

รายงานประจำปี 2559
ANNUAL REPORT
2016



บริษัท สยามเจนอรัลแฟคตอริง จำกัด (มหาชน)
Siam General Factoring Public Company Limited

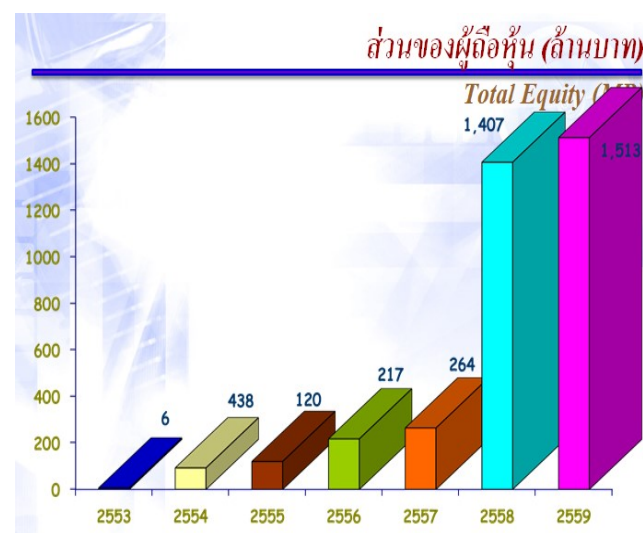
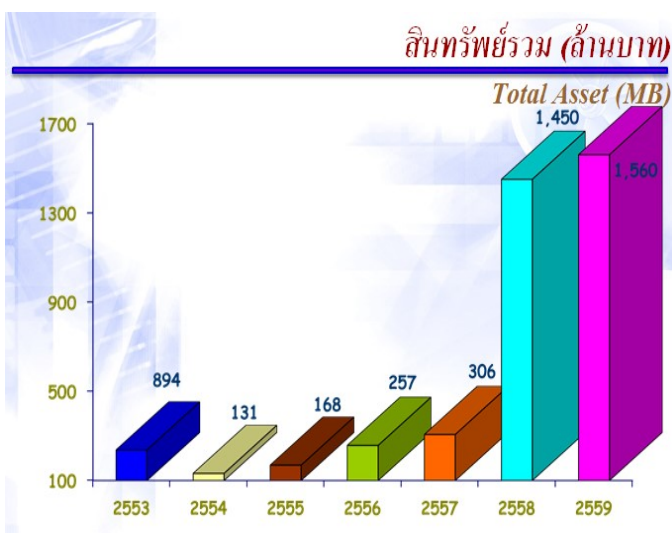
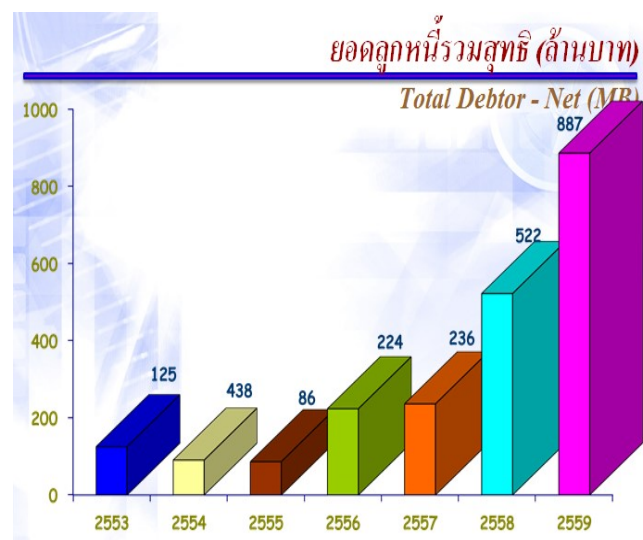
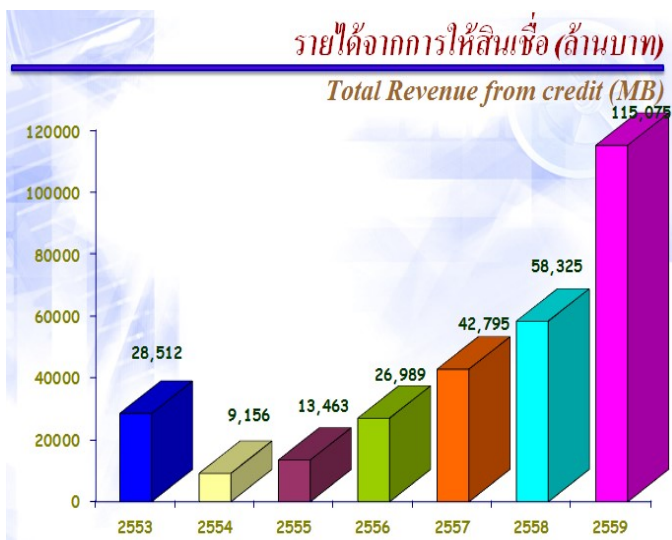
CONTENTS

Financial Highlight	1
Report from the Board of Directors	3
Report from management	
- Company Profile	5
- Type of Business Operation	6
- Industries and Competition Circumstances	7
- Risk factors	8
Corporate Governance Report	
- Corporate Governance	10
- Internal Control and Risk Management	20
Structures	
- Shareholders Structure	21
- Board of Directors	22
- Management Structure	23
- Organization Chart	27
- Board of Directors and Executive Officers	28
Financial Report	
- Management Discussion and Analysis	35
- Related Parties & Connected Transaction	42
- Audit Committee's Report	43
- Auditor's Report	45
- Financial Statements	48
Corporate Social Responsibility	77
Branch and Reference	78

Financial Highlights

		2557 2014	2558 2015	2559 2016
ผลประกอบการ (ล้านบาท)	Performance (Million Baht)			
รายได้จากสินเชื่อเงินให้กู้ยืม	Pre-finance Income	32.49	48.97	95.34
รายได้จากการซื้อสิทธิเรียกร้อง	Factoring Income	4.42	3.65	3.52
รายได้สินเชื่อรวม	Total Credit Income	42.79	58.32	115.07
รายได้รวม	Total Income	72.59	64.60	115.66
กำไรขั้นต้น	Gross Profit	70.97	62.95	114.67
กำไร(ขาดทุน)สุทธิ	Net Profit (Loss)	46.79	17.42	105.62
ฐานะการเงิน ณ 31 ธันวาคม (ล้านบาท)	Financial Status as at 31 December (Million Baht)			
ลูกหนี้สินเชื่อเงินให้กู้ยืม (สุทธิ)	Pre-finance Receivables (net)	210.16	500.23	838.47
ลูกหนี้จากการซื้อสิทธิเรียกร้อง (สุทธิ)	Factoring Receivables (net)	16.75	13.47	40.35
ลูกหนี้สินเชื่อรวม	Total Receivables (net)	236.19	522.44	886.64
สินทรัพย์หมุนเวียน	Current Assets	283.48	1,433.81	1,494.81
สินทรัพย์รวม	Total Assets	305.77	1,449.60	1,559.73
หนี้สินหมุนเวียน	Currents Liabilities	33.99	35.61	40.83
หนี้สินรวม	Total Liabilities	41.91	42.65	47.17
ส่วนของผู้ถือหุ้น	Shareholders' Equity	263.86	1,406.94	1,512.56
เทียบเป็นรายหุ้น (บาท)	PER SHARE (Baht)			
กำไรสุทธิต่อหุ้น	Net Profit per share	0.0202	0.0026	0.0081
เงินปันผลต่อหุ้น	Dividend per share	-	-	-
มูลค่าหุ้นตามบัญชี	Book valued per share	0.114	0.054	0.115
อัตราส่วนทางการเงิน	FINANCIAL RATIO			
อัตราส่วนระหว่างสินทรัพย์หมุนเวียนกับหนี้สินหมุนเวียน	Current Ratio	8.34	40.26	36.61
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.16	0.03	0.03
อัตราส่วนกำไรจากการดำเนินงาน	Net Profit Margin	64.46%	26.97%	91.31%
อัตราส่วนผลตอบแทนของส่วนผู้ถือหุ้นสามัญ	Return on Equity	17.73%	1.24%	6.98%
อัตราผลตอบแทนจากสินทรัพย์รวม	Return on Assets	15.30%	1.20%	6.77%

Investors can find additional information of the Company from “Form 56-1” in the www.sec.or.th
and the Company website www.sgf.co.th



Report from the Board of Directors

To All Shareholders

This year is the great year of the Siam General Factoring (SGF) which has several positive developments.

The Company has filed for resume to trading in the MAI market on 1 February after discontinuance of trading in 2007, with the complete requirements set by the Stock Exchange of Thailand such as a component of shareholders' equity and earnings from operation basis, a stable financial status and performance according to business conditions, complete qualifications according to the criteria of status maintenance as a registered Company, and so on. It is considered as the first Company in the non-performance group which has succeeded in returning into the stock market in the last many years. The Board of Directors believes that it will be a significant step contributing benefits to the Company such as reliability from partners and the public, empowerment in funding in markets of capital and debt securities, and most importantly, increase of liquidity to the shareholders of the Company. The Board of Directors would like to take this opportunity to thank executives, employees, and all staff concerned for supporting and improving the Company successfully.

In terms of turnovers, the Company has ports of debtors at 886.64 million baht in total at the end of 2016 (the proportion of debtors with collateral in excess of the debt at 838.47 million baht or 94.57%, and factoring and personal loan debtors at 48.17 million baht or 5.43%), up from 522.44 million baht at the end of 2015, representing an increase of 69.71% of debtors. The Company's revenue is 115.08 million baht in 2016, up from 60.16 million baht in 2015, or 91.28%, while net profit is 105.62 million baht, up from 17.42 million baht in 2015, or 506.31% growth. If deferred tax of 46.86 million baht is not counted, the net profit will be 58.76 million baht or 237.27% growth and bad debt and doubtful accounts decrease from 833,374 baht to 44,654 baht. It can be seen that the turnovers of the growth of the debtor, asset quality, and revenue and profit have improved.

Another important development is that on 5 October 2016, the Company recovered the case in the Supreme Court and judged to receive principal payment from the debtors (6 defendants) in the amount of 200,635,606.15 baht with interest of 7.50% per year of the principal in amount of 195,340,494.40 baht from the following day of the filing date (filed on 4 April 2003) until the debt will have been fully repaid by providing customers and guarantors (defendants 1 to 5) jointly liable with the debtors— pay the principal in amount of 135,320,406.77 baht with interest rate of 10.5% per year of such principal and a penalty fine of 0.50 % per year from 5 June 2004 to the date of full repayment of the debt. The Company has the right to execute the lawsuit against both the debtors and the customers in accordance with the legal process. However, if the Company completely receives the debt from the debtor (defendant 6), the Company will not be able to ask for repayment of the debt from customers and guarantors (defendant 1 to 5) as it is the same debt. The debtors placed securities at the court. The Company is in the process of executing the case to recognize revenue and prepare to capitalize on recovering the case to expand business.

In this year, the Company's policy is focused on retail loan business consisting of new and used motorcycle hire purchase loans, motorcycle and vehicle registration loans, home and land mortgage and consignment loans with many experienced business people joining in this business. The Company has a policy of expansion of branches and consolidation of local quality retail loans in order to strengthen the business to grow strongly and sustainably.

The informal debt problem is a social issue spread throughout Thailand. The government is currently working on a solution such as increasing criminal penalties or holding the Nano Finance and Pico Finance projects to pull out the informal debt and put back into the system. According to many of the debt research





projects, the amount of debt is currently several trillion baht. It is believed that that is the burden of more than 8 million Thai households. Interest rates are unusually high (probably up to 12-20 % per month) which is unfair to debtors, resulting in increased poverty. Debtors cannot escape from poverty. Retail business, especially motorcycle and vehicle registration loans and home and land mortgage and consignment loans which provide much lower interest, becomes a business that helps to lighten the loads of people. In addition to doing business for profit, SGF assumes that our business expansion will also support the drive for the country's economy and government policies of solutions to poverty, and improve the quality of life for Thais.

Finally, to reflect the business structure that does not mainly focus on factoring, the Board of Directors has resolved to propose for shareholders' approval at the 2017 Annual General Meeting of Shareholders on 28 April 2017 to change the name of the Company from Siam General Factoring Public Company Limited to SGF Capital Plc. The Board of Directors is looking forward to a year of change which is a sustainable mark in our business.

Mr. Vijit Supinit
Chairman of the Board

Mr. Vivat Vithoontien
Chief Executive Officer

Company Profile

Siam General Factoring Public Company Limited is engaged in financial service of factoring. SGF was the first company to service factoring in Thailand beginning on August 7, 1985.



In 1997, The Company increase The Letter of guarantee service to support customer for bidding by the governmental agency.

In 1999, The Company increase service as following:

- The service for Pre-financial.
- L/C providing and Purchase service, L/C Opening service.
- The Service for the financial support guarantee.

In 2000, The Company made debt restructuring agreement and the creditor agree to settled Loan of US\$ 11.55 million (Baht 452 million) by issuing preferred shares. So all 9 of the Company's creditors are holding their shares altogether equivalent to 68.89 %

In 2003, The Company had changed the major shareholders to be Paolo Medic Co.,Ltd. The Company had a policy to increase the service for Leasing.

In 2005, The Company has permitted to operate personal loan business from BOT and has this service now.

In 2015, The Company has permitted to operate Nano finance from BOT.

Type of Business Operation

1) Loan Credit

Loan Credit is divided into 2 types:

1. Pre-financing, a short term loan approximately 3 months. This loan is given to a customer for starting his work according to the service contract or sale-purchase contract which has been signed. The contract must be transferred to the company and the customer receives the short-term pre-financing to start and complete his work within the schedule.
2. Loan, a long term loan 1-3 years. This loan is given to a customer to improve or develop there business and gradually repayment as agreement. The Company will set the credit amount depends on each work project and the value of collateral.

2) Factoring

Factoring is a financial service that allows a business to sell its outstanding receivables and receive immediate cash funding to manipulate its cash flow. The factoring companies receive the invoice and collect the full amount from the commercial invoice such as invoice, statement, receipt, etc.

The incomes from factoring services comprise of 2 parts (1) factoring fee or interest and (2) debt collection fee from customer's debtors. The company offers Recourse – Notification Factoring where the compulsory performance from customers and debtors is conducted. The receivable aging is approximately 41 days.

The customer's debtors comprise of :

1. Debtors which are governments, state enterprises and other authorities concerned, arising from the purchasing/procurement/service agreements made with the customer. These accounts receivables of governments and state enterprises are equivalent to 100.00% of total accounts receivables.
2. Private debtors which are industries, commerce and services, arising from the trading transaction between customers and debtors in normal business practice. These accounts receivables of private debtor are equivalent to 0% of total accounts receivables.

The accepted commercial documents are work order, delivery order, inspection slip, statement, invoice, cheque and promissory note where the purchasing proportion of each document shall depend on the level of its compulsory performance.

3) Personal Loan

Service on Personal Loan is a service of the company which begins from June 2005 to provide credit lines to employees of general company. The agreement of the settlement is the disbursement from the salary account. The duration of loan is approximately 1-5 years. The company will define the credit line and application rate in accordance with the regulations of the Bank of Thailand.

4) Nano Finance

Service on Nano Finance is a service of the company which begins from December 2016 to provide credit lines for working capital to small business entrepreneurs. The duration of loan is approximately 1-4 years. The company will define the credit line and application rate in accordance with the regulations of the Bank of Thailand. (The Company begin this service from December 2016).

5) Other Services

Other supporting services are rendered to a customer for the full range of services such as

◆ Financial Lease

Financial Lease is a financial instrument which supports the leasing of machine, equipment and automobile. A lessee provides a leased asset and notifies a lessor to be purchaser for the lessee's leasing of 3-5 years on a monthly installment. Now, the Company policy is not giving for this business.

◆ Letter of Guarantee

Letter of Guarantee supports the credit amount in bidding, contract execution, advance payment and goods procurement. It helps the bidding or service contract with governments, state enterprises and private sectors by providing the Letter of Guarantee from bank or company itself.

◆ Letter of Credit Support

The company issues the Letter of Credit Support to the bidder to execute and complete the work project.

Industrial and Competition Circumstances

For the overview of the economy in 2016, although prices of agricultural crops were still falling resulting in decreased agricultural income, spending and investment by the government began to grow, especially from the large scale infrastructure investment projects of transportation, a water management projects, a road transport development project, and an increase in the budget for capital expenditure in 2016, which will stimulate the economy to recover gradually. In addition, measures to stimulate the tourism industry will also serve as a supplement to the country's economic growth.

For the year 2016, the Company focused on loan supports to customers to increase liquidity in the business in order to allow them to be able to improve and develop their potential of competitiveness and lands will be taken as collateral to reduce the risk of non-performing loans. Even though such loans will be provided by many service providers, demands for customer service is still increasing. Therefore, the Company is able to continue to find customers, especially medium to small customers that large financial institutions may not support.

For Factoring Loans, the Company continues to focus on providing services to small and medium customers (SMEs) that are contracted to buy / hire with government and state-owned enterprises debtors who can transfer the right to receive money. For that group of debtors, the Company has a lot of experience and expertise due to continuing service for a long time throughout a debt collection process which is beneficial for effective debt collection management. This is to protect damages which may occur from transfers of non-performing loans. As a result, a new NPL ratio of the Company was low last year.

In the year 2017, the Company has a policy to provide each type of loan as follows:

- New and Used Motorcycle Hire Purchase Loans: providing credit to customers who want to buy a used or new motorcycle by purchasing a existing port or local business.
- Motorcycle and Vehicle Registration Loans: providing loans to retail customers. Customers may bring a debt-free car or motorcycle (owned and fully paid off) as a collateral for a short-term loan which will be provided not more than half of the market value of collateral value.
- Real Estate Mortgage and Consignment Loans: providing loans to retail customers. Customers bring real estate as a collateral for a loan with a mortgage or consignment contract. It will be provided not more than half of the market value of collateral value.
- Pre-Finance Loans: to grant advance credit lines to customers who transfer their rights to use factoring services with the Company. Customers will receive money in advance to carry out the contract of the right transfer to the Company, including provision of loans to support construction projects or any operations that require investment whereby customers wishing to apply for a loan must provide a security for consideration.
- Debt Purchase and Bad Debt Management: by establishing Asset Management Company (AMC) to purchase bad debts from financial institutions.
- Factoring Loans: to focus on providing small and medium sized customers (SME) with dependable government, state or large private debtors who are reliable and able to transfer the right to receive money with clear verification of the completeness of the debts.
- Personal loans: the only loan available to employees in each Company considered to support personal loans. Provision of loans is determined by income, capacity of repayment, credit scoring, and credit bureau inspection under the Bank of Thailand regulations.
- Leasing Machinery and Automobile Loans: the Company has a policy of providing leasing services as a supplement to customers mainly using factoring services when customers want to buy new machinery to support business expansion or replacement of damaged or expired machines. The Company provides only machines which are widely used with a clear market, including car leasing services.
- Nano Finance: the right way to get a business loan for production and services. It is allowed small entrepreneurs who need loans to access loan source easily and systematically through financial institutions licensed by the Bank of Thailand (The Company began offering Nano Finance Services in December 2016).

Risk Factors

The Company is aware that risk management is the most important part for making business of the Company so that considers to specifying the method of risk management in each aspect for effectively control. Moreover, the Company has also analyzed the key risk factor that may have an effect on making business and bring them to improve process of risk management in each aspect continuously.

Risk management of the Company is comprised of many key processes that is identification of the most important risk factor that shall have an effect on making business, risk assessment, process of risk monitoring and control to be in an appropriate level under policy specified by the Company, and risk report to all concerned people in order to manage and/or deal with risk in time.

The most important risk factor that may have an effect on making business as follows:

- **Credit Risk**
- **Market Risk**
- **Interest rate Risk**
- **Risk on concentration of debtors and customers**

The Company has specified method of risk management in each aspect as follows:

1. Credit Risk

Credit Risk is the risk that arises from the inability of customer to perform their obligations under contractual agreements in relation to the Company's lending- for example, the customer's failure to repay principle or interest as agreed with the Company and include factors which may affect the ability of customers to fully repay loans.

Thai economy has been affected by the country's instability, the high level of household debt that is putting strong pressure on private consumption, affecting capital flows, liquidity and interest rates, so the Company must therefore closely monitor the risks that might adversely affect customers. This is because the repayment ability of some customers might be lessened due to tighter liquidity, especially customers who are weaker financially or more vulnerable to the risk factors.

In managing credit risk, the Company has established the credit policy by using the principle of Credit Rating and Credit Scoring to use as criterion of analyzing status of customer and debtor as for monitoring tool of credit officer by specifying target group of customer, target group of debtor, and minimum standard of granting credit. All credit approvals shall be considered by credit committee of the Company by specifying condition and authority of approving credit according to the category of credit, financial amount and guarantee for reducing risk and also review and analyze quality credit including risk level of credit and follow-up using service of customer closely and regularly report. Moreover, the Company also has Operation Department to monitor and control using service of customer to be corresponded to the specified terms and conditions and law team to manage credit problem.

2. Market Risk

For the part of Factoring business, the competition rate of financial institution is still continuously higher and higher, both commercial bank and non-bank. The market leader is still the group of commercial bank which has advantage over both in the matter of large volume of customer base who uses the other line of financial service so it is quite easy to offer the continuous line of service and very low bank's financial cost, but the Company used professionally operated by developing and delivering a better quality and service. Granting service facility that is corresponding and meeting customer's need which building satisfaction in using service continuously.

Furthermore, The Company expanded the customer base to the loan business by having the mortgaged land as a debt guarantee. This group of customer was a group who wanted to use the credit limit for their businesses, but the bank had to take some times for considering the credit limit which was too slow for the customer's need. However, the Company prevented the risk on the value of the guarantee by giving the credit limit

with the appropriate proportion of financial amount according to the value of the guarantee and the ability of repayment.

3. Interest rate Risk

The interest rate is the major factor which affects the income and expenses. The main source of income is the interests earned on financing, which are changed at fixed rates, while funding costs from financial institutions are float rates which vary with the market rate. Therefore, the fluctuation of the market interest rate can affect the Company's interest margin. However, since the buy-in duration of company loans regarding factoring or Pre-finance business are the short-term loan, the company can flexibly adjust the interest rate used with customers to keep the spread. Furthermore, the Company still has cash to expand credit, and no loan from financial institute, so the Company has no interest risk.

4. Risk on concentration of debtors and customers

Loan : business in 2014, 2015 and 2016, the first 10 of the total buying of the accommodation credit customer is 95.97%, 96.35% and 82.06% of the total purchasing orderly. All loan customers must have collateral, so we have less customers, and the total buying of the first 10 customers have quite large proportion, to lose the first 10 customers will affect the revenue of the loan credit business so that The company has the policy to reduce the risk of the branch of the customer, by the customer expansion policy and support to recruit more employees for the credit department, to support the future expansion. As well as the factoring business, the company has specified the maximum credit line for each customer in the proportion not more than 70% of the collateral value for the risk protection.

Factoring : In 2014, 2015 and 2016, the first 10 buy-in factoring customers of the company valued 97.57%, 94.65% and 92.25% of total numbers of buy-in respectively, which is a high portion compared to 24, 15 and 17 of all customers respectively. However, according to the concentration of debtors, we found that the first 10 buy-in amounts are at the portion of 88.61%, 76.62% and 74.33% of total buy-in amount in 2014, 2015 and 2016 the portion is smaller compared to the concentration of customers. However, the first 10 debtors is only one be private sector, remaining are government sectors.

The branches of debtors and customers as mentioned above in the past period, came from the limitation of the loan credit of the company, so that we could only support the less amount of customer, which made the factoring loan credit not grow enough. There is still a branch of old customer, which has been using the company's credit service continually. However, when the company has enough money to support the financial amount to the factoring customer and expanding the factoring credit continually, the mentioned branches will be lower as the company has decided the maximum financial amount for each customer and debtor as calculated Credit Scoring to reduce the risk.

The Company has a policy of extending loans to retail loan business by expanding new and used motorcycle hire purchase loans, motorcycle and vehicle registration loans, real estate mortgage and consignment loans to diversify loan types and decrease customer concentration.



Corporate Governance

Corporate Governance Policy

Boards of directors have placed importance on follow the principle of good corporate governance by realizing role and responsibility of boards of directors in supporting to create good corporate governance in order to increase competitive capacity of business as well as confidence for stockholder, investor, and all concerned people by efficient and above-board management. In 2015, the Board of directors has the policy to evaluate the compliance with the code of conduct in order to improve employee productivity, detail in each group as follows:-

Shareholders' right

The Company takes into account all group of shareholder's rights, particularly minority shareholders, foreign shareholders, and institutional shareholders, without limitation to the rights provided by laws only, as well as promoting and supporting all groups of shareholders to participate in the shareholders' meeting.

The Board of Directors shall promote shareholders to exercise their rights, and the shareholders shall have the right to decide on significant changes. In this regard, the Company encourages such exercise of their rights by way of sufficient access to the Company's information, participation in the shareholders' meeting to vote for appointment of directors, determination of remuneration for directors, appointment of auditor and determination of audit fee, including voting on any important matters of the Company, etc.

Proceeding prior to Meeting : The Board of Directors allows shareholders to exercise the right to ask questions in advance, the criteria of which has been posted on the Company's website. In convening the shareholders' meeting, the Company shall arrange for the meeting date which shall not fall on any long holidays; and the appropriate meeting time which shall not be too early in the morning; including the meeting venue which shall be convenient for commuting and with sufficient parking area, together with route map of the meeting venue.

In 2016, the Company held 2 shareholders' meeting, Annual General Meeting of Shareholder and one Extraordinary General Meeting of Shareholders, the notice of the meeting, together with details of each item of the agenda, was prepared both in Thai and English versions, for the benefit of the foreign shareholders, and posted on its website in advance one month prior to the meeting date, as well as submitting notice of the meeting to Thailand Securities Depository Company Limited, as share registrar of the Company, for delivery to shareholders in advance 14 days prior to the meeting date so as to allow shareholders to have time to consider details of each agenda item. In addition, the Company also arranged duty stamps, free of charge, for shareholders wishing to appoint proxy to attend the meeting. Furthermore, all three proxy forms as specified by law are made available on the Company's website of shareholders to use as appropriate.

Proceeding during the Meeting : The Company arranged for reception staff to facilitate the shareholder's attending the meeting, serving refreshments to shareholders and facilitate the shareholder's to ask questions during the meeting. The Board of Directors realizes the significance of attendance of the shareholders' meeting for answering questions and taking suggestions of shareholders into consideration. In 2016, the Company held 2 shareholders' meeting which all directors attended the said meeting.

The meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting available on the Company's website for shareholders one month in advance, and shareholders are allowed to directly express their opinions and make inquiries in each agenda. Before starting the meeting, the Company Secretary clearly informs the shareholders of the voting method and the shareholders' right.

Proceeding after the Meeting : The Company disseminates the resolutions of shareholders' meeting on each agenda item on its website within the business day following the meeting date in order for the shareholder's to promptly acknowledge and inspect the voting results. In regards to the minutes of the shareholders' meeting, the Company has clearly recorded information relating to the list of directors attending the meeting, material clarifications, questions and answers or opinions in brief, the meeting resolutions, whereby votes were divided into agree, disagree or abstain, which shall be available on the Company's website within 14 days from the shareholders' meeting date rather than having the shareholders wait until the next meeting.

In 2016, the Company still not offered the shareholders opportunity to propose the meeting agenda in advance before the meeting.



Equitable Treatment towards Shareholders

The Company has policy to ensure treatment towards all shareholders on an equal, whether they are major shareholders, minor shareholders or institute investors to create the true fairness, as follows:

- The shareholders' meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting without any material changing or adding any agenda immediately so that the shareholders' have opportunity to study information in support of consideration of each agenda.
- Facilitate to the shareholders who cannot attend the meeting to appoint any person or independent director or CEO of the Company to attend and vote on his/her behalf.
- Correctly and completely prepares and records the minutes of the meeting and disseminates the same to all shareholders via the Company's website within 14 days after the end of the meeting, for the shareholders absent from the meeting or for any persons interested in the Company's information to acknowledge details and information of the meeting.
- The Company has established measures to prevent inside information usage for seeking interest of directors and executives by informing all persons of their roles and duties to report their own securities holding, and on securities holding by their respective spouses or minor children who hold securities of the Company; and to report every change in such securities holding from purchase, sale, transfer or acceptance of transfer of securities, to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 days from the date of purchase, sale, transfer or acceptance of transfer of securities.

In 2016, the Company still not offered the shareholders opportunity to propose director's name in advance.

Roles of the Stakeholders

The company had realized to the supports of the stakeholders which promoted competitive potentiality and profit to the company, so the Company realizes the significance of rights of every group of all stakeholders, whether inside, such as, staff and executives of the Company, or outside, such as, customers, competitors, lender and other relevant authorities by set role of stakeholders in the governance policy. (Details as appeared in company's website). The Company has continued to take care of stakeholders in accordance with the policies, as follows:

1. Customer relations policy

The Company is engrossed in providing good quality and reliable service by emphasizing on satisfy customer's need. There is continuous framework of improving service to be able to provide to customer immediately in order that customer can obtain good quality service at fair price.

2. Business partner policy

As the Company has policy of up to par product and service acquisition so that comes to provide an equitable and fair purchase and procurement that not taking advantage of business partner and is conforming to the process explicitly.

3. Creditor policy

The Company has policy of dealing with every creditor fairly by realizing of the optimum benefit of company and based upon fair gain. Problem solving negotiation is based on business relationship.

4. Competitor policy

The Company has policy that shall treat business competitor fairly by not elicit trade secret of competitor by means of deceptive method and acts under the convention of good competition.

5. Employee policy

The Company realizes that employee is the primary source of business driver and also the factor of success to achieve company's goal so that specify policy that give a fair treatment to employee no matter is opportunity, compensation, appointment, transference, and development of employee's latency.

6. Stockholder policy

As the Company is subject to build added value to stockholder in long term so that has policy to work honestly and also makes decision sincerely, carefully, cautiously, and fairly to the stockholder, both major and minor ones, for the optimum benefit of stockholder on the whole.

7. Social and environment policy

The Company intends to take part in development of company together with development of society and environment to a sustainable progress by promoting employee's conscious mind and contribute to society and environment by promoting campaign of energy saving and nature conservation efficiently.

Information Disclosure and Transparency

The Board of Directors establishes the policy that the Company shall undertake activities with transparency and open for inspection with sufficient financial and non-financial information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely, reliable and thorough information, and all parties shall be able to easily access such information on an equal basis to ensure compliance with the good corporate governance principles.

In disclosure of significant information of the Company, the Company shall also disseminate information both Thai and English for investors and relevant parties to use the same in support of decision on investment.

The Board of Directors has a policy regarding report on interest of directors and executives by requiring directors and executives to have the duty to report their personal interest within 15 days after holding the position. Such information on directorship or executive position in other legal entities and information on shareholding in other legal entities by both reporters and their related persons for submission to the Company Secretary for reference, and copies of such reports shall be submitted to the Chairman of the Board of Directors and the Audit Committee Chairman within 7 business days from the date of receipt thereof.

This is to ensure that the Board of Directors shall have information for consideration and approval of execution of transactions of the Company and its Subsidiary with accuracy and transparency in compliance with relevant rules and regulations.

Directors' Responsibilities

The structure of the Board of Directors consists of 9 qualified members, with variety of seniority, skill, knowledge, vision and expertise to optimum benefits to the Company, comprising 3 executive directors, and 6 independent directors, which represent 2/3 of all directors. The Chairman of the Board of Directors is not the Chief Executive Director, so as to separate between the policy making and supervisory duty and the regular managerial duty.

Each director can perform duty and make consideration freely in any matter by asking question, express opinion, or oppose in case of disagreeing on the matter that has an effect on the benefit of stockholder or stakeholder by not subject to anyone else action.

The Company determines qualifications of "Independent Directors" as the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors has no policy to limit the number of companies in which each director may hold directorship since, after considering the matter; it deems that all directors devote their time to regularly attend meetings. However, no director was take the position in the listed company director exceed 5 companies. The Board of Directors has no policy to limit the term of directorship since directors who insight into the Company's business can provide useful suggestions to the Company and shareholders.

Furthermore, The Company also conducting on the rule and duties of the Board of Directors in following matters:

1. The Company has established a corporate governance policy, Business ethics policy to be the guideline of directors, management and employees to implement the practices, by published on the Company website and encourage employees to follow such policies regularly.
2. No record on violating the Securities and Exchange Commission's regulation / Stock Exchange of Thailand.
3. The Company's director together with the management team creates the vision, mission, strategy, goal, business plan and budget. The opinion can be expressed freely.
4. The Company's director creates the effective investigation mechanism and balance internal control system to protect the assets. The Company also initiates the internal control section which reporting directly both audit committee and Chief executive officer.
5. Nominate the Company's secretary to be responsible for the director's meeting and shareholder's

meeting, create the meeting agenda, draft the invitation and minute of meeting, meeting documents and necessary documents keeping such as directors registration, equity report as well as advise the directors on law and regulation specified by Securities and Exchange Commission and the Stock Exchange of Thailand.

6. The Company's director appointed the sub-committee namely; Nomination and Remuneration Committee and Audit Committee. The responsibility of each committee has been clearly specified.
7. The Company's director plans the meeting every month in the third week of the month as well as arranges the special meeting as necessary. At each meeting, both acknowledge and consideration agenda are clearly set, the document is well-prepared and delivered to the directors 5 days prior to the meeting so that the director can study the information before the meeting. In the meeting, everybody can freely discuss. Minute of the meeting is recorded by the secretary. After the approval from the meeting, the information will be stored in the shelf on MIS department, head office. In 2016, there were 35 Company's director meetings, 4 Audit Committee meetings, 1 Executive Committee meeting and 1 Nomination and remuneration committee meeting.
8. The Company supports the directors and top executives to participate in the seminar that will benefit their function as well as exchange the idea with the Company's directors, and participate in the courses provided by Thai Directors Institute to apply those experiences to their function.
9. Recruitment of directors and executives: to be in line with good governance policy, the Company's Board of Directors, consequently, stipulates policy, regulation and method to recruit the Company's directors and high ranking executives by assigning Nomination and Remuneration Committee to recruit suitable persons to enter into screening process. The suitable persons will be chosen by the Nomination and Remuneration Committee who will work out screening regulation and method, depending on situation and the Company's situation during that very period.

Sub-committee

◆ **The Board of Directors** as of 28 February 2017 consists of

	Position	Date appointed
1. Mr. Vijit Supinit	Chairman of the Board	14 February 2017
2. Mr. Wisait Panutat	Vice Chairman of the Board	27 May 2010
3. Mr. Chavalit Saleepol	Chairman of the Executive Board	19 January 2011
4. Mr. Vivat Vithoontien	Chief Executive Officer	14 February 2017
5. Mrs. Rachaneekorn Chintakanon	Director	3 August 2015
6. Mr. Pinit Wuthipand	Independent Director	19 January 2011
7. Mrs. Supanut Pongserm	Independent Director	27 May 2010
8. Mr. Piphat Inphongphant	Independent Director	19 January 2011
9. Mr. Yanyong Siripun	Director	9 May 2016
10. Mr. Pongsak Piboonsak	Director	9 May 2016
11. Ms. Noranuch Paikaew	Director	9 May 2016

Remarks ! On 31 December 2016, Mr. Wisait Panutat was Chairman of the Board and Mr. Chavalit Saleepol was Chief Executive Officer and on 9 February 2017, Mr. Pongsak Piboonsak and Ms. Noranuch Paikaew were resigned from director.

Miss Apinya Borivachanon has been appointed as the secretary of board of directors. She was responsible for duties as prescribed by the Securities and Exchange Act (Book No. 4), B.E. 2551, and coordination to be in compliance with the resolution of board of directors according to the corporate governance policy.

Powers and Duties of the Company's Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and

morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval.

- a) The Company's policies, business strategies, business plans and annual budget.
- b) Appointment and termination of directors and the secretary of the Board of Directors.
- c) Appointment and determination of authority of the Sub-committee.
- d) Execution of any report pertaining to transaction with related persons that small or medium sized which is not the normal business but does not require a resolution of shareholders' meeting.

◆ **Executive Committee** as of 28 February 2017 consists of

- | | |
|----------------------------------|---|
| 1. Mr. Chavalit Saleepol | Chairman of the Executive Committee |
| 2. Mr. Wisait Panutat | Vice Chairman of the Executive Committee |
| 3. Mrs. Rachaneekorn Chintakanon | Director |
| 4. Mr. Vivat Vithoontien | Director |
| Ms. Apinya Borivachanon | The Company Secretary be the secretary of the meeting |

As of 31 December 2016, the Executive Committee consists 3 persons, Mr. Wisait Panutat was Chairman of the Executive Committee, Mr. Chavalit Saleepol and Mrs. Rachaneekorn Chintakanon was Executive directors.

Powers and Duties of the Executive Committee

1. Having duties to carry out the management of Company business in compliance with the Company business objectives provided that in accordance with any policy, regulations or orders prescribed by the Company Board of Directors.
2. Having a plan, policies and strategic direction to do business and set the management structure in line with economics and competition, propose to the Board of approval.
3. Having the power to approve and/or assent on any Company normal business operations and general business management.
4. Credit approval, debt adjustment, bad debt write-off as assign by the Board.
5. Considering and screening the Company annual policy, target, work plan, budget and any other recommendations to be proposed to the Company Board of Directors for approval or assent provided as prescribed in the regulations and orders of the Company Board of Directors.
6. Oversee the operation of the Company to comply with the policy, strategy, business plan and budget as approved by the Board.
7. Report of operating result in the matters and within the following times to the Board of Directors:-
 - 7.1 Report of operating result of the company on quarterly basis.
 - 7.2 Auditor's report related to the Financial Statements of the company including annual budget and review budget.
 - 7.3 Other reports as deemed appropriate by the Board.
8. Performing any other tasks as assigned by the Company Board of Directors.

◆ **Nomination and Remuneration Committee** as of 31 December 2016 consists of

- | | |
|----------------------------------|---|
| 1. Mr. Wisait Panutat | Chairman of the Board |
| 2. Mr. Chavalit Saleepol | Chief Executive Officer |
| 3. Mrs. Rachaneekorn Chintakanon | Director |
| Ms. Apinya Borivachanon | The Company Secretary be the secretary of the meeting |

Powers and Duties of the Nomination and Remuneration Committee

1. To recommend the remuneration payment method paid to the Board of Directors in various areas appointed by the Board of Directors.
2. To review the directors' remuneration based on duties and responsibilities, financial status of company, remuneration rate paid by similar types of businesses and propose to the shareholders for approval.
3. To consider and propose policy relating to the remuneration and benefit in order to keep and motivate employees who possess required qualifications.
4. To review adjustment of wage and bonus annually and propose to the Board of Management and Board of Directors.
5. To help the Board of Management and Board of Directors assess the operating result and ability of managing director based on the short-term and long-term objectives and business plans.
6. To recruit qualified persons to be directors of company and report to the Board of Directors to propose to the Shareholders' Meeting, or report to the Board of Directors for consideration and appointment.
7. To recruit qualified persons to be managing director and report to the Board of Directors for consideration and appointment.
8. To conduct any activities assigned by the Company Board of Directors.

◆ **Audit Committee** as of 31 December 2016 consists of all independent directors


- | | |
|----------------------------|--|
| 1. Mr. Pinit Wuthipand | Chairman of Audit Committee / Independent Director |
| 2. Mrs. Supanut Pongserm | Audit Committee Member / Independent Director |
| 3. Mr. Piphat Inphongphant | Audit Committee Member / Independent Director |
| Mrs. Sugunya Chunthep | Internal Audit be secretary of the meeting |

Audit Committee member who have financial statement review knowledge

Mr.Pinit Wuthipand is the director who has the knowledge and experiences to review the financial statement. All of the Audit Committee Members are not the employee of the company.

Powers and Duties of Audit Committee

1. To ensure that the financial statements of the Company have adequate accuracy.
2. To ensure that the internal control and internal audit systems of the Company are appropriate and effective and to consider the independence of the internal audit department including the approval of any appointment, allocation, or dismissal of the head of internal audit department or any other department relating to the internal audit responsibilities.
3. To ensure that the Company complies with the laws on the Securities and Exchange, the regulations of the Stock Exchange and other laws in connection with the businesses of the Company.
4. To consider, select and propose for election of any independent person to act as the Company's auditor and propose the remuneration for such person and meet privately with the auditor without any member of the management team present at least once a year.
5. To ensure that in conducting all the connected transactions or transactions that may lead to conflict of interests, the Company complies with all the laws and regulations of the Stock Exchange and ensure that such transactions are reasonable and give the most benefits to the



Company.

6. To prepare a report of the Audit Committee to be included in the annual Report of the Company. Such Report shall be signed by the Chairman of the Audit Committee and shall consist of at least the following information:
 - (a) Comments on the accurateness, completeness and credibility of the financial statements of the Company.
 - (b) Comments on the adequacy of the internal control system of the Company.
 - (c) Comments on the compliance to the laws on Securities and Exchange, regulations of the Stock Exchange or any other laws in connection with the businesses of the Company
 - (d) Comments on the suitability of the auditor.
 - (e) Comments on the transactions that may lead to conflict of interests
 - (f) The number of meetings held by the Audit Committee and the attendance of each member of the Audit Committee.
 - (g) Comments on other concerns that have arisen as the Audit Committee perform its duties as defined in the Committee's charter.
 - (h) Any other matters that the shareholders and general investors should be informed within the scope of duties and responsibilities assigned by the Board of Directors of the Company.
7. To perform any tasks assigned by the Board of Directors with the approval from the Audit Committee.
8. While undertaking their duties, if the Audit Committee found out or have doubts over any of the following transactions or actions, which would have an adverse affect to the financial status and the operational outcome of the Company, the Audit Committee shall report to the Board of Directors of the Company so the Board could resolve the matter within the time frame deemed appropriate by the Audit Committee.
 - (a) Any transaction that may lead to conflict of interests.
 - (b) Any fraud, unusual matter or critical failure in the internal control system.
 - (c) Any violation of Securities and Exchange laws, Regulations of the Stock Exchange or any laws in connection with the businesses of the Company.

◆ Chief Executive Officer

Powers and Duties of Managing Director

Chief Executive Officer has power and duty to supervise, execute, operate and perform on behalf of the company in accordance with purpose and regulations of the company as well as with principles, resolutions, policy, strategy and budget submitted by the Board of Directors within legal lines and power restriction defined by the Board of Directors of the company who transfers the power of attorney to Directors to perform on behalf of the company as well as delegation power to executives and/or employees, and/or other persons as appropriate, except the following case on which Directors have to be granted the approval from the Board of Executive Directors or the Board of Directors of the company (case by case) to perform:

1. The investment of any project development exclusive from the annual policy of the company.
2. The procurement, purchase or land or real property transfer for the use of the company operation, including any requirement on permission or procedure with concerned government sectors in order to achieve the aforesaid tasks.
3. The guaranty by rights or land or real property ownership which are assets of the company, for individual and/or individual group and/or juristic person and/or government sector and/or public organization for the use of the company operation.
4. The different types of account opening, the overdraft loan application and other service application with commercial banks including the account opening or cancellation of the aforesaid service.
5. The approval on organization structure, salary structure, operation plans and annual budget.

However, such appointment does not include the authority to approve the transactions that such Managing Director and/or their attorney have the conflict of interests (as the announcement of the Office of

the Securities and Exchange Commission) with the Company or its subsidiary, except the approval in accordance with policy and within the Board of Directors approve criteria.

Nominating of Directors and Executives

◆ *Independent Directors and definition*

The number of Board members should fit the size of the business. Currently, there are 9 directors, 4 of which are executive directors and the remaining 5 are independent directors. Independent Director is 55% of the Board of Directors, consists of;

1. Mr. Vijit Supinit	Independent Director
2. Mr. Pinit Wuthipand	Independent Director
3. Mrs. Supanut Pongserm	Independent Director
4. Mr. Piphat Inphongphant	Independent Director
5. Mr. Yanyong Siripun	Independent Director

Definition of Independent Director as following:-

1. To hold the company shares not exceeding 1% of number of total shares entitled to vote in the company, affiliated companies, joint companies or person who may have conflict (are considered as related person pursuant to Article 258 according to the Security Law)
2. Not being or used to be the director who takes part in the management of the company, or an employee, staff member or advisor who receives a regular salary or is a controlling person of the company, holding company, subsidiary company, associated company, subsidiary company of the same level or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
3. Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.
4. Not having or used to have business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict in a way which may prevent independent judgment, as well as not being or used to be the major shareholder, non-independent director or management member of the entity having business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.

The business relationship stated in the first paragraph shall include normal commercial transactions for business operation, rent or rent out of real estate, transactions concerning the property or service, giving or receiving financial support, receiving or giving loan, standing security, giving property as collateral security or other similar actions, which make the applicant or party in the contract pay debt obligation to the other party from 3% of net tangible asset of the applicant or from twenty million baht, whichever is lower. In this respect, the calculation of such debt obligation shall be in compliance with the method to calculate the value of related transactions as prescribed by the notification of the Commission of Stock Exchange of Thailand relating to the data presentation and operation of registered company for related transactions, mutatis mutandis. However, in consideration of such debt obligation, it shall include debt obligation incurred one year prior to the date of business relationship with the same person.

5. Not being or used to be the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict and not being the major shareholder, non- non-independent director or management member or managing partner of the audit firm with staff being the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
6. Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht 2 million per year from the company, holding company, subsidiary company, associated company or corporate with possible conflict. Nevertheless, in the case of the professional service provider being a corporate, the consideration shall extend to the

major shareholder, non-independent director, management member or managing partner of such professional service provider, except having been out of the above position for at least two years prior to the appointment.

7. Not being the director who has been appointed as the representative of the company, major shareholder or shareholder whom is related to the major shareholder of the company.
8. Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the company.

◆ *Nominating Directors and Executives*

For appointment of director, The Nomination and Compensation Committee is responsible for consider to select and screen the person with qualification appropriate to articles of association and is the one who nominates the qualified person to obtain professional and diversified committee by considering from structure, size, and component of committee whereas the number nominated should be equal to the number of committee that sees out its term or vacant for the other reason and propose against Boards of Directors asking for permission, then shall present name of such committee to shareholder's meeting and select committee in a sense of criterion further.

The election a director has rules and methods as following:

- a) Each shareholder has 1 vote per share, the number of his/her votes corresponds therefore to the number of shares held by him/her.
- b) Each shareholder can exercise his/her right according to the number of his/her votes as specified in (a) electing one or many directors, but cannot give his/her votes to any person particularly.
- c) The persons gaining the highest votes shall be respectively elected directors in the proper number for such election. In case the number of the persons gaining less but equal votes exceeds the appropriate level for such election, the Chairman of the meeting shall make a final decision.

If the position of director is vacant by the other reason in addition to see out its term, committee shall select the qualified person and no legally prohibited quality in replacing to the previous one in the next committee meeting except only that leftover term of committee shall be less than 2 months. The new person takes place with former committee shall take a position of committee only equal to the leftover terms of the former committee. The resolution of committee in such matter should be comprised of votes at least 3 of 4 of the remaining number of committee.





The supervision of the internal information application

The Company has an organized internal control system which set to be a rule, practice for all systems and clearly defined authority since the credit approve process, payment approve process, debt reduction process, purchasing approve process, expenses approve process, and selling company asset. Since 1 December 2016, the Company had appointed the Executive Committee, and currently, Loan amount not more than 30 million baht will approve by Credit Committee, loan amount 30 – 50 million baht will approve by Executive Committee, and more than 50 million baht will approve by the Board of Directors.

Furthermore, the Company has the internal audit section that moderates operations and business performances, ensuring consistent operational effectiveness all year. The control system has a high degree of independence and directly reports to the Managing Director and the Audit Committee, supporting the defensive policy to improve the performance of the inspection team. The Company also invests efforts to improve the internal control system by keeping it up-to-date.

The Company has the policy in supervising and controlling not to allow the executives to use the Company's internal information for their personal benefits including for the advantage of their security purchasing by permitting each unit to be able to look into the information specifically in their own area of activities only, leaving only few concerned executives to obtain the information in general. However, the concerned executives have been informed by the Company of their obligation to disclose reports on their respective holding of securities and the holding of securities by their spouses and underage offspring as well as the penalty pursuant to the Securities and Exchange Act B.E. 2535 (1992).

Moreover, the work rules of the Company prohibit staff from disclosing Company secrets. Any violation of this is deemed to be a disciplinary wrongdoing resulting in employment termination. In the past, there has never been any occurrence of the use of inside information for personal interests.

Auditor' Fee

Auditor's Fee can separate as following:

1. Audit Fee
 - The Company audit fee in accounting year 2016 is amount of Baht 1,050,000.
 - An auditing office where an auditor belongs to person or affiliated company and auditing office where an auditor belongs to, in the accounting year 2016 is Baht 0.
2. Non-audit Fee
 - None -

Internal Control and Risk Management

At the Board of Directors Meeting No.5/2016 held on 6 March 2017, all three members of the Audit Committee / Independent Directors attended the meeting and commented on adequacy and suitability of the internal control system by referring to "Adequacy Assessment Form of the Internal Control System" of the Securities and Exchange Commission.

The Company attaches great importance to continuous internal control as the good internal control process will support the Company to operate effectively and achieve a goal, including preventing any damage that may occur from operation and undue exploitation of executives and employees, in addition to the importance of the internal control system to be more effective, to ensure that the Company is meeting the objectives defined under the supervision and effective internal control based on COSO (The Committee of Sponsoring Organizations of the Treadway Commission) consisting the five main components as follows:

1. Control environment

The Company determines an organizational structure and authority of officers and executives, with policies, procedures, and the operating manual with penalties clearly in writing. Duties of officers, approvers, overseers, and evaluators are separated to prevent conflict of interest and balances power of one another, including the appointment of the Audit Committee to determine adequacy of the internal control system and set up sub-committees to effectively consider and make a decision on various matters of the Company along with a self-assessment of ethics in order to stimulate awareness and cultivate conscience of employees every year.

In terms of personnel care, appropriate compensations and welfares for personnels of the organization are provided in order to attract and maintain quality personnels in the Company.

2. Risk assessment

The Company regularly assesses risks associated with its business and changes in external factors affecting business operations of the Company significantly, including following up. There are suggestions for measures of risk reduction to adapt to the Company's business and it is constantly improving.

3. Control activities

The Company has clearly defined a policy and procedures. The process control and use of the Company's assets to maximize benefits and comply with the Company's policy, including duty separation and operation review to investigate one another in order to prevent fraud. Employees must not ignore when seeing or knowing that there are actions or operations that commit acts of corruption related to the Company. They must inform via the channels determined by the Company.

4. Information and Communication

The Company is constantly promoting this system to provide current and accurate information along with data security from collecting data, processing data, storage and tracking in order to support business expansion appropriately. The information required to carry out the duties of the Board is also presented for making a decision, including providing communication channels for individuals in the Company and external agencies can provide useful information relating fraud or corruption through the channels determined by the Company.

5. Monitoring Activities

The Company provides a follow-up process and reports results of operations and revenue comparison of each business type to the Board of Directors on a monthly basis. The inspection body directly under the audit committee is responsible for inspecting and reviewing work and processes to evaluate performances and the effectiveness of the internal control system and the Company's risk management system, reporting defects and progress of solutions in each type of business and departments to the Audit Committee on a quarterly basis to ensure that the Company's operations consist of adequate, effective and efficient internal control along with risk management to be in a system acceptable to the Company and the Company effective supervision to achieve the Company policy.

The Company regularly provides the monitoring compliance with the internal control system by the responsible parties, and the internal audit unit who monitors the operation and reports the result independently to the Audit Committee. In 2016, the Audit Company has 4 meetings.

The Board considered and agreed that The Company has sufficient and appropriate internal control system. The Company's Board of Directors was satisfied with the existing internal control system. The results of the audit, as appears from the evidence that can be examined, did not appear to have a practice that was illegal or against the rules in any ways. Mistaken practices are not significant. The internal audit unit has informed the management department and the relevant authorities and already solved the issues.

Shareholders Structure

As of 31 December 2016, the company has a registered capital of 6,550,000,020 baht with 6,550,000,020 baht paid up capital, divided into

1. a common shares per value Baht 0.50 totaling 6,550,000,000 baht with paid up capital 13,100,000,000 share.
2. a preferred shares per value Baht 0.50 totaling 40 shares (in the form of unaccumulated dividend right at the rate 3 percent per annum, the Company shall firstly pay dividend only when the Company earn profits after provisioning for legal reserves and other required reserves and there is no accumulated loss)

รายชื่อผู้ถือหุ้นรายใหญ่ 10 อันดับแรก (ณ. วันที่ 10 มิถุนายน 2559) List of Major Shareholders (as of 10 June 2016)	จำนวนหุ้น (พาร์ 0.25 บาท) Shares	ร้อยละ (%)
1. นายวิวัฒน์ วิฑูรย์เชื้อ Mr. Vivat Vithoontien	2,108,000,000	8.05%
2. นายสมพงษ์ ชลคดีดำรงกุล Mr. Sompong Chonecadeedumrongkul	1,965,000,000	7.50%
3. นายกัมพล ตติยกุล Mr. Kampol Tatiyakavee	1,600,000,000	6.11%
4. นายชวลิต เศรษฐเมธิกุล Mr. Chavalit Sethameteekul	1,600,000,000	6.11%
5. นายพิสุทธิ์ เดชะไคยยะ Mr. Phisud Dejakaisaya	1,200,000,000	4.58%
6. นส. กนกวรรณ เล็กวิจิตร Ms. Kanokwan Lekvijit	1,198,648,000	4.57%
7. นายไชยกร บุญลพ Mr. Chaikorn Boonlop	800,000,000	3.05%
8. นายอัฐ ทองแดง Mr. Art Thongtang	738,906,000	2.82%
9. นายอิทธิ ทองแดง Mr. Itti Thongtang	738,906,000	2.82%
10. นส. วีร ทองแดง Ms. Vion Thongtang	738,906,000	2.82%



- **The dividend payment policy**

Normally, the Company has the policy to pay its dividend to the shareholders about 60% of the net profit. However, the Company still has retained loss this year, so the Company will not pay its dividend.

Board of Directors



(Mr. Vijit Supinit)
Chairman of the Board



(Mr. Wisait Panutat)
Vice Chairman of the Board



(Mr. Vivat Vithoontien)
Chief executive officer



(Mr. Chavalit Saleepol)
Chairman of the Executive Board



(Mrs. Supanut Pongserm)
Audit Committee Member



(Mr. Pinit Wuthipand)
Chairman of Audit Committee



(Mr. Piphat Inphongphant)
Audit Committee Member



(Mrs. Rachaneekorn Chintakanon)
Director



(Mr. Yanyong Siripun)
Director

Management Structure

The Board of Directors as of 28 February 2017 consists of

1. Mr. Vijit Supinit Chairman of the Board Independent Director
(To be director since 14 February 2017 replaces Mr. Pongsak Piboonsak, Term of office is until the 2019 Annual General Meeting of Shareholders)
2. Mr. Wisait Panutat Vice Chairman of the Board Executive Director
(He was Chairman of the Board until 14 February 2017, Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
3. Mr. Chavalit Saleepol Chairman of Executive Committee Executive Director
(He was Chief Executive Officer until 14 February 2017, Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
4. Mr. Vivat Vithoontien Chief Executive Officer Executive Director
(To be director since 14 February 2017 replaces Ms. Norranuch Paikaew, Term of office is until the 2019 Annual General Meeting of Shareholders)
5. Mrs. Rachaneekorn Chintakanon Director Executive Director
(To be director since 3 August 2015 replaces Mr. Thitisak Skulkroo, Term of office is until the 2017 Annual General Meeting of Shareholders)
6. Mr. Pinit Wuthipand Director Independent Director
(Term of office from 27 April 2015 until the 2018 Annual General Meeting of Shareholders)
7. Mrs. Supanut Pongserm Director Independent Director
(Term of office from 29 April 2014 until the 2017 Annual General Meeting of Shareholders)
8. Mr. Piphat Inphongphant Director Independent Director
(Term of office from 27 April 2015 until the 2018 Annual General Meeting of Shareholders)
9. Mr. Yanyong Siripun Director Independent Director
(Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
10. Mr. Pongsak Piboonsak Director Independent Director
(To be director on 28 April 2016, resigned on 9 February 2017)
11. Ms. Norranuch Paikaew Director Independent Director
(To be director on 28 April 2016, resigned on 9 February 2017)

Remarks ! On 31 December 2016, Mr. Wisait Panutat was Chairman of the Board and Mr. Chavalit Saleepol was Chief Executive Officer and on 9 February 2017, Mr. Pongsak Piboonsak and Ms. Norranuch Paikaew were resigned from director.

Authorized Directors

As of 31 December 2016, Directors authorized to sign in binding the company consist of Mr. Wisait Panutat, Mrs. Rachaneekorn Chintakanon and Mr. Chavalit Saleepol. Any two out of these three Directors shall commonly sign and affix the company common seal.

After 14 February 2017, Directors authorized to sign in binding the company consist of Mr. Wisait Panutat, Mrs. Rachaneekorn Chintakanon, Mr. Chavalit Saleepol and Mr. Vivat Vithoontien. Any two out of these four Directors shall commonly sign and affix the company common seal.

Board of Directors' Meetings

In 2016, The Company had 41 total meeting, detail as follows:

Director's Name	Position	Attend / Total Meeting (Times)			
		Board of Director	Executive Committee	Audit Committee	Nomination & Remuneration Committee
1. Mr. Wisait Panutat	Chairman of the Board	35 / 35	1 / 1	-	1 / 1
2. Mr. Chavalit Saleepol	Chief Executive Officer	35 / 35	1 / 1	-	1 / 1
3. Mrs. Rachaneekorn Chintakanon	Director	31 / 35	1 / 1	-	1 / 1
4. Mr. Pinit Wuthipand	Chairman of Audit Committee / Independent Director	35 / 35	-	4 / 4	-
5. Mrs. Supanut Pongserm	Audit Committee member / Independent Director	34 / 35	-	4 / 4	-
6. Mr. Piphat Inphongphant	Audit Committee member / Independent Director	34 / 35	-	4 / 4	-
7. Mr. Pongsak Piboonsak (Appointed 9 May 2016)	Independent Director	20 / 22	-	-	-
8. Mr. Yanyong Siripun (Appointed 9 May 2016)	Independent Director	20 / 22	-	-	-
9. Ms. Norranuch Paikaew (Appointed 9 May 2016)	Independent Director	22 / 22	-	-	-

For all meetings, minutes will be taken and kept, after approved by the directors, for future reference by the directors and relevant parties.

Executive as of 31 December 2015 consists of

- | | |
|----------------------------|---|
| 1. Mr. Chavalit Saleepol | Chief Executive Officer |
| 2. Ms. Apinya Borivachanon | Senior Manager (M.I.S. / Administration Department) |
| 3. Ms. Chiraporn Madsathan | Manager, Operation Department |
| 4. Ms. Wipajaree Tanusate | Manager, Finance and Accounting Department |
| 5. Mr. Supanij Wongsaroj | Manager, Law Department |

On 14 February 2017, the Board had resolution to appoint Mr. Vivat Vithoontien to be Chief Executive Officer replaces Mr. Chavalit Saleepol, and on 24 February 2017, the Board had resolution to appoint Mr. Kerekkiat Kukiattinun to be Managing Director – Business, and Mr. Kannanat Boonsunanondha to be Managing Director – Credit Operation.

Company Secretary

The Board of Directors appointed Miss Apinya Borivachanon to be the company secretary since 28 July 2008. The company secretary qualification as report in Board of Directors and Executive Officers Profiles.

Directors and Executive remuneration

Remuneration of Directors

The Board of Directors shall designate a Nomination and Remuneration Committee to recommend guidelines for setting directors' remuneration. The levels of remuneration shall be comparable to those of companies in the same industry taking into consideration the duties and responsibilities of the directors concerned. Directors' remuneration is approved at a shareholders' meeting. In 2016, the 2016 Annual General Meeting of shareholders has the resolution to authorize Board to consider the remuneration of directors totaling not exceed than 2.20 million baht and fixed the attendance payment detail as following:

- * The Chairman not exceed 25,000 baht per attendance.
- * Director not exceed 20,000 baht per attendance per person.

The directors' remuneration in 2016 is as following:

Director's Name	Remuneration (per month)	Attendance payment				Directors Bonus	Total
		Board	Executive Committee	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Wisait Panutat (Chairman of the Board)	180,000	168,000	14,000	-	12,000	100,000	474,000
2. Mr. Chavalit Saleepol (Chief Executive Officer)	120,000	96,000	10,000	-	10,000	100,000	336,000
3. Mrs. Rachaneekorn Chintakanon (Director)	120,000	96,000	10,000	-	10,000	41,667	236,000
4. Mr. Pinit Wuthipand (Chairman of Audit Committee / Independent Director)	120,000	96,000	-	96,000	-	100,000	412,000
5. Mrs. Supanut Pongserm (Audit Committee member / Independent Director)	120,000	96,000	-	72,000	-	100,000	388,000
6. Mr. Piphat Inphongphant (Audit Committee member / Independent Director)	120,000	96,000	-	72,000	-	100,000	388,000
7. Mr. Pongsak Piboonsak (Independent Director) (Appointed 9 May 2016)	80,000	64,000	-	-	-	-	144,000
8. Mr. Yanyong Siripun (Independent Director) (Appointed 9 May 2016)	80,000	64,000	-	-	-	-	144,000
9. Ms. Norranuch Paikaew (Independent Director) (Appointed 9 May 2016)	80,000	64,000	-	-	-	-	144,000
Total	1,020,000	840,000	34,000	240,000	32,000	541,667	2,707,667

Remuneration of Company's executives

The remuneration of Company's executives as defined by the SEC in the form of salary, provident fund and bonus as following:

	2014	2015	2016
Management (person)	7	6	6 (one resign during the year)
Total Salary and Bonus (Baht)	8,543,810.25	9,439,385.00	9,272,100.00
Provident fund	385,752.00	403,619.25	415,860.00
Total remuneration	8,929,562.25	9,843,004.25	9,687,960.00

Personnel

As of 31 December 2013, 2014, 2015 and 2016 there were 19, 19, 19 and 33 employees working with the Company respectively (not include 8, 7, 6 and 5 executive officers defined by the SEC respectively). The Company paid remuneration for employees total 7,484,677.82 baht, 7,929,009.81 baht, and 15,479,408.20 baht respectively. The remunerations were salaries, overtime, bonus, social security and provident fund etc. Detail of employee are as following:

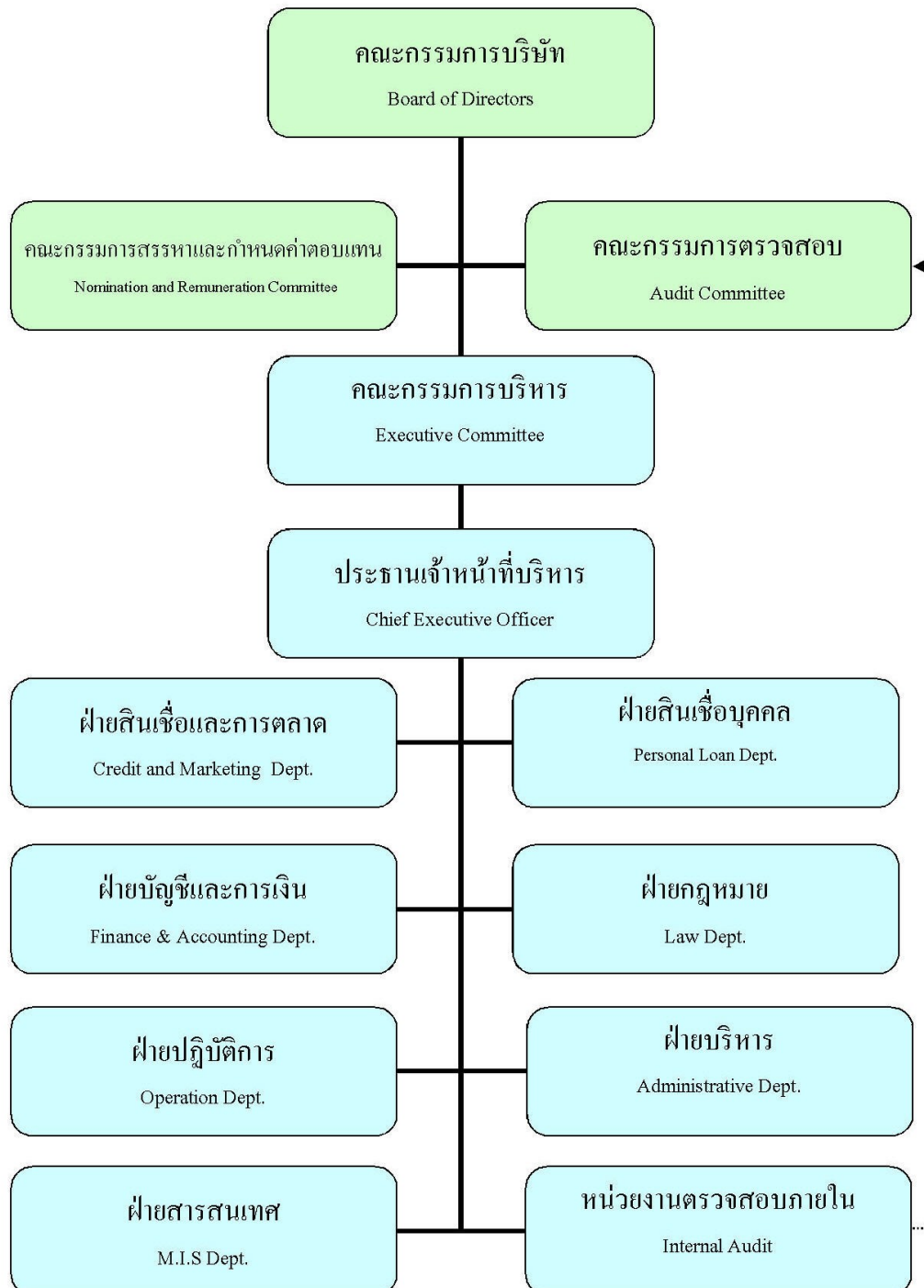
Department	Employee (person)			
	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
Credit and marketing 1	3	2	3	7
Personal Loan	2	3	1	1
Law	2	2	2	2
Operation	1	1	1	2
Business Development	-	-	-	3
Financial and Accounting	3	3	3	4
Administration	3	3	3	3
M.I.S.	1	1	1	3
Internal Audit Section	1	1	1	2
Chieang Mai Branch	2	2	2	4
Nakorn Rajchasisima Branch	1	1	2	3
Total	19	19	19	34

Remuneration of Company's executives

1. The Company has the policy in giving the employees the proper training and developing both from inside and outside of the organization by considering their educational qualifications, experiences and positions.
2. The Company has equal and fair treatment towards staff in compliance with the provisions of law, and provision of appropriate remuneration.
3. The Company has provides yearly general medical examination and specific medical examination based on age and gender to ensure the good quality of living for staff.



Organization Chart



Board of Directors and Executive Officers

Mr. Vijit Supinit

Position	: Chairman of the Board / Independent Director
Age	: 75 years
Appointed Date	: 14 February 2017
Education	: M.A. Yale University, U.S.A. B.A. (Econ.) Hons. The University of Manchester, England G.C.E. (Advanced Level), Southend College of Technology, England Certificate : DAP, RCP, ACP, CGI from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Chairman of the Board, Siam General Factoring Plc. 2015 – Present Chairman of Consultant, K-Tech Construction Plc. 2015 – Present Chairman of the Board, Apple Wealth Holding Plc. 2013 – Present Chairman of the Board, Apple Wealth Securities Plc. 2007 – Present Dean, Graduate School, Business Administration, Siam University. 2008 – 2013 Director and Chairman of the Audit Committee, TMB Bank Plc. 2008 – 2011 Chairman of the Board, the Securities and Exchange Commission, Thailand 2006 – 2015 Chairman of the Board, G Steel Plc. 2003 – 2007 Chairman, the Stock Exchange of Thailand 2003 – 2007 Chairman, Financial Institution Asset Management Corporation, Ministry of Finance. 1993 – 1996 Chairman, Export-Import Bank of Thailand 1990 – 1996 Chairman and the Governor of the Bank of Thailand

Mr. Wisait Panutat

Position	: Chairman of the Board
Age	: 73 years
Appointed Date	: 12 December 2003
Education	: Master of Management, Sasin, Chulalongkorn University Mini M.B.A, Thammasat University B.A. in Political Science, Thammasat University Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2015 – Present Chairman of Audit Committee, Masda Cholburi Co.,Ltd. 2017 – Present Vice Chairman of the Board, Siam General Factoring Plc. 2014 – Present Chairman of Audit Committee, Independent Director, Stone One Plc. 1999 – Present Audit Committee member, Independent Director, Sin Mun Kong Insurance Plc. 2010 – 2017 Chairman of the Board, Siam General Factoring Plc. 2003 – 2011 Nomination and Remuneration Committee member / Independent Director, Prasit Pattana Plc., Phyathai Hospital Group. 2007 – 2010 Director, General Engineering Plc. 2006 – 2010 Audit Committee member / Independent director, Dragon one Plc.

Mr. Chavalit Saleepol

Position	: Chairman of the Executive Board
Age	: 69 years
Appointed Date	: 12 December 2003
Education	: M.B.A, Rangsit University B.A. in Law, Thammasat University B.A (Accounting), Thammasat University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Chairman of the Executive Board, Siam General Factoring Plc. 2015 – Present Director, Bliss Thai Asset Co.,Ltd. 2001 – Present Director, SGB Associates Co.,Ltd. 2011 – 2017 Chief executive officer, Siam General Factoring Plc. 2012 – 2014 Chairman, Solution Conner (1998) Plc. 2011 – 2013 Chairman of Audit Committee, Prasit Pattana Plc. 2006 – 2013 Director, Phyathai Hospital 1, 2 and 3 Co.,Ltd. 2008 – 2011 Subcommittee, The Board of Investment of Thailand 2007 – 2011 Audit Committee Member, Sriracha-nakorn Hospital Co.,Ltd. 2003 – 2011 Chairman of Audit Committee, Siam General Factoring Plc.

Mr. Vivat Vithoontien

Position	: Chief Executive Officer
Age	: 57 years
Appointed Date	: 14 February 2017
Education	: Ph.D. International Economics, New York University, U.S.A MA. Economics, New York University, USA BA. Economics, New York University, USA. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 850,633,000 shares
Experiences	: 2017 – Present Chief Executive Officer, Siam General Factoring Plc. 2014 – 2015 Director, ACAP Corporate Service Co.,Ltd. 2014 – 2015 Director, ACAP Consulting Co.,Ltd. 2014 – 2015 Director, Global Service Center Co.,Ltd. 2014 – 2015 Director, Professional Collection Co.,Ltd. 2014 – 2015 Director, ACAP (Asia) AMC Co.,Ltd. 2011 – 2015 Director, Aurum Capital Advisory Pte.,Ltd. 2007 – 2015 Director, Capital OK Co.,Ltd. 2000 – 2015 Chairman of the Board, CEO, ACAP Advisory Plc. 2007 – 2013 Director, ACAP (Malaysia) Sdn. Bhd.

Mr. Pinit Wuthipand

Position	: Chairman of Audit Committee / Independent Director
Age	: 69 years
Appointed Date	: 24 March 2004
Education	: B.A. in Account, Thammasat University Certified Public Accountant Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2013 – Present Chairman of Audit Committee / Independent director, News Network Corporation Plc. 2011 – Present Chairman of Audit Committee / Independent director, Siam General Factoring Plc. 2003 – Present Internal Audit, Rungsit University. 2010 – 2011 Chairman of Audit Committee / Independent director, Paolo Medic Co.,Ltd. 2009 – 2011 Chairman of Audit Committee / Independent director, Health Network Co.,Ltd. 2004 – 2011 Audit Committee member / Independent director, Siam General Factoring Plc. 2009 – 2010 Examine and Evaluation Subcommittee, Software Industry Promotion Agency

Mrs. Rachaneeekorn Chintakanon

Position	: Director
Age	: 46 years
Appointed Date	: 3 August 2015
Education	: Master's degree in Business Administration (MBA) with a major in Finance San Francisco State University, CA, U.S.A Bachelor of Education with Specialization in Business (2nd Class Honors), Chulalongkorn University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 291,650,000 shares
Experiences	: 2015 – Present Director, Siam General Factoring Plc. 2014 – 2015 Independent Director / Audit Committee Member, RPCG Plc. 2011 – 2013 Director, Solution Corner (1998) Plc. 2002 – 2003 Senior Assistant Vice President for Investment and Business Development Department, Asset Plus Securities Public Co.,Ltd. 2001 – 2002 Senior Assistant Vice President and MD Assistant Business Development Department, Bualuang Securities Co.,Ltd.

Mrs. Supanut Pongserm

Position	: Audit Committee Member / Independent Director
Age	: 56 years
Appointed Date	: 24 March 2004
Education	: Barrister-at-law, The Thai Barrister LLB., Thammasat University Certificate : DAP, DCP, CSP, FND from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2004 – Present Director, Office of the CEO and legal Department, Prasit Pattana Plc., Phyathai Hospital Group. 2004 – Present Audit Committee Member, Siam General Factoring Plc. 2007 – 2009 Director, Sriracha-nakorn Hospital Co.,Ltd.. 2005 – 2007 Director, Paolo Medic Co.,Ltd. 2003 – 2004 Director, Big Development Planner Co.,Ltd.

Mr. Piphat Inphongphant

Position	: Audit Committee Member / Independent Director
Age	: 57 years
Appointed Date	: 6 September 2010
Education	: Barrister-at-law, The Thai Barrister in 1981 LLB. in 1980. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Audit Committee Member, Siam General Factoring Plc. 2005 – 2011 Director, Didomon Group Plc. 2005 – 2011 Director, Thai Doctor Center Plc. 2010 – 2011 Director, Siam General Factoring Plc.

Mr. Yanyong Siripun

Position	: Director / Independent Director
Age	: 71 years
Appointed Date	: 28 April 2016
Education	: Master of Law (LLM), Kieo University, Tokyo, Japan. Bachelor of Laws, Thammasat University Certificate of English Language and Administration Management of Canberra College, Australia.
% of shareholding	: - None -
Experiences	: 2016 – Present Director / Independent Director, Siam General Factoring Plc. 2011 – 2012 Director, Paolo Medic Co.,Ltd.

Mr. Pongsak Piboonsak

Position : Director / Independent Director
Age : 63 years
Appointed Date : 28 April 2016
Resigned : 9 February 2017
Education : Bachelor of Engineer, Khonkan University
Certificate : DCP from Thai Institute of Directors (IOD)
% of shareholding : - None -
Experiences : 2016 – 2017 Director / Independent Director, Siam General Factoring Plc.
2015 – Present Consultant, Amata Water Co.,Ltd.
2015 – Present Sub-committee Consultant, National Reform Steering Assembly.
2014 – 2016 Deputy Secretary General in Economics and Logistics, Executive Committee Member, Vice Chairman of Cross-Border Trade Management, The Federation of Thai Industries.

Ms. Norranuch Paikaew

Position : Director / Independent Director
Age : 61 years
Appointed Date : 28 April 2016
Resigned : 9 February 2017
Education : M.B.A in General Management, Chulalongkorn University
B.B.A in accounting, Ramkhamhaeng University
Certificate : CFO from Thai Institute of Directors (IOD)
% of shareholding : - None -
Experiences : 2016 – 2017 Director / Independent Director, Siam General Factoring Plc.
2015 – Present Internal Audit, Assumption University.
1983 – 2015 Director in Division of Fiscal Budget, Assumption University.

Mr. Kerekkiat Kukiattinun

Position : Managing Director - Business
Age : 57 years
Education : Mini M.B.A, National Institute of Development Administration
Bachelor Degree of Economics, Ramkhamhaeng University
% of shareholding : - None -
Experiences : 2017 – Present Managing Director - business, Siam General Factoring Plc.
2014 – 2016 EVP. Head of Marketing & Branch Operating, Amanah Leasing Plc.
2011 – 2014 EVP. (Chief Credit Officer), Amanah Leasing Plc.

Mr. Kannanat Boonsunanondha

Position	: Managing Director – Credit Operation
Age	: 48 years
Education	: Master of Science in Administration, Boston, Massachusetts, U.S.A. B.A. in Business Administration, International Business and Management, the University of the Thai Chamber of Commerce, Bangkok
% of shareholding	: 18,700,000 shares
Experiences	: 2017 – Present Managing Director – Credit Operation, Siam General Factoring Plc. 2015 – 2016 Managing Director, Capital OK Co.,Ltd. and Global Service Center Co.,Ltd. 2003 – 2015 Head of Personal Loan and Mortgage Loan, Marketing & Sale Department, Capital OK Co.,Ltd. and Global Service Center Co.,Ltd.

Ms. Apinya Borivachanon

Position	: Company Secretary / Senior Manager
Age	: 48 years
Education	: B.B.A. Commerce (Hon.), Chulalongkorn University Certificate : DAP, CSP, EMT from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2008 – Present Company Secretary, Siam General Factoring Plc. 2008 – Present Senior Manager, Siam General Factoring Plc. 2004 – 2010 Director, Siam General Factoring Plc. 1997 – 2008 Manager, M.I.S. Department, Siam General Factoring Plc. 2000 – 2008 Acting Manager, Administration Department, Siam General Factoring Plc.

Ms. Chiraporn Madsathan

Position	: Manager, Operation Department
Age	: 50 years
Education	: B.B.A. (Money and Banking), Ramkhamhaeng University
% of shareholding	: - None -
Experiences	: 2002 – Present Manager, Operation Dept., Siam General Factoring Plc. 1997 – 2001 Assistant Manager, Operation Dept., Siam General Factoring Plc.

Ms.Wipajaree Tanusate

Position : Manager, Finance and Accounting Department
 Age : 48 years
 Education : B.B.A. (Accounting) Rajabhat Institutes Suansunandha
 % of shareholding : - None –
 Experiences : 2002 – Present Manager, Finance & Accounting Dept., Siam General Factoring Plc.
 1999 – 2001 Assistant Manager, Finance & Accounting Dept.,
 Siam General Factoring Pcl.

Mr.Suppanij Wongsaroj

Position : Manager, Law Department
 Age : 58 years
 Education : Bachelor of Laws (LLB), Ramkhamhaeng University
 % of shareholding : - None –
 Experiences : 2013 – Present Manager, Law Dept., Siam General Factoring Plc.
 2016 – Present Manager, Personal Loan Dept, Nano-Finance Dept,
 Siam General Factoring Plc.
 2011 – 2012 Assistant Manager, Credit Development Dept., Siam General
 Factoring Plc.
 2007 – 2010 Managing Director, Wongwisa Business and Law Co.,Ltd.



Management Discussion and Analysis

Unit : Million Baht

	2013	2014	2015	2016	Change 2015 - 2016	
					Increase (Decrease)	%
Revenue from credit	26.99	42.79	58.32	115.07	56.75	97.31
Reverse from doubtful account	10.72	22.25	4.44	0.59	(3.85)	-86.71
Total Revenue	38.91	72.59	64.60	115.66	51.06	79.04
Interest Expenses	(1.62)	(1.62)	(1.65)	(0.99)	(0.66)	-40.00
Administrative and operating expenses	(29.76)	(32.60)	(36.41)	(50.50)	14.09	38.70
Bad debt & doubtful account	(2.88)	(2.37)	(0.84)	(0.04)	(0.80)	-95.24
Net Profit before tax	4.65	36.00	25.70	64.12	38.42	149.49
Deferred Tax assets	-	10.79	(8.28)	41.49	(49.77)	-601.08
Net Profit	4.65	46.79	17.42	105.62	88.20	506.31
Net Profit not included reversal from NPL and others income	(7.27)	16.99	11.15	95.09	83.94	752.82

Statement of comprehensive income for the year 2016, at the ended 31 December 2016, the Company had total revenue 115.66 million baht, increased 51.06 million baht from 2015, consist of revenue from credit 115.07 million baht, increased 56.75 million baht, which came from loan increasing 46.37 million baht, due to the policy to expand loan since it's a secure loan with collateral and low risk as mentioned above. The reverse from doubtful account is 0.59 million, decreased 3.85 million baht from 2015.

Operating expense for the year 2016 at the ended 31 December 2016 has 50.50 million baht, increased 14.09 million baht from year 2015, or equivalent to 38.70%. The bad debt and doubtful account was decreased 0.80 million baht from 2015, or decrease 95.24%. Interest expenses was stable, so at the ended 31 December 2016, the Company had net profit before tax 64.12 million baht, increased 38.42 million baht from 2015. After included deffered tax asset 41.49 million baht, the Company had net profit 105.62 million baht.

Because the Company has more cash for expand credit. However, the Company remains carefully in lending. As a result, the growth of account receivable is slowly.

Financial Ratio

	2016	2015
Gross Profit Margin (%)	98.63%	90.58%
Net Profit Margin (%)	91.31%	26.97%
Current Ratio (x)	36.61	40.26
Debt to Equity Ratio (x)	0.03	0.03
EPS (THB/SHARE) (par 1.00 baht / share)	-	0.0026
BVPS (THB/SHARE) (par 1.00 baht / share)	-	0.054
EPS (THB/SHARE) (par 0.50 baht / share)	0.0081	-
BVPS (THB/SHARE) (par 0.50 baht / share)	0.115	-

Remark ! The Company had change par from 0.25 baht per share to 0.50 baht per share on 12 July 2016

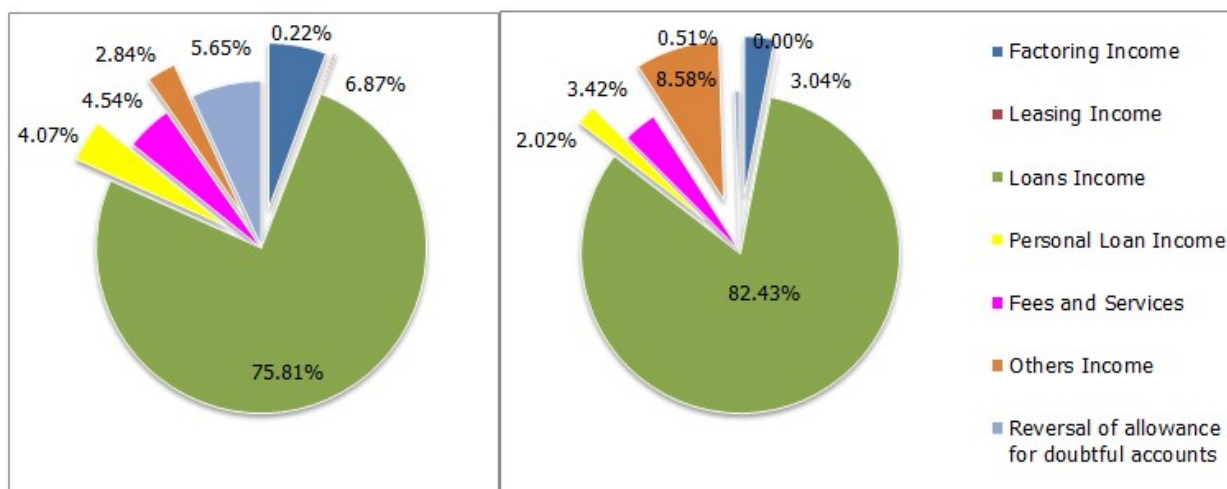
The financial Statement ended 31 December 2016, the company has the gross profit margin and net profit margin as 98.63% and 91.31% orderly, which is better than 2016. The gross profit margin is high because the Company don't have loan from the financial institute, and low interest expenses. The liquidity is 40.26 times in 2016 and 36.61 times in 2016. Debt to equity ratio in 2016 is 0.03 times equal in 2015. In 2015, there is a cash flow spent in operation activities 256.18 million baht, and in 2016, there is a cash flow spent in operation activities 293.98 million baht due to the expansion of credit which is a normal status of the company.

Revenue and Expense

• *Revenue Structure*

(Unit : Thousand Baht)

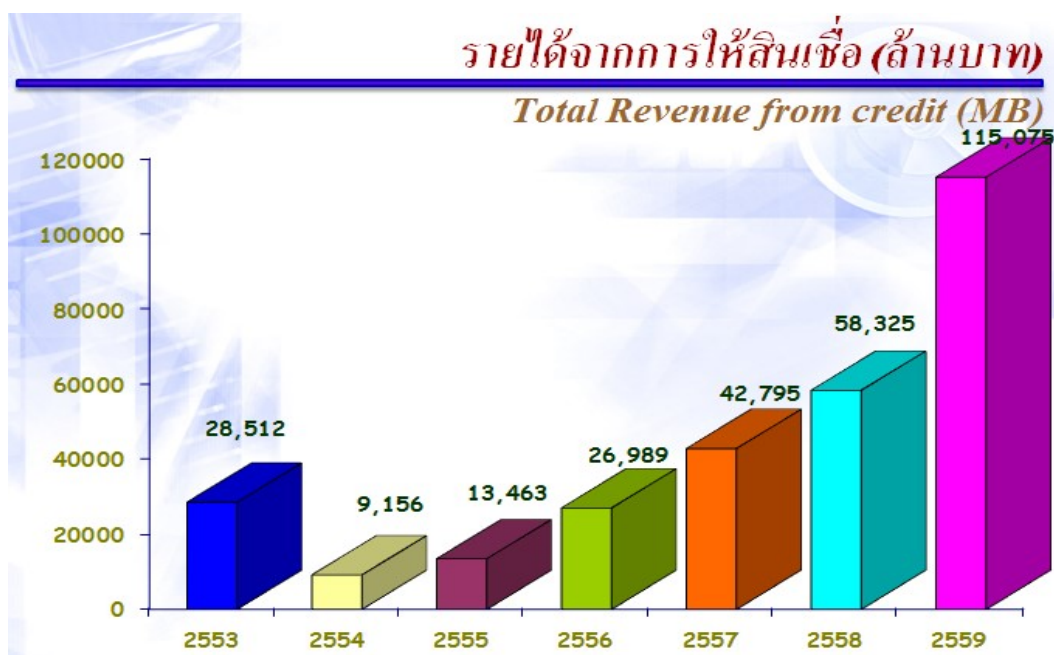
Statement of Comprehensive Income	2013	2014	2015	2016
Income				
- Factoring Income	5,468	4,420	3,650	3,516
- Leasing Income	2,112	229	143	-
- Personal Loan Income	2,669	2,541	2,630	2,336
- Loan Income	12,512	32,490	48,968	95,338
- Fee and Service Income	4,229	3,115	2,933	3,957
- Others Income	1,203	7,544	1,832	9,928
- Reversal of allowance for doubtful accounts	10,719	22,250	4,439	590
Total Revenues	38,912	72,589	64,596	115,666
Total Operating Revenues not included reversal from NPL and Others Income	26,990	42,795	58,325	115,075
Expenses				
- Salary and employee Expenses	(16,273)	(18,785)	(18,445)	(25,590)
- Others Administration Expenses	(13,490)	(13,819)	(17,969)	(24,911)
- Bad debt and allowance for doubtful accounts	(2,877)	(2,368)	(833)	(45)
Total Expenses	(32,640)	(34,972)	(37,247)	(50,546)
Profit (Loss) before financial cost	6,272	37,617	27,349	65,120
- Financial Cost	(1,619)	(1,619)	(1,646)	(995)
Earning before Tax (EBT)	4,653	35,997	25,702	64,125
- Income Tax	-	10,790	(8,280)	41,492
Net Profit	4,653	46,788	17,422	105,617
<i>Net Profit Not include reversal from NPL and Others Income</i>	<i>(7,269)</i>	<i>16,994</i>	<i>11,151</i>	<i>95,099</i>



2015

2016

Statement of comprehensive income for the year 2016, at the ended 31 December 2016, the Company had total revenue 115.66 million baht, increased 51.06 million baht from 2015, a growth rate of 79.04%. The Company had increased in revenue from loans. If consideration in total revenue (not included reversal from doubtful account), Total revenue was increased from 26.99 million baht in year 2013, 42.97 million baht in year 2014, 58.32 million baht in year 2015, and 115.07 million baht in year 2016 or a growth rate of 97.31%.



The main revenue of the Company came from Loans income 95.34 million baht, increased 46.37 million baht from 2015 or a growth rate of 94.69%, the Company was provided more Loan loans since it is secured loans. Factoring income was 3.52 million baht, decreased 0.13 million baht or a negative growth rate of 3.66% since the Company classified only customer who contract with government debtors. Revenue from reversal of allowance for doubtful account is 0.59 million baht, decreased 3.85 million baht, or a negative growth rate of 86.70%.

The Company has other income include interest income from deposits and rental income etc.

- **Expenses**

The Company expenses consist of financial cost, administrative and operating expenses, executive compensation and doubtful account. In 2016, the Company has total cost 50.55 million baht, details as following:

- 1. Financial Cost**

After the Company had debt restructuring and repayment with 2 financial institutes, the Company has not loan from financial institute, so the Company has only bank overdraft in the amount 2.36 million baht, and short term loan from listed company amount 9.45 million. In 2016, the Company had financial cost 0.99 million baht, a little decrease from 2015. Financial cost is 1.93% compare with total expenses.

- 2. Administrative and operating expenses**

In 2016 and 2015, the Company had administrative and operating expense 50.50 million baht, and 36.41 million baht, respectively, increased 14.09 million baht from the same period in previous year, or a growth rate of 38.70%, Administrative and operating expenses consists of salaries, bonuses, and employee benefits and others administrative expenses, such as legal consultant fee, lawyer fee, financial advisor fee etc. which are 97.98% compare with total expenses for 9 months of 2016.

- 3. Doubtful accounts**

The company has the policy to set the Allowance for doubtful accounts for the customers who overdue for both principle and interest for more than 6 months continually, by counting from the last payment date and stop the revenue recognition at 100%. In 2016, the Company had doubtful accounts which were outstanding 44,654 baht, decreased 0.79 million baht from 2015. And the Company had reversal for doubtful account 0.59 million baht, decreased 3.85 million baht from 2015. Allowance for doubtful account / NPL ratio is 97.48%.

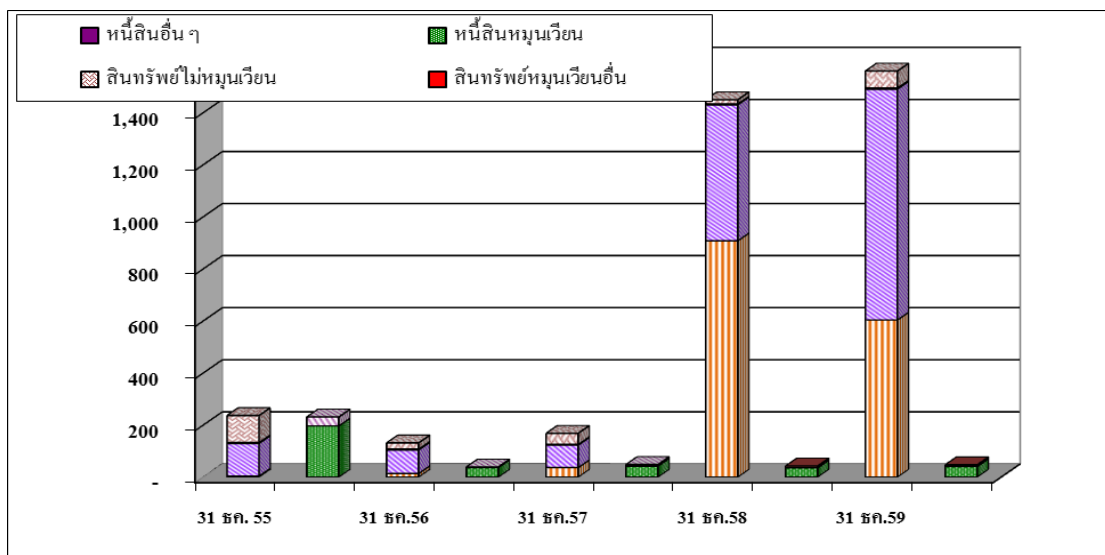
- **Net Profit**

The Company had net profit for 2016 in the amount of 105.62 million baht, increase 88.19 million baht from the same period last year, due to deferred tax asset amount 41.49 million baht. Compare by net profit before tax, in 2015 the Company had net profit 64.12 million baht, increase 38.42 million baht from year 2015, or a growth rate of 149.48%. The Company net profit margin and return on equity in 2016 were 91.31% and 6.98% compared to 26.97% and 1.24% in year 2015 respectively.

If we consider in net profit which not included reversal from doubtful account and others income, we will see that in 2015 the Company had net profit amount 11.15 million baht, and in 2016 amount 95.10 million baht, respectively.



Financial Status



Assets and Liabilities Structure

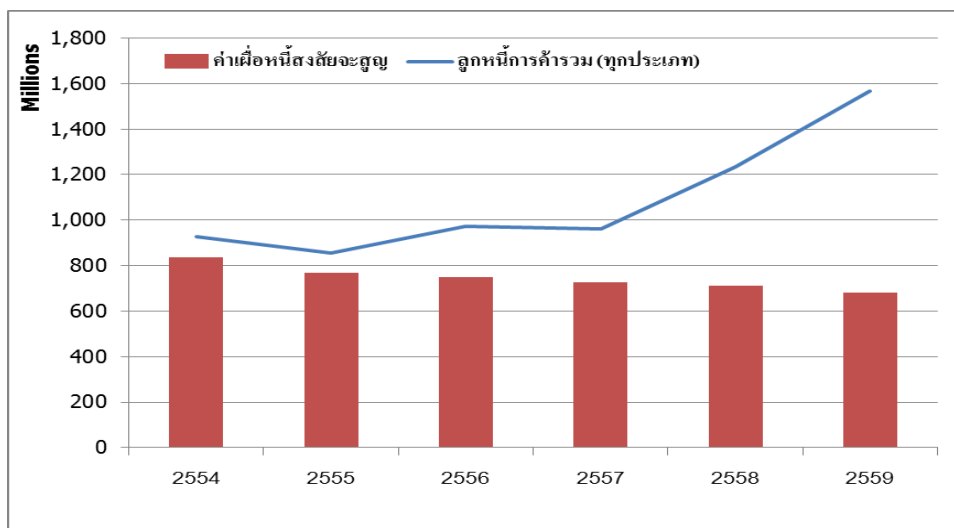
Assets

As at 31 December 2016, the Company had total assets 1,559.73 million baht, increased 110.14 million baht from 2015 or a growth rate 7.60%, combine with factoring accounts receivable, financing leases receivable, loan, and personal loans were the main assets accounting for 56.84% of the total assets. The Company has temporary investments which come from 2015 increase capital cash received 579.82 million baht, or 37.17%

The reason that total asset increase because:

- 1) The increase in current assets amount 61.00 million baht from year 2015 due to the credit expansion.
- 2) The increase in deferred tax asset 51.02 million baht.

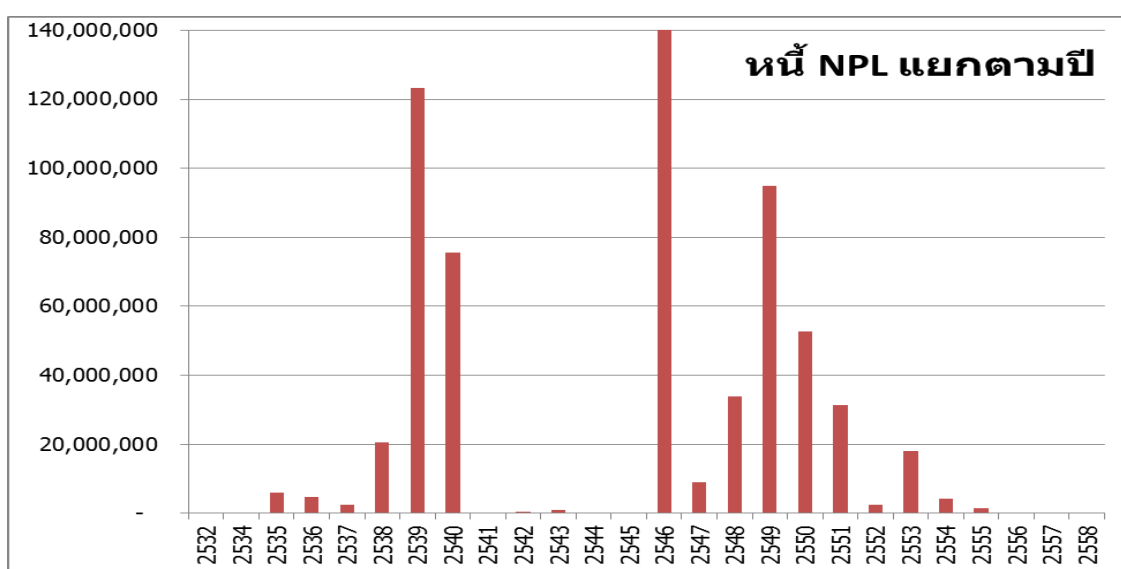
When total credit was increased from expansion, the allowance for doubtful account was decreased from debt collection.



For the debtor who has stop revenue recognition on 31 December 2016, 2015, 2014, 2013, and 2012 are the amount of 698.18 million baht, 730.85 million baht, 745.21 million baht, 770.52 million baht, and 794.83 million baht orderly.

In 2016, the company received more debt payment 1.61 million, cut off bad debt which is barred by prescription, and the debtor is died 31.86 million baht, which reduce NPL. Total credit increasing from the credit expansion after increased capital, made the NPL/total credit proportion decreased. In 2016, the company has increased the allowance for doubtful account 0.04 million baht, which made the NPL/total credit proportion reduce from 59.16% to 44.55%, the proportion of allowance for doubtful account /total credit reduce from 57.71% to 43.43% ,but the proportion of allowance for doubtful account /NPL is stable.

On 31 September 2016, the company has net NPL 698.18 million baht, these NPL were occurred since 1992 to 2012 as present in graph. The Company has set the allowance for doubtful account equal to the total NPL debt of the company deduct by the collateral, by reserve for the doubtful debt is 680.59 million baht. After the Company had change in credit policy in 2011, new generate NPL reduced.



- **Liabilities and Equity**

1. **Liabilities**

As at 31 December 2016, the Company had total liabilities of 40.83 million baht, increased 5.21 million from year 2015, or a growth rate 14.64% since the Company have not apply more loan from financial institutes.

2. **Liquidity**

(Unit : Thousand Baht)

Activities	2013	2014	2015	2016
Cash and cash equivalents at beginning of year	36.76	14.58	43.98	57.37
Net cash provided by (used in) operating activities	(113.29)	19.82	(256.18)	(293.98)
Net cash provided by (used in) investing activities	0.12	11.15	(850.40)	267.11
Net cash provided by (used in) financing activities	90.99	(1.57)	1,119.97	(6.65)
Cash and cash equivalents at end of year	14.58	43.98	57.37	23.86

The Company liquidity ratio as at 31 December 2016, and 2015 are 36.61 times and 40.26 times. Since 2015, the Company has increased in liquidity ratio since there were cash received from increase capital, so it's increased in the Company asset.

3. Source of funds

Now, the Company has source of funds from increase capital and has a little short term loan from financial institutes. As at 31 December 2016, the Company had proportion of total debt to equity of 0.03 times equal with 2015.

4. Share Capital

At 31 December 2016, and 2015, the Company total equity is 1,512.56 million baht, increased 105.62 million baht from net profit. The company had retaining deficit 439.95 million baht and 545.57 million baht, respectively.

Board has the resolution to have a policy to implement the capital reduction to offset discount on share capital and the deficit finished within 6 months after the ended of the dispute with registered company, according to the Company must have period to invitation for meeting, period for creditor to challenge within 2 months prior to the registration of the capital reduction at the Ministry of Commerce.



Related Parties and Connected Transaction

Related parties are those parties linked to the Company by shareholders, common shareholders or directors. Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

The significant transactions with related companies are as follows :-

Unit : Baht

Item	Business	Relations	2015	2016
<u>Loan</u>				
Trade accounts receivable – Micronetic Public Company Limited	Providing services on computer system development	Co-Directors		
Loans			36,684,715	36,684,715
Accrued interest income			<u>2,150,357</u>	<u>2,150,357</u>
Total			38,835,072	38,835,072
<u>Less:</u> Allowance for doubtful accounts			<u>(38,835,072)</u>	<u>(38,835,072)</u>
Loans, net			-	-
According to the related director resigned from the Company's director on 31 July 2015 and effected to finalize of related party then.				
<u>Expense to related parties</u>				
The legal advisor - Wichai thongtang law office Co.,Ltd	Providing legal counsel	Indirect shareholder	600,000	600,000

Necessities and reasons of transactions

For transactions between the company and related companies, we apply the criteria of credit line, interest rate and important conditions accordance with the credit standards approval which are also applied to other customers in general by presenting a process to determine the size of credit line, the related person had to declare the fact to the meeting and did not involved in consideration of such matter.

The audit committee was of the opinion regarding the above transaction that it was a normal credit approval, like for other customers. The legal advisor expenses are less than the others company legal advisor, therefore, the audit committee had no observations in this matter.

Future transaction measures



We developed the criteria for related transactions in the future. The related transactions shall require the approval from the credit committee, board of management or board of directors, as the case may be, and the audit committee shall express the opinion on such related transactions. (as per the details of policy of related transactions on the company's website : www.sgf.co.th)

Audit Committee's Report

The Audit Committee of Siam General Factoring Public Company Limited has comprised 3 independent directors and in 2016 the audit committee has total 4 meetings as follow:

Audit Committee Member	Position	Attend / Total Meeting (Times)
Mr. Pinit Wuthipand	Chairman of Audit Committee	4/4
Mrs. Supanut Pongserm	Audit Committee Member	4/4
Mr. Piphat Inphongphant	Audit Committee Member	4/4

Mrs. Sugunya Chunthep Assistant Manager of Internal Audit Section be secretary of the meeting

The Audit Committee has performed the duties in accordance with the charter of the Audit Committee as delegated by the Board of Directors. These duties include: financial statement review, internal control review, review for the Company, follow Securities and Exchange Act, connected transaction review, monitoring the risk management and propose of the appointment of the Company's auditor and the remuneration of the auditor by the following process:

1. Financial Reports

The Audit Committee has reviewed preparation of quarterly financial statements and the Company's annual financial statements, including inter-transactions, transactions with potential conflict of interest with the auditor, the management and the internal audit unit. The auditor is inquired about accuracy and completeness of the financial statements, important accounting updates, as well as accounting estimates which affect the financial statements, appropriateness of accounting records; and accurate, complete, and adequate information disclosure including independence of the auditor to ensure that the financial statements are prepared in accordance with the law and accounting standards of generally recognized accounting principles with reliability and timeliness, and adequate information disclosure in order to be beneficial to users of the financial statements. At the same time, turnovers of the Company are considered on a quarterly basis and meetings are hold exclusively with the auditors, without management, to discuss the independence of duty and the auditor's opinions. Also, the auditor reported has been reports on the issues identified by the Audit Committee for consideration on these issues.

2. Internal Control System and Internal Audit

The Audit Committee has reviewed adequacy of the internal control system and the risk management of the Company by considering operations, property care, prevention of mistakes, damages or corruption, including compliance with laws and regulations, and review of reports of internal audit and the auditor, as well as results of critical issue improvement to assess appropriateness, effectiveness of the internal control system and the risk management of the Company, the management department's compliance with policy and the authorized power defined.

The Audit Committee considered the planning and approves the annual audit plan, scope of work by following up the monitoring plan in accordance with the audit plan in a quarter basis along with provision of advice on how to improve performances of auditing.

3. Compliance

The Audit Committee has reviewed the Company's operations in accordance with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and the law related to the business of the Company; and acknowledged changes to the rules affecting the business of the Company.

4. Risk Management

The Audit Committee has placed special attention to the risk management as it recognizes that changes in the economy, politics and society will contribute a significant impact on the Company's risk management framework. The Company has disclosed significant risks under the topic of Risk Factors in the Annual Report of 2016.

5. Connected Transactions or Potential Conflict of Interest

In 2016, the Audit Committee reviewed the connected transactions of the Company by normal business transactions or conditional transactions. The Company has been approved by the Board of Directors. For other transactions, the Audit Committee has considered that the transactions were necessary and reasonable; and

provided the maximum benefit to the Company. The Company has disclosed the information as prescribed by the Office of the Securities and Exchange Commission.

6. Selection of Auditors and Remuneration

The Audit Committee has selected and considered remuneration of the auditor Company, Karin Audit Co., Ltd., based on of the auditor's qualifications, knowledge, ability, experience, and independence as required by the SET, including each proposed audit fee, and the quality of the audit in the previous year. It is considered that the auditor has a good understanding of the Company's business. Therefore, Karin Audit Company Limited should be appointed as the Company's auditor. It has been approved by the Board of Directors and by the shareholders meeting to appoint Karin Audit Company Limited as the Company's auditor at the Annual General Meeting of Shareholders of 2016 and determined the annual audit fee of 1,050,000.00 baht (one million and fifty thousand baht only).

List of auditors are as following:

Auditor Name	CPA No.	The person who audited the Company's financial statement
Ms.Kannika Wipanurat	7305	-
Ms.Kannika Wipanurat	5113	-
Ms.Nonglak Pattanabandith	4713	-
Mr. Jadesada Hungsapruet	3759	signature

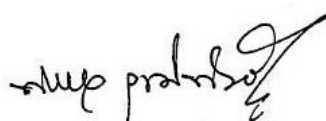
7. Corporate Governance

The Audit Committee has reviewed and evaluated corporate governance so that the Company is managed in accordance with the Principles of Good Corporate Governance of Listed Companies on the Stock Exchange of Thailand to build confidence and reliability to the stakeholders.

8. Self Assessment

The Audit Committee has self-assessed by comparing with good practices. Based on the results of the assessment in 2016, the Audit Committee performed its duties as specified in the Audit Committee Charter and performances consistent with the good practices of the Stock Exchange of Thailand. This has contributed to strengthening good corporate governance effectively.

The Audit Committee has performed its duty in an independent manner and expressed frank opinions for the best benefit of the Company without restriction in obtaining information. The Audit Committee has evaluated its own performance to ensure that the performance of the Audit Committee in 2016 is effective and efficient; and achieves the objectives assigned by the Board of Directors.



Mr. Pinit Wutipphan
Chairman of Audit Committee

Independent Auditor's Report

To the Shareholders of Siam General Factoring Public Company Limited

Opinion

I have audited the financial statements of Siam General Factoring Public Company Limited, which comprise the statement of financial position and as at December 31, 2016 of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam General Factoring Public Company Limited as at December 31, 2016, 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 in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King 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 judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for Doubtful Accounts

Risk

As discussed in Note 9 to Note 12 to the financial statements, the Company may have a risk of understated allowance for doubtful accounts due to default in payment of accounts receivable over credit terms. In addition, in term of providing allowance, the Company considers to record allowance for doubtful accounts based on debt balances after collateral values.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- Evaluated assumptions and methods used by experts for collateral valuation; assessed professional competency of experts; and
- Audit lawyers' confirmation to ensure that collaterals are still valid for legal claim.

From testing referred to above, I am confident that the Company considered and recorded allowance for doubtful account in accordance with Thai Financial Reporting Standards properly.

Existence of Loans Receivable

Risk

As discussed in Note 12 to the financial statements, the Company may grant loans to non-existent receivables as the result inappropriate income will be recognized in the financial statements. As at December 31, 2016, the Company had a loan receivable of Baht 838.47 million (which might be a non-existent receivable) and the Company recognized income from such loan receivable of Baht 95.34 million for the period ended December 31, 2016. This was a major income of the Company.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above consisted of controls testing and substantive procedures as follows:

- tested credit facility consideration and approval process in accordance with the established policy and procedures of the Company;
- tested payment approval process for credit drawdowns in accordance with the established schedule of authority and procedures of the Company;
- tested loans collection, and accounting record (including record of receivable sub-ledger);
- reviewed loan agreements;
- sent loan balances confirmations (which included details of loan balances and term and conditions of loan agreements); and
- performed alternative audit procedures to obtain sufficiency and appropriateness of evidence in case of non-reply confirmation.



Deferred Tax Assets

Risk

As discussed in Note 20 to the financial statements, the Company recorded a deferred tax asset of Baht 47.04 million during the year 2016 because the Company has sufficient future taxable profit that will be available to utilize tax losses when computing tax in the future.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- evaluated the Company management's judgment regarding sufficiency of future taxable profit that will be available to utilize tax losses. Evaluation focused on the reasonableness of future cash flow projection and preparation process of cash flow projection;
- tested reliability of calculation and compared with the latest annual budget approved by the Company's board of directors;
- enquired the Company's management regarding a key assumption, long term growth rate, and compared with historical performance, economic conditions, and industrial trend; and
- validated amounts of allowance for doubtful accounts provided by the Company's legal department to figure out temporary differences that will be tax benefits.

From testing referred to above, I am confident that the Company considered and recorded deferred tax assets in accordance with Thai Financial Reporting Standards properly

Other matters

The financial statements of Siam General Factoring Public Company Limited, which comprise the statements of financial position as at December 31, 2015, statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended December 31, 2015, presented herewith for comparative purpose only, were audited by another auditor in my firm where report dated February 24, 2016, expressed an unqualified opinion on those financial statements.

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.

Management's Responsibility 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 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 judgment and maintain professional scepticism throughout the audit. I also:

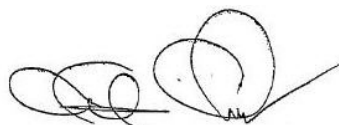
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 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 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 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 to express an opinion on the 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.

The engagement partner on the audit resulting in this independent auditor's report is Jadesada Hungsapruerk



(Jadesada Hungsapruerk)
C.P.A. (Thailand)
Registration No. 3759

Karin Audit Company Limited
Bangkok, Thailand
February 24, 2017

Financial Statements

Siam General Factoring Public Company Limited
As at December 31, 2016

Assets	Notes	Baht	
		2016	2015
Current Assets			
Cash and cash equivalents	7	23,855,779	57,371,589
Temporary investments - net	8	579,819,404	850,515,379
Factoring receivables - net	9	40,353,210	13,471,583
Finance lease receivables - net	10	-	-
Personal loans - net	11	7,819,607	8,741,992
Loans - net	12	838,466,196	500,227,507
Other current assets - net		4,497,921	3,480,809
Total Current Assets		1,494,812,117	1,433,808,859
Non-Current Assets			
Restricted cash	18	150	-
Properties foreclosed - net	14	958,000	1,258,000
Property, plant and equipment - net	20	12,414,404	9,979,316
Deferred tax asset		51,018,492	4,161,543
Other non-current assets - net		529,508	388,029
Total Non-Current Assets		64,920,554	15,786,888
Total Assets		1,559,732,671	1,449,595,747

The notes are an integral parts of these financial statements.

Financial Statements (Continued)

Siam General Factoring Public Company Limited
As at December 31, 2016

Liabilities and Shareholders' Equity	Notes	Baht	
		2016	2015
Current Liabilities			
Bank overdrafts	18	2,359,194	8,075,437
Short-term borrowings from other company	18	9,452,383	9,452,383
Current portion of finance lease liabilities due within one year	16	1,559,578	952,183
Deposit payables		10,058,869	7,197,057
Accrued interest expenses		3,691,868	3,124,725
Other current liabilities		13,704,222	6,811,472
Total Current Liabilities		40,826,114	35,613,257
Non-Current Liabilities			
Finance lease liabilities - net from current portion	16	930,715	2,047,040
Employee benefit obligations	17	5,418,222	4,995,466
Total Non-Current Liabilities		6,348,937	7,042,506
Total Liabilities		47,175,051	42,655,763
Shareholders' Equity			
Share capital - common share at Baht 0.50 par value (2015 : 0.25 Baht)			
Authorised share capital			
40 Preferred shares (2015 : 80 shares)		20	20
13,100,000,000 ordinary shares (2015:26,000,000,000 shares)	19	6,550,000,000	6,550,000,000
Issued and paid-up share capital			
40 Preferred shares (2015 : 80 shares)		20	20
13,100,000,000 ordinary shares (2015:26,000,000,000 shares)	19	6,550,000,000	6,550,000,000
Expired warrants		49,572,422	49,572,422
Premium (discount) on share capital - ordinary shares	19	(4,647,066,423)	(4,647,066,423)
Deficits		(439,948,399)	(545,566,035)
Total Shareholders' Equity		1,512,557,620	1,406,939,984
Total Liabilities and Shareholders' Equity		1,559,732,671	1,449,595,747

The notes are an integral parts of these financial statements.

Statements of Comprehensive Income

Siam General Factoring Public Company Limited
For the year ended December 31, 2016

		Baht	
	Notes	2016	2015
Revenues			
Factoring income		3,516,497	3,649,971
Finance lease income		-	143,226
Personal loans income		2,335,734	2,630,460
Loans income		95,337,992	48,967,976
Fees and services income		3,957,287	2,932,938
Reversal of allowance for doubtful accounts		590,343	4,439,415
Other income		9,927,943	1,832,127
Total revenues		115,665,796	64,596,113
Expenses			
Administrative and operating expenses		(38,646,994)	(24,745,306)
Bad debts and doubtful accounts		(44,654)	(833,374)
Directors remuneration	6.5	(2,166,000)	(1,825,000)
Management remuneration	6.5	(9,687,960)	(9,843,004)
Total expenses		(50,545,608)	(37,246,684)
Profit (loss) before finance costs		65,120,188	27,349,429
Finance costs		(995,506)	(1,646,548)
Profit (loss) before corporate income tax for the years		64,124,682	25,702,881
Income tax	20	(41,492,954)	(8,280,836)
Profit (loss) for the years		105,617,636	17,422,045
Other comprehensive income:			
Item that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains (loss)	17	-	1,641,145
Total other Comprehensive income for the year		-	1,641,145
Total comprehensive income for the years		105,617,636	19,063,190
Basic earnings (loss) per share			
Earnings (loss) per share (Baht : Share)	22	0.0081	0.0026
Weighted average number of ordinary shares (share)		13,100,000,040	6,602,752,642

The notes are an integral parts of these financial statements.

Statements of Changes in Shareholders' Equity

Siam General Factoring Public Company Limited
For the year ended December 31, 2016

	Baht				
	Issued and paid-up share capital	Expired Warrants	Premium (discount) on share capital - ordinary share	Deficits	Total
Balances at January 1,2015	2,312,100,378	49,572,422	(1,533,186,612)	(564,629,225)	263,856,963
Transactions with owners, recorded directly in equity					
Capital increase	4,237,899,642	-	-	-	4,237,899,642
Premium (discount) on share capital - ordinary shares	-	-	(3,113,879,811)	-	(3,113,879,811)
Total contributions by and distributiond to owners of the Company	6,550,000,020	49,572,422	(4,647,066,423)	(564,629,225)	1,387,876,794
Comprehensive income for the year :					
Profit (loss) for the year	-	-	-	17,422,045	17,422,045
Other Comprehensive income for the year	-	-	-	1,641,145	1,641,145
Total Comprehensive income for the year	-	-	-	19,063,190	19,063,190
Balances at December 31,2015	6,550,000,020	49,572,422	(4,647,066,423)	(545,566,035)	1,406,939,984
Balances at January 1,2016	6,550,000,020	49,572,422	(4,647,066,423)	(545,566,035)	1,406,939,984
Profit (loss) for the year	-	-	-	105,617,636	105,617,636
Balances at December 31,2016	6,550,000,020	49,572,422	(4,647,066,423)	(439,948,399)	1,512,557,620

The notes are an integral parts of these financial statements.

Statements of Cash Flows

Siam General Factoring Public Company Limited
For the year ended December 31, 2016

	Baht	
	2016	2015
Cash flows from operating activities		
Profit (loss) before income tax	64,124,682	25,702,881
Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities		
Depreciation	1,445,016	1,149,142
Bad debts and doubtful accounts	44,654	833,374
Reversal of allowance for doubtful accounts	(590,343)	(4,439,415)
Gain on disposals of property, plant and equipment	37	(352,798)
Loss from Impairment foreclosed assets	-	270,000
Loss from sales of foreclosed assets	-	30,000
Employee benefit expenses	422,756	675,324
Finance costs	995,506	1,646,547
Profit (loss) from operating activities before changes in operating assets and liabilities	66,442,308	25,515,055
Decrease (increase) in operating assets		
Factoring receivables	(25,778,202)	7,114,457
Finance lease receivables	-	604,438
Personal Loans	699,494	(299,316)
Loans	(338,573,532)	(290,065,909)
Other current assets	(1,390,570)	(81,880)
Other non current assets	(141,481)	-
Deposits under the implementation of legal execution	(150)	-
Increase (decrease) in operating liabilities		
Deposit payables	2,861,811	(802,204)
Other current liabilities	3,555,080	1,921,262
Cash received (paid) from operating activities	(292,325,242)	(256,094,097)
Cash paid for income tax and withholding tax deducted at source	(1,652,866)	(88,534)
Net cash provided by (used in) operating activities	(293,978,108)	(256,182,631)

Statements of Cash Flows (Continued)

Siam General Factoring Public Company Limited
For the year ended December 31, 2016

	Notes	Baht	
		2016	2015
Cash flows from investing activities			
Purchases of equipment		(3,880,141)	(437,127)
Cash paid for purchase of current investment	8	-	(850,515,379)
Proceeds from disposals of property, plant and equipment		-	352,804
Proceeds from disposals of foreclose assets	14	300,000	200,000
Proceeds from purchase of temporary investments		270,695,974	
Net cash provided by (used in) investing activities		267,115,833	(850,399,702)
Cash flows from financing activities			
Interest paid		(428,362)	(1,079,405)
Proceeds from bank overdrafts increase (decrease)		(5,716,243)	(1,991,216)
Proceeds from of share capital	19	-	1,124,019,831
Repayments on financial lease		(508,930)	(981,324)
Net cash provided by (used in) financing activities		(6,653,535)	1,119,967,886
Net increase (decrease) in cash and cash equivalents		(33,515,810)	13,385,553
Cash and cash equivalents, beginning of year	7	57,371,589	43,986,036
Cash and cash equivalents, end of year	7	23,855,779	57,371,589

Supplemental disclosures of cash flows information :

1. For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
2. In during year 2015, increasing in two motor vehicles amount of Baht 1.50 million, from hire-purchase agreement
3. In during year 2016, increasing in one motor vehicles amount of Baht 0.61 million, from hire-purchase agreement

Notes to the Financial Statements

Siam General Factoring Public Company Limited
December 31, 2016

1. General information

Siam General Factoring Public Company Limited (“the Company”) is a public limited company and is incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

The Company's head office
408/68 Phaholyothin Place, 16th Floor, Phaholyothin Road, Samsen-Nai, Phayathai, Bangkok.

NakhonRatchasima Branch
143/8 Sappasit Road, NaiMueangSub-district, MueangNakhonRatchasimaDistrict, Nakhon Ratchasima.

Chiang Mai Branch
38/7-8 Chiang Mai – Lampang Road (Opposite Jet YodTemple), Chang Phueak Sub-district, Mueang Chiang Mai District, Chiang Mai.

The principal business operation of the Company is providing short-term funds in forms of factoring, loans and leasing service.

These financial statements were authorized for issue by the Board of Directors on February 24, 2017.

2. Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 New financial reporting standards

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

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 Group’s financial statements.

(b) Financial reporting standards 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 2016) which is effective for fiscal years 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 management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below



2.3 Significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

Temporary investments

Investments which the Company intends to hold less than one year.

Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in profit or loss within selling and administrative expenses.

The Company has policy to set up allowance for doubtful accounts based on period of overdue balance. Allowance for doubtful accounts is provided in full amount (after deducting appraisal value of collateral) for receivable who defaults its payment on principal and interest arrears for more than six consecutive months from the date of the last installment and the Company already stops recognition of income on an accrual basis.

In order to provide allowance for doubtful accounts, the Company will review and consider the ability of debt collections from customers and receivables, the potential in current business operations of the customers and the receivables, the collection history in the past and the reason for default payment, and the potential in negotiation for debt acceptance including repayment plan of the debt restructuring which will occur in the future although the overdue balance is already more than six consecutive months.

Investments

Investments in non-marketable equity securities are classified as general investments. General investments are carried at cost less allowance for impairment of assets.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to statements of comprehensive income.


Property foreclosed

Property foreclosed is recorded at the lower of net balance of related accounts receivable and market/appraisal value of foreclosed assets less allowance for impairment of assets.

Property, plant and equipment and depreciation

Land is stated at cost. Other property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets.

Depreciation is calculated using the straight line method to allocate the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful lives as follows:



Buildings	20 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within gain or loss in statements of comprehensive income.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Leases - where the Company is the lessee

Leases of property, plant or equipment which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the period of the useful life of the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases - where the Company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Company. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.



Employee benefit obligations

The Company provides for post-employment benefits, payable to employees under the labor laws applicable in Thailand. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors.

The liability recognised in the statement of financial position in respect of employee benefits is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustment for unrecognised past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains or losses will be recognised in the statement of other comprehensive income. The costs associated with providing these benefits are charged to the statement of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

TAS No.19 “Employee Benefits”, the standard specifies the transitional treatment for defined benefit plans once adopted for the first time. An entity must proceed to determine the transitional liability for defined benefit plans at the time of adoption. If the transitional liability is greater than the liabilities that would have been recognised on the same date by the entity following its previous accounting policies, the entity must make a choice, irrevocably, to recognise this increase as part of its liabilities for benefit plans defined, choosing between the two alternatives: immediate recognition, according to TAS No.8 (revised 2009) “Accounting Policies, Changes in Accounting Estimates and Errors”, or recognition as an expense, in a linear fashion, over a maximum period of five years from the date of adoption. The Company has chosen to recognise the transitional liability for defined benefit plans as of 1 January 2011 as an expense using a straight-line basis within 5 years starting from 1 January 2011.

Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Revenue recognition


Income from factoring is recognised and income from loan on an accrual basis.

Interest and fees income on loans are recognised on an accrual basis and are based on principal outstanding.

Income under finance lease agreements and income from personal loan is recognised on the basis of installment payments due by using the effective interest rate method, calculated from the balance of the net investment in each installment.

Income under operating lease agreements is recognised on the basis of installment payments due.

Fees and services are recognised as income on accrual basis.



The Company has policies to cease accruing income for factoring, loans and finance lease on which payments have been defaulted for more than six consecutive months from due date and to cease accruing income for personal loans on which payments have been defaulted for more than three consecutive months from due date.

Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

The Company recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company 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 record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3. Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

3.1 Property, plant, and equipment

Management determines the carrying value of property, plant, and equipment based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of property, plant, and equipment. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilization, and performance.

3.2 Employee benefit

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of the obligations.

The Company determines the appropriate discount rate on an annual basis. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Company considers the yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the obligations.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

4. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at December 31, 2016, debt to equity ratio in the financial statements is 0.03 : 1

5. Segment information

The Company's operations involve a single industry segment in financing business and are carried on in the single geographic area in Thailand. As a result, all of revenues, operating profit (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

6. Related party transactions

Related parties are those parties linked to the Company by shareholders, common shareholders or directors. Transactions with related parties are conducted at market prices or, where no market price exists, at contractually agreed prices.

The followings are relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company.

Name of entities	Country of incorporation/ nationality	Business	Nature of relationships
Micronetic Plc.	Thailand	Providing services on computer system development	Co-director
Wichaitongtang law office Co.,Ltd	Thailand	Providing legal counsel	Indirect shareholder

The following transactions were carried out with related parties:

6.1 Trade accounts receivable - related parties

		Baht	
		2016	2015
Loans - other related party			
Micronetic Public Company Limited			
Loans		36,684,715	36,684,715
Accrued interest income		2,150,357	2,150,357
Total		38,835,072	38,835,072
<u>Less:</u> Allowance for doubtful accounts		(38,835,072)	(38,835,072)
Loans, net		-	-

According to the related director resigned from the Company's director on July 31, 2015 and effected to finalize of related party then.

6.2 Expense to related parties

		Baht	
Pricing Policies		2016	2015
The legal advisor Wichaithongtang law office Co.,Ltd	Agree price, as discussed on the agreement (50,000 per month.)	600,000	600,000

6.3 Directors remuneration

Directors remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors, and according to the resolution of the Annual General Meeting of Shareholders.

6.4 Management remuneration

Management remuneration represents salaries, remunerations and other benefits paid to the executive directors and management under the definitions of the Office of the Securities and Exchange Commission which include of a chief executive officer, the next four executive levels below the chief executive officer and all persons in positions comparable to the fourth executive level.

6.5 Remuneration of Directors and Executives

During the year ended December 31, 2016 and 2015, the Company had benefit expense payable to the directors and management as follows;



	Baht	
	December 31, 2016	December 31, 2015
Estimate liability - employee benefit – beginning	3,178,904	2,775,656
<u>Plus</u> Difference from the new assessment	-	691,194
Estimate liability - employee benefit – ending	<u>3,178,904</u>	<u>3,466,850</u>

The Company's expenses for employee benefits and executive director of the following;

	Baht	
	2016	2015
Short-term benefits		
- Directors remuneration	2,166,000	1,825,000
- Management remuneration	9,687,960	9,843,004
Post-employment benefits	<u>230,427</u>	<u>537,820</u>
Total	<u>12,084,387</u>	<u>12,205,824</u>

7. Cash and cash equivalents

	Baht	
	2016	2015
Cash	50,000	50,000
Deposits held at call with banks	23,804,553	57,317,841
Fixed deposits with no commitment	<u>1,226</u>	<u>3,748</u>
Total cash and cash equivalents	<u>23,855,779</u>	<u>57,371,589</u>

8. Current investments

	Baht	
	2016	2015
Fund	<u>579,819,404</u>	<u>850,515,379</u>
Total Current investments	<u>579,819,404</u>	<u>850,515,379</u>

In during the year 2016 and 2015, the Company had investment gains in the fund baht 9.30 million and Baht 0.52 million which was recorded in the statement of comprehensive income for the year.

9. Factoring receivables, net

	Baht	
	2016	2015
Factoring receivables	495,792,194	460,245,943
<u>Less: Factoring payables</u>	<u>(13,773,110)</u>	<u>(3,472,304)</u>
Factoring receivables	482,019,084	456,773,639
Fines for delay payment	52,317,210	52,078,158
<u>Less: Unearned discount income</u>	<u>(311,398)</u>	<u>(179,663)</u>
Factoring receivables	534,024,896	508,672,134
<u>Less: Allowance for doubtful accounts</u>	<u>(493,671,686)</u>	<u>(495,200,551)</u>
Factoring receivables, net	<u>40,353,210</u>	<u>13,471,583</u>

Outstanding factoring receivables as at December 31, 2016 and 2015 can be analyzed as follows:

	Baht	
	2016	2015
Not overdue	25,743,553	11,373,454
Overdue less than 3 months	6,193,238	-
Overdue over 3 months - 6 months	6,146,000	-
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	<u>443,936,293</u>	<u>445,400,185</u>
Factoring receivables, net	<u>482,019,084</u>	<u>456,773,639</u>

Allowance for doubtful account is changed for the year ended December 31, 2016 are as follows:

	Baht
Beginning balance	(495,200,551)
Increase	(500,636)
Bad debt	417,753
Decrease	<u>1,611,748</u>
Ending balance	<u>(493,671,686)</u>

In 2016, Allowance for doubtful debt account decreasing because the Company has reversed its transaction, amounting Baht 2.02 million. Also, the receiving of payment from those receivables amounting Baht 1.61

million and has written-off bad debt of 2 debtors, amounting Baht 0.42 million due to terminate the enforcement proceedings.

On October 5, 2016, the Supreme Court has rendered its judgment and given the Company won the case of lawsuit with a customer. As a result, the Company will get the repayment of Baht 200,635,606.15, together with interest at 7.50% per annum of the outstanding amount of Baht 195,340,494.40, from a debtor (the 6th defendant). Such interest will be calculated from the date after prosecution date (April 4, 2003) up to the complete of settlement.

In addition, the Supreme Court has rendered its judgment and ordered the customer and guarantors (the 1st – 5th defendant) and the 6th defendant to be responsible for repayment of Baht 135,320,406.77, together with interest at 10.5% per annum and penalty at 0.5% per annum of the aforesaid amount. Such interest and penalty will be calculated from June 5, 2004 up to the complete of settlement.

10. Finance lease receivables, net

	Baht	
	2016	2015
Finance lease receivables	46,463,065	46,463,065
<u>Less:</u> Unearned interest income	<u>(5,861,096)</u>	<u>(5,861,096)</u>
	40,601,969	40,601,969
<u>Less:</u> Allowance for doubtful accounts	<u>(40,601,969)</u>	<u>(40,601,969)</u>
Finance lease receivables, net	<u>-</u>	<u>-</u>

Outstanding finance lease receivables as at December 31, 2016 and 2015 can be analyzed as follows:

	Baht	
	2016	2015
Not overdue	-	-
Overdue less than 3 months	-	-
Overdue over 3 months - 6 months	-	-
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	46,463,065	46,463,065
Finance lease receivables, net	<u>46,463,065</u>	<u>46,463,065</u>

Allowance for doubtful account is changed for the year ended December 31, 2016 are as follows:

	Baht
Beginning balance	(40,601,969)
Increase	-
Bad debt	-
Decrease	-
Ending balance	<u>(40,601,969)</u>

11. Personal loans, net

	Baht	
	2016	2015
Personal loans	19,739,475	21,198,189
Accrued service income	<u>617,196</u>	<u>744,341</u>
	20,356,671	21,942,530
<u>Less:</u> Allowance for doubtful accounts	<u>(12,537,064)</u>	<u>(13,200,538)</u>
Personal loans, net	<u>7,819,607</u>	<u>8,741,992</u>

Outstanding personal loans as at December 31, 2016 and 2015 can be analyzed as follows:

	Baht	
	2016	2015
Not overdue	8,422,793	9,291,847
Overdue less than 3 months	666,235	641,543
Overdue over 3 months - 6 months	988,912	539,935
Overdue over 6 months - 12 months	1,912,064	961,261
Overdue over 12 months	<u>7,749,471</u>	<u>9,763,603</u>
Personal loans, net	<u>19,739,475</u>	<u>21,198,189</u>

Allowance for doubtful account is changed for the year ended December 31, 2016 are as follows:

	<u>Baht</u>
Beginning balance	(13,200,538)
Increase	(222,891)
Bad debt - written off	886,365
Decrease	<u>-</u>
Ending balance	<u>(12,537,064)</u>

In 2016, Allowance for doubtful debt account decrease amounting Baht 0.89 million, Also, the Company has written-off bad debt of 47 Also, the receiving of payment from those receivables amounting Baht 0.78 million and has written-off bad debt of 2 debtors, amounting Baht 0.08 million. Because the debtor death. The other 4 debtor, are receiving payment under the Letter of Intent compositions allow the write-offs, so the rest of the agreement. And 41 are Overdue more than one year, each one less than Baht of 100,000, not worthy by legal proceeding expense. According to the bad debt written-off process of the Revenue Department the Company has sent asking for letters. And has the approval by the Board of Director on December 19, 2016

12. Loans, net

	<u>Baht</u>	
	<u>2016</u>	<u>2015</u>
Loans	911,319,326	641,144,467
Accrued interest income	<u>60,932,066</u>	<u>23,094,273</u>
	972,251,392	664,238,740
<u>Less:</u> Allowance for doubtful accounts	<u>(133,785,196)</u>	<u>(164,011,233)</u>
Loans, net	<u>838,466,196</u>	<u>500,227,507</u>

Outstanding loans as at December 31, 2016 and 2015 can be analyzed as follows:

	<u>Baht</u>	
	<u>2016</u>	<u>2015</u>
Not overdue	746,121,822	455,546,963
Overdue less than 3 months	12,500,000	4,000,000
Overdue over 3 months - 6 months	-	-
Overdue over 6 months - 12 months	1,100,000	6,270,082
Overdue over 12 months	<u>151,597,504</u>	<u>175,327,422</u>
Loans, net	<u>911,319,326</u>	<u>641,144,467</u>

Allowance for doubtful account is changed for the year ended December 31, 2016 are as follows:

	<u>Baht</u>
Beginning balance	(164,011,223)
Increase	(334,854)
Bad debt - written off	30,560,881
Decrease	<u>-</u>
Ending balance	<u>(133,785,196)</u>

During the year 2016, Allowance for doubtful accounts decreased by Baht 30.56 million from the write-off of one income because the Company has undertaken the prosecution and the court has focused the judge then. But the judgment debtor does not repay the debt by way of write-offs of the Revenue Department and approved the write-off by the Board of Directors on May 19, 2016.

13. Long-term investment, net

	<u>Baht</u>	
	<u>2016</u>	<u>2015</u>
General investments		
Equity securities- Moo Ban Seri Co., Ltd.	1,087,300	1,087,300
<u>Less:</u> Allowance for impairment of assets	<u>(1,087,300)</u>	<u>(1,087,300)</u>
Long-term investment, net	<u>-</u>	<u>-</u>

14. Properties foreclosed, net

	<u>Baht</u>	
	<u>2016</u>	<u>2015</u>
Properties foreclosed	958,000	1,678,000
<u>Less:</u> Allowance for impairment of assets	<u>-</u>	<u>(420,000)</u>
Properties foreclosed, net	<u>958,000</u>	<u>1,258,000</u>

Allowance for declining in value Properties foreclosed in value have changed during the year as follows.

	Baht	
	2016	2015
Beginning balance	(420,000)	(400,000)
Increase	-	(270,000)
Decrease from sale	420,000	250,000
Ending balance	-	(420,000)

In year 2016, the Company has disposal of property foreclosed by Baht of 0.30 million (net book value by Baht of 0.30 million).

In year 2015, the Company has disposal of property foreclosed by Baht of 0.20 million (net book value by Baht of 0.23 million). The Company has loss from sales of foreclose asset by Baht of 0.03 million and recognized in comprehensive income statement for the year 2015.

As at December 31, 2016, properties foreclosed consisting of Land and buildings with aggregate net book value of Baht 0.96 million are mortgaged as collateral for bank overdrafts facility (December 31, 2015: Baht 0.96 million).

15. Leasehold improvement and equipment - net

	Baht					
			Furniture, fixtures and office equipment	Motor vehicles	Construction In progress And install	Total
	Land	Buildings				
For the year ended December 31, 2016						
Opening net book value	6,585,898	7	457,006	2,936,405	-	9,979,316
Additions	-	-	1,082,010	611,214	2,186,916	3,880,140
Disposals, net	-	-	(37)	-	-	(37)
Depreciation	-	-	(219,311)	(1,225,704)	-	(1,445,015)
Closing net book value	6,585,898	7	1,319,668	2,321,915	2,186,916	12,414,404
At December 31, 2016						
Cost	6,585,898	9,714,264	9,667,303	8,383,877	2,186,916	36,538,258
<u>Less: Accumulated</u> depreciation	-	(9,714,257)	(8,347,635)	(6,061,962)	-	(24,123,854)
Net book value	6,585,898	7	1,319,668	2,321,915	2,186,916	12,414,404



Baht						
			Furniture, fixtures and office equipment	Motor vehicles	Construction In progress And install	Total
	Land	Buildings				
For the year ended December 31, 2015						
Opening net book value	6,585,898	7	263,369	2,500,451	-	9,349,725
Additions	-	-	283,412	1,495,327	-	1,778,739
Disposals, net	-	-	-	(6)	-	(6)
Depreciation	-	-	(89,775)	(1,059,367)	-	(1,149,142)
Closing net book value	6,585,898	7	457,006	2,936,405	-	9,979,316

At December 31, 2015

Cost	6,585,898	9,714,264	9,127,477	7,772,662	-	33,200,301
<u>Less: Accumulated</u> depreciation	-	(9,714,257)	(8,670,471)	(4,836,257)	-	(23,220,985)
Net book value	6,585,898	7	457,006	2,936,405	-	9,979,316

As at December 31, 2016, The Company entered into the design, installation, testing and installation of new equipment in the office of the contracts specify the delivery date of February 6, 2017.

As at December 31, 2016, land and buildings with aggregate net book value of Baht 4.88 million are mortgaged as collateral for bank overdrafts facility (December 31, 2015: Baht 4.88 million) (note 16).

As at December 31, 2016, buildings and equipment which has been fully depreciated according to their useful lives, but are still in use with cost amount of Baht 19,554,379 (December 31, 2015: Baht 20,071,563).

As at December 31, 2016, assets under financial lease agreement which Company is tenant are included in the motor vehicles listed above, having net book value of Baht 2,321,911 (cost and accumulated depreciation of Baht 6,540,963 and Baht 4,219,052 respectively).

16. Finance lease liabilities

Finance lease liabilities as at December 31, 2016 and 2015, consist of the following:

Baht						
	Current portion		Long-term		Total	
	2016	2015	2016	2015		
Finance lease liabilities	1,644,081	1,088,693	974,387	2,125,050	2,618,468	3,213,743
<u>Less</u> Deferred interest	(84,503)	(136,510)	(43,672)	(78,010)	(128,175)	(214,520)
Finance lease liabilities	1,559,578	952,183	930,715	2,047,040	2,490,293	2,999,223

Under the term of contracts referred to above, the Company has to comply with contain conditions and restrictions as specified in the contracts. The right of assets under finance lease contracts will be transferred to the Company when final payment is made.

Finance lease liabilities - minimum lease payments are as follows:

	Baht	
	2016	2015
Not later than 1 year	1,644,081	1,088,693
Later than 1 year but not later than 5 years	974,387	2,125,050
	2,618,468	3,213,743
<u>Less</u> future finance charges on finance leases	<u>(128,175)</u>	<u>(214,520)</u>
Present value of finance lease liabilities	<u>2,490,293</u>	<u>2,999,223</u>

17. Employee benefit obligations

The Company's post-employment benefit plan is classified as a defined benefit plan and unfunded.

Information of obligations under defined benefit plan for the years ended December 31, 2016 and 2015 in accordance with the actuarial technique are as follow:

	Baht	
	2016	2015
Estimated present value of obligations		
for the year ended December 31		
Present value of obligations at the beginning of year January 1	4,995,466	4,320,142
Current service cost	317,316	554,361
Interest cost	105,440	120,963
Present value of obligations at the end of year December 31	<u>5,418,222</u>	<u>4,995,466</u>

Expected expenses to be recognised in the statement of comprehensive income for the year ended December 31

Current service cost	317,316	554,361
Interest cost	105,440	120,963
Employee benefit expenses to be recognised in current year	<u>422,756</u>	<u>675,324</u>

According to actuarial estimates are as follows.

Principal actuarial assumptions at the reporting date as at December 31, 2016 and 2015;


Discount rate	2.8 % per annum
Salary increase rate	6 % per annum
Employee turnover rate	0.00 - 25.00 % per annum
Mortality rate	50% of Thai Mortality Ordinary Table 2008

Movement in the present value of the obligations under defined benefit planes as follows:

	Baht	
	2016	2015
The amount recognized in the statement of financial Position:		
Balance at January 1,	4,995,466	5,961,287
Current service cost	317,316	554,361
Interest cost	105,440	120,963
Actuary assumption charges	-	(1,641,145)
Balance	<u>5,418,222</u>	<u>4,995,466</u>
Profit (loss) for the year		
Current service cost	317,316	554,361
Interest cost	105,440	120,963
Employee benefit expenses for the year	<u>422,756</u>	<u>675,324</u>
Other Comprehensive income for the year		
Actuary assumption charges	<u>-</u>	<u>(1,641,145)</u>

18. Short-term Borrowings from other company

	Baht	
	2016	2015
Current		
Bank overdrafts	2,359,194	8,075,437
Short – term borrowing from other company	<u>9,452,383</u>	<u>9,452,383</u>
Total Borrowings	<u>11,811,577</u>	<u>17,527,820</u>



On October 06, 2016, the legal execution officer sent letters to bank requesting them to seize the Company's deposit accounts totaling amount of Baht 9,564,903.14 and send the money to the legal execution officer. Within 30 days from the dated in the letter.

On October 25, 2016, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company's deposit accounts. The case is under the process of the court.

As at December 31, 2016, the Company has outstanding debt in term of promissory notes with the short-term loan payable (a listed company in the Stock Exchange of Thailand) amount of Baht 9.45 million (which was occurred on December 2005), the Company obtained loans amounting to Baht 500 million in a form of negotiable promissory notes, which the Company is in process of negotiation to settle debt. Through December 31, 2013 the Company repaid the debt with totaling amount of Baht 562.94 million which separated to principal amount of Baht 490.55 million and interest expenses amount of Baht 72.39 million which the Company has receipts issued by the listed company as supporting evidence.

On December 30, 2010, the payable of short-term borrowings from other listed company filed a petition appealed to the Court to issue a legal execution for seizing the Company's assets to auction and settle debt which the payable - other listed company claimed that the value of land transferred by the Company for debt payment is less than the agreed amount by Baht 5.57 million. On January 13, 2011, the Court ordered an appointment of the legal execution officer to seize of the Company's assets to settle debt.

On November 29, 2011, the legal execution officer sent letters to three banks requesting them to seize the Company's deposit accounts totaling amount of Baht 5,576,272 and send the money to the legal execution officer. The banks transferred the Company's deposit accounts to the legal execution officer amounting to Baht 4,800,000 on December 2, and December 6, 2011, Baht 730,272 on December 29, 2011 and Baht 46,000 on December 30, 2011, respectively.

In December 2011 and February 2012, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company's deposit accounts amounting to Baht 5,576,272 by the legal execution officer. The investigation by the Court were held on February 27, 2012, June 15 and 19, 2012. And on July 31, 2012, the Court has ordered to withdrawn the lawsuit enforcement with the reason that the order is not compliance with the law and effected to the sequester of deposit in three banks accounts has withdrawn also. However, the plaintiff in that case filed an appeal against the court order. And the Court of Appeal judgment on October 31, 2013 that " not revoke a writ of execution dated January 13, 2011 " As a result of the judgment , the Company had offset restricted cash accounts and the short-term provisions of 5,576,272 baht from the account in 2013 and the Company has not filed the petition on the advice of the Company's lawyer which has the opinion that the Court's execution will have only one per case, so if the court issued a writ of execution, the Court will not allow for any amendment plaintiff cannot file a petition to amend the writ of execution. It is useful for the Company to action on the remaining debt further.

As at December 31, 2016 and 2015 land and buildings and properties foreclosed consisting of building have been mortgaged as collateral for bank overdrafts as stated in Note 14 and Note 15.

19. Share capital and premium (discount) on share capital

	Baht				
	Number of shares	Preferred shares	Ordinary shares	Premium (discount) on Share capital Ordinary shares	Total
<u>Registered share capital</u>					
At January 1, 2015	2,312,100,378	20	2,312,100,358	-	2,312,100,378
Reduction of	-	-	-	-	-
registered shares	-	-	-	-	-
Increase of					
registered shares	4,237,899,642	-	4,237,899,642	-	4,237,899,642
At December 31, 2015	6,550,000,020	20	6,550,000,000	-	6,550,000,020
Reduction of					
registered shares	-	-	-	-	-
Increase of					
registered shares		-	-	-	-
At December 31, 2016	6,550,000,020	20	6,550,000,000	-	6,550,000,020
<u>Issued and paid-up share capital</u>					
At January 1, 2015	2,312,100,378	20	2,312,100,358	(1,533,186,612)	778,913,766
Issues of shares	4,237,899,642	-	4,237,899,642	(3,113,879,811)	1,124,019,831
At December 31, 2015	6,550,000,020	20	6,550,000,000	(4,647,066,423)	1,902,933,597
Issues of shares	-	-	-	-	-
At December 31, 2016	6,550,000,020	20	6,550,000,000	(4,647,066,423)	1,902,933,597

19.1 The Extraordinary General Meeting of Shareholders No.1/2016 on June 27, 2016, approval to change par value of the Company from existing par value of 0.25 baht to 0.50 baht (ratio of 2:1). The registered capital will remain unchanged, but number of ordinary shares and preferred shares will decreased from 26,200,000,000 shares and 80 shares to 13,100,000,000 shares and 40 shares respectively.

The Company registered the change in the par value with the Department of Business Development, the Ministry of Commerce on July 6, 2016

19.2 At the Extraordinary General Meeting of the Shareholders No. 2/2015 held on October 14, 2015, the Company's shareholders have the significant approved as following:

- Approval for the changing of par value from the previous value of Baht 1.00 per share to Baht 0.25 per share. The registered share capital after changing par value will be Baht 4,182,800,504 (divided to 16,731,202,016).
- Approval for increasing the Company's registered capital from Baht 4,182,800,504 to Baht 6,550,000,020 by issuing 9,468,798,064 new ordinary shares at Baht 0.25 par value, and

allocation to investors in private placement The price per share of 0.095 baht (0.25 baht par)

The Company has registered capital increasing and changing of par value with the Ministry of Commerce on October 22, 2015.

19.3 The Extraordinary General Meeting of Shareholders No.1/2015 on February 16, 2015, resolved as follows:

- Approval the increase of registered capital of the Company Baht 1,870,700,126 for existing shareholders 770,700,126 shares and 1,100,000,000 shares to investors in private placement, with the par value of Baht 1 per share. This fund will be used to expand credit.
- Approval the amendment of Clause 4 of the Company's Memorandum of Association to be in line with the increase of the Company's registered capital, from the registered capital of Baht 2,312,100,378 to Baht 4,182,800,504.
- Approval the allocation of 1,870,700,126 newly issued ordinary shares, by allotted 770,700,126 ordinary shares to existing shareholders at the ratio of 3 existing share to 1 new share at the price of Baht 0.12 per share at (Baht 1.00 par), and allotted 1,100,000,000 ordinary shares to investors in private placement at the price of Baht 0.12 per share (Baht 1.00 par).

The Company has registered capital increasing with the Ministry of Commerce on February 25, 2015.

In 2015, the Company received cash from increasing in share capital of Baht 1,124.02 million as shown in the financing activities in the statement of cash flows, accordingly, the Company increased in loans to customers. Thus, cash used in operations are increasing and the net cash used in operation will be minus. This is a normal business of the Company, when share capital is increased and loans to customers will be increased.

20. Income tax

Income tax recognized directly in equity

For the years ended December 31, 2016 and 2015, income tax expense consisted of the following:

	Baht	
	2016	2015
Income tax :	5,363,995	1,651,780
Income tax for the year		
Deferred tax :		
Relating to origination and reversal of temporary differences	(46,856,949)	6,629,056
Income tax in statements of comprehensive income	(41,492,954)	8,280,836

	Rate (%)	2016	Rate (%)	2015
Profit before income tax expense		64,124,682		25,702,881
Income tax using the Thai corporation tax rate	20	12,824,936	20	5,140,576
Bad debt		(6,368,407)		(391,199)
Income not subject to tax		(1,248,088)		(1,381,283)
Expenses not deductible for tax purposes		715,851		1,094,746
Loss carry forward less than 5 years		-		(3,838,342)
Additional (Decrease) tax		(560,297)		1,027,282
Total		<u>5,363,995</u>		<u>1,651,780</u>

Deferred tax assets arising from temporary differences and unused tax losses that have been recognised in the financial statements were as follows:

	Baht	
	2016	2015
Allowance for doubtful debt	49,753,682	3,033,244
Employee benefit obligations	1,083,644	999,093
Loss carry forward less than 5 years	-	-
Allowance for impairment of assets	181,166	72,026
Estimated accrued interest expenses	-	57,180
Deferred tax assets	<u>51,018,492</u>	<u>4,161,543</u>

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognised in the financial statements were as follows:

	Baht	
	2016	2015
Allowance for doubtful debt	-	37,035,748
Deferred tax assets - net	<u>-</u>	<u>37,035,748</u>

As at December 31, 2015, the financial statement have deductible temporary differences totalling Baht 37.04 million respectively, On which deferred tax assets have not been recognized as the Company's management considers that there is uncertainty whether the Company will have sufficient future taxable income to utilize such items and/or they might not be used to offset taxable income in the future.

21. Expenses by nature

The following items, classified by nature, have been charged in arriving at the operating profit (loss):

	Baht	
	2016	2015
Depreciation of buildings and equipment	1,445,015	1,149,142
Staff costs	22,843,726	17,770,014

22. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares issued and paid-up during the year.

	Baht	
	2016	2015
Profit (loss) for the year attributable to ordinary shareholders (Baht)	105,617,636	17,422,045
Weighted average number of ordinary shares issued and paid-up during the year (shares)	13,100,000,040	6,602,752,642
Basic earnings (loss) per share (Baht)	0.0081	0.0026

23. Segment information

The Company's operations involve a single industry segment in financing business and are carried on in the single geographic area in Thailand. As a result, all of revenues, operating profit (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

24. Financial instrument

The Company has no policy to enter into financial instrument for speculation or trading purpose.

24.1 Credit risk

Credit risk derives from failure by customers or counterparties to discharge their obligations resulting in financial loss. The Company sets up policy to protect credit risk by analyzing credit from details of customers and continuous following up customers under the rule and regulation of credit approval. Moreover, additional collateral from customer is required to secure credit risk. Credit risk is valued by book value deducted by allowance for doubtful accounts. The Company also has credit risk for the amount specified in the agreement, when counterparties fail to act under letter of guarantee including risk which may be happened from the letter of guarantee is due for recovery but the Company also has not recalled the original issue from the client. The Company has policy to consider and approve such credit as same as normal credit shown in the statement of financial position. For the financial assets shown in the statement of financial position, the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

24.2 Interest rate risk

The Company has borrowings from financial institutions at floating-rate interest and loans to receivables at fix-rate interest. The Company has protected such risk by mutual agree with its customers that if the market interest rate is higher, the Company can consider higher interest as well.

24.3 The fair value of financial instrument

Financial assets shown in the statement of financial position consist of cash and deposits at financial institutions, accounts receivable and investment. Financial liabilities shown in the statement of financial position consist of overdrafts, short-term borrowings, deposits payable from factoring. The book value of financial assets and liabilities are close to their estimated fair values. The management believes that there is no material risk from fair value of financial instruments.

25. Commitment and contingent liability

25.1 Operating lease commitments - where the Company is the lessee

The future aggregate minimum lease and service payments under non-cancellable operating leases are as follows:

	Baht	
	2016	2015
Not later than 1 year	2,122,920	2,084,400
Later than 1 year but not later than 5 years	1,996,950	3,631,320

As at December 31, 2016 Commitments under operating leases are shown. Not including the lease of the new office. (Note 15)

25.2 Contingent liabilities

As at December 31, 2016, the Company has contingent liabilities from issuing a letter of guarantee to customer amounting to Baht 1.80 million (December 31, 2015: Baht 1.80 million).

26. Lawsuit

As at December 31, 2016, the Company have the significant cases in sue as the following;


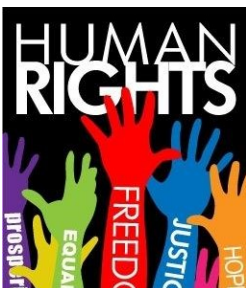


- 26.1 The Company has been sued about the claim right transferring acts. The Company has gotten the claim right transferring following an agreements and performed account receivable for the right transferring and collectable follow the performing right transferred. The Company has been sued for the repayment amounting to Baht 4,319,249. The Company has not recognized the estimated liability in the financial statement due to the Company's lawyer consultant has an opinion that the Court will dismiss the lawsuit case, the Company also follow with the correct process. At present, the lawsuit is during in the Court.
- 26.2 The Company was sued as the 4th defendant in a lawsuit in which other person sued a customer of the Company regarding commission fees from sale-purchase of land. Subsequently, the customer mortgaged such land as a collateral with the Company and plaintiff filed a petition to withdraw such mortgaged land. On August 26, 2016, the Company filed a petition to defend the case and also refused all allegations. The court has appointed to investigate the case on May 23 – 25, 2017. However, the Company believes that the court will withdraw the plaintiff's petition, or the results of the court's judgment should not have an impact to the mortgage.

27. SUBSEQUENT EVENTS

On January 13, 2017, the Company paid for a purchase of loan portfolio from a limited company of Baht 21.61 million.

Corporate Social Responsibility

The Company runs the business under the ethic principle, good supervision, and responsibility to society for leading the business to the corporate development which are sustainable, clear, and according to the good governance. The Company defines the business ethics to make the understanding and instill conscious mind of participation to cause the concrete practice in every working process and business operation. Summarized as follows:

Area	Principle of CSRI	Implementation
Anti-corruption 	To prevent and remove any misused power for personal interest or any damages to others or public destroying ethical reputation of organization	<ul style="list-style-type: none"> • Specifying in working rule and penalty provision clearly, to anti-corruption. • Not ask for or accept of give any dishonest benefit in making business to creditor. • There is an evaluation the practice according to the business ethics to motivate and instill the conscious mind to make the staff understand and practice correctly
Observance of human rights and do justice with labors 	To support and protect personal's right and freedom and equal treating on the basis of human dignity respect, and to create fairness, security, and peace in society	<ul style="list-style-type: none"> • Include respect for human rights in the Code of Conduct, and supporting employee to obtain right and welfare fairly. • To offer benefits comparable to those of other companies. • Fair and equal treatment of employees. • provide equitable appointment • To arrange for a safe working environment conducive to working effectively. • Encouraging employee to develop and improve his/her competence continuously.
Fair business 	To make transaction for ethically operation in order to have confidence and permanency of relationship of business and involving persons in long term	<ul style="list-style-type: none"> • Always monitoring its employee to run business in keeping with the convention of business competition honestly and fairly. • Not compete with mudslinging, defame, or distort the truth of competitor. • Not seek for confidential information of business competitor by dishonest means • Creating fair competitive condition, not ask for or accept of give any dishonest benefit in making business to creditor.
Consumer Responsibility 	To have responsibility to quality, attributes, and information of product including to provide useful products and services to consumers, society, and environment	<ul style="list-style-type: none"> • To deliver good quality service with fair price, provide accurate, ample, and up-to-date information • Not overstate that shall lead customer to misunderstand about the service, and also keep confident or information of customer and not use it for self-benefit or associated person improperly • Make business carefully, cautiously, and fairly to both major and minor stockholders for the optimum benefit of stockholder on the whole.

Branch and Reference

Now, the company had 2 Branch offices, i.e. Chiangmai and Nakorn Ratchasima

Head Office : 408/68 Phaholyothin Place 16th Floors,
Phaholyothin Rd., Samsen-nai, Phyathai, Bangkok
10400
Telephone : 0-2619-1100, 0-2619-1080-9
Fax : 0-2619-1463-6

Chiangmai : 38/7-8 Chaingmai-Lampang Rd., (Opposite
Wat Jed Yod), Tumbol Changpuek, Amphur
Muang, Chiangmai 50300
Telephone : 0-5322-4594-5, 08-1341-4273
Fax : 0-5322-2685

Nakhon Ratchasima : 143/8 Sapasit Rd., Tumbol Naimuang, Amphur
Muang, Nakhon Ratchasima 30000
Telephone : 0-4425-5825, 0-4425-6287, 08-1480-3418
Fax : 0-4425-6189



Other References

Shares Registrar : Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110
Tel. 0-2229-2800, 0-2654-5599 Fax. 0-2359-1259

Auditor : Mr. Jadesada Hungsapruet Registration No.3759
Karin Audit Company Limited
138 Boonmitr Building 6th Floor, Room B1, Silom Road, Bangrak, Bangkok 10500
Tel. 0-2634-2484-6 Fax. 0-2634-2668

Legal Advisor : Wichaithongtang law office Co.,Ltd
408/67 Phaholyothin Place 16th Floors, Phaholyothin Rd., Samsen-nai, Phyathai,
Bangkok 10400
Tel. 0-2619-0918 Fax. 0-2619-0111, 0-2279-8633

Financial Advisor : None



บริษัท สยามเจเนอรัลแฟคตอริง จำกัด (มหาชน)

121 ชั้น 4 อาคารดับบลิวทีเอสโฮลดิ้งส์ ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพฯ 10400

โทร. 02-232-1789 โทรสาร. 02-232-1790

Siam General Factoring Public Company Limited.

121, 4th WTH Holding Building, Vibhavadi Rangsit Road, Samsen-nai, Phayathai, Bangkok 10400

Tel. 02-232-1789 Fax. 02-232-1790