contribution to make the company achieving our goals of revenue growth, branch network expansion, service excellence and to continue building a sustainability for the future of our company.

I assure to you all that all directors of the Board and myself shall oversee and govern the company's management to operate successfully as per our committed strategies with integrity, honest and transparency in our business operation under the rigorous good governance practices to maintain our leadership in the vehicle title loan business. I am very confident that Muangthai Leasing Public Company Limited will continue to grow progressively and sustainably.



Adm. Apichart Pengsritong
(Chairman of the Board of Directors)



Message from the Chairman of the Executive Committee

In 2017, the Company had operating result was satisfactory as well by growing in all aspects more than 50 percent of the target, especially the Company's profit 2,501 million baht, up to 70.83 percent.

In the year 2018, The Company continues to focus on operational growth. The management team plan to grow by at least 40 percent and expand the branch at least 600 branches and shall maintain an NPL which does not exceed 1.5 percent.

The Company's growth continuously successful are due to management operate the business with integrity and ethics by focus on all stakeholders, shareholders, investors, employees, business partners and social.

On behalf of the Executive Committee, I shall assure to you all that I myself and team shall operate the Company's business successfully with integrity, ethics and transparency to grow in a sustainable way.

(Mr. Chuchat Petaumpai)
Chairman of Executive Committee

Report of the Audit Committee

Dear Shareholders

The Company's Board of Directors has appointed the Audit Committee which consisted of three independent directors with qualifications specified by criteria in the announcements of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Following is the name list.

- | | |
|-------------------------------|------------------------------------|
| 1. Mrs. Kongkeaw Piamduaytham | Chairperson of the Audit Committee |
| 2. Mr. Kampol Tatiyakavee | Member of the Audit Committee |
| 3. Mrs. Nongnooch Davasuwan | Member of the Audit Committee |

In 2017, the committee held 4 meetings to perform its duties within the framework stipulated in the Audit Committee Charter. All committee's members attended every meeting. While one of these 4 meetings was to meet with external auditors without the presence of the Company's management with the objectives to discuss about problems arising during the auditing period and to discuss the issues that the auditors considered as material. This practice is to promote the Company's good governance and to enhance the transparency of the Company's financial statements. The minutes of meetings were prepared and reported to the Board of Directors on quarterly basis, as follows.

1. Financial reports review: The committee has reviewed the quarterly and annually financial statements, the consolidated statements and list of transactions which may lead to conflict of interest to ensure that the Company's financial statements were accurately prepared and presented in accordance with financial reports standards and that the financial statements were accurate and reliable with sufficient disclosure of material information in a timely manner for the benefit of investors and in conformity with legal requirements and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, and the financial reports standards.
2. Review of internal control system and internal audit system: The committee approved the audit plan for 2017, which was prepared by the internal audit team, and regularly monitored the operating results on quarterly basis. Considering from key risks, the committee provided useful recommendations and comments to ensure that the existing internal control processes could help prevent or mitigate errors in business operations. The committee also reviewed the appropriateness and adequacy of human resources as well as the independency of internal audit team. The committee opined that the Company's internal control and internal audit system were effective, appropriate and sufficient. The internal audit team performed their duties independently, transparently and fairly.
3. Law compliance review: The committee reviewed the Company's business operations and viewed that they were complied with the laws related to securities and the Stock Exchange of Thailand, the SET regulations as well as other laws and regulations which were related to the Company's businesses, including the Company's anti-fraud policy and the regulation changes which impacted the Company's operations.
4. Consideration of connected transactions and items with potential conflicts of interest: The committee considered the connected transactions and items with potential conflicts of interest on a fair, transparent and reasonable basis; while taking into consideration the benefits of all stakeholders and the sufficiency of information disclosures as required by the Stock Exchange of Thailand.



5. Consideration of nomination and proposal to appoint the external auditors and the audit fee: The committee has considered, selected and proposed to the Board of Directors to appoint the external auditors and the audit fee for 2017, by considering performance, independence, competence, experience and the suitability of the fee of the auditors in the previous year. The committee agreed to nominate the existing auditors from the EY Office to be the Company's external auditors for another year. Following are name list of the auditors.

- 1) Ms. Ratana Jala Certified Public Accountant Registration No 3734 and/or
- 2) Ms. Somjai Khunapasut Certified Public Accountant Registration No 4499 and/or
- 3) Ms. Rutchada Yongsawatwanich Certified Public Accountant Registration No 4951

6. Consideration and review of the existing Audit Committee Charter: The committee considered and reviewed the audit committee charter on regular basis to ensure that the committee performs its duties effectively by exercising the up-to-date practices.

The Audit Committee has performed its duties with prudence and independence, giving comments and recommendations in a direct and transparent manner for the best interest of the Company. It has received full co-operation from the management and has no limitation in the access to the Company's information. The committee has evaluated its performance and was confident that the performance of the Audit Committee in 2017 was effective, achieving all the objectives assigned by the Board.

(Mrs. Kongkeaw Piamduaytham)
Chairperson of the Audit Committee

Report of the Risk Management Committee

Risk Management Committee was established at the end of 2016 by Board's approval with its roles and responsibilities to set up Risk Management policies, monitor the implementation of risk management plan, evaluate the sufficiency and efficiency of risk management plan and report the risk management results to the Board of Directors.

The Board had approved 3 committees for the Risk Management Committee, which consisting of;

- | | |
|------------------------------|--|
| 1. Adm. Apichart Pengsritong | Chairman of the Risk Management Committee (Independent director) |
| 2. Mr. Kampol Tatiyakavee | Member of the Risk Management Committee (Independent director) |
| 3. Mr. Chuchat Petaumpai | Member of the Risk Management Committee |

In the present year, 2017, Risk Management Committee has performed effectively with significant progress by holding official meetings of 4 times. In the Board's meeting 1/2560, the Board acknowledged the Company's overall risks reported by Risk Management working group, which consisting of executives of departments. During the meeting, each department identified totaled 36 risks of the Company to Risk Management Committee. In the Board's meeting 2/2560, Risk Management Committee recommended the Risk Management working group to select 8 risks with highest impact to follow up during the year. The Risk Management working group had presented the solutions for each individual risks with KPI for evaluations, which the follow ups will be reported to Risk Management Committee in the Board's meeting 3/2560 and 4/2560 subsequently. The solutions to mitigate and prevent employee's fraud risk will as well result in the reduction and prevention of criminal activities. What the Company had already completed thus far was to install surveillance cameras in 100 percent of Company's branches since December 2017. Additionally, in the Board's meeting 4/2560, according to the Risk Management working group, the Company had already reduced 6 risks out of 8 risks to be in the acceptable level, and yet remaining only 2 risks, in which the Risk Management working group has been continuously working on their improvements.

Due to the above operations, Risk Management Committee of Muangthai Leasing Public Company Limited is confident that they are able to perform their roles and duties in governing and managing Company's risks to be in an acceptable level under good corporate governance to support the Board of Director's performance by proceeding the risk management operation strictly and review the Charter of Risk Management Committee, as well as Risk Management operation procedures, continuously and consistently, in order to maintain the risk management's efficiency and support the Company to achieve its business target, as well as to ensure the confidence to shareholders.



Adm. Apichart Pengsritong
(Chairman of the Risk Management Committee)



Report of the Nomination and Remuneration Committee

Nomination and Remuneration Committee is consisting of 3 independent directors which having Dr. Yodhin Anavil as a Chief of the Committee and having Mrs.Kongkeaw Piamduaytham and Mrs.Nongnooch Davasuwan as committees. The Nomination and Remuneration Committee is responsible for recruiting qualified persons in accordance with established guidelines and procedures to propose to be appointed as director and to assign appropriate directors into each Board's committee. It also includes considering the form and criteria of directors' remunerations to propose the Board of Directors and Shareholders' meeting for approval, respectively.

In the year, 2017, the Nomination and Remuneration Committee had performed the duties assigned by the Board of Directors completely with strictly adhering to the principles of good corporate governance for the optimal benefit and sustainability of all stakeholders.

The summary of the Nominating Committee's performance for the year 2017 is as follows.

1. Nominated and selected directors to replace the empty position by proposing to the Board of Directors to consider appointing Mrs. Nongnooch Davasuwan as a director to replace Mr.Chainoi Puankosoom who resigned during the year.
2. Provided an opportunity for minority shareholders to propose Shareholders' meeting's agendas and list of persons to be nominated as Company's directors for 3 months prior to the Annual General Meeting of 2018 from 1 October 2017 until 31 December 2017, in order to comply with best corporate governance and to benefit the Company as a whole, as well as all stakeholders. However, there was no proposing by minority shareholders for this director nomination in the Annual General Meeting 2018.
3. Considered appropriation of Directors' remunerations of the year 2018 with regards to their roles and responsibilities, together with the Company's performance as criteria.

Dr. Yodhin Anavil

(Chairman of the Nomination and Remuneration Committee)

Report of the Corporate Governance Committee

Operating business under good corporate governance and the Code of Conduct is one of the company's most significant policy and mission which is the priority for directors of the Board, management and all employees. However, in order to ensure that our business operations are complied with these policies, the Board of Directors, hence, established and assigned the Corporate Governance Committee to supervise, monitor and encourage the company to operate in accordance to our corporate and governance policies and guideline, as well as our code of conduct. The Corporate Governance Committee is consisted of directors which having Mr.Kampol Tatiyakavee being the chief of corporate governance committee and having Mrs.Kongkeaw Piamduaytham and Mr.Chuchat Petaumpai being committees.

The Corporate Governance Committee is confident that the corporate governance policy, ethics and business ethics will become significant factors driving the company to become a leading company with stable and sustainable growth; while participating in the development of the country's economy, social and environment, which will bring the confidence and positive image to the company's shareholders, investors and all stakeholders in the present and future.

For company's operations in 2017, the corporate governance committee has followed up the company's operations in accordance to the good corporate governance and the corporate social responsibility plan to social, community and environment which can be summarized per follows;

- The Company shall disclose the complete information in its annual report and its website, including financial statements, policy on corporate governance and business ethics, corporate social responsibility policy, analyst reports (research) from various institutes, company overview, annual reports, annual information (Form 56-1), shareholder's meeting, list of major shareholders, news on notifications to SET, and news from media, etc.
- Investor Relations Department was established to be a main channel of communications with investors and analyst, i.e. setting up meeting with analysts, disseminating the Company information in the roadshow events in Thailand and abroad, as well as, holding Analyst Meeting twice on 27th February 2017 at Centara Grand Central Ladprao Hotel and on 23rd August 2017 as Renaissance Bangkok Ratchaprasong Hotel, respectively.
- The Company has participated in the investor meeting event, "Opportunity Day", held by The Stock Exchange of Thailand. The objective is to let each company to explain about its business and its operation to analysts, investors, media and those interested. This event is held regularly after the announcement of quarterly financial statement and the Company has joined this activity every time. All information disclosed to shareholders and investors can be reviewed on the Company's website (www.muangthaileasing.co.th) under topic "Investor Relationship" as well as on the SET's website.
- The Company shall provide opportunity for all shareholders to propose the AGM meeting agenda, the candidate for the director position and to submit question or inquiry before the shareholder's meeting takes place, during October-December of every year. By the way, the proposal of AGM meeting agenda and the director candidate must be complied with the law and the Company's regulations as per the criteria the Company has published in the Company's website, www.muangthaileasing.co.th.
- Information about the share holdings of all directors and executives has also been clearly disclosed. The Company has a policy stipulating that all directors and executives must report the following to the Board.



1. Trading transactions of the Company's shares: The policy stated that all directors, executives, management and related persons (spouse and minor children) were prohibited from buying, selling or transferring of the Company's shares during the period of public announcement of the Company's financial statements. Also, In case of any trading, they must report to the company secretary in order to prepare and submit the report of securities holding in the Company (form 59-2) to the SEC within the required timeframe. Report of securities holding by directors and executives must be reported to the Board meeting on quarterly basis.
2. In order to prevent any conflicts of interest of the Company's directors and executives, all connected transactions and transactions which may cause a conflict interest incurred by directors or executives must be reported to the Chairman of the Board to consider and decide to add into the agenda of the Board of Directors meeting on quarterly basis.

Additionally, the company is committed to CSR to demonstrate the commitment and dedication to develop and provide an opportunity for society, it, hence, has been set up as a policy for management and all employees at all level to concretely participate per follows:

1. To promote CSR activities by starting the project to build a children development center which has been continued and going on, particularly in the locations where the company is expanding our branches to the project was established since 2012 under the name "Baan Mai Khong Noo" (my new home).

Year 2012	1 st	- Kirirat Sub-district, Phobpra District, Tak Province
Year 2013	2 nd	- Nakham Sub-district, Muang District, Loey Province
Year 2014	3 rd	- Paklang Sub-district, Pou District, Nan Province
Year 2015	4 th , 5 th	- Baan Makam En school and the Wat Rangsaneh Nakornchan school in Takoey Sub-district, Suanphueng District, Rachaburi Province
Year 2016	6 th , 7 th	- Ban Patirooptheedin, Thai Samaggi District and Ban Subsaithong school, Wang Nam Khiao District, Nakhon Ratchasima Province
Year 2017	8 th , 9 th	- Ban Dong Noi School, Niyonchai Sub-district, Lopburi Province and Ban Klong Samui School, Pongnamron Sub-district, Muang District, Kampangetch Province

2. Blood Donation to Red Cross

The "Muangthai Blood Donation" program is held continuously and continuously. The staff is very responsive and supportive in this activity by incorporating in blood donation at the hospitals and the provincial Red Cross across the country. In the year 2017, there were 3,342 employees participating in the program which could contribute totaled 1,002,600 cc of blood (300 cc each), which is higher than 1,962 employees of last year.

3. The company has organized and hosted a regular Kathin ceremony on a yearly basis. This present year, the collection was totaled 4,159,375 baht, which had been contributed to 4 temples; Wat Fak Bung, Nain Sub-district, Pichai District, Uttaradit Province, Wat Nong Pla Lai, Nong Pla Lai Sub-district, Nong Prue District, Kanchajaburi Province, Wat None Thong, Nong Nai Wai Sub-district, Baan Pai District, Khonkaen Province and Wat Pho Thong Baan Pra Koo Yai, Pra Koo Sub-district, Muang District, Burirum Province. Besides, 100,000 Baht scholarship was given to each temples' neighboring schools for their children scholarships and school supplies.

4. Sustainability Report is prepared with the content to report company's goals and its commitment to develop sustainability to all stakeholders, which the highest goal of our business is to build value added to customers, employees and all stakeholders appropriately.
5. The company has a status on the signature and ratification of CAC against the corruption and assigned a committee to assess the fraud related risks within the company, including implemented the Anti-Corruption policy and action plan and provided Guide / Guidelines for Business to managements and employees.

The corporate governance committee is committed to promote, develop and supervise company's operation in accordance to good corporate governance principles, together with responsibility to social, in order for Muangthai Leasing Public Company Limited to grow sustainably, be trusted, enable to be beneficial to stakeholders and be world-class accepted.



(Mr. Kampol Tatiyakavee)

Chairperson of the Corporate Governance Committee



Board of Directors



Adm. Apichart Pengsritong
Chairman/ Independent Director



Mr. Chuchat Petaumpai
Director/ Chairman of the
Executive Committee



Mrs. Kongkeaw Piamduaytham
Independent Director



Mrs. Nongnooch Davasuwan
Independent Director



Mr. Kampol Tatiyakavee
Independent Director



Dr. Yodhin Anavil
Independent Director



Mrs. Daonapa Petampai
Director/ Managing Director

Executive Committee



Mr. Chuchat Petaumpai
Chairman
of the Executive Committee



Mrs. Daonapa Petampai
Executive



Mr. Surapong Pechaumpai
Executive



Mr. Parithad Petampai
Executive



Mr. Surat Chayavoradech
Executive



Ms. Vimongrat Nujul
Executive



Mr. Somkiat Ratsamee
Executive



Mr. Amnat Niamsee

Executive



Mr. Banyat Ninsiri

Executive



Mr. Niyom Rodnoi

Executive



Mr. Pradit Thongkhum

Executive



Mr. Songkarn Eiamkai

Executive



Ms. Duangkhae Songnuy

Executive

Audit Committee



Mrs. Kongkeaw Piamduaytham
Chairperson
of the Audit Committee



Mrs. Nongnooch Davasuwan
Member
of the Audit Committee



Mr. Kampol Tatiyakavee
Member
of the Audit Committee

Nomination and Remuneration Committee



Dr. Yodhin Anavil
Chairperson of the Nomination
and Remuneration Committee



Mrs. Kongkeaw Piamduaytham
Member of the Nomination
and Remuneration Committee



Mrs. Nongnooch Davasuwan
Member of the Nomination
and Remuneration Committee



Corporate Governance Committee



Mr. Kampol Tatiyakavee

Chairperson of the Corporate
Governance Committee



Mrs. Kongkeaw Piamduaytham

Member of the Corporate
Governance Committee



Mr. Chuchat Petaumpai

Member of the Corporate
Governance Committee

Risk Management Committee



Adm. Apichart Pengsritong
Chairperson of the Risk Management
Committee



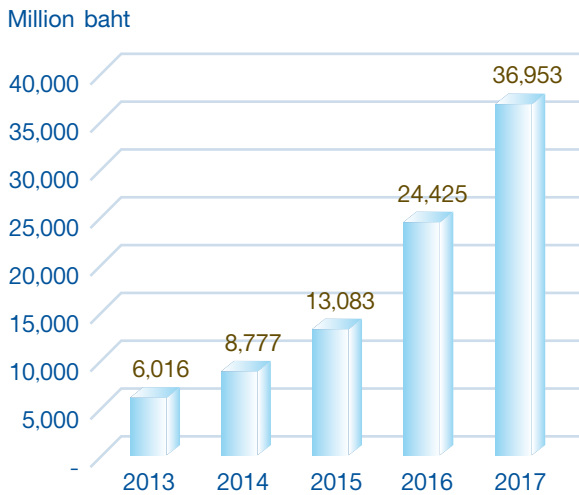
Mr. Chuchat Petaumpai
Member of the Risk Management
Committee



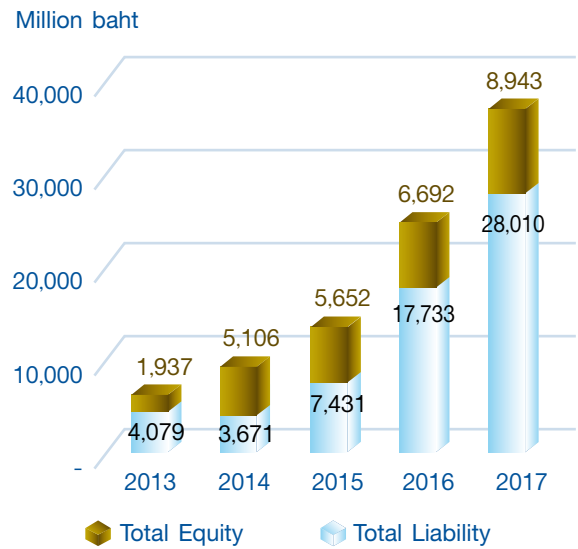
Mr. Kampol Tatiyakavee
Member of the Risk Management
Committee

Summary of Financial Information

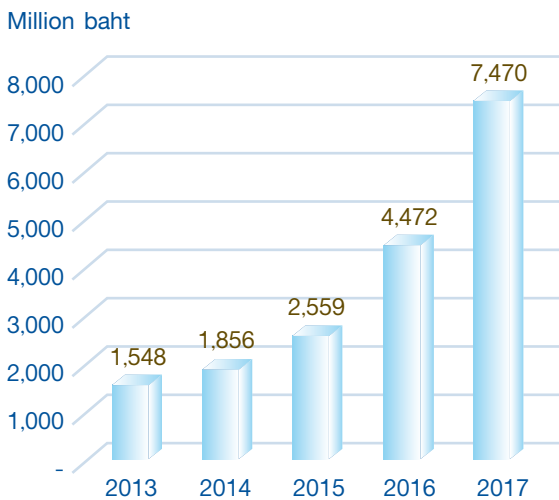
Total Assets



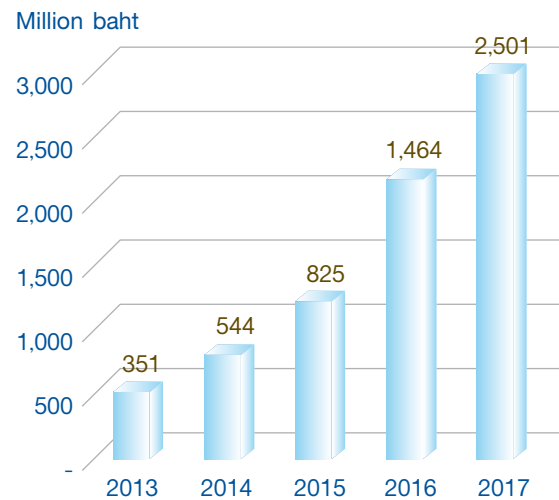
Total Liabilities and Equity

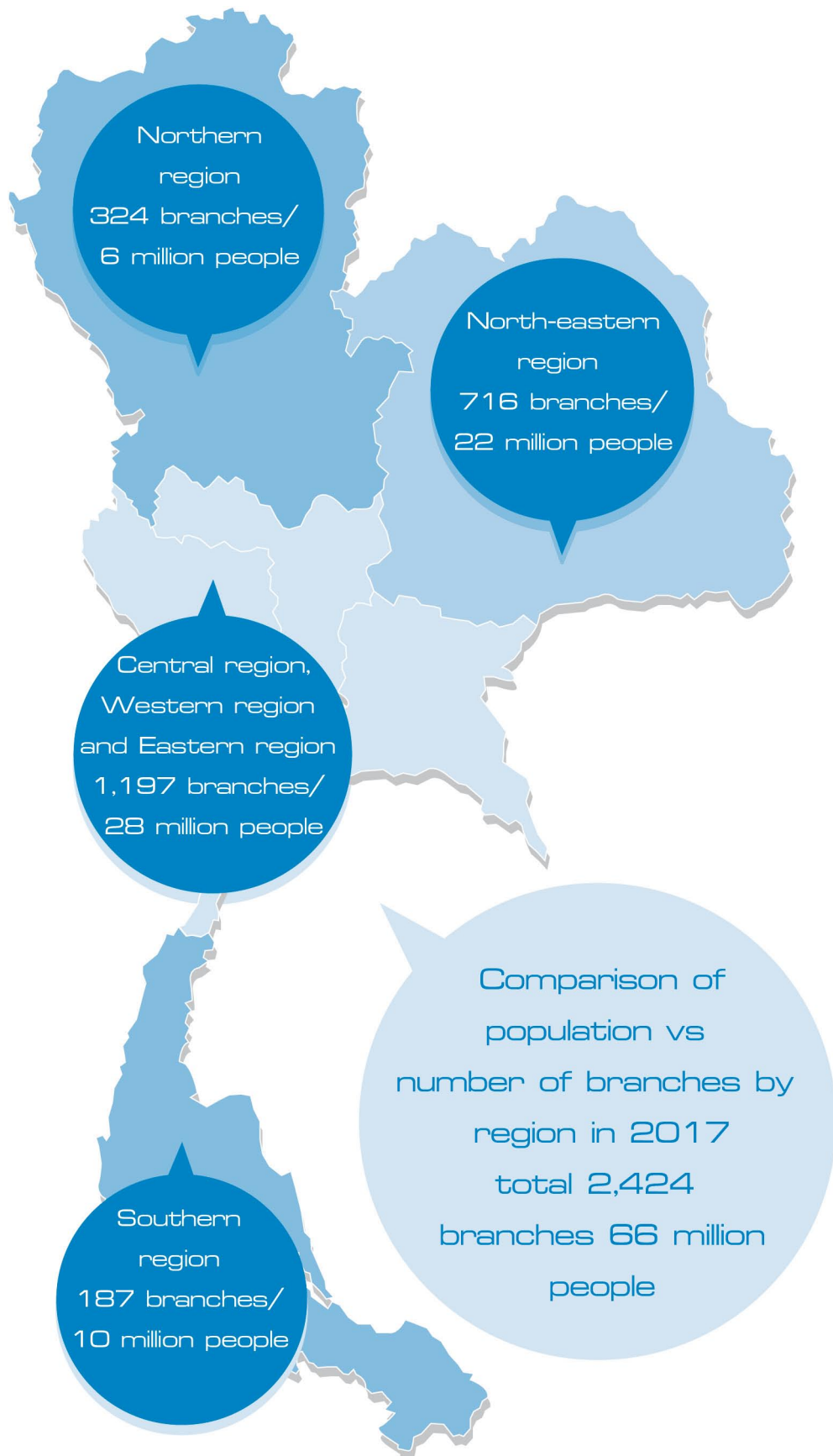


Total Revenue



Profit for the year





1. Company's Policy and Overview of Business Activities

Muangthai Leasing Public Company Limited (“the Company”), formerly named D.S.Leasing Company Limited, was founded by Mr.Chuchat Petaumpai and Mrs.Daonapa Petumpai on the registration date of 22 May 1992 with the head office located at 13 Soi Charansanitwong, Bang-or, Bangplad, Bangkok. The initial registration capital was 2 million baht and the business objective was to provide hire purchase loan for new and used motorcycle of all brands. Channeling through its dealers in Phitsanu and other provinces in the lower northern region like Sukhothai, Kamphaengphet, Pichit, etc., the Company had serviced various groups of customer i.e. fixed income employee (daily and monthly paid), farmer and other self-employed individual. After that, the Company has increased the product lines by offering the vehicle title loan (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other agricultural trucks, which enabled the Company to service more groups of customer. In 2001, the Company has changed its name to Muangthai Leasing Company Limited on 28 August 2001 and stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. When there were more service providers, the industry became highly competitive.

In 2006, the Company envisioned an opportunity to expand by entering the consumer lending industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through its own branches.

In 2015, the Company has introduced more products to meet different needs of our customers i.e. Nano Finance (Retail loans for professionals under BOT's supervision), of which the Company has received permission from the Ministry of Finance on 26 May 2015. Another new product offered is Land Title Deed Loan.

In 2016, the Company began offering payment services through Counter Service in September. The company also offers automatic refill service to increase the customer service channel.

In 2017, the Company began to provide payment services through Big C, Tesco Lotus and AirPay to increase the channel for payment to customers.

As the Company's main target customers were local people who lived in the nearby neighbourhood areas, we had emphasized on building good relationship with customers, using slogan of “Intimate services like closed family members”. As a result the Company has well gained customer trust and received repeated business. In order to support the growth, the Company has continually expanded its branch network to cover more service areas throughout the country. As of 31 December 2017, the Company had total 2,424 branches.

1.1 Vision, Objectives and Business Goal

Vision

“Leader in Thailand's Microfinance”

Mission

The Company will expand our service channel to cover all regions in Thailand. It operates in the form of major branches, sub-branches and service centers. By 2018, there will be 2,800 branches.

The Company must gain the most market share as ranked #1 in each and every area that we operate and the customer base of the company must increase every year. At least 30 percent per year.

The Company will achieve the highest amount of loans per employee comparing to others in the same industry.

The Company will focus on the monitoring and debt management using MTLs Model as a tool.

The Company will provide service excellence for the highest customer satisfaction.



1.2 Key Milestones and Achievements

Key milestones and achievements of the Company during 2012-2017 are listed below.

Year 2017

- Opened more branches to expand service areas in each region; 66 more branches in the North, 226 more branches in the North-East, 389 more branches in the Central, and 79 more branches in the South. Total number of new branches was 760 branches.
- Launched more channel for customer to pay back through Big C , Tesco Lotus and AirPay.
- Opened the fifth auction center in Nakhon Ratchasima province to facilitate the auctions for branches throughout the North Eastern region. The first auction was on 27 July 2017.

Year 2016

- Opened more branches to expand service areas in each region; 87 more branches in the North, 282 more branches in the North-East, 282 more branches in the Central, and 73 more branches in the South. Total number of new branches was 724 branches.
- Launched more channel for customer to pay back through counter services.

Year 2015

- Launched a new product of Land title deed loan (personal loan with land title deed as collateral).
- Started a Nano Finance business with a permission granted from Ministry of Finance dated 26 May 2015.
- Expand branch network in the Southern region by opening the first southern branch in Suratthani province.

Year 2014

- Opened the third auction center in Chonburi province to facilitate the auctions for branches throughout the Central and the Eastern region. The first auction was on 21 February 2014.
- Opened the fourth auction center in Khonkaen province to facilitate the auctions for branches throughout the North Eastern region. The first auction was on 20 March 2014.
- The annual general shareholders' meeting in 2014 which was arranged on 28 April 2014 has approved the Company to proceed the followings:
 - Transforming to public company limited
 - Changing the par value of 100 baht per share to 1 baht per share
 - Increasing the registered capital of 545 million baht so that the Company's capital increased from the former 1,575 million baht to 2,120 million baht, by issuing 545 million new common shares with the par value of 1 baht with the allotment as follows:
 - (1) 502.50 million right-offering shares offered to the public
 - (2) 42.50 million right-offering shares offered to directors, executives and employee of the Company and/or its subsidiary
 - (3) On 26 November 2014, the Company's common shares was started trading in the Stock Exchange of Thailand for the first time. As of 31 December 2014, the Company has total 506 branches.

Year 2013

- Increased the registered capital of 315 million baht, from 1,260 million baht to 1,575 million baht, by issuing new common stock of 3,150,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio.

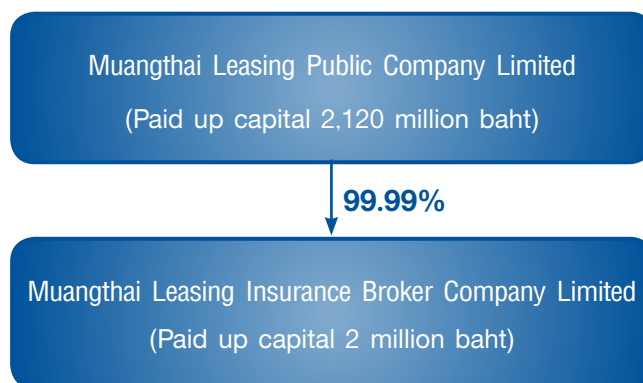
Year 2012

- Increased the registered capital of 160 million baht, from 1,100 million baht to 1,260 million baht, by issuing new common stock of 1,600,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio.

- Opened the first and second car auction centers, in Phitsanuloke province and Ayudhaya province to facilitate the auctions for branches throughout the Northern, the Central and the Eastern region.

1.3 Shareholding Structure of the Company and its subsidiary

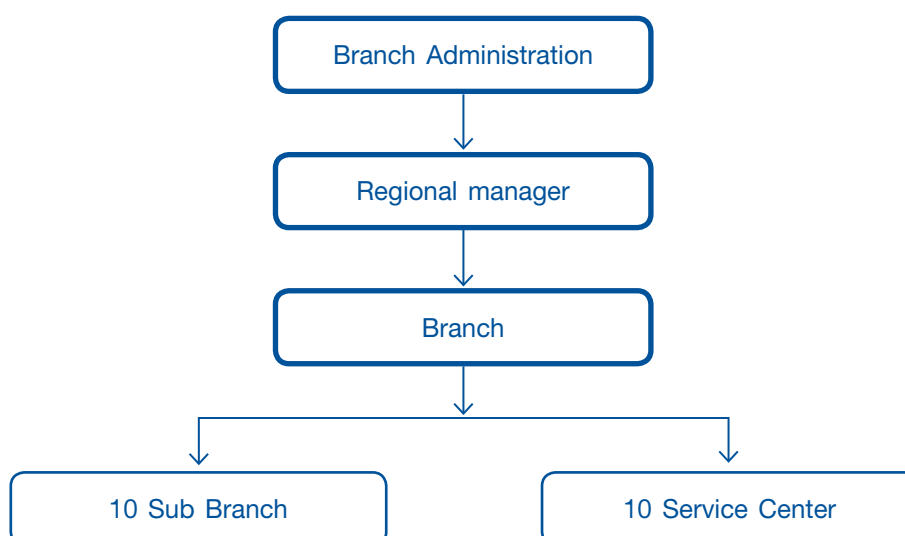
As of 31 December 2017 the shareholding structure of the Company and its subsidiary was as follows:



Business Operations of the Company and its subsidiary

1.4 Muangthai Leasing Public Company Limited

Muangthai Leasing Public Company Limited operates business of providing vehicle title loan, land title deed loan and nano finance for individuals through the Company's branches which covering most area in the country Our branches are located in Northern region, North-eastern region, Central region, Eastern region, Western region and Southern region. The Company's branch structure comprises branches, sub branches and service centers. The branches are under supervision of regional managers who directly report to Branch Administration Department. Each branch will manage 10 sub branches and 10 service centers as shown below.





As of 31 December 2017, the Company had total 2,424 branches with services summarized below.

1.4.1 Vehicle Title Loan Business

The Company provides vehicle title loan to individuals for all types and models of new and used automobiles including motorcycles, cars and agricultural trucks. The customer who applies for loan will have to deliver the original registration to the Company's custody as collateral without any requirement to record the ownership transfer in that vehicle registration.

- (a) Business of providing motorcycle title loan - is the lending service to individual who owns the motorcycle and has the motorcycle in possession.
- (b) Business of providing car title loan - is the lending service to individual who owns the car and has the car in possession. Types of car that can use the Company's loan service are passenger car, commercial used car, van, 6-wheel truck and 10-wheel truck.
- (c) Business of providing agricultural car title loan - is the lending service to individual whose career must be agriculturist and who owns the agricultural car and has the car in possession. Types of agricultural car that can use the Company's loan service are tractors and Thailand car.

1.4.2 Personal Loan Business

The Company provides service of unsecured lending personal loan only to customers who took vehicle title loan from the Company in the past and had good payment history. The Company has received permission from the Ministry of Finance to operate personal loan business under supervision of the Bank of Thailand on 31 August 2006.

1.4.3 Land Title Deed Loan Business

The Company provides service of land title deed loan, of which the customer will have to deliver the deed to the Company as collateral. The Company provides options for the customer whether to register the pledge at land office or not depending on the needed amount of loan and interest rate.

1.4.4 Nano Finance Business

The Company provides service of nano finance, which is unsecured consumer loan for professionals, to existing vehicle title loan customers with good payment history. The Company has received permission from the Ministry of Finance to operate nano finance business under BOT's supervision on 26 May 2015.

1.5 Muangthai Leasing Insurance Broker Company Limited ("MTLI")

MTLI was registered to operate on 4 February 2011 with the paid-up capital of 2 million baht which divided into 20,000 common shares at the par value of 100 baht each. Presently, the Company is holding 19,998 shares in MTLI which equals to 99.99% of the paid-up capital.

MTLI operate the business of insurance broker by selling policy of compulsory motor insurance for motorcycle and cars as well as personal accident policy. MTLI received the license to operate insurance broker business in accordance with the Non-Life Insurance Act B.E.2535 from the Office of Insurance Commission ("OIC") on 4 May 2011.

2. Business Operations

2.1 Revenue structure of the Company and its subsidiary

Types of Income	Year 2014		Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Interest and fee income from loans receivables								
- Vehicle Title Loan and Land Title Deed Loan	1,562.30	84.17	2,161.07	84.45	3,772.13	84.35	6,116.56	81.87
- Personal Loan	5.12	0.28	64.02	2.50	247.21	5.53	678.36	9.08
Total Interest and fee income from loans receivables	1,567.42	84.45	2,225.09	86.95	4,019.34	89.88	6,794.92	90.95
Fee & Service Income ¹⁾	279.32	15.05	317.29	12.40	436.07	9.75	642.03	8.59
Other Income ²⁾	9.34	0.50	16.56	0.65	16.59	0.37	34.04	0.46
Total Income	1,856.08	100.00	2,558.94	100.00	4,472.00	100.00	7,470.99	100.00

Remark : ¹⁾ Fee & Service Income consisted of loan processing fee, penalty and collection fee, brokerage fee for MTLI's policy selling.

²⁾ Other Income consisted of fee of information service fee from insurance companies, fee collected from MTLI, profit from assets sold, foreclosure fees, etc.

2.2 Services provided by the Company

The Company operates businesses of providing vehicle title loans and personal loans to individuals. Following are details of each loan service characteristic.

2.2.1 Vehicle Title Loan Service

Vehicle title loan is the service of lending out to individual who has owned the vehicle for the period of time that is not less than the period specified by the Company, or who has shown solid evidence that his/her next of kin has own the vehicle, to ensure that the loan applicant has actually owned the vehicle. Customers who applied for the loan will have to deliver the original vehicle title/registration to the Company's custody as collateral. The customers are not required to transfer the ownership of the vehicle but will have to sign in Memorandum of Understanding to acknowledge the agreement. In case that the borrower fails to pay back the debts partially or in total, he/she agrees to transfer the right of ownership and to deliver the vehicle to the Company. Also, the borrower is requested to sign in Power of Attorney and Request to Transfer form, which are the official documents of the Department of Land Transport. By the way, the customer/borrower still has ownership of the vehicle, of which its title used as collateral, and can use such vehicle as normal.

If the customer failed to pay the instalment for 2 consecutive times or more, the Company is titled to foreclose the collateral. The Company will send the notice to terminate the contract by registered mail to the borrower and the guarantor. In case either the borrower or the guarantor does not contact to pay off the loan within the time frame, the Company can process to sell the vehicle through the Company's auction centers.

The Company's service of Vehicle Title Loan is divided into 3 categories in according to the types of vehicle which is used as collateral.

- (1) Motorcycle Title Loan
- (2) Car Title Loan
- (3) Agricultural Car Title Loan



During 2014-2016, the Company had signed contracts of vehicle title loans with total of 834,994 contracts, 1,079,968 contracts and 1,497,737 contracts respectively. The total lending amounted to 12,412 million baht, 19,133 million baht and 30,950 million baht respectively. The loan growth was 54.14 percent and 61.76 percent year on year. The main product with the highest lending amount was motorcycle title loan, representing 43-83% of total lending in 2014-2016. Car title loan was the second rank, representing 13-26% of total lending in year 2014-2016. The balances of loan to customers (vehicle title loans) at end-year 2014-2016 were 7,413 million baht, 11,927 million baht and 19,470 million baht respectively.

In 2017, the Company has signed total of 1,928,019 vehicle title loan contracts with total loan amount of 43,003 million baht and the balance of loan to customer (vehicle title loans) was 26,844 million baht as of 31 December 2017.

2.2.2 Other Loans

Personal Loan Service

The Company provides service of personal loan under supervision of the Bank of Thailand by receiving the license from Ministry of Finance on 31 August 2006. The Company has policy to provide personal loan only to the ex-customers who used to receive vehicle title loan from the Company and had good payment history. Since personal loan is an unsecured lending, the Company will approve the credit limit at its discretion. The Company also set the condition about guarantor for the specific amount of loan requested. The customer will be required to provide guarantor who must own a house or who works as government official. The Company considers that the guarantor must have secure employment and permanent resident, which will minimize the risk of borrower unable to pay back the debt. For personal loan, the Company allows instalment period of 6-30 months with flat-rate interest.

Land Title Deed Loan Service

Land title deed loan is a lending service for retail customers who own a piece of land. The customer requesting the loan is required to deposit the land title deed with the Company as collateral; the approval criteria and loan process are subjected to the Company's requirement.

Nano Finance Service

The Company provides service of nano finance under BOT's supervision by receiving the license from Ministry of Finance on 26 May 2015. The Company has policy to provide nano finance only to the ex-customers who were granted vehicle title loans from the Company and had good payment history. Being an unsecured loan, nano finance will be approved when customers state their purpose to use the obtained cash for their business operation only. The Company provides a specific credit limit for this product and customers are required to provide guarantor who must own a house or who was the Company's ex-customer with good payment history. The Company considers the fact that the guarantor with secure employment and permanent resident will minimize the risk of default borrowers. For nano finance, the Company allows instalment period of 6-36 months with flat-rate interest.

During 2014-2016, the Company had signed contracts of other loans with total of 13,864 contracts, 114,037 contracts and 337,598 contracts respectively. The total lending amounted to 59 million baht, 1,098 million baht and 6,767 million baht respectively. They were 0.47%, 5.43% and 17.94% of the Company's total lending each year. The balances of loan to customers (other loans) were 34 million baht, 703 million baht and 4,071 million baht respectively.

In 2017, the Company has signed total 719,264 contracts of other loans with total loan amount of 15,036 million baht and the balance of loan to customer was 8,778 million baht as of 31 December 2017.

Total Lending Amount Classified by Type of Loan

Types of Loan	31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	12,412.42	99.53	19,133.32	94.57	30,949.90	82.06	43,002.84	74.09
Other Loans	58.57	0.47	1,098.29	5.43	6,766.82	17.94	15,035.89	25.91
Grand Total	12,470.99	100.00	20,231.61	100.00	37,716.72	100.00	58,038.73	100.00
Average Lending per Branch	24.60		21.52		22.67		23.94	

Total Lending Contracts Classified by Type of Loan

Types of Loan	31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Number of	%	Number of	%	Number of	%	Number of	%
	Contract		Contract		Contract		Contract	
Vehicle Title Loan	834,994	98.37	1,079,968	90.44	1,494,737	81.57	1,928,019	72.83
Other Loans	13,864	1.63	114,037	9.56	337,598	18.43	719,264	27.17
Total	848,858	100.00	1,194,005	100.00	1,832,335	100.00	2,647,283	100.00

Total Balance of Loan to Customer Classified by Type of Loan

Types of Loan	31-Dec-14		31-Dec-15		31-Dec-16		31-Dec-17	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	7,413.41	99.54	11,926.71	94.43	19,470.52	82.71	26,844.14	75.36
Other Loans	34.32	0.46	703.49	5.57	4,070.72	17.29	8,778.43	24.64
Total	7,447.73	100.00	12,630.20	100.00	23,541.24	100.00	35,622.57	100.00
Average Loan Balance per Branch	14.72		13.44		14.14		14.69	

Remark : Balance of Loan to Customer calculated from Loan to Customer (amount of lending stated in the contracts) less Deferred Revenue.

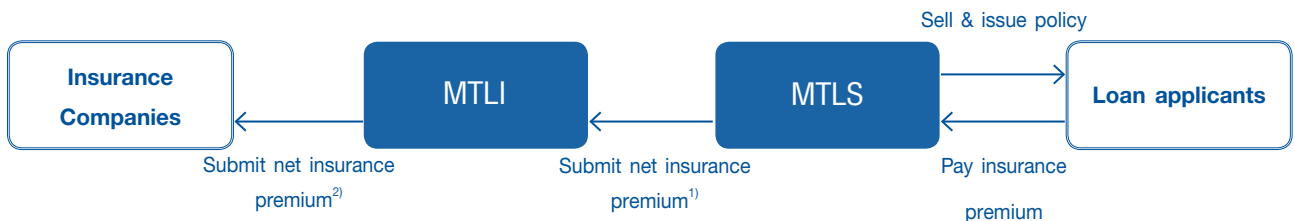
2.3 Products provided by the Company's Subsidiary

Muangthai Leasing Insurance Broker Co.,Ltd ("MTLI") operates business of non life insurance broker by receiving non life insurance brokerage license under the Non-life Insurance Act B.E.2535 from the Office of Insurance Commission ("OIC") on 4 May 2011. Presently the non-life insurance policies which MTLI sells as a broker include Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance.



As a broker, MTLI is responsible to contact various Insurance companies to sort out products related to non-life insurance for the Company's customers. In selling policy, MTLI must do it through the Company's channel of branch and service center only. The Company has a policy that requires staff in certain positions, of which currently are head of accounting team, head of analyst team, head of collection team, to take OIC's examination to get non-finance broker license in order that each branch will be able to sell and issue 3 types of insurance policies, Por Ror Bor Motorcycle, Por Ror Bor Motor Car and Personal Accident Policy. This provides convenience to customers who visit the Company's branches to apply for vehicle title loan.

MTLI's earnings are brokerage fee from related insurance companies at the agreed rate. In 2015 to 2017, MTLI had earned total brokerage fee of 21.39 million baht, 27.06 million baht and 32.22 million baht respectively. While the Company received information service fee from each insurance company, in return of using the Company's nationwide branches and service centers as a channel to contact customers in order to sell insurance policy. In 2015 to 2017, the Company had earned total information service fee of 2.08 million baht, 5.21 million baht and 10.84 million baht respectively.

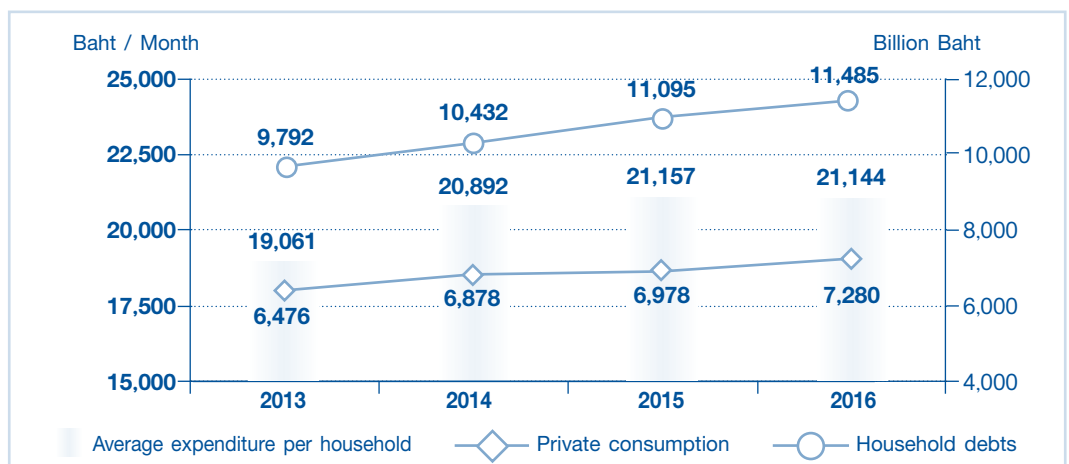


- Remark :
- 1) MTLs submit net insurance premium, after deducting information service fee, to MTLI
 - 2) MTLI submit net insurance premium, after deducting brokerage fee, to Insurance companies

2.4 Markets and Competition

2.4.1 Industry of Vehicle Title Loan and Personal Loan

Vehicle title loan or Loan against vehicle registration, the core business of the Company, is classified as household lending products, of which the growth rate during 2014-2016 was averagely 4.37% each year which was lower than the growth rate of Thailand Gross Domestic Product (GDP) which was 4.53% each year. The major supporting factor is the growing consumption of the household sector which increased from 6,878 billion baht in 2014 to 7,280 billion baht in 2016 which equaled to 2.88% growth rate. There were signals of household debt slowly dropped in many financial institutions. However, the outstanding of household debt in the second half of 2017 gradually increased from home loans and consumer credit. Major lenders to households were commercial banks and specialized financial institutions.



Source: The Bank of Thailand and The National Statistical Office of Thailand

Summary of Business Conditions and Outlook Q4/2017

Overall, the Thai economy continued to grow. The expansion in exports was widespread across the manufacturing sector and regions following the economic recovery of key trading partners. Consequently, export-oriented businesses increased investment for capacity expansion as well as for research and development. Similarly, discernible growth was evident in the tourism industry. There was a marked recovery in Chinese tourists in terms of both quantity and quality which led to the expansion of tourism in other secondary cities. Regarding the trade businesses, overall trade slightly expanded, mainly attributed to sales in durable goods. On the other hand, sales in semi-durable and non-durable goods remained stable because domestic demand had not yet fully recovered and the recovery was not observed across the whole economy. Strong purchasing power was still concentrated in middle to high income households, while the purchasing power of low income households had not yet gained strength. However, the government measures taken to reduce living expenses of the grassroots helped relieve their burden to a certain extent. For the real estate sector, the expansion was observed in specific areas and limited to middle-high end property market. In general, the improvement in the overall economic activities resulted in a stronger confidence of most businesses in the economic expansion in 2018.

Employment Overall employment remained stable. The service sector increased part-time employment and overtime during high seasons rather than full-time employment. At the same time, the manufacturing sector was more inclined towards investing in machines that would allow them to reduce workers. This resulted in lower labour demand of overall businesses although production of goods and services expanded. However, businesses in the real estate and the commercial sectors increased their employment somewhat due to an increase in the number of new real estate projects and commercial branches. Nevertheless, the number of workers per branch were likely to decline.

Costs and Prices Costs accelerated owing to increase in wages and raw material prices, in particular costs of manufacturing sector that were affected by increases in oil and iron ore prices. In addition, some manufacturers and trading companies had to bear greater burden in managing inventory costs due to slow inventory turnover. Meanwhile, prices of goods and services did not increase much. This was because most businesses experienced difficulties in price adjustment due to intense competition.

Outlook Q1'2018

Private Sector Consumptions:

It is estimated that the Private Sector Consumption is likely to improve gradually in relation to economic growth with major positive contribution from exporting section as well as government consumption. However, the positive outlook of the consumption is still remained specifically in the urban area, where there are high-income and formal-income groups. In general, the remained high household debt as well as the increase of the cost of living still pressure on the consumers to be cautious on spending.

Tourism:

The higher advance booking of hotels by tourists and meeting rooms by government comparing to the previously signals an uptrend of tourism industry. In contrast, however, the tourism operators in the south expects conversely since the tourism in the south heavily relies on



Malaysian tourists and they are expecting that the number of Malaysian tourist will be reducing from the previous year due to the restriction of illegal tourist agency as well as the increase of new direct flight from Malaysia to Vietnam which will lead more of Malaysian tourists to Vietnam instead. Moreover, most tourism operators have concerned that in the long run, the tourism industry would not be able to grow efficiently since the major airports operated by AOT is not sufficient to support the growth of number of tourists.

Property Development:

The property development in Bangkok and suburban areas expects to continue in the growth in which consequently stimulating the new purchase of high potential lands for new coming projects in 2018, especially the mega projects which aiming for high-end and middle-end customers. The new trend of property development is shifting to mixed use property due to the increase of land price which would not yield the break-even if it is developed into condominium solely. However, the outlook of the property section is likely to be stable due to limited demand in the rural areas, together with the outstanding projects unsold. Eventually, the operators agree that the government shall invest more on the mega projects such as expressed way, new main road in both urban and rural areas to develop new potential lands for property development in the future and stimulate the distribution of economy.

Construction:

The major operators and sub contractors expect that the construction section will grow from the outstanding backlog from 5 routes of Double Track Railway projects which the agreements were signed in December 2017, together with other outstanding government projects which continue in 2018, as well as the private sectors' new coming projects.

Employment:

The employment outlook remains the same, however, in some service sectors is expected to have slightly higher employment such as Property Development to hire people for their new residence projects and Consumer Loan to support their branch expansions.

Apart from the above, the major factor that supported the Company's vehicle title loan business growth is the growth of motorcycle and car industry. According to statistics from Department of Land Transport, number of cumulative vehicle registered in Thailand during 2013-2017 increased continuously from 34.62 million cars in 2013 to 38.31 million cars in 2017, equaling to 2.56% average growth rate. Motor car industry has been expanding in alignment with the expanding country's economy and motor vehicles are, more and more, considered as one of the basic daily need products for people in Thailand. When we considered the statistic of vehicle registered, type of vehicle registered the most is motorcycle with the percentage of 54-58% of the total cumulative vehicle registered each year and the average growth rate of 0.90% year on year. In comparison, the percentage of car registered was 37-41% of the total cumulative vehicle registered each year and the average growth rate of 4.78% year on year. In 2017, the total vehicle registered was 38.31 million units comparing to 37.34 million cars at the same period of previous year which was 2.60% increase. Motorcycle still had the highest number of vehicle registered; 54.02% of the total cumulative vehicle registered, decreasing by 1.08% from the previous year. While cars occupied 40.98% of the total cumulative vehicle registered, equaling to 4.62% growth.

The continually increased number of vehicle registered throughout the country reflected the tendency of increasing number of the Company's target customers, those who are able to give their car registration or motorcycle registration as collateral. Therefore, the management believes that the Company's business will grow continually in the future.

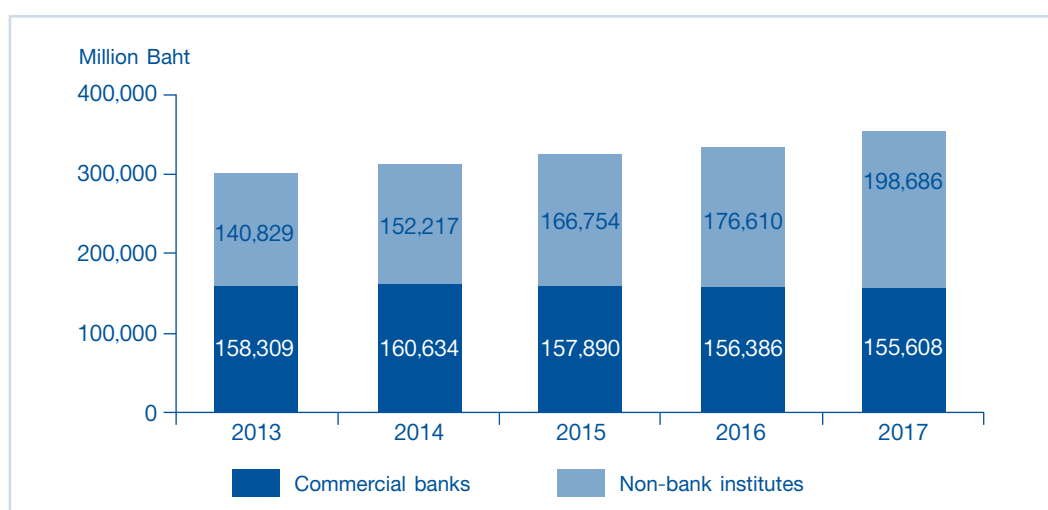
Table of Number of Cumulative Vehicle Registered throughout Thailand during 2013-2017

Type of Vehicle	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017
Motorcycle	19,964,990	20,305,708	20,497,563	20,475,269	20,695,832
Cars	13,023,547	13,793,784	14,421,267	15,003,774	15,697,443
Trucks and Buses	1,104,231	1,153,369	1,184,503	1,213,516	1,249,518
Farm Vehicles	495,182	545,380	589,784	606,262	625,545
Other Vehicles	36,456	36,939	37,906	39,318	40,425
Total	34,624,406	35,835,180	36,731,023	37,338,139	38,308,763

Source : Department of Land Transport

For personal loan, the industry was continuously growing. During 2013-2017, total personal loan amount in the whole banking system, bank and non-bank, increased from 299,138 million baht in 2013 to 354,294 million baht in 2017, equaling to average growth rate of 4.32% each year. Such growth resulted from the commercial banks' policy to focus more on personal loan products. Since personal loan brought in high interest income, the market was highly competitive with many campaigns to arouse its customers, both existing and new, to use more loan facilities. However, considering the growth of personal loan market in 2017, the expansion increased by 6.40% from the year end of 2016. This was due to the increasing demand for all types of household loans, increasing consumer purchasing power especially from farmer segment with increasing productivity. Also the government stimulus programs still continued while in some group of consumer the debt burden from the first car campaign has been gradually paid-off.

Personal Loan Performance of the Banking System in 2013-2017



Source : The Bank of Thailand

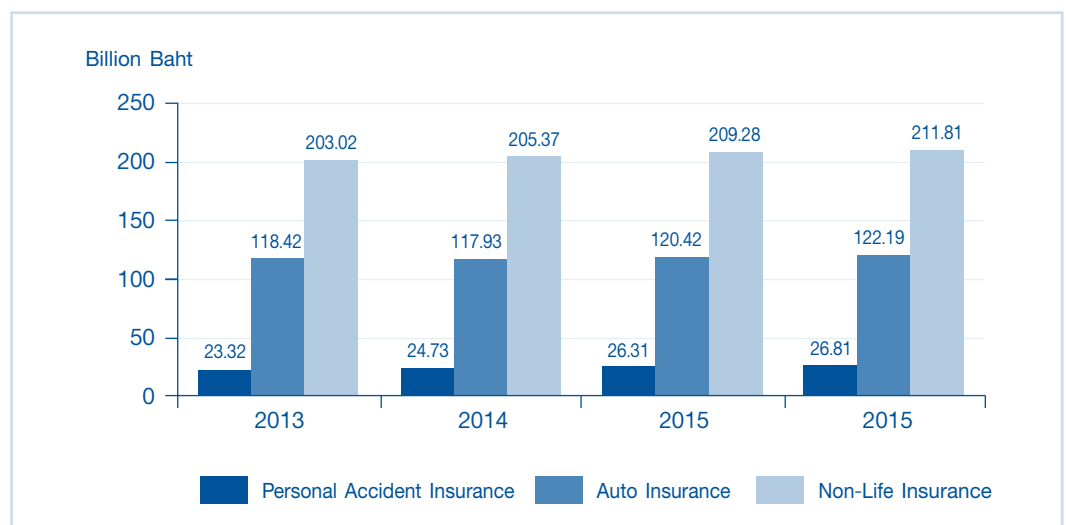


2.4.2 Non-life Insurance Industry

Non-life insurance business expanded in the same direction as the country's economic growth. During 2013-2016 the direct premium of non-life insurance business continuously increased from 203.02 billion baht in 2013 to 205.37 billion baht in 2014, 209.28 billion baht in 2015 and 211.81 billion baht in 2016 which equaling to growth rate of 1.16%, 1.90% and 1.21% respectively. It is notable that the total direct premium in 2016 has significant increased from year 2013 with the average growth of 1.42% each year. Thai people in both industrial and household sectors were more interested in buying non-life insurance policy to help protect them from the future flood damages. Such crisis has increased more understanding, to both entrepreneur and ordinary household, of how to use insurance as risk management tool. Other supporting factors were economic factors including the expansion of manufacturing sector, consumer expenditure, public and private investment as well as export growth.

When considering only the type of insurance which related to the business of Muangthai Leasing Insurance Broker Co., Ltd ("MTLI"), the Company's subsidiary, whose products comprised Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance, it is notable that the direct premium of automobile insurance increased from 118.42 billion baht in 2013 to 122.19 billion baht in 2016 equaling to average growth of 1.05% each year. This premium consisted of (1) direct premium of compulsory automobile insurance, which increased from 14.88 billion baht in 2013 to 16.68 billion baht in 2016 equaling to 3.88% growth per year and (2) direct premium of voluntary automobile insurance which increased from 103.54 billion baht in 2013 to 105.51 billion baht in 2016 equaling to average 0.63% growth per year. For direct premium of Personal Accident insurance, the growth is also consistent, from 23.32 billion baht in 2013 increasing to 26.81 billion baht in 2016 which equaling to average 4.76% growth rate per year.

Direct Premium of all Types of Non-Life Insurance in year 2013-2016



Source: Office of Insurance Commission

3. Risk Factors

The Company's key risk factors and the preventive approach are summarized as follows.

3.1 Risk from competitiveness in the vehicle title loan industry

As the Company's executives have a long experience in vehicle title loan industry for over 25 years and have a thorough knowledge of the business as well as a good understanding of target customer's behaviors, they are highly capable of creating a proper and efficient direction for the Company's operation. The key strategy is to provide our customers with friendly and mindful services as per the Company's slogan of "Intimate services like closed family members." The Company's customers impressed when using its services so that they came back and recommended their families and friends to use the Company's services. As a result, the Company has been able to expand the business continually. At the end of year 2017, the Company has signed over 2.6 million loan contracts. By the way, the Company also emphasizes on cautious loan approval processes, allowing a proper credit limit for each customer, and deploying effective loan management and collection processes. The Company's management is confident that the Company will not be affected from the competitiveness in the vehicle title loan industry.

3.2 Risk from the quality of borrowers

The Company's lending services focus on the group of customers with mid-range and low income who could not access the lending services from commercial banks, for example, factory worker, general labor, and farmer etc. Since this customer group does not have fix income, they have high tendency to default payment. The Company might be impacted with high ratio of non-performance loans, which will affect the Company's provision and its business results.

Besides providing loan amount that must be in line with the value of the collateral, the Company's loan approval process emphasizes on the verification of loan applicant's and his/her guarantor's personal information to ensure ability to payback. The Company also has effective loan management and collection system which help mitigate the risk of non-performance loan. In addition, the Company employs the practice of Single Limit which states a single credit limit that applies to any combination of all types of loan for one borrower. This will limit the maximum losses of each debtor, which in a way helps minimize the risk. With the above mentioned policy, the Company was able to maintain a low ratio of non-performing loans to total loans. During 2014-2017, the Company's NPL ratio was 1.37%, 0.92%, 1.07% and 1.24% respectively.

3.3 Risk from failure to foreclose the collateral

The Company's core business is to provide vehicle title loan. Customers are required to use their own motorcycle, car or agricultural car/farm vehicle as collateral but do not have to register the transfer of ownership. In case the customers failed to pay the installment for 2 consecutive times or more, the Company is entitled to foreclose the collateral and sell those vehicles through the Company's auction centers. However, as this type of collateral is an easy-to-move asset, it might be difficult to trace and foreclose. If the Company fails to foreclose and sell out these collaterals, it will have negative impact to the Company's financial position and business results.

To minimize the possibilities of unable to foreclose the collaterals, the Company set specific customer qualifications that the borrower must live locally, being a resident or working nearby the branch location. Branch staff that processes the loan request must check and validate the accuracy of address information and must be able to closely monitor each and every customer/borrower. Additionally, the fact that the Company has branches located all over the country means the better network to trace and foreclose the default collaterals.



3.4 Risk from selling the foreclosed assets

The Company's selling process of the foreclosed assets is a public sale at the Company's auction centers. Presently, the Company has established 5 centers which are Phitsanuloke Auction Center, Ayudhya Auction Center, Chonburi Auction Center, Khonkaen Auction Center and Nakhon Ratchasima Auction Center; all centers operate under the supervision and management of the Company. However, the Company has a risk to generate losses if the auctioned price is lower than the outstanding balance as the Company could not demand the default customer to pay the difference. So such losses will directly impact the Company's business performance.

The Company has emphasized the importance of granting proper credit limit, which needs to be in line with the value of the collateral. That means brand, model, popularity in market and physical appearance of the collateral must be taken into consideration. The Company also has a practice to review the pre-defined credit limit of each vehicle type once a year or when there was critical circumstance which might impact the business. In 2015-2017, the Company encountered losses from the disposal of foreclosed vehicles for 6.27 million baht, 15.25 million baht and 23.64 million baht respectively, representing 0.41%, 0.57% and 0.54% of total expenses. However, the Company focused more on collecting debts from customers than foreclosing the collaterals. So the number of foreclosed vehicles decreased from 11,287 cars and motorcycles in 2015 to total of 13,628 vehicles in 2016. In 2017, the number of foreclosed vehicles increased to 20,627 cars due to the expanding portfolio and the loss from the disposal of foreclosed vehicles was 23.64 million baht, equaling to the average loss of 1,146 baht per vehicle.

3.5 Risk from employee fraud

Since the Company's business is Retail Finance service which provides relatively small loan amount, only approximately 20,000 baht average per account, with a very large customer base, the Company needs to delegate the credit approval authorities to its branches and service centers in order to provide timely, effective and competitive services to the target customers. However, the Company is well aware of the chance of employee fraud so it has adopted strict measures to prevent employee fraud. Branch managers are required to review loan applications and all related documents and to verify customer's identity every time before approving the loan. For loans which are approved by sub branches or service centers which have only 2 staff, designated person by branch manager will perform verification with the customers via phone call before releasing the funds. In case any errors or unusual information found, he/she must immediately report to branch manager and Internal Audit team for further investigation and disciplinary actions. In case of employee committing fraud, he/she will have to take responsible for paying back the damage caused and will be dismissed immediately. The Company also has a policy to take legal actions against employee who conduct fraud, both as civil and criminal cases; the copy of final conviction will be disseminated to all branches to set the tone from the top regarding the Company's zero tolerance to employee fraud.

The Company has set the guideline for risk assessments and the guideline for fraud and corruption prevention and detection and for risk monitoring as follows.

1. Internal Audit shall review and ensure that the existing risk management and internal control processed are adequate, proper and efficient in order to build confidence in the transparency of the operations. The review must be submitted to the Audit Committee for approval before being executed by all related employees.
2. Internal Audit shall assess the impact of key risks in order to come up with effective internal controls.

3. Internal Audit shall perform regular auditing of staff compliance with the control procedures by random checks and customer contacts. The auditing results and recommendations for additional preventive measures shall be reported to the Company's management and the Audit Committee.
4. Related supervisors and managers shall regularly review customer contract and its support documents, physical count of cash in branch and promptly report any suspicious incident to their direct supervisor.
5. The Company shall provide channels for its employee to report any fraud or suspicious fraud incident to the management through mailing address, secured phone number and the Company's website. The Company shall guarantee to protect the whistleblower from any retaliation, being punished or dismissed.
6. When fraud or suspicious fraud is identified, the Branch Administration shall perform investigation and report the finding to the management and propose the disciplinary actions based on the finding.
7. The Company, by its district managers and branch managers, shall provide training to all new employees about the anti-fraud policy and related disciplinary measures; and regularly communicate to all employees regarding the Company's guidelines for fraud prevention.

On 24 November 2017, the Company has signed the letter of intent to join the Collective Action Coalition: CAC and submitted to the Thai Institute of Directors: IOD, which was a requirement process to get certification from the Private Sector Collective Action Coalition Council.

To report the incident of fraud or suspicious fraud (whistleblowing), all stakeholders may contact the Company Secretary at the following address.

Company Secretary

Address: Muangthai Leasing Public Company Limited

32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700

Tel: 0-2880-1033 Fax: 0-2880-1173

Website: <http://www.muangthaileasing.co.th/>

In 2017, the Company has carried out various anti-fraud and anti-corruption policy and practices. The Board of Directors agreed to include the anti-fraud and anti-corruption policy as a part of the Company's good governance policy according to the generally accepted standard of the implementation of anti-fraud and anti-corruption policy. The policy shall provide guidelines for the Company's management and employees not to demand, receive or offer to give any monetary or material benefits to related parties in return of personal or business gain; it shall also provide guidelines for communicating to management and staff at all levels to acknowledge and clearly understand the Company's anti-fraud and anti-corruption policy and practices. The Company has defined the roles and responsibilities, guideline/procedure for employee when exposed to fraud or corruption incident and channels for whistleblowing or filing complaint, to ensure that management and staff at all levels will be able to perform their duties accurately and appropriately. The Company has already implemented the policy as follows.

1. The Company has established the whistleblowing procedure, the whistleblower protection measures and the communication materials about the Company's anti-fraud and anti-corruption policy and practices to be used in new staff orientation program and to be published in the Company's website;



2. The Company has arranged the audit of control processes in key areas of operation i.e. procurement process, hiring process to ensure that the controls are in place and practical and to ensure that the operating procedures, rules and regulations are properly followed. The audit team has also provided recommendations on how to improve the work process to be more effective in the prevention and protection of fraud and corruption;
3. The Company has carried out the anti-corruption risk management program, including the risk identification, assessment and prioritization. Measures to control or mitigate the risks have been implemented, and then monitored and evaluated to ensure the program effectiveness.
4. The Company has communicated the anti-corruption policy and measures, and channels for whistleblowing or filing complaint to the public and all stakeholders through various methods i.e. the Company's website, the annual report.

Additionally, the Company has Internal Audit team who perform the operational auditing, focusing on loan approval and cash handling, at each branch on regular basis. Audit reports must be submitted to the Company's executives as well as the Audit Committee. All the above mentioned measurements help mitigate the employee fraud effectively as reflecting in the Company's losses from employee fraud. During 2015 - 2017, the amount of employee fraud losses was 0.41 million baht, 1.23 million baht and 4.05 million baht respectively, equaling to 0.02%, 0.03% and 0.05% of each year's total income. The management considered even though the number was relatively small when comparing to the size of the Company's business, the Company would still focus on fraud control continually.

3.6 Risk from the custody of data and important documents

The Company's business operations are mostly relied on computer networks, storing critical data of its large customer base. If the system is down or encounters any circumstances that cause data loss or data leakage, it would be the major impact to the day-to-day operation. Therefore, the Company has set up the automatic data transferred system between the main server and the back-up server. In case the main server has problem the system will automatically switch to use data from the back-up server. The Company also has another back up process using portable hard disk to download critical data on weekly and monthly basis. For security reason, the Company has kept the hard disk in another office. In addition, the Company required all related employees to have personal user id and password when accessing the Company's database in order to control confidential data leakage.

Apart from computerized data, contract papers and other supporting documents like signed memorandum of ownership transfer, signed request to transfer the ownership, are also the important documents which must be used as evidence when processing the foreclosure or the court case when customer defaults payment. If these documents are lost or damaged by fire, it will impact the Company's operations and business results. In order to mitigate the risk, the Company has a policy to keep all these documents in an electronic form. Each branch is responsible for scanning all related documents and sending the file to the responsible unit at Head Office to keep in archive.

3.7 Risk from fluctuations in interest rates

One of the source of fund that the Company used are loans from commercial banks, with floating interest rate while the Company's main income is interest income from customer loans which applied fixed interest rates throughout the contract period. Therefore, the increasing interest rate in the market will directly affect the Company's cost of fund and might impact the business operations. Being aware of

this risk, the Company has arranged to replace the loans from financial institutes with new source of lower-interest fund in order to maintain more consistent interest spread level. The Company also sought for source of fund with fix interest rate and entered into interest swap contract to mitigate the risk from market fluctuations.

3.8 Risk from dependency on loans from external institutes as source of fund

The Company's main source of fund is loan from commercial banks. As of 31 December 2017, the Company had total line of credit of 32,370 million baht and the outstanding debt balance of 27,058 million baht, which were 75.16% of the Company's total source of fund. The outstanding debt balance comprised 6,721 million baht short-term loans representing 24.84% of total debt balance and 20,337 million baht long-term loan which was 75.16% of total debt. As some of the long-term loan was from commercial bank, in case the bank decides not to continue giving financial supports to the Company, it will impact the Company's liquidity as well as the business operations.

Therefore, the Company was prepared to manage this risk by exploring more sources of fund; spreading the risk of debt financing through debt instruments in bond market as well as loans from financial institutes.

3.9 Risk from increasing more debt burdens in the future

In the past 3 years, the Company has expanded its loan business continually. As of 31 December of year 2015, 2016 and 2017, the Company's net loan receivables were 12,294.63 million baht, 22,895.60 million baht and 34,451.59 million baht respectively. Due to the continued expansion, the Company may need to seek for more funds or incur more debts to support the business expansion, resulting in the risk of increasing more debt burdens.

The Company has prepared to mitigate the risk by contacting with various financial institutes to ensure sufficient funding for the business expansion as per the set target. However, the financial activities shall be based on the Company's financial structure and liquidity status, considering the best interest for the shareholders and all stakeholders.

3.10 Risk from more controls from regulatory bodies

The Company's core business is providing vehicle title loan and its main revenue is from interest income. The operation of this business is not under supervision of any regulatory bodies. The only regulation that the Company must comply is about the interest rate charged, which must not exceed the rate stated in the Civil and Commercial Code. And the Company has always complied with the regulation. However, if in the future there are any governmental offices have a policy which aims to supervise this type of business and standardize the business operations, the Company might get some impacts and that might affect its business results.

For personal loan business, the operation is under supervision of the Bank of Thailand. The Company must comply with the Prescribed Rules, Procedures and Conditions for operating personal loan business for non-bank operators, which specify the qualifications of loan applicant, guideline for setting credit limit, guideline for setting interest rate policy and other fee policy in order to create fairness for the Company's customers. The Company has always complied with all regulations. However, if BOT decides to change or add any regulations relating to personal loan business in the future, the Company is ready to conform even though it might affect the Company's operations and business results.



Being aware of this risk, the Company has been strictly complied with BOT regulations. Currently the Company has started applying guidelines that supervised by the Bank of Thailand i.e. loan loss provisions, revenue recognition and cease revenue recognition policy. Therefore, the Company is confident that the controls by regulatory bodies in the future will not significantly impact its operations and its competitive advantage.

Apart from the risk from laws, regulations and rules changing, the accounting standard is accounted as one kind of regulation, which would definitely impact the change of company's financial status on the financial reports since accounting standards in Thailand have been still in developing progress in compliance with international accounting standards. It is also expected that the developments will be gradually continuing in the future, however, such risk can be migrated since it can be anticipated in advance, as well as the impact. It, hence, can be managed.

3.11 Risk from dependency on the Company's executives in running the business

Since the Company's executives has a long experience in the vehicle title loan business for over 25 years, they are highly competent in loan and collection management, collateral appraisal and understanding of borrower behaviors. The Company might encounter the risk from dependency on its executive in day-to-day operations if there are any changes in management team, which will affect its business operations. However, the Company has a clear goal to motivate its employee and management to work with the Company for a long-term. Most of the employee and executives has worked with the Company since the business started. The Company also has a policy to reduce its staff turnover by providing training and development programs to staff at all levels. The programs included knowledge sharing and skill practices with the objectives to enhance the staff's skills, knowledge and understanding in their works. The Company also employs the policy to provide career paths to its employee so that they get advancement and grows with the Company.

3.12 Risk from having major shareholders holding over 50% of total shares

As of 17 November 2017, Mr.Chuchat Petaumpai and Mrs. Daonapa Petumpai held total of 1,440,056,400 shares of the Company, equaling to 67.93% of the total paid-up capital. As a result, both major shareholders hold the power to control the Company's business operations and could influent most of the Company's business decisions i.e. the nomination of directors or other subjects which require resolution from majority of shareholders, except the subjects that are required by law or Company's regulation to acquire a minimum vote of 3 in 4 of total shareholders. As such, other Company's shareholders have a risk of unable to collect sufficient votes to counterbalance the power of major shareholders in the shareholders meeting.

However, the Company has appointed the Audit Committee to be responsible for auditing, reviewing and considering all related issues in order to prevent any conflicts of interest in the future and to ensure transparencies in the Company's business operations. Additionally, the structure of the board of directors comprised 5 independent directors (including the Chairman) out of total 7 members. Only 2 executive directors are in the board. This board structure helps balancing the votes required in business decisions while the controlling of the Company is appropriate and highly effective.

3.13 Risk from Global Economic Uncertainty

The world economy in 2018 is expected to continuously expand well in the same direction in all main regions, driven by the world trade circumstance, the consecutive growth of exports and solid consumption in private sectors, resulting in full employment rate in several countries. However, the inflation rate remains low since the commodity price in many categories, in particular the agricultural products, has not yet recovered, with the increase of oil price, which directly affect the purchasing power partly.

Although, the central bank's monetary policy in major countries, especially the United States, is tightening, however the interest rate raising policy will be implemented gradually, with significantly referring to the labour market factors and inflation rate. Both short-term and long-term interest rates are obviously in the uptrend due to the interest rate raising policy and balance sheet normalization approach of US's Federal Reserve and QE tapering of ECB.

However, the major risks of the global economy in 2018 are the progress of US's fiscal policy, the stability of EU zone's politics and the economic slowdown in China and its debt level, although the tax restructuring plan conclusion was already explicit, but the undetailed infrastructure injection plan of President Trump which might negatively impact to the confidence of the US's business sector, as well as the US dollar's value and other main currencies. Regarding the political stability in Euro zone, it remains under the risk and shall be closely monitored since there are still some tensions towards its unity from time to time, such as, Germany may be re-elected due to the inability to form a coalition government, the risk of Catalonia's independence from Spain and Spain's election in March 2018 and Brexit discussion which needs to be concluded before March 2019. Additionally, the China's economy after the 19th Communist Party meeting in the past October 2017 indicates the slowdown of its economy, although China is focusing on the growth with quality, but the high level of debt in the private sector shall be observed. Moreover, other risk issues such as the geopolitics problem in the Korean peninsula and the conflicts in middle-east countries and the fiscal policy that might be tighten faster in the event that the inflation rate accelerates, which are the down-size risks which cannot be ignored since it might suddenly impact on global financial market, currency and economic outlooks later.

3.14 Risk from the domestic agricultural industry

Although the trend of agricultural income in 2018, the Office of Agricultural Economics (OAE) expects that the agricultural income in 2018 will be higher comparing to that of 2017 from better agricultural productivity such as paddy maize sugarcane pineapple rubber Palm oil and fruit with supporting factors from weather, sufficient water for agricultures from improved efficiently water management.

However, the major risk relating to agricultural industry is the agriculture product price which remains low due to the oversupply, which is likely to affect the household income. Another risk is the appreciation of Thai Baht that will affect the income in Thai currency as well as the competitiveness in agricultural product exporting. The third risk issue is the labour shortage of both foreign worker and skilled worker which might affect the productivity of agricultural industry. Lastly, the instability in global politics might reflect in the trade barriers to Thailand's counterparties.



4. General Information and Other References

General Information

Company Name	: Muangthai Leasing Public Company Limited
Type of Business	: Provide financial services of vehicle title loan and personal loan
Head Quarter Address	: 32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700
Registration Number	: Bor Mor Jor 0107557000195
Home Page	: http://www.muangthaileasing.co.th/
Telephone	: 0-2880-1033
Fax	: 0-2880-1173
Total registered capital	: 2,120,000,000 Baht
Paid-up Capital	: 2,120,000,000 Baht
Type of Shares	: Common stock

Other References

Share Registrar

Thailand Securities Depository Co., Ltd

62 The Stock Exchange of Thailand Building

Rachadapisek Road, Klongtoey

Bangkok 10110

Telephone : 0-2229-2866

Fax : 0-2359-1262-3

Company's Secretary

Ms. Monthon Orn-phan

Muangthai Leasing Public Company Limited

32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700

Telephone : 0-2880-1033

Fax : 0-2880-1173

Auditor

Ms. Somjai Khunnapasut

Certified Public Accountant (Thailand) Registration No 4499

EY Office Limited (Formerly known as Ernst & Young Limited)

33rd Fl., Lake Rajada Office Complex,

193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110

Telephone : 0-2264-0777

Fax : 0-2264-0789-90

5. Information on Securities and Shareholders

5.1 Registered capital and Paid-up capital

As of 31 December 2017, the Company had total registered capital of 2,120 million baht and Total paid-up capital of 2,120 million baht, divided into 2,120 million shares at par value of 1.00 baht per share.

5.2 Shareholder Structure

Table of major shareholders (top 10) as of 17 November 2017

No	Name	No of shares	Percentage
1.	Petaumpai Family		
	Mr. Chuchat Petaumpai ¹	720,056,400	33.97
	Mrs. Daonapa Petumpai ²	720,000,000	33.96
	Total shares held by Petaumpai family	1,440,056,400	67.93
2.	Thai NVDR Co., Ltd.	96,705,935	4.56
3.	STATE STREET EUROPE LIMITED	33,444,544	1.58
4.	Mr. Wasin Dejkitvikrom	28,625,600	1.35
5.	Mr. Suthipong Vejwaroot	19,700,000	0.93
6.	Thai Life Insurance Plc.	18,238,400	0.86
7.	NORBAX, INC.	18,123,700	0.85
8.	Government Pension Fund	13,969,772	0.66
9.	CHASE NOMINEES LIMITED	12,541,900	0.59
10.	Other shareholders	438,593,749	20.69
	Total	2,120,000,000	100.00

Remark : ¹ Mr. Chuchat Petaumpai is the Company's Director and Chairman of the Executive Committee

² Mrs. Daonapa Petumpai is the Company's Director and Managing Director

6. Dividend Payment Policy of the Company and its Subsidiary

The Company has a policy to pay dividend not exceeding 50% of the Company's net profit in the separated financial statements after deducting corporate income tax and the provisions required by law in each year.

The Company's subsidiary has a policy to pay dividend not exceeding 50% of its net profits after deducting corporate income tax and the provisions required by law in each year.

However, the Company may consider paying dividend in different manner from the policy, depending on the business results, financial status and liquidity, need of cash flow for business expansion as well as the country's economy.

On 21 April 2015, the annual general shareholders' meeting approved to pay dividend from the profit of year 2014 operation to common shareholders at 0.13 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 275.60 million baht.

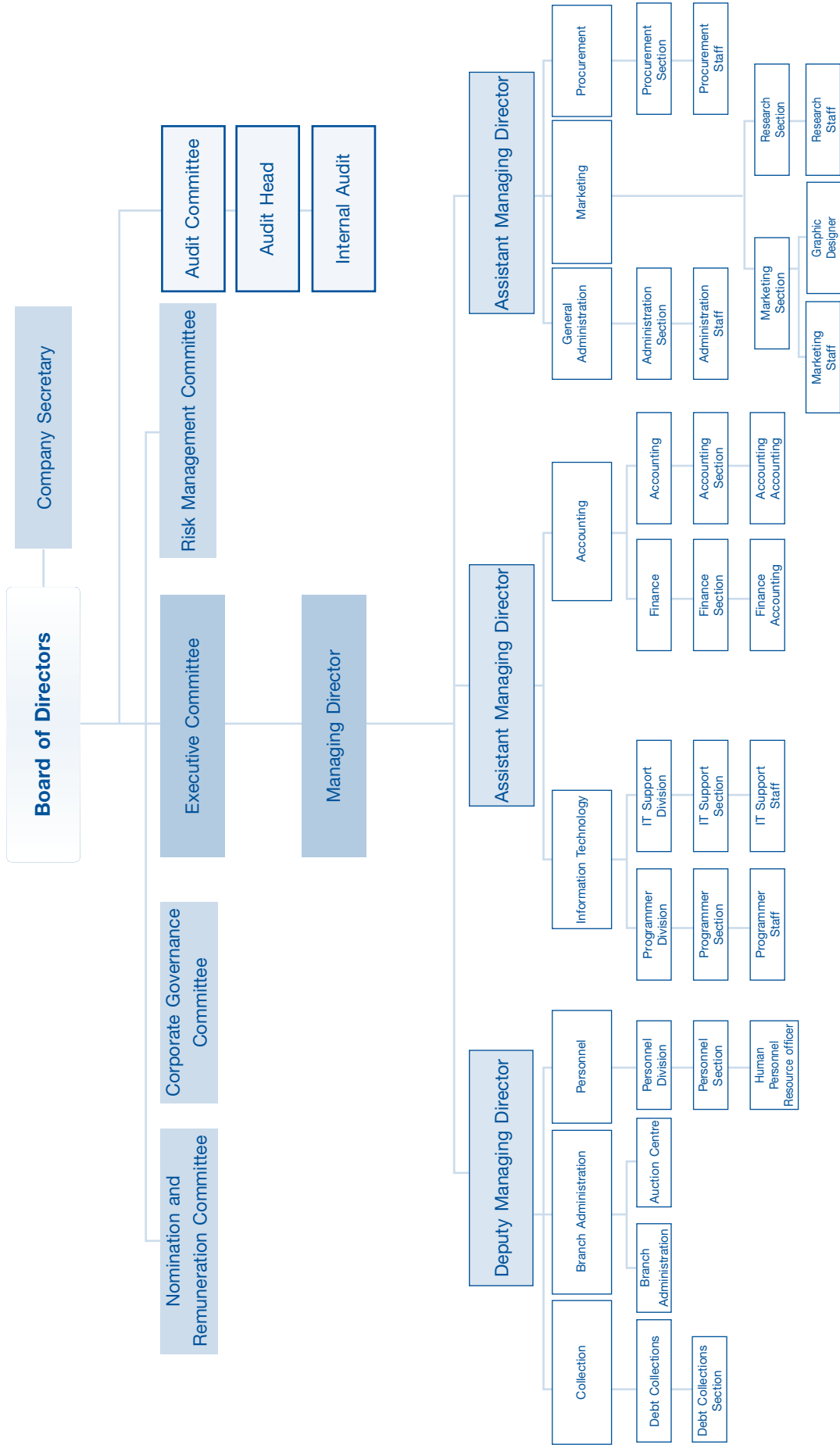
On 22 April 2016, the annual general shareholders' meeting approved to pay dividend from the profit of year 2015 operation to common shareholders at 0.20 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 424.00 million baht.

On 20 April 2017, the annual general shareholders' meeting approved to pay dividend from the profit of year 2016 operation to common shareholders at 0.10 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 212.00 million baht.



7. Management Structure

7.1 Organization Structure



7.2 Board of Directors

As of 31 December 2017, the Board of Directors consisted of 7 directors as follows:

Name	Position	No of time attending the meeting/No of Meeting
1. Adm. Apichart Pengsritong	Chairman and Independent Director	7/7
2. Mr. Chuchat Petaumpai	Director	7/7
3. Mrs. Daonapa Petampai	Director	7/7
4. Mr. Yodhin Anavil	Independent Director	7/7
5. Mrs. Kongkeaw Piamduaytham	Independent Director	7/7
6. Mr. Kampol Tatiyakavee	Independent Director	7/7
7. Mrs. Nongnooch Davasuwan	Independent Director	5/7

- There were total of 7 meetings of the Board of Directors as at 31 December 2017.
- There was no member of the Board who was in the director position longer than 9 years; and who was in the director position in over 5 listed companies.

Remark : Ms.Monthon Onphan was appointed as the Company's Secretary.

Authorized Signatory

The Company's authorized signatories are Adm.Apichart Pengsritong or Mr.Chuchat Petaumpai or Mrs.Daonapa Petampai or Mr.Yodhin Anavil. It is required that any two of these directors jointly sign with the seal of the Company affixed.

7.3 The Audit Committee

The Company's Audit Committee comprised the following 3 independent directors:

Name	Position	No of time attending the meeting/No of Meeting
1. Mrs. Kongkeaw Piamduaytham	Chairperson of the Audit Committee	4/4
2. Mr. Kampol Tatiyakavee	Member of the Audit Committee	4/4
3. Mrs. Nongnooch Davasuwan	Member of the Audit Committee	3/4

- There were total of 4 meetings of the Audit Committee as at 31 December 2017.

Remark : The Audit Committee has Mr. Chalerm Inhom, Audit Assistant Manager, as a Secretary.

7.4 The Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/No of Meeting
1. Mr. Yodhin Anavil	Chairperson of the Nomination and Remuneration Committee	2/2
2. Mrs. Kongkeaw Piamduaytham	Member of the Nomination and Remuneration Committee	2/2
3. Mrs. Nongnooch Davasuwan	Member of the Nomination and Remuneration Committee	1/2

- There was total of 2 meeting of the Nomination and Remuneration Committee as at 31 December 2017.

Remark : Ms. Monthon Onphan is a secretary of the Nomination and Remuneration Committee



7.5 The Corporate Governance Committee

The Company's Corporate Governance Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/No of Meeting
1. Mr. Kampol Tatiyakavee	Chairperson of the Corporate Governance Committee	2/2
2. Mrs. Kongkeaw Piamduaytham	Member of the Corporate Governance Committee	2/2
3. Mr. Chuchat Petaumpai	Member of the Corporate Governance Committee	2/2

- There was total of 2 meeting of the Corporate Governance Committee as at 31 December 2017.

Remark : Ms. Monthon Onphan is a secretary of the Corporate Governance Committee

7.6 The Risk Management Committee

The Company's Risk Management Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/ No of Meeting
1. Adm. Apichart Pengsitong	Chairperson of the Risk Management Committee	4/4
2. Mr. Kampol Tatiyakavee	Member of the Risk Management Committee	4/4
3. Mr. Chuchat Petaumpai	Member of the Risk Management Committee	4/4

- There was total of 4 meeting of the Risk Management Committee as at 31 December 2017.

Remark: Ms. Duangkhae Songnuy is a secretary of the Risk Management Committee

7.7 The Executive Committee

As of 31 December 2017, the Company's Executive Committee comprised 13 members as follows:

Name	Position
1. Mr. Chuchat Petaumpai	Chairman of the Executive Committee
2. Mrs. Daonapa Petumpai	Executive
3. Mr. Surapong Pechaumpai	Executive
4. Mr. Parithad Petumpai	Executive
5. Mr. Surat Chayavoradech	Executive
6. Ms. Duangkhae Songnuy	Executive
7. Ms. Vimonrat Nujul	Executive
8. Mr. Somkiat Ratsamee	Executive
9. Mr. Amnat Niamsee	Executive
10. Mr. Banyat Ninsiri	Executive
11. Mr. Niyom Rodnoi	Executive
12. Mr. Pradit Thongkhum	Executive
13. Mr. Songkran Eiamkai	Executive

Scope of authority of the Executive Committee

1. To propose goal, policy, business plan and yearly budget of the Company to the Board of Directors for approval
2. To control the Company's business operation to follow the set policy, plan and budget approved by the Board
3. To consider and approve the transactions incurred from the normal business operation i.e. investments which are within the capital expenditure budget or in accordance with the budget approved by the Board. Also the amount of each transaction must in line with the approval authorities matrix approved by the Board.
4. To consider and approve the definition and any amendments in the rule and criteria of loan approval, credit determinater table, as well as the definition and any amendments of penalty fee and discounts.
5. To propose the organization structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget.
6. To consider the Company's profit and loss, the proposal to pay the interim dividend or the annual dividend in order to propose to the Board for approval
7. The Executive committee may appoint or hire consultant for the Company's internal administration and management in order to maximize results
8. The Executive committee may authorize one or more individuals to act on behalf of the committee under the supervision of the Executive committee, or authorize the person to have authorities as the committee deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the committee sees fit.
9. To perform any other duties assigned by the Board of Directors.

Importantly, the delegation of authorities and responsibilities by the Executive committee shall not be in the manner of general power of attorney which will allow the authorized person to approve the transactions which might result in a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. As the Executive Committee also do not have authority to approve such transaction, it will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

7.8 Management

The Management of the Company comprised the following 12 members:

Name	Position
1. Mrs. Daonapa Petampai	Managing Director
2. Mr. Surapong Pechaumpai	Deputy Managing Director
3. Mr. Parithad Petampai	Assistant Managing Director
4. Mr. Surat Chayavoradech	Assistant Managing Director
5. Ms. Duangkhae Songnuy	Manager - Collection
6. Ms. Vimonrat Nujul	Manager - Account
7. Mr. Somkiat Ratsamee	Deputy Manager - Branch Administration - Ayudhaya District



Name	Position
8. Mr. Amnat Niamsee	Deputy Manager - Branch Administration - Nakornsawan District
9. Mr. Banyat Ninsiri	Assistant Manager - Branch Administration - Surat Thani District
10. Mr. Niyom Rodnoi	Assistant Manager - Branch Administration - Bangkok District
11. Mr. Pradit Thongkhum	Assistant Manager - Branch Administration - Lampang District
12. Mr. Songkran Eiamkai	Assistant Manager - Branch Administration - Chonburi District

7.9 Company Secretary

In the Board of Director Meeting No.3/2014 on 14 May 2014, the Board of Directors have appointed Ms. Monthon Onphan to be the Company Secretary in order to align with section 89/15 of Securities and Exchange Act B.E.2535 as amended by Securities and Exchange Act (No. 4) B.E. 2551. Following are responsibilities of the Company Secretary.

1. Supervising and providing recommendations to the Directors and Executives regarding the adoption of related law, rules and regulations of regulatory bodies and of the Company itself as well as monitoring on regular basis to ensure conformity in all aspects.
2. Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
3. Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
4. Preparing and maintaining the following documents:
 - 4.1 A register of Directors
 - 4.2 Notice and Minutes of the Board meeting
 - 4.3 Notice and Minutes of Shareholder meeting
 - 4.4 Annual Report
 - 4.5 Director and Management's report on conflict of interest.

Additionally, as the Company is well-aware and committed to good corporate governance, the Company Secretary has passed 2 IOD's training programs; the Company Secretary Program (CSP) 50/2013 and the Effective Minute Taking (EMT) 26/2013.

7.10 Director and Management Remuneration

7.10.1 Financial Remuneration

Board of Directors remuneration

In year 2017 and 2016, the Company has paid meeting fee to the Board of Directors (7 persons) with details as follows:

(unit : baht)

Name-surname	Year 2017	Year 2016
1. Adm. Apichart Pengsritong	540,000	330,000
2. Mr. Chuchat Petaumpai	430,000	250,000
3. Mrs. Daonapa Petumpai	280,000	200,000
4. Mr. Yodhin Anavil	340,000	230,000
5. Mrs. Kongkeaw Piamduaytham	500,000	370,000
6. Mr. Kampol Tatiyakavee	540,000	350,000
7. Mrs. Nongnooch Davasuan	430,000	-
Total	3,060,000	1,730,000

In 2017, the Company has paid the bonus of 3,000,000 baht to the Board of Directors. (Chairman at 600,000 baht and each member at 400,000 baht)

The 2017 Annual General Shareholder Meeting on 20 April 2017 approved the directors' remuneration in year 2017 as follows:

- The Company's board of directors will receive following remuneration.
 1. Meeting fee to be paid in accordance with the number of meeting attended. The chairman will receive 60,000 baht per attendance while each board member will receive 40,000 baht.
 2. Bonus for year 2017 will be paid to the Board of Directors with the total amount not exceeding 3,000,000 baht (comparing to the amount not exceeding 2,200,000 baht in 2016).
- Members of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee will receive remuneration as meeting fee which will be paid in accordance with the number of meeting attended. The chairperson will receive 30,000 baht per attendance while members of the committee will receive 25,000 baht each.

Executive remuneration

In 2017 total remuneration that the Company and its subsidiary paid to their executives was 37.47 million baht (comparing to 32.43 million baht in 2016), including salary, position allowance, bonus, per diem, social security contribution and provident fund contribution.



7.11 People

7.11.1 Number of employees

As of 31 December 2017, the Company and its subsidiary had total 5,880 employees (excluding 12 management members) working in the following divisions.

Divisions	No of employee (person)		
	Head Office	Branch	Total
1. Branch Administration	5	167	172
2. Credit Analyst	-	4,689	4,689
3. Collection	-	131	131
4. Accounting	24	449	473
5. Finance	12	142	154
6. IT	13	-	13
7. Legal	3	-	3
8. General Administration	19	-	19
9. Personnel	7	-	7
10. Audit	40	-	40
11. Purchase	7	-	7
12. Auction Center	-	9	9
13. Maid	3	160	163
Total	133	5,747	5,880

7.11.2 Labour Dispute in the past 3 years

- None -

7.11.3 Employee Remuneration

Financial Remuneration

In 2017, the Company and its subsidiary had paid Remuneration to employees (excluding management team) of 1,554.53 million baht (comparing to 1,064.58 million baht in 2016). The Remuneration included salary, commission, bonus, allowance, social security contribution, provident fund contribution and other benefits.

7.11.4 People Development Policy

The Company recognized the importance of its employee and had a policy to define training and development plan for continual learning of employee at all levels, from staff to manager. There were curriculums covering soft skills like service skill, managerial skill and other technical skills. The Company also sent employees to participate in external training programs arranged by private and public institutes. Well-known and successful speakers were invited to widen the employee's perspectives in customer services, how to be more effective in their works and motivate them to improve their knowledge and skills. Additionally, the Company had a policy to provide scholarship for its employee to further their study. This would be a good chance for them to develop themselves, learning new knowledge, getting new experience from both the classroom and their peers. It was expected that the employee would be able to adopt what they had learnt in their job and contributed to the Company's success as well.

7.12 Report of the changes of shareholding of the Company's directors and executives in 2017

No	Name	Position	No of shares as of 31 Dec 2017	No of shares as of 31 Dec 2016	No of shares increased/ (decrease)	% of total shares
1	Adm. Apichart Pengsritong Spouse and Minor child	Chairman	800,000 -	800,000 -	- -	0.038 -
2	Mrs. Kongkeaw Piamduaytham Spouse and Minor child	Chairperson of the Audit Committee	800,000 -	800,000 -	- -	0.038 -
3	Mrs. Nongnooch Davasuwan Spouse and Minor child	Member of the Audit Committee	- -	- -	- -	- -
4	Mr. Kampol Tatiyakavee Spouse and Minor child	Member of the Audit Committee	800,000 -	800,000 -	- -	0.038 -
5	Mr. Yodhin Anavil Spouse and Minor child	Director	400,000 -	400,000 -	- -	0.019 -
6	Ms. Duangkhae Songnuy Spouse and Minor child	Manager - Collection	1,139,500 -	1,131,000 -	8,500 -	0.054 -
7	Ms. Vimornrat Nujul Spouse and Minor child	Manager - Account	504,000 -	504,000 -	- -	0.024 -
8	Mr. Somkiat Ratsamee Spouse and Minor child	Deputy Manager - Branch Administration	219,000 -	219,000 -	- -	0.010 -
9	Mr. Banyat Ninsiri Spouse and Minor child	Assistant Manager - Branch Administration	292,000 -	237,300 -	54,700 -	0.014 -
10	Mr. Amnat Niamsee Spouse and Minor child	Deputy Manager - Branch Administration	539,000 -	621,400 -	(82,400) -	0.025 -
11	Mr. Niyom Rodnoi Spouse and Minor child	Assistant Manager - Branch Administration	438,000 -	438,000 -	- -	0.021 -
*12	Mr. Chuchat Petaumpai Spouse and Minor child	Chairman of the Executive Committee	720,056,400	718,056,400	2,000,000	33.965
*13	Mrs. Daonapa Petampai Spouse and Minor child	Managing Director	720,000,000	720,000,000	-	33.962
14	Mr. Parithad Petampai Spouse and Minor child	Assistant Managing Director	2,380,500 50,000	2,280,500 50,000	100,000 -	0.112 0.002
15	Mr. Surapong Pechaumpai Spouse and Minor child	Deputy Managing Director	975,000 -	1,085,000 -	(110,000) -	0.046 -
16	Mr. Surat Chayavoradech Spouse and Minor child	Assistant Managing Director	47,000 -	75,000 -	(28,000) -	0.002 -
17	Mr. Pradit Thongkhum Spouse and Minor child	Assistant Manager - Branch Administration	200,000 37,000	200,000 37,000	- -	0.009 0.002
18	Mr. Songkran Eiamkai Spouse and Minor child	Assistant Manager - Branch Administration	45,000 37,000	80,000 37,000	(35,000) -	0.002 0.002

* No 12 and No 13 are spouse of each other.



8. Corporate Governance

8.1 Corporate Governance Policy

The Company has committed to operate the business with stable and sustainable growth by building value-added for shareholders and shared values to stakeholders in all sectors. The Company's board of directors has emphasized the importance of following SET's guidelines for Good Corporate Governance. The Company's board has set policies of corporate governance, business ethics and code of conducts for director, executive and employee so that everyone will follow the same direction when working with stakeholders in all sectors. These policies were announced and communicated to staff at all levels as well as published in the Company's website (www.muangthaileasing.co.th) with the objectives to provide the Company's employees and related parties knowledge and understanding about principle of corporate governance in the same direction, with commitment to transparent, fair, verifiable and ethical business operations. All business practices shall be aligned with related rules, regulations and laws while being responsible for economy, society and environment.

The Board of Directors has recognized the importance of corporate governance to reflect the Company's business administration which is efficient, transparent and auditable, and to build trust and confidence among shareholders, investors, stakeholders, and all related parties which will lead to the increasing value and sustainable growth of the Company. Therefore, the Company has set the following corporate governance policy and guidelines to be a framework for day-to-day operations.

1. All directors, executives and employees shall commit to the principle of corporate governance, business ethics and their code of conduct when conducting the Company's business;
2. All directors, executives and employees shall perform their duties cautiously and honestly with integrity and full responsibility while conforming to the law, the Company's regulations and related announcements;
3. The Company shall arrange to set up proper internal control system and risk management program as well as the accounting system and financial reporting which are accurate and trustworthy;
4. Establish the Company's management structure which clearly defines the scope of authorities, duties and responsibilities of directors, members of each committee and all executives;
5. Instill the sense of morality, integrity and good conscience among employees while treating them with fairness with the commitment to develop and enhance their abilities on continual basis;
6. Conduct business with responsibility towards shareholders, stakeholders, communities, society and environment;
7. Recognize and respect the rights of shareholders and treat them equally;
8. Strive for the operational excellence and commit to build customer satisfaction by listening to customer's needs and evaluating our ability to respond to those needs in order to enhance our potentials and create better services all the time;
9. Arrange the disclosure of material information to public to be sufficient, trustworthy and timely without affecting the rightful benefit of the Company;
10. Deal with any conflict of interest with cautiousness and reasonableness for the best interest of the Company;

Anti-corruption, Do not violate intellectual property, Respect for laws and human rights

The Company's Board of Directors believes that policies on good corporate governance, business ethics and code of conducts will be important factors to support the Company to be a leading company with stable and sustainable growth; while participating in the development of the country's economic, social and environmental systems. This will bring about the confidence and positive image for the Company's shareholders, investors and stakeholders in all sectors both in present and in the future.

Therefore, the Company has established its Corporate Governance Policy, as per the guideline set by the Stock Exchange of Thailand, with the following 5 sections.

Sections 1 The Rights of Shareholders

The Company was aware and committed to shareholders' basic rights i.e. right to sell or transfer the shares, right to receive the rightful portion of Company's profits, right to obtain relevant and adequate information of the Company, right to attend and vote in the shareholders' meeting to elect or remove members of the Board of Directors, right to appoint external audit, right to decide on any transactions that significantly affect the Company i.e. dividend payment, amendments of Company's regulations or memorandum of association and articles of association, the increase or decrease of capital, etc.

Apart from the above mentioned rights, the Company has made the following arrangements to promote and facilitate shareholders to conveniently exercise their rights.

- The Company's board of directors shall hold the annual general shareholders' meeting within 4 months from the last day of the Company's fiscal year.
- The Company shall prepare Notice of the shareholder meeting and send to shareholders not less than 7 days before the date set for the meeting. The notice must state the date, time, venue and agenda of the meeting and must include information related to the topics which need decision from shareholders.
- In case that the shareholders cannot attend the meeting, the Company allows the shareholders to appoint a proxy, who may be one of independent directors or any other person by using the provided proxy form which is sent together with the notice of the meeting.
- In the meeting, the Chairman shall allocate appropriate time for shareholders to ask questions, to share their opinion and to make recommendations thoroughly and independently.
- After the meeting, the Company shall prepare minutes of meeting which records accurate information with full coverage so that the Shareholders to review.

Shareholders' Meeting

In 2017, the Company has arranged the Annual General Shareholders' Meeting on 20 April 2017 at 10.00 hours at the Pinklao 2 meeting room on the 9th floor of Royal City Hotel, No 800 Boromratchonni Road, Bangkok-noi, Bangplad, Bangkok. The Company has been well-prepared to ensure that the meeting was carried out appropriately with staff members to receive and take care of shareholders, checking documents, providing duty stamps to facilitate shareholders and proxy holders, providing refreshments for shareholders while waiting for the meeting, assisting with the registrations and vote counting with barcode system. Shareholders were able to register to attend the meeting on time and the preparation and distribution of voting ballots were completely done.

The board of directors, the executive committee, the company secretary and the company's auditor had attended the meeting in order to answer any questions from shareholders. The Chairman of the Board of Directors presided over the meeting. Before the meeting started, the company secretary



was assigned to announce to the meeting, the shareholder's rights stated in the Company's articles of association, meeting procedure, meeting agenda, procedure to ask question or make a comment, procedure of voting with ballot which would be done separately for each agenda and procedure of announcing the vote results. The Chairman had also invited a voluntary representative of shareholders to observe and witness the vote counting.

The Chairman convened and conducted the meeting as per the announced agenda, providing adequate timing to consider each agenda and its voting as well as providing opportunities for all shareholders to exercise their rights in asking questions, making recommendations and discussing their concerns. The Company realized the importance of shareholders' questions and answered them in a straightforward and transparent manner. The Company had recorded all shareholders' questions and answers in written as well as the voting results of each agenda for approved, disapproved and abstained.

The Company has reported the meeting's resolutions to the Stock Exchange of Thailand. The minutes of all shareholder's meetings were prepared with accurate and complete meeting contents, including details of attending directors, executives, secretary and auditors, voting results of each agenda, questions and answers, key comments. So shareholders can access all the information. The minutes of meeting was submitted to the Stock Exchange of Thailand within 14 days after the meeting date. Annual report and copy of financial statement and income statement approved by auditors and shareholders' meeting together with copy of the minutes of shareholders' meeting which approved the financial statement, profit allocation and dividend payment, were also submitted to the Registrar. Additionally, the Company has published the minutes of general shareholders' meeting on the Company's website.

Guidelines for shareholders' meeting administration

The Company recognized the importance of respecting the shareholder's rights so it has set the guidelines to oversee the shareholder's rights as follows.

1. The Company shall notify the shareholders about the shareholders' meeting by sending the information of date, time, venue and the meeting agenda together with supporting documents of the agenda which will require decision from all shareholders, at least 30 days in advance. The notification shall be publicized in the Company's website in both Thai and English before submitting to the Thailand Securities Depository Co.,Ltd. (TSD) who is the Company's Registrar and who will distribute the shareholders' meeting notification and supporting documents to all shareholders. For specific agenda which requires shareholder's approval i.e. the Employee Stock Ownership Plan (ESOP), the connected transactions, the acquisition or disposal of assets, the time frame of meeting notification shall become at least 14 days in advance.
2. The Company shall provide opportunity for shareholders to submit their questions or inquiries to be considered in the shareholders' meeting in advance, during the month of October – December every year, in accordance with the Company's regulations. The related announcement is to be made through the Company's website, www.muangthaileasing.co.th.
3. The Company shall facilitate its shareholders to use their rights in attending the meeting and casting their vote by arranging the shareholders' meeting on working day at the hotel in Bangkok area and/or the Company's meeting room. Adequate and proper technologies must be provided to facilitate the registration and document verification. Supporting services like duty stamp for proxy form will also be provided.

4. The Company shall prepare the minute of shareholders' meeting efficiently, covering all essential matters i.e. the notification to all shareholders who attend the meeting about the ballot card and vote counting procedure, the records of key point of question and answer during the meeting, the resolution of each agenda including the number of votes (agreed, not agreed, abstained), list of directors who attended the meeting, etc. The minute of meeting shall be publicized within 14 days after the meeting date via the Company's website.
5. All directors including the chairpersons of all committee, managing director, senior executives, company secretary and the Company's independent auditor are required to attend every general shareholder's meeting.

Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat and protect the right of all shareholders, executive and non-executive, foreign or Thai, majority or minority, fairly and equally. After the IPO, the Company has registered to be a member of the Stock Exchange of Thailand and has applied the policy to provide more option for shareholders who are unable to attend the meeting. Shareholders shall appoint a proxy who may be one of independent directors or any other person who will be able to vote for the shareholder as well. Additionally, the Company also has a policy to allow shareholders to nominate qualified candidate for director positions by notifying the Board of Directors in advance.

During the shareholder meeting, according to the Company's regulation, the chairman will run the meeting as per the agenda by clarifying all related information before asking the shareholders to vote for resolution. Unless it deems necessary, there will not be additional agenda which has not been notify to shareholder in advance, especially the important topic that shareholders may require times to study before making decision.

The Company has prescribed the measure to prevent insider trading by related personnel which includes executives, employees and workers and also their spouses and any minor children. There will be a serious penalty in case of disclosure of Company's information or usage of inside information for their own benefit. Moreover, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during the period from the quarterly book closure date to the date the Company disclosing its financial statement to the public. The Company has communicated to all directors and executives to ensure a clear understanding of their responsibility to report their securities holding in the Company as well as the securities holding of their spouses and any minor children to the Office of Securities and Exchange Commission. The report must also be filed when there is any change in securities holding of the above mentioned parties. All these measures are set to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.

The Company recognized the importance of fair treatment to all shareholders including minority shareholders and foreign shareholders. Therefore, it has the guidelines to protect the shareholder's right and prevent the breach of shareholder's rights in an equal and fair manner, enhancing trust among investors and shareholders. Details of the guideline are as follows.

1. The Company shall provide opportunity for all shareholders to propose the candidate for the director position and to submit question or inquiry before the shareholder's meeting takes place, during October-December of every year. However, the proposal of director candidate and of meeting agenda must be complied with the law and the Company's regulations as per the criteria the Company has published in the Company's website, www.muangthaileasing.co.th.



2. The Company shall provide proxy form for the shareholders who cannot attend the meeting and want to appoint someone and/or the Company's independent director to attend the meeting and vote on their behalf. Profile of each independent director detailing his/her background and work experience shall be submitted with the notification of the meeting so that shareholders can consider before making decision to appoint their proxy.
3. The Company shall not add more agenda or change the material information without notifying the shareholders in advance.
4. The Board of Directors shall support the voting by ballot on every agenda including the agenda of appointing each director in order to be transparent and auditable.
5. The Company has set the code of conduct regarding the inside information and the trading of the Company's securities to prevent its directors, executives, and employee to unethically use inside information for their own or other person's personal gain. The related policy and guidelines has been communicated to everyone to strictly abide, with consistently monitoring mechanism.
6. The Company's directors and executives have a duty to report their securities holding and any changes in their securities holding to the Board of Directors every time they trade in accordance with the requirements of the Office of Securities and Exchange Commission.

Section 3 The Role of Stakeholders

Realizing the importance of stakeholder's right, the Company shall treat all related parties fairly with following details.

- **Employee:** The Company is fully aware the significance of every employee, who has participated in driving the Company to build up its business in the future. Therefore, the Company has focused on the followings:

Workplace security and healthcare: Branch staff is required to clean up office area and its surrounding on daily basis in order to keep the place tidy and to prevent accident in workplace. In addition, the Company has arranged the annual "Big Cleaning Day" activity when every branch will clean up and improve the scenery of the branch. In 2017, the Company set the date for the activity on the 21-22 January 2017 and assigned area managers and branch managers to ensure the activity was carried out as expected. As most of the employees are mainly using motorcycle to visit customers, the Company gives a strict instruction that they must always wear safety helmet. In the past year, there was no accident relating to driving in work hours.

Benefits & Welfare: The Company provides benefits and welfare to its staff equally and fairly, without using or supporting the use of child labor, human trafficking, and human rights violation according to universal declarations while promoting all kind of anti-fraud and anti-corruption practices. Remuneration provided for employee is well-suited with yearly review and increases. Welfares provided exceed those required by law. For short-term, they are personal accident and inpatient insurance, annual health check and medical benefits, staff welfare fund, "Ruam Nam Jai Fund" for funeral and cremation assistance (which covers the death of employee, their parent, spouse or children) and inter-region in-company sports competition. The long-term welfare includes the set-up of the Company's Provident Fund.

Staff development: In order to enhance employee's competencies and to prepare them for promotion, the Company has arranged internal and external training programs which are job related. The Company also has the human resource development policy and guidelines to disclose the number of average training hours of the Company's employees in each year.

Staff level	Average training hours per person*	Training program objectives
Executive and manager	22	To provide managers knowledge and understanding of the principle, concept and techniques of leadership, how to coach team members with different background, and conflict management
Supervisor	22	To provide knowledge on how to develop leadership i.e ability to communicate, motivate, coach, set expectations and work as a team
Operational staff	16	To enhance knowledge and skills on how to perform their work accurately, how to provide excellent service to customers and to understand the company culture and to give respect to supervisors

*Only the standard internal training program, not including technical trainings

- **Business partner and Debtor:** The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- **Customer:** The Company has a policy and standard guidelines to treat every customer fairly. Related terms and conditions must be clearly informed to customer. And such terms and conditions must be fair. Besides, the Company commits to provide service excellence. Its employee give consultation to customer in a soft and polite manner and are willing to listen to customer's problems in order to propose the proper solutions and keep confidential.
- **Competitor:** The Company realizes the importance of treating competitors with fairness under the trading competition rules, regulations and related laws. There shall be no attempts to destroy competitor's name/image; no attempts to dishonestly or inappropriately seek for others' trade secrets; and no attempts to infringe others' copyrights or their intellectual properties.
- **Society and Communities:** The Company focused on operating the business with responsibilities to the country's economy, society and environment. The work process and procedures are set to comply with related regulations and laws to ensure ethics and integrity in business operations. Day-to-day operations are carried out with transparency, fairness, equality and are not to take advantage of society, community and environment as well as stakeholders in all sectors. Since the Company's business plays an important role in the development of society and community with the aims to create more shared values among the Company, economy, societies, communities and environments, the Company has focused more on consistent communication and training of its staff to ensure they have knowledge and understanding of social responsibilities in the same direction.



The Company has a policy to expand educational opportunities for small children under the project “My new home” (Ban Mai Kong Noo) by asking branch staff to explore areas around their branches for needs and scarcity of local communities. If the conditions meet with the policy, the Company will arrange to build the child development center, on the provided land, with proper training tools and equipment. For activities to support of Buddhism, the Company has a tradition of arranging annual Kratin ceremonies for selected temples, providing resources useful for local communities as well as scholarships for needy students in the school nearby.

- **Environment:** The Company has policy to encourage employees to use the Company’s property and material efficiency, i.e. setting budget for each branch utilities expenses, promoting re-use of copy printing paper, turning off lights when not in use or during lunch break. The Company believes that the discipline of the staff will result in a habit and put into practice, even outside the company.
- **Anti-fraud and Anti-corruption policy and guidelines:** The Company has a policy on anti-fraud and anti-corruption and guidelines which prohibit its employee to accept or offer to give material benefits or other benefits to persuade other parties to misconduct or create any conflict of interest. The policy and guidelines were announced and communicated to the Company’s business partners, vendors and contractors. Additionally, fraud risk assessment program as well as control process, monitoring tool, evaluation and training process have been completely established.
- **Code of conduct:** The Company has established “work ethics and code of conduct” based on the Company’s culture. All management and employees must be strictly abided to. Failure to follow or attempt to break the code will be resulted in facing the disciplinary actions according to HR regulations.
- **Whistleblower protection:** The Company shall provide the protection for whistleblower who reports any misconducts, illegal work practices, misrepresentation of financial statements, or internal control failures.

Section 4 Disclosure and Transparency

The Company’s Board of Directors recognized the importance of information disclosure in an accurate, complete, equal and timely manner and that is sufficient for decision making. At the same time, the dissemination of the Company’s information is based on maintaining confidentiality of business secrets and key strategies.

The Company commits to disclose the information equally to all shareholders, investors, and the Company’s stakeholders as well as to public in compliance with the SEC and SET’s regulations. Apart from disclosing the information through the annual disclosure report concerning additional information (form 56-1) and annual report (form 56-2), the Company also publishes the information in the SET’s website and the Company’s website so that all related parties, shareholders, investors, analysts, stakeholders and people who are interested in the Company can easily access the information on equally and trustworthy basis.

In 2017, the Company has set related criteria and guidelines as follows.

1. The Company has a policy to disclose the material information through the easy-to-access, convenient and trustworthy channels, i.e. the Stock Exchange of Thailand’s website (www.set.or.th), the Securities and Exchange Commission’s website (www.sec.or.th) and the

Company's website (www.muangthaileasing.co.th). All stakeholders will be able to access all Company's material information as prescribed in the SET's good corporate governance criteria and practices and according to the law and regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission.

2. The Company shall submit the financial reports to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand within due course and shall ensure that there will be no transaction with qualified opinion from the independent auditor.
3. The Company shall disclose the complete information in its annual report and its website, including financial statements, policy on corporate governance and business ethics, corporate social responsibility policy, analyst reports (research) from various institutes, company overview, annual reports, annual information (Form 56-1), shareholder's meeting, list of major shareholders, news on notifications to SET, and news from media, etc.
4. Investor Relations Department was established to be a main channel of communications with investors and analysts, i.e. setting up meeting with analysts, disseminating the Company information in the roadshow events in Thailand and abroad.

Investor Relations Department

Relationship management with investors is a key priority for the Company. We focus on conducting the duty with responsibility, honesty, commitment, sufficiency, accuracy and trustworthiness so that investors, analysts and related parties will receive adequate, accurate, complete, transparent and equal information and data. The Investor Relations Department was established to be a center to proactively carry out investor relations activities. Following the best practices of international leading corporations, the department's main responsibilities are to communicate and disseminate news and information about activities which are useful for investors, in order to build good relationship between the Company and its shareholders, institutional investors, general investors, analysts and related government offices in an equal and fair manner. The department is also responsible for preparing the investor relations annual plan which will involve the Company's senior executives in various activities on regular basis; and for providing additional information and responding to inquiries in the meeting with analysts, investor and press.

In 2017, the Company has organized the analyst meeting on 27 February 2017 at Centara Grand Hotel, Central Lardprao Shopping Complex and 23 August 2017 at Renaissance Hotel.

Additional information may be obtained via the Investor Relations Department at the following contact address.

Mr. Parithad Petampai
Assistant Managing Director
Muangthai Leasing Public Company Limited
32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700
Tel: 0-2880-1033
Fax: 0-2880-1173



The Company has disseminated its information and news through various channels and events, for instance, the one-on-one meetings with analyst and investor, company visits, analyst meetings, road show, conference call, SET's activities of "Opportunity Day" on quarterly basis (after the announcement of financial reports), as well as the quarterly Earnings Releases. For the quarterly Earnings Releases, in order that shareholders and investors can review them any time, the Company has published them in various media, i.e. the Company's website (www.muangthaileasing.co.th under the topic Investor Relations), SET Portal and direct E-Mail to the Company.

5. The Stock Exchange of Thailand has held the event to allow the listed companies to meet investors called "Opportunity Day" on quarterly basis. The objective is to let each company to explain about its business and its operation to analysts, investors, media and those interested. This event is held regularly after the announcement of quarterly financial statement and the Company has joined this activity every time. All information disclosed to shareholders and investors can be reviewed on the Company's website (www.muangthaileasing.co.th) under topic "Investor Relationship" as well as on the SET's website.
6. The Company has clearly disclosed the criteria and information of its directors and executives' remunerations in its annual report.
7. Information about the share holdings of all directors and executives has also been clearly disclosed. The Company has a policy stipulating that all directors and executives must report the following to the Board.
 - Trading transactions of the Company's shares: The policy stated that all directors, executives, management and related persons (spouse and minor children) were prohibited from buying, selling or transferring of the Company's shares during the period of public announcement of the Company's financial statements. Also, In case of any trading, they must report to the company secretary in order to prepare and submit the report of securities holding in the Company (form 59-2) to the SEC within the required timeframe. Report of securities holding by directors and executives must be reported to the Board meeting on quarterly basis.
 - In order to prevent any conflicts of interest of the Company's directors and executives, all connected transactions and transactions which may cause a conflict interest incurred by directors or executives must be reported to the Chairman of the Board to consider and decide to add into the agenda of the Board of Directors meeting on quarterly basis.
8. The Company has no record of being ordered by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission to amend its financial statements.
9. The appointment of licensed auditors of the Company has been approved by the 2017 general annual meeting of shareholders. The auditors' qualifications had no conflict with the Stock Exchange's criteria and they neither provide any other services to the Company nor have any relationships and/or any interests with the Company, its subsidiary, its management, its major shareholders or related parties.
10. The Company's financial statements were granted by the auditor with unqualified opinion.
11. Information about the Company's directors and executives has been clearly published in the Company's website, including their name, position, educational background, number of shares they are holding, work experience and individual picture.
12. The Company's senior executives recognized the importance of investor relations. They shall participate in the meeting with shareholders, investors, analysts and reporters to provide information and discussion on the topic of interest on regular basis. This practice is to ensure that everyone can access the Company's information which is accurate, complete, transparent and timely on equally basis, especially

the material information which may affect the price of the Company's shares. With this information, the investors will be able to make their effective decision to invest with the Company which will actually impact the true value of the Company's shares. The Company has disclosed its information and news in compliance with the criteria and guidelines set by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand by using various channels and activities, i.e. the formal communication channels of the Stock Exchange, the Company's site visit and management discussion by investors and analysts, the meeting with reporters and exclusive interview, the regular press release of the Company's operating results, the quarterly meeting with analysts, etc.

Section 5 Responsibilities of the Board of Directors

The Company recognized the importance of the role and responsibilities of the Board of Directors to safeguard the interests of shareholders and stakeholders through its duties of determining business strategies, overseeing, checking and monitoring to ensure that the day-to-day operation is transparent and conforming with governing regulations. Following are details of related policies.

1. Term of office of Independent director shall not be continued for over 9 consecutive years;
2. The Board has set a policy about the versatility of the Board of Directors. By nominating director candidate, regardless of gender, with skills, professional backgrounds and expertise, which are still lack in the existing Board, it will increase versatility of the Board. However, in 2016, there was nomination for additional directors due to the existing Board structure which comprised of 7 members (5 independent directors and 2 executive directors) and no director who is in director position of over 5 listed companies simultaneously.
3. The Company has also set a policy about the quorum of the Board meeting; it requires at least two-third of the members of the Board to be present in the meeting in order for the Board to vote for resolution of any matters.
4. Each director is required to attend the Board meeting at least 75 percent of the total meetings in a year.
5. During the year, the Company shall organized the separate meeting, at least once per quarter, among the independent directors without the executive directors attending so that they can freely discuss issues regarding the Company's operations and management and provide opinions and guidelines to resolve the issues.
6. The Company specified the criteria and guideline for its director to hold directorship in other companies to comply with the corporate governance best practices.

Holding directorship in other companies

The Board of Directors recognized the importance of conducting its duty efficiently as a director and executive so it has set a policy to limit the number of companies which the managing director and designated managers shall hold the directorship, in order to comply with the corporate governance best practices as follows.

1. To hold directorship in other companies required approval from the Board of Directors;
2. Any director should hold directorship in not more than 5 listed companies;
3. Director shall not own, take partnership or directorship of other companies in the same industry which may become competitor with the Company.



7. The Company specified and disclosed the director nomination process. To nominate the candidate to be the Company's director, the Nomination and Remuneration Committee shall determine the framework to ensure that the nominated candidate will be able to perform his duty according to the principle of Fiduciary Duty including Duty of Care and Duty of Loyalty. The selection criteria shall also consider the structure of the Board, the Board diversity, the appropriateness of qualifications and skills of the director especially the ones that the Board still lacking. Following are related criteria.
- For the director selection process, the Board shall focus on the transparencies of screening and nominating of the candidates. Apart from the candidate nominated by the Nomination and Remuneration Committee, the Company also opens the opportunity for the minor shareholders to exercise their rights in proposing their candidate for the director position, given that the Nomination and Remuneration Committee shall consider the qualifications and appropriateness of all candidates. Timeframe for shareholders to propose the candidate shall be set to provide sufficient times for the screening process set by the Committee before the date of shareholder's meeting. Shareholders may submit the director candidate nomination form to the company address or via e-mail address: monthon.o@mt-ls.com within 31 December of every year. The Nomination and Remuneration Committee shall then consider the qualifications and appropriateness of all candidates and nominate the candidates who are qualified to the Board of Directors for endorsement before including the candidate profile in the agenda for the shareholder's meeting to approve. Regarding the candidates who did not pass the screening of the Nomination and Remuneration Committee, the Board shall review their profile and provide its opinion. The Company shall notify the shareholder who proposed such candidate right after the Board meeting or within the next working day; and declare the reasons via the Stock Exchange of Thailand and the Company's website at www.muangthaileasing.co.th as well as to all shareholders in the shareholder's meeting.
 - For clarity and transparency, the Committee shall disclose the nomination policy and selection process to all shareholders as well as provide the nomination form which specifies the required information of the candidate and the rationale which supports the candidate appropriateness for the position.
 - The director candidate's name shall be screened and checked against the list of blacklisted or impeached individuals prepared by related offices. The Board shall meet and interview the candidate who pass the screening process and is nominated by the Nomination and Remuneration Committee.
 - The Nomination and Remuneration Committee shall nominate the candidate list with the number of candidates higher than the number of director positions to be filled up so that the Board shall select the most appropriate candidate to propose for shareholder's meeting to approve the appointment.
 - The Board shall send the list and profile of the director candidates, attached to the notification of shareholder's meeting, for shareholders to review in advance.
 - In case that the name of retiring director is nominated, information of his/her contribution and history of board meeting attendance and shareholder's meeting attendance shall be provided for shareholders to review.

- During the shareholder's meeting, the Board shall ask all shareholders to consider and vote for each candidate on individual basis. The voting results shall be announced in the meeting afterward.
 - Formal orientation program shall be provided to the new director prior to attending his/her first board meeting.
8. The Company has established the Risk Management Policy as another core policy. The Risk Management Committee, comprising the Company's directors and executives in each function, has a duty to assess the risk factors, internal and external, which affect the goal and operation of the Company, and to determine the responsible person for risk management in each department. The Committee also assigned all executives and management to be responsible for risk management. They shall participate in the planning and determining standards of risk management and the assessment of risk factors which may impact the Company's operation and business goals. The Committee has set the timeline to regularly monitor the effectiveness of risk management in each department and shall report the result to the Board on quarterly basis. Risk management manual and regular training program were prepared and delivered to ensure the Company's employees at all levels are aware and understand the importance of risk management in each function and work area.

1. **Board Structure**

The Company's Board of Director comprises experts who are highly qualified and has work experiences from various organizations so they can use their experiences and expertise to move the Company forward and to decide the Company policy and strategy to ensure the effective business operations and maximum benefit to the Company and its shareholders. The Board plays important role in deciding policy and overview of the Company as well as supervision role to review and monitor the management's implementation plan and to assess the Company's performance to ensure it reach the set target.

Regarding the Board structure, independent director is made up of more than one-third of the Board members. Presently, the Board consists of 7 directors, of which 2 are executive directors and 5 are non-executive (including the Chairman of the Board), including 3 members of the Audit Committee. This Board structure helps balancing the voting when the Board considers and makes important decision. The Board also approved to set up specific sub-committees to help supervise the Company's business operations as follows.

1.1 Executive Committee Comprising 13 members, the executive committee is responsible for deciding guideline and tactical approach for the Company's business implementation plan in order to achieve business goal set by the Board of Directors and to facilitate the business operation.

1.2 Audit Committee Comprising 3 members, the audit committee, conducting its duties as prescribe in the scope of authorities, reports directly to the Board of Directors. There is also a requirement that, at minimum, one of the 3 members must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company's financial statement.



- 1.3 Nomination and Remuneration Committee** Comprising 3 members, the nomination and Remuneration committee functions to support the Company's good governance with the responsibility to set up criteria and policy for selection and to determine the remuneration for directors and members of each committee. The committee is also responsible for recruiting, screening and proposing the suitable candidates to be the Company's directors. In addition, the committee shall be responsible for conducting and reporting any assignments from the board of directors and/or the shareholders' meeting, as deem appropriate.
- 1.4 Corporate Governance Committee** Comprising 3 members, the corporate governance committee has a duty to support the board of directors' work in setting up policies and guidelines in order to continuously adopt good corporate governance practices, to build up high standard of work ethics, and to enrich the corporate culture, in which all employees are knowledgeable with good understanding of the good governance concepts and be able to consistently apply them in every aspects of their work. The Company's business operations shall be carried out with the fundamental principles of integrity, quality and efficiency to comply with the universal good governance guidelines for the listed companies and to build trust among shareholders and all stakeholders.
- 1.5 Risk Management Committee** Comprising 3 members, the risk management committee has a duty to oversee and support the implementation of the Company's risk management program to be in line with the business strategies and goals, and the changing business environment. The Committee's members shall propose guidelines to monitor and evaluate the existing risk management measures, as well as guidelines to determine internal control measures and to develop the Company's risk management system.

2. Authorities, Duties and Responsibilities of the Board

The Company requires the Board of Director to strictly follow Code of Best Practices provided by the Stock of Exchange Thailand. The Board shall understand and well aware of its duties and responsibilities and must comply with the laws, the Company's objectives and articles of associate, as well as the shareholder meeting's resolutions. The Board shall honestly perform their duties and focus on the best interest of the Company and its shareholders. With the aim to achieve maximum results for the Company and its shareholders, the Board shall be responsible for deciding the Company policy, business goal, business plan and the Company budgets and shall supervise the management team to implement the policy and business plan effectively and efficiently within the budget provided.

Policy on conflict of interest

The Company has prescribed the measure, based on the principle of duty segregation, to prevent conflict of interest which might be resulted from connected transactions of The Company with its subsidiary or individual who has conflict of interest. The Board shall supervise the Company and its management to comply with related laws and regulations i.e. Securities and Exchange Act, related Rules/Notifications/ Orders/Regulations set by the Securities and Exchange Commission and by the Stock Exchange of Thailand, and to follow the Company's regulations on the disclosure of connected transactions and the acquisition or disposal of key assets.

Moreover, the Board shall advise the Audit Committee or external auditor or independent specialist, as deem appropriate, to review and comment about the suitability of price and the sensibility of the transactions. Those connected transactions will then be disclosed in the Notes of the audited financial statement and submitting Disclosure Report on Additional Information (form 56-1) and Annual Report (form 56-2)

Internal control system

The Company recognizes the importance of internal control system for both managerial and operational levels so various control activities are implemented. For example, job scope and approval authorities are documented; guideline for asset control, segregation of approval duty, accounting transaction and MIS procedure are in place. Not only the appropriate check and balance measures, the Company also has internal control system of financial reporting. Financial reports are submitted to responsible executives on regular basis. In addition, as the Company operates business of personal loan (unsecured loan) for retail customers through branches and service centres which locate all over the country, the Company requires Internal Audit team to submit audit plan each year to ensure that each branch and service centre will has on-site visit at minimum once a year. The internal audit team will submit each audit report directly to the Audit Committee.

The Company has clear and measurable business goals. Its executive and management team monitor and review monthly performance to compare actual result to the set goal while assessing external and internal risk factors. They will analyze root causes and decide on measures to monitor that risk factor as well as preventive actions to reduce the risk. Specific work team will be assigned to continuously follow up the situation and report back the progress to the committee.

Regarding the anti-fraud and anti-corruption program, the Company has signed the letter of intent to get certified from the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC. Meanwhile, the Company has assessed the fraud risks within the Company and reviewed the existing work processes and practices to be align with the CAC anti-fraud policy to ensure that the Company has sufficient and appropriate measures to effectively detect and prevent fraud and corruptions.

3. Board of Director meeting

The Company has a policy that the Board shall meet at minimum once every 3 months and might has special meeting as needed. In each meeting, there will be clear agenda which will be sent together with the meeting notice at least 7 day in advance. This will allow the Board member to have enough time to study in details prior the meeting. Minutes of meeting will be prepared and achieved after it is granted by the Board of Directors, ready for the Board members or related persons to review.

4. Remuneration of directors and executives

The Company provides appropriate remuneration for its directors and executives. It is a rate that is sufficient, suitable and competitive among the industry in order to keep the quality directors and executives with the company. Factors which are brought into consideration are work experience, job description and scope of duties and responsibilities. Remuneration of each



director shall be approved by the Board of Directors while the remuneration of executives will follow the Remuneration policy and guideline set by the Board of Directors based on the scope of their duties and responsibilities, performances and the Company business results.

5. Directors and Executives' Development

Orientation for new director and director training

Newly appointed director shall receive proper training regarding the knowledge about the Company's business and the roles and responsibilities of the Company's director. Topics of orientation for director newly appointed by the shareholder's meeting include regulatory practice guidelines to comply with related laws, the Company's memorandum of association and the Company's regulations; scope of duties and responsibilities of the Board and other committees; minutes of the Board meeting in the past 1 year; the Director's manual: a framework for Board governance by the Stock Exchange; the Company's corporate governance and business ethics policy; laws relating to the Company's business; rules and regulations of the Company; training programs for directors; other information relating to the Company's business operation, etc. The Company secretary shall be responsible for providing all these information to the new director. The Board has a policy to support its members to continually enhance their knowledge and skills by attending training programs and seminars. Additionally, all new directors shall receive orientation directly from the Chairman of the Board about the Company's business operation, its background, locations of its main office and branches, as well as the corporate culture. While other directors and the Company secretary shall explain about the company structure, corporate governance policy and internal control measures.

Director's development

The Board has a policy to support and facilitate the training and development for the personnel related to the corporate governance which are directors, member of audit committee, executives and the company's secretary in order to continually improve their performance. The training programs provided are those arranged by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and other institutes, which may relate to the directors' duties and responsibilities or other new management concepts. Apart from self-development, all directors shall use the knowledge to apply when they perform their duties and to improve their performance. In 2017, the Company has supports its director to attend the training program as follows.

- Mr. Kampol Tatiyakavee, who is the Chairperson of the Corporate Governance committee / Member of the Audit Committee / Member of the Risk Management Committee / Independent Director attending the Advance Audit Committee Program (ACP 26/2017)
- Mrs. Nongnooch Davasuan, who is the Member of the Audit Committee / Member of the Nomination and Remuneration Committee / Independent Director attending the Directors Accreditation Program (DAP 137/2017) and Advance Audit Committee Program (ACP 26/2017)

Board of Directors have policy encourages and facilitates the training and education of those involved. This includes the directors, the audit committee, the management and the secretary of the Company. In order to improve the performance continuously such as courses of the Thai Institute of Directors Association (IOD)

6. Company's Committees

The Company's board structure consists of the board and 5 committees which are the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee, the Risk Management Committee and the Executive Committee. All have adequate qualifications prescribed in Section 68 of Public Company Act B.E. 2535 and the related notifications of the Capital Market Supervisory Board. Following are scope of authorities of each board and committees.

6.1 Scope of authorities, duties and responsibilities of the Board of Directors

1. The Board has power, duty and responsibility to manage and supervise the Company to operate legally and comply with all related laws, the Company's objectives and articles of association, and the resolution of the shareholder meeting with honesty, carefulness, and protection of the Company's and shareholder's best interest;
2. To supervise the preparation of an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and bring to the shareholder meeting for consideration and approval;
3. All directors in the Company's Board of Directors are competent, capable and experienced from various professions. They are responsible for deciding the Company's vision, mission and for approving business direction, policy, strategy and goal so that management team shall use as framework for developing business plan, business supporting plan and annual budgeting;
4. To review, audit and approve the policies, directions, strategies and implementation plan proposed by the management;
5. To meet with the Company's management to deliberately discuss and make recommendations relating to the business direction of the Company and the preparation to cope with the changing economic environment;
6. To follow and evaluate the implementation plan and budget spent on regular basis;
7. To ensure that the Company and its subsidiary have a proper and effective accounting system, providing reliable financial reports and reviews, and have adequate and sufficient internal control and internal audit systems in place;
8. To decide Risk Management policy that covers the whole operations and to supervise the Company to have system or process to manage all related risks with the preventive and control measures to mitigate the impacts to the Company's business in a proper manner;
9. To decide the Company's management structure, appoint the executive committee, the managing director and other sub-committees as deem appropriate. And to decide scope of duties and responsibilities of the executive committee, the managing director and other approved sub-committees.

Importantly, the delegation of authorities prescribed in the scope of duties and responsibilities shall not allow the executive committee, the managing director and other sub-committees to consider and approve the transactions which might result in a conflict of gain or loss or any other conflicts of interest with the Company or its subsidiary (if any) unless the approval of the transaction follows the policies and guidelines already reviewed and approved by the Board of Directors;



10. To supervise the preparation of the Board's annual report and be responsible for the disclosure of the Company financial statement which will reflect the financial status and operation results in the past year and to propose them to the shareholder meeting for consideration and approval;
11. To supervise and oversee the management and operation of the Company and its subsidiary to comply with the Company's policy, the Securities and Exchange laws, the notifications of the Capital Markets Supervisory Board and the Stock of Exchange Thailand's regulations, especially on the connected transaction and the acquisition and disposal of assets and not to conflict with other laws;
12. The Board of Directors may authorize one or more directors or other person to act on behalf of the Board under the supervision of the Board, or authorize the person to have authorities as the Board deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the Board sees fit.

Such authorization to act on behalf of the Board of Directors must not allow the person to review and approve a transaction that can result in a gain or loss to the authorized person himself or to a third party who may has a conflict of interest with the Company or its subsidiary as per the description in the notification of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or any other notifications of related regulatory bodies, unless the approval of the transaction in question follows he policies and guidelines already reviewed and approved by the Board of Directors.

6.2 Scope of authorities, duties and responsibilities of the Audit Committee

1. To review the accuracy and sufficiency of the company's financial reports;
2. To review the appropriateness and effectiveness of internal control systems and internal audit function including the independence of the internal systems to appoint, removal, transfer, or dismissal of the internal audit manager or manager of any work unit who is responsible for internal control task;
3. To carry out the review to ensure compliance with Securities and Exchange Acts, regulations of the Stock Exchange of Thailand and other related laws;
4. To consider, select and propose independent person to be appointed as the Company's external auditor to the Board, offer the Remuneration and meet privately with external auditor at least once a year without management members insight;
5. To review a connected transaction or transaction that may lead to conflict of interests to ensure that the Company complies with all related rules and the notification of the Stock Exchange of Thailand and that the transaction is reasonable and give the Company the maximum advantage;
6. To ensure full coverage of the audit committee's monitoring activities disclosed in the Company's annual report. The report must be signed by the Chairperson of the Audit Committee and should include the following information:
 - (a) Opinion on the accuracy, completeness and reliability of the Company's financial report
 - (b) Opinion on the adequacy of the Company's internal control system
 - (c) Opinion on the Company's compliance with SEC's and SET's laws and regulations or other laws relevant to the Company's business

- (d) Opinion on suitability of the external auditor
 - (e) Opinion on transactions which may cause conflict of interest
 - (f) Number of committee meetings and attendance of each member
 - (g) General opinion or observation arisen as the Audit Committee performing its duty as defined in the committee's charter
 - (h) Any other transaction which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board
7. Any other assignments from the Board with the consent from the Audit Committee.

6.3 Scope of authorities, duties and responsibilities of the Nomination and Remuneration Committee

Nomination-related

1. To establish the criteria and policy for nomination of the Company's board of directors and members of committees, by considering the suitability of size, structure and composition of each committee as well as the qualification of each specific directors in order to propose to the board of directors and/or the shareholders' meeting for approval, when required;
2. To search, select and nominate the candidates suitable for the director's position, when any director completes his/her term and/or when there is a vacancy and/or when there is newly opened position;
3. To perform any assignments, related to nomination, from the board of directors;
4. To conduct the appraisal performance of the Company's top executives and propose to the board of directors for consideration and approval.

Remuneration-related

1. To establish criteria and policy related to remuneration for members of the board of directors and committees and propose to the board of directors and/or the shareholders' meeting for approval, when required;
2. To determine remuneration as needed and suitable for both financial and non-financial for each individual director by taking into consideration that such remuneration is commensurate with the duties and responsibilities assigned, the individual's performance, pay scale of similar business and benefits that he/she shall contribute to the Company; then propose to the board of directors and/or the shareholders' meeting for approval;
3. To support the board of directors with the role to explain and answer any queries relating to the remuneration of members of the board of directors in the shareholders' meeting;
4. To report policy, principles and rationale of the remuneration of directors and executives to comply with the Stock Exchange of Thailand's regulations by submitting the annual Disclosure Report on Additional Information (form 56-1) and the Company's Annual Report(form 56-2);
5. To perform any assignments from the board of directors in relation with remuneration management given that all executives and work units shall report or submit related information and documents to the Nomination and Remuneration Committee to support the works of the committee so that it can complete the assignments.



6.4 Scope of authorities, duties and responsibilities of the Corporate Governance Committee

1. To propose policies relating to Good Governance principles to the board of directors;
2. To oversee the Company's business operations to comply with the corporate governance principles prescribed by the regulators i.e. the Stock Exchange of Thailand, the Securities and Exchange Commission;
3. To consider and review the corporate governance policies on regular basis to ensure that they are align with the international practices as well as to the recommendations from related offices or institutes;
4. To propose code of conducts for directors or work rules for directors;
5. To recommend the Company's code of business ethics and the code of conducts for managers and employees;
6. To promote the culture of good governance and the participation in the social responsibility activities;
7. To perform any assignments from the board of directors.

6.5 Scope of authorities, duties and responsibilities of the Risk Management Committee

1. To review and determine policy on the framework of the Company's risk management;
2. To oversee and support the implementation of the Company's risk management program to be in line with the Company's business strategies and business goals as well as the changing business environment;
3. To propose the guidelines for monitoring and evaluating the risk management programs to the Risk Management and Internal Control Committee: RMCC (management level) for further implementation;
4. To consider and review the progress reports of the Company's risk management program and to provide opinions regarding the potential risks and control measures as well as the development of the risk management systems to the RMCC to ensure the continuity and the effectiveness of the program;
5. To update the status of the Company's risk management to the Board and to promptly notify the Board for acknowledgement and consideration in case of any significant risk factors or critical situations;
6. To perform any other assignments from the Board of Directors.

6.6 Scope of authorities, duties and responsibilities of the Executive Committee

1. To propose goal, policy, business plan and yearly budget of the Company to the Board of Directors for approval;
2. To control the Company's business operation to follow the set policy, plan and budget approved by the Board;
3. To consider and approve the transactions incurred from the normal business operation i.e. investments which are within the capital expenditure budget or in accordance with the budget approved by the Board. Also the amount of each transaction must in line with the approval authorities matrix approved by the Board;
4. To consider and approve the definition and any amendments in the rule and criteria of loan approval, credit determinater table, as well as the definition and any amendments of penalty fee and discounts;

5. To propose the organization structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget;
6. To consider the Company's profit and loss, the proposal to pay the interim dividend or the annual dividend in order to propose to the Board for approval;
7. The Executive committee may appoint or hire consultant for the Company's internal administration and management in order to maximize results;
8. The Executive committee may authorize one or more individuals to act on behalf of the committee under the supervision of the Executive committee, or authorize the person to have authorities as the committee deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the committee sees fit;
9. To perform any other duties assigned by the Board of Directors.

Importantly, the delegation of authorities and responsibilities by the Executive committee shall not be in the manner of general power of attorney which will allow the authorized person to approve the transactions which might result in a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. As the Executive Committee also do not have authority to approve such transaction, it will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

6.7 Scope of authorities, duties and responsibilities of Managing Director

1. To control and supervise business operation and/or day-to-day administration in the Company
2. To operate and administrate the Company by following the policies, plans and budget approved by the Board of Director and/or the Executive committee
3. To prepare policy, business plan, business strategies and yearly budget of the Company to propose to the Executive committee in order to get approval from the Board of Directors
4. To consider and approve the Company's normal business transactions, for example, approval of investment expenses within the capital expenditure budget or budget approved by the Board of Directors, approval of asset buy, approval of other expenses and financial expenses. The amount of approval of each transaction shall be within the limit stated in the approval authority matrix which was approved by the Board of Directors.
5. The Managing director has authority to approve the head-counts, hiring and placing employee, determining wage, promoting and transferring as well as deciding role and job description of employee in any position in any work unit, for all employee in all levels below assistant manager, according to the approval from the Board of Directors.
6. The Managing director has authority to approve all operating expenses for normal business activities according to the budget approved by the Board of directors



7. To monitor and assess the Company's performance on regular basis and to report the operating results as well as progress report of related projects to the Executive committee, the Audit committee and the Board of Directors.
8. To issue and announce orders, regulations, notifications and memorandum to ensure that the Company's business operations will be align with the policy and to protect the Company's benefit as well as to keep orders within the organization.
9. The Managing director has authority to appoint committees or sub-committees for the benefit and the effectiveness of good management, and also to authorize one or more individuals to execute things under the supervision of the Managing director, or authorize the person to have authorities as the Managing director deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the Managing director sees fit.
10. To perform other duties as per assignment from the Executive committee or the Board of directors

Importantly, when there is a transaction that relates to the Managing director or the authorized person by the Managing director or any person who may have a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. The Managing Director does not have authority to approve such transaction. It will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

Designated Approval Authority

The Company has designated approval authority for business operations with details below.

	Assistant Managing Director	Deputy Managing Director	Managing Director	Executive Committee
1. Payment which is over the approved capital expenditure	-	-	not over 15%	not over 20%
2. Non-budgeted investments	-	-	not over 20 million baht	not over 40 million baht
3. Opening of new branches which is over the number stated in the board approved business plan	-	-	-	not over 20%
4. Approval of petty cash disbursement over the set criteria ¹⁾	not over 15,000 baht per time	not over 15,000 baht per time	approve	-

	Assistant Managing Director	Deputy Managing Director	Managing Director	Executive Committee
5. Cash advance per time ²⁾	-	not over	approve	-
- Branch/Auction centre		70,000 baht per time		
- Head office	not over 70,000 baht per time	not over 100,000 baht per time	approve	-
6. Disposal of damaged fix assets ³⁾	not over 50,000 baht per time	not over 50,000 baht per time	approve	-
7. Account write-off (bad debts)	-	-	-	not over 5 million baht

Remark : ¹⁾ In the past, the Company's maximum petty cash disbursement did not exceed 15,000 baht per time.

²⁾ In the past, branches and auction centers' maximum cash advance did not exceed 52,000 baht per time and Head office's maximum cash advance did not exceed 75,000 baht per time

³⁾ In the past, the Company's maximum disposal of damaged fix assets did not exceed 50,000 baht per time.

7. Nomination and appointment of directors and top executives

The Company has the Nomination and Remuneration Committee responsible for searching and screening suitable candidates for director position, and to determine the remuneration package and get concurrence from the board of directors to propose to the shareholders' meeting for approval, with details below.

7.1 Composition and appointment of the Board of Directors

The composition and nomination, appointment, removal and expiration of the Company directors have been defined in the Company's Article of Association, which can be summarized as follows:

1. The Board of Director comprises not be less than 5 members, provided that not less than one half of the directors shall reside within Thailand. The directors shall have qualifications as specified by laws.
2. The directors shall be elected by the shareholder's meeting under the following rules and procedures.
 - (1) Each shareholder shall have one vote per share held by him/her
 - (2) Each shareholder shall exercise all votes in electing one or more persons to be a director, but provided that no vote shall be divisible.
 - (3) Any candidates who have the most votes shall be elected as directors equivalent to the number of directors required; if two candidates have equal votes, the Chairman shall have a casting vote.
3. At every Annual General Meeting, one-third (1/3) of the directors, or, if their number is not divided by three (3), then the number nearest to one-third (1/3) shall retire from office. In the first year and the second year following the establishment of the Company, the retiring directors shall be drawn by lots. In the third year and subsequent years, the directors who have been longest in office shall retire. The retired directors shall be re-elected to consume the position.



4. Any director who wishes to resign from his office shall submit a resignation letter to the Company. The resignation shall be effective on the date the notice reaches the Company.
5. In case there is a vacancy for the director position with reasons other than the normal retirement, the Board may decide to select the qualified candidate who does not possess any qualifications which were prohibited by the Public Company Limited Act and/or the Securities and Exchange Act, to resume the vacant position, except when the term of the departing director is less than 2 months. The new director's term will equal to the period of term left of the departing director. The Board's resolution requires the votes of not less than three-fourth (3/4) of the number of the left directors.
6. The shareholder meeting may vote to remove any director from office prior to retirement. A three-quarter (3/4) vote of any shareholders with an aggregate number of up to half (1/2) of all shares held by the shareholders present and eligible to vote shall be required.

7.2 Composition and appointment of independent director

The Board of Director shall consider the qualification of candidate who will be the Company's independent director based on the qualifications and forbidden characteristics under the Public Company Limited Act, Securities and Exchange Act, Notifications of the Capital Market Supervisory Board, and other related notifications, announcements and/or regulations. Moreover, the Board shall select the candidate based on expertise, work experience, and other areas of suitability. The Board shall propose the candidate to the shareholder meeting for voting to appoint the person as an independent director. The Company has a policy to appoint at least one-third (1/3) of the total directors and should not be less than 3 persons.

Qualifications of Independent Director

1. Holding not exceeding 1 per cent of the total number of voting rights of the Company, its parent company, subsidiaries, associated companies or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and son/daughter, including spouse of the son/daughter, to management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries.
4. Not having any business relationship with the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest that could be barrier to independent judgment. And not being or having been major shareholder, director other than independent director or management of the stakeholders of the Company, subsidiaries, associated companies or any juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.

5. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC
6. Neither being nor having been any profession advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not having any characteristics which make him/her incapable of expressing independent opinion with regard to the Company's business operations.

7.3 Selection criteria of new director

To select new director, the Board shall focus on the transparencies of screening and nominating of the candidates especially for the director position. The Company has a policy to open the opportunity for the minor shareholders to exercise their rights in proposing their candidate for the director position. The Company's Nomination and Remuneration Committee shall consider the qualifications and appropriateness of the proposed candidates and of the retiring or resigning directors and nominate the qualified candidates to the Board of Directors for endorsement and approval before proposing their names to the shareholder's meeting to approve the appointment.

The person to be appointed to the director position must be knowledgeable, skillful and ready to perform the duty and must possess the following qualifications.

1. Having proper knowledge, skills and experience and being able to devote himself to perform the duty for the best interest of the Company especially in making crucial business decisions;
2. Adhering to moral and ethical principles and possessing any additional qualifications which may be stipulated by law or by the Board of Director's consideration;
3. Having the qualifications and forbidden characteristics under the Public Company Limited Act and does not have any characteristics which may not gain the shareholder's trust to appoint as the Company management as prescribed in the Notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.



Once appointed to the position, the new director shall attend the new director orientation and briefing session about the Company's key policies, its vision, mission, corporate culture as well as knowledge about regulatory practice guidelines to comply with related laws, the Company's memorandum of association and the Company's regulations, scope of duties and responsibilities of the Board and other committees, minutes of the Board meeting in the past 1 year, the Director's manual: a framework for Board governance by the Stock Exchange, the Company's corporate governance and business ethics policy, laws relating to the Company's business; rules and regulations of the Company, training programs for directors, and other information relating to the Company's business operation, etc.

7.4 Composition and appointment of the Audit Committee

The Board of Directors shall appoint the Audit Committee which consists of at least 3 members, who shall be selected from the Company's independent directors who have qualifications under the Securities and Exchange Act and other related notifications, announcements and/or regulations of the Stock Exchange of Thailand. Moreover, the independent director who presumes the duty of audit committee shall also has the additional qualifications as follows.

1. Not being a director who is assigned by the Board to make decisions in the business activities of the Company, its parent company, subsidiaries, joint/associated companies or juristic person who may have conflicts of interest.
2. Not being a director of the Company, its subsidiaries, joint/associated companies which is the listed company.
3. Having adequate knowledge and experience to perform the duties of audit committee and at least one committee member must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company's financial statement.

Terms of Audit Committee

- | | |
|-----------------------------------|--|
| 1. Chairperson of Audit committee | 3 years or equal to the term of the Company's director |
| 2. Member of Audit committee | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Audit committee shall be re-elected to resume the duty again.

7.5 Composition and appointment of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises not less than 3 members, consisting of a chairperson of the nomination and remuneration committee and members of the committee, who shall have sufficient knowledge and experience to perform the duty of nominating candidates for director position and determining director's remuneration.

The Board of Directors has approved to establish the nomination and remuneration committee in order to perform the duty of recommending policy, model and criteria for selection and the remuneration for directors, members of committees and managing director, to be commensurate with the duties and responsibilities assigned as well as the individual's performance. The Board of Directors meeting shall approve the appointment of the Company's directors to be members of the nomination and remuneration committee to comply with the corporate governance principles and to align with the organization's vision and mission.

Terms of Nomination and Remuneration Committee

1. Chairperson of Nomination and Remuneration committee 3 years or equal to the term of the Company's director
2. Member of Nomination and Remuneration committee 3 years or equal to the term of the Company's director

When his/her term ends, either the expiring chairperson or the member of Nomination and Remuneration committee shall be re-elected to resume the duty again.

7.6 Composition and appointment of the Corporate Governance Committee

The Corporate Governance committee, appointed by the Board of Directors, comprises not less than 3 members. In the event that there is a vacancy in the committee, the subsisting members shall still perform their duties. However, if the number of directors is less than the requirement and does not constitute a quorum, the subsisting members may act only for the purpose of appointing additional directors to fill up all the vacancies.

The members of the corporate governance committee shall be highly competent and be able to contribute sufficient time and adequate recommendations to perform their duty with integrity, ethics and high responsibility.

Terms of Corporate Governance Committee

1. Chairperson of Corporate Governance committee 3 years or equal to the term of the Company's director
2. Member of Corporate Governance committee 3 years or equal to the term of the Company's director

When his/her term ends, either the expiring chairperson or the member of Corporate Governance committee shall be re-elected to resume the duty again.

7.7 Composition and appointment of the Risk Management Committee

The Risk Management committee, appointed by the Board of Directors, comprises not less than 3 members. In the event that there is a vacancy in the committee, the subsisting members shall still perform their duties. However, if the number of directors is less than the requirement and does not constitute a quorum, the subsisting members may act only for the purpose of appointing additional directors to fill up all the vacancies.

The members of the risk management committee shall be highly competent and be able to provide consultation for strategic planning to mitigate the risks which the Company may face. They shall be able to contribute sufficient time and adequate recommendations as the risk management committee member.

Terms of Risk Management Committee

1. Chairperson of Risk Management committee 3 years or equal to the term of the Company's director
2. Member of Risk Management committee 3 years or equal to the term of the Company's director

When his/her term ends, either the expiring chairperson or the member of Risk Management committee shall be re-elected to resume the duty again.



7.8 Supervision of business operations of its subsidiary and its affiliated company

The Company shall invest in any companies that have the same business objectives as the Company's core business, or with the business similar to the Company's, or with the business that supports the Company's operations. The investment shall improve the Company's performance with more profit or shall synergize with the Company's core business to provide comprehensive services to its customers, which increases the Company's competitive advantages.

In controlling and supervising its subsidiaries and its affiliated company, the Company shall send director or executive who is qualified and has suitable experience to be its representative, to participate in the management, to decide on the key policies and to control the operation of such subsidiary and/or affiliated company. The director who is the Company's representative shall supervise the administration of such subsidiary and/or affiliated company to follow the set policy and shall use his/her discretion, under the resolution of the Board's meeting and/or the shareholder meeting about the major issues of the such subsidiary and/or affiliated company, for the maximum benefit of the Company and for the Company's sustainable growth.

7.9 Supervision of inside information

1. The Company prohibits its directors, executives, employees and workers from disclosing the Company's confidential information and/or inside information or using it for their own benefit or any other person's benefit directly or indirectly and by gaining or not gaining Remuneration.
2. The Company prohibits its directors, executives, employees and workers, including their spouse and minor children from using the Company's inside information which has not been disclosed to public and which shall or shall not impact the change of the price of the Company's securities, to buy, sell, offer to buy, offer to sell, or convince other persons to buy, sell, offer to buy, offer to sell the Company's securities, whether directly or indirectly, before such information is disclosed to public. Regardless of the purpose of the action which aims for his/her own benefit or for others to act and provide him/her personal gain, the person who fails to comply will be punished under the Company's disciplinary measures.
3. The Company has informed all executives to understand and take responsibility to report the holding of the Company's securities of themselves, their spouse and their minor children, and to report any changes in securities holding to the Office of Securities and Exchange Commission to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.
4. In order to prevent insider trading, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during one month before the Company disclosing its financial statement to the public.
5. The Company's directors and executives are required to complete the initial disclosure regarding their connected transactions with the Company and its subsidiary upon appointment to the position, on annual basis and when there are changes in the connected transactions. The Company Secretary shall submit the copy of such connected transaction reports to the Chairman of the Board and the Chairperson of Audit Committee in order to comply with the Securities and Exchange Act, B.E. 2535 and to review the information to prevent any conflicts of interest.

7.10 Remuneration for external auditor

The annual general shareholders' meeting year 2017 has approved the remuneration of external auditor for 2017 at 3,530,000 baht which included the audit fee and the review for the Company's and its subsidiary's interim financial statement and their consolidated statements.

7.11 Other good corporate governance practices

-N/A-

8. Succession Plan

The Board of Directors has adopted the succession plan for the position of Chairman of the Executive Committee in order to maintain the confidence among stakeholders, namely shareholders, customers and employees that the Company operations shall continue to grow firmly and sustainably under the good governance and ethical management. The Company has recognized the importance of the continuity of effective business operation by senior management so to ensure that the Company shall continually have capable and knowledgeable management, succession planning program has been implemented with following details.

1. The Company has prepared the succession planning program by identifying successors for the position of managing director, senior executives and heads of core functions/department, based on the performance, potential and readiness of each individual;
2. Designing the training and development programs for the selected successors to enhance their knowledge, ability and skills required for the position so that they are prepared to take over the work of the managing director or other key position in case some executive cannot perform his/her duty.
3. The Nomination and Remuneration Committee shall determine the requirements of knowledge, ability and skills for each management position and select the managers who can meet such requirements and has high potential to take over the work of such position and can continue the business operation efficiently.
4. Managers and executives who were identified as successor should have proper qualifications and have work experience in the related field. They will have an opportunity to gain more experience from job rotation and attending additional training programs to prepare themselves to work in a higher position and to ensure that the job handover will go smoothly and the business management will continue without interruption.
5. Chairman of the Executive Committee shall arrange job rotation for the qualified executives and shall assign managers in next level to join the executive committee meeting to educate them, to expand their experiences and to prepare them for the higher management positions in the future.

Board of Directors' Self-Assessment

The Board of Directors has assigned that the Board shall have Board Self-Assessment annually, by using 3 sets of assessment form in compliance with SET's framework per follows;

1. Self-Assessment of the Boards;
2. Self-Assessment of the Committees of the Board;
3. Self-Assessment of individual directors of the Board and of the Committees.



For the board to use the assessment results to establish the framework of the norm practices, measure the performances and compare to the Charter of Board of Directors which resulting in the enhancing of their efficiency of the performance and to improve their roles and responsibilities to consistent with Company's policies and to review the occurred problems during the past year. The Company's Secretary is responsible to submit the self-assessment form to the members of Board of Directors annually for the Board and individual assessments. After each Board's member has successfully completed the evaluation, the self-assessment forms will be submitted.

Self-Assessments of the Board of Directors and Individual Member of the Board Procedures are per follows;

1. Board of Directors shall approve and revise the self-assessment form to ensure the accuracy, completeness and compliance with the criteria set by the regulatory body.
2. Company Secretary shall submit the self-assessment forms to the Board of Directors during the beginning of December every year.
3. Individual member of the Board of Directors shall complete the evaluation forms and return the forms to the company secretary by the end of December.
4. Company Secretary is responsible to summarize and analyze performance results from the assessments and report to the Board of Directors.
5. Company Secretary shall prepare an improvement plan from the assessment results and additional comments from the Board of Directors.

Boards' Self-Assessment Criteria by Percentage are as follows;

More than 85 Percent	= Excellent
More than 75 Percent	= Very Good
More than 65 Percent	= Good
More than 50 Percent	= Fair
Less than 50 Percent	= Poor

Summary of Board of Directors' Self-Assessment Result for 2017

- (1) The Annual Self-Assessment of the Company's Board of Directors of Year 2017 scores 95.38% as Excellent.

Assessment Scope	-	Structure and Qualification of Directors	Average Score 20.85%
	-	Roles, duties and responsibilities of directors	Average Score 31.47%
	-	Board of Directors' Meetings	Average Score 14.23%
	-	Board of Directors' Roles	Average Score 11.70%
	-	Relationship with Managements	Average Score 7.71%
	-	Self-development and leadership development	Average Score 9.41%
- (2) Individual Director's Self-Assessment of Year 2017 scores 98.40% as Excellent.

Assessment Scope	-	Structure and Qualification of Directors	Average Score 18%
	-	Board of Directors' Meetings	Average Score 35.06%
	-	Roles, duties and responsibilities of directors	Average Score 45.34%
- (3) The Committee's Self-Assessment of Year 2017 Results.
 - 3.1 Audit Committee's Self-Assessment of Year 2017 scores 90.83% as Excellent.

Assessment Scope	-	Structure and Qualification of Directors	Average Score 32.92%
	-	Board of Directors' Meetings	Average Score 27.08%
	-	Roles, duties and responsibilities of directors	Average Score 37.83%

- 3.2 Corporate Governance Committee's Self-Assessment of Year 2017 scores 91.98% as Excellent.
- | | | |
|------------------|---|----------------------|
| Assessment Scope | - Structure and Qualification of Directors | Average Score 36.21% |
| | - Board of Directors' Meetings | Average Score 31.04% |
| | - Roles, duties and responsibilities of directors | Average Score 24.73% |
- 3.3 Nomination and Remuneration Committee's Self-Assessment of Year 2017 scores 99.11% as Excellent.
- | | | |
|------------------|---|----------------------|
| Assessment Scope | - Structure and Qualification of Directors | Average Score 36% |
| | - Board of Directors' Meetings | Average Score 31.56% |
| | - Roles, duties and responsibilities of directors | Average Score 31.56% |
- 3.4 Risk Management Committee's Self-Assessment of Year 2017 scores 92.12% as Excellent.
- | | | |
|------------------|---|----------------------|
| Assessment Scope | - Structure and Qualification of Directors | Average Score 35.73% |
| | - Board of Directors' Meetings | Average Score 30.25% |
| | - Roles, duties and responsibilities of directors | Average Score 26.13% |



9. Corporate Social Responsibilities: CSR

The Company commits to manage and operate its business with the consciousness of social responsibilities as well as the responsibilities for its stakeholders such as shareholder, customer, business partner, employee, community and surrounding society. With the aim to build sustainable business operation, steadily growing and well-accepted organization and to effectively return profit for its shareholders, the Company has set a policy to operate the business with focus on social responsibility, which is divided into 8 areas as follows.

1. Responsibility to shareholders

- The Company emphasizes employee's integrity and honesty. All employees shall perform their works within the framework of laws and the Company's regulations. They shall hold to work ethics in every actions, decision-making and processing transactions. We will carry out our businesses in a faithful and honest manner, and decisions about any undertakings are honest and fair towards all shareholders.
- The Company commits to operate the business with a sustainable growth of returns to shareholders. Disclosure of information shall be done in an accurate, complete, adequate and timely manner so that shareholders can equally access and not be misled or confused with the information provided.

2. Operate the business with integrity

- The Company has a policy and guideline to treat its customers with integrity. Details of terms and conditions which are fair for both parties are clearly communicated to customers. The Company commits to provide excellent customer service by providing consultation to every customer in a soft and polite manner. Its staff and managers are willing to listen to customers and try to provide them solutions without disclosing their confidential personal information.
- The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- The Company treats its competitors fairly. Do not do anything. To attack Rip off or ruin a competitor's reputation. Including the label. It will be run under the competition. No sign of breaking the competition.
- Business operation of the Company must be administered for sustainable and steady growth based on the carefulness, honesty and fairness to all related parties.
- The Company shall not seek for trade secrets of its competitors by using dishonest or improper methods like bribing competitors' employees.

3. Anti-corruption policy

The Company emphasizes the importance of every anti-corruption practices by building awareness in the Company's executives and staff at all levels so that they realize the impacts of corruptions, have the right values and are able to get more confidence from all stakeholders. Following are guidelines provided:

- Do not offer payment, pay bribe, request, agree or take bribe in any manners from other person or from other organizations, directly or indirectly, in exchange with favorable treats or extra benefit from the Company's business.
- Do not incur any unethical transactions in relation with government officials, other persons, or other organizations, directly or indirectly
- Do not take or offer any bribe for any business dealings. The Company's contacts and deals with government officials must be done in a transparent and honest manner and staff must strictly follow the related laws and regulations.

- Staff who commit fraud, no matter in which position, will be punished in every case regardless of the amount of damages.
- If proved that the person committing fraud, he/she must face the same disciplinary actions and punishment regardless of his/her title or position.
- The Company instills the value of integrity in its employee by emphasizing that everyone should have awareness and perform their duty honestly, do not exploit the benefit from his/her position or provide favorable treats to others. All employees are informed about penalties, negative impacts and damages caused by committing fraud.
- Every employee is responsible for observing and monitoring. In case they find any fraud or suspicious fraud case within their workplace, it is their duty to immediately report to the Company via their direct supervisor or other provided channels or the internal audit team.

In addition, the Board of Directors has approved the Anti-fraud and Anti-corruption policy to be included as a part of the Good Corporate Governance policy. As per the accepted standard of anti-fraud and anti-corruption, the Company has signed its Letter of Intent to join the Thailand's Private Sector Collective Action Coalition against Corruption: CAC on 24 November 2017.

4. Respect for Human rights

- The Company recognizes the importance of human rights and respect of human rights. The Company shall not violate the rights of individual or group of individuals directly and indirectly and shall treat them evenly and fairly regardless of differences in race, religion, gender or physical condition.
- The Company has a corporate culture that all employees shall participate and follow the provided guidelines so that everyone shall work together in the happier environment with mutual respects. Regarding the employee treatment, the Company values all employees at every level.

5. Fair Treatment to Employee

The Company is well aware that the continuous growth of the Company over the past 25 years is resulted from the cooperation and contribution of its employee at all levels, who are highly committed to achieve the set target. The Company has policies to treat all employees fairly and equally, as follows:

- The Company provides compensation for employee which is well suited with each person's capabilities and is competitive when comparing to companies in the same industry. The Company provides the proper work environment with the awareness of work life quality and safety workplace. Also, additional supports and welfares are appropriately provided.
- The Company arranges continuous training and development programs for its employee in every position and every level. Every year there are training courses and seminars which are conducted by well known experts in each specific area. This policy enables our employee to continually learn and grow.
- The Company provides a fair reward & recognition system. Criteria for performance appraisal are clearly communicated to staff at all levels.
- The Company encourages employee at all levels to have continuously career advancement within the organization.
- The Company implements the open door policy, allowing employee at all levels to participate in queries or make recommendations directly or indirectly in order to get co-operation from all parties to solve any problems together.



6. Responsibility toward Consumer

- Since the Company’s business is service-related, service excellence is a key to success and sustainable growth. The Company’s mission no.5 “The Company will provide service excellence and achieve the highest customer satisfaction” which is in line with the Company’s slogan of “Intimate services like closed family members” becomes guiding principle for every employee on how to treat their customers.
- Regarding the terms & conditions of loan approval, the Company shall provide the terms & conditions and/or benefits that customer will receive in a clear and transparent manner for the best interest of our customers.
- The Company provides channels for customers to file their complaints directly through the Head Office’s Complaint Centre at telephone number 02-880-1033 or through the questionnaire that the Company sent to customers.
- The Company has a policy for whistleblowing hotline, detection and protection of whistleblowers.
- In case that the customers facing a financial crisis from the impacts of nature disasters like major floods or from uncontrollable setbacks like the delay of government supports to farmer etc., the Company shall provide special measures to support our customers as deem appropriate.

7. Environmental Conservation

Although the Company’s business operation does not have direct impact on the environment, the Company is aware of the importance of environmental conservation and has a policy to instill the awareness in its employee. Starting from the in-company environments, the Company implements the 5S activities on yearly basis, campaigning to use water and electricity considerably, controlling the usage of stationary and office equipments, reducing the usage of equipments which create pollution, promoting recycle and reuse of paper and encouraging to use more of electronic archive.

8. Communities and Society Development

The Company has Corporate Social Responsibilities (CSR) policy which focuses on community developments based on the traditions and culture of the surrounding communities that the Company’s branches are located. Following are activities which the Company has been regularly participating in order to support both private and public sectors.

- **Religion** The Company has a custom of offering the unity kathina ceremony, the tradition of presenting robes and donations to monks at the end of the lent, to the selected 2 temples each year for over 25 years. This kathina ceremony has been arranged in rotation to temples located nearby the Company’s branches, which not only help preserving the local tradition but also building unity among the community. This year (2017), the Company has offered the kathina to 4 temples with total donation amount of 4,159,375 baht. Following is the namelist of the 4 temples

1. **Wat Fark Beung**, Tambol Pi Chai, Amphoe Na in, Uttaradit province, the donation amount of 1,030,933 baht and donated educational funds to Fark Beung school amount of 100,000 baht.



2. **Wat Nong Pa Lai**, Tambol Nong Pa Lai, Amphoe Nong Prue, Kanchanaburi province, the donation amount of 1,013,974 baht and donated educational funds to Nong Pa Lai school amount of 100,000 baht.



3. **Wat Non Thong**, Tambol Nong Num Sai, Amphoe Ban Pai, Khon Kaen province, the donation amount of 1,021,559 baht and donated educational funds to Non Thong school amount of 100,000 baht.



4. **Wat Pho Thong Ban Phra Khru Yai**, Tambol Phra Khru, Amphoe Muang, Buriram province, the donation amount of 1,092,909 baht and donated educational funds to Wat Ban Mung school amount of 40,000 baht, Wat Phra Khru Vittaya school amount of 40,000 baht and Wat Phra Khru Vittayakhom school amount of 20,000 baht.





- **Education** The Company has a policy to give away scholarships to students and to give educational support funds to local schools which are located in the area of the temples. Besides, since 2012 onwards, the Company has started the project to build a building for child development center with the construction budget of 1 million baht under the name “Baan Mai khong Noo (my new home)”. The first centre was in aor bor tor Kirirat, Phobpra district, Tak province while the second center built in 2013 was located in aor bor tor Nakham, Muang district, Loey province. In 2014, the third center was built in aor bor tor Paklang, Pou district, Nan province. In 2015, two centers were built at the Baan Makam En school and the Wat Rangsaneh Nakornchan school in aor bor tor Takoey, Suanphueng district, Rachaburi province. In 2016, 2 centers were built for “Ban Patirooptheedin, Tambol Thai Samaggi” and “Ban Subsaithong school, Tambol Wang Nam Khiao” located in Wang Nam Khiao district, Nakhon Ratchasima province, which are center no 6 and no 7 respectively. In 2017 Bandongnoi school, Tambol Niyomchai, Amphoe Saboth Lopburi province and Ban khong samui school, Tambol Phong Num Ron, Amphoe Muang, Kamphaeng Phet Province, which are center no 8 and no 9 respectively. The Company plans to build more center every year in the location nearby the Company’s branches.



- **Society** Every year in June, the Company invites its employee to donate their blood to the Thai Red Cross Society. This is also the Company’s custom for over 25 years. The Company has funded many local traditional events such as Long boat racing, event of paying respect to god (Chinese) and making a spirit offering, event of lion dancing, etc. Moreover, the Company has a policy that prohibits staff at all levels to involve with drugs, as a trader or user. The Company performs annual workplace drug testing once a year under project named “Borisat si khao” (White company).



The Company has prepared a sustainability report 2017 separate from annual report for disclose the policy, operations of social responsibility and sustainable development of the company together with participation development for economic social and environment.

The Company send a sustainability report 2017 with the annual report to shareholder and disclose via the website of the company www.muangthaileasing.co.th

10. Risk Management

Muang Thai Leasing Public Company Limited has focused on risk management. It is one of the most important corporate cultures. This is to ensure that the Company's operations are in line with the principles of good corporate governance. Ensure sustainable business. The company is credible. And create confidence for investors. The Company has set up a Risk Management Committee to set up a risk management policy. Monitor the implementation of the risk management plan. Assess the adequacy of the risk management plan. The Company also reports risk to the Board of Directors. The Company adheres to the Risk Management Framework. It is based on international standards, based on the principles of risk management of The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise risk management (COSO-ERM) . The practice covers all 8 components.

1) Internal Environment

The Company communicates the need and importance of risk management. To all employees. It is a part of corporate culture. The Risk Management Working Group is responsible for the risk management process. The risk is controlled to an acceptable level.

2) Objective Setting

The Company has set objectives for risk management. It sets acceptable criteria for each organization's risk. To be consistent with the corporate strategy.

3) Event Identification

Management in each department of the company. It gathers risk events that may occur with the responsible department. Both internal and external risk factors. To understand the situation and the situation this will allow them to determine the appropriate risk management policies. In 2017, each department identified 36 initial risk scenarios.

4) Risk Assessment

The Company has assessed the risk of 36 risks by evaluating the opportunities and impacts, the risk of external factors and risk factors within the organization to know which risks should be managed in order of the level of risk assessed.

5) Risk Response

In 2017, The Company's risk appraisal was at the level of "Risk is high and very high" 10 risks are taken to reduce losses or opportunities to impact to acceptable levels.

6) Control Activities

The company has implemented various methods to reduce impact of risk such as modification or amendment of regulations / procedures. The major modifications that the company has implemented are the installation of CCTV cameras in all branches of 3,291 points to reduce the risk of employee fraud. And robbery / robbery And improvement of procedures before each type of loan approval. To prevent the fraud of fraudsters to fraudulent / fraudulent to obtain a loan from the company.

7) Information and Communication

The company has an effective communication system. The internal communication system. And communication between organizations and external agencies or stakeholders, such as web-based communication within the organization, video conferencing, open access to external channels, and communication with the company through its web side.



8) Monitoring

In 2017, the Risk Management Committee There were 4 official meetings to understand the results of risk management. Is it appropriate and can the risk be effectively managed and the Risk Management Working Group follow the guidelines to reduce the risk to acceptable criteria follow up and evaluate every month.

From the above. Board of Directors The Company's risk management system is adequate and appropriate. The system can be operated efficiently.

11. Internal Control System

The Company recognizes the importance of having internal control system in place. The Internal Audit division was set up to be responsible for monitoring day-to-day operations and following up to ensure that any detected errors or deficiencies are resolved or strengthened on a regular basis. And in order for the Internal Audit team to work independently and be able to fully investigate with checks and balances authority, the team shall have a direct reporting line to the Audit Committee.

Presently the Company has practiced an appropriate and efficient internal control system and risk management in accordance with the standardized framework of internal control and risk management of the Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO-ERM), which relates to the Company's business operations and work processes. The framework consists of 4 components:

- (1) Control Environment
- (2) Control Activities
- (3) Information & Communication
- (4) Monitoring Activities.

For 2017 business operations, the board of directors has the same opinions as the audit committee with details as summarized below.

11.1 Control Environment

The Company emphasizes the good corporate governance by defining its core value and company culture which reflect Integrity and Ethics as its tradition.

The Board of Directors that is independent from the management shall perform its duties to oversight the development and implementation of internal control system. The Board shall set the Company's business goal and Key Performance Indicators: KPI which reflect the business goal and will be used for performance evaluation. Written work procedures and regulations for all functions and operating manual for all systems shall be developed and communicated to all employees to use as guidelines in day-to-day operation. Moreover, the Company has continually promoted the control environment by organizing training program to employee every year to ensure that they will perform their duties transparently and with fair treatment to all stakeholders. The management has also set up a line of command, delegation of authorities and proper responsibilities so that the Company achieves its business objectives under the oversight of the committee.

11.2 Control Activities

The Company has clearly defined scope of duties of each position. The approval authority matrix and the operating manual/procedures have been reviewed to ensure its appropriateness with the current organization structure and job functions. There have been regular performance reviews to check if all rules and regulations, approval authority matrix and operating manual are followed properly. All these practices were aimed to ensure that the Company has proper, up-to-date and sufficient internal control system while employee in every function can perform their duties efficiently.

11.3 Information & Communication

The Company has recognized the importance of effective management information system (MIS) and communication so it has promoted and supported the continuing system development to ensure the information is accurate and up-to-date. The Company has selected and implemented the modern IT system which is highly secured and efficient for data input, data processing, data storage and data tracking. The system has enabled management and all stakeholders to have complete, accurate, adequate and timely information for their day-to-day operation and for making business decisions. The Company has also defined the policy on IT security and data usage and has provided intranet system to be a communication channel within the Company. Therefore, the dissemination of policies, orders, rules & regulations, operating manual and procedures, and important news becomes highly efficient and able to reach every employee within a short period. The new and effective information management system also enables the Company to prepare financial reports with accuracy and within the timeframe.

11.4 Monitoring Activities

The Company set up the Internal Audit division to be responsible for monitoring and communicating internal control deficiencies, in a timely manner, to the responsible persons which includes the high-level executives and the Audit Committee who shall assess the results and ensure that the internal control activities are still in place completely and adequately. The Board viewed that the Company has adequate and appropriate internal control system. The Company has dedicated sufficient group of personnel to execute such control system effectively, enabling the Company's operations to be transparent and comply with the principle of Good Corporate Governance. Additionally, the Company has executed the control and monitor system within the Company and its subsidiary to ensure that assets of the Company and its subsidiary are well protected from any director or executive to misuse or use without authority. The Company also has the sufficient control system to monitor the transactions with connected person or person who may have conflict of interest.



12. Details of Directors, Management and Controlling Person

Board of Director Profiles

Name	Adm. Apichat Pengsritong	
Age	69 years old	
Type of Director	Independent Director	
Date of appointment	12 September 2012	
Years in Director position	5 years 7 months	
Current Position	Chairman of the Board of Directors and Chairman of the Risk Management Committee	
Address	294/10 Moo 5, Soi Nawamin 24 (Uthen 13), Nawamin Road, Khlonggoom Sub-district, Buenggoom District, Bangkok	
Education	Naval Cadet program, class #66, Royal Thai Naval Academy Naval Staff program, class #45, Royal Thai Naval Staff College Naval War program, class #28, Naval War College, Royal Thai Navy Australian Command & Staff College, Australian Defence College	

Director Training

- Directors Accreditation Program (DAP) class 82/2010
- Risk Management Program for Corporate Leaders (RCL 5/2016)

Work Experience

- Navigator, H.T.M.S. Tachin, Anti-submarine Squadron, Royal Thai Fleet
- Weapon Officer, H.T.M.S. Tachin, Anti-submarine Squadron, Royal Thai Fleet
- Executive Officer, H.T.M.S. Sarasin, Anti-submarine Squadron, Royal Thai Fleet
- Anti-submarine Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- Junior Gunnery Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- Gunnery Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- Commanding Officer, H.T.M.S. Supirin, Patrol Squadron, Royal Thai Fleet
- Aide to Assistant Commander-in-Chief, Royal Thai Navy
- Deputy Chief of Staff, Bangkok Naval Station (presently Bangkok Naval Base)
- Naval Attache to Jakarta
- Assistant Secretary, Naval Secretariat Department
- Assistant Director General, Naval Intelligence Department
- Deputy Director General, Naval Intelligence Department
- Commander, Submarine Squadron, Royal Thai Fleet
- Director of Joint Logistics, Supreme Command Headquarter
- Commandant, Royal Thai Naval Academy
- Senior Advisor, Royal Thai Navy
- Deputy Supreme Commander Admiral

Shareholding 800,000 shares Percentage 0.038 (As at 28 February 2018)

Current Position in other Listed Companies

2015 - Present	Chairman of the Board Directors, JKN Global Media Plc.
2014 - Present	Chairman of the Board Directors, T.A.C. Consumer Plc.
2010 - Present	Independent Director, S&J International Plc.

Current Position in other Companies (Not Listed Companies) - None -

Position in the Company which might be conflicts of interest - None -

The Legal dispute - None -

Meeting attendance in 2017

- Board of Directors 7/7 times
- Risk Management Committee 4/4 times



Board of Director Profiles



Name	Mr. Chuchat Petaumpai
Age	64 years old
Type of Director	Director
Date of appointment	12 September 2012
Years in Director position	5 years 7 months
Current Position	Director and Chairman of the Executive Committee and Member of the Corporate Governance Committee
Address	13 Soi Charansanitwong 83/1, Bangaor Sub-district, Bangplad District, Bangkok
Education	Master of Business Economics, Thammasat University, 2000 Master of Business Administration, Naresuan University, 1998 Master of Finance, Oklahoma City University, USA, 1990
Director Training	<ul style="list-style-type: none"> - Directors Accreditation Program (DAP) class SET/2012 - Risk Management Program for Corporate Leaders (RCL 5/2016)
Work Experience	<ul style="list-style-type: none"> - Industrial Finance Corporation of Thailand (IFCT) - Kasikornbank Plc (formerly known as Thai Farmers Bank)
Shareholding	720,056,400 shares Percentage 33.965 (As at 28 February 2018)
Position in the Competitor Company	- None -
Current Position in other companies (not listed)	
2017 - Present	Director / Member of Nomination and Remuneration Committee Advance Power Conversion Co., Ltd
2017 - Present	Director / Vice-President NYE Estate Co., Ltd.
Position in the Company which might be conflicts of interest	- None -
The Legal dispute	- None -
Meeting attendance in 2017	<ul style="list-style-type: none"> - Board of Directors 7/7 times - Risk Management Committee 4/4 times - Corporate Governance Committee 2/2 times

Board of Director Profiles



Name	Mrs. Daonapa Petampai
Age	64 years old
Type of Director	Director
Date of appointment	12 September 2012
Years in Director position	5 years 7 months
Current Position	Director and Managing Director
Address	13 Soi Charansanitwong 83/1, Bangaor Sub-district, Bangplad District, Bangkok
Education	Master of Finance, Oklahoma City University, USA, 1989
Director Training	Directors Accreditation Program (DAP) class SET/2012
Work Experience	<ul style="list-style-type: none">- Assistant Unit Manager - Credit Card, Head Office, Kasikornbank Plc. (formerly known as Thai Farmers Bank)- Assistant Branch Manager, Kasikornbank Plc
Shareholding	720,000,000 shares Percentage 33.962 (As at 28 February 2018)
Current Position in other Listed Companies	- None -
Current Position in other companies (not listed)	- None -
Position in the Company which might be conflicts of interest	- None -
Legal Dispute	- None -
Meeting attendance in 2017	- Board of Directors 7/7 times



Board of Director Profiles



Name	Dr. Yodhin Anavil
Age	68 years old
Type of Director	Independent Director
Date of appointment	12 September 2012
Years in Director position	5 years 7 months
Current Position	Chairman of the Nomination and Remuneration and Independent Director
Address	27/34 Soi Puekchit, Chatuchak Sub-district, Chatuchak District, Bangkok
Education	Doctorate of Engineer (Electrical Engineering), University of Cincinnati, USA Master of Engineer (Electrical Engineering), George Washington University, USA

Director Training	<ul style="list-style-type: none"> - Directors Certification Program (DCP) class 101/2008 - Directors Accreditation Program (DAP) class 60/2006 - Audit Committee Program (ACP) class 24/2008 - Charter Director Class (CDC) class 3/2008 - Financial Statements Demystified for Directors (FDD) class 1/2009 - Role of The Compensation Committee (RCC) class 7/2008
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Shareholding	400,000 shares Percentage 0.019 (As at 28 March 2018)
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Current Position in other Listed Companies

2011 - Present	Independent Director, Member of Audit Committee and Ethics Committee Robinson Department Store Plc.
2005 - Present	Independent Director, Member of Audit Committee and Nomination and Remuneration Committee Jasmine International Plc.

Current Position in other Companies (Not Listed Companies)

2002 - Present	Director Pop Network Co., Ltd
1998 - Present	Director Peter Air Jinny Co., Ltd
1998 - Present	Director Federite World Sales

Position in the Company which might be conflicts of interest	- None -
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The Legal dispute	- None -
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Meeting attendance in 2017	<ul style="list-style-type: none"> - Board of Directors 7/7 times - Nomination and Remuneration Committee 2/2 times
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Board of Director Profiles



Name	Mrs. Kongkeaw Piamduaytham
Age	65 years old
Type of Director	Independent Director
Date of appointment	12 September 2012
Years in Director position	5 years 7 months
Current Position	Chairperson of the Audit Committee, Member of the Nomination and Remuneration Committee and Independent Director and Member of the Corporate Governance Committee
Address	291 Soi Patanakarn 61, Patanakarn Road, Praves Sub-district, Praves District, Bangkok
Education	Master of Finance, Washington State University, USA
Director Training	Directors Certification Program (DCP) class 157/2012 Advanced Audit Committee Program (AACP) class 13/2013 Role of Nomination and Governance Committee (RNG) class 7/2015
Shareholding	800,000 shares Percentage 0.038 (As at 28 February 2018)
Current Position in other Listed Companies	
2010 - Present	Director, Aira Capital Plc.
2009 - Present	Adviser, Aira Securities Plc.
Current Position in other Companies (Not Listed Companies)	
2011 - Present	Chairperson of the Audit Committee, Papop Co., Ltd
Position in the Company which might be conflicts of interest	- None -
The Legal dispute	- None -
Meeting attendance in 2017	- Board of Directors 7/7 times - Audit Committee 4/4 times - Corporate Governance Committee 2/2 times - Nomination and Remuneration Committee 2/2 times



Board of Director Profiles



Name Mrs. Nongnuch Dawasuwan
Age 63 years old
Type of Director Independent Director
Date of appointment 29 March 2017
Years in Director position 1 year
Current Position Member of the Audit Committee and Member of the Nomination and Remuneration Committee
Address 244 Udomsuk Soi 26, Sukhumvit 103, Bangna, Bangkok
Education Bachelor's Degree: Bachelor of Accountancy, Chulalongkorn University

Director Training

- Directors Accreditation Program (DAP) class 137/2017
- Advance Audit Committee Program (AAP) class 26/2017

Current Position

2014-2015	Chief of Customs Service Sub-division, Nakhonphanom Customs house, Thai Customs
2012-2013	Chief of Duty Accounting Sub-division, Suvarnabhumi Airport Passenger Control Customs Bureau, Thai Customs
2010-2011	Chief of Duty Free Zone Audit Sub-division, Tax Incentives Bureau Customs, Thai Customs

Shareholding - None -
Current Position in other Listed Companies - None -
Current Position in other Companies (Not Listed Companies) - None -
Position in the Company which might be conflicts of interest - None -
The Legal dispute - None -

Meeting attendance in 2017

- Board of Directors 5/7 times
- Audit Committee 3/4 times
- Nomination and Remuneration Committee 1/2 times

Board of Director Profiles



Name	Mr. Kampol Tatiyakavee
Age	58 years old
Type of Director	Independent Director
Date of appointment	12 September 2012
Years in Director position	5 years 7 months
Current Position	Member of the Audit Committee, Member of the Nomination and Remuneration committee, Member of the Risk Management Committee and Independent Director
Address	52/4 Soi Makesawad, Chongnonsi Sub-district, Yannawa District, Bangkok
Education	Master of Engineer (Industrial Engineering), University of Texas at Arlington, USA Chief Executive Program, Capital Market Academy (CMA) Class 9
Director Training	<ul style="list-style-type: none">- Directors Certification Program (DCP) class 74/2006- Directors Accreditation Program (DAP) class 55/2006- Risk Management Program for Corporate Leaders (RCL 5/2016)- Advanced Audit Committee Program (AAP) Class 25/2017
Shareholding	800,000 shares Percentage 0.038 (As at 28 February 2018)
Current Position in other Listed Companies	
Oct 2017 - Present	Chief Executive Blisstel Plc.
2016 - Present	Independent director Power Solution Technologies Plc.
2010 - Present	Director We Retail Plc.
2013 - 2017	Director Amata VN Plc.
2013 - 2016	Chief Operating Officer Amata VN Plc.
Current Position in other Companies (Not Listed Companies)	- None -
Position in the Company which might be conflicts of interest	- None -
The Legal dispute	- None -
Meeting attendance in 2017	<ul style="list-style-type: none">- Board of Directors 7/7 times- Audit Committee 4/4 times- Risk Management Committee 4/4 times- Corporate Governance Committee 2/2 times



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2017)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Surapong Pechaumpai Deputy Managing Director	56	Master of Business Administration, University of the Thai Chamber of Commerce Barrister-at-law, Institute of Legal Education of the Thai Bar Association	0.046	Brother of Mr. Chuchat Petaumpai	2013 - Present	Deputy Managing Director	Muangthai Leasing Plc.	Vehicle title loan
					2012 - Present	Director	Muangthai Leasing Insurance Broker Co.,Ltd.	Insurance broker
Mr.Parithad Petampai Assistant Managing Director	35	Master of Banking and International Finance, Cass Business School, London	0.112	Son of Mr. Chuchat Petaumpai & Mrs. Daonapa Petampai	2002 - 2012	Assistant Managing Director	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2015 - Present	Assistant Managing Director	Muangthai Leasing Plc.	Vehicle title loan
					2010 - 2014	Marketing Manager	Real Asset Development Co.,Ltd	Real estate
					2007 - 2009	Analyst	Thai Farmers Bank (K Bank)	Banking
Mr. Surat Chayavoradech Assistant Managing Director	47	Master of Finance, Thammasat University Master of Business Administration, Chulalongkorn University	0.002	-	2006 - 2007	Analyst	Goldman Sacks, London	Banking
					2013 - Present	Assistant Managing Director	Muangthai Leasing Plc.	Vehicle title loan
					2010 - 2012	Accounting & Finance Manager	Bio-active Co.,Ltd.	Chemical
					2005 - 2009	Accounting & Finance Manager	Taiban Fishery Co.,Ltd.	Cold storage service
Ms. Duangkhae Songnuy Manager - Collection	50	Master of Management and Organization, Dhurakij Pundit University	0.054	-	2015 - Present	Collection Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2015	Audit Manager	Muangthai Leasing Plc.	Vehicle title loan
					2007 - 2011	Deputy Manager - Audit	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Ms. Vimonrat Nujul Manager - Account	48	Master of Accounting, Dhurakij Pundit University	0.024	-	2017 - Present	Manager - Accounting	Muangthai Leasing Plc.	Vehicle title loan
					2012 - 2016	Deputy Manager - Accounting Director	Muangthai Leasing Plc. Muangthai Leasing Insurance Broker Co.,Ltd.	Vehicle title loan Insurance broker
					2004 - 2012	Assistant Manager - Accounting	Muangthai Leasing Co.,Ltd.	Vehicle title loan

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2017)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Somkiat Ratsamee Deputy Manager - Branch Administration	54	Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	0.010	-	2016 - Present	Deputy Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2015 - 2016	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2014	Assistant Manager - Branch Administration - Phitsanuloke District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006 - 2010	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Mr. Amnat Niamsee Deputy Manager - Branch Administration	52	Master Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	0.025	-	2017 - Present	Deputy Manager - Branch Administration - Nakhonsawan District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2015 - 2016	Assistant Manager - Branch Administration - Chonburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2014	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006 - 2010	Assistant Manager - Branch Administration - Phitsanuloke District Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2017)	Family Relationship with other Management	Work Experience within 5 years			Type of Business
					Period	Position	Company/ Organization	
Mr. Banyat Ninsiri Assistant Manager - Branch Administration	45	Master Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	0.014	-	2017 - Present	Assistant Manager - Branch Administration - Suratthani District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2015 - 2016	Assistant Manager - Branch Administration - Nakonsawan District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2014	Assistant Manager - Branch Administration - Saraburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2007 - 2010	Branch Manager - Thanon Boromrai, Phitsanuloke	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Mr. Niyom Rodnoi Assistant Manager - Branch Administration	48	Bachelor of Business Administration, Phetchabun Rajabhat University	0.021	-	2016 - Present	Assistant Manager - Branch Administration - Bangkok District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2015	Assistant Manager - Branch Administration - Khonkaen District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2013	Branch Manager - Ayudhya	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2006 - 2010	Branch Manager - Pichit	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Mr. Pradit Thongkhum Assistant Manager - Branch Administration	54	Bachelor of Education Uttaradit Rajabhat University	0.009	-	2014 - Present	Assistant Manager - Branch Administration - Lampang District Manager	Muangthai Leasing Plc.	Vehicle title loan
Mr. Songkam Eiamkai Assistant Manager - Branch Administration	55	Bachelor of Education Phetchabun Rajabhat University	0.002	-	2017 - Present	Assistant Manager - Branch Administration - Chonburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2014 - 2016	Assistant Manager - Branch Administration - Nakonratchasima District Manager	Muangthai Leasing Plc.	Vehicle title loan

Details of Company Secretary

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2017)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Ms. Monthon Onphan Company Secretary	42	Bachelor of Management, Suan Dusit Rajabhat University Company Secretary Program (CSP) Class 50/2013 Effective Minute Taking (EMT 26/2013) Anti Corruption : The Practical Guide (APCG) 43/2018	-	-	2013 - Present 2011 - 2013 2005 - 2011	Company Secretary Team Head - Accounting Team Head - General Administration	Muangthai Leasing Plc. Muangthai Leasing Co.,Ltd. Muangthai Leasing Co.,Ltd.	Vehicle title loan Vehicle title loan Vehicle title loan

Roles & Responsibilities of Company Secretary

1. Supervising and providing recommendations to the Directors and Executives to conform with related law, rules and regulations of regulatory bodies and of the Company and monitoring on regular basis to ensure conformity in all aspects.
2. Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
3. Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
4. Preparing and maintaining the following documents:
 - 4.1 A register of Directors
 - 4.2 Notice and Minutes of the Board meeting
 - 4.3 Notice and Minutes of Shareholder meeting
 - 4.4 Annual Report
 - 4.5 Director and Management's report on conflict of interest



Details of Management and Controlling person of the Company in its related companies as of 31 December 2017

Name	The Company		Related Companies																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Mr. Surapong Pechaumpai	M	/																		
Mr. Surat Chayavoradech	M																			
Ms. Duangkhae Songnuy	M																			
Ms. Vimonrat Nujul	M	/																		
Mr. Somkiat Ratsamee	M																			
Mr. Amnat Niamsee	M																			
Mr. Banyat Ninsiri	M																			
Mr. Niyom Rodnoi	M																			
Mr. Pradit Thongkhum	M																			
Mr. Songkarn Eiamkai	M																			

Remark : / = Director M = Management / Executive

Related Companies:

1. Muangthai Leasing Insurance Broker Company Limited

13. Connected Transactions

13.1 Details of connected transactions

In 2017, the Company has connected transactions with connected persons as follows.

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the Transaction
			Year 2016	Year 2017	
Mr. Chuchat Petaumpai	<ul style="list-style-type: none"> - Mr. Chuchat Petaumpai is Chairman of the Executive committee and holding 1,440,056,400 shares (including the spouse's holding) equaling to 67.93% of fully paid-up share capital as of 17 November 2017. - Spouse of Mrs. Daonapa Petaumpai 	<ol style="list-style-type: none"> 1. Building rental 	2.32	2.58	<p>The Company rented 8 shophouses and warehouses from Mr.Chuchat Petaumpai to use for branch office and auction centre to operate the Company's business; No. 1 to No.7 with 3 year lease contracts starting from 1 January 2015 to 31 December 2017 and No.8 with 3 year lease contracts starting from 1 October 2016 to 30 September 2019 with following details.</p> <ol style="list-style-type: none"> 1. Shophouse with 4 storey 1 unit address: 230/6 Boromtrailoknard Road, Naimuang, Muang, Phitsanuloke 2. Shophouse with 3 storey 2 units address: 28/103-104 Singhawat Road, Naimuang, Muang, Phitsanuloke 3. Shophouse with 3 storey 3 units address: 2/243-245 Srimala Road, Naimuang, Muang, Pichit 4. Shophouse with 3 storey 2 units address: 58/38-39 Tambol Baanklang, Muang, Lamphoon 5. Shophouse with 3 storey 2 units address: 81/41-42 Mitphab Road, Naimuang, Muang, Phitsanuloke 6. Shophouse with 2 storey 2 units address: 187/13-14 Phrompiram-Nongtom Road, Matong, Phrompiram, Phitsanuloke 7. Warehouse 1 unit address: 462/3 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke 8. Shophouse with 4 storey 2 units address: 462/11 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2016	Year 2017	
					The rental rates are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co.,Ltd, the independent appraiser approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives. The Audit Committee considered and viewed that the Company rental of shophouses and warehouses from Mr.Chuchat Petaumpai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent appraiser approved by the Office of the Securities and Exchange Commission so it is considered an appropriate and fair price.
		2. Guarantor of leasing contract Credit facility Balance	16.38 2.07	1.89 0.08	Mr.Chuchat Petaumpai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contract of Mr.Chuchat Petaumpai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.
Mrs. Daonapa Petampai	- Mrs. Daonapa Petampai is the Company's Managing Director and holding 1,440,056,400 shares (including the spouse's holding) equaling to 67.93% of fully paid-up share capital as of 17 November 2017 - Spouse of Mr. Chuchat Petaumpai	1. Building rental	4.31	4.31	The Company rents 7 building and shophouses from Mrs. Daonapa Petampai to use as Head office and branch office with 3 year rental contracts starting from 1 January 2015 to 31 December 2017, with following details. 1. Five storey building with 540 sq.m. space (Head Office) address: 32/1 Jaransanitwong Road, Bangaor, Banglad, Bangkok 2. Shophouse with 2 storey 2 units address: 28,30 Jarotviteetong Road, Muang Sawankaloke, Sawankaloke, Sukhothai 3. Shophouse with 3 storey 2 units address: 88/1 Samakkichai Road, Naimuang, Muang, Petchaboon 4. Shophouse with 4 storey 2 units address: 176,178 Ratdamri Road, Namuang, Muang, Prachinburi 5. Shophouse with 4 storey 1 unit address: 2/10 Anghthong-Singhbur, Taladluang, Muang, Anghthong 6. Shophouse 2 units address: 13 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Banglad, Bangkok 7. Shophouse 1 unit address: 44 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Banglad, Bangkok

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2016	Year 2017	
					The rental rates for item 1-5 are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co., Ltd, the independent appraiser approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives. The rental rates for item 6-7 are the same market rate which the Company paid for renting other nearby shophouse from external party. The Audit Committee considered and viewed that the Company rental of building and shophouses from Mrs.Daonapa Petampai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent appraiser approved by the Office of the Securities and Exchange Commission and the same market price as rental from external party so they are considered as appropriate and fair prices.
		2. Guarantor of leasing contract Credit facility Balance	1.89 0.55	1.89 0.08	Mrs. Daonapa Petampai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contract of Mrs. Daonapa Petampai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.
Mr. Surapong Pechaumpai	- Mr. Surapong Pechaumpai is a member of the Executive Committee and Deputy Managing Director - Brother of Mr. Chuchat Petaumpai	Guarantor of leasing contract Credit facility Balance	16.28 7.30	12.69 3.30	Mr. Surapong Pechaumpai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contracts of Mr. Surapong Pechaumpai arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.
Mr. Wasin Dejkitvikrom	- Brother of Mrs. Daonapa Petampai - Holding 28,625,600 shares equaling to 1.35% of fully paid-up share capital as of 17 November 2017	Agency commission	1.21	1.40	The Company paid agency commission to Mr. Wasin Dejkitvikrom based on the amount of monthly loan release and the pre-defined commission structure. The Audit Committee considered and viewed that the transaction incurred as normal business practice in order to provide more channels to service the Company's customers. The commission rate paid to Mr. Wasin Dejkitvikrom was appropriate as it was the same rate paid to other agents. However, the Company does not have a policy to recruit more agents in the future.



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2016	Year 2017	
Ms. Vimonrat Nujul	- Ms. Vimonrat Nujul is Executive and Manager - Account	Guarantor of leasing contract Credit facility Balance	30.54 24.06	46.02 28.59	Ms. Vimonrat Nujul entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contracts of Ms. Vimonrat Nujul arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.
The Company's executives	- Mr. Surapong Pechaumpai is Executive and Deputy Managing Director	Loan to executives	0.18	0.11	In 2016 and 2017, the Company provided loans for 7 executives with the annual interest rate of 8.00%.
- Mr. Surapong Pechaumpai	- Mr. Surapong Pechaumpai is Executive and Deputy Managing Director	Brought forward	0.50	0.25	The Audit Committee considered and viewed that it is appropriate for the Company to provide loans for its executives since it is one of employee benefits. The conditions applied for executives are the same as other employees.
- Mr. Banyat Ninsiri	- Mr. Surat Chayavoradech is Executive and Assistant Managing Director	add loan during the period	(0.57)	(0.33)	
- Mr. Niyom Rodnoi	- Ms. Duangkhae Songnyu is Executive and Assistant Managing Director	less payment during the period			
- Mr. Somkiat Ratsamee	- Ms. Duangkhae Songnyu is Executive and Manager - Collection	Balance at the end of period	0.11	0.03	
- Mr. Amnat Niamsee	- Ms. Vimolrat Nujool is Executive and Manager - Account	Interest	0.013	0.006	
- Mr. Songkarn Eiamkai	- Mr. Somkiat Ratsamee is Executive and Deputy Manager - Branch Administration - Ayudhya				
- Mr. Pradit Thongkhum	- Mr. Amnat Niamsee is Executive and Deputy Manager - Branch Administration - Nakornsawan				
- Mr. Surat Chayavoradech	- Mr. Banyat Ninsiri is Executive and Assistant Manager - Branch Administration - Surat Thani				
- Ms. Vimonrat Nujul	- Mr. Niyom Rodnoi is Executive and Assistant Manager - Branch Administration - Bangkok				
- Ms. Duangkhae Songnyu	- Mr. Pradit Thongkhum is Executive and Assistant Manager - Branch Administration - Lampang				
	- Mr. Songkran Eiamkai is Executive and Assistant Manager - Branch Administration - Chonburi				

The Audit Committee's opinion

Resolution of the Board of Directors meeting no 1/2018 dated 20 February 2018 which the Audit Committee who were all independent directors agreed that the connected transactions were a necessity for business operations in general. Conditions of all connected transactions were in accordance with market price, contractual price and agreed price, which were reasonable and appropriate for normal business practice.

13.2 Criteria or Procedure for Approval of Connected Transactions

Connected transactions shall be proposed to the Audit Committee and/or the independent directors to consider and provide opinion that such transactions are in accordance with normal business practices and should be incurred for the best interest of the Company.

13.3 Policy and Future Trends of Connected Transactions

The Company and/or its subsidiary may continually incur connected transactions in the future which are normal business practices and has a clear policy for connected transactions based on normal pricing and terms which the Company offers to other person and/or non-related company.

For the connected transactions which do not follow normal business practice and might incurred in the future, the Company requires that the Audit Committee shall review the transaction against the regulations and indicate the reason of the transaction before the Company incurring the transaction by following the above mentioned Criteria and procedure for approval of connected transactions. However, for the transactions that may cause conflict of interest in the future, the Board of directors will comply with the Securities and Exchange Act, regulations, notifications, announcements or rules of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the regulations regarding disclosure of connected transactions and the acquisition and disposal of assets of the Company and its subsidiary, and will follow the accounting standards defined by the Federation of Accounting Professions (FAP).



14. Key Financial Information

14.1 Summary of Auditor's Report

Year	Auditor's name	Certified Public Accountant Registration No	Auditor's Office	Summary of auditor's report
2017	Ms. Somjai Khunnapasut	4499	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2017, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2016	Ms. Somjai Khunnapasut	4499	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2016, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2015	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

14.2 Summary of the Company's Financial Information

Table depicting separate financial statements of the Company

Statements of financial position	Year 2017		Year 2016		Year 2015	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Assets						
Current assets						
Cash and cash equivalents	1,136.85	3.08	527.62	2.16	144.60	1.11
Current portion of loan receivables	21,987.89	59.53	15,363.88	62.94	9,010.41	68.91
Other receivables - subsidiary	2.94	0.01	3.19	0.01	1.27	0.01
Short-term loans	39.71	0.11	27.47	0.11	15.28	0.12
Other current assets	125.58	0.34	63.56	0.26	38.15	0.29
Total current assets	23,292.97	63.07	15,985.72	65.48	9,209.71	70.44
Non-current assets						
Loan receivables - net of current portion	12,463.70	33.75	7,531.72	30.86	3,284.22	25.12
Investments in subsidiary	2.00	0.01	2.00	0.01	2.00	0.02
Land, buildings and equipment	1,022.03	2.77	772.43	3.16	519.66	3.97
Intangible assets	25.92	0.07	21.59	0.09	3.72	0.03
Deferred tax assets	12.63	0.03	-	-	-	-
Other non - current assets	112.59	0.30	98.20	0.40	54.48	0.42
Total non - current assets	13,638.87	36.93	8,425.94	34.52	3,864.08	29.56
Total assets	36,931.84	100.00	24,411.66	100.00	13,073.79	100.00
Liabilities and shareholders' equity						
Current liabilities						
Short - term loans from financial institutions	6,621.68	17.93	9,725.77	39.84	2,885.02	22.07
Short - term loans	99.73	0.27	562.19	2.30	332.75	2.54
Derivative liabilities	63.62	0.17	-	-	-	-
Other payables	431.05	1.17	224.37	0.92	124.29	0.95
Current portion of long-term loans	2,744.96	7.43	2,097.83	8.59	557.97	4.27
Current portion of long-term debentures	998.23	2.70	250.00	1.02	-	-
Current portion of liabilities under hire purchase and financial lease payable	17.05	0.05	13.93	0.06	11.13	0.09
Income tax payable	337.90	0.92	203.46	0.83	104.77	0.80
Other current liabilities	38.38	0.11	26.58	0.11	20.70	0.16
Total current liabilities	11,352.60	30.75	13,104.13	53.67	4,036.63	30.88



Statements of financial position (continued)	Year 2017		Year 2016		Year 2015	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Non-current liabilities						
Long-term loans - net of current portion	3,182.47	8.62	2,498.88	10.24	3,099.26	23.70
Long-term debentures - net of current portion	13,410.83	36.31	2,076.32	8.51	250.00	1.91
Liabilities under hire purchase and financial lease payable - net of current portion	25.31	0.07	23.43	0.10	18.54	0.14
Deferred tax liabilities	-	-	7.89	0.03	5.15	0.04
Provision for long - term employee benefits	41.37	0.11	26.95	0.11	22.93	0.18
Total non - current liabilities	16,659.98	45.11	4,633.47	18.99	3,395.88	25.97
Total liabilities	28,012.58	75.86	17,737.60	72.66	7,432.51	56.85
Shareholders' equity						
Share capital						
Registered capital	2,120.00		2,120.00		2,120.00	
Issued and fully paid - up capital	2,120.00	5.74	2,120.00	8.68	2,120.00	16.22
Share premium	2,379.84	6.44	2,379.84	9.75	2,379.84	18.20
Retained earnings						
Appropriated - statutory reserve	212.00	0.57	184.40	0.76	109.40	0.84
Unappropriated	4,237.33	11.47	1,989.82	8.15	1,032.04	7.89
Other component of shareholders' equity	(29.91)	(0.08)	-	-	-	-
Total shareholders' equity	8,919.26	24.14	6,674.06	27.34	5,641.28	43.15
Total liabilities and shareholders' equity	36,931.84	100.00	24,411.66	100.00	13,073.79	100.00
Statements of comprehensive income						
Revenues						
Interest and fee income from loan receivables - vehicle title loan	6,116.56	81.99	3,772.13	84.51	2,161.07	84.69
Interest and fee income from loan receivables - personal loan	678.36	9.09	247.21	5.54	64.02	2.51
Fee and service income	609.80	8.17	409.01	9.16	295.90	11.60
Other income	55.92	0.75	35.36	0.79	30.78	1.20
Total revenues	7,460.64	100.00	4,463.71	100.00	2,551.77	100.00
Expenses						
Selling and administrative expenses	2,985.94	40.02	1,983.65	44.44	1,267.61	49.68
Loss on disposals of assets foreclosed	23.64	0.32	15.25	0.34	6.27	0.24
Bad debts and doubtful accounts	679.41	9.11	331.73	7.43	24.73	0.97
Total expenses	3,688.99	49.45	2,330.63	52.21	1,298.61	50.89
Profit before financial cost and income tax expenses	3,771.65	50.55	2,133.08	47.79	1,253.16	49.11
Financial cost	673.10	9.02	328.03	7.35	227.58	8.92
Profit before income tax expenses	3,098.55	41.53	1,805.05	40.44	1,025.58	40.19
Income tax expenses	603.80	8.09	348.27	7.80	205.72	8.06
Profit for the year	2,494.75	33.44	1,456.78	32.64	819.86	32.13

Statements of comprehensive income (continued)	Year 2017		Year 2016		Year 2015	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Unrealised loss from cash flow hedge	(37.39)	(0.50)	-	-	-	-
Income tax relating to cash flow hedge	7.48	0.10	-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net income tax	(29.91)	(0.40)	-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial loss on defined benefit plan	(9.56)	(0.13)	-	-	(4.14)	(0.16)
Income tax relating to defined benefit plan	1.91	0.03	-	-	0.83	0.03
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net income tax	(7.65)	(0.10)	-	-	(3.31)	(0.13)
Other comprehensive income for the year (loss)	(37.56)	(0.50)	-	-	(3.31)	(0.13)
Total comprehensive income for the year	2,457.19	32.94	1,456.78	32.64	816.55	32.00

(unit : million baht)

Statements of cash flow	Year 2017	Year 2016	Year 2015
Cash flows from operating activities			
Profit before income tax	3,098.55	1,805.05	1,025.58
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	153.42	90.81	48.29
Bad debts and doubtful accounts	679.41	331.73	24.73
Impairment loss on assets foreclosed (reversal)	9.50	2.50	(0.20)
Gain on disposals of loan receivables	(5.96)	-	-
Loss (Gain) on disposals of equipment	1.40	1.38	(0.22)
Provision for long-term employee benefits	5.05	4.03	2.46
Unrealised loss from valuation of derivatives	26.23	-	-
Interest and fee income from loan receivables	(6,794.92)	(4,019.34)	(2,225.09)
Other interest income	(4.30)	(2.91)	(8.87)
Financial cost	673.10	328.03	227.58
Loss from operating activities before changes in operating assets and liabilities	(2,158.52)	(1,458.72)	(905.74)
Decrease (Increase) in operating assets			
Short-term investments	-	-	500.00
Loan receivables	(11,995.40)	(10,724.73)	(5,102.30)
Other receivables - subsidiary	0.25	(1.93)	(0.23)



(unit : million baht)

Statements of cash flow (continued)	Year 2017	Year 2016	Year 2015
Short-term loans	(12.24)	(12.19)	0.40
Other current assets	(71.53)	(27.90)	(14.07)
Other non-current assets	(18.22)	(44.94)	(32.66)
Increase (decrease) in operating liabilities			
Other payables	90.01	81.99	17.98
Other current liabilities	11.80	5.88	4.41
Provision for Long-term employee benefits	(0.2)	-	-
Cash used in operating activities	(14,154.05)	(12,182.54)	(5,532.21)
Cash received from interest and fee from loan receivables	6,565.19	3,814.28	2,139.64
Cash paid for income tax	(480.49)	(246.83)	(133.98)
Net cash flows used in operating activities	(8,069.35)	(8,615.09)	(3,526.55)
Cash flows from investing activities			
Cash paid for acquisition of land, building and equipment	(400.69)	(348.66)	(203.23)
Proceeds from disposals of equipment	4.07	3.28	1.16
Cash paid for acquisition of intangible assets	(4.32)	(17.87)	(0.20)
Net cash flows used in investing activities	(400.94)	(363.25)	(202.27)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans			
from financial institutions	(3,204.80)	6,742.41	2,351.62
Increase (decrease) in short-term loans	(471.85)	222.97	332.75
Cash received from long-term loans	3,500.00	1,500.00	3,595.00
Repayment of long-term loans	(2,162.50)	(564.72)	(2,917.94)
Cash receipt from debenture issuance	12,103.00	2,073.63	250.00
Increase in liabilities under hire purchase and financial lease payable	4.99	7.69	11.55
Cash paid on interest	(477.33)	(196.61)	(179.27)
Cash paid on dividends	(212.00)	(424.00)	(275.60)
Net cash flows from financing activities	9,079.51	9,361.37	3,168.11
Net increase (decrease) in cash and cash equivalents	609.22	383.03	(560.71)
Cash and cash equivalents at beginning of year	527.63	144.60	705.31
Cash and cash equivalents at end of year	1,136.85	527.63	144.60

Table depicting consolidated financial statements of the Company and its subsidiary

Statements of financial position	Year 2017		Year 2016		Year 2015	
	Million	Percent	Million	Percent	Million	Percent
	baht		baht		baht	
Assets						
Current assets						
Cash and cash equivalents	1,153.71	3.12	539.29	2.21	152.57	1.17
Short-term investments	-	-	-	-	1.00	0.01
Current portion of loan receivables	21,987.89	59.50	15,363.88	62.90	9,010.41	68.87
Short-term loans	39.71	0.11	27.47	0.11	15.28	0.12
Other current assets	126.79	0.34	64.94	0.27	38.40	0.29
Total current assets	23,308.10	63.07	15,995.58	65.49	9,217.66	70.46
Non-current assets						
Restricted bank deposits	7.00	0.02	5.00	0.02	3.00	0.02
Long-term investment-bank deposit	1.00	0.00	1.00	0.00	-	-
Loan receivables-net of current portion	12,463.70	33.73	7,531.72	30.84	3,284.22	25.11
Land, buildings and equipment	1,022.05	2.77	772.46	3.16	519.71	3.97
Intangible assets	25.92	0.07	21.59	0.09	3.72	0.03
Deferred tax assets	12.65	0.03	0.02	0.00	0.01	0.00
Other non-current assets	112.59	0.31	98.20	0.40	54.48	0.41
Total non-current assets	13,644.91	36.93	8,429.99	34.51	3,865.14	29.54
Total assets	36,953.01	100.00	24,425.57	100.00	13,082.80	100.00
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	6,621.68	17.92	9,725.77	39.82	2,885.02	22.05
Short-term loans	99.73	0.27	562.19	2.30	332.75	2.54
Derivative liabilities	63.62	0.17	-	-	-	-
Other payables	438.69	1.19	228.53	0.94	128.72	0.98
Current portion of long-term loans	2,744.96	7.43	2,097.82	8.59	557.97	4.27
Current portion of long-term debentures	998.23	2.70	250.00	1.02	-	-
Current portion of liabilities under hire purchase and financial lease payable	17.05	0.05	13.93	0.06	11.13	0.09
Income tax payable	338.00	0.91	203.46	0.83	105.02	0.80
Other current liabilities	27.66	0.08	18.03	0.07	14.10	0.11
Total current liabilities	11,349.62	30.72	13,099.73	53.63	4,034.71	30.84
Non-current liabilities						
Long-term loans-net of current portion	3,182.47	8.61	2,498.88	10.23	3,099.26	23.69
Long-term debentures-net of current portion	13,410.83	36.29	2,076.31	8.50	250.00	1.91
Liabilities under hire purchase and financial lease payable-net of current portion	25.31	0.07	23.43	0.10	18.54	0.14
Deferred tax liabilities	-	-	7.89	0.03	5.15	0.04
Provision for long-term employee benefits	41.47	0.11	27.05	0.11	23.00	0.18
Total non-current liabilities	16,660.08	45.08	4,633.56	18.97	3,395.95	25.96
Total liabilities	28,009.70	75.80	17,733.29	72.60	7,430.66	56.80



Statements of financial position (continued)	Year 2017		Year 2016		Year 2015	
	Million	Percent	Million	Percent	Million	Percent
	baht		baht		baht	
Shareholders' equity						
Share capital						
Registered capital	2,120.00		2,120.00		2,120.00	
Issued and fully paid-up capital	2,120.00	5.74	2,120.00	8.68	2,120.00	16.20
Share premium	2,379.84	6.44	2,379.84	9.75	2,379.84	18.19
Retained earnings						
Appropriated-statutory reserve	212.00	0.57	184.40	0.75	109.40	0.84
Unappropriated	4,261.38	11.53	2,008.04	8.22	1,042.90	7.97
Other component in shareholders' equity	(29.91)	(0.08)	-	-	-	-
Total shareholders' equity	8,943.31	24.20	6,692.28	27.40	5,652.14	43.20
Total liabilities and shareholders' equity	36,953.01	100.00	24,425.57	100.00	13,082.80	100.00

Statements of comprehensive income	Year 2017		Year 2016		Year 2015	
	Million	Percent	Million	Percent	Million	Percent
	baht		baht		baht	
Revenues						
Interest and fee income from loan receivables						
- vehicle title loan	6,116.56	81.87	3,772.13	84.35	2,161.07	84.45
Interest and fee income from loan receivables						
- personal loan	678.36	9.08	247.21	5.53	64.02	2.50
Fee and service income	642.03	8.59	436.07	9.75	317.29	12.40
Other income	34.04	0.46	16.59	0.37	16.56	0.65
Total revenues	7,470.99	100.00	4,472.00	100.00	2,558.94	100.00
Expenses						
Selling and administrative expenses	2,988.93	40.01	1,984.59	44.38	1,268.60	49.58
Loss on disposals of assets foreclosed	23.64	0.32	15.25	0.34	6.27	0.24
Bad debts and doubtful accounts	679.40	9.09	331.73	7.42	24.73	0.97
Total expenses	3,691.97	49.42	2,331.57	52.14	1,299.60	50.79
Profit before financial cost and income tax expenses	3,779.02	50.58	2,140.43	47.86	1,259.34	49.21
Financial cost	673.10	9.01	328.03	7.34	227.58	8.89
Profit before income tax expenses	3,105.92	41.57	1,812.40	40.53	1,031.76	40.32
Income tax expenses	605.32	8.10	348.26	7.79	206.76	8.08
Profit for the year	2,500.60	33.47	1,464.14	32.74	825.00	32.24

Statements of comprehensive income (continued)	Year 2017		Year 2016		Year 2015	
	Million	Percent	Million	Percent	Million	Percent
	baht		baht		baht	
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Unrealised loss from cash flow hedge	(37.39)	(0.50)	-	-	-	-
Income tax relating to cash flow hedge	7.48	0.10	-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(29.91)	(0.40)	-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial loss on defined benefit plan	(9.56)	(0.13)	-	-	(4.14)	(0.16)
Income tax relating to defined benefit plan	1.91	0.03	-	-	0.83	0.03
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net income tax	(7.65)	(0.10)	-	-	(3.31)	(0.13)
Other comprehensive income for the year (loss)	(37.56)	(0.50)	-	-	(3.31)	(0.13)
Total comprehensive income for the year	2,463.04	32.97	1,464.14	32.74	821.69	32.11

(unit : million baht)

Statements of cash flow	Year 2017	Year 2016	Year 2015
Cash flows from operating activities			
Profit before income tax	3,105.92	1,812.40	1,031.76
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	153.43	90.82	48.31
Bad debts and doubtful accounts	679.41	331.73	24.73
Impairment loss on assets foreclosed (reversal)	9.50	2.50	(0.20)
Gain on disposals of loan receivables	(5.96)	-	-
Loss on disposals of equipment	1.40	1.39	(0.22)
Provision for long-term employee benefits	5.05	4.05	2.48
Unrealised loss from valuation of derivatives	26.23	-	-
Interest and fee income from loan receivables	(6,794.92)	(4,019.34)	(2,225.09)
Other interest income	(4.46)	(3.01)	(8.93)
Financial cost	673.10	328.03	227.58
Loss from operating activities before changes in operating assets and liabilities	(2,151.30)	(1,451.43)	(899.58)
Decrease (Increase) in operating assets			
Short-term investments	-	-	500.00
Loan receivables	(11,995.40)	(10,724.73)	(5,102.29)
Short-term loans	(12.24)	(12.19)	0.40
Other current assets	(71.54)	(28.03)	(14.18)
Other non-current assets	(18.22)	(44.94)	(32.67)



(unit : million baht)

Statements of cash flow (continued)	Year 2017	Year 2016	Year 2015
Increase (decrease) in operating liabilities			
Other payables	93.49	81.26	19.53
Other current liabilities	9.64	3.94	4.92
Provision for Long-term Employee benefits	(0.2)	-	-
Cash used in operating activities	(14,145.77)	(12,176.12)	(5,523.87)
Cash received from interest and fee from loan receivables	6,565.33	3,814.36	2,139.71
Cash paid for income tax	(481.71)	(247.64)	(134.99)
Net cash flows used in operating activities	(8,062.15)	(8,609.40)	(3,519.15)
Cash flows from investing activities			
Increase in restricted bank deposits	(2.00)	(2.00)	-
Cash paid for acquisition of land, building and equipment	(400.69)	(348.66)	(203.23)
Proceeds from disposals of equipment	4.07	3.28	1.16
Cash paid for acquisition of intangible assets	(4.32)	(17.87)	(0.20)
Net cash flows used in investing activities	(402.94)	(365.25)	(202.27)
Cash flows from financing activities			
Increase (decrease) in short-term loans from financial institutions	(3,204.80)	6,742.41	2,351.62
Increase (decrease) in short-term loans	(471.85)	222.97	332.75
Cash receipt from long-term loans	3,500.00	1,500.00	3,595.00
Repayment of long-term loans	(2,162.50)	(564.72)	(2,917.94)
Cash receipt from debenture issuance	12,103.00	2,073.63	250.00
Increase in liabilities under hire purchase and financial lease payable	4.99	7.69	11.55
Cash paid on interest	(477.33)	(196.61)	(179.27)
Cash paid on dividends	(212.00)	(424.00)	(275.60)
Net cash flows from financing activities	9,079.51	9,361.37	3,168.11
Net increase (decrease) in cash and cash equivalents	614.42	386.72	(553.31)
Cash and cash equivalents at beginning of year	539.29	152.57	705.88
Cash and cash equivalents at end of year	1,153.71	539.29	152.57

14.3 Important Financial Ratio

Item	Year 2017	Year 2016	Year 2015
Profitability Ratio			
Interest Income Ratio ⁽¹⁾ (%)	23.70%	22.84%	22.92%
Interest Expense Ratio (%)	3.04%	2.73%	4.18%
Interest Spread (%)	20.66%	20.11%	18.74%
Net Profit Margin (%)	33.47%	32.74%	32.24%
Return on Average Shareholders' Equity (%)	31.99%	23.72%	15.34%
Efficiency Ratio			
Net Interest Income to Total Assets (%)	19.95%	19.68%	18.28%
Return on Average Assets (%)	8.15%	7.81%	7.55%
Total Asset Turnover (times)	0.24	0.24	0.23
Financial Ratio			
Debt to Equity Ratio (times)	3.13	2.65	1.31
Total Loans to Total Borrowing (times)	1.27	1.33	1.73
Dividend Payout Ratio (%)	15.26%	14.48%	51.71%
Asset Quality Ratio			
Allowance for Doubtful Account to Total Loans (%)	3.29%	2.74%	2.66%
Bad Debt and Doubtful Account to Total Loans (%)	0.04%	0.09%	0.11%
Non-Performing Loan to Total Loans (%)	1.24%	1.07%	0.92%

Remark : ⁽¹⁾ Interest Income Ratio calculated from total of interest and fee income divided by average loan receivables.



15. Management Discussion and Analysis

15.1 Overview of Operating Performance in the past

The Company started its business by providing hire purchase loan for new and used motorcycle of all brands through the channel of motorcycle distributors in Phitsanuloke and other provinces in the lower northern region. Target customers were fixed income employee (daily and monthly paid), agriculturer and other self-employed individuals. Later, the Company has increased its product lines by offering vehicle title loans (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other farm vehicles, which enabled the Company to service larger groups of customer. In 2001, the Company stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. The increase of service providers resulted in more competitions in the industry. In 2006, the Company envisioned an opportunity to expand by entering the personal loan industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through our own branches.

In 2011, The Company invested in Muangthai Leasing Insurance Broker Company, the insurance broker, buying 99.99% of its total paid-up capital with the objective to provide additional services to the Company's loan customers.

The Company emphasized on providing service excellence to its customers with the Company's slogan of "Intimate services like closed family members". As a result the Company has well gained customer trust and received repeated business continually.

15.2 Analysis of Operating Performance

15.2.1 Income

The Company and its subsidiary had total income of 2,558.94 million baht in 2015 and 4,472.00 million baht in 2016, equaling to 74.76% growth rate. In 2017, the Company and its subsidiary had total income of 7,470.99 million baht, increased by 2,998.99 million baht, (67.06% YoY). Total income of the Company and its subsidiary consisted of interest income on loans, fee & service income, and other incomes as details shown below:

Income	Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%
Interest and fee income - vehicle title and land title deed loans	2,161.07	84.45	3,772.13	84.35	6,116.56	81.87
Interest and fee income - personal loans and nano finance	64.02	2.50	247.21	5.53	678.36	9.08
Total interest income on loans	2,225.09	86.95	4,019.34	89.88	6,794.92	90.95
Fee & service income	295.90	11.56	409.01	9.15	609.80	8.16
Brokerage income*	21.39	0.84	27.06	0.60	32.23	0.43
Other incomes	16.56	0.65	16.59	0.37	34.04	0.46
Total income	2,558.94	100.00	4,472.00	100.00	7,470.99	100.00

Remark : * Brokerage income was income from the business of the Company's subsidiary, MTLI

Interest and fee Income on Loans

Interest and fee income on loans was the main income of the Company and its subsidiary, 87-91% of the total income. The Company had interest and fee income on loan for 2,225.09 million baht in 2015, 4,019.34 million baht in 2016 and 6,794.92 million baht in 2017, equaling to growth rate of 80.63% and 69.06% respectively. The Company's interest income on loans consisted of

- (1) Interest and fee income on vehicle title and land title deed loans. Vehicle title loan was the main loan service that the Company provided for its customers. The Company had interest income of 2,161.07 million baht in 2015, 3,772.13 million baht in 2016 and 6,116.56 million baht in 2017. The growth rates were 74.55% and 62.15% respectively.
- (2) Interest and fee income on personal loan and nano finance. The Company provided personal loan and nano finance to customers who were using vehicle title loan with the Company and had good payment history. In 2017, the trend of household consumption has been gradually recovered, resulting in the increasing demands for personal loans. The Company had interest incomes on personal loan and nano finance for 64.02 million baht, 247.21 million baht and 678.36 million baht from 2015 to 2017 respectively.

Vehicle Title and Land Title Deed Loan				
				Growth rate
	Yr 2015	Yr 2016	Yr 2017	Yr 2016 - 2017 (%)
Interest and fee income from loan receivables				
- vehicle title and land title deed loan (million baht)	2,161.07	3,772.13	6,116.56	62.15
Total loan-vehicle title and land title deed loan (million baht)	19,461.21	35,208.43	51,097.36	45.13
Total loan receivables-vehicle title loan and land title deed (million baht)	12,179.04	22,053.31	31,765.41	44.04
Number of loan contracts	1,088,324	1,569,471	2,060,981	31.32

Personal Loan and Nano Finance				
				Growth rate
	Yr 2015	Yr 2016	Yr 2017	Yr 2016 - 2017 (%)
Interest and fee income from loan receivables				
- personal loan and nano finance (million baht)	64.02	247.21	678.36	174.41
Total loan-personal loan and nano finance (million baht)	770.40	2,508.29	6,941.37	176.74
Total loan receivables-personal loan and nano finance (million baht)	451.16	1,487.93	3,857.16	159.23
Number of loan contracts	105,681	262,864	586,302	123.04



The main reason of the continuously growing interest and fee income was the expansion of the Company's branch network, from 1,664 branches in 2016 to 2,424 branches in 2017. Loan to customers increased consistently; vehicle title loan and land title deed loan grew from 19,461.21 million baht in 2015 to 35,208.43 million baht in 2016 and 51,097.36 million baht in 2017, equaling to growth rate of 80.92% and 45.13% respectively. In term of contracts, the number grew from 1,088,324 contracts in 2015 and 1,569,471 contracts in 2016 to 2,060,981 contracts in 2017. For personal loan and nano finance, during 2015-2017, the amount of loan to customer grew from 770.40 million baht in 2015 to 2,508.29 million baht in 2016 and 6,941.37 million baht in 2017. The number of contracts increased from 105,681 contracts in 2015 to 262,864 contracts in 2016 and 568,302 contracts in 2017.

Fee & Service Income

The Company and its subsidiary had fee & service income of 317.29 million baht in 2015, 436.07 million baht in 2016 and 642.03 million baht in 2017, which were YoY 12.40%, 9.75% and 8.59% of total income respectively. The fee & service income included the Company's fee and service income as well as fee and service income from MTLI, which is the Company's subsidiary.

During 2015-2017, the Company had fee & service income of 295.90 million baht, 409.01 million baht and 609.80 million baht, equaling to the growth rate of 38.22% and 49.09% respectively. The fee & service income comprised penalty and collection fee which the Company charged to customers who use vehicle title and land title deed loan who failed to pay their installment due, at the rate of 3%-9% of the outstanding depended on the type of collaterals and the credit limit while the collection fee of personal loan was charged as per number of collection calls. The fee income has been increased in the same direction with the interest income growth.

For MTLI's fee & service income, as non-life insurance broker, MTLI had income from the selling of insurance policies which were 21.39 million baht in 2015, 27.06 million baht in 2016 and 32.23 million baht in 2017. MTLI's insurance selling was only to the Company's customers who contacted its branches and its service centres. Thus, the growth of brokerage income was in line with the growth of the Company's total loans.

15.2.2 Operating Expenses

Operating Expenses	Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%
Selling and administrative expenses	1,268.60	83.07	1,984.59	74.62	2,988.93	68.47
Losses on disposals of assets foreclosed	6.27	0.41	15.25	0.57	23.64	0.54
Bad debts and doubtful accounts	24.73	1.62	331.73	12.47	679.40	15.56
Financial cost	227.58	14.90	328.03	12.34	673.10	15.42
Total expenses	1,527.18	100.00	2,659.60	100.00	4,365.07	100.00
Percentage to Total income		59.68		59.47		58.43

The Company and its subsidiary had total expenses of 1,527.18 million baht in 2015, 2,659.60 million baht in 2016 and 4,365.07 million baht in 2017, equaling to 59.68%, 59.47% and 58.43% of its total income. Total expenses included selling and administrative expenses, loss on disposal of assets foreclosed, bad debts and doubtful accounts and financial cost, with the following details.

Selling and administrative expenses

Selling and administrative expenses were the major expenses for the Company's business operations with the ratio of 68-83% of the total expenses. During 2015-2017, the Company and its subsidiary had selling and administrative expenses of 1,268.60 million baht, 1,984.59 million baht and 2,988.93 million baht, equaling to YoY of 49.58%, 44.38% and 40.01% of total income respectively.

Key selling and administrative expenses included employee expenses such as salary, position allowance, bonus, commission and other benefits, representing 53-56% of the total selling and administrative expenses. The Company and its subsidiary had employee expenses of 710.16 million baht in 2015, 1,097.01 million baht in 2016 and 1,591.99 million baht in 2017. The consistently increasing selling administrative expenses resulted from the Company's policy to expand its branch network to cover more service areas nationwide. The number of its employee increased from 2,617 persons at year-end 2015 to 4,185 persons at year-end 2016 and 5,880 persons at the end of year 2017.

The second major expense in this category was rental and rental right, which was 13-14% of total selling and administrative expenses. The amount of rental and rental right increased from 164.46 million baht in 2015, 284.89 million baht in 2016 and 427.11 million baht in 2017. This was also resulted from the above mentioned Company's policy to expand its branch network continuously. Generally, the Company had rental contracts with external person or related person of 3 years rental right and the right to extend the rent for other 3 years. Apart from the two major expenses, the expenses included in this category were travel expense, depreciation, utilities, communication expense and promotion and sales campaign, etc.

Losses on disposals of assets foreclosed

The Company had decided to tighten up its loan approval criteria which resulted in increasing number of cars foreclosed comparing to the past, from 11,287 cars in 2015 and 13,628 cars in 2016 and 20,627 cars in 2017, which increased from the number of the same period in the previous year for 6,999 cars. The highly increasing number of foreclosed cars in each auction event impacted the auction prices due to excessive supply at the time each auction took place. As a result, the Company had losses on disposal of foreclosed assets for 6.27 million baht in 2015, 15.25 million baht in 2016 and 23.64 million baht in 2017 or 0.41%, 0.57% and 0.54% of total expenses each year. In 2015 the Company's average losses on the disposal of foreclosed car was at 556 baht per car and in 2016 the Company's average losses on the disposal of foreclosed car decreased to 1,119 baht per car while the average losses became 1,146 baht per car in 2017.



Bad debts and Doubtful accounts

The Company had bad debts and doubtful accounts of 24.73 million baht in 2015, 331.73 million baht in 2016 and 679.40 million baht in 2017. Doubtful accounts are accounting estimates which the Company shall consider the method which align with business situations as well as customers' ability to pay back the debts, payment history and actual losses in the past. Following is table shown details of the Company's doubtful account allowance ratio.

Account Receivables Aging	Percentage of doubtful accounts allowance Since 1 January 2012 onwards
Undue account receivables and overdue less than 30 days	1%
Overdue account receivables 31-90 days	2%
Overdue account receivables over 90 days	100%
Account receivables transferred to legal department	100%

Moreover, the Company has set aside additional loan loss reserve to cover future losses, by assessing the information of losses in the past. As a result, in 2016 the Company set loan loss reserve by account receivables aging at 419.28 million baht and loan loss reserve for potentially uncollectible loans at 226.36 million baht. While in 2017, the Company's loan loss reserve by account receivables aging was at 690.16 million baht and the loan loss reserve for potentially uncollectible loans was at 480.82 million baht. The loan loss reserve for potentially uncollectible loans helped strengthen the ratio of loan loss reserve to non-performance loan. In 2016 and 2017, the Company's ratio of loan loss reserve to non-performance loan was 257.35% and 265.41% respectively.

In 2017, the Company had bad debts and doubtful accounts allowance at 1,170.98 million baht, which was 525.34 million baht higher than the previous year. This is due to the fact that the Company's loan portfolio has been significantly increased from 23,541.24 million baht in 2016 to 35,622.57 million baht in 2017, which was 12,081.33 million baht or 51.32% increase. While total account receivables with aging undue and overdue less than 30 days slightly decreased from 91.50% in 2016 to 90.77% in 2017 and total account receivables overdue 31-90 days increased from 7.44% in 2016 to 7.99% in 2017. Total account receivable overdue over 90 days slightly increased from 1.07% in 2016 to 1.24% in 2017. The Company has also set aside more loan loss reserve for potentially uncollectible loans during this period of 254.46 million baht.

During 2015-2017, the Company's total write-off were 14.15 million baht, 21.66 million baht and 15.42 million baht respectively, equaling to 0.11%, 0.09% and 0.04% of account receivables less unearned financial income each year.

Financial Cost

The Company and its subsidiary had financial cost, during 2015-2017, of 227.58 million baht, 328.03 million baht and 673.10 million baht, which equaled to 44.14% YoY and 105.19% YoY respectively. The Company's financial cost in 2017 increased 345.07 million baht from the previous year due to the increase of loans with interest. The Company's loan increased from 7,154.68 million baht in 2015 to 17,248.34 million baht in 2016 and 27,100.25 million baht in 2017. The increase of interest-bearing debts was to support the expansion of the Company's lending portfolio.

15.2.3 Profitability

Interest Spread

		Yr 2015	Yr 2016	Yr 2017
Interest income rate*	(percent)	22.92	22.84	23.70
Interest expense rate	(percent)	4.18**	2.73	3.04
Interest spread	(percent)	18.74	20.11	20.66

* Interest Income Ratio calculated from total of interest income divided by average loan receivables.

** Calculated by adjusting impact from the Company loans' repayments during November - December 2015

The Company's Interest income rate (Interest and fee) were 22.92%, 22.84% and 23.70% in year 2015-2017 respectively. The interest income rate increase from the previous year because the increase of personal loan and nano finance. Meanwhile, the Company's interest expense rates were at 4.18% in 2015, 2.73% in 2016 and 3.04% in 2017. Resulted from the Company's favorable negotiation with financial institutes to get low-interest loan, our interest spread were 18.74% in 2015, 20.11% in 2016 and 20.66% in 2017.

Net Profit

Resulting from the above mentioned business operating, the Company and its subsidiary had net profit on 825.00 million baht in 2015 and 1,464.14 million baht in 2016, which were 32.24% and 32.74% respectively. In 2017, the Company and its subsidiary's profit was 2,500.60 million baht or 33.47%, which were higher than in the previous years.

15.3 Financial Position

15.3.1 Assets

At the end of year 2015-2017, the Company and its subsidiary's total assets valued 13,082.80 million baht, 24,425.57 million baht and 36,953.01 million baht respectively. The core assets of the Company were loan receivables which were up to 12,294.63 million baht, 22,895.60 million baht and 34,451.59 million baht, equaling to 93.98%, 93.74% and 93.23% of total assets respectively.

The Company and its subsidiary had current assets of 9,217.66 million baht, 15,995.58 million baht and 23,308.10 million baht at the end of year 2015-2017 respectively. The core current assets were current portion of loan receivables (loans with period to pay off less than one year) of 9,010.41 million baht, 15,363.88 million baht and 21,987.89 million baht at the end of year 2015-2017 respectively, equaling to 97.75%, 96.05% and 94.34% of current assets respectively.

For non-current assets, the Company and its subsidiary had non-current assets of 3,865.14 million baht, 8,429.99 million baht and 13,644.91 million baht at the end of 2015-2017 respectively. The core non-current assets were loan receivables-net of current portion which were 3,284.22 million baht, 7,531.72 million baht and 12,463.70 million baht at the end of 2015-2017 respectively, equaling to 84.97%, 89.34% and 91.34% of total non-current assets respectively. The second largest portion were land, building and equipment-net, which were 519.71 million baht, 772.46 million baht and 1,022.05 million baht or 13.45%, 9.16% and 7.49% of total non-current assets respectively.



Loan Receivables

At the end of year 2015-2017, the Company has loan receivables at 12,294.63 million baht, 22,895.60 million baht and 34,451.59 million baht respectively, which consisted of current portion of loan receivables (loans with period to pay off less than one year) of 9,010.41 million baht, 15,363.88 million baht and 21,987.89 million baht, equaling to 73.29%, 67.10% and 63.82% of total loan receivables, while Loan receivables - net of current portion were 3,284.22 million baht, 7,531.72 million baht and 12,463.70 million baht equaling to 26.71%, 32.90% and 36.18% of total loan receivables.

	Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%
Current portion of loan receivables	9,010.41	73.29	15,363.88	67.10	21,987.89	63.82
Loan receivables - net of current portion	3,284.22	26.71	7,531.72	32.90	12,463.70	36.18
Loan receivables - Total	12,294.63	100.00	22,895.60	100.00	34,451.59	100.00

Debt Structure classified by type of collateral

Type of collateral	Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%
Motorcycle	7,525.97	59.59	10,555.18	44.84	13,440.45	37.73
Car	3,862.30	30.58	7,778.87	33.04	11,671.25	32.76
Farm vehicles	538.44	4.26	1,136.47	4.83	1,732.43	4.86
Personal loan	340.37	2.69	1,036.83	4.40	2,843.43	7.98
Land	252.32	2.00	2,582.79	10.97	4,921.28	13.82
Nano finance	110.80	0.88	451.10	1.92	1,013.73	2.85
Total	12,630.20	100.00	23,541.24	100.00	35,622.57	100.00

* Numbers shown in the above table are loan receivables less unearned financial income (before less allowance for doubtful account)

In 2015-2017, the Company's loan receivables consisted of secured loan receivables representing 89.17-96.43% and unsecured loan receivables representing 3.57-10.83% respectively. For secured loans, the largest portion was the motorcycle title loan, followed by the car title loan and land title deed loan, with the instalment periods ranging from 6 - 50 months. While the unsecured loans included personal loan and nano finance with the instalment periods ranging from 6 - 30 months.

Debt Classification

Account receivable less unearned financial income	Year 2015		Year 2016		Year 2017	
	Million THB	%	Million THB	%	Million THB	%
Not due	9,923.66	78.57	18,496.99	78.57	27,572.45	77.40
Overdue 1-30 days	1,682.53	13.32	3,042.13	12.92	4,762.52	13.38
Overdue 31-90 days	907.33	7.18	1,751.24	7.44	2,846.41	7.99
Overdue 91-180 days	28.66	0.23	99.32	0.42	210.68	0.59
Overdue 181-365 days	25.41	0.20	74.80	0.32	171.89	0.48
Overdue over 365 days	14.64	0.12	7.39	0.03	22.20	0.06
Transferred to legal department	47.97	0.38	69.37	0.30	36.42	0.10
Total	12,630.20	100.00	23,541.24	100.00	35,622.57	100.00
Less: Allowance for doubtful accounts	(335.57)	(2.66)	(645.64)	(2.74)	(1,170.98)	(3.29)
Loan receivables - Total	12,294.63	97.34	22,895.60	97.26	34,451.59	96.71

The large portion of the Company's account receivables included undue accounts or overdue less than 30 days, representing 91.89% in 2015, 91.49% in 2016 and 90.78% in 2017. The overdue 31-90 days group represented 7.18%, 7.44% and 7.99% respectively while the account receivables with aging over 90 days were only 0.93%, 1.07% and 1.23% respectively. These numbers reflected that the Company's account receivables had high quality with undue accounts and accounts overdue less than 30 days at 91%-92% of total loan receivables less unearned financial income. Main reason was the Company's policy to assess and evaluate its credit officers with comprehensive criteria, which enabled the strictly controlled loan approval and highly efficient loan monitoring and collection.

When considering the adequacy of loan loss reserve, it is notable that at the end of 2017, the Company had reserved 1,170.98 million baht or 3.29% of total loan receivables before deducting allowance for doubtful accounts, which increasing from year 2016 when the Company reserved 645.64 million baht or 2.74% of total loan receivables before deducting allowance for doubtful accounts. Meanwhile, the Company had written off 21.66 million baht in 2016 and 15.42 million baht in 2017 which were 0.09% and 0.04% of total loan receivables before deducting allowance for doubtful accounts respectively.

Land, Building and Equipment

The Company and its subsidiary had land, building and equipment – net of 519.71 million baht in 2015, 772.46 million baht in 2016 and 1,022.05 million baht at the year-end of 2017, equaling to 3.97%, 3.16% and 2.77% of total assets respectively. The Company and its subsidiary had low portion of fixed assets because it mostly used rented buildings for its branches. Most of fixed assets were office equipment, computer and company car.

15.3.2 Liquidity

Cash Flow

(Unit : million baht)

	Yr 2015	Yr 2016	Yr 2017
Net cash flows received from (used in) operating activities	(3,519.15)	(8,609.40)	(8,062.15)
Net cash flows received from (used in) investing activities	(202.27)	(365.25)	(402.94)
Net cash flows received from (used in) financial activities	3,168.11	9,361.37	9,079.51
Net cash and cash equivalent increase (decrease)	(553.31)	386.72	614.42

In 2015, the Company and its subsidiary had net cash flows used in operating activities of 3,519.15 million baht, resulting from the increase of account receivables for 5,102.30 million baht. The Company had bought more vehicles and equipment of 203.43 million baht and disposal of equipment of 1.16 million baht. So the total net cash flow used in investing activities was 202.27 million baht. For financial activities, the Company received cash from short-term loan of 2,684.37 million baht and cash receive from long-term loan from financial institute of 3,845 million baht. While the Company had paid off 2,917.94 million baht long-term loan from financial institute and paid interest of 179.27 million baht, resulting in net cash flows received from financial activities of 3,168.11 million baht. In year 2015, the Company and its subsidiary has net cash and cash equivalent decrease of 553.31 million baht.



In 2016, the Company and its subsidiary had net cash flows used in operating activities of 8,609.40 million baht, resulting from the increase of account receivables for 10,724.73 million baht. The Company had bought more vehicles, equipment and intangible assets of 366.53 million baht and disposal of equipment of 3.28 million baht. So the total net cash flow used in investing activities was 365.25 million baht. For financial activities, the Company received cash from short-term loan of 6,965.38 million baht and cash receive from long-term loan of 1,500 million baht and cash receive from debenture issuance of 2,073.63 million baht. While the Company had paid off 564.72 million baht long-term loan and paid interest of 196.61 million baht, resulting in net cash flows received from financial activities of 9,361.37 million baht. Therefore, in year 2016, the Company and its subsidiary has net cash and cash equivalent increase of 386.72 million baht.

In 2017, the Company and its subsidiary had net cash flows used in operating activities of 8,062.15 million baht, resulting from the increase of account receivables for 11,995.40 million baht. The Company had bought more vehicles, equipment and intangible assets of 405.01 million baht and disposal of equipment of 4.07 million baht. So the total net cash flow used in investing activities was 402.94 million baht. For financial activities, the Company received cash from long-term loan of 3,500 million baht and cash receive from debenture issuance of 12,103.00 million baht. While the Company had paid off 2,162.50 million baht long-term loan, 471.85 million baht short-term loan and paid interest of 477.33 million baht, resulting in net cash flows received from financial activities of 9,079.51 million baht. Therefore, in year 2017, the Company and its subsidiary has net cash and cash equivalent increase of 614.42 million baht.

15.3.3 Sources of Fund

At the end of 2015-2017, the Company and its subsidiary had financial liabilities, shareholders' equity and debt to equity ratio with details as follows.

Sources of fund	31 December 2015		31 December 2016		31 December 2017	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Loans						
Short-term loan	3,230.00	25.24	10,315.00	43.09	6,721.41	18.67
Long-term loan	3,914.72	30.59	6,929.00	28.95	20,336.49	56.49
Total loans	7,144.72	55.83	17,244.00	72.04	27,057.90	75.16
Shareholders' equity	5,652.14	44.17	6,692.28	27.96	8,943.32	24.84
Total sources of fund	12,796.86	100.00	23,936.28	100.00	36,001.22	100.00

The main source of fund of the Company and its subsidiary was loans from commercial banks which represented 56-75% of total sources of fund. Loans from commercial banks mostly were long-term loan with payment period 15-36 months. The second source was from shareholders' equity which was approximately 22-44% of total sources of fund. Both sources of fund were considered long-term which aligned with loans which the Company provided to its customers that had average instalment period of 10-24 months. This reflected that the Company and its subsidiary had appropriate fund structure which was in line with its main business of providing loan services.

Liabilities

At the end of 2015-2017, the Company and its subsidiary had total liabilities of 7,430.66 million baht, 17,733.29 million baht and 28,009.70 million baht respectively. Major portions of their liabilities were long-term loans from financial institutions, bank overdrafts and short-term loans from financial institutions and the bond market. The increase of total liabilities was in line with the expansion of the Company's loan portfolio.

Shareholders' Equity

At the end of 2015, the Company and its subsidiary had total shareholders' equity of 5,652.14 million baht, increasing from 2014 for 546.09 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 275.6 million baht to its shareholders.

At the end of 2016, the Company and its subsidiary had total shareholders' equity of 6,692.28 million baht, increasing from 2015 for 1,040.14 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 424 million baht to its shareholders.

At the end of 2017, the Company and its subsidiary had total shareholders' equity of 8,943.31 million baht, increasing from 2016 for 2,251.03 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 212 million baht to its shareholders.

Return on Equity

The Company and its subsidiary provided return on equity at 15.34% in 2015, 23.72% in 2016 and 31.99% in 2017. With the consistent growth in their business operation, during 2015-2017, the Company and its subsidiary had paid the dividend to the shareholders of 275.6 million baht, 424 million baht and 212 million baht respectively.

Optimal Capital Structure

The Company and its subsidiary had debt to equity ratio of 1.31 times at the end of 2015, 2.65 times in 2016 and 3.13 times in 2017. This reflected the optimal capital structure of the Company and its subsidiary for its business operation.

16. Additional Information

Investors may see more detailed information of Muengthai Leasing Public Company Limited from its Disclosure report concerning additional information (Form 56-1).



Independent Auditor's Report

To the Shareholders of Muangthai Leasing Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Muangthai Leasing Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Muangthai Leasing Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muangthai Leasing Public Company Limited and its subsidiary and of Muangthai Leasing Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowance for doubtful accounts for loan receivables

As discussed in Note 4.6 to the financial statements, the estimation of allowance for doubtful accounts for loan receivables was based on the estimated possible loss from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgement in estimating allowances for losses that are expected to be incurred for each debtor. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2017, the Company had loan receivables of Baht 35,623 million (representing 96% of total assets) and allowance for doubtful accounts of Baht 1,171 million. Therefore, I focused on the audit of the adequacy of the allowance for doubtful accounts.

I assessed and tested the internal controls relevant to the collection of debts, the calculation of debtor aging and the determination of allowance for doubtful accounts for loan receivables and the recording of related accounting entries by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the methods, key information and assumptions used by the Company in calculating the allowance for doubtful accounts by reviewing key information to its sources, and performing comparative analysis on the assumptions that the Company used and the historical data. In addition, I evaluated the consistency of the application of assumptions, performed sampling tests on the data used in calculation of the allowance, and tested the calculation of debtor aging and allowance for doubtful accounts.



Recognition of interest income

The Company's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2017, the Company's revenue mainly consisted of interest income from loan receivables amounting to Baht 6,795 million (representing 91 percent of total revenue). The interest income was derived from the provision of loans to a large number of customers, most of whom are retail customers, to which different methods of interest income recognition and various terms and conditions were applied, depending on the type of loan. In addition, revenue recognition relies primarily on data processing by information systems. Therefore, I focused on the audit of the amount and timing of interest income recognition.

I assessed and tested the Company's information technology system controls and the internal controls related to the processes of loan origination, loan collection and calculation for interest income recognition by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls that respond to the amount and timing of the revenue recognition in the Company's financial statements. Moreover, I applied a sampling method to select loan agreements to assess whether the recording of loans and the interest revenue recognition were consistent with the conditions of the relevant agreements, and in compliance with the Company's policy. In addition, I performed analytical procedures on the interest revenue figures recognised throughout the period, on a sampling basis, tested the cessation of recognition of interest revenue and examined the accounting entries for interest income recorded through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 20 February 2018



Statements of financial position

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6	1,153,714,611	539,291,642	1,136,848,550	527,625,730
Current portion of loan receivables	7	21,987,888,255	15,363,880,226	21,987,888,255	15,363,880,226
Other receivables - subsidiary		-	-	2,941,091	3,195,658
Short-term loans		39,707,366	27,466,257	39,707,366	27,466,257
Other current assets	9	126,794,672	64,944,093	125,586,881	63,557,176
Total current assets		23,308,104,904	15,995,582,218	23,292,972,143	15,985,725,047
Non-current assets					
Restricted bank deposits	10	7,000,000	5,000,000	-	-
Long-term investment - bank deposit	11	1,000,000	1,000,000	-	-
Loan receivables - net of current portion	7	12,463,702,071	7,531,722,877	12,463,702,071	7,531,722,877
Investments in subsidiary	12	-	-	2,000,000	2,000,000
Land, buildings and equipment	13	1,022,049,561	772,461,018	1,022,028,868	772,426,830
Intangible assets	14	25,916,260	21,592,637	25,916,260	21,592,637
Deferred tax assets	15	12,647,113	19,478	12,627,589	-
Other non-current assets		112,593,221	98,197,631	112,593,221	98,197,631
Total non-current assets		13,644,908,226	8,429,993,641	13,638,868,009	8,425,939,975
Total assets		36,953,013,130	24,425,575,859	36,931,840,152	24,411,665,022

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

Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from					
financial institutions	16	6,621,682,753	9,725,771,966	6,621,682,753	9,725,771,966
Short-term loans	17	99,734,815	562,185,230	99,734,815	562,185,230
Derivative liabilities		63,621,559	-	63,621,559	-
Other payables	18	438,692,175	228,531,690	431,055,159	224,372,124
Current portion of long-term loans	19	2,744,958,658	2,097,825,639	2,744,958,658	2,097,825,639
Current portion of long-term debentures	20	998,227,955	250,000,000	998,227,955	250,000,000
Current portion of liabilities under hire					
purchase and financial lease payable	21	17,045,537	13,934,109	17,045,537	13,934,109
Income tax payable		337,995,976	203,458,150	337,898,884	203,458,150
Other current liabilities		27,661,097	18,023,639	38,377,202	26,581,116
Total current liabilities		11,349,620,525	13,099,730,423	11,352,602,522	13,104,128,334
Non-current liabilities					
Long-term loans - net of current portion	19	3,182,467,154	2,498,883,602	3,182,467,154	2,498,883,602
Long-term debentures - net of current portion	20	13,410,826,102	2,076,313,995	13,410,826,102	2,076,313,995
Liabilities under hire purchase and financial					
lease payable - net of current portion	21	25,313,200	23,428,340	25,313,200	23,428,340
Deferred tax liabilities	15	-	7,890,158	-	7,890,158
Provision for long-term employee benefits	22	41,469,959	27,048,274	41,372,340	26,950,882
Total non-current liabilities		16,660,076,415	4,633,564,369	16,659,978,796	4,633,466,977
Total liabilities		28,009,696,940	17,733,294,792	28,012,581,318	17,737,595,311

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



Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
2,120,000,000 ordinary shares					
of Baht 1 each					
		2,120,000,000	2,120,000,000	2,120,000,000	2,120,000,000
Share premium		2,379,843,362	2,379,843,362	2,379,843,362	2,379,843,362
Retained earnings					
Appropriated - statutory reserve	23	212,000,000	184,400,000	212,000,000	184,400,000
Unappropriated		4,261,383,465	2,008,037,705	4,237,326,109	1,989,826,349
Other components of shareholders' equity		(29,910,637)	-	(29,910,637)	-
Total shareholders' equity		8,943,316,190	6,692,281,067	8,919,258,834	6,674,069,711
Total liabilities and shareholders' equity		36,953,013,130	24,425,575,859	36,931,840,152	24,411,665,022

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

Statements of comprehensive income

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Interest and fee income from loans receivables		6,794,921,504	4,019,339,489	6,794,921,504	4,019,339,489
Fee and service income		642,028,832	436,072,766	609,803,681	409,009,574
Other income		34,041,257	16,587,024	55,921,150	35,357,330
Total revenues		7,470,991,593	4,471,999,279	7,460,646,335	4,463,706,393
Expenses					
Selling and administrative expenses		2,988,929,219	1,984,590,013	2,985,941,875	1,983,644,797
Loss on disposals of assets foreclosed		23,642,047	15,252,751	23,642,047	15,252,751
Bad debts and doubtful accounts	8	679,405,500	331,727,562	679,405,500	331,727,562
Total expenses		3,691,976,766	2,331,570,326	3,688,989,422	2,330,625,110
Profit before finance cost and income tax expenses					
Finance cost		(673,100,257)	(328,030,326)	(673,100,257)	(328,030,326)
Profit before income tax expenses		3,105,914,570	1,812,398,627	3,098,556,656	1,805,050,957
Income tax expenses	15	(605,316,617)	(348,261,087)	(603,804,703)	(348,265,448)
Profit for the year		2,500,597,953	1,464,137,540	2,494,751,953	1,456,785,509
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods					
Unrealised loss from cash flow hedges		(37,388,296)	-	(37,388,296)	-
Income tax relating to cash flow hedges		7,477,659	-	7,477,659	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax					
		(29,910,637)	-	(29,910,637)	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial loss on defined benefit plan		(9,565,241)	-	(9,565,241)	-
Income tax relating to defined benefit plan		1,913,048	-	1,913,048	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax					
		(7,652,193)	-	(7,652,193)	-
Other comprehensive income for the year (loss)		(37,562,830)	-	(37,562,830)	-
Total comprehensive income for the year		2,463,035,123	1,464,137,540	2,457,189,123	1,456,785,509
Earning per share					
Basic earning per share	27	1.18	0.69	1.18	0.69

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



Statements of changes in shareholders' equity

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity -	
			Appropriated - Statutory reserve	Unappropriated	Unrealised loss from cash flow hedges	Total
Balance as at 1 January 2016	2,120,000,000	2,379,843,362	109,400,000	1,042,900,165	-	5,652,143,527
Profit for the year	-	-	-	1,464,137,540	-	1,464,137,540
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,464,137,540	-	1,464,137,540
Appropriated to statutory reserve (Note 23)	-	-	75,000,000	(75,000,000)	-	-
Dividend paid (Note 24)	-	-	-	(424,000,000)	-	(424,000,000)
Balance as at 31 December 2016	2,120,000,000	2,379,843,362	184,400,000	2,008,037,705	-	6,692,281,067
Balance as at 1 January 2017	2,120,000,000	2,379,843,362	184,400,000	2,008,037,705	-	6,692,281,067
Profit for the year	-	-	-	2,500,597,953	-	2,500,597,953
Other comprehensive income for the year (loss)	-	-	-	(7,652,193)	(29,910,637)	(37,562,830)
Total comprehensive income for the year (loss)	-	-	-	2,492,945,760	(29,910,637)	2,463,035,123
Appropriated to statutory reserve (Note 23)	-	-	27,600,000	(27,600,000)	-	-
Dividend paid (Note 24)	-	-	-	(212,000,000)	-	(212,000,000)
Balance as at 31 December 2017	2,120,000,000	2,379,843,362	212,000,000	4,261,383,465	(29,910,637)	8,943,316,190

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

Statements of changes in shareholders' equity (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						Total
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity -		
			Statutory reserve	Unappropriated	Unrealised loss from cash flow hedges		
Balance as at 1 January 2016	2,120,000,000	2,379,843,362	109,400,000	1,032,040,840	-	-	5,641,284,202
Profit for the year	-	-	-	1,456,785,509	-	-	1,456,785,509
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,456,785,509	-	-	1,456,785,509
Appropriated to statutory reserve (Note 23)	-	-	75,000,000	(75,000,000)	-	-	-
Dividend paid (Note 24)	-	-	-	(424,000,000)	-	-	(424,000,000)
Balance as at 31 December 2016	2,120,000,000	2,379,843,362	184,400,000	1,989,826,349	-	-	6,674,069,711
Balance as at 1 January 2017	2,120,000,000	2,379,843,362	184,400,000	1,989,826,349	-	-	6,674,069,711
Profit for the year	-	-	-	2,494,751,953	-	-	2,494,751,953
Other comprehensive income for the year (loss)	-	-	-	(7,652,193)	(29,910,637)	(29,910,637)	(37,562,830)
Total comprehensive income for the year (loss)	-	-	-	2,487,099,760	(29,910,637)	(29,910,637)	2,457,189,123
Appropriated to statutory reserve (Note 23)	-	-	27,600,000	(27,600,000)	-	-	-
Dividend paid (Note 24)	-	-	-	(212,000,000)	-	-	(212,000,000)
Balance as at 31 December 2017	2,120,000,000	2,379,843,362	212,000,000	4,237,326,109	(29,910,637)	(29,910,637)	8,919,258,834

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



Statements of cash flow

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before income tax	3,105,914,570	1,812,398,627	3,098,556,656	1,805,050,957
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	153,433,779	90,824,242	153,420,285	90,808,709
Bad debts and doubtful accounts	679,405,500	331,727,562	679,405,500	331,727,562
Impairment loss on assets foreclosed	9,500,000	2,500,000	9,500,000	2,500,000
Gain on disposals of loan receivables	(5,961,104)	-	(5,961,104)	-
Loss on disposals of equipment	1,399,687	1,386,005	1,399,687	1,386,005
Provision for long-term employee benefits	5,042,444	4,048,414	5,042,216	4,026,612
Unrealised loss from valuation of derivatives	26,233,264	-	26,233,264	-
Interest and fee income from loan receivables	(6,794,921,504)	(4,019,339,489)	(6,794,921,504)	(4,019,339,489)
Other interest income	(4,443,447)	(3,008,272)	(4,299,082)	(2,913,255)
Finance cost	673,100,257	328,030,326	673,100,257	328,030,326
Loss from operating activities before changes in operating assets and liabilities	(2,151,296,554)	(1,451,432,585)	(2,158,523,825)	(1,458,722,573)
Decrease (increase) in operating assets				
Loan receivables	(11,995,400,729)	(10,724,732,117)	(11,995,400,729)	(10,724,732,117)
Other receivables - subsidiary	-	-	254,567	(1,928,209)
Short-term loans	(12,241,109)	(12,186,827)	(12,241,109)	(12,186,827)
Other current assets	(71,543,181)	(28,031,027)	(71,529,705)	(27,905,178)
Other non-current assets	(18,228,261)	(44,937,961)	(18,228,261)	(44,937,961)
Increase (decrease) in operating liabilities				
Other payables	93,489,126	81,258,943	90,011,675	81,991,960
Other current liabilities	9,637,458	3,937,540	11,796,087	5,883,116
Provision for long-term employee benefits	(186,000)	-	(186,000)	-
Cash used in operating activities	(14,145,769,250)	(12,176,124,034)	(14,154,047,300)	(12,182,537,789)
Cash received from interest and fee				
from loan receivables	6,565,326,312	3,814,361,868	6,565,189,696	3,814,283,558
Cash paid for income tax	(481,705,526)	(247,638,407)	(480,491,009)	(246,834,972)
Net cash flows used in operating activities	(8,062,148,464)	(8,609,400,573)	(8,069,348,613)	(8,615,089,203)

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

Statements of cash flow (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in restricted bank deposits	(2,000,000)	(2,000,000)	-	-
Cash paid for acquisitions of land, building and equipment	(400,690,468)	(348,664,751)	(400,690,468)	(348,664,751)
Proceeds from disposals of equipment	4,073,450	3,281,852	4,073,450	3,281,852
Cash paid for acquisitions of intangible assets	(4,323,623)	(17,870,456)	(4,323,623)	(17,870,456)
Net cash flows used in investing activities	(402,940,641)	(365,253,355)	(400,940,641)	(363,253,355)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(3,204,798,100)	6,742,408,883	(3,204,798,100)	6,742,408,883
Increase (decrease) in short-term loans	(471,849,276)	222,971,651	(471,849,276)	222,971,651
Cash receipt from long-term loans	3,500,000,000	1,500,000,000	3,500,000,000	1,500,000,000
Repayment of long-term loans	(2,162,500,000)	(564,722,223)	(2,162,500,000)	(564,722,223)
Cash receipt from debenture issuance	12,103,000,000	2,073,627,990	12,103,000,000	2,073,627,990
Increase in liabilities under hire purchase and financial lease payable	4,996,289	7,694,500	4,996,289	7,694,500
Cash paid on interest	(477,336,839)	(196,608,910)	(477,336,839)	(196,608,910)
Cash paid for dividends	(212,000,000)	(424,000,000)	(212,000,000)	(424,000,000)
Net cash flows from financing activities	9,079,512,074	9,361,371,891	9,079,512,074	9,361,371,891
Net increase in cash and cash equivalents	614,422,969	386,717,963	609,222,820	383,029,333
Cash and cash equivalents at beginning of year	539,291,642	152,573,679	527,625,730	144,596,397
Cash and cash equivalents at end of year	1,153,714,611	539,291,642	1,136,848,550	527,625,730

Supplement cash flow information

Non-cash items

Account payable on purchase of assets	8,859,357	4,887,036	8,859,357	4,887,036
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The accompanying notes are an integral part of the financial statements.



Notes to consolidated financial statements

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2017

1. Corporate information

Muangthai Leasing Public Company Limited (“the Company”) was incorporated as a public company limited and domiciled in Thailand. The Company is principally engaged in providing loans secured against vehicle registrations, land title deeds, personal loans without collateral and Nano finance. Its registered address is 32/1 Chransanitwong Road, Bangor, Bangplad, Bangkok. As at 31 December 2017, the Company has totalled 2,424 branches and service centers.

2. Basis for the preparation of financial statements

2.1 Basis of preparation of financial statements

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 11 October 2016, 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.

2.2 Basis for the preparation of the consolidated financial statements

- a) The consolidated financial statements include the financial statements of Muangthai Leasing Public Company Limited and Muangthai Leasing Insurance Broker Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in insurance brokerage. The Company holds 100% of the subsidiary’s shares.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

2.3 Separate financial statements

The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which is 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 management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and fee income from loan receivables

The Company recognises interest and fee income from loan receivables on an accrual basis, based on the outstanding principal balance, using the effective interest rate method.

The Company ceases accruing interest and fee income from loan receivables which have defaulted on more than three installments from the due date. Interest and fee income is then recognised as income on a cash basis.



b) Insurance commission income

Insurance commission income is recognised when provision of services is complete.

c) Fee and service income

Fee and service income are recognised when services have been rendered, while fee income from late payment is recognised when received.

4.2 Expense recognition - Interest expenses

Interest expenses are charged to expenses on an accrual basis.

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 Short-term investments

Short-term investments consist of cash at banks and short-term investments with an original maturity of more than three months but not more than 1 year, which are not subject to withdrawal restrictions.

4.5 Loan receivables

Loan receivables are stated at the contract value net of unearned income.

4.6 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for loan receivables based on the estimated losses that may be incurred in the collection of the debts, determined taking into account the current status of the receivables. Allowance for doubtful accounts is calculated on the basis of the outstanding receivable balance net of unearned income before deducting collateral value, except in the case of loan receivables that are secured against car registrations, agricultural vehicles and mortgaged land and are past due not more than 90 days, where it is calculated on the basis of the outstanding receivable balances net of unearned income and collateral value. The rates of allowance for doubtful accounts are as follows:

	<u>Provisioning rate</u>
Normal loans and not more than 30 days past due	1
31 - 90 days past due	2
More than 90 days past due	100
Litigation receivables	100

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recorded in profit or loss in the statements of comprehensive income. The Company has a policy to write-off receivables when the Company has made appropriate efforts at recovery for which there is clear evidence, and debts remain unsettled.

4.7 Assets foreclosed

Assets foreclosed are stated at the lower of cost or net realisable value.

Gain (loss) on disposal of assets foreclosed are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in the statements of comprehensive income.

4.8 Investments in a subsidiary

Investments in a subsidiary as stated in the separate financial statements is accounted for using the cost method, net of allowance for impairment (if any). Loss on impairment of investments is recorded as expenses in profit or loss in the statements of comprehensive income.

4.9 Land, buildings and equipment/Depreciation

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

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Building improvements	- 20 years
Furniture, fixtures, equipment and computers	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income. No depreciation is provided on land.

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



4.10 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite lives are 5 years and 10 years.

4.11 Impairment of assets

The Company and its subsidiary assess at each reporting date whether there are any indications that land, buildings 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 its fair value less costs to sell and its value in use.

Impairment loss (if any) is recognised in profit or loss.

4.12 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 their 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 contributions of the Company are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

Obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.13 Income tax

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

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.

Deferred tax

Deferred 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 and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise 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 and its subsidiary review and reduce 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 and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



4.14 Related party transactions

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

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

4.15 Long-term leases

Leases which transfer substantially all the risks and rewards of ownership to the Company and its subsidiary are classified as finance leases. Finance 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.

Leases which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.16 Provisions

Provisions are recognised when the Company and its subsidiary have 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.

4.17 Financial derivatives and hedge accounting

Interest rate swap contracts

Gain or loss arising from changes in the fair value of the contracts are recognised as gain or loss in the statement of comprehensive income. Fair value is calculated using the discounted cash flow method, with the discount rate being the estimated current market interest rate.

Interest rate swap contracts - hedge accounting

The Company has entered into derivative financial instruments in order to manage risk associated with the Company's financial liabilities. The Company has recorded derivatives for cash flow hedging using hedge accounting, as follows:

At the inception of the transaction, the Company documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and the strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The comprehensive gain or loss relating to the ineffective portion is recognised immediately in profit or loss to the comprehensive income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in profit or loss to the comprehensive income statement.

4.18 Fair value measurement

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities, except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.



5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai 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 loan receivables

In determining allowance for doubtful accounts for loan receivables, the management needs to exercise judgment in order to estimate the probable loss on each receivable based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions.

5.2 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the Company's management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instrument. The change in assumption that related inputs might affect to the amount of fair value and disclosure of fair value hierarchy.

5.3 Land, buildings and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and salvage values of the buildings and equipment and to review estimate useful lives and salvage values when there are any changes.

5.4 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.

5.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary 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 taxable profits.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	44,308	28,106	44,300	28,099
Bank deposits	1,109,407	511,186	1,092,549	499,527
Cash and cash equivalents	1,153,715	539,292	1,136,849	527,626

As at 31 December 2017, bank deposits in savings accounts carried interest at rates between 0.125 and 0.75 percent per annum (2016: between 0.125 and 1.25 percent per annum).

7. Loan receivables

7.1 As at 31 December 2017 and 2016, loan receivables consist of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2017		
	Amounts due		
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	27,915,707	14,949,616	42,865,323
Less: Unearned finance income	(4,829,374)	(2,413,376)	(7,242,750)
	23,086,333	12,536,240	35,622,573
Less: Allowance for doubtful accounts ⁽²⁾	(1,098,445)	(72,538)	(1,170,983)
Loan receivables, net	21,987,888	12,463,702	34,451,590

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days.

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2016		
	Amounts due		
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	19,025,556	9,020,697	28,046,253
Less: Unearned finance income	(3,058,231)	(1,446,781)	(4,505,012)
	15,967,325	7,573,916	23,541,241
Less: Allowance for doubtful accounts ⁽²⁾	(603,445)	(42,193)	(645,638)
Loan receivables, net	15,363,880	7,531,723	22,895,603

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days.

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



7.2 As at 31 December 2017 and 2016, the balances of loan receivables classified by aging and allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

Aging	Consolidated and separate financial statements						
	Loan receivables - net of unearned financial income		Loan receivables - net of unearned financial income and collateral value ⁽¹⁾		Rate of allowance for doubtful accounts	Allowance for doubtful accounts	
	2017	2016	2017	2016		2017	2016
Not yet due	27,572,442	18,496,992	18,321,675	12,396,084	1	183,217	123,961
Past due not more than 30 days	4,762,523	3,042,127	3,088,604	2,071,218	1	30,886	20,712
Past due 31 - 90 days	2,846,410	1,751,238	1,742,964	1,186,064	2	34,859	23,721
Past due 91 - 180 days	210,685	99,323	210,685	99,323	100	210,685	99,323
Past due 181 - 365 days	171,889	74,803	171,889	74,803	100	171,889	74,803
Past due more than 365 days	22,203	7,390	22,203	7,390	100	22,203	7,390
Litigation receivables	36,421	69,368	36,421	69,368	100	36,421	69,368
Total	35,622,573	23,541,241	23,594,441	15,904,250		690,160	419,278
Allowance for doubtful accounts - additional provision for uncollectible receivables						480,823	226,360
Total						1,170,983	645,638

⁽¹⁾ Loan receivables secured against car registrations, agricultural vehicles and mortgaged lands that are past due not more than 90 days are presented net of collateral.

7.3 As at 31 December 2017, the Company had loan receivables (net of deferred finance income) amounting to approximately Baht 561 million, for which revenue recognition has been ceased (2016: Baht 291 million).

7.4 A notification of the Institute of Certified Accountants and Auditors of Thailand, in concurrent with the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and stop recognition of interest income in case that accounts receivables are overdue by more than three installments, and that general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or using an alternative method where a company believes that this would be more appropriate. The Company therefore estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, and historical loss experience, and believes that the rates currently used to set allowance for doubtful accounts are appropriate.

8. Allowance for doubtful accounts

Movements of allowance for doubtful accounts for loan receivables are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2017	2016
Balance at beginning of the year	645,638	335,573
Add: Increase in doubtful accounts during the year	679,406	331,727
Less: Bad debt written-off	(15,418)	(21,662)
Allowance for doubtful accounts for loan receivables sold	(138,643)	-
Balance at end of the year	1,170,983	645,638

9. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Assets foreclosed	101,306	35,348	101,306	35,348
Prepaid expenses	13,039	17,267	13,039	17,267
Other current assets	27,476	18,439	26,268	17,052
Total	141,821	71,054	140,613	69,667
Less: Allowance for impairment/allowance for doubtful accounts	(15,026)	(6,110)	(15,026)	(6,110)
Other current assets - net	126,795	64,944	125,587	63,557

10. Restricted bank deposits

This represents fixed deposits of the subsidiary pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the subsidiary.

11. Long-term investment - bank deposit

As at 31 December 2017, long-term investment is 1-year fixed deposit that matures in September 2018, and carries interest at rate 0.90 percent per annum. (2016: between 0.90 and 1.10 percent per annum).



12. Investments in a subsidiary

Investments in a subsidiary in the separate financial statements is an investment in Muangthai Leasing Insurance Broker Company Limited, which is principally engaged in insurance brokerage. The cost of the investment was Baht 2 million, which represented a 100 percent shareholding in the subsidiary.

13. Land, buildings and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings	Building improvements	Furniture, fixtures, and equipment computers	Motor vehicles	Construction in progress	
Cost							
1 January 2016	256,490	4,894	39,831	276,519	82,853	650	661,237
Additions	-	2,150	43,765	272,163	29,048	-	347,126
Transfer in (out)	-	650	-	-	-	(650)	-
Disposals/written off	-	-	-	(10,210)	(8,659)	-	(18,869)
31 December 2016	256,490	7,694	83,596	538,472	103,242	-	989,494
Additions	758	742	83,373	282,821	29,273	7,654	404,621
Disposals/written off	-	-	(863)	(14,890)	(6,391)	-	(22,144)
31 December 2017	257,248	8,436	166,106	806,403	126,124	7,654	1,371,971
Accumulated depreciation							
1 January 2016	-	609	2,100	100,735	38,084	-	141,528
Depreciation for the year	-	305	2,947	69,696	16,657	-	89,605
Depreciation for disposals/written off	-	-	-	(6,651)	(7,449)	-	(14,100)
31 December 2016	-	914	5,047	163,780	47,292	-	217,033
Depreciation for the year	-	399	5,652	122,683	20,867	-	149,601
Depreciation for disposals/written off	-	-	(206)	(10,101)	(6,406)	-	(16,713)
31 December 2017	-	1,313	10,493	276,362	61,753	-	349,921
Net book value							
31 December 2016	256,490	6,780	78,549	374,692	55,950	-	772,461
31 December 2017	257,248	7,123	155,613	530,041	64,371	7,654	1,022,050
Depreciation charge for the years							
2016							89,605
2017							149,601

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	Total
Cost							
1 January 2016	256,490	4,894	39,831	276,434	82,853	650	661,152
Additions	-	2,150	43,765	272,163	29,048	-	347,126
Transfer in (out)	-	650	-	-	-	(650)	-
Disposals/written off	-	-	-	(10,210)	(8,659)	-	(18,869)
31 December 2016	256,490	7,694	83,596	538,387	103,242	-	989,409
Additions	758	742	83,373	282,821	29,273	7,654	404,621
Disposals/written off	-	-	(863)	(14,890)	(6,391)	-	(22,144)
31 December 2017	257,248	8,436	166,106	806,318	126,124	7,654	1,371,886
Accumulated depreciation							
1 January 2016	-	609	2,100	100,700	38,084	-	141,493
Depreciation for the year	-	305	2,947	69,680	16,657	-	89,589
Depreciation for disposals/written off	-	-	-	(6,651)	(7,449)	-	(14,100)
31 December 2016	-	914	5,047	163,729	47,292	-	216,982
Depreciation for the year	-	399	5,652	122,670	20,867	-	149,588
Depreciation for disposals/written off	-	-	(206)	(10,101)	(6,406)	-	(16,713)
31 December 2017	-	1,313	10,493	276,298	61,753	-	349,857
Net book value							
31 December 2016	256,490	6,780	78,549	374,658	55,950	-	772,427
31 December 2017	257,248	7,123	155,613	530,020	64,371	7,654	1,022,029
Depreciation charge for the years							
2016							89,589
2017							149,588

As at 31 December 2017, the Company had vehicles under hire purchase and finance lease agreements with net book value amounting to Baht 63 million. In addition, the Company had certain building improvements, computers, equipment and vehicles that have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation amounted to approximately Baht 76 million (2016: Baht 55 million and Baht 63 million, respectively).



14. Intangible assets

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	Software	Assets in progress	Total
<u>Cost</u>			
1 January 2016	5,050	-	5,050
Transfer in	-	248	248
Additions	18,843	-	18,843
31 December 2016	23,893	248	24,141
Transfer in (out)	248	(248)	-
Additions	8,152	-	8,152
31 December 2017	32,293	-	32,293
<u>Accumulated amortisation</u>			
1 January 2016	1,328	-	1,328
Amortisation for the year	1,220	-	1,220
31 December 2016	2,548	-	2,548
Amortisation for the year	3,829	-	3,829
31 December 2017	6,377	-	6,377
<u>Net book value</u>			
31 December 2016	21,345	248	21,593
31 December 2017	25,916	-	25,916
Remaining useful life (years)	0 - 10 years		
Amortisation charge for the year			
2016			1,220
2017			3,829

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets/ deferred tax liabilities

As at 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	234,197	129,128	234,197	129,128
Allowance for impairment of assets foreclosed	3,000	1,100	3,000	1,100
Provision for long-term employee benefits	8,294	5,409	8,275	5,390
Derivatives liabilities	12,724	-	12,724	-
Others	1,189	433	1,189	433
Deferred tax assets	259,404	136,070	259,385	136,051
Deferred tax liabilities				
Differences in income recognition for accounting and tax purposes	239,767	142,746	239,767	142,746
Others	6,990	1,195	6,990	1,195
Deferred tax liabilities	246,757	143,941	246,757	143,941
Deferred tax assets (liabilities) - net	12,647	(7,871)	12,628	(7,890)
Presented in the statement of financial position as follows:				
Deferred tax assets	12,647	19	12,628	-
Deferred tax liabilities	-	(7,890)	-	(7,890)
	12,647	(7,871)	12,628	(7,890)

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge for the year	616,444	347,704	614,932	347,704
Adjustment in respect of income tax of previous year	-	(2,177)	-	(2,177)
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,127)	2,734	(11,127)	2,738
Income tax expenses reported in the statements of comprehensive income	605,317	348,261	603,805	348,265



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to unrealized loss from cash flow hedges	7,478	-	7,478	-
Deferred tax relating to actuarial loss	1,913	-	1,913	-
Deferred tax reported in the other comprehensive income	9,391	-	9,391	-

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	3,105,915	1,812,399	3,098,557	1,805,051
Applicable tax rates	20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	621,183	361,006	619,711	361,010
Adjustment in respect of income tax of previous year	-	(2,177)	-	(2,177)
Additional deductions allowed for expenses	(18,177)	(12,822)	(18,177)	(12,822)
Effects of non-deductible expenses and non-taxable income	2,311	2,254	2,271	2,254
Income tax expenses reported in the statements of comprehensive income	605,317	348,261	603,805	348,265

16. Short-term loans from financial institutions

As at 31 December 2017 and 2016, the following are short-term loan in the form of promissory notes and bill of exchanges from financial institutions:

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
Loan facility/Repayment schedule	2017	2016	
a) Promissory notes under short-term and long-term loans facilities total Baht 3,500 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	1,850,000	1,415,000	
b) Promissory notes under credit facilities amounting to Baht 1,000 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	300,000	760,000	
c) Promissory notes under credit facilities amounting to Baht 1,500 million (2016: Baht 1,300 million), with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	1,380,000	675,000	
d) Promissory notes under credit facilities amounting to Baht 400 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	-	400,000	
e) Promissory notes under credit facilities amounting to Baht 100 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	100,000	-	
f) Bill of exchange, with principal repayment at the date specified on each bill of exchange	2,991,683	6,475,772	
Total short-term loans from financial institutions	<u>6,621,683</u>	<u>9,725,772</u>	

Under the agreements of loans a) to d) above, the loans are unsecured but the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity and interest coverage ratio, and also the portion of the Company's shares held by the major shareholders.

As at 31 December 2017, the Company has Baht 3,720 million for bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (2016: Baht 1,430 million).



17. Short-term loans

As at 31 December 2017, these short-term loans are in form of bill of exchange, with principal are payable as stipulated in each bill of exchange.

18. Other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Employee accrued expenses	222,896	152,075	222,870	152,071
Accrued special business tax expenses	42,167	27,539	42,167	27,539
Accrued expenses	4,518	7,833	4,338	7,653
Accrued interest expenses	136,514	23,814	136,514	23,814
Other account payables	32,597	17,271	25,166	13,295
Total other payables	438,692	228,532	431,055	224,372

19. Long-term loans

As at 31 December 2017 and 2016, the following are loans from local financial institutions in Thailand.

(Unit: Thousand Baht)

Facility no.	Loan facility /Repayment schedule	Consolidated and separate	
		financial statements	
		2017	2016
1	Credit facility amounting to Baht 1,500 million (2016: Baht 1,300 million), with principal amounting to Baht 350 million is payable within October 2017 and Baht 120 million within December 2018, and interest charged at a fixed rate, payable monthly	120,000	470,000
2	Credit facility amounting to Baht 1,000 million, with principal equally repayable within November 2017 and November 2018, and interest charged at a fixed rate, payable monthly	500,000	1,000,000
3	Short-term and long-term loans facilities total Baht 3,500 million. Principal amounting to Baht 870 million is payable within November 2017, Baht 250 million within February 2018 and Baht 130 million within March 2018, and interest charged at a fixed rate, payable monthly	380,000	1,250,000
4	Credit facility amounting to Baht 500 million, repayable principal within June 2018, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	500,000	500,000

(Unit: Thousand Baht)

Facility no.	Loan facility /Repayment schedule	Consolidated and separate financial statements	
		2017	2016
5	Credit facility amounting to Baht 1,000 million, repayable principal within June 2019, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	1,000,000	1,000,000
6	Credit facility amounting to Baht 500 million, repayable principal within November 2018, and interest charged at a fixed rate, payable monthly	500,000	-
7	Credit facility amounting to Baht 500 million, repayable principal equally every 3 months within July 2019, and interest charged at a fixed rate, payable monthly	437,500	-
8	Credit facility amounting to Baht 2,000 million, repayable principal equally every 3 months within November 2021 and December 2021, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	2,000,000	-
9	Credit facility amounting to Baht 500 million, repayable principal November 2019, and interest charged at a fixed rate, payable monthly	500,000	-
10	Bill of exchange, repayable principal in March 2017 with interest charged at a fixed rate, payable every 3 months	-	180,000
11	Bill of exchange, repayable principal in November 2017 with interest charged at a fixed rate, payable every 3 months	-	200,000
Total		5,937,500	4,600,000
Less: Deferred issuing costs		(10,074)	(3,290)
Long-term loans		5,927,426	4,596,710
Less: Current portion due within 1 year		(2,744,959)	(2,097,826)
Long-term loans, net of current portion		3,182,467	2,498,884

For loan 1) to 5) and 7) to 9), the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity and interest coverage ratio, and also the portion of the Company's shares held by the major shareholders, depending on the conditions in each agreement.

For loan 6), the Company is required to comply with certain terms and conditions to maintain ratios of total debt to equity and the proportionate shareholdings of the major shareholders.

As at 31 December 2017, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 750 million (2016: Baht 405 million).



As at 31 December 2017, the Company has outstanding commitments of loans 4) 5) and 8) under interest rate swap agreements with the lending bank, whereby the floating interest rates were changed to fixed interest rates throughout the contract periods. The interest rate swap agreements gradually mature amounting to Baht 500 million in June 2018, amounting to Baht 1,000 million in June 2019, amounting to Baht 500 million in November 2021 and amounting to Baht 1,500 million in December 2021 respectively, in line with terms of loan payment.

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2017	4,600,000
Add: Drawdown during the year	3,500,000
Less: Repayment during the year	(2,162,500)
Balance as at 31 December 2017	<u>5,937,500</u>

20. Long-term debentures

As at 31 December 2017 and 2016, these debentures are registered, unsubordinated, unsecured debentures with no trustee. Details are as follow:

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
Debenture	Facility /Repayment schedule	2017	2016
1	Debenture amounting to Baht 250 million with tenor of 1 year 11 months 15 days, maturing in October 2017, bearing interest at a fixed rate, payable every 6 months	-	250,000
2	Debenture amounting to Baht 200 million with a tenor of 3 years 9 days, maturing in February 2019, bearing interest at interest at a fixed rate, payable every 6 months	200,000	200,000
3	Debenture amounting to Baht 200 million with a tenor of 3 years 3 days, maturing in April 2019, bearing interest at a fixed rate, payable every 6 months	200,000	200,000
4.	Debenture amounting to Baht 200 million with a tenor of 3 years 16 days, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	200,000	200,000
5.	Debenture amounting to Baht 200 million with a tenor of 3 years, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	200,000	200,000
6.	Debenture amounting to Baht 100 million with a tenor of 2 years 11 months 18 days, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	100,000	100,000

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
Debenture	Facility /Repayment schedule	2017	2016
7.	Debenture amounting to Baht 200 million with a tenor of 3 years 11 days, maturing in August 2019, bearing interest at a fixed rate, payable every 6 months	200,000	200,000
8.	Debenture amounting to Baht 310 million with a tenor of 2 years 11 months 18 days, maturing in August 2019, bearing interest at a fixed rate, payable every 3 months	310,000	310,000
9.	Debenture amounting to Baht 200 million with a tenor of 3 years, maturing in September 2019, bearing interest at a fixed rate, payable every 6 months	200,000	200,000
10.	Debenture amounting to Baht 469 million with a tenor of 3 years, maturing in November 2019, bearing interest at a fixed rate, payable every 6 months	469,000	469,000
11.	Debenture amounting to Baht 2,600 million with a tenor of 3 years, maturing in February 2020, bearing interest at a fixed rate, payable every 6 months	2,600,000	-
12.	Debenture amounting to Baht 1,000 million with a tenor of 1 year 6 months, maturing in November 2018, bearing interest at a fixed rate, payable every 6 months	1,000,000	-
13.	Debenture amounting to Baht 1,320 million with a tenor of 2 years 6 months, maturing in November 2019, bearing interest at a fixed rate, payable every 6 months	1,320,000	-
14.	Debenture amounting to Baht 1,930 million with a tenor of 3 years 6 months, maturing in November 2020, bearing interest at a fixed rate, payable every 6 months	1,930,000	-
15.	Debenture amounting to Baht 110 million with a tenor of 3 years, maturing in July 2020, bearing interest at a fixed rate, payable every 3 months	110,000	-
16.	Debenture amounting to Baht 800 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 6 months	800,000	-
17.	Debenture amounting to Baht 100 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 3 months	100,000	-
18.	Debenture amounting to Baht 1,947 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 6 months	1,947,200	-
19.	Debenture amounting to Baht 1,296 million with a tenor of 4 years, maturing in August 2021, bearing interest at a fixed rate, payable every 6 months	1,295,800	-



(Unit: Thousand Baht)

Debenture	Facility /Repayment schedule	Consolidated and separate financial statements	
		2017	2016
20	Debenture amounting to Baht 1,250 million with a tenor of 2 years 11 months 18 days, maturing in October 2020, bearing interest at a fixed rate, payable every 6 months	1,250,000	-
Total		14,432,000	2,329,000
Less: Deferred issuing costs		(22,946)	(2,686)
Long-term debentures		14,409,054	2,326,314
Less: Current portion due within 1 year		(998,228)	(250,000)
Long-term debentures, net of current portion		13,410,826	2,076,314

Debentures 2) to 20) have a condition to maintain a debt to equity ratio at end of each fiscal year.

21. Liabilities under hire purchase and finance lease payable

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2017	2016
Liabilities under hire purchase and finance lease payable	44,423	39,535
Less: Deferred interest expenses	(2,064)	(2,173)
Total	42,359	37,362
Less: Portion due within one year	(17,046)	(13,934)
Liabilities under hire purchase and finance lease payable - net of current portion	25,313	23,428

The Company has entered into hire purchase and finance lease agreements with a commercial bank and leasing companies in order to lease motor vehicles for use in its operations, whereby it is committed to pay rental fees on a monthly basis. The terms of the agreements are generally 4 years. The Company's minimum lease payment commitments under the hire purchase and finance lease agreements are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2017		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	18,257	26,166	44,423
Less: Deferred interest expenses	(1,211)	(853)	(2,064)
Present value of minimum lease payments	17,046	25,313	42,359

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2016		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	15,119	24,416	39,535
Less: Deferred interest expenses	(1,185)	(988)	(2,173)
Present value of minimum lease payments	13,934	23,428	37,362

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is the compensation payable to employees upon retirement, can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2017	2016	2017	2016
Provision for long-term employee benefits				
at beginning of year	27,048	23,000	26,951	22,924
Included in profit or loss:				
Current service cost	4,210	3,338	4,213	3,319
Interest cost	833	710	829	708
Included in other comprehensive income:				
Actuarial (gain) loss				
Arising from financial assumptions	5,223	-	5,223	-
Arising from demographic assumptions	(2,438)	-	(2,438)	-
Arising from plan experience	6,780	-	6,780	-
Benefits paid during the year	(186)	-	(186)	-
Provision for long-term employee benefits				
at end of year	41,470	27,048	41,372	26,951

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service cost	4,210	3,338	4,213	3,319
Interest cost	833	710	829	708
Total expenses recognised in profit or loss	5,043	4,048	5,042	4,027



As at 31 December 2017, weighted average duration for payment long-term employee benefits of the Company is 27 years and its subsidiary is 9 years, and the Company and its subsidiary expected to pay long-term employee benefits within the next 1 year amounting to Baht 0.38 million (2016: 19 years and Baht 0.09 million, respectively)

The principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.39, 3.33	3.10, 3.60	3.33	3.10
Future salary increase rate	3.00, 6.00	5.00	6.00	5.00
Staff turnover rate (depending on age of employee)	1.91 - 22.92	2.00 - 20.00	1.91 - 22.92	2.00 - 20.00

The effect of changes in the actuarial assumption to present value of defined benefit obligation as of 31 December 2017 and 2016 are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2017					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 1%	Decreased by 1%	Increased by 20%	Decreased by 20%
Increase (decrease) in provisions for long-term employee benefits	(3.72)	4.20	8.51	(6.83)	(6.71)	9.03

(Unit: Million Baht)

	Consolidated financial statements					
	2016					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(2.35)	2.64	2.71	(2.43)	(2.13)	2.45

(Unit: Million Baht)

	Separate financial statements					
	2017					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 1%	Decreased by 1%	Increased by 20%	Decreased by 20%
Increase (decrease) in provisions for long-term employee benefits	(3.72)	4.20	8.50	(6.82)	(6.71)	9.03

(Unit: Million Baht)

	Separate financial statements					
	2016					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(2.34)	2.64	2.71	(2.43)	(2.12)	2.45

23. 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.

24. Dividend

On 22 April 2016, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.20 per share from the 2015 operating results to the holders of the Company's 2,120 million shares, or a total of Baht 424 million.

On 20 April 2017, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.10 per share from the 2016 operating results to the holders of the Company's 2,120 million shares, or a total of Baht 212 million.



25. Capital Management

The primary objective of the Company and its subsidiary's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern.

As at 31 December 2017, the Company's and its subsidiary debt to equity ratio is 3.13:1 (2016: 2.65:1).

26. Expenses by nature

For the years ended 31 December 2017 and 2016, significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary, wages and other employee benefits	1,591,999	1,097,007	1,591,683	1,096,670
Rental and service expenses	427,108	284,888	427,108	284,888
Special business tax	228,184	135,236	228,184	135,236
Travelling expenses	86,883	66,082	86,882	66,079
Depreciation	153,434	90,818	153,420	90,809
Utilities expenses	66,895	42,664	66,895	42,664
Telecommunication expenses	37,745	28,188	37,745	28,188
Loss on disposals of assets foreclosed	23,642	15,253	23,642	15,253
Bad debts and doubtful accounts	679,405	331,728	679,405	331,728

27. 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.

28. 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 - 5 percent of basic salary, depending on year of service. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 12.40 million (2016: Baht 9.27 million) were recognised as expense.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segments and assess their performance. The Chief Executive Officer has been identified as the chief operating decision maker

The Company's principal operations involve a single operating segment in lending business, and its subsidiary is principally engaged in insurance brokerage. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

Financial information of the Company and its subsidiary presented by segment for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2017			
	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	6,794,921	-	-	6,794,921
Fee and service income	609,804	32,225	-	642,029
Other income	55,921	145	(22,024)	34,042
Total income	7,460,646	32,370	(22,024)	7,470,992
Selling and administrative expenses	2,985,942	25,012	(22,024)	2,988,930
Loss on disposals of assets foreclosed	23,642	-	-	23,642
Bad debts and doubtful accounts	679,405	-	-	679,405
Profit by segment	3,771,657	7,358	-	3,779,015
Less: Finance cost	(673,100)	-	-	(673,100)
Profit before income tax expenses	3,098,557	7,358	-	3,105,915
Less: Income tax expenses	(603,805)	(1,512)	-	(605,317)
Profit for the year	2,494,752	5,846	-	2,500,598



(Unit: Thousand Baht)

For the year ended 31 December 2016

	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	4,019,339	-	-	4,019,339
Fee and service income	409,010	27,063	-	436,073
Other income	35,357	604	(19,374)	16,587
Total income	4,463,706	27,667	(19,374)	4,471,999
Selling and administrative expenses	1,983,645	20,319	(19,374)	1,984,590
Loss on disposals of assets foreclosed	15,253	-	-	15,253
Bad debts and doubtful accounts	331,727	-	-	331,727
Profit by segment	2,133,081	7,348	-	2,140,429
Less: Finance cost	(328,030)	-	-	(328,030)
Profit before income tax expenses	1,805,051	7,348	-	1,812,399
Less: Income tax expenses	(348,265)	4	-	(348,261)
Profit for the year	1,456,786	7,352	-	1,464,138

(Unit: Thousand Baht)

As at 31 December 2017

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents	1,136,849	16,866	-	1,153,715
Loan receivables	34,451,590	-	-	34,451,590
Short-term loans	39,707	-	-	39,707
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	1,022,029	21	-	1,022,050
Other assets	279,665	20,007	(13,721)	285,951
Total assets	36,931,840	36,894	(15,721)	36,953,013

(Unit: Thousand Baht)

As at 31 December 2016

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents	527,626	11,666	-	539,292
Loan receivables	22,895,603	-	-	22,895,603
Short-term loans	27,466	-	-	27,466
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	772,427	34	-	772,461
Other assets	186,543	16,013	(11,802)	190,754
Total assets	24,411,665	27,713	(13,802)	24,425,576

Major customers

For the years 2017 and 2016, the Company has no major customers with revenues equal to 10 percent or more of their revenues.

Geographic information

The Company and its subsidiary are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

30. Related party transactions

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

Name of related parties	Relationship with the Company				
	Subsidiary company				
Muangthai Leasing Insurance Broker Company Limited					
	(Unit: Thousand Baht)				
	Consolidated		Separate		Transfer Pricing Policy (For the year 2017)
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>For the years ended 31 December</u>					
<u>Transactions with a subsidiary company</u>					
Fee income on support service	-	-	21,599	17,451	As stipulated in agreements
Rental income	-	-	425	425	As stipulated in agreements
<u>Transactions with related parties</u>					
Interest income - loan to management	6	13	6	13	At the rate of 8.0 percent per annum
Rental expense - directors	6,890	6,628	6,890	6,628	As stipulated in agreements
Commission expense - shareholder	1,403	1,212	1,403	1,212	Same rate that the Company paid to other agents



As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Subsidiary</u>				
Other receivables	-	-	2,941	3,196
Other current liabilities	-	-	10,780	8,607
<u>Related person</u>				
Short-term loans - management	75	113	75	113
Other current liabilities - shareholder	135	110	135	110

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiary had the following employee benefit expenses payable to their directors and management.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Short-term employee benefits	35,030	31,630	34,886
Post-employment benefits	2,439	798	2,437	783
Total	37,469	32,428	37,323	32,269

31. Commitments

31.1 Office rental commitments

The Company has entered into several lease agreements in respect of office building space. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Thousand Baht)

Payable:	Consolidated and separate financial statements		
	Related	Other parties	Total
Within 1 year	6,417	312,291	318,708
1 to 5 years	12,648	279,989	292,637

31.2 Capital expenditure commitments

As at 31 December 2017, the Company had capital commitments of Baht 12 million relating to the constructing of head office building.

32. 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, short-term/ long-term investments, loan receivables, loans, restricted bank deposits, derivative liabilities, borrowings, debentures and liabilities under hire purchase and finance lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

32.1 Credit risk

The Company is exposed to credit risk primarily with respect to loan receivables, consist of loans secured against vehicle registrations and land title deeds and personal loans without collateral and Nano finance. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial loss. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loan and receivables less allowance for doubtful debts as stated in the statements of financial position.

32.2 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 positions of the Company and its subsidiary. As the Company and its subsidiary have 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 2017 and 2016, classified by type of interest rate, 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: Million Baht)

Consolidated financial statements						
2017						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	1,031	123	1,154	0.125 - 0.75
Loan receivables ⁽¹⁾	11,849	23,332	-	441	35,622	19.55 - 29.50
Short-term loans	40	-	-	-	40	8.00
Restricted bank deposits	7	-	-	-	7	0.90
Long-term investment - bank deposit	1	-	-	-	1	0.90
Financial liabilities						
Short-term loans from financial institutions	6,621	-	-	-	6,621	1.90 - 2.20
Short-term loans	100	-	-	-	100	2.15
Derivative liabilities	-	-	-	64	64	-
Long-term loans	1,749	686	3,492	-	5,927	3.10 - 4.25
Long-term debentures	998	13,411	-	-	14,409	3.10 - 4.20
Liabilities under hire purchase and financial lease payables	1	41	-	-	42	2.67 - 4.38

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

Consolidated financial statements						
2016						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	466	73	539	0.125 - 1.25
Loan receivables ⁽¹⁾	8,782	14,508	-	251	23,541	19.62 - 29.50
Short-term loans	27	-	-	-	27	8.00
Restricted bank deposits	5	-	-	-	5	0.90 - 1.10
Long-term investment - bank deposit	1	-	-	-	1	0.90 - 1.10
Financial liabilities						
Short-term loans from financial institutions	9,726	-	-	-	9,726	1.85 - 2.15
Short-term loans	562	-	-	-	562	1.85 - 1.89
Long-term loans	2,099	1,000	1,498	-	4,597	3.10 - 3.91
Long-term debentures	250	2,076	-	-	2,326	3.10 - 3.78
Liabilities under hire purchase and financial lease payables	1	36	-	-	37	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

Separate financial statements						
2017						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	1,014	123	1,137	0.125 - 0.75
Loan receivables ⁽¹⁾	11,849	23,332	-	441	35,622	19.55 - 29.50
Other receivables - subsidiary	-	-	-	3	3	-
Short-term loans	40	-	-	-	40	8.00
Investments in subsidiary	-	-	-	2	2	-
Financial liabilities						
Short-term loans from financial institutions	6,621	-	-	-	6,621	1.90 - 2.20
Short-term loans	100	-	-	-	100	2.15
Derivative liabilities	-	-	-	64	64	-
Long-term loans	1,749	686	3,492	-	5,927	3.10 - 4.25
Long-term debentures	998	13,411	-	-	14,409	3.10 - 4.20
Liabilities under hire purchase and financial lease payables	1	41	-	-	42	2.67 - 4.38

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

Separate financial statements						
2016						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	455	73	528	0.125 - 1.25
Loan receivables ⁽¹⁾	8,782	14,508	-	251	23,541	19.62 - 29.50
Other receivables - subsidiary	-	-	-	3	3	-
Short-term loans	27	-	-	-	27	8.00
Investments in subsidiary	-	-	-	2	2	-
Financial liabilities						
Short-term loans from financial institutions	9,726	-	-	-	9,726	1.85 - 2.15
Short-term loans	562	-	-	-	562	1.85 - 1.89
Long-term loans	2,099	1,000	1,498	-	4,597	3.10 - 3.91
Long-term debentures	250	2,076	-	-	2,326	3.10 - 3.78
Liabilities under hire purchase and financial lease payables	1	36	-	-	37	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.



In addition, as at 31 December 2017, the Company had commitment under Interest Rate Swap, where by the floating interest rates were changed to fixed interest rates. The fair value are as below:

Maturity	(Unit: Million Baht)	
	Notional amount	Fair value - derivatives liabilities
Interest rate swap agreement for risk management		
Settle throughout the contract period until June 2018	500	4
Settle throughout the contract period until June 2019	1,000	14
Settle throughout the contract period until December 2019	1,000	9
Interest rate swap agreement for Cash flow hedges		
Settle throughout the contract period until November 2021	500	8
Settle throughout the contract period until December 2021	1,500	29
		<u>64</u>

32.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary 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 statements of financial position date, the periods to maturity of financial instruments held as at 31 December 2017 and 2016 are as follows:

Transactions	Consolidated financial statements				
	2017				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	1,154	-	-	-	1,154
Loan receivables ⁽¹⁾	-	22,645	12,536	441	35,622
Short-term loans	-	40	-	-	40
Restricted bank deposits	-	7	-	-	7
Long-term investment - bank deposit	-	1	-	-	1
Financial liabilities					
Short-term loans from financial institutions	-	6,621	-	-	6,621
Short-term loans	-	100	-	-	100
Derivative liabilities	-	3	61	-	64
Long-term loans	-	2,745	3,182	-	5,927
Long-term debentures	-	998	13,411	-	14,409
Liabilities under hire purchase and financial lease payables	-	17	25	-	42

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.

(Unit: Million Baht)

Consolidated financial statements					
2016					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	539	-	-	-	539
Loan receivables ⁽¹⁾	-	15,716	7,574	251	23,541
Short-term loans	-	27	-	-	27
Restricted bank deposits	-	5	-	-	5
Long-term investment - bank deposit	-	1	-	-	1
Financial liabilities					
Short-term loans from financial institutions	-	9,726	-	-	9,726
Short-term loans	-	562	-	-	562
Long-term loans	-	2,098	2,499	-	4,597
Long-term debentures	-	250	2,076	-	2,326
Liabilities under hire purchase and financial lease payables	-	14	23	-	37

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days

(Unit: Million Baht)

Separate financial statements					
2017					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	1,137	-	-	-	1,137
Loan receivables ⁽¹⁾	-	22,645	12,536	441	35,622
Other receivables - subsidiary	-	3	-	-	3
Short-term loans	-	40	-	-	40
Investments in subsidiary	-	-	-	2	2
Financial liabilities					
Short-term loans from financial institutions	-	6,621	-	-	6,621
Short-term loans	-	100	-	-	100
Derivative liabilities	-	3	61	-	64
Long-term loans	-	2,745	3,182	-	5,927
Long-term debentures	-	998	13,411	-	14,409
Liabilities under hire purchase and financial lease payables	-	17	25	-	42

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.



(Unit: Million Baht)

Separate financial statements					
2016					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	528	-	-	-	528
Loan receivables ⁽¹⁾	-	15,716	7,574	251	23,541
Other receivables - subsidiary	-	3	-	-	3
Short-term loans	-	27	-	-	27
Investments in subsidiary	-	-	-	2	2
Financial liabilities					
Short-term loans from financial institutions					
	-	9,726	-	-	9,726
Short-term loans					
	-	562	-	-	562
Long-term loans					
	-	2,098	2,499	-	4,597
Long-term debentures					
	-	250	2,076	-	2,326
Liabilities under hire purchase and financial lease payables					
	-	14	23	-	37

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.

32.4 Fair value

As at 31 December 2017, the Company and its subsidiary had liabilities that were measured at fair value, and they had financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements					
2017					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Liabilities measured at fair value					
Derivatives - Interest rate swap contracts	64	64	-	64	-
Financial assets disclosed at fair value					
Cash and cash equivalents	1,154	1,154	1,154	-	-
Loan receivables	34,452	34,612	-	-	34,612
Short-term loans	40	40	-	40	-
Restricted bank deposits	7	7	7	-	-
Long-term investment - bank deposit	1	1	-	-	1
Financial liabilities disclosed at fair value					
Short-term loans from financial institutions					
	6,621	6,621	-	6,621	-
Short-term loans					
	100	100	-	100	-
Long-term loans					
	5,927	5,452	-	5,452	-
Long-term debentures					
	14,409	13,283	-	13,283	-
Liabilities under hire purchase and financial lease payables					
	42	42	-	42	-

(Unit: Million Baht)

Consolidated financial statements					
2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets disclosed at fair value</u>					
Cash and cash equivalents	539	539	539	-	-
Loan receivables	22,896	22,968	-	-	22,968
Short-term loans	27	27	-	27	-
Restricted bank deposits	5	5	5	-	-
Long-term investment - bank deposit	1	1	-	-	1
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	9,726	9,726	-	9,726	-
Short-term loans	562	562	-	562	-
Long-term loans	4,597	4,485	-	4,485	-
Long-term debentures	2,326	2,159	-	2,159	-
Liabilities under hire purchase and financial lease payables	37	37	-	37	-

(Unit: Million Baht)

Separate financial statements					
2017					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Liabilities measured at fair value</u>					
Derivatives - Interest rate swap contracts	64	64	-	64	-
<u>Financial assets disclosed at fair value</u>					
Cash and cash equivalents	1,137	1,137	1,137	-	-
Loan receivables	34,452	34,612	-	-	34,612
Other receivables - subsidiary	3	3	-	3	-
Short-term loans	40	40	-	40	-
Investments in subsidiary	2	2	-	-	2
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	6,621	6,621	-	6,621	-
Short-term loans	100	100	-	100	-
Long-term loans	5,927	5,452	-	5,452	-
Long-term debentures	14,409	13,283	-	13,283	-
Liabilities under hire purchase and financial lease payables	42	42	-	42	-



(Unit: Million Baht)

Separate financial statements					
2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets disclosed at fair value</u>					
Cash and cash equivalents	528	528	528	-	-
Loan receivables	22,896	22,968	-	-	22,968
Other receivables - subsidiary	3	3	-	3	-
Short-term loans	27	27	-	27	-
Investments in subsidiary	2	2	-	-	2
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	9,726	9,726	-	9,726	-
Short-term loans	562	562	-	562	-
Long-term loans	4,597	4,485	-	4,485	-
Long-term debentures	2,326	2,159	-	2,159	-
Liabilities under hire purchase and financial lease payables	37	37	-	37	-

Fair value hierarchy for assets and liabilities as at 31 December 2017 and 2016 is stipulated in notes 4.18 to the financial statements.

As at 31 December 2017 and 2016, the Company and its subsidiary have estimated the fair value of financial instruments as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, other receivables, restricted bank deposit, fixed deposit and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For loan receivables, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans carrying interest at floating rate with interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- d) For fixed rate debentures, long-term loans, liabilities under hire purchase and financial lease payables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) The fair value of derivatives has been determined using a discounted future cash flow model, applying current market yield rates.

33. Event after the reporting period

On 20 February 2018, a meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders for approval a cash dividend payment of Baht 0.18 per share to the shareholders from the net profit for the year 2017, or a total of Baht 381.6 million, and for approval a budget for debenture issuance.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2018.



บริษัท เมืองไทย ลีสซิ่ง จำกัด (มหาชน)
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