

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



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## Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S 11 Group Public Company Limited

I have reviewed the accompanying statements of financial position, in which the equity method is applied, of S 11 Group Public Company Limited as at 30 September 2018, the related statements of comprehensive income, in which equity method is applied, for the three-month and nine-month periods ended 30 September 2018, the statements of changes in shareholders' equity and cash flows, in which equity method is applied, for the nine-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of S 11 Group Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### Conclusion

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

Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 12 November 2018

S 11 Group Public Company Limited

Statements of financial position

As at 30 September 2018

(Unit: Baht)

	Note	Financial statements in			
		which the equity method is applied		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		24,080,913	21,347,748	24,080,913	21,347,748
Current portion of hire purchase receivables - net	2	2,618,916,848	2,313,877,011	2,618,916,848	2,313,877,011
Counter service receivables		66,014,155	57,731,415	66,014,155	57,731,415
Prepaid insurance premium		71,000,919	75,260,851	71,000,919	75,260,851
Assets foreclosed - net	3	20,327,294	10,433,978	20,327,294	10,433,978
Other current assets	4	42,956,324	47,513,659	42,956,324	47,513,659
<b>Total current assets</b>		<b>2,843,296,453</b>	<b>2,526,164,662</b>	<b>2,843,296,453</b>	<b>2,526,164,662</b>
<b>Non-current assets</b>					
Investment in an associated company	5	294,448	297,157	249,990	249,990
Restricted bank deposits	6	868,514	747,134	868,514	747,134
Hire purchase receivables - net of current portion	2	2,562,896,596	2,249,248,316	2,562,896,596	2,249,248,316
Prepaid insurance premium		25,009,604	25,396,959	25,009,604	25,396,959
Land, building and equipment - net	7	87,186,509	89,394,837	87,186,509	89,394,837
Deferred tax assets	8	143,419,094	125,302,128	143,419,094	125,302,128
Other non-current assets		264,135	264,135	264,135	264,135
<b>Total non-current assets</b>		<b>2,819,938,900</b>	<b>2,490,650,666</b>	<b>2,819,894,442</b>	<b>2,490,603,499</b>
<b>Total assets</b>		<b>5,663,235,353</b>	<b>5,016,815,328</b>	<b>5,663,190,895</b>	<b>5,016,768,161</b>

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

S 11 Group Public Company Limited  
 Statements of financial position (continued)  
 As at 30 September 2018

(Unit: Baht)

Note	Financial statements in				
	which the equity method is applied		Separate financial statements		
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	9	44,000,000	30,000,000	44,000,000	30,000,000
Trade accounts payables		62,785,911	28,096,659	62,785,911	28,096,659
Current portion of long-term loans	11	1,435,944,952	1,061,821,634	1,435,944,952	1,061,821,634
Current portion of debentures	12	-	499,231,464	-	499,231,464
Short-term loans	10	620,750,006	233,258,283	620,750,006	233,258,283
Income tax payable		28,083,523	68,805,095	28,083,523	68,805,095
Insurance premium payables		18,487,941	20,318,432	18,487,941	20,318,432
Accrued expenses		55,387,545	29,897,720	55,387,545	29,897,720
Other current liabilities		32,037,190	21,256,570	32,037,190	21,256,570
<b>Total current liabilities</b>		<b>2,297,477,068</b>	<b>1,992,685,857</b>	<b>2,297,477,068</b>	<b>1,992,685,857</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	11	990,023,024	768,807,035	990,023,024	768,807,035
Debenture - net of current portion	12	149,828,376	149,866,150	149,828,376	149,866,150
Provision for long-term employee benefits		10,580,733	9,698,074	10,580,733	9,698,074
<b>Total non-current liabilities</b>		<b>1,150,432,133</b>	<b>928,371,259</b>	<b>1,150,432,133</b>	<b>928,371,259</b>
<b>Total liabilities</b>		<b>3,447,909,201</b>	<b>2,921,057,116</b>	<b>3,447,909,201</b>	<b>2,921,057,116</b>

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

S 11 Group Public Company Limited  
 Statements of financial position (continued)  
 As at 30 September 2018

(Unit: Baht)

Note	Financial statements in which the equity method is applied		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
	613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000
Issued and fully paid-up				
	613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000
	Share premium	427,822,558	427,822,558	427,822,558
	Capital reserve for share-based payment transactions	15,300,000	15,300,000	15,300,000
Retained earnings				
	Appropriated - statutory reserve	61,300,000	61,300,000	61,300,000
	Unappropriated	1,097,903,594	978,335,654	978,288,487
	<b>Total shareholders' equity</b>	<b>2,215,326,152</b>	<b>2,095,758,212</b>	<b>2,215,281,694</b>
	<b>Total liabilities and shareholders' equity</b>	<b>5,663,235,353</b>	<b>5,016,815,328</b>	<b>5,016,768,161</b>

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

Directors

(Unaudited but reviewed)

## S 11 Group Public Company Limited

## Statements of comprehensive income

For the three-month period ended 30 September 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Hire purchase interest income		401,702,935	347,149,053	401,702,935	347,149,053
Fee and service income		19,117,706	15,188,264	19,117,706	15,188,264
Other income		6,077,143	3,958,584	6,077,143	3,958,584
<b>Total revenues</b>		<b>426,897,784</b>	<b>366,295,901</b>	<b>426,897,784</b>	<b>366,295,901</b>
<b>Expenses</b>					
Selling and administrative expenses		79,080,306	76,755,961	79,080,306	76,755,961
Bad debts and doubtful accounts		110,339,616	94,050,426	110,339,616	94,050,426
Loss on impairment and on disposal of assets foreclosed	13	61,436,038	44,798,492	61,436,038	44,798,492
<b>Total expenses</b>		<b>250,855,960</b>	<b>215,604,879</b>	<b>250,855,960</b>	<b>215,604,879</b>
<b>Profit before finance cost, share of gain (loss) from investment in an associated company and income tax expenses</b>		<b>176,041,824</b>	<b>150,691,022</b>	<b>176,041,824</b>	<b>150,691,022</b>
Finance cost		(33,803,571)	(28,710,812)	(33,803,571)	(28,710,812)
<b>Profit before share of gain (loss) from investment in an associated company and income tax expenses</b>		<b>142,238,253</b>	<b>121,980,210</b>	<b>142,238,253</b>	<b>121,980,210</b>
Share of gain (loss) from investment in an associated company	5.2	(6,193)	101,793	-	-
<b>Profit before income tax expenses</b>		<b>142,232,060</b>	<b>122,082,003</b>	<b>142,238,253</b>	<b>121,980,210</b>
Income tax expenses	8.2	(28,417,973)	(24,373,691)	(28,417,973)	(24,373,691)
<b>Profit for the period</b>		<b>113,814,087</b>	<b>97,708,312</b>	<b>113,820,280</b>	<b>97,606,519</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		767,576	(168,509)	767,576	(168,509)
Income tax relating to actuarial (gain) loss		(153,515)	33,702	(153,515)	33,702
<b>Other comprehensive income for the period (loss)</b>		<b>614,061</b>	<b>(134,807)</b>	<b>614,061</b>	<b>(134,807)</b>
<b>Total comprehensive income for the period</b>		<b>114,428,148</b>	<b>97,573,505</b>	<b>114,434,341</b>	<b>97,471,712</b>
<b>Earnings per share</b>	14				
Basic earnings per share		0.19	0.16	0.19	0.16

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

(Unaudited but reviewed)

## S 11 Group Public Company Limited

## Statements of comprehensive income

For the nine-month period ended 30 September 2018

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Hire purchase interest income		1,159,992,487	1,001,100,420	1,159,992,487	1,001,100,420
Fee and service income		51,209,733	44,229,715	51,209,733	44,229,715
Other income		13,895,094	9,492,826	13,895,094	9,492,826
<b>Total revenues</b>		<b>1,225,097,314</b>	<b>1,054,822,961</b>	<b>1,225,097,314</b>	<b>1,054,822,961</b>
<b>Expenses</b>					
Selling and administrative expenses		242,471,916	220,457,009	242,471,916	220,457,009
Bad debts and doubtful accounts		319,569,460	273,660,371	319,569,460	273,660,371
Loss on impairment and on disposal of assets foreclosed	13	166,327,232	117,789,555	166,327,232	117,789,555
<b>Total expenses</b>		<b>728,368,608</b>	<b>611,906,935</b>	<b>728,368,608</b>	<b>611,906,935</b>
<b>Profit before finance cost, share of gain (loss) from investment in an associated company and income tax expenses</b>		<b>496,728,706</b>	<b>442,916,026</b>	<b>496,728,706</b>	<b>442,916,026</b>
Finance cost		(94,951,881)	(82,242,609)	(94,951,881)	(82,242,609)
<b>Profit before share of gain (loss) from investment in an associated company and income tax expenses</b>		<b>401,776,825</b>	<b>360,673,417</b>	<b>401,776,825</b>	<b>360,673,417</b>
Share of gain (loss) from investment in an associated company	5.2	(2,709)	61,827	-	-
<b>Profit before income tax expenses</b>		<b>401,774,116</b>	<b>360,735,244</b>	<b>401,776,825</b>	<b>360,673,417</b>
Income tax expenses	8.2	(80,295,516)	(72,059,863)	(80,295,516)	(72,059,863)
<b>Profit for the period</b>		<b>321,478,600</b>	<b>288,675,381</b>	<b>321,481,309</b>	<b>288,613,554</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain		474,175	302,009	474,175	302,009
Income tax relating to actuarial gain		(94,835)	(60,402)	(94,835)	(60,402)
<b>Other comprehensive income for the period</b>		<b>379,340</b>	<b>241,607</b>	<b>379,340</b>	<b>241,607</b>
<b>Total comprehensive income for the period</b>		<b>321,857,940</b>	<b>288,916,988</b>	<b>321,860,649</b>	<b>288,855,161</b>
<b>Earnings per share</b>	14				
Basic earnings per share		0.52	0.47	0.52	0.47

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

S 11 Group Public Company Limited

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unaudited but reviewed)

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Issued and fully paid-up share capital	Share premium	Capital reserve		Retained earnings		Total shareholders' equity
			for share-based payment transactions	statutory reserve	Appropriated -	Unappropriated	
<b>Balance as at 1 January 2017</b>	613,000,000	427,822,558	15,300,000	59,478,174	793,040,226	1,908,640,958	
Profit for the period	-	-	-	-	288,675,381	288,675,381	
Other comprehensive income for the period	-	-	-	-	241,607	241,607	
Total comprehensive income for the period	-	-	-	-	288,916,988	288,916,988	
Payment for dividend (Note 16)	-	-	-	-	(208,420,000)	(208,420,000)	
<b>Balance as at 30 September 2017</b>	613,000,000	427,822,558	15,300,000	59,478,174	873,537,214	1,989,137,946	
<b>Balance as at 1 January 2018</b>	613,000,000	427,822,558	15,300,000	61,300,000	978,335,654	2,095,758,212	
Profit for the period	-	-	-	-	321,478,600	321,478,600	
Other comprehensive income for the period	-	-	-	-	379,340	379,340	
Total comprehensive income for the period	-	-	-	-	321,857,940	321,857,940	
Payment for dividend (Note 16)	-	-	-	-	(202,290,000)	(202,290,000)	
<b>Balance as at 30 September 2018</b>	613,000,000	427,822,558	15,300,000	61,300,000	1,097,903,594	2,215,326,152	

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



(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2017</b>	613,000,000	427,822,558	15,300,000	59,478,174	793,040,226	1,908,640,958
Profit for the period	-	-	-	-	288,613,554	288,613,554
Other comprehensive income for the period	-	-	-	-	241,607	241,607
Total comprehensive income for the period	-	-	-	-	288,855,161	288,855,161
Payment for dividend (Note 16)	-	-	-	-	(208,420,000)	(208,420,000)
<b>Balance as at 30 September 2017</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>59,478,174</b>	<b>873,475,387</b>	<b>1,989,076,119</b>
<b>Balance as at 1 January 2018</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>61,300,000</b>	<b>978,288,487</b>	<b>2,095,711,045</b>
Profit for the period	-	-	-	-	321,481,309	321,481,309
Other comprehensive income for the period	-	-	-	-	379,340	379,340
Total comprehensive income for the period	-	-	-	-	321,860,649	321,860,649
Payment for dividend (Note 16)	-	-	-	-	(202,290,000)	(202,290,000)
<b>Balance as at 30 September 2018</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>61,300,000</b>	<b>1,097,859,136</b>	<b>2,215,281,694</b>

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

(Unaudited but reviewed)

## S 11 Group Public Company Limited

## Cash flows statements

For the nine-month period ended 30 September 2018

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before income tax	401,774,116	360,735,244	401,776,825	360,673,417
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation	4,558,326	4,564,816	4,558,326	4,564,816
Bad debts and doubtful accounts	319,569,460	273,660,371	319,569,460	273,660,371
Loss on impairment of assets foreclosed	7,820,995	1,886,325	7,820,995	1,886,325
Gain on sale assets	(293)	(466)	(293)	(466)
Loss on written-off assets	17,106	16,644	17,106	16,644
Share of (gain) loss from investment in an associated company	2,709	(61,827)	-	-
Provision for long-term employee benefits	1,356,834	1,031,433	1,356,834	1,031,433
Hire purchase interest income	(1,159,992,487)	(1,001,100,420)	(1,159,992,487)	(1,001,100,420)
Interest expenses and amortisation of loans issuing cost	94,951,881	82,242,609	94,951,881	82,242,609
Loss from operating activities before changes in operating assets and liabilities	(329,941,353)	(277,025,271)	(329,941,353)	(277,025,271)
Operating assets (increase) decrease				
Hire purchase receivables	(927,174,311)	(725,772,561)	(927,174,311)	(725,772,561)
Assets foreclosed	(17,714,311)	(5,191,541)	(17,714,311)	(5,191,541)
Prepaid insurance premium	4,647,287	3,783,228	4,647,287	3,783,228
Other current assets	(3,725,405)	3,078,538	(3,725,405)	3,078,538
Other non-current assets	-	(25,186)	-	(25,186)
Operating liabilities increase (decrease)				
Trade accounts payables	34,689,252	50,003,564	34,689,252	50,003,564
Insurance premium payables	(1,830,491)	2,119,654	(1,830,491)	2,119,654
Accrued expenses	27,830,613	27,431,785	27,830,613	27,431,785
Other current liabilities	10,780,620	4,823,816	10,780,620	4,823,816
Cash flows used in operating activities	(1,202,438,099)	(916,773,974)	(1,202,438,099)	(916,773,974)
Cash received from interest	1,148,909,220	986,530,283	1,148,909,220	986,530,283
Cash paid for corporate income tax	(139,228,889)	(131,487,588)	(139,228,889)	(131,487,588)
Cash paid for interest	(85,062,917)	(66,143,628)	(85,062,917)	(66,143,628)
<b>Net cash flows used in operating activities</b>	<b>(277,820,685)</b>	<b>(127,874,907)</b>	<b>(277,820,685)</b>	<b>(127,874,907)</b>

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

(Unaudited but reviewed)

S 11 Group Public Company Limited

Cash flows statements (continued)

For the nine-month period ended 30 September 2018

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Cash paid for investment in an associated company	-	(249,990)	-	(249,990)
Increase in restricted bank deposits	(121,380)	(172,160)	(121,380)	(172,160)
Cash received for proceed of equipment	2,580	467	2,580	467
Cash paid for acquisition of building and equipment	(2,369,391)	(10,273,679)	(2,369,391)	(10,273,679)
<b>Net cash flows used in investing activities</b>	<b>(2,488,191)</b>	<b>(10,695,362)</b>	<b>(2,488,191)</b>	<b>(10,695,362)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	14,000,000	50,000,000	14,000,000	50,000,000
Increase (decrease) in short-term loans	379,164,331	(140,715,693)	379,164,331	(140,715,693)
Repayment for debenture	(500,000,000)	-	(500,000,000)	-
Cash received from long-term loans	1,582,000,000	1,184,200,000	1,582,000,000	1,184,200,000
Repayment of long-term loans	(985,632,290)	(741,177,303)	(985,632,290)	(741,177,303)
Repayment of financial lease payables	-	(456,728)	-	(456,728)
Payment for loans issuing cost	(4,200,000)	(1,752,000)	(4,200,000)	(1,752,000)
Payment for dividend	(202,290,000)	(208,420,176)	(202,290,000)	(208,420,176)
<b>Net cash flows from financing activities</b>	<b>283,042,041</b>	<b>141,678,100</b>	<b>283,042,041</b>	<b>141,678,100</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,733,165</b>	<b>3,107,831</b>	<b>2,733,165</b>	<b>3,107,831</b>
Cash and cash equivalents at beginning of period	21,347,748	4,948,506	21,347,748	4,948,506
<b>Cash and cash equivalents at end of period</b>	<b>24,080,913</b>	<b>8,056,337</b>	<b>24,080,913</b>	<b>8,056,337</b>

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

**S 11 Group Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2018**

**1. General information**

**1.1 Corporate information**

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

As at 30 September 2018, the Company has 7 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima and Prachinburi (31 December 2017: 6 branches).

**1.2 Basis for the preparation of the interim financial statements**

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

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

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

### 1.3 New financial reporting standards

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

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

#### **(b) Financial reporting standards that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

#### **TFRS 15 Revenue from Contracts with Customers**

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

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **1.4 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 2. Hire purchase receivables

2.1 As at 30 September 2018 and 31 December 2017, the contract terms of the Company's hire purchase receivables are 12 - 48 installments with payments to be made in equal installments, and interest charged at the fixed rates as specified in the contracts. These are summarised as follows:

(Unit: Baht)

	30 September 2018		
	Amounts due within	Amounts due	Total
	1 year <sup>(2)</sup>	over 1 year	
Hire purchase receivables	4,823,601,941	3,269,283,779	8,092,885,720
Less: Unearned hire purchase income <sup>(1)</sup>	(1,493,342,604)	(678,799,686)	(2,172,142,290)
Present value of the minimum lease payment receivables	3,330,259,337	2,590,484,093	5,920,743,430
Less: Allowance for doubtful accounts <sup>(3)</sup>	(711,342,489)	(27,587,497)	(738,929,986)
Net hire purchase receivables	<u>2,618,916,848</u>	<u>2,562,896,596</u>	<u>5,181,813,444</u>

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

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

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

(Unit: Baht)

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

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

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

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

2.2 As at 30 September 2018 and 31 December 2017, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for doubtful accounts are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Balance of		Percentage of allowance set up by the Company	Allowance for	
	hire purchase receivables			doubtful accounts	
	30 September 2018	31 December 2017		30 September 2018	31 December 2017
Not yet due	3,918,909,268	3,435,910,209	1	39,185,126	34,359,052
Past due					
Less than 1 month	735,976,763	666,143,523	1	7,359,768	6,661,436
1 month or more, but less than 2 months	312,250,087	274,684,785	1	3,122,372	2,746,829
2 months or more, but less than 4 months	294,229,006	259,340,926	2	5,884,414	5,186,799
4 months or more, but less than 7 months	177,243,083	149,170,083	100	177,243,083	149,170,083
7 months or more, but less than 13 months	203,228,444	185,151,058	100	203,228,444	185,151,058
13 months or more	278,906,779	271,505,835	100	278,906,779	271,505,835
Total	<u>5,920,743,430</u>	<u>5,241,906,419</u>		714,929,986	654,781,092
Allowance for doubtful accounts - additional provision for uncollectible receivables				<u>24,000,000</u>	<u>24,000,000</u>
Total				<u>738,929,986</u>	<u>678,781,092</u>

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

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



- 2.4 As at 30 September 2018, the Company had hire purchase receivables amounting to Baht 956 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2017: Baht 894 million).
- 2.5 As at 30 September 2018, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 1,327 million (31 December 2017: Baht 655 million) in order to secure credit facilities granted by a commercial bank as discussed in Note 11 to the financial statements.

## 2.6 Allowance for doubtful accounts

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

(Unit: Baht)

	For the nine-month period ended 30 September 2018	For the year ended 31 December 2017
Balance beginning of the period	678,781,092	489,913,743
Add: Doubtful account increase during the period	319,569,460	367,768,912
Less: Bad debt written-off	(259,420,566)	(178,901,563)
Balance end of the period	<u>738,929,986</u>	<u>678,781,092</u>

## 3. Assets foreclosed

(Unit: Baht)

	30 September 2018	31 December 2017
Assets foreclosed - cost	35,775,076	18,060,764
Less: Allowance for impairment	(15,447,782)	(7,626,786)
Assets foreclosed - net	<u>20,327,294</u>	<u>10,433,978</u>

## 4. Other current assets

(Unit: Baht)

	30 September 2018	31 December 2017
Advance VAT receivable	25,197,390	22,093,429
Other receivable - sales of assets foreclosed	6,248,419	5,158,413
Revenue department receivables	4,481,501	7,224,256
Other accrued income	3,669,100	6,567,185
Others	3,359,914	6,470,376
Total	<u>42,956,324</u>	<u>47,513,659</u>

## 5. Investment in an associated company

### 5.1 Detail of an associated company

(Unit: Baht)

Company's name	Nature of business	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
		30 September 2018	31 December 2017	Book value	Book value	Cost/Book value	Cost/Book value
		(%)	(%)				
MOD S Company Limited	Manage and develop quality of assets	25	25	294,448	297,157	249,990	249,990

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

### 5.2 Share of comprehensive income and dividend

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company recognised share of gain (loss) from investment in an associated company in the financial statements in which the equity method is applied and no dividends received from the associated company during the periods as follows:

(Unit: Baht)

Company's name	Share of gain (loss) from investment for the three-month periods ended 30 September		Share of gain (loss) from investment for the nine-month periods ended 30 September	
	2018	2017	2018	2017
MOD S Company Limited	(6,193)	101,793	(2,709)	61,827

### 5.3 Summarised financial information of an associated company

Summarised financial information of MOD S Company Limited as at 30 September 2018 and 31 December 2017 and for the three-month and nine-month periods ended 30 September 2018 and 2017, prepared by the management of the associated company and not reviewed by its auditor, is as follows:

#### Summarised information about financial position

	(Unit: Baht)	
	30 September 2018	31 December 2017
Total assets	1,597,375	1,373,246
Total liabilities	419,584	184,618
Net assets	<u>1,177,791</u>	<u>1,188,628</u>

#### Summarised information about income statement

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Revenue	731,836	731,140	1,788,136	743,119
Profit (loss) for the period	(24,771)	407,173	(837)	247,268

### 6. Restricted bank deposits

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

## 7. Land, building and equipment

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

	(Unit: Baht)
<b>Cost</b>	
Balance as at 1 January 2018	125,809,683
Additions	2,369,391
Disposals/written-off	(201,887)
Balance as at 30 September 2018	<u>127,977,187</u>
<b>Accumulated depreciation</b>	
Balance as at 1 January 2018	36,414,846
Depreciation for the period	4,558,326
Disposals/written-off	(182,494)
Balance as at 30 September 2018	<u>40,790,678</u>
<b>Net book value</b>	
Balance as at 30 September 2018	<u>87,186,509</u>

## 8 Deferred tax assets/income tax expenses

### 8.1 Deferred tax assets

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

	(Unit: Baht)	
	30 September 2018	31 December 2017
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	147,785,997	135,756,219
Allowance for impairment of assets foreclosed	3,089,556	1,525,357
Provision for long-term employee benefits	2,116,147	1,939,615
Accrued bonus	4,628,000	-
Advance receive from insurance premium	9,507,584	7,302,780
Others	565,884	506,989
Total	<u>167,693,168</u>	<u>147,030,960</u>
<b>Deferred tax liabilities</b>		
Deferred commission and initial direct cost from hire purchase contracts	22,771,964	20,286,250
Deferred loans issuing costs	1,467,785	1,262,105
Deferred debentures issuing cost	34,325	180,477
Total	<u>24,274,074</u>	<u>21,728,832</u>
Deferred tax assets - net	<u>143,419,094</u>	<u>125,302,128</u>

## 8.2 Income tax expenses

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	28,443,432	37,289,307	98,507,317	109,622,703
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(25,459)	(12,915,616)	(18,211,801)	(37,562,840)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>28,417,973</u>	<u>24,373,691</u>	<u>80,295,516</u>	<u>72,059,863</u>

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Deferred tax relating to actuarial (gain) loss	(153,515)	33,702	(94,835)	(60,402)

(Unaudited but reviewed)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	2018	2017	2018	2017
Accounting profit before tax	<u>142,232,060</u>	<u>122,082,003</u>	<u>142,238,253</u>	<u>121,980,210</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	28,446,412	24,416,401	28,447,651	24,396,042
Tax effect of tax-exempt income and disallowed expenses	<u>(28,439)</u>	<u>(42,710)</u>	<u>(29,678)</u>	<u>(22,351)</u>
Income tax expenses reported in the statements of comprehensive income	<u>28,417,973</u>	<u>24,373,691</u>	<u>28,417,973</u>	<u>24,373,691</u>

(Unit: Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Accounting profit before tax	<u>401,774,116</u>	<u>360,735,244</u>	<u>401,776,825</u>	<u>360,673,417</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	80,354,823	72,147,049	80,355,365	72,134,683
Tax effect of tax-exempt income and disallowed expenses	<u>(59,307)</u>	<u>(87,186)</u>	<u>(59,849)</u>	<u>(74,820)</u>
Income tax expenses reported in the statements of comprehensive income	<u>80,295,516</u>	<u>72,059,863</u>	<u>80,295,516</u>	<u>72,059,863</u>

**9. Short-term loans from financial institutions**

(Unit: Baht)

	Interest rate (percent per annum)	30 September 2018	31 December 2017
Promissory notes	3.6	44,000,000	30,000,000

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

As at 30 September 2018, the short-term credit facilities which have not yet been drawdown amounted to Baht 206 million.

**10. Short-term loans**

As at 30 September 2018, the Company has loans in form of bills of exchange, net of discount, totaling Baht 621 million. The bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between October 2018 - April 2019), with interest charged at the rate of 3.20 - 3.65 percent per annum (31 December 2017: Bills of exchange of Baht 233 million, registered, transferable, and maturing within 270 days from the date of issuance (maturity date between January - June 2018), with interest charge at the rate of 3.25 - 3.44 percent per annum).

## 11. Long-term loans

As at 30 September 2018 and 31 December 2017, the long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	30 September 2018	31 December 2017
1	Loan agreement dated 27 June 2014	MLR - 1.5 to MLR - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	1,073,653,435	1,098,530,959
2	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	162,700,000	284,200,000
3	Loan agreement dated 13 September 2017	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	372,961,768	280,058,359
4	Loan agreement dated 4 October 2017	THBFIX1M + 1.8	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	453,150,000	174,800,000
5	Loan agreement dated 29 June 2018	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	81,491,825	-
6	Loan agreement dated 9 July 2018	THBFIX6M + 1.65	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	290,000,000	-
Total				2,433,957,028	1,837,589,318
Less: Deferred loans issuing costs				(7,989,052)	(6,960,649)
Long-term loans				2,425,967,976	1,830,628,669
Less: current portion due within 1 year				(1,435,944,952)	(1,061,821,634)
Long-term loans - net of current portion				990,023,024	768,807,035

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



(Unaudited but reviewed)

As at 30 September 2018, the Company has commitments of Baht 906 million under interest rate swap agreements with a bank that is the Company's lender for loan facility no. 2, 4 and 6, whereby a floating interest rate is swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2021, in accordance with the conditions of loan repayment (31 December 2017: The Company has commitments of Baht 459 million under interest rate swap agreements for loan facility no. 2 and 4 with a bank).

As at 30 September 2018, the long-term credit facilities of the Company which have not yet been drawdown amounted to Baht 1,739 million.

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

	(Unit: Baht)
Balance as at 1 January 2018	1,837,589,318
Add: Drawdown during the period	1,582,000,000
Less: Repayment during the period	(985,632,290)
Balance as at 30 September 2018	<u>2,433,957,028</u>

## 12. Debentures

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

			(Unite: Baht)	
			30 September 2018	31 December 2017
No.	Date	Repayment schedule		
1	20 July 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 year term with a coupon rate at 4% per annum, interest payable every quarter	-	500,000,000
2	22 November 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 3 year term with a coupon rate at 4.10% per annum, interest payable every six months	150,000,000	150,000,000
Total			<u>150,000,000</u>	<u>650,000,000</u>
Less: Deferred issuing costs			(171,624)	(902,386)
Debentures			149,828,376	649,097,614
Less: Current portion due within 1 year			-	(499,231,464)
Debentures - net of current portion			<u>149,828,376</u>	<u>149,866,150</u>

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

(Unaudited but reviewed)

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

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Loss on impairment of assets foreclosed	394,444	1,097,511	7,820,995	1,886,325
Loss on disposal of assets foreclosed	61,041,594	43,700,981	158,506,237	115,903,230
Total	61,436,038	44,798,492	166,327,232	117,789,555

### 14. Earnings per share

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

### 15. Related party transactions

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

Name of related party	Relationship with the Company				Pricing policy
MOD S Company Limited	An associate company				
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2018	2017	2018	2017	
<u>Transactions with associate</u>					
Service income	1,768	28,115	4,255	47,847	As stipulated in agreements
Service expense	633,523	477,374	1,480,988	512,733	As stipulated in agreements

(Unaudited but reviewed)

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

	(Unit: Baht)	
	30 September 2018	31 December 2017
<u>Service receivable</u>		
An associated company	1,892	-
<u>Service payable</u>		
An associated company	237,128	77,059
<u>Directors and management benefits</u>		

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

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Short-term employee benefits	4,835,185	5,225,654	15,355,886	15,351,594
Post-employment benefits	(494,494)	62,652	59,035	450,781
Total	4,340,691	5,288,306	15,414,921	15,802,375

## 16. Dividends

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

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

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

On 10 August 2018, the Board of Director Meeting of the Company No. 3/2018 approved a dividend payment of Baht 0.12 per share from the operating result of the 2018 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 73.56 million. The dividend was paid on 7 September 2018.

**17. Segment information**

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

**18. Commitments - Guarantees**

As at 30 September 2018, there was an outstanding bank guarantee of Baht 10,000 (31 December 2017: Baht 10,000) issued by a bank on behalf of the Company as a guarantee for a post office box.

**19. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2018.