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บริษัท โอรา แฟคตอริง จำกัด (มหาชน) AIRA FACTORING PUBLIC COMPANY LIMITED

2016

ANNUAL REPORT

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Message from Chairman



Concerning the overall picture of AIRA Factoring PLC's business operation for entire year 2016, our operating revenue increased by 0.82 million Baht from previous year. In 2016, operating revenue was 187.75 million Baht or slightly increased at 0.44% compared to the previous year due to Thailand's economic outlook remained and unclear direction of economic growth. These caused a bit increase on trade volume together with more stringent policy on quality control of customers.

The Company's management and employees have the strong intention and commitment to perform their duties. In year 2016, our performance results the net income of 50.77 million Baht due to more stringent control on factoring receivable portfolio. From now on the Company aim to enhance sustainable growth rate for purpose to be the leader of factoring service provider. We will perform to follow our missions for distinct service in order to support entrepreneur, an effective working system, enhancement on sustainable return to the shareholders and employees as outlined under proper risk management control and adhere to good corporate government concept accordingly. The foresaid objective have gradually achieved as per our mission statements.

On behalf of the Board of Directors, managements and employees, I would like to thank all shareholders, banks and all related stakeholders for trust and supporting the Company's operation. Please be assured that we will continue development for highest benefit of all stakeholders, adherence of corporate governance principle, transparency and fairness performance together with social and environment responsibility for steady growth purpose.

A handwritten signature in black ink, appearing to read 'Tongurai Limpiti'.

Mrs. Tongurai Limpiti
Chairman

Vision

“The Company determines to become the leader in the factoring credit service”



Mission

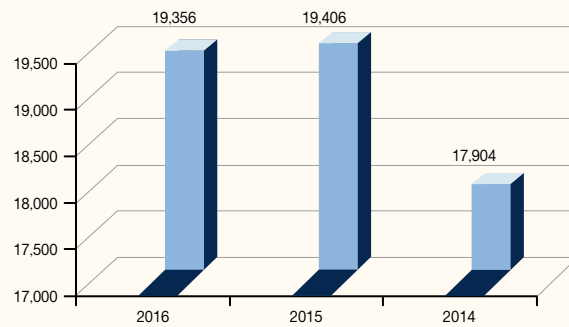
“To determine and develop our factoring service to become the leading factoring firm that provide short-term credit service to manage our core business while delivering excellent service toward our customer, creating constantly great benefit to our shareholder and employee. All our missions are subject to the appropriate risk management policy and commit to the Corporate Social Responsibility”

Operational Highlight and Financial Highlights

Financial Information	2016	2015	2014
Financial position (mb.)			
Cash and cash equivalents	62.94	5.41	45.53
Total assets	2,244.64	2,386.76	2,610.10
Total liabilities	1,705.17	1,815.09	2,258.65
Total shareholders' equity	539.46	571.67	351.45
Results of Operations (mb.)			
Interest income from factoring	149.89	155.96	147.82
Fee and services income	37.86	30.97	30.37
Total revenues	189.59	191.19	185.89
Financial costs	38.85	51.03	53.03
Operating expenses	86.34	127.16	97.11
Net Profit	50.76	0.14	23.18
Ratio Analysis			
Quick Ratio	1.29	1.31	1.12
Gross Profit Margin (%)	79.31	72.70	70.24
Net Profit Margin (%)	27.04	0.08	13.01
ROE (%)	9.41	0.03	6.59
ROA (%)	2.26	0.01	0.89
Debt to asset ratio (Time)	0.76	0.76	0.87
Debt to equity ratio (Time)	3.16	3.18	6.43
Book value per share (baht per share)			
Earning per share	0.0317	0.0001	0.0290

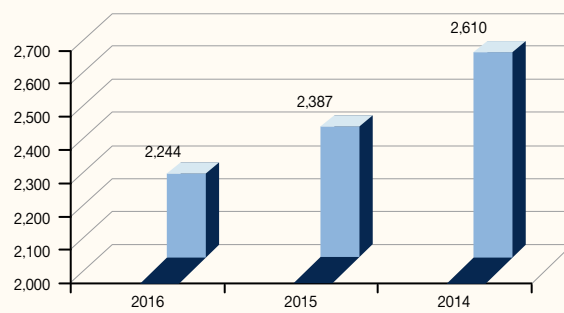
(Unit: Million Baht)

Volume



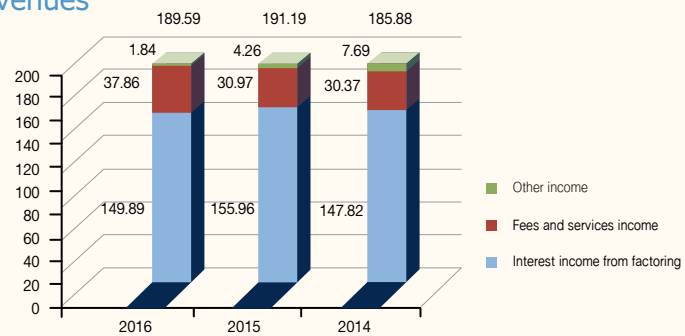
(Unit: Million Baht)

Total Assets



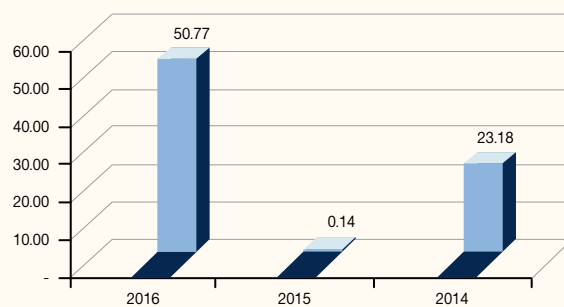
(Unit: Million Baht)

Revenues



(Unit: Million Baht)

Net Profit



Board of Directors and Sub Directors



Mrs. Tongurai Limpiti

Independent Director and Chairman



Mrs. Ladavan Tanatanit

Director and Chairman of
Executive Committee



Mr. Kunakorn Makchaidee

Independent Director and
Chairman of Audit Committee



Mrs. Yajai Pattanasukwasun

Independent Director, Audit Committee
Chairman of Nomination and
Remuneration Committee



Mr. Visit Wongrumlap

Director and Chariman of
Credit Committee



Mrs. Naline Ngamsetthamas

Director Executive Committee
Normination and Remuneration Committee



Mr. Poonsak Thiapairat

Independent Director,
Audit Committee and Nomination
and Remuneration Committee



Mr. Wiwat Kongkasai

Director Executive Committee
and Credit Committee



Mr. Wutthiphum Jurangkool

Director and Executive Committee



Mr. Samchai Benchapathomrong

Director Executive Committee
and Credit Committee



Mrs. Kongkaew Piamduaytham

Credit Committee



Mr. Thongpol Boonnak

Credit Committee

Board of Directors and Sub Directors

Management Team



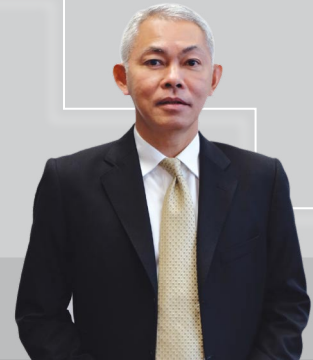
Mr. Samchai Benchapathomrong

Chief Executive Officer



Mr. Kanokkit Navasiri

Managing Director



Mr. Jirasak Arkawat

Assistant Managing Director
Operations Group



Mr. Virut Danarthikhom

Assistant Managing Director
Risk Management and Debt
Recovery Management Group



Mrs. Pompilai Burasai

Assistant Managing Director
Credit and Marketing Group



Mrs. Paisri Fakcharoenphol

Senior Vice President of Accounting
and Finance Department

Management Team

General Information

Company Name	: AIRA Factoring Public Company Limited “AF”
Head Office and plant	: 319 Chamchuri Square, 20 Floors, Phayathai Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330 Thailand
Business	: The Company’s main business is to provide short-term financing service by transferring creditors’ right or factoring service.
Registration No.	: 0107547000141
Web Site	: www.airafactoring.co.th
Telephone	: +66(0) 2657-6222
Fax	: +66(0) 2657-6244, 2657-6245
Capital Stock	: Registered share capital in which issued and fully paid-up on 31 December 2015 is equivalent to THB 400 Million composed of 1,600 Million ordinary shares of THB 0.25 per share
Reference	
Stock Registrar	: Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel +66(0) 2009 9000 Fax +66(0) 2009 9991
Auditor	: Mr. Sophon Permsirivallop CPA Registration No.3182 or : Ms. Pimjai Manitkajohnkit, CPA Registration No.4521 or : Ms. Rosaporn Decharkom CPA Registration No.5659 or : Ms. Sumana Punpongsanon CPA Registration No.5872 Address : EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Ratchadaphisek Road, Klongtoey, Bangkok 10110 Tel : +66 (0) 2264 0777 Fax : (0) 2264 0789-90

Company Business Overview

AIRA Factoring Public Company Limited (“the Company”) offers factoring services in Thailand (Domestic Factoring). Factoring is a short term loan where the clients transfers their rights to collect Account Receivables to the Company, while the Company will loan out a discounted amount and collect the money from the customers when it is due. The main clients of AF are clients with high potential, outstanding growth, and continuous expansion. The main clients of AF are in businesses that sell consumer products that supply to Modern Trade customers, electronics, electronic parts, telecommunication, consumer products, and services that concerns with beauty. The industries that compose the main clients of the company are ones that are important core industries to the country, continuously growing, and clear simple operation where these multiple industries allow AF to efficiently diversify the risks and further expand the projected revenue for the future.

AF has been in the factoring business for more than 20 years, with deep experience and know-how as our competitive advantage, clients have trusted us and kept an ongoing relationship for a long time. Moreover, AF have received great support from our main shareholders concerning the evaluation of clients that supply our shareholders and confirming the transfer of rights to collect the accounts receivable from clients which is the key risk to the factoring industry. Nonetheless, in order to sustain AFs and our client’s business, AF has helped support the clients operations by giving advice and recommendationsthat would benefit the business for example, inventory management, raw material sourcing, and managing suppliers. Moreover, the Company is prompt to expand credit limit to further expand the opportunity of the clients.

For the general overview of the company for 2016, the company’s operating revenues increased by 0.82 million Baht from previous year. In year 2016, total operating revenues were 187.75 million Baht or rose by 0.44% by comparing with the same period of previous year. Total revenues gradually increased from previous year due from Thai’s Economy Outlook in 2016 were remained with unclear direction. These caused to more stringent control on client quality accordingly.

Revenue Structure

The revenue of the company can be broken down into the following services:

Type of Service	Type of Income	Source of the Income
Domestic Factoring	Revenue from factoring services	Interest Income from Factoring
	Fees and Services	Fee from opening credit limit
		Fee from purchasing rights

The revenue structure of the company from 2016 to 2014:

Revenue Breakdown	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Interest Income from Factoring	149,894	79.06	155,961	81.57	147,824	79.52
Fees and Service Income	37,856	19.97	30,917	16.20	30,371	16.34
Other Income	1,839	0.97	4,260	2.23	7,693	4.14
Total	189,589	100.00	191,192	100.00	185,889	100.00

Product and Services

The main operation of the company is servicing clients with factoring.

Nature of Service

AIRA Factoring Public Company Limited (“the Company”) operates the business by offering factoring services to the applicant (“the Client”) or simply the transfer of account receivables rights from the Client to the Company (Domestic Factoring). In exchange for the transfer of rights, the Company finances the short-term cash flow of the Client according to the sales of the discounted account receivables of the Client. The main Clients of the Company are small to middle businesses that are in need of short-term cash to fund their working capital. Most of the Clients are businesses that are growing or planning to expand where factoring would strengthen the financials of the Clients to achieve their target. In order to reduce risk that the Company may sustain from operations, the Company has set up a diversified portfolio or companies in prospective industries. Currently, these companies comprise from industries such as Electronic Equipments and Parts, Telecommunication, Consumer Products, and Health and Beauty industry. The industries mentioned beforehand are large core industries in the economy with clear operations which would benefit the management of risk for the Company and improve future transactions.

In the normal course of business, the Client would offer a credit term to the buyer (“Customer”). In the case that the Client would require a source of fund to help support their working capital or purchase of raw materials, the Client can transfer the rights of their account receivables by selling the documents to the Company. Documents include purchase order, delivery order, and billing. The Company would then lend a discounted sum of around 80% of the documents sold. The credit term limit of the loan is limited at no more than 180 days where the Company would collect the full sum of the documents from the Customer and return the difference between total sum and all fees back to the Client.

Diagram showing the procedure of the Company’s service



Clients and Prospective Clients

The Company's policy is to offer factoring loan to Small to Medium Enterprise (SMEs) with need of financial support. These SMEs operate in industrial, commercial, and servicing business with good business outlook, potential for growth, and expand with the economy. More than 34% of the Clients supply consumer goods to Customer in the Modern Trade business and more than 20% of the Clients supply parts to Customer in the Automotive Parts business. The remaining Clients supply products for large business enterprise both domestically and internationally. The products that Clients deliver to Customer comprise of automotive parts, electronic goods, textile and apparel goods, and food and beverage for instance.

Industrial Condition and Competition

The overall business condition of the factoring industry for 2016 has limited growth which is in accordance to the overall business condition of Thailand for the same period. Thailand's GDP in Q3/2016 expanded at 3.2% as same as Q2/2016 and compared to Q3/2015 rose at 2.9%. The expansion from Q2/2016 mainly derived from the following factors, output of agricultural sector was positive at 0.9% compared to negative growth at 7 consecutive quarters owing to ease up of drought, output of industry sector expanded to 0.9%, consumer expenditure increased at 3.5%, total investment rose at 1.4% , net export and service sectors enlarged at 3.4% while import decreased at 13%.

GDP of industrial expanded at 0.9% on Q3/2016 which decelerated from previous quarter, grew by 2.1%, due to slow down of overseas' demand, particular reduction on commercial car production, petrochemical, textile and garment, domestic demand of furniture industry. However there were some industry to be better expansion by export i.e., air condition and machinery parts and equipments.

Office of the National Economics and Social Development Board expected that Thai Economy in 2016 would be expanded at 3.2% which rose from 2015 by 2.8%. In 2016 Thai Economy will be grew about 3.0%-4.0% which reflect to impact the Company's business volume both positive and negative outcome as follows:

- Automotive Industry: For the first 10 months of 2016 (January to October), a total of 1,637,841 cars were produced. Comparing to the same period for 2015, 1,597,140 cars were produced which saw a increase in production of 2.55%, comprising of compact car at 680,384 cars, one ton pick-up truck at 927,923 cars or increased by 5.86% and 0.49% respectively. In part of commercial car produced at 29,534 cars or decreased by 4.74%. The forecast of automotive industry in 2016 expects the car production will be stood at 2,000,000 cars or rose by 2.56%, consist of domestic 800,000 cars or rose by 6.67% and export 1,200,000 cars to be in line with NCPO's forecasting the economic growth rate of 2017 at between 3% to 4%. The export trend would be improved as per the world economy recovery. The produced car would be served domestic at 40-45% and export at 55-60% accordingly.

- Electrical and Electronic Industry: The production situation of this industry in 2016 had production index at 110.75% or increased by 6.46% from previous year. Electronic industry jumped by 1.55% from previous year due to IC is the significant parts of developed technological products. On electrical industry improved by 13.71% compared to the last year due to air condition product was able to expand on oversea market since early year 2016 and washing machine had widely enlarged on Q3/2016 due to increasing production capacity. Washing machine began to export in

August 2016, expecting to be rose by 2.3% in 2017 compared to 2016. Electrical production would be up at 2.4% from year 2016 owing to recovery of domestic and oversea markets. Electronic production would be increased by 2.4% from previous year because of the significant IC parts to be needed for all relevant high tech goods.

- Textile and Garment Industry: This industry had more demand on yarn and synthetic fibre due to increasing domestic demand. The demand of fabric decreased owing to burden stock since mid-year 2015 and cheaper import price. Garment, cloths and woven declined in production even though increasing black cloths for domestic. Production outlook in 2017 expects to be expanded as more demand of Thailand's cloths from Asian Country, non -upstream weaving industry. The black cloths remain more demand in Thailand as many organisations continuous respect and factory's capacity expansion to serve need of client. The expansion of export would not much due to counter parties' economy to be sluggish.

- Food and Beverage Industry: The outlook of this industry in 2016, the production declined by 0.94% from previous year due to vulnerable world economy situation together with domestic economy slow down as the consumers had no confident on economy. The export decreased by 2.87% from previous year because of reduction orders on sugar, foods, rice product and cereal products, no clear signal of recovery on world's economy. These adversely impacted to trades and investments together with BREXIT, Pound and Euro depreciated. China had a policy to release maize products after ending energy from tapioca plan. Illegal workers and breaching of IUU Fishing which were focused by EU, these adversely impacted to perception of Thai products. Vulnerable exchange rate, price competition, and crude oil, all these matters also impacted to Thai's export. Even though the new president of US, Mr.Trump, terminated TPP, notch down human trafficking from Tier 3 to Tier 2, export right of chicken meat to South Korea, the outlook of this industry in 2017 would be improved from the previous year at 0 – 2%. Significant products rose from livestock, chicken products and fishery products (frozen prawn) and production problem on competitor countries. These are good effect to boost up export at 1-3% due to crucial export on rice, cereal, fishery (tuna can, sardine can, and frozen prawn), all factors derived from USA for adjustment human trafficking rate from Tier 3 to Tier 2. Chicken products had more order and returning right for export to South Korea.

Source : The Office of Industrial Economics/ the Office of Permanent Secretary, Ministry of Finance.

The Office of the National Economic and Social Development Board predicted from the outlook 2016 as mentioned previously, the industry production index would be better improved from the year 2016 from the world economy gradually recover, expeditious expenditures and investment of government especially transportation infrastructure as outlined under Eastern Economic Corridor Development: EEC.

Competitors

Since factoring has received more interest by businesses, competition has been fiercer from both banks and other independent factoring company. Since factoring is a financial product, banks will be able to offer factoring to their already vast number of products. Nonetheless, the company will focus to keeping current Clients and expanding to new Clients continuously in industries with excellent prospect and SMEs; companies of this size would require working capital to fund their business.

AIRA Factoring Public Company Limited has more than 20 years of experience in the factoring business where the Company offers quick and flexible service to offer factoring to the clients. Therefore, both Clients and Customer can ensure that the Company will be one of the leader in the factoring business. Currently, there are 15 companies and offer factoring which they can be separated into 3 categories as of follows:

1. Factoring businesses that are banks or have banks as their major shareholder: this group has vast reach towards customer due to the network available for commercial banks as well as low financial cost but credit approval by the bank is difficult as no collateral is present to follow their policy.
2. Factoring businesses that are large retailers or companies in leading industries: this group has vast reach towards suppliers of large retailers and companies in leading industries. The Clients of this group will generally be specialized.
3. Other General Factoring businesses: this group is composed of the most businesses that the other groups and operate in various target of Clients. The group operate with the most flexibility in analyzing the credit of Clients but is restricted by the capital and number of experienced individuals to operate.

Business Goal

The Company targets to be the leading firm that offers factoring services to Clients in order to encourage the development of the economy by offering an alternate source of funds other than traditional financial products by banks. The Company plans to target Clients with a clear and comprehensive direction to develop in the future and SMEs that can strengthen alongside the economy. Moreover, an efficient risk management system, continuous credit analysis of both Clients and Customer, and efficient cost management will help the Company reach the planned target.

AIRA Factoring will intend to operate with good cooperate governance to generate profit and compensation to the shareholders as well as to growth sustainably in the long term.

Competitive Strategy

The Company will focus on maintaining a portfolio of Customers that will cooperate with the Company when confirming the transfer of rights from the Clients to the Company. As the main risk depends on Customer's negligence of the transfer of rights, the Company will be able to avoid such risk with a portfolio of strong relationship between the Company and Customer. To such extent, the Company will request the Customer's acknowledgement of such transfer of rights and to verify the accuracy of the relationship between Clients and Customer.

In addition, the Company prioritizes the expansion of Clients that are supplier of Modern Trade companies and suppliers to Automotive Parts companies since they have good prospect for expansion in the future. To aid their expansion, factoring will become an important tool to help Clients. Shareholders of the Company will also be able to offer different group of Clients who are in need of capital to use factoring services. Moreover, the company has expanded knowledge of the factoring procedure through flyer for potential Clients and the benefits of factoring for Customer if Clients used factoring. The Company will also be able to facilitate ease of credit expansion to facilitate the growth of the Clients, focus on improving the procedure within the Company, and maintain low cost to competitively ensure ongoing business.

Overall, the main advantages that the company possesses are:

1. The Company has operated for more than 19 years with vast knowledge in the factoring business.
2. The Company offers factoring service in Thailand to Clients with straightforward business and low risk while having Customers with great reliability and to be able to transfer the right to the Company.
3. The Company has strong shareholders to support both operational and financial aspect as well as consistent backing from the major shareholder.
4. The Company has a standardized and reliable credit administration with a systematic risk management procedure to keep track of Clients to reduce operational risk.
5. The Company ensures to have sufficient information of Clients to manage and offer Clients with business suggestion that would benefit Client's operation. Moreover, the Company offers an easy, fast, and a close-by relationship to operate with flexibility in order to meet Client needs under reasonable condition.

Good Corporate Governance

The Company's Board of Directors has a determined intention to operate under Good Corporate Governance by applying guidelines for Good Corporate Governance and regulations set by the Securities and Exchange Commission. Doing so, will help further develop the organization to be more efficient and set a standard for continuous business growth in the future.

During 2016, the Company has received an evaluation on corporate governance from the Thai Institute of Directors in which the company has received 3 stars, categorized as good. Furthermore, the Company has practiced according to the 5 categories of good corporate governance, including: Rights of the Shareholders, Equality Treatment of the Shareholders, Role of the Stakeholders, Disclosure and Transparency, and Responsibility of the Boards of Directors following the guidelines established by the Stock Exchange of Thailand. The details are as of follow:

The Company's Board of Directors Meeting No. 5/2016 on 14th December 2016 had considered and revised the Guidelines of Corporate Governance and Code of Conduct together with approval of the Company's Anti Corruption Policy. All relevant matters have been published on the Company's website in the section of Investor Relations.

Compliance on Good Corporate Governance.

1. Rights of the Shareholders

- In 2016, the Company held its Annual General Meeting of Shareholders (AGM) on 21 April 2016. To this end, the Company posted the Notice of the AGM and proxy forms in both Thai and English on its website 30 days prior to the meeting date. Then, the Notice of the AGM, in both Thai and English, together with the 2015 Annual Report (in CD-ROM format) was sent via post to shareholders 7 days in advance of the meeting date. The aforesaid Notice of the AGM contained information such as date, time and venue of the meeting, and details of each agenda item, included of factual background, rationale, and opinions or recommendations of the Board as well as accompanying documents, including details of meeting procedures, voting and proxy appointments.
- To facilitate attendance by all shareholders and proxy holders, the AGM was held on a working day at the at Mandarin A Room, 1st Floor Mandarin Hotel, IV Rama Road, Phatumwan, Bangkok. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. All ballot box of each agenda were submitted to the shareholders and proxy holders for voting which resulted on convenience registration process. In addition, the registration was available during the meeting and shareholders were able to register for attendance and voting on any remaining agendas.
- The Chairman of the Board presided as the chairman of the meeting and all 10 directors of the Company were in attendance together with the Company's senior executives and the external auditors in order to clarify and respond to any questions or issues raised by shareholders or their proxies. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting procedure for each agenda item. Holders of the Company's ordinary shares, included proxy holders who attended the meeting, were entitled to cast their votes based on the one-share-one-vote basis. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention

votes were collected. In addition the Company presented its performance in year 2015 to the shareholders. The Chairman of the meeting allowed shareholders to ask questions and/or make recommendations on an equitable treatment basis and asked that comprehensive responses were provided to all questions or issues raised. The directors and management jointly responded to shareholders' questions and clarified issues. The company secretary recorded minutes of the meeting and the votes cast outcome on each agenda item. Additionally, the meeting proceeded in accordance with the announced agenda, and the Company did not switch, add, or revise any agenda items or modify previous information at the meeting.

- After end of meeting, the resolutions adopted were posted in both Thai and English on websites of the Stock Exchange of Thailand and of the Company. In addition, the minutes of the AGM both Thai and English were submitted to the Stock Exchange of Thailand and made available on the Company's website within 14 days following the meeting to allow shareholders early access and for all other stakeholders to note and study the Company's AGM proceedings. The minutes were available for future reference, and each material matter proposed at the meeting was recorded in these minutes. These matters included the list of directors and senior executives who attended the meeting; the voting procedures; questions and issues raised and the answers or clarifications provided by the Board and/or senior executives; and the resolutions reached, together with the number of votes for approval, disapproval and abstention of each resolution for which a vote was required.

2. Equality Treatment of the Shareholders.

All shareholders included executive, non-executive and foreign shareholders would be treated in equality and fairness.

The Agenda proposed to consider the candidate name for appointing directors.

The Company's shareholders were invited to propose matters to be included as agenda items and candidates for directorship using the criteria provided on the Company's website prior to the AGM. The company secretary would preliminary evaluation of the shareholders' proposals prior to submit the Board for further consideration. The conclusion would be notified to the shareholders for acknowledgment. Any proposals which were agreed by the Board, they would be addressed on the AGM's Agenda accordingly.

The Company invited shareholders to propose agenda items and candidates for directorship (including questions) for the 2016 AGM two months from 3 December 2015 to 31 January 2016.

The shareholders proxy for attendance of AGM.

The Company has made available proxy form for any shareholders who are unable to attend the AGM for right maintenance purpose.

For AGM 2016, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the

Company who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as proxy.

Protection of the using insider information from directors and employees.

- The Company's Board of Directors policy against the use of insider information dictates that directors, managers, and staffs will not be allowed to use any opportunity or information to benefit themselves or to compete with the Company or related companies. Moreover, directors, managers, and staffs shall not use insider information to benefit themselves from buying or selling shares of the company or offer this information to outsiders (The Code of Conduct Page 7 Part 4 prohibits directors, managers, and staffs from using insider information before the release of financial statements or the status of the company or other important information and must wait at least 24 - 48 hours before the release of such information to the public before commencing any transaction of Company's stock. Under the Principles of Corporate Governance Page 5 Part 2 Section 6, prevents the transaction of the Company's stock (Non-Trade Period) for directors, managers, and staffs related to the preparation of the financial statements to be 1 months before the publication of the quarterly and annual financial statement). Nonetheless, the directors and managers must report the assets held at first and any changes to the assets held according to section 59 of Stock and Stock Market Act B.E. 2559 (A.D. 2016).
- The Company's Board of Directors has specified the guidelines for the directors and managers to report their profit or loss of themselves or anyone related according to Section 89/14 of the Stock and Stock Market Act B.E. 2551 (A.D. 2008) and/or every time there has been a change of information. The information shall be sent to the Company's secretary within 3 days since the date when the transaction happened.

3. **Role of the stakeholders.**

All relevant stakeholders would be fairly treated in compliance of any regulations. Then, the Board has promoted and supported to have the fair procedure for treating all stakeholders.

Clients and Customers

- Prepare a fair contract with full understanding of the Clients about the service offered by the Company
- Preservation of confidential information of both Clients and Customers in which the information shall not be disclosed to outsider unless consent is granted from the Clients or Customers or according to law only.
- Reasonable and careful advice be given to the Clients and Customers for the benefit and reasonable pleasure.

Creditors and Competitors

Creditors and Competitors would be fairly practiced in accordance with terms and conditions of agreements or legal rights.

Directors, Managements and Employees.

The most important assets of the Company are the personnel (directors, managements and employees) of the organization who drive the accomplishment of business target. Then, the Company has paid attention and specified code of conduct as follows:

- To build a management system in order to achieve good relationship between managers and staff.
- The Company has set distinct guidelines for the recruitment and selection of personnel by matching the job description of positions to map with potential candidates and follow up the probation appraisal of new staffs.
- The Company encourages the employees to equally train in order to further develop skills for the future by allocating a budget for training and develop a plan for development of employees. The aim of the training is to improve the employee's skill, knowledge, and to share experience in order to eliminate weaknesses from employee's work evaluation. Moreover, the Company will develop a plan to improve the personnel in each of his/her area for the long term to support the growth of the Company in the future so that employees will be able to fully exert their potential
- The most important matter is to retain skilled employees to work in long term with the Company. Then, there are the following matters to be done as follows:
- The Company pays reasonably remuneration to staffs as per qualification, knowledge, capability and work experience, including of annual incremental. The annual incremental will be based on performance of each staff in its unit by using Key Performance Indicator (KPI) as a personal appraisal instrument.
- The Company provides welfare for staffs including accident insurance, life insurance, health insurance, and medical expenses additionally to Social Security in order to reduce the burden of the employees. Moreover, the Company offers medical check-up once a year for the employees and other welfares such as wedding benefits, funeral cost, and seminars for staffs
- The Company provides provident fund for staff who works at one year anniversary term.
- Regarding the Succession Planning policy of managements to fulfill corporate expansion or reexamination, such policies are well prepared for further expansions.

Anti Corruptions

The Company has a concrete objective to be transparency without corruption, no any parts involved corruption and supporting anti corruption of stakeholders. Then, there is the policy to be governed and opened to all stakeholders for whistle blowing of all matters which may be damaged to the Company including of corruptions. The Company will provide protection and fairness to the blower. The Audit Committee has been assigned for all blowing matters thru the Internal Audit and Compliance Department for examination prior to report the committee.

Channels to contact the Company.

Any stakeholders can contact the Company for information and notified news thru the following channels:

- Telephone : Contact Investor Relations at 0-2657-6222
- Website : www.airafactoring.co.th
- Send a mail via post or submit directly to the Company's secretary at
Aira Factoring Public Company 319 Chamchuri Square, 20th Floor, Payathai Road, Pathumwan, Bangkok, Thailand, 10330

All queries, blowing matters, suggestions will be passed to relevant units for further correction accordingly. In year 2016, the Company has no any disputes in relation to stakeholders.

4. Disclosure and Transparency

The Company places importance on publicizing transparent completion of the Company in the correct matter, included financial and non-financial information, within reasonable time frame by different means of communication.

Disclosure Information

In 2016, the Company improved its website for publicizing information to all stakeholders.

- The Company has disclosed Corporate Governance and Code of Conduct (Revision Version) and Anti Corruption Policy on its website.
- The disclosure of audited annual financial statements will be released within 60 days from the ending financial year and quarterly financial statements will be disclosed together with the Management Discussion and Analysis (MD&A) within 45 days from the ending quarter for better understanding of investors.
- Disclosure of any annual reports such as Form 56-1 and Annual Report etc., will be published on the Company's website.
- Discretionary power of the Board, Audit Committee, Nomination and Remuneration Committee, Executive Committee, Credit Committee, Managements together with all related information of directors and managements including of names, positions, educations, shares, work experience and pictures, these will be posted on the Company's website.

Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the Company and its subsidiaries, management, major shareholders or related parties thereof, and approval by the Securities and Exchange Commission (SEC). The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

The appointment of the Company's auditor with the approval from the Annual General Meeting in 2016 in which the auditor must not have any conflict of interest with the guidelines of the Stock Exchange of Thailand.

The auditing fee for 2016 is equal to THB 870,000 which is an increase of THB 20,000 from the previous year without accounting for other non-audit fee. The Company's auditor shall not have any relationship or interest with the Company, executives, major shareholders or any affiliates with previously mentioned persons.

Investor Relation

The Company has specified a person who can reveal the Company's information called "Investor Relation" for communication and distribution of correct and transparent information within timeline.

Interested investor can directly contact Investor Relation.

Aira Factoring Public Company Limited,

319 Chamchuri Square, 20th Floor,

Payathai Road, Pathumwan,

Bangkok, Thailand, 10330

Tel. 02-657-6222

Fax: 02-657-6244

Website: www.airafactoring.co.th

5. Responsibility of the Board of Directors

The Company places importance in the role and the responsibility of the Board of Directors in order to maintain the interests of the shareholders and enhance value added to the Company in long term.

The Board of Directors' structure

The Board of Directors will appoint the Nomination and Remuneration Committee in order to consider and recruit suitable person by considering of professional, proficiency, skill and knowledge which need to the Company's operation. Therefore, number of directors were at 10 persons which 4 of them were non-executive and a director from executive as at the ending 2016. The Company has completed the Directors' structure and none of them held directorship more than 5 companies.

Define and disclose the process of appointing a new director: The process of appointing a director focuses on transparency in choosing and electing a director of the Board of Directors in which the Company's policy places importance on giving the rights to the shareholders to suggest a potential candidate. The Nomination and Remuneration Committee will screen for the right qualifications and suitability of the candidates in the case when any director's term expired or resign from the position where later, the shareholders will confirm the potential candidates as director.

Qualification of the Directors

The person who takes the position of director shall be a person with knowledge, ability, and readiness to take the position as well as the following points:

- A. The potential director must be qualified and must not have any nature that goes against the Law of Public Companies as well as any nature that shows a lack of confidence to manage the Company in the share holders' stead according to the Securities and Exchange Commission.

- B. The potential director must be knowledgeable, skillful, or experienced in accordance with the operations of the Company.
- C. The potential director must fully dedicate themselves, especially on making important decisions, for the interest of the Company, and to attend meetings of the Board of Directors and shareholders' meeting unless of unprecedented circumstances.
- D. The potential director must have morality, ethics, and other qualifications according to the law or the suitability of a director.

Sub-Committees

The Company's Board of Directors has appointed sub-committees including: Audit Committee, Nomination and Remuneration Committee, Executives Committee, and Credit Committee in which each committee's authority is clearly indicated (Addition information under Committee Structure)

Role, duty and responsibility of the Board of Directors.

Every year, the Company's Board of Directors has reviewed and approved the Company's vision and mission in order to create a target for the Management and staff to operate in the same direction with Management and staffs to have the following participation:

1. The establishment of the vision, mission, objectives, business plan and the Company's annual budget is open to discussion between the Company's Board of Directors and the Senior Management of the Company in order to coordinate the direction of the organization
 2. The establishment of regular review and monitor, these will drive management to operate as outlined under the plan, direction and strategies.
 3. Give recommendations, comments, and the direction of the Company's Management in order to create a clear business plan in accordance with the Company's targets
 4. Communicate the policy, targets, and the Company's direction to all employees through activities. The Chief Executive Officer should meet the employees at least 2 times per year in which the Chief Executive Officer will announce
- The Company's Board of Directors has created an internal control system covering the accounting department, operations department, and management department in accordance with the law, rules and regulations. Moreover, the Company's Board of Directors has created a risk management department along with an internal auditing department to efficiently balance out the risk in order to protect, retain, and take care of assets. The senior director of the Company has assigned Ms. Somjai Amornchainoppakun to be an internal auditor of the Company who reports directly to the Audit Committee, prepare a quality report on important issues to the Audit Committee, and construct a clear policy to manage risk
 - The Company's Board of Directors oversees that the Company has an efficient management of risk in which risk is managed regularly. Therefore, a risk management department was established to thoroughly evaluate the risk factors that would affect the operation and the operational target both qualitative and quantitative as well as any suggestions that would protect and be alert to the risk from the current

situation. The risk management department would also evaluate the risk factors that would affect the management. The department would report to the Board of Directors concerning any issues related to risk management

- The Company's Board of Directors prepared the appraisal of the Chief Executive Officer at the end of every year in which the Nomination and Remuneration Committee will be the appraiser and proceed to present to the Board of Directors the corresponding compensation. Anyhow, the appraisal of the Chief Executive Officer is confidential and thus, will not be disclosed. The criteria for evaluation of the Chief Executive Officer is divided into 2 parts:

Part 1: Evaluate from performance statistics of the Company's operations

Part 2: Evaluate from leadership skills, team building, communication skills, focusing on success, management skills, and changes in which the evaluated criteria will be used to consider the increase of compensation for the Chief Executive Officer in which the Board of Director will need to authorize

- Establishment a succession plan for the position of Chief Executive Officer and Managing Directors in order to be confident that the Company has enough Management positions that are knowledgeable and talented to operated their roles with the following criteria:
 1. The Company's Board of Directors has established a development plan for the Management in order to succeed the position of Chief Executive Officer and Managing Directors
 2. Nomination and Remuneration Committee will consider the knowledge, competency, and experience in each of the positions in order to select the Management that matches with the qualification set in order to succeed the different positions of the Company
 3. The Chief Executive Officer will evaluate the performance, knowledge, and capability of the Management comparing to the required level and establish a development plan to reduce the competency gap
 4. Assign the Human Resource Department with the duty to look after and follow the seminar programs and knowledge development of the successor in the position of Chief Executive Officer and Managing Director
 5. Nomination and Remuneration Committee will review and summarize the establishment of the succession plan of the Chief Executive Officer and Managing Director towards the Board of Directors once a year
- Regarding the development of the employees, the Company's Board of Directors has a policy to develop the skills of all employees in order to support the growth of the Company for the future by sending employees to increase their knowledge, skills, and ability in order for the employees to be the main mechanism to develop the Company towards achievements
- The Board of Director has agreed with the Anti Corruption Policy and promoted all relevant stakeholders to follow it. The Policy was approved by the Board of Directors' meeting no. 5/2016 on 14th December 2016.

The Board of Directors' Meeting.

The Company's Board of Directors has established the meeting schedule in advance for the Board of Directors' meeting and sub-committee meetings in which the Board of Directors' meeting shall be held at least once every 3 months with an additional meeting when the occasion rises. In each of the meeting, the meeting agenda is clearly stated including the agenda to be considered, acknowledge, debate, and commented in which all related documents will be delivered 7 days prior to the meeting giving directors enough time to study the information before attending the meeting. The meeting will have enough time for all directors to freely comment in which the chairman will conclude the comments and key results of the meeting. The results of the meeting will be recorded in the minutes of the Board of Directors' meeting by the Company's secretary and after approval; the minutes will be kept in the files of the legal department (See the table of Directors' Remuneration)

The Nomination and Remuneration Committee.

The Company's Board of Directors and Nomination and Remuneration Committee has established an evaluation to measure the performance of the Senior Management every year by using Key Performance Indicator (KPI). The performance of the Senior Management will be compared to the KPI set by the Company in which the performance will be linked to the remuneration received according to the criteria set by the Nomination and Remuneration Committee. For the Chief Executive Officer, the remuneration will be evaluated annually by the Nomination and Remuneration Committee in which the determined remuneration will reflect the operations of the Company and will be compared to the performance of other companies in the same business (See the table of remuneration of management)

The Orientation of New Director

The Company's Board of Directors has established the orientation for all directors in order to acquire knowledge about the business and the different operations of the Company in order to prepare themselves in the role of the Company's director. At the same time, the Company's Board of Directors will acquire new knowledge in new aspects such as management and environment of the industry in order to help directors operate with full potential along with quickly understanding the type of business and the operations of the Company. The Company's secretary will coordinate in the following matters:

1. The issues that directors should know includes the business structure, board structure, and the authority given as director.
2. General information of the business and the direction of operating.
3. To coordinate meetings between new directors and Chairman of the Board of Directors and Chief Executive Officer in order to ask questions related to the operation of the business

The directors and managements' development.

The Company supports the directors and management to attend seminar programs that would benefit the duty of directors and management. The Company's secretary will coordinate with the directors to attend Thai seminar programs for directors which include: Directors Certification Program (DCP), Directors Accreditation Program (DAP), and Audit Committee Program (ACP). For 2015, the Company supports the following directors and management to attend seminar programs:

Seminar Programs that Directors and Management Attend in 2016		
Name of the Director that attended	Position	Seminar Program Attended
1. Mr. Samchai Benchapathomrong	<ul style="list-style-type: none"> - Executive Director - Chief Executive Officer 	<ul style="list-style-type: none"> - Anti-Corruption: The Practical Guide (ACPG), 29/2016 - Ethical Leadership Program , ELP3/2016
2. Mr. Virut Danarthikhom	<ul style="list-style-type: none"> - Executive Vice President Risk Management and Debt Recovery 	<ul style="list-style-type: none"> - Ethical Leadership Program , ELP6/2016

The Company's Secretary

The Board of Director appointed Ms. Kittikarn Pakham its Corporate Secretary as the Board of Director considered Ms. Kittikarn to have suitable qualifications and experience from her role as the Secretary to the Board of Directors. Ms. Kittikarn has successfully completed the Director Certification Program (DCP) training arranged by the Thai Institute of Directors Association as well as possessing qualifications pursuant to criteria prescribed in the Securities and Exchange Act. The Corporate Secretary is charged with duties and responsibilities in the following four areas:

1. Matters relating to meetings such as organizing meetings of the Company's Board of Directors and shareholders as well as the preparation of the meeting's agenda, invitations to the meeting, documents required for the meeting, the annual report, and the minutes of the meeting. The Corporate Secretary is also charged with the duty of implementing the resolutions of the shareholders' meeting such as registering changes to the company's registration with the Ministry of Commerce.
2. Matters relating to the safe-keeping of records and documents, namely the register of directors, reports on interests filed by directors or executives, documents required for the meeting, and minutes of Board of Directors' and shareholders' meetings.
3. Rendering advice and recommendation to the Board of Directors for the purpose of compliance with the articles of association and the relevant laws, rules and regulations as well as good corporate governance principles.
4. Being the contact person to communicate and coordinate with the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant government authorities as well as to provide information to the said authorities as required by relevant laws, rules and regulations.

Corporate Social Responsibility

Community and Society Development

The Company intends to continue the business with respect to the society, by striving to further develop the community an obeying rules, regulations, and code of conduct such that all parties receive respect and fairness. This will be mainly done through participation with both close and distant communities through different activities in accordance with the policy of the Company to sustain the development of the community's wellbeing.

Guidelines

1. Promote the participation of the community
2. Focus on education, culture, ethics, and religion
3. Create employment and employability
4. To be healthy
5. Investment to the Society

The results of 2016

In order to support the policy stated above, for the year 2016, the Company intends to operate the organization while developing the society by allocating a budget from the Company's revenue in order to facilitate the activities through ongoing organizations and/or donation towards charities and foundation for example.

For the year 2016, the Company has organized the following development to the society:

The Kathin Project

Accumulate funds for the Kathin Project to deliver to Wat Klong 31, T. Banprig, A.Banna, Nakornnayok Province on Saturday, November 12, 2016.

Purpose of the Project

The purpose of the project is to collect donations in order to renovate and restore the ceremony hall of Wat Klong 31 which is used in various ceremonies. The ceremony hall has previously received damaged from extended use and natural events in which the Company's executives and staffs have decided to help.



AIRA to Society for Sustainable Development Project.

Managements' Representative from AIRA Factoring and AIRA Capital joined to deliver society assistance project for sustainable development of society and environment as guided under CSR Concept of the Stock Exchange of Thailand. In year 2016, the Company organized “AIRA to Society for Sustainable Development Project” at Pak Klong Chuad Yai School, Bangbor, Samutprakarn, by donating scholarship, books, teaching aid, and sporting goods to rural school on July 15, 2016.



Action Plan for 2017

The Company focuses and promotes the participation of the employees to deliver happiness to the community through outdoor activities and doing positive actions such as promoting morality, national and local community traditions in order to sustain the development of people's quality of life and the community.

Risk Factors

The operation of factoring business is directly involved with risk management. The capability to manage risk is, then, a key success factor of the business.

In 2012 the Company established the Office of Risk Management to serve the expansion of business. It is responsible for examining and monitoring the business operations to be in line with the business plan and credit policy resulting in efficient risk management and acceptable risk criterion.

The Office of Risk Management is also responsible for the monitoring of credit risk as well as other risks affecting the company from both internal and external factors. Monitoring all types of risk and being well prepared to handle them is the most important aspect for corporate sustainability. Communications between departments are prioritized in order to keep risk at an acceptable level. During 2015, the Company modified the Office of Risk Management to be Risk Management and Debt Recovery Department to which the department is assigned 2 additional roles including initial debt screening and debt recovery. Thus, the Risk Management and Debt Recovery Department is comprised of 3 roles including 1.Risk Management, 2.Initial Debt Screening, and 3.Debt Recovery.

To invest in the securities of the Company, investors should consider the risk factors which arise from the nature of business operations of the Company. However, apart from the risks factors mentioned in this document, there would be other risks which the Company is presently not aware or the Company considers that it would not have an effect on its business operations. The investors, therefore, should carefully consider all risk factors. The major risk factors can be classified as follow:

1. Credit Risk

To operate factoring business, there are 3 involved parties as follows:

1. The Company as the factor who purchase the accounts receivables.
2. Clients as the seller of the account receivables.
3. Customers as the buyer of goods on credit.

The clients will transfer its creditors' right to the factor. Therefore, to identify credit risk, the consideration on both of client and customers risk must be made. In this regards, the credit risks of factoring business are as follows:

- A. Debt Service Coverage of Clients and Customers** Factor is the transfer of the creditors' right from the clients (Seller of Goods) to collect debt on goods on the due date. If it cannot collect money from the customers (Buyer of Goods), the factor has a right to require clients to pay debt unless there is a transferring condition such as the right transfer with the without recourse condition. The factor, then, has to carefully consider the business status of the clients and customers. The Company has an efficient credit administration system which allows the Company to monitor clients and customers in a timely manner. The Company frequently follows up accrued debts so that the Company could acknowledge the problems and solve them promptly in case that there is risk default. The Company focuses on the group of stable customers who cooperate with the Company in transferring the right to receive money, especially the credible customers in the group of department stores and retail business who provide cooperative assistance in verifying data before purchasing the commercial documents. This, then, could significantly reduce its credit risks. In 2011, 2015 and 2016, the Company's bad debt (overdue for more than 6 months) is just only 3.17% 2.86% and 2.08% of total customers respectively.

B. Risk from deduction of debt between clients and debtors or seller and buyer of products

This risk is according to commercial agreements which can occur in case there is any defect in the product, when the product is outdated, or when there is reduction of commercial expenses i.e. product delivery expense and compensation, consideration from sale of product. Thus, buyer of product is entitled to deduct such expenses before making payment to the Seller. This is one of the risk in factoring business since the factoring company makes advance payment for the product on behalf of the buyer (debtor). Thus, there are chances that the factoring company does not receive full payment of debt in such cases. To mitigate the risk, the Company has validated historic transactions between client and customer for 6 months period and considered type of product i.e. products that are not easily out dated or products with high potential of return should be taken into consideration. Also, the Company should establish proper buying proportion of commercial instruments (buying value calculated in per cent compared to the value of commercial instrument) in order to have a margin in case there may be incomplete payment for product according to the instruments value, including the guarantee amount for the credit amount in certain cases.

2. Risk from source of fund procurement for credit expansion

Since factoring business is giving short term credit, not exceeding 180 days average, source of fund should be short-term source of fund. Currently, there are several financial intuitions giving financial support to the company at the amount of more than 2,740 million Baht. In this regard, such amount consists of the overdraft amount and short-term loan where there is risk of being called for repayment of loan before the Company receives repayment of debt. However, the Company manages its liquidity to prevent such risk by borrowing money under the term in line with the debt buying period. Since most debtors are from modern trade group and large motor vehicle components, the due date of debt is specific. The Company, thus, can manage its liquidity effectively and more flexible in the matter of source of fund for granting of credit in the future. As of the end of 2014, 2015 and 2016, the proportions of liabilities to equity are equal to 6.43, 3.18 and 3.16 times respectively.

3. Risk from reliance on group of ex-shareholders

On 25 February 2011, AIRA Capital Public Company Limited has offer to buy the Company's securities from buying shareholder which is an old major shareholder of the Company, namely, Jiratiwat Group under the terms of the Memorandum of Understanding between AIRA Capital Public Company Limited and the Seller that the Seller will provide financial support in the operation between the Company and group of clients listed on the Agreement for 3 year-term from the date of shares sale and purchase under the Agreement. Thus, after 25 February 2014, the Company will have a risk to maintain clients from failure to receive such financial support from group of old shareholders.

Nevertheless, such risk should not have very much effect to the Company's operation due to year 2016 the proportion of debtors in such group (Major shareholder or Jirathiwat) is only 7.65% and most are clients who have been in contact with the Company for a long time. Even such client would not have a cooperation according to such Agreement, the Company still have good relationship with such clients and good understanding in business and potential risk.

4. Risk from dependence on the customer and major debtors

Dependence on major clients in 2015 and 2016, the proportion of income the Company gained from top 10 clients are 30.66% and 20.99 % of total income of the Company respectively. The Company mainly depends on the clients in auto components industry and metal component. This results from expansion of client base to disseminate risk from dependence on client from any one industry. As at 2015, the Company has outstanding amount of the clients in such industries (2 clients from top 10 clients) 233.90 million Baht in total or equal to 8.31% of the proportion of outstanding debt. The value of outstanding debt of clients from such industries (3 clients from top 10 clients) is 256.71 million Baht in total or equal to 9.87 % of the outstanding clients for the year ended 31 December 2016.

Dependence on major clients in 2015 and 2016, the Company has outstanding debt of top 10 clients equal to 58.12% and 47.92% of outstanding debt of total debtor respectively. Most of such debtors are mostly from the retail industry. The Company has outstanding debt of the client in such industry (6 clients from top 10 clients) equal to 1,258.52 Million Baht, or equal to 47.70% of the outstanding debtors for the year ended 2015 and the amount of (5 clients from top 10 debtors) 784.11 Million Baht or 30.13 of the outstanding debt for the year ended 2016. The Company depends on one major debtor in the retail industry with outstanding debts of 28.14 % and 17.01% of outstanding debts of the debtors at the end of 2015 and 2016 respectively.

However, the Company has a policy to operate business by specifying more targeted clients of medium and small sizes. As regards to the debtor, the Company has a policy to give precedence to the debtor with firm financial status and good payment record including cooperative support in acceptance of transfer of claim, which is an important business base, thus, there is still concentration of the debtor in the future.

5. Risk from fluctuation of interest rate

As the interest rate which is the main cost of the Company's business fluctuated according to the situation of interest rate in the market and affect fixing of interest rate to be applied with the client and capability to compete with competitors in the market. Thus, change of interest rate may affect the business operation of the Company. However, the Company use the measures to reduce such risk by sourcing the consistent source of loan and loan from transfer of claim in order for the Company to maintain average accumulate spread of interest rate pursuant to the Company's policy as well as analyzing interest rate change term of factoring debtor and deposit loan, and 1-3 month-term type. Moreover, the Company can adjust the interest rate called from debtor in case there is change of interest rate. This creates the Company's flexibility to adapt itself in case of interest rate fluctuation. Thus, the risks from interest rate fluctuation dose not significantly affect the Company's operation.

6. Risk from competitive

At present, there are approximately 15 factoring businesses and businesses with similar operations in Thailand. Each operator aims at different targeted clients. The competition slightly affects the spread of interest rate but results in expansion of credit, as it makes the business operators get to know and understand the factoring service and interested in adopting the service. The Company aims at domestic factoring service by

focusing on the clients in small and medium industries which are suppliers of debtors in modern trade system and group of automobile components, in which the Company has expertise, namely, major mall group, supermarket, minimart, and manufacturer of automobile components etc. Most of debtors are cooperative to acknowledge the transfer of right to receive repayment and to examine the ground of obligation before buying the debt, which reduce risk of the Company. Such factors create prominent points for the Company's service. Moreover, the Company has close and good relationship with the clients and has sufficient information to give useful advice and recommendations to the client's business, as well as effective credit management, low operation cost. Thus, the Company is very outstanding for its competitiveness.

7. Risk of the Company having the majority shareholder holding more than 50% of shares

Due to the Company having its majority shareholder as AIRA Capital Public Company Limited holding the shares of 1,144,751,099 or 71.55 percentage of the paid up capital of the Company, and Summit Corporation Limited having the same majority shareholder as AIRA Capital Public Company Limited, i.e. Jurangkool family holding the shares of 69,130,700 or 4.32% of the paid up capital of the Company, resulting in their control of the shareholders' resolution in most significant matters such as appointment of the Board of Directors or request of any resolution that requires the majority vote from the shareholders' meeting, except in the event that the laws or the Company's regulations impose three-fourth votes from the shareholders' meeting. Thus, any other shareholder is unable to collect the vote to for balance of power with the majority shareholders (Information on the list of shareholders from Thailand Securities Depository Company Limited as at 29 December 2016)

However, the Company has appointed 3 directors that are independent directors as well as audit directors. The Audit Committee are assigned to audit and consider any transactions that may lead to conflict of interest in accordance with laws and regulations stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission in order to ensure that such transaction is conducted rationally and with greatest benefit to the Company as well as to create transparency and accountability for the Company's administration.

Key Milestone of Company

Company Background

AIRA Factoring PLC (“AF” or “the Company”), formerly known as Dhanamitr Factoring Plc. was incorporated on January 6, 1997 with a registered capital of THB 20 million through a joint venture between Central Retail Corporation Ltd., holding 50%; the Siam Commercial Bank Plc. group, holding 38% and another 12% by minor shareholders. The objective of the Company is to provide factoring services. On March 2, 2004, the company registered from limited company to public limited company and consequently registered into the Market for Alternate Investment (MAI) in August 2004. Listing the Company on the MAI allowed the company to issue an additional 4 million shares, equivalent to a total share capital of THB 100 million composed of 20 million ordinary shares.

Then, on February 25, 2011, two of the major shareholders; the Chirathivat Group and Siam Commercial Bank PLC group had disposed of the Company’s shares to AIRA Capital Plc. in the total amount of 11,470,200 shares or 57.35% of total issued and paid-up shares of the Company. On September 2011, the Company had raised its registered capital from THB 100 million to THB 200 million and registered the change of the Company name from “Dhanamitr Factoring PLC” to “AIRA Factoring PLC”.

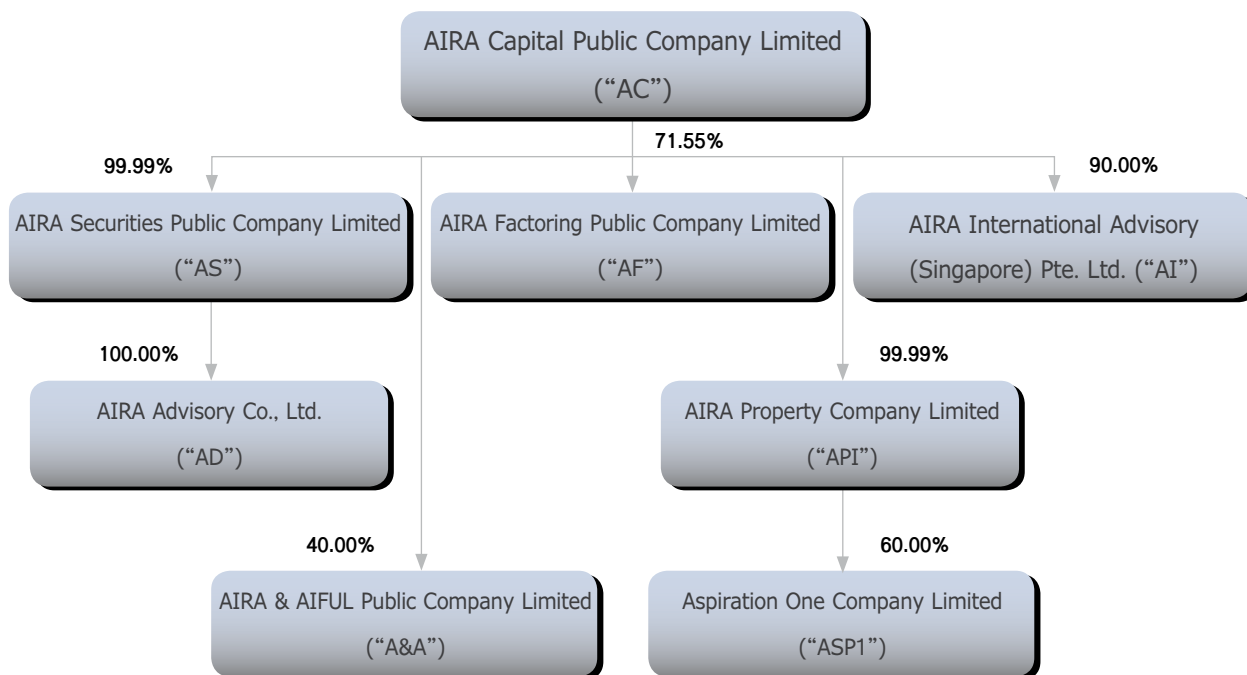
Additionally, on the August 25, 2015, the Company altered the value of the Company’s share by splitting the value from THB 5.00 per share to THB 0.25 per share. During the same year on September 30, 2015, the Company increased the registered capital from THB 200 million to be THB 400 million composed of 1,600 million ordinary shares.

Important development and changes for the last 5 years

- 2011** February: two of the major shareholders; Chirathivat Group and Siam Commercial Bank PLC have disposed of the Company’s ordinary shares to AIRA Capital PLC in the amount of 11,470,200 shares equivalent to 57.35% of the Company. Later on, both Summit Corporation Ltd. and AIRA Capital PLC acquired an additional 22.72% of the Company in which the previous shareholders supported the Company’s operation as a business partner for 3 years after the sales of the shares. September: The Company increased the registered capital from THB 100 Million to THB 200 Million and renamed the Company’s name from “Dhanamitr Factoring PLC” to “AIRA Factoring PLC”.
- 2013** February: The shareholders’ structure of the Company changed as Summit Corporation Ltd. sold 6,420,000 shares equivalent to 16.05% of the Company to AIRA Capital PLC resulting in AIRA Capital PLC holding a total of 29,607,617 shares equivalent to 74.019% of the Company. April: The Company moved the headquarter from 444 Olympia Thai Tower, 6th Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok, 10320 to 319 Chamchuri Square, 20th Floor, Phayathai Road, Pathumwan, Bangkok 10330
- 2015** August: The Company changed the value of the Company’s share by splitting the value from THB 5.00 per share to THB 0.25 per share. September: Increased the registered capital from THB 200 million to THB 400 million.

Relationship with Business of Major Shareholders

The Company's factoring business is a part of AIRA Capital Public Company Limited's business, which is a holding company at 30 December 2016, holding shares equal to 71.55% of the Company's paid up capital. AIRA Capital has JRK Holdings Co., Ltd. As a major shareholder holding shares equal to 35.89% of paid up capital. The structures of major business are as follows;



AIRA Capital Public Company Limited has a policy to have each of its affiliates to have a policy and manage its own company. Since AIRA Capital Public Company Limited do the business by holding shares in other company (holding company) and no direct operation. Given such business, most of AIRA Capital's income is from its affiliates, namely,

AIRA Capital Public Company Limited is a core company. The main business group of the Company Consists AIRA Securities Public Company Limited and AIRA Factoring Public Company Limited and AIRA & AIFUL Public Company Limited. Thus, business operation of core business and subsidiary are main source of income of AIRA Capital Public Company Limited.

Major Shareholders

The list of the top 10 Major Shareholders as at 29 December 2016

No.	Major Shareholder	Number of Shares	Total Shares (%)
1	AIRA Capital Public Company Limited	1,144,751,099	71.55
2	Mr. Kulawut Viratmalee	75,330,000	4.71
3	Mrs. Piyaporn Vichitpun	62,628,000	3.91
4	Mr. Wiwat Kongkasai	47,127,600	2.95
5	Summit Corporation Company Limited	46,672,000	2.92
6	Mr. Thaveechat Jurangkool	22,458,700	1.40
7	Mr. Puchong Viratmalee	16,550,000	1.03
8	Mr. Kunakorn Makchaidee	16,000,000	1.00
9	Mr. Prachya Mongkolkul	15,469,700	0.97
10	Mr. Somjai Arpornsi	11,698,200	0.73

Note: Mr. Thaveechat Jurangkool is both a director and shareholder of Summit Corporation Company Limited but is not considered to the same group

Foreign Investment Limited

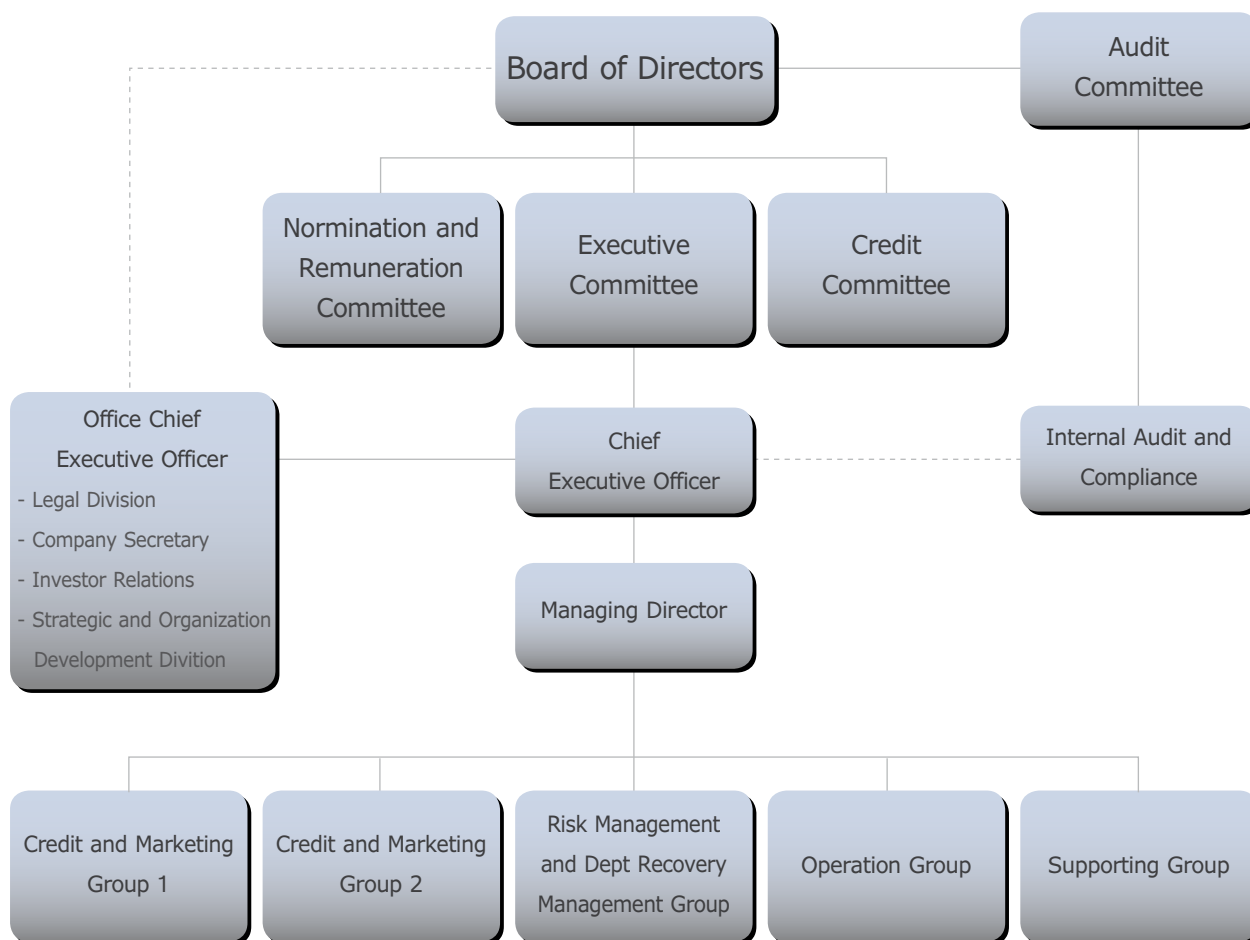
Foreign investors cannot hold exceeding 49% of the total shares. As at 30 December 2015, there was no foreign investor in the company, equivalent to 0% of the total shares.

Organization Chart

Organization Chart

As at 31 December, 2016

Aira Factoring Public Company Limited



Management Structure

The Company's management structure consists of 5 groups of committee which are the Board of Directors, Executive Committee, Audit Committee, Nomination and Compensation Committee, and Credit Committee with the names and authority as follows:

1. The Board of Directors

As at 31 December, 2016, the Company's Board of Directors comprises of 10 members as follows:

Name	Positions	Board of Directors	
		Total Meeting	Total Meeting (Times)
1. Mrs. Tongurai Limpiti ¹	Chairman	1	1/1
2. Mrs. Ladavan Tanatanit	Director	5	4/5
3. Mr. Kunakorn Makchaidee	Independent Director	5	5/5
4. Mrs. Nalinee Ngamsetthamas	Director	5	5/5
5. Mr. Wutthiphum Jurangkool	Director	5	5/5
6. Mrs. Yajai Pattanasukwasun	Independent Director	5	5/5
7. Mr. Poonsak Thiapairat	Independent Director	5	5/5
8. Mr. Visit Wongrumlap	Director	5	5/5
9. Mr. Wiwat Kongkasai	Director	5	5/5
10. Mr. Samchai Benchapathomrong	Director	5	5/5

Ms. Kittakarn Pakham: Secretary to the Board of Directors

Remark : 1. Mrs. Tongurai Limpiti was appointed as the Chairman on November 10, 2016, in replacement of Mr.Sorasit Soontornkes resigned from the position on August 2, 2016

Authorized Director

The Authorized Directors comprise of 4 members including Mrs. Ladavan Tanatanit, Mrs. Nalinee Ngamsetthamas, Mr. Wutthiphum Jurangkool and Mr. Samchai Benchapathomrong in which 2 of the 4 directors must jointly sign together with the stamp of the Company's seal.

Scope of Authority and Responsibility of the Board of Directors

The Company's Board of Directors is responsible towards the shareholders in terms of the Company's business and to align the Company's operation and target in order to maximize the interest of the shareholders while under the influence of good morality and all stakeholders' interest.

The Company's Board of Directors is responsible to operate under law, the Company's objective, Article of Association, and resolutions of the Annual General Meeting with honesty, integrity, and the interest of the shareholders both at present and future. The Company's Board of Directors will also operate according to the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand (No. 4) 2008.

In order to operate according to previously stated, the Company's Board of Directors has appointed Chief Executive Officer to be responsible for the operations of the business.

To be in accordance with good Corporate Governance of the Company, the Company's Board of Directors has define the following issues to be in the authority of the Company's Board of Directors to be responsible:

1. The policy, direction of operation, target, plan, and budget of the year for the Company
2. Any transactions or actions that will significantly affect the financial status, Company's liability, Company's business operation, and the reputation of the Company
3. Payment of Interim Dividend
4. Provide a means of accounting, financial presentation, auditing, and internal control in which is efficient and effective
5. Altering policies and the Company's operation in which will affect accounting, risk management, and internal control.
6. Monitor and manage conflict of interest in any related transactions that may arise
7. Establish a comprehensive method of risk management and systems or procedure for the Management to manage such risks
8. Establish a channel of communication towards different groups of shareholders and any stakeholders of the Company
9. Disclose complete quality information with correctness, transparency, and reliability
10. Supervise the administration and management of the Board of Directors to be in accordance with the assigned policies with the case of the following exceptions which will need to be approved in the shareholder's meeting before initiation: increase of capital, decrease of capital, issuance of debentures, selling or transferring all or part of the Company's important business operation which includes personnel, buying or transferring other companies' business operation to be of the Company's, altering the Company's memorandum or rules and regulations, and etc.
11. The Company's Board of Directors must arrange a shareholders' meeting, an Annual General Meeting, 4 months after the end of the financial year
12. The directors of the Board of Directors must hold a meeting at least once every 3 months
13. The Company's Board of Directors has the authority to assign or alter the Authorized Director for the Company
14. Nominating or ending the status as director, secretary of the Company, and secretary of the Company's Board of Directors
15. Approve the budget for increase in salaries, bonuses or bonus calculation, and compensation calculation for the year of the Management and employees
16. Establish and altering the approve authority of the Directors, Chief Executive Officer, Managing Directors and the Management
17. Assigning or changing the authority of the Chairman, Chief Executive Officer, or the Company's Director which must not be conflict with the regulations of the Securities Exchange Commission and Stock Exchange of Thailand
18. Establishing and assigning the authority of Directors in sub-committees of the Company

19. Provide and supervise the Company's management to be accordance with good corporate governance
20. Improving, changing, and modifying the Company's organizational structure
21. Operating other issues to be in accordance with the law, objectives, rules and resolutions of the Company's shareholder's meeting
22. The Company's Board of Directors has the duty to strictly protect and keep any information confident especially any information which are not to be disclosed to the public or any information that would impact the Company's business or stock price. In the case of disclosing information related to the reports of operation for the year, annual reports, or annual financial statements, the Directors are prohibited to trade the Company's stocks for 30 days after the disclosure of such information to the public. Disclosure of information related to the sales of assets, joint or disjoint of corporate investment, increase or decrease capital for debentures, shares buy back, pay or not to pay dividend, or any issues that would have an effect on the stock price for example.

2. Executive Committee

As at December 31, 2016 the Executive Committee of the Company is comprised of 5 members as follows:

Name	Positions	Board of Directors	
		Total Meeting	Total Meeting (Times)
1. Mrs. Ladavan Tanatanit	Chairman of Executive Committee	13	13/13
2. Mrs. Nalinee Ngamsetthamas	Executive Committee	13	8/13
3. Mr. Wutthiphum Jurangkool	Executive Committee	13	11/13
4. Mr. Wiwat Kongkasai	Executive Committee	13	13/13
5. Mr. Samchai Benchapathomrong	Executive Committee	13	12/13

Ms. Kittakarn Pakham: Secretary to the Executive Committee

Remark : Mrs. Napaporn Landy resigned from the position on December 1, 2016

Scope of Authority and Responsibility of the Executive Committee

The Company's Executive Committee has the authority, role, and responsibility to manage the operations of the Company in which is normally engaged including the establishment of the policy, business plan, budget, the Company's organization structure, the authority to manage other issues, and to manage the Company according to the economic environment in which the issues will be presented to the Board of Directors' meeting to be considered and approved. The Executive Committee will also monitor and track the operations of the Company according to the policy in which the authority and responsibility of the Executive Committee is as of follows:

1. Operate and manage the Company according to the objective, regulations, policies, regulations, orders, and resolutions of the Board of Directors' meeting and/or the resolutions of the shareholders' meeting
2. Consider the policy, direction, strategy in order to operation the business, setting financial plan, and budget to present to the Board of Directors' meeting as well as to supervise and control that the operations of the Directors go according to the target set

3. Consider the allocation of the budget for the year following the presentation from the Management in which the Executive Committee will present the final results to the Board of Directors later
4. Posses the authority to consider and authorize the payment of the normal operations of the Company
5. Authorize the important investment that was indicated in the annual budget that was approved by the Company's Board of Directors or following the principles of the Board of Directors that was previously approved
6. Posses the authority to consider and approve the factoring loans or any loans of the Company under the authorize guidelines of factoring loans of the Company
7. Posses the authority to consider and approve the sourcing of finance, debt restructuring, or the issuance of debt instruments. Other issues such as guaranteeing, offering collateral in terms of cash or loans, or seek for any loans for the Company will need to be presented to the Board of Directors' meeting
8. The Company's Executive Committee will give advice to the related departments on the finance policies, marketing policies, human resource, and other operations
9. Other operations that the Company's Board of Directors established from time to time in which the authority can be given to other individuals. Cases that the Executive are not given authority or cannot pass on the authority are those with conflicting interest with the Company or subsidiaries of the Company that is in accordance with the guidelines of the Stock Exchange of Thailand. These cases will need to be presented to the Board of Directors' meeting or the shareholders' meeting to consider and approve with regard to Articles of Association or the related legal issues

The Company's Board of Directors has established that there shall be an orientation to all new Directors in order for the new Directors to understand the expectations that the Company has on the role and responsibility of the Directors, policies and guidelines for effective operations, and knowledge and understanding of the business to efficiently take on the role of Director.

The Company's Board of Directors has established a policy to educate all directors to understand new perspectives of the economy in areas such as corporate management, industry, business, technology, and new ideas by supporting all Directors to enroll in the seminars and beneficial programs held by Thailand Institute of Directors and other famous institute to effectively support the capability of the directors

The Company's Board of Directors has established an appraisal on the performance of the Company's Board of Directors at the end of the year.

Since 2008, the Company's Board of Directors has reached to a resolution to allow minor shareholders to nominate individuals to take on the role of Director by the regulations of Director Nomination of the Company. Previously, there were individuals who were interested to nominate for the position of Director in which additional information regarding this matter can be found in Good Corporate Governance (Equality Treatment of Shareholders).

3. Audit Committee

The Audit Committee as at 31 December 2016 consists of 3 independent directors, each member being knowledgeable and experienced in reviewing financial statements, as follows:

Name	Positions	Audit committee	
		Total Meeting	Total Meeting (Times)
1. Mr. Kunakorn Makchaidee	Chairman of Audit Committee	1	1/1
2. Mrs. Yajai Pattanasukwasun	Audit committee	5	5/5
3. Mr. Poonsak Thiapairat	Audit committee	5	5/5

Ms. Somjai Amornchinoppakun: Secretary to the Audit Committee

Remark:

1. Mr. Kunakorn Makchaidee was appointed as the Chairman of Audit Committee on December 14, 2016 in replacement of Mrs. Jantima Sirisaengtaksin who passed away.
2. Mrs. Yajai Pattanasukwasun is knowledgeable and experienced in accounting and finance and has adequate qualities to review the reliability of the financial reports of the Company

Scope of Authority and Responsibility of the Audit Committee

The Company's Audit Committee has the responsibility to review the financial reports of the Company. Moreover, to review the adequacy of the internal control, risk management system, lawfulness, guidelines, and related regulations in which the committee will do a report and advise towards the Board of Directors for approval or to present to the shareholders' meeting depending on the circumstances. The scope of authority is as follows:

1. Review the financial reports to be completed according to general accounting principles and to be adequately disclosed
2. Review the adequacy for the Company's Internal Control system and Internal Audit system to be effective as well as the independency of the department commencing such audit
3. Review the operations of the Company to be accordance with the guidelines of the Securities Exchange Commissions and the Stock Exchange of Thailand or and related law
4. Review related transactions or any actions that may lead to conflicting interests to be in accordance with the related rules
5. Review the appropriateness and adequacy of the Company's Risk Management System
6. Nominate, appoint, and appraise the remuneration of the Company's auditor. Review the independency of the Company's auditor and hold a meeting at least once a year without the participation of the Management
7. Prepare a report on the Corporate Governance of the Audit Committee while disclosing in the annual report of the Company with the approved signature of the Chief of Audit Committee with the follow adequate information:
 - 7.1 Correctness and reliability of the financial reports
 - 7.2 Adequate internal control system

- 7.3 Operate according to the laws of Securities Exchange Commissions law and the Stock Exchange of Thailand or and related laws
 - 7.4 Suitability of the Company's Auditor
 - 7.5 Report that maybe in conflict of interests
 - 7.6 Audit Committee's meeting and the participation of each member of the committee
 - 7.7 Opinions or notes of interest from the duty as Director
 - 7.8 Other reports that shareholder and other investors should acknowledge
8. Directors of the Audit Committee can invite a member of Management or the related Company's employees to give an opinion and participate in the meeting or hand in any documents that is related to such issues
 9. Consider the revisions of the scope of authority and responsibility of Directors and evaluate the performance of the Audit Committee every year
 10. Report the performance of the Audit Committee to the Board of Directors to acknowledge every quarter
 11. Evaluate and report the initial findings to the Securities Exchange Commissions (SEC) and the Company's Auditor in the case that the Company's Auditor has reasonable doubt on an issue and reported to the Audit Committee to which the Audit Committee has 30 days to report to the SEC from the day the Company's Auditor reported to the Audit Committee
 12. Acknowledge the copy of the report from the Directors and Management on gain or loss both personally and of related parties which is related to the interest of the management of the Company and the Company's subsidiaries according to the guidelines, conditions and procedures outlined by the Capital Market Commission
 13. Other operations in which is delegated by the Board of Directors

Incidentally, the Audit Committee is directly responsible to the Board of Directors and the Board of Directors is responsible to the operations of the business towards external individuals

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at December 31, 2016 consists of the Independent Directors and Chairman, as follows:

Name	Positions	The Nomination and Remuneration Committee	
		Total Meeting	Total Meeting (Times)
1. Mrs. Yajai Pattanasukwasun	Chairman of The Nomination and Remuneration Committee	4	4/4
2. Mrs. Naline Ngamsetthamas	The Nomination and Remuneration Committee	4	4/4
3. Mr. Poonsak Thiapairat	The Nomination and Remuneration Committee	4	4/4

Ms. Kittakarn Pakham: Secretary to the Nomination and Remuneration Committee

Scope of Authority and Responsibility of the Nomination and Remuneration Committee

1. Establish the policies to present to the approval of the Board of Directors as follows:
 - 1.1 Policy Guidelines for the nomination procedure of Directors and Management
 - 1.2 Policy Guidelines for the remuneration procedure for the members of Board of Directors, members of sub-committee, and the Chief Executive Officer
2. Select and present the following qualified individuals to the Board of Investment to consider:
 - 2.1 Director
 - 2.2 Directors in the subcommittee with the authorization, role and responsibility directly given by the Board of Directors
 - 2.3 Chief Executive Officer and Managing Director, for the position of Managing Director, the authority is given to the Chief Executive Officer to initially submit to the Nomination and Remuneration Committee to confirm and then to the Board of Directors for approval
3. Attend that the Board of Directors is reasonable in size compared to the Company as well as to modify the Board of Directors according to the change in economic environment of the Company
4. Attend that the Directors and the Chief Executive Officer receive reasonable remuneration according to their role and responsibility given to them
5. Establish and present guidelines as well as an opinion on the performance of the Chief Executive Officer in order to consider the remuneration and bonuses for the year
6. Establish a succession plan for the position of Chief Executive Officer and Managing Directors to present to the Board of Directors at least once a year
7. Report the performance of the operations to the Board of Directors at least once a year
8. Operate other operations following the role given by the Board of Directors

5. Credit Committee

As at December 31, 2016 the Credit Committee of the Company is comprised of 5 members as follows:

Name	Positions	Credit Committee	
		Total Meeting	Total Meeting (Times)
1. Mr. Visit Wongrumlap	Chairman of Credit Committee	22	22/22
2. Mr. Wiwat Kongkasai	Credit Committee	22	20/22
3. Mrs. Kongkeaw Piamduaytham	Credit Committee	22	22/22
4. Mr. Thongpol Boonnak ¹	Credit Committee	19	18/19
5. Mr. Samchai Benchapathomrong ¹	Credit Committee	19	19/19

Mr. Kwanpong Pumsawang: Secretary to the Credit Committee

Remark:

1. Mr. Thongpol Boonnak and Mr. Samchai Benchapathomrong were appointed as the Credit Committee on February 25, 2016
2. Mr. Kanokkit Navasiri and Mrs. Pompilai Burasai resigned from the position on February 25, 2016

Duties and responsibilities of the Credit Committee

1. Is authorized to approve loans under the authority given by the Boards of Directors
2. Other actions assigned by the Board of Directors

6. Management

As at December 31, 2016 the Management team comprised of 6 members as follows:

Name			Position
1.	Mr. Samchai	Benchapathomrong	Chief Executive Officer
2.	Mr. Kanokkit	Navasiri	Managing Director
3.	Mrs. Pornpilai	Burasai	Assistant Managing Director Credit and Marketing Group
4.	Mr. Jirasak	Arkawat	Assistant Managing Director Operations Group
5.	Mr. Virut	Danarthikhom	Assistant Managing Director Risk Management and Debt Recovery Management Group
6.	Mrs. Paisri	Fakcharoenphol	Senior Vice President of Accounting and Finance Department

Authority of the Chief Executive Officer

1. Direct the missions, objectives, guidelines, targets, company's policies to submit to the Board of Directors' meeting and ensure that the Company has operated promptly according to the missions, objectives, targets and company's policies including the orders and the total oversee of the operations. In addition, they also have power or authority to employ and appoint any employees as well as to transfer them to other department or to dismiss from the company, to set the term and remuneration, compensation, bonus and other fringe benefits which deal with all the company's employees.
2. Have the authority to launch the orders, rules and regulations, memorandum to ensure that all the performance is well organized according to Company's policy and benefits and to maintain the well arranged in the Company's working space,
3. Operate the normal business administration of the company
4. Grant the power of attorney and/or delegate the authority to other people to operate or assess in some assigned business operation. However the empower or the delegation of the power must follow the spirit of the power of attorney and/or the rules, orders or instruction that the Board of directors and/or the Company has set up.

Nonetheless the power they possessed and the power granted to other person as deem appropriate will not include the power and/or the grant of power of attorney in some transaction which he/she may have some conflict or interest in some way which conflict with the company's interest according to the Stock Exchange of Thailand's regulation which the approval of such transaction will have to propose to the Board's meeting and/or the shareholders' meeting to consider and approve those transactions as per the Memorandum and Articles of Association or other regulation which may involved.

Self Assessment of the Directors

The Company's Board of Directors must all individually evaluate their personal performance at least once a year in order to establish an adequate oversight on business operations or other issues. The significant issues will be used to support the Management to change or improve the business management to be more effective. The form used is an example from the self assessment form from the Stock Exchange of Thailand with alterations to be in accordance with the Company's Board of Directors. The results of the self assessment will be revealed to the Board of Directors with the analyzed results in order for the Management team to improve later on.

Assessment of the Chief Executive Officer

The Company's Board of Directors has established an appraisal on the performance of the Chief Executive Officer annually in which the criteria of the appraisal is based the target and the performance of the year's operation in order to decide the reasonable remuneration and bonuses.

The Board of Directors Structure and Configuration

The Company's Board of Directors has structure the amount of Directors to be reasonable compared with the size of the organization. Currently, there are 10 members in the Board of Directors and 1 person as the Executive Committee (4 of which are Independent Directors).

The Independent Director, total 40 percent of Board of Director

- | | | |
|----|---------------------------|----------------------|
| 1. | Mrs.Tongurai Limpiti | Independent Director |
| 2. | Mr. Kunakorn Makchaidee | Independent Director |
| 3. | Mrs.Yajai Pattanasukwasun | Independent Director |
| 4. | Mr. Poonsak Thiapairat | Independent Director |

The definition of "Independent Director" is as of follows:

1. Must not hold more than 1% of the shares with voting rights of the total stake of the Company. Parents companies, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholder are considered when calculating the total shares held by the Independent Director.
2. The Independent Director must not be or have previously been a Director related to the management of the employees, staffs, a consultant who receives a salary, or someone with authority. Parent companies, subsidiaries, Joint Venture, subsidiaries of the same parent company, Major Shareholders or Controlling Shareholders, in which the Independent Director is not positioned as Director or previously been a Director related to the management of the employees, staffs, a consultant with a salary, or someone with authority must wait at least 2 years before the intention to formally register as an Independent Director. If the Independent Director was previously a government official or a consultant for the Government for which the Government was a Major Shareholder or Controlling Shareholder, such waiting time would be null.
3. The Independent Director must not be blood related or registered legally with the following individuals: father, mother, spouse, brothers, sisters, children, spouse of children, spouse of Management, spouse of Major Shareholders, spouse of someone with the authority to control, or spouse of a nominee for the position of Management, someone with the authority to control, or subsidiaries
4. The Independent Director does not have or previously have a business relationship with the parent company, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholders, in which such relationship will have an effect on the independent decision making of the Independent Director. The Independent Director does not own or have previously own a significant portion of stocks or have significant business control over parent company, subsidiaries, Joint Venture, Major Shareholders or Controlling Shareholders, unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

The definition of a business relationship is defined as the follow: transactions that are in accordance with normal business operations, to lent or rent property, transactions of assets or of service, giving or receiving financial aid from lending or borrowing, guarantees, offering assets to be collateral, and other actions with similar objectives. Such business transactions will result in either the Independent Director or the partner in the business transaction to be in debt and will need to repay the other party in the amount of 3% of the net tangible assets of the Independent Director or an amount higher than 20 Million Baht, whichever is lower. The calculation of such debt will be in accordance to the appraised value of the related transactions announced by the Capital Market Commission in relation to the guidelines of related transactions complied. The verification of such debt will be 1 year prior to such business relationship.

5. The Independent Director must not be or was previously been an Auditor of a parent company, subsidiaries, Joint Venture, Major Shareholder or Controlling Shareholders, and not a Partner of these companies or have authority to control. The Independent Director must also not be a stakeholder of such auditing firms in which audits the parent company, subsidiaries, Joint Venture, Major Shareholders or someone with the authority to control unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.
6. The Independent Director must not be or have previously offered professional services which includes legal and financial consultant receiving more than 2 million Baht per year from the parent company, subsidiaries, Joint Venture, Major Shareholders or controlling shareholders, and not be a Partner or controlling shareholders of such companies that offer professional services unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.
7. The Independent Director must not be appointed to be the representative of other Directors, Major Shareholder or shareholders that are related to the Major Shareholders
8. The Independent Director must not operate any company with the same business as the Company or any company that significantly competes with the Company or subsidiaries. The Independent Director must also not hold a significant stake of such companies, take the role of Director, Management, Employee, Staffs, or Consultant of such company, and must not hold more than 1% of the total voting rights of the company in which operates in the same business as the Company or significantly competes with the Company or subsidiaries.
9. The Independent Director must not have other characteristics that will not allow the Independent Director to have an independent judgment. After the appointment of the Independent Director according to (1) to (9), the Independent Director may be given responsibility by the Board of Directors to allow judgment and management of parent company, subsidiaries, Joint Venture, subsidiaries with the same parent company, major shareholders or Controlling shareholders, in which the decision will be regarded as a collective decision

For the definitions (2), (4), (5), and (6) in the part that defines the qualification of the Independent Director to wait at least 2 years before the intention to formally register as an Independent Director, the application applied to the Office will be used from July 1, 2010 onwards.

In the case that an applied Independent Director has a business relationship or previously have a business relationship or professional service which is above the sum stated in (4) or (6), the applied Independent Director shall ask permission for the leniency regarding the business relationship or previously have a business relationship or profession services which is above the sum to the Board of Directors to consider which is in accordance with Section 89/7. The appointment of such Independent Director shall not have any impact on the duty and does not restrain from giving an independent opinion. Such leniency will be disclosed in the Notice of Meeting of Shareholders in which the consideration of the Independent Directors will be as follows:

- A. The type of business relationship or professional service that permits the individual to not have the qualification stated by the guidelines
- B. The reason and the need for the individual to be an Independent Director
- C. The view of the Board of Directors on the individual to be appointed as an Independent Director

For the benefit for (5) and (6), the term “Partner” is defined as an individual assigned by the audit firm or professional services to sign the audit report or professional service report (depending on the situation) in the name of the company.

The Recruitment of Directors and Senior Management

In order to be in accordance with the policy of good corporate governance, the Company’s Board of Directors have established policies, guidelines, and procedures to recruit Directors and Senior Management in which the task will be held responsible by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will establish guidelines and procedure to recruit the candidates according to the reasonability of the Company at that time as well as to gain approval from the parent company (AIRA Capital Public Company Limited) following the rules of the parent company Section 7 No. 56 concerning the oversight and management of subsidiaries and Joint Ventures.

The Development of Directors and Management

The Company’s Board of Directors has support the training and education of the Directors and Management in order to further apply to the operations of the Company for example, support the meeting between the Directors and Senior Management in order to exchange ideas and support the development of the Senior Management’s capabilities. The Nomination and Remuneration Committee will be responsible for succession plans of the Chief Executive Officer and Managing Director in order to be assured that the Company has talented and adequate members of Management for ongoing operations in correspondence with the following points:

- 1. The Company’s Board of Directors has established a plan for the development of Management in order to be ready for the succession in the position of Chief Executive Officer and Managing Director
- 2. The Nomination and Remuneration Committee will consider the knowledge, competency, and experience of each position in the Company to be in accordance with the required qualifications for the successions of such positions

3. The Chief Executive Officer will assess the performance and knowledge of the Management and compare to the required level of qualification in order to establish a development plan to reduce the competency gap
4. Establish the responsibility to the Human Resource Department to follow on the training, development of knowledge, and capability of Senior Management
5. Establish a succession plan for the Chief Executive Officer and the Managing Director and in which is to be reported to the Board of Directors at least once a year

The Meeting of the Directors

The Company's Board of Directors has established the Board of Directors meeting to be schedule for the year. The Articles of Association has stated that the Board of Directors meeting is to be held once every 3 months and with the option of addition meeting if needed. In each of the meetings, the agenda is clearly stated both agenda to acknowledge and agenda to consider. Documents are prepared 7 days prior to the meeting with completeness and adequacy in order for the Directors to have enough time to prepare for the meeting. The meeting has allocated enough time in order for all the Directors to debate and freely share their opinion in which the Chairman will finalize and conclude the results of the meeting. The Secretary of the Board of Directors will be responsible for the minutes of the meeting and after the approval of the Board of Directors; such documents will be kept in the legal cabinet for Directors or related parties to investigate.

Director's Meeting

Name	Attend / Total Meeting (Times)									
	Board of Directors		Audit Committee		Executive Committee		Nomination and Remuneration Committee		Credit Committee	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
1. Mrs. Tongurai Limpiti ¹	1/1	-	-	-	-	-	-	-	-	-
2. Mrs. Ladavan Tanatanit	4/5	6/6	-	-	13/13	13/13	-	-	-	-
3. Mr. Kunakorn Makchaidee	5/5	6/6	1/1	-	-	-	-	-	-	-
4. Mrs. Yajai Pattanasukwasun	5/5	6/6	5/5	6/6	-	-	4/4	4/4	-	-
5. Mr. Poonsak Thiapairat	5/5	6/6	5/5	6/6	-	-	4/4	4/4	-	-
6. Mrs. Naline Ngamsetthamas	5/5	6/6	-	-	8/13	12/13	4/4	4/4	-	-
7. Mr. Wiwat Kongkasai	5/5	6/6	-	-	13/13	13/13	-	-	20/22	19/19
8. Mr. Visit Wongrumlap	5/5	6/6	-	-	-	-	-	-	22/22	17/19
9. Mr. Wutthiphum Jurangkool	4/5	4/6	-	-	11/13	7/13	-	-	-	-
10. Mr. Samchai Benchapathomrong	5/5	-	-	-	13/13	12/13	-	-	19/19	-
11. Mrs. Kongkeaw Piamduaytham	-	-	-	-	-	-	-	-	22/22	18/19
12. Mr. Thongpol Boonnak	-	-	-	-	-	-	-	-	18/19	-

Remark: 1. Mrs. Tongurai Limpiti was appointed as the Chairman on November 10, 2016, in replacement of Mr.Sorasit Soontornkes resigned from the position on August 2, 2016

Tenure of Members of Committees

The Company's directors consist of person with knowledge and competency. The Company specified the number of the Directors appropriate with the business size. Currently, the Company has 10 Directors and 4 of the Directors are 4 independent directors. Each of them takes the position for 3 years

	Year appointed	Year last elected (2015)	Executive/non-executive/Independent	Seeking election/seeking re-election in 2015	Next due for re-election
1. Mrs. Tongurai Limpiti ¹	2014	2015	Chairman/Independent Director	No	2018
2. Mrs. Ladawan Tanatanit	2011	2015	Director	No	2018
3. Mrs. Yajai Pattanasukwasun	2014	-	Independent Director	No	2017
4. Mr. Poonsak Thiapairat	2004	2013	Independent Director	Yes	2016
5. Mrs. Nalinee Ngamsetthamas	2011	2013	Director	Yes	2016
6. Mr. Wiwat Kongkasai	2004	2013	Director	Yes	2016
7. Mr. Visit Wongrumlap	2011	2013	Director	Yes	2016
8. Mr. Wutthiphum Jurangkool	2011	2014	Director	No	2017
9. Mr. Kunakorn Makchaidee ²	2004	2014	Director	No	2017
10. Mr. Samchai Benchapathomrong ³	2015	2015	Director	No	2018

- Remark:**
1. Mrs. Tongurai Limpiti was appointed as the Chairman on November 10, 2016, in replacement of Mr. Sorasit Soontornkes resigned from the position on August 2, 2016
 2. Mr. Kunakorn Makchaidee was appointed as the Chairman of Audit Committee on December 14, 2016
 3. Mr. Samchai Benchapathomrong and Mr. Thongpol Boonnak were appointed as the Credit Committee on February 25, 2016

The Company's Secretary

The Company's Board of Directors has appointed Ms. Kittikarn Pakham to take the position of the Company's Secretary. The Company's Secretary will need to be trained by the Thai Institute of Directors in the programs related to the duty of the role of the Company's Secretary. Ms. Kittikarn Pakham was appointed as the Company's Secretary on August 14, 2008 in order to take on the position in accordance to the Act of Legislation of the Securities Exchange Commission Act Section 89/15 with the followings:

- (1) To be a center point in making/storing documents
- (2) Handling Board/Committees members registrations
- (3) Arranging shareholders meetings, invitation letter of meeting, and the minutes of the meeting
- (4) Reporting the interests of Directors and Executives

-
- (5) Hold activities between Directors and the Management
 - (6) Coordinate that the work is in accordance with the resolution of the Company's Board of Directors
 - (7) Give opinions relating to the Laws of various Notifications/Announcements
 - (8) Others issues as assigned by the Company's Board of Directors)

Biography of the Company's Secretary

Ms. Kittikarn Pakham

Bachelor of Law, Ramkhamhaeng University

Qualification: Knowledge of relevant legislation, the ability to coordinate, ability of brief meetings, preparations of the minutes of the meeting, work flexibility, good relationship, passes the program for the role of Company's Secretary by the Thai Institute of Directors or Independent Institutes with creditabilit

Directors and Management Profile

Mrs. Tongurai Limpiti

Independent Director and Chairman



Age : 61 Years

Date of appointment : November 10, 2016

Education / Training :

- Bachelor's degree in Accounting, Chulalongkorn University
- MBA (Accounting and Finance), University of Wisconsin, Madison
- Advanced Management Program, Harvard Business School, U.S.A.
- Certificate, Joint State-Private Sector Course, National Defense College of Thailand class 52
- Certificate, Executive Program, Capital Market Academy
- Certificate, Advanced Management Program (AMP), Harvard Business School, USA
- Certificate, Executive Program in Energy Literacy for Sustainable Future TEA Class 1 Thailand Energy Academy
- Certificate, Macroeconomic Challenges of Global Imbalances London School of Economics & Political Science
- Certificate, Corporate Governance Program for Directors and Top Executives of State Enterprises and Public Organizations, Public Director Institute (PDI) Class 12, King Prajadhipok's Institute

Director Training :

- Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) Class 8/2001

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2016 – Present Independent Director and Chairman AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 1

2016 – Present Vice Chairman Bangkok Commercial Asset Management Plc

Position in Other Organization / Institutions :

- 2012 – Present Committee member, Payment Systems Committee
- 2012 – Present Board member, The Bank of Thailand Board
- 2014 – Present Committee member, Financial Institutions Policy Committee

Work Experience (5-Years Past Experiences) :

- 2014 – 2016 Deputy Governor (Financial Institutions Stability) The Bank of Thailand
- 2012 – 2014 Deputy Governor (Corporate Support Services and Banknote Management) The Bank of Thailand
- 2011 – 2012 Assistant Governor, Financial Institutions Policy Group The Bank of Thailand
- 2008 – 2011 Assistant Governor, FIDF Management Group The Bank of Thailand
- 2007 – 2008 Senior Director, Fund Operation Department The Bank of Thailand

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal-Free Track Record for the past 10 years : None

Mr. Kunakorn Makchaidee

Independent Director and Chairman of Audit Committee



Age : 62 Years

Date of appointment : February 25, 2004

Education / Training :

- MBA (Finance) from Delta State University, USA.
- Bachelor of Accounting from University of the Thai Chamber of Commerce
- Certificate of Attendance, Capital Market Academy Leader Program from Capital Market Academy (CMA), The Stock Exchange of Thailand Class 8 on March- July 2009

Director Training :

- Diploma of Director Certificate Program from Thai institute of Director Association (IOD) and Australian Institute of Company Directors (AICD) Class 7/2001 on the 15th June 2001
- Certificate of Attendance, Chairman 2001 from Thai institute of Director Association (IOD) and Australian Institute of Company Directors (AICO) Class 5/2001 on the 3rd December 2001
- DCP Re-Refresher Course DCP DCP REP 1/2005
- Certificate of Attendance, Audit Committee Program from Thai institute of Director Association (IOD) Class 17/2007 on the 27th June 2007
- Certificate of Attendance, Chartered Director Class from Thai institute of Director Association (IOD) Class 5/2009 on the 4th -5th August 2009

Board member / Management in Listed Company — The Stock Exchange of Thailand : 1

2016 – Present Independent Director and Chairman of Audit Committee of AIRA Factoring Plc

Board member / Management in Non – Listed Company — The Stock Exchange of Thailand : 2

2002 – Present Director of Chao Khun Agro Products Co., Ltd.

1992 – Present President of Business Venture Promotion Co., Ltd.

Position in Other Organization / Institutions : None

2001 – Present Audit Committee of the Thai Chamber of Commerce and Board of Trade of Thailand

1955 – Present Director and Secretary and Founder member of Thai Venture Capital Association

2000 – Present Director and Secretary and Founder member of Thai Factoring Association

2001 – Present Fellow Member of Thai Institute of Directors Association (IOD)

Work Experience (5–Years Past Experiences) :

2016 – Present Independent Director and Chairman of Audit Committee of AIRA Factoring Plc

2004 – 2016 Director AIRA Factoring Public Company Limited

2002 – Present Director of Chao Khun Agro Products Co., Ltd.

1992 – Present President of Business Venture Promotion Co., Ltd.

Shareholding : as of December 31, 2016 total 16,000,000 shares (1%)

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mrs. Ladavan Tanatanit

Director, Chairman of Executives Committee and Authorized Director



Age : 72 Years

Date of appointment : March 1, 2011

Education / Training :

- Bachelor of Business Administration, Finance, Thammasat University
- Master of Business Administration, Finance and Banking, Eastern New Mexico University, United States of America
- Advanced Bank Management Program (ABMP), Asian Institute Of Management, Republic of the Philippines
- Diploma on The Joint State - Private Sector Course Class 9, National Defence College
- Certificate of the Capital Market Leadership Program Class 6, Capital Market Academy (CMA)
- Politics and Governance in Democratic Systems for Executives No.13, King Prajadhipok's Institute.
- Senior Administration of Justice Program No.17, Judicial Training Institute.

Director Training :

- Thai Institute of Directors Association (IOD)
- Directors Accreditation Program (DAP) Class 96

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

- | | |
|----------------|---|
| 2011 – Present | Director, Chairman of Executives Committee, Authorized Director
AIRA Factoring Plc |
|----------------|---|

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- | | |
|-------------|--|
| 1998 – 2005 | Executive Vice President, Real Estate and Construction, Bangkok Bank Plc |
| 2006 – 2008 | Director, Executive Director, Small and Medium Enterprise Development Bank of Thailand |
| 2006 – 2551 | Director, Corporate Governance and Benefit Committee Fiscal Policy Office, Ministry of Finance |
| 2550 – 2008 | Director of National Innovation Council, National Innovation Agency, Ministry of Science and Technology |
| 2007 – 2011 | <ul style="list-style-type: none">- Central Land Allocation Committee, Department of Land, Ministry of Interior- Director of Consumer Protection Committee, Office of The Consumer Protection Board |

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal-Free Track Record for the past 10 years : None

Mrs. Yajai Pattanasukwasun

Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee



Age : 58 Years

Date of appointment : August 14, 2014

Education / Training :

- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Accountancy, Thammasat University
- Master of Public Administration, Chulalongkorn University
- Certification of Public Law, Thammasat University

Director Training :

Thai Institute of Directors Association (IOD)

- Audit Committee Program (ACP) Class 2/2005
- Director Certification Program (DCP) Class 43/2004
- Advanced Audit Committee Program (AACP) Class 22/2016

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2014 – Present Independent Director, Audit Committee, and Chairman of Nomination and Remuneration Committee AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 1

2014 – Present Director, Director of Executive Committee, Director of Corporate Governance Committee, Director of Nomination and Remuneration, and Legal Adviser Government Pharmaceutical Organization

2011 – Present Assistant of Permanent Secretary Acting for Adviser on Policy and Strategy, Office of Permanent Secretary for Finance, Ministry of Finance

2012 – 2014 Director, Chairman of Risk Management Committee, Director of Corporate Governance and Property Development MCOT Public Company Limited

2009 – 2012 Director and Director of Executive Committee MFC Asset Management Public Company Limited

Position in Other Organization / Institutions : None

Work Experience (5-Years Past Experiences) :

2014 – Present Director, Director of Executive Committee, Director of Corporate Governance Committee, Director of Nomination and Remuneration and Legal Adviser Government Pharmaceutical Organization

2011 – Present Assistant of Permanent Secretary Acting for Adviser on Policy and Strategy, Office of Permanent Secretary for Finance, Ministry of Finance

2012 – 2014 Director, Chairman of Risk Management Committee, Director of Corporate Governance and Property Development MCOT Public Company Limited

2009 – 2012 Director and Director of Executive Committee MFC Asset Management Public Company Limited

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal-Free Track Record for the past 10 years : None

Mr. Visit Wongruplap

Independent Director and Chairman of Credit Committee



Age : 68 Years

Date of appointment : April 24, 2011

Education / Training :

- Bachelor of Accounting, Thammasat University
- Improving The Quality of Finance Reporting
- Politics and Governance in Democratic Systems for Executives Class 1, King Prajadhipok's Institute

Director Training :

- Thai Institute of Directors Association (IOD)
- Director Accreditations Program (DAP) Class 14/2004
- Director Certification Program (DCP) Class 44/2004

Board member / Management in Listed Company – The Stock Exchange of Thailand : 2

- | | |
|----------------|--|
| 2011 – Present | Director and Chairman of Credit Committee
AIRA Factoring Public Company Limited |
| 2015 – Present | Director Bangchak Petroleum Public Company Limited |

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 2

- | | |
|----------------|--|
| Present | Independent Director, Don Muang Tollway Public Company Limited |
| 2016 – Present | Director, the Property Management Office, Thammasat University |

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- | | |
|-------------|--|
| 2008 – 2016 | Director and Audit Committee, Property Management Office,
Thammasat University Public Company Limited |
| 2007 – 2015 | Director, D.T.C. Industries Public Company Limited |
| 2011 – 2014 | Director, AIRA Securities Plc. |

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mrs. Nalinee Ngamsetthamas

Executive Committee Nomination and Remuneration Committee and Authorized Director



Age : 58 Years

Date of appointment : April 22, 2010

Education / Training :

- Ph.D. (Honorary Degree) in Finance, Sripatum University
- Certificate Master Marketing Management, Thammasat University and University of Gutenberg University
- Master of Business Administration (Finance Management), National Institute of Development Administration (NIDA)
- Bachelor of Science, Srinakharinwirot University
- Leadership Succession Program (LSP Batch# 4) Institute of Research and Development for Public Enterprises
- Thammasat Leadership Program (TLP Batch# 3), Thammasat University Alumni Association
- Advanced Security Management Program (Batch# 3), Thailand National Defense College
- Capital Market Academy Leadership Program (CMA) Class 8, The Capital Market Academy

Director Training :

- Thai Institute of Directors Association (IOD)
- Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
- IOD Exclusive Event (M-IEE) Class 1/2015
- Role of Chairman Program (RCP) Class 31/2013
- Directors Accreditation Program (DAP) Class 61/2007

Board member / Management in Listed Company – The Stock Exchange of Thailand : 2

- | | |
|----------------|---|
| 2011 – Present | Authorized Director, Director, Executive Committee and Nomination and Remuneration Committee AIRA Factoring Plc |
| 2010 – Present | Authorized Director and Chairman of Investment Committee and Chief Executive Officer, AIRA Capital Plc |

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 7

- | | |
|----------------|---|
| 2016 – Present | Authorized Director Travelex (Thailand) Co., Ltd |
| 2016 – Present | Authorized Director and Chairman of the Board of Directors AIRA Leasing Plc |
| 2015 – Present | Authorized director, Chairman of Executive Committee and Chief Executive Officer AIRA Property Co., Ltd |
| 2015 – Present | Authorized director and Chairman of the Board of Directors Aspiration One Co., Ltd |
| 2014 – Present | Authorized director, Chairman of Nomination and Remuneration Committee and Chairman of Executive Officer Meeting AIRA & AIFUL Plc |
| 2012 – Present | Authorized director and Chairman of the Board of Directors AIRA International Advisory (Singapore) Pte., Ltd. |
| 2007 – Present | Authorized director AIRA Securities Plc |

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- | | |
|-------------|-------------------------|
| 2007 – 2015 | Director, Dharmniti Plc |
|-------------|-------------------------|

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Wiwat Kongkasai

Director, Executive Committee and Credit Committee



Age : 60 Years

Date of appointment : January 6, 2000

Education / Training :

- Bachelor of Accounting Chulalongkorn University
- Master of MBA, National Institute of Development Administration

Director Training :

- Thai Institute of Directors Association (IOD)
- Directors Accreditation Program (DAP) Class 27/2004
- Director Certification Program (DCP) No.118/2009

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

- | | |
|----------------|---|
| 2016 – Present | Director, Executive Committee and Credit Director, AIRA Factoring Plc |
| 1997 – 2014 | Chief Executive Officer, AIRA Factoring Plc |

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- | | |
|----------------|---|
| 2016 – Present | Director, Executive Committee and Credit Director, AIRA Factoring Plc |
|----------------|---|

Shareholding : as of December 31, 2016 total 471,127,600 shares (2.945%)

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Poonsak Thiapairat

Independent Director Audit Committee and Nomination and Remuneration Committee



Age : 53 Years

Date of appointment : February 25, 2001

Education / Training :

- MBA (Finance and International Business), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Science Program in Logistics, Chulalongkorn University

Director Training :

- Thai Institute of Directors Association (IOD)
- Directors Accreditation Program (DAP) class 11/2004
- Finance for Non-Finance Director (FN) class 23/2005

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

- 2004 – Present Independent Director, Audit Committee and Nomination and Remuneration Committee AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 1

- 2002 – Present Executive Eternity Co., Ltd. Group

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- 2004 – Present Independent Director, Audit Committee and Nomination and Remuneration Committee AIRA Factoring Plc
- 2002 – Present Executive Eternity Co., Ltd. Group

Shareholding : as of December 31, 2016 total 9,440,000 shares (0.59%)

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Wutthiphum Jurangkool

Director, Executive Committee



Age : 38 Years

Date of appointment : April 25, 2011

Education / Training :

- Bachelor of Law Ramkhamhaeng University
- Executive MBA Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training :

- Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP) Class 148/2011
- Finance for Director (FFD) Class 12/2011

Board member / Management in Listed Company – The Stock Exchange of Thailand : 2

- | | |
|----------------|---|
| 2001 – Present | Director, Executive Committee and Authorized Director, AIRA Factoring Plc |
| 2013 – Present | Director, Executive Committee and Authorized Director, AIRA Capital Plc |

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 10

- | | |
|----------------|--|
| 2014 – Present | Director, Executive Committee and Authorized Director, AIRA and AIFUL Plc |
| 2011 – Present | Director, Executive Committee and Authorized Director, Summit Keylex (Thailand) Co., Ltd. |
| 2002 – Present | Director, Executive Director and Director of Sourcing Summit Auto Body Industry Co., Ltd.
Summit Auto Body Industry Co., Ltd. (Ayuttaya)
Summit Laemchabang Auto Body Work Co., Ltd.
Summit Auto Tech Industry Co., Ltd.
Thai Auto Industry Co., Ltd.
Summit R&D Center Co., Ltd.
Summit Advanced Material Co., Ltd. |

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- | | |
|----------------|--|
| 2011 – Present | Director, Executive Committee and Authorized Director, Summit Keylex (Thailand) Co., Ltd. |
| 2002 – Present | Director, Executive Director and Director of Sourcing Summit Auto Body Industry Co., Ltd.
Summit Auto Body Industry Co., Ltd. (Ayuttaya)
Summit Laemchabang Auto Body Work Co., Ltd.
Summit Auto Tech Industry Co., Ltd.
Thai Auto Industry Co., Ltd.
Summit R&D Center Co., Ltd.
Summit Advanced Material Co., Ltd. |

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mrs. Kongkeaw Piamduaytham

Credit Committee



Age : 65 Years

Date of appointment : November 11, 2014

Education / Training :

- Bachelor of Economic (first-class honors), Chiang Mai University
- Bachelor of Laws, Ramkhamhaeng University
- Master of Business Administration (Finance), Washington State University, USA
- Sasin Senior Executive Program
- Certificate of the Capital Market Leadership Program Class 1, Capital Market Academy

Director Training :

Thai Institute of Directors Association (IOD)

- Role of the Nomination and Governance Committee (RNG) class 7/2015
- Advanced Audit Committee Programs (AACP) class 13/2013
- Director Certification Program (DCP) class 157/2012

Board member / Management in Listed Company – The Stock Exchange of Thailand : 3

- | | |
|----------------|---|
| 2014 – Present | Credit Committee AIRA Factoring Public Company Limited |
| 2012 – Present | Chairman of Audit Committee Muangthai Leasing Public Company Limited |
| 2010 – Present | Authorize Director and Chairman of Good Governance Committee
AIRA Capital Public Company Limited |

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 2

- | | |
|----------------|--|
| 2009 – Present | Advisor, AIRA Securities Public Company Limited |
| 2011 – Present | Chairman of Audit Committee, PAPOP Company Limited |

Position in Other Organization / Institutions : None

Shareholding : as of December 31, 2016 – None

Relation among Family with other directors and management of the Company or Subsidiaries : None

Criminal-Free Track Record for the past 10 years : None

Mr. Thongpol Boonnak

Credit Committee



Age : 60 Years

Date of appointment : February 29, 2015

Education / Training :

- Bachelor of Business Administration, Accountancy Program, Ramkhamhaeng University
- Chula Mini MBA Chulalongkorn University

Director Training :

- Thai Institute of Directors Association (IOD)
- Director Certificate Program (DCP) Class 86/2007

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2016 – Present Credit Committee AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : 2

2016 – Present Director and Authorized Director Aspiration One Co., Ltd

2016 – Present Executive Director and Managing Director Operation and Support Group
AIRA Securities Plc

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

2010 – 2011 Director AIRA Capital Plc

2006 – 2011 Director AIRA Securities Plc

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Samchai Benchapathomrong

Director, Executive Committee, Authorized Director and Chief Executive Officer



Age : 57 Years

Date of appointment : April 21, 2016

Education / Training :

- Bachelors in Accounting, Thammasat University
- Thammasat leadership Program Class 9, Thammasat University

Director Training :

- Thai Institute of Directors Association (IOD)
- Anti-Corruption : The Practical Guide (ACPG) Class 29/2016
- Ethical Leadership Program (ELP) Class 3/2016

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

- 2015 – Present Authorized Director, Director, Executive committee
Credit Committee and Chief Executive Officer AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- 2004 – 2013 Executive Vice President of Corporate Business CIMB Thai Bank Plc
- 2001 – 2004 Senior Vice President of Business Development Thai Bank Plc

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Kanokkit Navasiri

Managing Director



Age : 57 Years

Education / Training :

- Bachelor of School of Business, Department of Finance The University of the Thai Chamber of Commerce
- MBA, City University Seattle Washington, USA
- Thammasat leadership Program Class 4, Thammasat University

Director Training :

- Thai Institute of Directors Association (IOD)
- Directors Accreditation Program (DAP) Class 199/2005

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

- 2014 – Present Managing Director, AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

- 2005 – 2014 Executive Vice President of Credit and Marketing Department AIRA Factoring Plc
- 2002 – 2004 Vice President of Credit and Marketing Department AIRA Factoring Plc

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Virut Danarthikhom

Executive Vice President of Risk Management and Debt Recovery



Age : 59 Years

Date of appointment : January 5, 2015

Education / Training :

- Bachelor of Economics, Ramkhamhaeng University
- Bachelor of Law Thammasat University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training :

- Thai Institute of Directors Association (IOD)
- Ethical Leadership Program (ELP) Class 6/2016

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2015 – Present Executive Vice President of Risk Management and Debt Recovery
AIRA Factoring Public Company Limited

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

2015 – Present Executive Vice President of Risk Management and Debt Recovery
AIRA Factoring Public Company Limited

2007 – 2014 Head of Corporate RHB Bank Berhad, Bangkok Branch

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mr. Jirasak Arkawat

Executive Vice President of Operations



Age : 60 Years

Education / Training :

- Bachelor of Accounting, Kasetsart University
- Executive Director Program (EDP) Class 11/2009

Director Training :

Thai Institute of Directors Association (IOD) : None

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2005 – Present Executive Vice President of Operations, AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

2005 – Present Executive Vice President of Operations, AIRA Factoring Plc

1999 – 2004 Vice President of Operations, AIRA Factoring Plc

Shareholding : as of December 31, 2016 total 3,016,400 shares (0.18%)

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mrs. Pornpilai Burasai

Executive Vice President of Credit and marketing



Age : 52 Years

Education / Training :

- Bachelor of Economic Thammasat University
- Masters of Business Administration, National Institute of Development Administration
- Executive Director Program (EDP) Class 4/2009

Director Training :

Thai Institute of Directors Association (IOD) : None

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2011 – Present Executive Vice President of Credit and marketing AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

2011 – Present Executive Vice President of Credit and marketing AIRA Factoring Plc

2001 – 2011 First Vice President Corporate Client Solution CIMB Thai Bank Plc

Shareholding : as of December 31, 2016 – None

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Mrs. Paisri Phakcharoenphol

Senior Vice President of Accounting and Finance



Age : 52 Years

Education / Training :

- Bachelor of Accounting and Finance, University of the Thai Chamber of Commerce

Director Training :

Thai Institute of Directors Association (IOD) : None

Board member / Management in Listed Company – The Stock Exchange of Thailand : 1

2001 – Present Senior VP of Accounting and Finance, AIRA Factoring Plc

Board member / Management in Non – Listed Company – The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5–Years Past Experiences) :

2001 – Present Senior VP of Accounting and Finance, AIRA Factoring Plc

Shareholding : as of December 31, 2016 total 905,000 shares (0.056%)

Relation among Family with other Directors and Management of the Company or Subsidiaries : None

Criminal–Free Track Record for the past 10 years : None

Changes in Shareholding of the Directors and Executives

Table summarizing changes in shareholding of the directors and executive in 2016

	Name	Number of Shares 31 December 2016	Shareholding structure	Number of shareholding, Non-ordinary shares
1.	Mrs. Tongurai Limpiti ¹	-	-	-
2.	Mrs. Ladavan Tanatanit	-	-	-
3.	Mr. Kunakorn Makchaidee	16,000,000 Shares	Direct	-
4.	Mrs. Nalinee Ngamsetthamas	-	-	-
5.	Mr. Wutthiphum Jurangkool	-	-	-
6.	Mrs. Yajai Pattanasukwasun	-	-	-
7.	Mr. Poonsak Thiapairat	9,440,000 Shares	Direct	-
8.	Mr.Visit Wongrumlap	-	-	-
9.	Mr.Wiwat Kongkasai	47,127,600 Shares	Direct	-
10.	Mr. Samchai Benchapathomrong	-	-	-
11.	Mr. Kanokkit Navasiri	-	-	-
12.	Mr. Jirasak Arkawat	3,016,400 Shares	Direct	-
13.	Mrs.Pornpilai Burasai	-	-	-
14.	Mr.Virut Danarthikhom	-	-	-
15.	Mrs. Paisri Fakcharoenphol	905,000 Shares	Direct	-

Remark : 1. Mrs. Tongurai Limpiti was appointed as the Chairman on November 10, 2016, in replacement of Mr.Sorasit Soontornkes resigned from the position on August 2, 2016

Dividend Payment Policy

The Company's policy for dividend payment will not be less than 50% of the year's net profit after deduction of all reserves as specified in the Article of Association and by law except for the cast that the payment of dividends will significantly affect the Company's operations.

Details of the Dividend Payment for the past 5 years.

Details of dividend payment	Year 2014	Year 2014	Year 2013	Year 2012	Year 2011
1. Net profit	0.14 million Baht	23.18 million Baht	64.73 million Baht	45.25 million Baht	51.31 million Baht
2. Number of shares	1,600 million shares	40 million shares	40 million shares	40 million shares	Increased Capital from 20 million shares to 40 million shares
3. Dividend payout rate per share					
3.1 Interim Dividend	-		0.30 Baht/share		0.75 Baht/share x20 million share
3.2 Dividend payment	-	0.50 Baht/share	0.70 Baht/share	1 Baht/share	0.375 Baht/share x40 million share
4. Total amount of dividend	-	20 million Baht	40 million Baht	40 million Baht	30 million Baht
5. Dividend payout against net profit	-	80.32%	61.79%	88.40%	58.47%

Remark : Dividend payment for the year 2015, the Company's has net profit of Baht 0.14 million, causing to the Company none dividend payment from net profit to shareholders according to the Company's policy. Therefore, in the year 2015, the Company paid dividend to shareholders from retained earnings at the rate of Baht 0.01 per share, totaling Baht 16 million.

Remuneration of the Directors and Executives

No.	Name	Board of Director		Audit Committee		Executive Committee		Nomination and Remuneration Committee		Credit Committee		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
1	Mr. Sorasit Soontornkes	50,000	125,000	-	-	-	-	-	-	-	-	50,000	125,000
2	Mrs. Tongurai Limpiti	25,000	-	-	-	-	-	-	-	-	-	25,000	-
3	Mrs. Jantima Sirisaengtaksin	30,000	150,000	50,000	90,000	-	-	-	-	-	-	80,000	240,000
4	Mr. Kunakorn Makchaidee	75,000	90,000	25,000	-	-	-	-	-	-	-	100,000	90,000
5	Mrs. Ladavan Tanatanit	60,000	90,000	-	-	195,000	195,000	-	-	-	-	255,000	285,000
6	Mrs. Yajai Pattanasukwasun	60,000	90,000	75,000	90,000	-	195,000.00	60,000	60,000	-	-	195,000	240,000
7	Mr. Poonsak Thiapairat	75,000	90,000	75,000	90,000	-	-	40,000	40,000	-	-	190,000	220,000
8	Mrs. Naline Ngamsettam	75,000	90,000	-	-	-	-	40,000	40,000	-	-	115,000	130,000
9	Mr. Wiwat Kongkasai	75,000	75,000	-	-	130,000	130,000	-	-	190,000	190,000	395,000	395,000
10	Mr. Visit Wongrumlap	75,000	90,000	-	-	-	-	-	-	315,000	255,000	390,000	345,000
11	Mr. Wutthiphum Jurangkool	60,000	60,000	-	-	100,000	70,000	-	-	-	-	160,000	130,000
12	Mr. Samchai Benchapathomrong	30,000	-	-	-	-	50,000	-	-	-	-	30,000	50,000
13	Mrs. Napaporn Landy	-	-	-	-	80,000	110,000	-	-	-	-	80,000	110,000
14	Mrs. Kongkeaw Piamduaytham	-	-	-	-	-	-	-	-	210,000	180,000	210,000	180,000
15	Mr. Thongpol Boonnak	-	-	-	-	-	-	-	-	170,000	-	170,000	-
Total		690,000	950,000	225,000	270,000	505,000	750,000	140,000	140,000	885,000	625,000	2,445,000	2,540,000

Remark: 1. Mr. Sorasit Soontornkes resigned from the position of Chairman on 2 August 2016

2. Mrs. Tongurai Limpiti was appointed as the Chairman in replacement of Mr. Sorasit Soontornkes. The appointment shall be effective from November 10, 2016

3. Mrs. Jantima Sirisaengtaksin was passed away, she decrease was resulted in vacancy of the position on 1 September 2016

4. Mr. Kunakorn Makchaidee was appointed as the Independent Director and Audit Committee in replacement of .Mrs. Jantima Sirisaengtaksin. The appointment shall be effective from December 6, 2016

5. Mrs. Napaporn Landy resigned from the position of Executive Committee on 1 December 2016

6. Mr. Samchai Benchapathomrong and Mr. Thongpol Boonnak were appointed as the Credit Committee on 25 February 2016

Internal Control and Risk Management

The Company realized and stressed the important of internal control system because the good internal control shall make system work properly, transparently, being accountable and prevent against damage that may be occurred. The Company then developed the internal control system to be efficiency and effectiveness continuously. The Board of Director appointed the Audit Committee consisting of the three independent directors. All three members are knowledgeable, have experiences in verifying the accuracy of financial statement and complete qualifications following by the Securities and Exchange Act as well as the notice and/or the regulation of the Stock Exchange of Thailand

The Board of Director meeting No.1/2017 was held on February 22, 2017. Three of Audit Committee also attended this meeting. The meeting assessed the sufficiency of the Company's internal control system in several aspects such as internal control system in respect of organization, risk assessment, management operation control, information system, data communication and follow-up process. After taking into a consideration, the meeting deemed that the Company has adequate and appropriate internal control systems that make the operation and management efficient and transparent.

The Audit Committee assigned the internal audit and compliance department which is independent form the management to perform any audit task within organization, to have a clear approach in working according to all the regulations which are relevant to the Company's business, to act as the secretary of the Audit Committee in order to support any activities of the Audit Committee as assigned by the Board of Director as well as to represent as the adviser to give any beneficial suggestion.

On August 7, 2006, No.3/2006 the Audit Committee has appointed Miss Somjai Amornchainoppakun as the Head of the internal audit and compliance department since July 14, 2006 due to her internal audit experiences and well understanding of internal operations. Nevertheless, the consideration and approval of appointment or removal of rotation change position or termination of the Head of the internal audit and compliance department shall be proposed and approved by the Audit Committee.

Profile of the Head of Internal Audit Department

Miss. Somjai Amornchainoppakun

- Educational Qualifications:
- Master of Business Administration Program in Managerial Accounting, Graduate School of Commerce, Burapha University
 - BBA (Accounting), Siam University
- Work experience:
- | | |
|----------------|--|
| 2006 - Present | Head of Internal Audit and Compliance, AIRA factoring Plc. |
| 2004 - 2006 | Internal Audit and Compliance Manager, Advance Finance Plc. |
| 2001 - 2004 | Internal Audit and Compliance, Minor holding (Thailand) Co, Ltd. |
- Qualification:
- Knowledgeable and experience in the auditing of internal control system, financial reports, accounting and securities and exchange law.

Between the year end of 2015 and 2016 the Company has the connected transactions which are strictly adhere to and abide by the related laws and regulations with reasons and appropriate condition in order for all shareholders and stakeholders to be taken care of benefits with fairness and equality under the Company's good corporate governance policy. The connected transactions are treated on the same basis as the Company does with the external parties in order to prevent any conflict of interest as manipulated in the regulations of the Securities Exchange of Thailand.

Unit : Million Baht

Individual / Juristic Person Which may be in Conflict	Relationship	Transaction Type	Transaction Value		Net Balance as at 31 Dec 2016	Audit Committee's Opinion
			2015	2016		
AIRA Securities Public Company Limited	AIRA Securities Public Company Limited is a subsidiary of AIRA Capital Public Company, the same parent company as the Company. AIRA Capital Public Company Limited holds 71.55% of total shares of AIRA Factoring Public Company Limited and 99.99% of total shares of AIRA Securities Public Company Limited	Credit Line of 800 million Baht and approval for credit line limit increased from 800 million Baht to 1,200 million Baht which was approved by the Annual General Shareholder meeting on April 28, 2014. Interests are paid to connected persons as follows: On February 27, 2015, the Company issued bill of exchange (B/E) No. 1/2015 with the value of 300 million baht and the interest rate of 3.50 % per annum. The maturity date is within 87 days which will be on May 25, 2015. On March 6, 2015, the Company issued bill of exchange (B/E) No. 2/2015 with the value of 200 million baht and the interest rate of 3.50 % per annum. The maturity date is within 89 days which will be on June 3, 2015. On May 25, 2015, the Company issued bill of exchange (B/E) No. 3/2015 with the value of 300 million baht and the interest rate of 3.50 % per annum. The maturity date is within 87 days which will be on August 20, 2015.	1,983.13	297.51	0.00	Such connected transaction is a beneficial transaction for the Company by enhancing the financial liquidity of the Company. As for the interest rate, it is the same rate as the Company has with other financial institutions. Reason and necessity of the transaction is to manage the liquidity of the Company.
			2.48			
			1.69			
			2.48			

Unit : Million Baht

Individual / Juristic Person Which may be in Conflict	Relationship	Transaction Type	Transaction Value		Net Balance as at 31 Dec 2016	Audit Committee's Opinion
			2015	2016		
		On June 3, 2015, the Company issued bill of exchange (B/E) No. 4/2015 with the value of 200 million baht and the interest rate of 3.50 % per annum. The maturity date is within 90 days which will be on September 1, 2015.	1.71			
		On August 20, 2015, the Company issued bill of exchange (B/E) No. 5/2015 with the value of 300 million baht and the interest rate of 3.50 % per annum. The maturity date is within 90 days which will be on November 18, 2015.	2.57			
		On September 1, 2015, the Company issued bill of exchange (B/E) No. 6/2015 with the value of 200 million baht and the interest rate of 3.55 % per annum. The maturity date is within 90 days which will be on November 30, 2015.	1.74			
		On November 18, 2015, the Company issued bill of exchange (B/E) No. 7/2015 with the value of 300 million baht and the interest rate of 3.45 % per annum. The maturity date is within 90 days which will be on February 15, 2016.	2.50			
		On November 30, 2015, the Company issued bill of exchange (B/E) No. 8/2015 with the value of 200 million baht and the interest rate of 3.55 % per annum. The maturity date is within 90 days which will be on February 26, 2016.	1.70			
		On February 15, 2016, the Company issued bill of exchange (B/E) No. 1/2016 with the value of 300 million baht and the interest rate of 3.55 % per annum. The maturity date is within 86 days which will be on May 11, 2016.		2.49		

Board of Directors' Responsibility for Financial Reporting

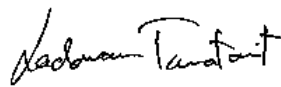
The management has prepared the financial statement ended on December 31, 2016 according to the generally certified accounting standard by choosing to use the appropriate and regularly used policy including using judgment carefully and reasonably in preparation of financial statement and disclose the important information adequately in the remarks of the financial statement.

The Board of directors realized the responsibility for supervising the financial report to be efficient by appointing an audit and corporate governance committee consisting of qualified persons to be responsible for supervision of the quality of the financial report to be accurate and complete, using appropriate and regularly used policy including validation to have the company got sufficient and appropriate internal control system and participation in evaluation of risk for the company. In order to protect and reduce risks which may occur from fraudulent or abnormal operation significantly and adequacy to maintain the company asset.

From the practical methods and supervision mentioned above, the committee agreed that the financial of AIRA Factoring Public Company Limited as at December 31, 2016 has shown the financial statement and operational results correctly, reliably, compliance with the generally certified accounting standard and practiced in accordance with the laws and related regulations



(Mrs. Tongurai Limpiti)
Chairman



(Mrs. Ladavan Tanatanit)
Chairman of Executive Committee

Report of the Audit Committee

The Audit Committee of the AIRA Factoring Public Company Limited appointed by the Board of Directors has consisted of three members of the Board of Directors who are the independent director as follow:

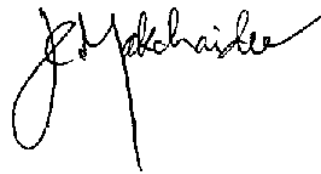
- | | | | |
|----|-------------|-----------------|---------------------------------|
| 1. | Mr Kunakorn | Makchaidee | Chairman of the Audit Committee |
| 2. | Mr. Poonsak | Thiapairat | Audit Committee |
| 3. | Mrs.Yajai | Pattanasukwasun | Audit Committee |

The Audit Committee performed its duties as assigned by the Board of Director and in compliance with the criteria governing the Charter of the Audit Committee. Throughout the year 2016, the Audit Committee held 5 meetings with the Company's Management and the Internal Audit and Compliance Department in order to acknowledge the result of internal audit operation, good governance practice and also revise of the sufficiency and suitability of the internal control system and risk management procedure. Besides, the Committee also conducted the meeting together with the external auditor without the Management so as to consider the result of internal audit activities and review of both the quarterly and annual financial statements. The Audit Committee reported the essence conclusion of every meeting to the Board of Director on each issue summarized as follow;

- In coordination with the independent certified public auditors and the Management group, the Audit Committee had reviewed the Company's financial statements and expressed the opinion on the statement that the financial statements were prepared in accordance with generally accepted accounting principles with appropriate disclosure of information. The independent certified public auditors also gave their opinion without any suspicion in their audit report which was proposed to the Board of Director, the shareholder and the stakeholder on following criteria.
- The Audit Committee had examined the internal control procedure and acknowledged the Internal Audit and Compliance's report following with the annual audit plan as well as considered on the independence of the Internal Audit department in order to ensure that the Company provided sufficient and appropriate internal control environment within organization and being developed continuously and join for risk management. Besides, the Audit Committee also considered on the transparency of the information disclosure, without the conflict of interest and followed by the law and regulations of the other related organisation, to the Board of Director to acknowledge on each matter.
- The Audit Committee had reviewed organization practice, conformed to the law and regulation of the Stock Exchange of Thailand and other related law and regulation via the audit procedure of the Internal Audit and Compliance Department. The Audit Committee expressed an opinion that there is no significant issue that might omit such law and regulation or any conflict of interest transaction unless declaring on the financial statement regarding the connected person or related transaction.
- The Audit Committee had provided a self assessment of its performance in order to ensure that the Committee performed its duties efficiently and effectively, achieved Company's objective as assigned by the Board of Director and leaded to continuous improvement and then reported the Board of Director to acknowledge the performance. For year 2016, the overall performance of self assessment was gratifying.

- The Audit Committee considered and nominated the appointment and remuneration of the Company's independent auditor for 2017 and proposed to the Board of Director to present and seek for an approval from the shareholder annual general meeting afterward.

The Audit Committee has performed its duties following the Charter of the Audit Committee and expressed opinions independently. Throughout the year 2016, in the Audit Committee's opinion, we deemed that the information disclosed in the Company's financial reports has prepared in conformity with generally accepted accounting principles. Besides, the Good Corporate Governance and risk management procedure was conducted sufficiently and appropriately under organization environment as well as the best practice in compliance with relevant rules and regulations.



(Mr.Kunakorn Makchaidee)
Chairman of the Audit Committee
February 16, 2017

Independent Auditor's Report

To the Shareholders of AIRA Factoring Public Company Limited

Opinion

I have audited the accompanying financial statements of AIRA Factoring Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including 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 AIRA Factoring Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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

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

Interest income from factoring

The Company's income mainly consisted of interest income from factoring, amounting to Baht 150 million, which represented 79 percent of the Company's total revenue for the year 2016. Interest income from factoring is derived from transactions with a large number of customers and the factoring conditions may vary for each customer. In addition, interest income from factoring is recognised using the effective interest rate method, over the age of the debts being factored. I therefore addressed the measurement and occurrence of interest income from factoring as a key audit matter.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls and computer system relevant to recognition of interest income from factoring, test the calculation of such income, and, on a sampling basis, assess the correctness of the recognition of interest income from factoring that occurred before and after the end of the reporting period. I also examined, on a sampling basis, the supporting documents for the factoring and related interest income occurring during the year, and evaluated the correctness of the accounting records. In addition, I performed analytical procedures on interest income from factoring in order to identify irregular transactions occurring during the reporting period.

Allowance for doubtful accounts for factoring receivables and loans receivable

As discussed in Note 4.6 to the financial statements, management is required to exercise considerable judgement in determining the guidelines and policy to be used in calculating allowance for doubtful accounts for factoring receivables and loans receivable, and must comply with these guidelines and policy. In addition, the estimates allowances for doubtful accounts for factoring receivables and loans receivable are significant because the amounts of factoring receivables, loans receivable and related allowance for doubtful accounts are material to the finance statements. Therefore, I addressed the adequacy of the allowance for doubtful accounts for such receivables as a key audit matter.

I have performed audit procedures on the allowance for doubtful accounts as follows:

- I assessed the Company's internal controls relevant to the approval of credit limits, collection procedures, and the calculation and recording of allowance for doubtful accounts for factoring receivables and loans receivable.
- I assessed the methods and policy used in estimating and calculating allowance for doubtful accounts for factoring receivables and loans receivable. I also examined the completeness of data used in the calculation of the allowance and the correctness of the calculation of debtor aging and allowance for doubtful accounts, and the accounting records.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

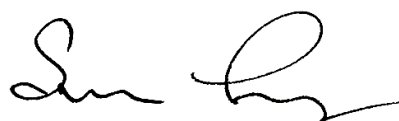
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Miss Sumana Punpongsanon.



Sumana Punpongsanon
Certified Public Accountant (Thailand) No. 5872
EY Office Limited
Bangkok: 22 February 2017

Statement of Financial Position

AIRA Factoring Public Company Limited

As at 31 December 2016

(Unit: Baht)

	Note	As at 31 December 2016	As at 31 December 2015
Assets			
Current assets			
Cash and cash equivalents	7	62,940,607	5,405,308
Factoring receivables	6, 8	2,116,439,480	2,349,173,186
Current portion of loans receivable	9	6,032,000	5,421,046
Other receivables		2,388,092	300,031
Other current assets		778,895	545,667
Total current assets		2,188,579,074	2,360,845,238
Non-current assets			
Loans receivable – net of current portion	9	24,628,005	-
Equipment	10	11,523,794	9,248,153
Intangible assets	11	4,098,641	414,230
Deposits and guarantees		1,729,148	1,119,047
Deferred tax assets	18	4,847,222	5,277,843
Assets held for sale	12	9,230,900	9,853,200
Total non-current assets		56,057,710	25,912,473
Total assets		2,244,636,784	2,386,757,711

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

Statement of Financial Position (continued)

AIRA Factoring Public Company Limited

As at 31 December 2016

(Unit: Baht)

	Note	As at 31 December 2016	As at 31 December 2015
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	6, 13	1,545,000,000	1,727,291,772
Retentions from factoring		52,592,129	46,278,533
Dividend payables	6, 22	20,800,000	-
Excess receipts awaiting to repay		57,592,472	18,049,948
Other payables	6	7,078,513	2,809,885
Income tax payable		6,513,922	5,806,636
Other current liabilities		1,386,504	846,236
Total current liabilities		1,690,963,540	1,801,083,010
Non-current liabilities			
Provision for long-term employee benefits	14	13,492,784	13,372,273
Other non-current liabilities		717,854	631,411
Total non-current liabilities		14,210,638	14,003,684
Total liabilities		1,705,174,178	1,815,086,694
Shareholders' equity			
Share capital	15		
Registered			
1,600,000,000 ordinary shares of Baht 0.25 each		400,000,000	400,000,000
Issued and fully paid-up			
1,600,000,000 ordinary shares of Baht 0.25 each		400,000,000	400,000,000
Share premium		75,844,889	75,844,889
Capital contribution from parent company		406,077	319,372
Retained earnings			
Appropriated – statutory reserve	16	22,710,000	19,710,000
Unappropriated		40,501,640	75,796,756
Total shareholders' equity		539,462,606	571,671,017
Total liabilities and shareholders' equity		2,244,636,784	2,386,757,711

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

Statement of Comprehensive Income

AIRA Factoring Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
Profit or loss:			
Revenues			
Interest income from factoring		149,893,662	155,960,934
Fees and services income		37,856,026	30,970,555
Other income		1,839,220	4,260,318
Total revenues		189,588,908	191,191,807
Expenses			
Administrative expenses		86,340,566	127,163,228
Total expenses		86,340,566	127,163,228
Profit before finance cost and income tax expenses		103,248,342	64,028,579
Finance cost	6	(38,851,077)	(51,033,204)
Profit before income tax expenses		64,397,265	12,995,375
Income tax expenses	18	(13,632,489)	(12,850,402)
Profit for the year		50,764,776	144,973
Other comprehensive income:			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gains - net of income tax		1,740,108	-
Other comprehensive income not to be reclassified			
to profit or loss in subsequent period - net of income tax		1,740,108	-
Other comprehensive income for the year		1,740,108	-
Total comprehensive income for the year		52,504,884	144,973
Earnings per share	19		
Basic earnings per share			
Profit for the year		0.0317	0.0001

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

Statement of Changes in Shareholders' Equity

AIRA Factoring Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	Note	Issued and fully paid-up share capital	Share premium	Capital contribution from parent company	Retained earnings		Total shareholders' equity
					Appropriated	Unappropriated	
Balance as at 31 December 2014		200,000,000	35,844,889	246,438	19,700,000	95,661,783	351,453,110
Profit for the year		-	-	-	-	144,973	144,973
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-
Increase share capital	15	200,000,000	40,000,000	-	-	144,973	144,973
Share-based payment transactions	4, 16	-	-	72,934	-	-	72,934
Dividends paid	22	-	-	-	-	(20,000,000)	(20,000,000)
Appropriation of retained earnings	16	-	-	-	10,000	(10,000)	-
Balance as at 31 December 2015		400,000,000	75,844,889	319,372	19,710,000	75,796,756	571,671,017
Balance as at 31 December 2015		400,000,000	75,844,889	319,372	19,710,000	75,796,756	571,671,017
Profit for the year		-	-	-	-	50,764,776	50,764,776
Other comprehensive income for the year		-	-	-	-	1,740,108	1,740,108
Total comprehensive income for the year		-	-	-	-	52,504,884	52,504,884
Share-based payment transactions	4, 16	-	-	86,705	-	-	86,705
Dividends paid	22	-	-	-	-	(84,800,000)	(84,800,000)
Appropriation of retained earnings	16	-	-	-	3,000,000	(3,000,000)	-
Balance as at 31 December 2016		400,000,000	75,844,889	406,077	22,710,000	40,501,640	539,462,606

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

Cash Flow Statement

AIRA Factoring Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
Cash flows from operating activities			
Profit before tax		64,397,265	12,995,375
Adjustments to reconcile profit before tax to			
net cash provided by (paid from) operating activities:			
Depreciation and amortisation		4,398,303	4,629,918
Bad debt and doubtful accounts		3,250,812	52,349,615
Gain on disposal of equipment		(561,864)	-
Allowance for impairment loss on assets held for sale		622,300	1,296,800
Long-term employee benefit expenses		2,295,646	2,615,727
Share-based payment transactions		86,705	72,934
Interest expenses		38,851,077	51,033,204
Profit from operating activities before			
changes in operating assets and liabilities		113,340,244	124,993,573
Operating assets (increase) decrease			
Factoring receivables		229,482,894	80,824,422
Loans receivable		(25,238,959)	48,990,613
Other receivables		(2,088,061)	(2,593,750)
Other current assets		(233,228)	(130,275)
Deposits and guarantees		(610,101)	34,400
Operating liabilities increase (decrease)			
Retentions from factoring		6,313,596	(1,087,586)
Other payables		2,801,019	(115,172)
Other current liabilities		40,082,792	(5,973,592)
Cash paid for long-term employee benefits		-	(250,000)
Other non-current liabilities		86,443	236,779
Cash flows from operating activities		363,936,639	244,929,412
Cash paid for corporate income tax		(12,929,609)	(14,647,300)
Net cash flows from operating activities		351,007,030	230,282,112

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

Cash Flow Statement (continued)

AIRA Factoring Public Company Limited

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
Cash flows from investing activities			
Cash paid for acquisition of equipment		(5,035,494)	(1,232,384)
Cash paid for acquisition of intangible assets		(3,782,767)	(414,230)
Proceeds from disposal of equipment		561,964	-
Net cash flows used in investing activities		(8,256,297)	(1,646,614)
Cash flows from financing activities			
Decrease in short-term loans from financial institutions		(184,637,225)	(440,362,775)
Cash received from increasing share capital		-	240,000,000
Cash paid for interest expenses		(36,578,209)	(48,400,527)
Cash paid for dividend		(64,000,000)	(20,000,000)
Net cash flows used in financial activities		(285,215,434)	(268,763,302)
Net increase (decrease) in cash and cash equivalents		57,535,299	(40,127,804)
Cash and cash equivalents at beginning of year		5,405,308	45,533,112
Cash and cash equivalents at end of year	7	62,940,607	5,405,308
Supplemental cash flow information			
Non-cash items			
Purchase of equipment recorded as liabilities		1,540,194	-
Dividend payables		20,800,000	-
Actuarial gains - net of income tax		1,740,108	-

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

Notes to Financial Statements

AIRA Factoring Public Company Limited

For the year ended 31 December 2016

1. General information

1.1 Corporate information

AIRA Factoring Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Market for Alternative Investment (MAI) on 25 August 2004. Its parent company is AIRA Capital Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in receivable factoring. The registered office of the Company is at No. 319, Chamchuri Square, 20th floor, Phayathai Road, Pathumwan Sub-District, Pathumwan District, Bangkok.

2. Basis of preparation

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

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

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

3. New financial reporting standards

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

During the year, the Company has 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 Company’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) and new accounting treatment guidance 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 Company believes that the revised and new financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Interest income from factoring

Interest income from factoring is recognised in the profit or loss using the effective interest rate method, over the period of debts being factored.

Fees and services income

Fees and services income is recognised when rights have been transferred or when services have been rendered taking into account the stage of completion.

Other income

Other income is recognised in the profit or loss on an accrual basis.

4.2 Expenses recognition

Finance cost

Interest expenses and similar costs are recognised on an accrual basis and charged to the profit or loss for the period in which they are incurred.

Other expenses

Other expenses are recognised in the profit or loss on an accrual basis.

4.3 Cash and cash equivalents

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

4.4 Factoring receivables

Factoring receivables are stated at the amount net of allowance for doubtful accounts and discount on factoring in advance.

4.5 Loans receivable

Loans receivable are stated at principal amount net of allowance for doubtful accounts.

4.6 Allowance for doubtful accounts

The allowance for doubtful accounts for factoring receivables is set at the higher of:

- (1) A percentage of net factoring receivables (i.e. factoring receivables less factoring payables) as follows:

Net factoring receivables	%
Not yet due	0
Past due up to 3 months	0
Past due over 3 months but within 6 months	20
Past due over 6 months	100

- (2) 0.25% of total net factoring receivables

In addition, the Company considers to set up additional allowance for doubtful accounts for each debtor based on collection experience and analysis of debt aging.

Allowance for doubtful accounts for loans receivable and other receivables is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Bad debts are written-off as incurred.

4.7 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms, the fair value of the receivables after restructuring is based on the net present value of expected future cash flows, discounted by the interest rate under the modified terms which forms the basis for making collection from the debtor. Differences between the fair values of receivables as of the restructuring date and their previous book values are recorded in "Revaluation allowance for debt restructuring", and recognised as an expense in profit or loss in the statement of comprehensive income in the year in which the restructuring takes place. The Company reviews such revaluation allowance based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments to the allowance against impairment of loan receivable.

4.8 Equipment/Depreciation

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

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

Computers	-	3 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

Computer software	5	years
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4.10 Related party transactions

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

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

4.11 Long-term leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment, intangible assets and assets held for sale whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.14 Provisions

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

4.15 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 recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 utilised.

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

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

4.16 Share-Based Payment

The parent company allotted warrants under Employee Stock Option Plan to employees of the Company.

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital contribution from parent company" in shareholders' equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Equipment/Depreciation

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

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6. Related party transactions

The nature of the relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
J R K Holdings Co., Ltd.	Major shareholder of parent company
AIRA Capital Plc.	Parent company
AIRA Securities Plc.	Common parent company
AIRA International Advisory (Singapore) Pte. Ltd.	Common parent company
AIRA Property Plc.	Common parent company
AIRA Leasing Plc.	Common parent company
AIRA Venture Capital Co., Ltd.	Common parent company
AIRA Advisory Co., Ltd.	Common directors
Aspiration One Co., Ltd.	Common directors
AIRA & AIFUL Plc.	Associated company of parent company and having common directors
TRAVELEX (Thailand) Limited	Common directors
Summit Windmill Golf Club Co., Ltd.	Common major shareholder
Private funds managed by AIRA Securities Plc.	Managed by AIRA Securities Plc.
Industrial Cleaning Services Plc.	Common major shareholder

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

(Unit: Million Baht)

	2016	2015	Transfer Pricing Policy
<u>Transactions with related company</u>			
Interest expenses	5	19	Money market rate

As at 31 December 2016 and 2015, the balances of the accounts between the Company and a related company are as follows:

(Unit: Thousand Baht)

	2016	2015
Factoring receivables, net – related party		
Related company	11,366	-
Short-term loans from financial institutions – related party		
Related company	-	497,655
Other payables – related party		
Related company	21	-
Dividend payables – related party		
Related company	14,882	-

During the year, movements of short-term loans from a related company are as follows:

(Unit: Thousand Baht)

Short-term loans	Related by	Balance as at 31 December 2015	Increase	Decrease	Balance as at 31 December 2016
<u>AIRA Securities Public Company Limited</u>	Common shareholders				
Face value of bills of exchange		500,000	300,000	(800,000)	-
Prepaid interest expenses		(2,345)	(2,488)	4,833	-
Bills of exchange - net		497,655	297,512	(795,167)	-

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	2016	2015
Short-term employee benefits	18	17
Post employment benefits	1	1
Total	19	18

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2016	2015
Cash	20	10
Deposits at financial institutions	62,921	5,395
Total	62,941	5,405

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.37% and 0.375% per annum (2015: 0.375% per annum).

8. Factoring receivables

(Unit: Thousand Baht)

	2016	2015
Factoring receivables	2,602,070	2,815,343
Accrued interest income from factoring	5,820	6,054
Total	2,607,890	2,821,397
Less: Factoring payables	(433,118)	(416,575)
Unearned interest income	(14,392)	(13,054)
	2,160,380	2,391,768
Less: Allowance for doubtful accounts	(43,941)	(42,595)
Factoring receivables - net	2,116,439	2,349,173

The balances of factoring receivables as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

Age of factoring receivables	2016	2015
Factoring receivables – unrelated parties		
Not yet due	2,478,273	2,667,214
Past due		
Up to 3 months	31,347	66,732
3 – 6 months	24,220	792
Over 6 months	54,022	80,605
Total factoring receivables – unrelated parties	2,587,862	2,815,343
Factoring receivables – related party		
Not yet due	14,208	-
Total factoring receivables – related party	14,208	-
Total factoring receivables	2,602,070	2,815,343

As at 31 December 2016, factoring receivables which were overdue for over 6 months amounting to Baht 54 million (2015: Baht 81 million) before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 18 million (2015: Baht 23 million). The Company has provided a full amount of allowance for doubtful accounts for such net receivables.

9. Loans receivable

(Unit: Thousand Baht)

	Current portion of loans receivable		Loans receivable – net of current portion		Total	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Loans receivable	13,403	12,369	77,877	53,672	91,280	66,041
Less : Allowance						
for doubtful accounts	(7,371)	(6,948)	(53,249)	(53,672)	(60,620)	(60,620)
Loans receivable – net	6,032	5,421	24,628	-	30,660	5,421

During the year 2012, the Company has restructured factoring receivables by means of modification of terms. The balance before restructuring amounted to Baht 73 million and the repayment period was about 7 years. However, this restructuring by modification of terms does not result in any loss. During the year 31 December 2015, the Company received interest payments totaling Baht 0.11 million (2016: Nil). As at 31 December 2016, such loans receivable has outstanding balance amounted to Baht 61 million (2015: Baht 61 million). However, the Company had fully set up allowance for doubtful accounts for such loans receivable.

And on 27 May 2016, the Company has restructured factoring receivables by means of modification of terms. The balance before restructuring amounted to Baht 30 million and the repayment period was about 5 years. However, this restructuring by modification of terms does not result in any loss. During the year ended 31 December 2016, the Company received principal and interest payments totaling Baht 2.40 million and Baht 0.71 million, respectively. As at 31 December 2016, such loans receivable has outstanding balance amounted to Baht 26 million.

10. Equipment

(Unit: Thousand Baht)

	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost:					
1 January 2015	4,396	10,061	878	14,902	30,237
Additions	936	255	42	-	1,233
31 December 2015	5,332	10,316	920	14,902	31,470
Additions	1,795	2,853	219	1,709	6,576
Disposals	(464)	(19)	(114)	(2,504)	(3,101)
31 December 2016	6,663	13,150	1,025	14,107	34,945
Accumulated depreciation:					
1 January 2015	3,588	4,109	525	9,369	17,591
Depreciation for the year	694	1,826	127	1,984	4,631
31 December 2015	4,282	5,935	652	11,353	22,222
Depreciation for the year	705	1,871	122	1,602	4,300
Depreciation on disposals	(464)	(19)	(114)	(2,504)	(3,101)
31 December 2016	4,523	7,787	660	10,451	23,421
Net book value:					
31 December 2015	1,050	4,381	268	3,549	9,248
31 December 2016	2,140	5,363	365	3,656	11,524
Depreciation for the year					
2015					4,631
2016					4,300

As at 31 December 2016, certain equipment items were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 10 million (2015: Baht 11 million).

11. Intangible Assets

(Unit: Thousand Baht)

	Computer software
Cost	
1 January 2015	-
Additions	414
31 December 2015	414
Additions	3,783
31 December 2016	4,197
Accumulated amortisation	
1 January 2015	-
Amortisation for the year	-
31 December 2015	-
Amortisation for the year	98
31 December 2016	98
Net book value	
31 December 2015	414
31 December 2016	4,099
Amortisation included in profit or loss for the year	
2015	-
2016	98

12. Assets held for sale

Details of assets held for sale are as follows:

(Unit: Thousand Baht)

	2016	2015
Machinery	12,300	12,300
Less: Allowance for impairment loss on assets held for sale	(3,069)	(2,447)
Machinery - net	9,231	9,853

A factoring receivable made partial settlement by transferring machinery to the Company. The Company is in the process of selling these assets.

13. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		2016	2015
	2016	2015		
Bank overdrafts	MOR	MOR	-	637
Promissory notes	2.90 - 3.40	3.05 - 3.75	1,545,000	1,229,000
Bills of exchange - related party	-	3.45 - 3.55	-	500,000
Less: Prepaid interest expenses			-	(2,345)
Total			1,545,000	1,727,292

As at 31 December 2016, the Company had credit facilities for bank overdrafts and short-term loans from financial institutions. Under these credit facilities, the Company has to comply with certain terms and conditions prescribed in the agreements such as not to mortgage, pledge or create of commitment over any fixed assets (Negative pledge) or maintain the financial ratio at the rate prescribed in the agreements, etc.

As at 31 December 2016, the credit facilities of the Company which have not yet been drawn down amounted to Baht 1,245 million (2015: Baht 1,030 million).

14. Provision for long-term employee benefits

Provision for long-term employee benefits which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	2016	2015
Defined benefit obligation at beginning of year	13,372	11,007
Included in profit or loss:		
Current service cost	1,829	1,994
Interest cost	467	385
Past service costs and gains or losses on settlement	-	236
Included in other comprehensive income:		
Actuarial gain arising from		
Financial assumptions change	(1,252)	-
Experience adjustments	(923)	-
Benefits paid during the year	-	(250)
Provisions for long-term employee benefits at end of year	13,493	13,372

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	2016	2015
Current service cost	1,829	1,994
Interest cost	467	385
Past service costs and gains or losses on settlement	-	236
Total expense recognised in profit or loss	2,296	2,615

Such expenses are included in administrative expenses in profit or loss.

The Company expects to pay Baht 2.18 million of long-term employee benefits during the next year (2015: Baht 0.02 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2015: 13 years).

Key actuarial assumptions used for the valuation date are as follows:

	2016 (% per annum)	2015 (% per annum)
Discount rate	2.25	3.50
Future salary increase rate	5.00	7.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	As at 31 December 2016			
	Discount rate		Salary increase rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%
Impact on the long-term employee benefit obligation	(0.6)	0.3	1.6	(1.3)

	As at 31 December 2015			
	Discount rate		Salary increase rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%
Impact on the long-term employee benefit obligation	(1.1)	0.5	1.5	(1.9)

15. Share capital

On 21 August 2015, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions.

- 1) To approve a change in the par value of the Company's ordinary shares from Baht 5.00 per share to Baht 0.25 per share.
- 2) To approve an increase in the registered share capital of the Company from Baht 200 million to Baht 400 million, through the issuance of 800 million additional ordinary shares at a par value of Baht 0.25 each to the existing shareholders. The newly issued ordinary shares will be allotted to the existing shareholders at a ratio of 1 existing ordinary share to 1 newly issued ordinary share, at a price of Baht 0.30 per share.

The Company registered a change in the par value of the ordinary shares with the Ministry of Commerce on 25 August 2015 and the increase in its share capital with the Ministry of Commerce on 30 September 2015. The additional shares of the Company were traded in the Market for Alternative Investment (MAI) from 6 October 2015.

16. Statutory reserve

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

17. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2016	2015
Salaries, wages and other employee benefits	55,091	45,148
Depreciation and amortisation	4,398	4,630
Bad debt and doubtful accounts	3,251	52,350
Specific business tax expenses	6,233	6,304
Examination fees on factoring documents	2,785	2,822
Office rental expenses	4,703	4,153

18. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	2016	2015
Current income tax:		
Current income tax charge	13,636	13,387
Deferred tax:		
Relating to origination and reversal of temporary differences	(4)	(537)
Income tax expenses reported in the statements of comprehensive income	13,632	12,850

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2016	2015
Deferred tax relating to actuarial gains	435	-

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	2016	2015
Accounting profit before tax	64,397	12,995
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	12,879	2,599
Unrecognised temporary differences	866	9,904
Effects of:		
Non-deductible expenses	308	396
Additional expense deductions allowed	(421)	(49)
Total	(113)	347
Income tax expenses reported in the statements of comprehensive income	13,632	12,850

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	As at 31 December 2016	As at 31 December 2015
Deferred tax assets		
Allowance for doubtful accounts	1,391	1,988
Allowance for impairment loss on assets held for sale	614	489
Provision for long-term employee benefits	2,699	2,675
Accrued rental expenses	143	126
Total	4,847	5,278

As at 31 December 2016, the Company has deductible temporary differences totalling Baht 100 million (2015: Baht 96 million), on which deferred tax assets have not been recognised as the Company believes that it is unlikely that the tax benefits can be utilised.

19. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the par value of the shares from Baht 5.00 per share to Baht 0.25 per share as discussed in Note 15. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the par value of the shares as a result of the change in the par value of the shares had been occurred at the beginning of the earliest period reported.

	2016	2015
Profit for the year (Thousand Baht)	50,765	145
Weighted average number of ordinary shares (Thousand shares)	1,600,000	1,021,370
Earnings per share (Baht/share)	0.0317	0.0001

20. Segment information

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

The one main reportable operating segment of the Company is the factoring business and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5% – 10% of basic salary and employees contribute to the fund monthly at the rate of 5% – 10% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2016 amounting to approximately Baht 2 million (2015: Baht 2 million) were recognised as expenses.

22. Dividends

Dividend	Approved by	Total dividend	Dividend per share
		(Thousand Baht)	(Baht)
Dividend from the 2014 net income	Annual General Meeting of the shareholders on 20 April 2015	20,000	0.50
Total for 2015		20,000	0.50

Dividend	Approved by	Total dividend	Dividend per share
		(Thousand Baht)	(Baht)
Annual dividend from the retained earnings	Annual General Meeting of the shareholders on 21 April 2016	16,000	0.01
Interim dividend No. 1 from the retained earnings	Meeting of the Company's Board of Directors on 10 August 2016	48,000	0.03
Interim dividend No. 2 for the net profit of the operation results during 1 January 2016 to 30 September 2016	Meeting of the Company's Board of Directors on 14 December 2016	20,800*	0.013
Total for 2016		84,800	0.053

* The interim dividend No. 2 for 2016 is to be paid to the Company's shareholders on 13 January 2017. As at 31 December 2016, the Company separately presented this transactions as "Dividend payables" in the statement of financial position.

23. Commitments

23.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally 9 years. Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Payable:		
In up to 1 year	6	4
In over 1 and up to 5 years	23	19
In over 5 years	2	7

23.2 Capital commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 5 million (2015: Nil), relating to software computer improvements.

24. Financial instruments

24.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions, retentions from factoring, dividend payables, excess receipts awaiting to repay and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to factoring receivables, loans receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of customers and follows up customers with overdue accounts in accordance with credit control practices, and considers the amount of retentions from factoring, dividend payables, excess receipts awaiting to repay and other obligation assets as collateral for each customer according to the assessed credit risk. Therefore, the Company does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of factoring receivables, loans receivable and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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

(Unit: Million Baht)

	As at 31 December 2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	9	54	63	0.37 - 0.375
Factoring receivables	2,116	-	-	-	-	2,116	5.50 - 15.00
Loans receivable	6	25	-	-	-	31	4.50 - 8.50
Other receivables	-	-	-	-	2	2	-
	2,122	25	-	9	56	2,212	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	1,545	-	1,545	Note 13
Retentions from factoring	-	-	-	-	53	53	-
Dividend payables	-	-	-	-	21	21	-
Excess receipts awaiting to repay	-	-	-	-	58	58	-
Other payables	-	-	-	-	28	28	-
	-	-	-	1,545	160	1,705	

(Unit: Million Baht)

	As at 31 December 2015						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	-	5	5	-
Factoring receivables	2,349	-	-	-	-	2,349	5.85 - 15.00
Loans receivable	5	-	-	-	-	5	6.00 - 9.93
	2,354	-	-	-	5	2,359	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	443	-	-	1,284	-	1,727	Note 13
Retentions from factoring	-	-	-	-	46	46	-
Excess receipts awaiting to repay	-	-	-	-	18	18	-
Other payables	-	-	-	-	3	3	-
	443	-	-	1,284	67	1,794	

Liquidity risk

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

The Company has established a liquidity management policy, to ensure that the Company has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits.

Foreign currency risk

The Company is not exposed to foreign currency risk because no trading transactions are denominated in foreign currency.

24.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, loans and borrowings bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in statement of financial position.

25. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt-to-equity ratio was 3.16:1 (2015: 3.17:1).

26. Event after the reporting period

On 22 February 2017, the Board of Directors of the Company passed a resolution to propose for consideration by a meeting of the parent company's Board of Directors a dividend payment for the year 2016 of Baht 0.023 per share, or a total of Baht 36.80 million, to be paid from the 2016 net income. The Company has paid an interim dividend of Baht 0.013 per share, or a total of Baht 20.80 million and the balance is Baht 0.01 per share, or a total of Baht 16.0 million. The payment of the dividend is made pending approval by resolutions passed by a meeting of the parent company's Board of Directors and a meeting of shareholders.

27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.

Financial Performance Explanation and Analysis

Economic Environment and Impact

The outlook of factoring business in year 2016 expanded at slow growth rate due to supporting factors derived mainly from the Government 's spending to water management projects, road transportation systems, and infrastructure investment projects as outlined under rapid transportation operation plan 2016. While the private sector was gradually recovered from previous year due to low interest rate and the Government's investment projects had shown obviously progress.

The private consumption had continuously expanded from the previous year which supported by expansion of income and employment in service sector. However sluggish economy of partner countries had adversely affected to contraction of Thailand Export which resulted factoring volume of the Company in 2016 to be remained.

Overall Performance.

The Company's factoring volume did not meet expectation due to the gradual pace of Thai economy. These resulted to concentrate on customers and clients quality owing to fragile economy and SMEs. The overall performance in 2016, the Company's total revenues amounted to 189.59 million Baht, decreased by 1.60 million Baht or 0.84% compared to the previous year. However the overall performance remains satisfaction as net profit for 2016 stood at 50.77 million Baht or earning per share at 0.0317 Baht.

Performance Analysis for year 2016 compared to year 2015.

Performance and Profitability

For year 2016 and 2015, interest income from factoring were 149.89 million Baht and 155.96 million Baht or equivalent to 79.06% and 81.57% of total revenues respectively, decreased by 3.89% due to reduction of factoring volume. The fees and services income were 37.86 million Baht and 30.97 million Baht or 19.97% and 16.20% respectively, growth rate at 22.25%. The Company's other income were 1.84 million Baht and 4.26 million Baht or equivalent to 0.97% and 2.23% respectively, dropped by 56.81%. Total revenues were 189.59 million Baht and 191.19 million Baht respectively. Finance costs were 38.85 million Baht and 51.03 million Baht or equivalent to 20.49% and 26.69% respectively, dropped by 23.87%. Resulting to the gross profit stood at 148.90 million Baht and 135.90 million Baht or equivalent to 79.31% and 72.70% of core revenues respectively, increased by 9.57% due to finance costs dropped by 23.87%.

(Unit : thousand Baht)

Statement of compressive income	31 Dec 16	%	31 Dec 15	%	Changed	
					Value	%
Revenues						
Interest income from factoring	149,894	79.1%	155,961	81.6%	(6,068)	(3.9%)
Fees and services income	37,856	20.0%	30,971	16.2%	6,885	22.3%
Finance cost	(38,851)	20.5%	(51,033)	26.7%	12,182	(23.9%)
Gross Profit	148,899	79.3%	135,898	72.7%	13,001	9.6%
Other Income	1,839	1.0%	4,260	2.2%	(2,421)	(56.8%)
Total revenues	189,589	100.0%	191,192	100.0%	(1,603)	(0.8%)

* Gross income percentage is calculated from the Gross income divided by the core revenue which the core revenue includes Interest income from factoring and Income from fees and services where it corresponds to the core business of the Company

For year 2016 and 2015, the Company's administrative expenses were 86.34 million Baht and 127.16 million Baht or equivalent to 45.54% and 66.51% respectively, and dropped by 32.10% because in 2015 the Company set allowance for doubtful accounts of overdue amount aging exceeded 180 days for full amount (100%), resulted to net profit of 2016 at 50.77 million Baht or 26.78% and return on equity at 9.41%.

(Unit : thousand Baht)

Statement of compressive income	31 Dec 16	%	31 Dec 15	%	Changed	
					Value	%
Expenses						
Administrative expenses	(86,341)	45.5%	(127,163)	66.5%	40,822	(32.1%)
Profit before income tax expenses	64,397	34.0%	12,995	6.8%	51,402	395.6%
Income tax expenses	(13,632)	7.2%	(12,850)	6.7%	(782)	6.1%
Profit (loss) for the p eriod	50,765	26.8%	145	0.1%	50,620	34,910.3%
Other comprehensive income:						
Other comprehensive income for the year	1,740		-		1,740	
Total comprehensive income for the period	52,505	27.7%	145	0.1%	52,360	36,110.3%
Basic earnings per share	0.0317		0.0001			

Financial Status

The Company's total assets, the ending year 2016 and the ending year 2015, were 2,244.64 million Baht and 2,386.76 million Baht respectively, decreased by 142.12 million Baht or dropped by 5.95%.

Current assets the ending year 2016 and the ending year 2015, were 2,188.58 million Baht and 2,360.85 million Baht or equivalent to 97.50% and 98.91% of total assets respectively. Current assets comprised of the following;

1. Cash and cash equivalents the ending year 2016 and the ending year 2015, were 62.94 million Baht and 5.41 million Baht, equivalent to 2.80% and 0.23% of total assets respectively.
2. Factoring Receivables, the ending year 2016 and the ending year 2015, were 2,116.44 million Baht and 2,349.17 million Baht or equivalent to 94.29% and 98.43% of total assets respectively, decreased by 232.73 million Baht or 9.91%.
3. Net of current portion of loans receivable, the ending year 2016 and the ending year 2015, were 6.03 million Baht and 5.42 million Baht or equivalent to 0.27% and 0.23% of total assets respectively.

Non-current assets, the ending year 2016 and the ending year 2015, were 56.06 million Baht and 25.91 million Baht or equivalent to 2.50% and 1.09% of total assets respectively, rose by 30.15 million Baht or 116.33%.

(Unit : thousand Baht)

Statement of financial position	31 Dec 16	%	31 Dec 15	%	Changed	
					Value	%
Current Assets						
Cash and cash equivalents	62,941	2.8%	5,405	0.2%	57,535	1064.4%
Factoring receivable	2,116,439	94.3%	2,349,173	98.4%	(232,732)	(9.9%)
Current portion of loans receivable	6,032	0.3%	5,421	0.2%	611	11.3%
Other receivable	2,388	0.0%	300	0.0%	2,088	695.9%
Other current assets	779	0.0%	546	0.0%	233	42.7%
Total current assets	2,188,579	97.5%	2,360,845	98.9%	(172,266)	(7.3%)
Non-current assets						
Loan receivable	24,628	1.1%	0	0.0%	24,628	
Equipment	11,524	0.5%	9,248	0.4%	2,276	24.6%
Intangible assets	4,099	0.2%	414	0.0%	3,684	889.5%
Deposits and guarantees	1,729	0.1%	1,119	0.0%	610	54.5%
Deferred tax assets 4,847	0.2%	5,278	0.2%	(431)	(8.2%)	
Assets held for sale 9,231	0.4%	9,853	0.4%	(622)	(6.3%)	
Total non-current assets	56,058	2.5%	26,912	1.1%	30,145	116.3%
Total assets	2,244,637	100.0%	2,386,757	100.0%	(142,121)	(6.0%)

Total liabilities, the ending year 2016 and the ending year 2015, were 1,705.17 million Baht and 1,815.09 million Baht or equivalent to 75.96% and 76.04% of total liabilities and shareholder's equity respectively, decreased by 109.91 million Baht or 6.10%. Because current liabilities, bank overdrafts and short-term loans from financial institutions as at the ending year 2016 and the ending year 2015, had 1,545.00 million Baht and 1,727.29 million Baht or equivalent to 68.83% and 72.37% of total liabilities and shareholder's equity respectively or decreased by 182.29 million Baht or 10.55%.

Unit : thousand Baht)

Statement of financial position	31 Dec 16	%	31 Dec 15	%	Changed	
					Value	%
Current liabilities						
Bank overdrafts and short-term loans						
from financial institutions	1,545,000	68.8%	1,727,292	72.4%	(182,292)	(10.6%)
Retention from factoring	52,592	2.3%	46,279	1.9%	6,314	13.6%
Other payable	27,879	1.2%	2,810	0.1%	25,069	892.2%
Income tax payable	6,514	0.3%	5,807	0.2%	707	12.2%
Other current liabilities	58,979	2.6%	18,896	0.8%	40,083	212.1%
Total current liabilities	1,690,964	75.3%	1,801,083	75.5%	(110,119)	(6.1%)
Non-current liabilities						
Provision for long-term employee benefits	13,493	0.6%	13,372	0.6%	121	0.9%
Other non-current liabilities	718	0.0%	631	0.0%	86	13.7%
Total non-current liabilities	14,211	0.6%	14,004	0.6%	207	1.5%
Total liabilities	1,705,174	76.0%	1,815,087	76.0%	(109,913)	(6.1%)

Liquidity and Capital Adequacy

For the ending year 2016 and the ending year 2015, shareholders' equity was 539.46 million Baht and 571.67 million Baht or equivalent to 24.00% and 24.00% of total liabilities and shareholder's equity respectively, dropped by 32.21 million Baht or 5.63% and as at ending year 2016 retained earnings were 63.21 million Baht.

(Unit : thousand Baht)

Statement of financial position	31 Dec 16	%	31 Dec 15	%	Changed	
					Value	%
Shareholders' equity						
Issued and fully paid-up	400,000	17.8%	400,000	16.8%	0	0.0%
Share premium	75,845	3.4%	75,845	3.2%	0	0.0%
Capital contribution from parent company	406	0.0%	319	0.0%	28	8.7%
Retained earnings: Appropriated	22,710	1.0%	19,710	0.8%	3,000	15.2%
Unappropriated	40,502	1.8%	75,797	3.2%	(35,236)	(46.5%)
Total shareholders' equity	539,463	24.0%	571,671	24.0%	(32,208)	(5.6%)
Total liabilities and shareholders' equity	2,244,637	100.0%	2,386,758	100.0%	(142,121)	(6.0%)

For the ending year 2016 and the ending year 2015, debt to equity ratio stood at 3.16 times and 3.18 times respectively, dropped by 0.02 times.

As at the ending year 2016, the Company had available credit facilities which had not yet been drawn down amounted to 1,245 million Baht. Indicating the Company has capital and adequacy funding sources, low financial risk and liquidity for carry on business operations.

Commitments and Contingent Liabilities

The Company has entered into lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally 9 years. Future minimum lease payments required under these non-cancellable operating leases.

Factors which may adversely impact to the performance

Credit Risk

The Company is exposed to credit risk primarily with respect to factoring receivables, loans receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of customers and follows up customers with overdue accounts in accordance with credit control practices, and considers the amount of retentions from factoring, dividend payables, excess receipts awaiting to repay and other obligation assets as collateral for each customer according to the assessed credit risk. Therefore, the Company does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of factoring receivables, loans receivable and other receivables as stated in the statement of financial position.

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The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Company incurring a financial loss. The Company has established a liquidity management policy, to ensure that the Company has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits.



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