

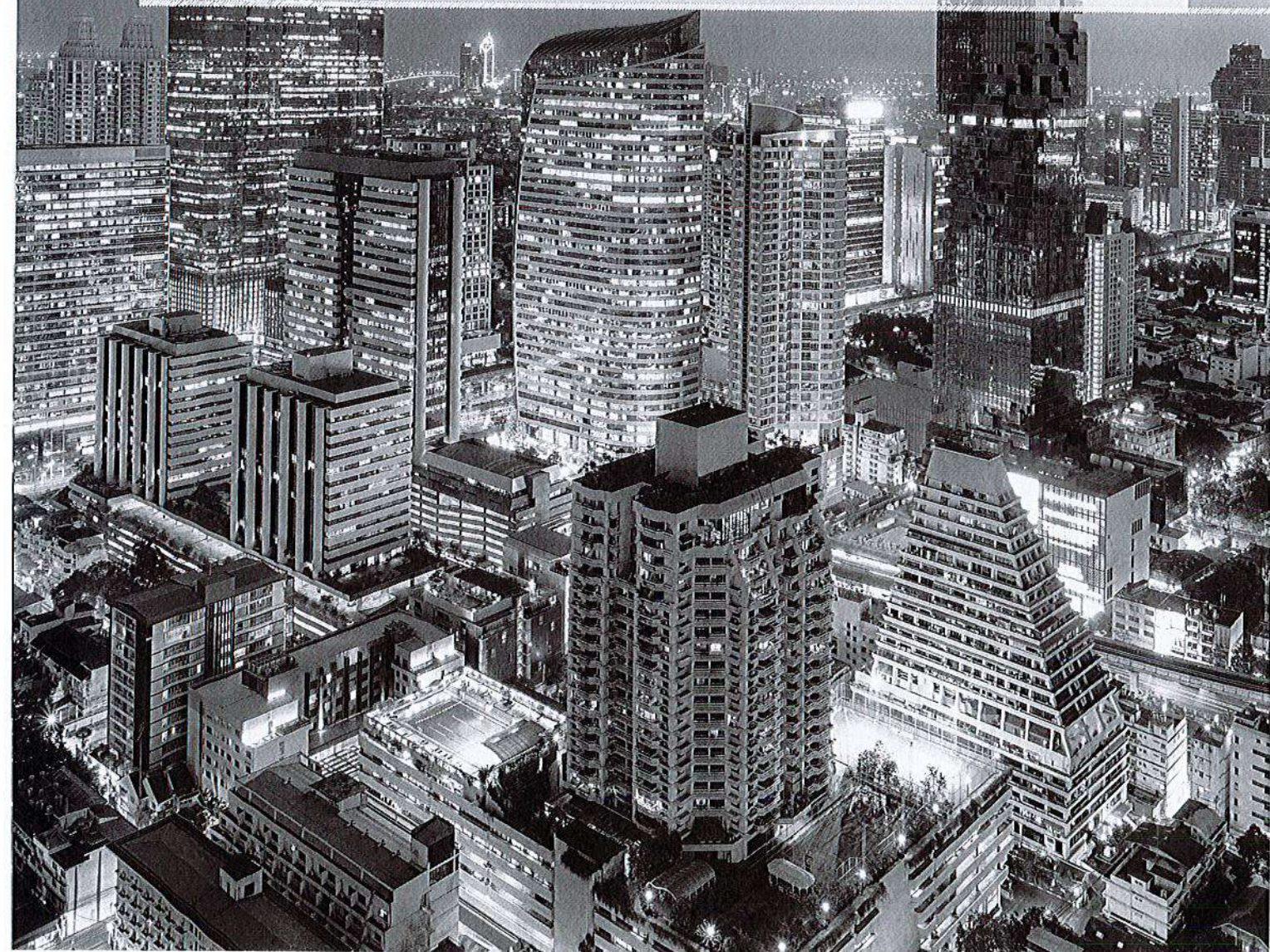


รายงานประจำปี 2560 **ANNUAL REPORT 2017**

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

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Message from the Chairman

Thai economy outlook continuously expanded for the year 2017 which mainly supported by external demand, especially derived from the export sector. The export trend was likely good expansion and diversification on various products. These resulted to boost up private consumption uninterrupted. Moreover; stimulation of public expenditure on various infrastructure projects issued by the Government, these were significant means to move forward the domestic economy. These created more confidence

and stimulus onshore private sector investment significantly. Interest rate trended to be low for entire year 2017 which was helpful for expansion on private sector investment. As a result, the private investment in 2017 was likely to recover from the previous year in line with overall private consumption expansion, following spending on durable goods and services that was likely to growth. Exports and private consumption expanded and resulted to enlargement of industrial manufacturing accordingly. However, the overall purchasing powers were not solid and through reflected on household income in agriculture, which turned contraction from the same period last year.

The Company's business outlook for 2017, the Company reported operating revenue increasing of Baht 31.33 million from previous year. In 2017, the total revenue amounted to Baht 220.93 million, increased by 16.5% compared to last year. The key factor of increasing revenue boosted from the recovery of Thai economy in 2017 as well as the Company set a course for clear strategy by focusing on medium and small business sectors. In addition, we have well prepared, continue to seek new opportunities in business and paid attention for developing our information technology system which can support our business expansion and enhancing our own efficiency. On this junction, these resulted to have profit of Baht 53.27 million, increased by 4.9% from previous year, as increasing of factoring volume. Moreover, the Company retained its net yield at acceptable pace against its loan asset and credit control effectiveness.

For the year 2018, the Company determines to be a crucial mechanism to support Thai economy. In particular small and medium enterprises sector in order to strengthen SME sector's competency potential under all economic conditions sustainably. Besides, the company also gives priority to asset quality and adherence to Good Corporate Governance principles as well as developing of quality personnel for the most benefit for all shareholders and stakeholders in the long run.

On behalf of the Board of Directors, I would like to express gratitude to all our shareholders, clients. Your continued support is greatly appreciated. Moreover I would also like to thank all executives and employees for the devoted dedication to the Company throughout the year.

A handwritten signature in dark ink, appearing to read 'T. Limpiti', written over a horizontal dotted line.

(Mrs. Tongurai Limpiti)
Chairman

A man in a dark suit is seen from behind, walking away from the camera towards a city skyline. The skyline is composed of various skyscrapers and buildings, some of which are partially obscured by the man's figure. The overall tone is professional and forward-looking.

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"

Financial Highlight 2017

Financial Summary	2017	2016	2015
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Financial position (mb)

Cash and cash equivalents	61.06	62.94	5.41
Total assets	2,780.00	2,244.64	2,386.76
Total liabilities	2,235.00	1,705.17	1,815.09
Total shareholders' equity	545.00	539.46	571.67

Results of Operations (mb.)

Interest income from factoring	172.27	149.89	155.96
Fee and services income	46.80	37.86	30.97
Total revenues	221.00	189.59	191.19
Financial costs	51.08	38.85	51.03
Operating expenses	114.60	86.34	127.16
Net Profit	53.27	50.50	0.14

Ratio Analysis

Quick Ratio	1.23	1.29	1.31
Gross Profit Margin (%)	76.88	79.31	72.70
Gross Profit Margin (%)	24.11	26.92	0.08
ROE (%)	9.82	9.14	0.03
ROA (%)	1.92	2.26	0.01
Debt to asset ratio (%)	0.80	0.76	0.76
Debt to equity ratio (%)	4.10	3.16	3.18

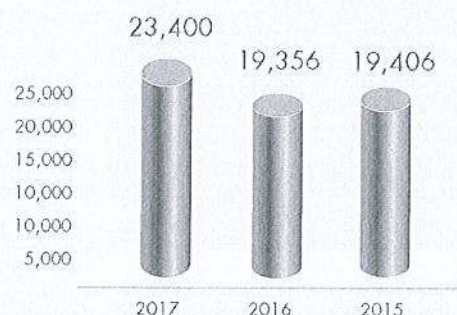
Book value per share (baht per share)

Earnings per share	0.0333	0.0317	0.0001
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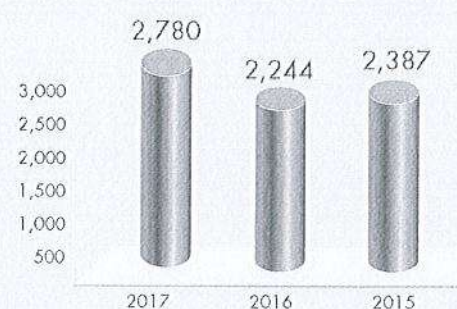
Volume

In the year 2017, The Company's have purchase volume was 23,400 million baht, up 20.89 percent from the previous year. This is mainly due to the increased volume of claims.



Assets

The Company's total assets, the ending year 2017 and the ending year 2016, were 2,779.88 million Baht and 2,244.64 million Baht respectively, increased by 535.24 million Baht or 23.80% because of increasing factoring receivable at ending year 2017.



Revenues

For year 2017 and 2016, interest income from factoring were 172.27 million Baht and 149.89 million Baht or equivalent to 78.0% and 79.1% of total revenues respectively, increased by 14.9% compared to the previous year owing to the increasing of factoring business volume.



Other Income
Fees and services income
Interest income from factoring

Net Profit

For year 2017, The Company's have profit stood at 53.27 million Baht or 24.1% of total revenues, rose by 2.5 million Baht or 4.9%



Board of Director and Subcommittee



Mrs. Tongurai Limpiti
Chairman and Independent Director

Khun Tongurai graduation has Bachelor's degree of Accounting from Chulalongkorn University and MBA (Accounting and Finance), University of Wisconsin, Madison, USA.

Khun Tongurai has a long history of working in the banking and finance sector during the years 2014-2016. She has served as Deputy Governor Institutional stability Of the Bank of Thailand. With experience and knowledge in the supervision of the money market and capital market as well as financial expertise. Khun Tongurai has played an important role in the development of the management and control of the company.



Mr. Kunakorn Makchaidee
Director, Independent Director and
Chairman of Audit Committee

Khun Kunakorn has Bachelor's degree of Accounting from University of the Thai Chamber of Commerce and MBA (Finance) from Delta State University, USA.

Khun Kunakorn had been position Independent Director and Audit Committee of Bangkok Ranch Plc. During 1992-2009, Khun Kunakorn has held various positions in private companies such as Director of Chao Khun Agro Products Co., Ltd and Director of Business Venture Promotion Co., Ltd.

Khun Kunakorn has brought expertise in accounting and finances and risk management to benefit the Company as independent directors and the Chairman of the Audit Committee.



Mrs. Ladavan Tanatanit
Director, Chairman of Executives
Committee and Authorized Director

Khun Ladavan has Bachelor's degree of Business Administration, Finance from Thammasat University and Master degree of Business Administration, Finance and Banking, Eastern New Mexico University, USA.

Khun Ladavan has knowledgeable in money market and capital market. Prior to joining Bangkok Bank Plc. She had been position the Executive Vice President responsible for real estate business between 1998-2005 and 2006-2008 Held the position Director and Executive Director Small and Medium Enterprise Development Bank of Thailand she is also a member of the Board of Directors. Fiscal Policy Office In 2007-2010, she also served as a member of the National Innovation Board. National Innovation Agency Ministry of Science and Technology. Also in the year 2007-2011 Khun Ladavan had position Director In the Consumer Protection Board The Prime Minister

Khun Ladavan has the experience, knowledge and expertise in finance. Used to perform fully. It is very useful for the operation of the company.



Mrs. Yajai Pattanasukwasun
Director, Audit Committee, Independent
Director and Chairman of Nomination and
Remuneration Committee

Khun Yajai has Bachelor's degree of Accountancy from Thammasat University and Bachelor's degree of Laws from Sukhothai Thammathirat Open University and Master degree of Public Administration from Chulalongkorn University.

Khun Yajai has knowledgeable in legal and accounting. She had experienced in various organizations. At the currently Khun Yajai has positions Director, Director of Executive Committee, Director of Corporate Governance Committee, Director of Nomination and Remuneration, and Legal Adviser Government Pharmaceutical Organization and In 2012-2014 had position Director, Chairman of Risk Management Committee, Director of Corporate Governance and Property Development from MCOT Plc.

Khun Yajai has the knowledge of accounting skills and the law to serve as independent directors and audit committees



Mrs. Naline Ngamsetthamas
Director, Executive Committee,
Nomination and Remuneration Committee
and Athorized Director

Khun Naline has Bachelor's degree of Science from Srinakharinwirot University and Master degree of Business Administration (Finance Management) from National Institute of Development Administration (NIDA) and Certificate Master Marketing Management of Thammasat University and University of Gutenberg and Ph.D. (Honorary Degree) in Finance from Sripatum University.

Khun Naline has many years of experience working with some of the world's leading organizations. Current position Director and Director of Executive Committee Nok Airline Plc. and Authorized Director and Chairman of the Board Nok Scoot Airline Co., Ltd and Authorized Director, Chairman of Investment Committee and Chief Executive Officer AIRA Capital Plc. In addition, Khun. Naline is the Director and Chairman of several of AIRA Group's affiliates.

With knowledge and experience in key positions and many large organizations Including being a professional manager. This is especially helpful in supporting the Board of Directors to manage the company.



Mr. Poonsak Thiapairat

Independent Director Audit Committee,
and Nomination and Remuneration
Committee

Khun Poonsak has Master degree of Science Program in Logistics from Chulalongkorn University and MBA (Finance and International Business) from Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Khun Poonsak has been appointed as a company director since 2004 and currently holds the position of Executive Director. Of Eternity Group.

As a director, Khun Poonsak has given comment and important role in supporting and encouraging the Company to have good corporate governance and sustainable development of company.



Mr. Visit Wongrumlap

Director and Chairman of Credit
Committee

Khun Visit has Bachelor's degree of Accounting from Thammasat University and study Politics and Governance in Democratic Systems for Executives Class 1 from King Prajadhipok's Institute.

Apart from being a director, Khun Visit still holds various positions. In many important organizations, such as during the year 2007-2015 he is a director of D.T.C. Industries Plc. and is currently a director of Bangchak Petroleum Plc. and independent director of the Don Muang Tollway Plc. and director of the Property Management Office, Thammasat University.

With expertise and long experience. Khun Visit. helping to support the management and operation of the company to grow strong and stable.



Mr. Wiwat Kongkasai

Director, Executive Committee, Credit Committee and Authorized Director

Khun Wiwat has Bachelor's degree of Accounting from Chulalongkorn University and Master degree of MBA from National Institute of Development Administration.

Khun Wiwat started working for the company in 1997 as Managing Director. Later on, he became the Chief Executive Officer. He was one of the founders of the company. It is a leader in the business of factoring.

With experience And the ability to manage the business for a long time. This is one of the directors who helped plan the strategy and great benefit to the company.



Mr. Wutthiphum Jurangkool

Director, Executive Committee and Authorized Director

Khun Wutthiphum has Bachelor's degree of Law from Ramkhamhaeng University and Executive MBA from Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Khun Wutthiphum has experience working with several leading organizations, such as Director and Authorized Director of Thai Steel Cable Plc. and Director of Aspiration One Co., Ltd. and Director of AIRA and AIFUL Plc. and Director of Summit Keylex (Thailand) Co., Ltd. and Procurement Manager Of the many Summit Group companies.

Khun Wutthiphum has qualification is a new concept and importance of customer to use in the operation of the company. It also plays an important role in the success of managing the company.



Mrs. Kongkeaw Piamduaytham
Credit Committee

Khun Kongkeaw has Bachelor's degree of Economic (first-class honors) from Chiang Mai University and Bachelor of Laws from Ramkhamhaeng University and Master degree of Business Administration (Finance) from Washington State University, USA.

At present, Khun Kongkeaw holds the position Chairman of Audit Committee of Muangthai Leasing Plc. and Authorize Director and Chairman of Good Governance Committee of AIRA Capital Plc. and Chairman of Audit Committee PAPOP Co.,Ltd. and Advisor of AIRA Securities Plc.

As a credit board member, Khun Kongkeaw has brought many knowledge and experience to work in the full function. This is a great benefit to the company.



Mr. Thongpol Boonnak
Credit Committee

Khun Thongpol has Bachelor's degree of Business Administration, Accounting Program from Ramkhamhaeng University and Mini MBA from Chulalongkorn University

In the year 2006-2015 Khun Thongpol has use to be Managing Director Operation and Support Group of AIRA Securities Plc. and during the year 2010-2011 Director of AIRA Capital Plc. Currently he holds position of Director Aspiration One Co.,Ltd.

Khun Thongpol has brought his expertise in accounting and finance used to benefit the performance of duties as a credit officer of the Company.

Management



Mr. Kanokkit Navasiri
Managing Director

Khun Kanokkit has Bachelor's degree of Finance from Thai Chamber of Commerce University and Master degree MBA from City University, Seattle, Washington, USA.

Khun Kanokkit started working for the company in 2002 as Director of Credit and Marketing. Later in the year 2014-2015 he was promoted to Managing Director and Acting Chief Executive Officer. Currently Managing Director.



Mr. Jirasak Arkawat
Executive Vice President of Operations

Khun Jirasak has Bachelor's degree of Accounting from Kasetsart University.

Khun Jirasak joined the company in 1999 as Vice President of Operations and in 2005-2017 Executive Vice President of Operations.

Khun Jirasak responsible for the documents at the customer transferred the claim to the company. The aim is to provide customers with fast service.



Mrs. Pornpilai Burasai
Executive Vice President of
Credit and marketing

Khun Pornpilai has Bachelor's degree of Economic from Thammasat University and Masters degree of Business Administration from Sasin Graduate Institute of Business Administration of Chulalongkorn University and Mini MBA from Chulalongkorn University and Graduated Diploma in English for Business and Management (EBM) from Thammasat University.

Khun Pornpilai joined the Company in 2011. She is currently the Assistant Managing Director of Credit and Marketing. She have experience in credit



Mr. Virut Danarthikhom
Executive Vice President of
Risk Management and Debt
Recovery

Khun Virut has Bachelor's degree of Economics from Ramkhamhaeng University and Bachelor of Law from Thammasat University and Master degree MBA from Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Khun Virut joined the company in 2015. He is currently the Executive Vice President of Risk Management and Debt Resolution. He responsible the risk management and tracking and Debt protection may be a problem and the management of non-performing loans (NPLs) of the Company.



Paisri Phakcharoenphol
Senior Vice President of
Accounting and Finance

Khun Paisri has Bachelor's degree of Accounting from Thai Chamber of Commerce University.

Khun Paisri joined the company in 2001 and is currently the Senior Vice President. Accounting and Financial Department Responsible for accounting work. she also provide financing for the company's loans.

General and Essential 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 or : MR. Chayapol Suppasertanon CPA Registration No. 3972 or : Mrs. Gingkarn Atsawarangsalit CPA Registration No. 4496 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 operating year 2017, the Company’s revenues expanded by 31.33 million Baht from the previous year. In year 2017, total revenues were 219.08 million Baht or increased by 16.69% compared to the previous year. Thai economy has expanded due to the Government has continually stimulated Thai economy. However, the Company has remained more stringent policy on client quality and preventive action to mitigate adverse effect to its operating activities.

The business overview throughout year 2017, the Company’s revenues expanded by 31.33 million Baht compared to previous year. In year 2017, total revenues were 219.08 million Baht or increased by 16.69% compared to the previous year. The total revenues gradually increased from previous year due to increasing of factoring volume in line with the expansion of economy which resulted from economic stimulus measured by the Government’s policy. However, the Company has retained its more stringent policy on quality control of clients to mitigate any adverse effects.

Revenue Structure

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

Type of Service	type 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 2017 to 2015:

Revenue Breakdown	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Interest Income from Factoring	172,274	77.98	149,894	79.06	155,961	81.57
Fees and Service Income	46,805	21.18	37,856	19.97	30,971	16.20
Other Income	1,850	0.84	1,839	0.97	4,260	2.23
Total	220,929	100.00	189,589	100.00	191,192	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 of 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 22.43% 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 2018 has limited growth which is in accordance to the overall business condition of Thailand for the same period. In the third quarter of year 2017, Thai's economy expanded by 4.3%, improving continually from 3.8% in the previous quarter which was the highest expansion in 18 quarters. On the expenditure side the expansion was supported by the acceleration of exports and the continual expansions of private consumption, government spending and total investment. On the production side, the production of the manufacturing distinctly recovered and supported to retail trade, the electricity, gas & water supply, as well as the fishery sectors expanded at accelerated rates. The agricultural sector maintained a high growth pace while the transportation & communication and the hotel & restaurants sectors favorably expanded. Nevertheless, the construction sector declined. After revision of seasonal adjustment, Thai economy in the 3rd quarter of 2017 was expanded by 1% from the 2nd quarter 2017. In the first 9 months of 2017, the Thai economy expanded by 3.8%.

- Private consumption expenditure favorably expanded in line with the improvement of income condition. In the third quarter of 2017, private consumption expenditure continually grew by 3.1%, slightly picked up from a 3.0% growth in the previous quarter. The continuous growth for private consumption expenditure was in line with the expansion of passenger cars sales, the VAT of hotel and restaurant index (at 2010 price), import of textiles (at 2010 price), which were at 10.9%, 5.1%, and 5.1% respectively. Sales of diesel and sales of beer grew by 4.5% and 15.2% respectively. The expansion of private consumption expenditure in this quarter was driven by the increasing income of the overall economy, together with consistently low inflation and low interest rates. Consumer Confidence Index pertaining the overall economic situation stood at 62.4.

- Private investment continually improved, supported by the expansion of investment in machinery and equipment. In the third quarter of 2017, private investment still expanded by 2.9% which picked up from 3.2% of previous quarter. The investment in machinery and equipment grew by 4.3%. The investment in construction contracted by 1.1%. Public investment contracted at 2.6% but seemed to be better than the previous quarter with reduction at 7%. Government expenditures against its budgets slightly reduced and stood at 19.6% compared to 20.1% of the same quarter in previous year. In the first 9 months of 2017, total investment expanded at 1.1%, public investment slightly contracted at 0.2% and private investment expanded at 1.6%.

- Exports in US dollar term accelerated in accordance with the accelerated economic expansion in key trading partners, and the increased commodity prices in world market. Export value in the third quarter of 2017 was recorded at 61.63 billion US dollars, representing a 12.5% growth, which was the highest growth rate in 19 consecutive quarters. The export quantity increased by 8.7%, due to the increase in all export categories, particularly agricultural products (16.6%) and manufacturing products (6.5%). The export price increased by 3.5%, mostly reflected the increase in price of crude oil, refined fuel, chemicals, plastic beads, rubber products, and rubber. Excluding unwrought gold, export value grew by 11.2%. In baht term, the export value increased by 7.7%. In the first 9 months total export value increased at 3.3% and equivalent into Thai Baht, export value was 5,953 billion Baht jumped by 5.9%.

- Agricultural sector maintained high growth rate while agricultural price declined; from high base due to the drought in the same period of last year; leading to a minor decline in farm income. In the third quarter of 2017, agricultural sector highly expanded by 9.9%, compared with 16.1% growth in the previous quarter. This was due to the expansion of 10.1% in agriculture and 8.6% in fishery. The improvement of agricultural sector was in line with the strong increase in Agricultural Product Index of 11.9%. Agricultural Product Index with positive growth included in-season paddy, cassava, maize, rubber, and fruits in tandem with growth in livestock and fishery production; particularly white shrimps. Agricultural Price Index decreased by 12.9% partly due to the increasing of agricultural products and high price base due to the drought in the same period of last year. Agricultural Price Index with negative growth included paddy, oil palm, maize, cassava, as well as livestock and fishery products (white shrimp in particular). However, price of rubber and sugarcane increased. Farm income's Index decreased by 2.6% mainly due to the decrease in agricultural price index. In the first 9 months agricultural products index increased by 10.5% while its price index reduced by 1.5%. These affected to agricultural price index increased by 8.9%.

- Manufacturing sector expanded by 4.3%, the highest growth rate in 18 quarters, in tandem with the strong expansion in export and the improvement of domestic demand. In the third quarter of 2017, manufacturing sector expanded by 4.3%, remarkably accelerated from 1.1% growth in the previous quarter along with the expansion of Manufacturing Production Index. Manufacturing Production Index of the industries with 30%-60% export share to total production grew by 8.6%, accelerated from 0.4% in previous quarter. Manufacturing Production Index of the domestic-oriented industry (with export share of less than 30 percent to total production) expanded by 2.6%, improved from the 1.4% contraction in previous quarter. This is due to an increase in production of key industries such as liquor & ethyl-alcohol products and vegetable oil, animal oil & animal fat. While, Manufacturing Production Index of the export-oriented industries (with export share of more than 60% to total production) contracted by 0.4%, mostly owing to the decline in the production of machinery for general purpose while most of other productions expanded. The average capacity utilization rate stood at 62.0%, improved from 58.5% in the same quarter last year. Manufacturing Production Index of most of key industries expanded including automotive parts & engine, vehicle, integrated circuit (IC), petroleum and coal, rubber & plastic product, other rubber products, and food & beverage. Manufacturing Production Index with negative growth included machinery for general purpose, jewelry, ornaments, & related items, and fabric fiber preparation and textile, etc. In the first 9 months the industry production index expanded at 1.4% and its average capacity utilization stood at 61.2%.

- Electricity, gas and water supply sector improved in line with an expansion of economic activities. In the third quarter of 2017, electricity, gas and water supply sector grew by 3.5%, accelerated from a contraction of 1.3% in the previous quarter. Production and sale of electricity generation increased by 4.4% due to the increase in consumption from large-scale manufacturing such as (i) food, beverage and tobacco, and (ii) fundamental metal product, along with wholesale and retail trade, as well as hotel and restaurant sector. Water supply production and distribution increased by 2.0%, following a 2.3% increase in the number of regional water users. Meanwhile, gas separation declined due to a deceleration in the supply of natural gas. In the first 9 months production of electricity, gas and water supply expanded by 1.3% due to production of electricity and water supply increased by 2.6% and 1.0% respectively while gas separation dropped by 4.7%.

- Hotels and restaurants sector expanded steadily. In the third quarter of 2017, hotels and restaurants sector expanded by 6.7%, compared to an increase of 7.5% in the previous quarter. The total tourism receipt was at 693.4 billion baht, increased by 9.5%, attributed by (i) foreign tourism receipts which were at 453.4 billion baht, grew by 8.8% growth comparing with 9.8% in the previous quarter. In particular, it was mainly contributed by Chinese, South Korean, Indian and US tourists; and (ii) Thai tourism receipts which were at 240.0 billion baht, increased by 11.0%. The average occupancy rate in the third quarter was at 63.71%, increased from 61.90% in the same quarter last year. In the first 9 months revenues of this sector expanded by 6.5%, total revenues stood at 1,330.1 billion Baht and number of tourist increased by 5.4% and average hotel occupancy rate was at 68.26%.

The Thai economy in 2017: it is expected that the growth will be 3.9%. Export value is expected to expand by 8.6% while private consumption and total investment will grow by 3.2% and 2.0% respectively. The headline inflation will be averaged at 0.7% and the current account is forecasted to register a surplus of 10.4% of GDP.

The Thai economic outlook for 2018: it is forecasted that the economy will expand in the range of 3.6%-4.6%, supported mainly by (i) a favorable growth of the global economy, (ii) an acceleration of public investment which will be supported by the progress of key investment projects and higher capital budget framework, (iii) the improving trend of private investment, (iv) the continual expansion of key production sectors, and (v) the improvement of employment and household income conditions. In all, it is expected that export value of goods will expand by 5.0 percent, private consumption and total investment will grow by 3.1% and 5.5% respectively. The headline inflation will be in the range of 0.9%-1.9% and the current account will register a surplus of 8.1% of GDP.

Source : Macroeconomic Strategy and Planning, Office of the National Economic and Social Development Board (NESDB)

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.

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. In 2018, the Company's objective will be carefully expanded its business even though Thai economy expects to be growth at 3.6%-4.6% but volatile of both internal and external factors remained. However, the Company believes all factors would not be adversely affected its growth rate due to factoring facility remains in high demand. Moreover, the Company has continually developed both operations and risk management systems to cater its expansion.

AIRA Factoring will intend to operate with good corporate 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 20 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.

Corporate Governance

Corporate Governance Report 2017

The Board of Directors realizes on the critical importance of corporate governance (CG) in the pursuit of sustainable growth, creation of long-term value and securing the trust of all stakeholders, including shareholders, customers, employees, partners and the community.

The Company is committed to the good corporate governance and code of conduct which is an important foundation for enhancing corporate governance. The Company therefore has adopted a written good corporate governance policy and code of conduct which is approved by the Board of Directors. The good governance policy and code of business Conduct has been acknowledged and strictly adhered to the directors, management and employees. Besides, the policy and main principles of good governance is also published on the Company's website; www.airfactoring.co.th in topic; "investor relations", corporate governance and "code of conduct".

During 2017, 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:

Corporate Governance Policy

In 2016, the Company has reviewed and revised the corporate governance policy in accordance with the guidelines of the government agencies. The revision is to be in line with the international standards and for sustainable growth of the company.

The Company's corporate governance practices in 2017 are summarized as follows:

1. Rights of Shareholders

The Company has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Company through easily accessible channels. In addition, shareholders are entitled to take part in material business decisions, e.g., payment of dividends, appointment and removal of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval of special transactions (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions). The shareholders may cast their votes on the aforesaid matters according to details provided in the Notice of an Annual General Meeting of Shareholders or, if applicable, the Notice of an Extraordinary General Meeting of Shareholders. The principles adopted by the Company in respect of treatment of shareholders are shown in detail on the Company's website (www.airfactoring.co.th) under the sequence of menu headings "Investor Relations", "Corporate Governance".

1.1 Shareholders' Meeting

In 2017, the Company held its Annual General Meeting of Shareholders (AGM) on 21 April 2017. The Company conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with the law, relevant regulations and good governance practices.

1) To ensure that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents, the Company posted the Notice of the AGM, accompanying documents, 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 2016 Annual Report (in CD-ROM format) was sent via post to shareholders at least 21 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 (including factual background, purposes, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. The Meeting Notice was also advertised in newspapers in accordance with law. Also, shareholders were entitled to receive the printed 2015 Annual Report before the date of the meeting from the company secretary upon request.

2) The Company recognizes shareholders' rights allows shareholders to submit questions in advance of the AGM to the company secretary through various channels, including via post or e-mail at kitikarn@airafactoring.co.th. The questions are collected and then proposed to the Board via the Nomination, Compensation and Corporate Governance Committee.

3) To encourage and facilitate participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM and exercise their rights in an equitable manner, the Company delivered the Proxy Form B to shareholders for the appointment of proxies to attend the meeting on their behalf in the event that they were unable to attend the AGM in person.

4) To facilitate attendance by all shareholders and proxy holders, the AGM was held during business hours and on a working day at Mandarin Room A, 1Fl, Mandarin Hotel, Rama IV Road, Pathumwan, Bangkok. On the meeting day, the registration counters were open at least two hours prior to the meeting time to facilitate procedural document checks and registration. The Company's meeting registration service made use of a bar code system. For efficiency and convenience, the Company allocated to each shareholder or proxy holder the ballot bearing the same bar code as their registration bar code for voting on each agenda item. The meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

5) The chairman presided as the chairman of the meeting and 10 directors the Company were in attendance together with the chairmen of Board committees, the Company's senior executives and the external auditors in order to clarify and respond to any questions or issues raised. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote counting practices for each agenda item. Holders

of the Company's ordinary and preferred shares, including 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. Voting and ballot counting were conducted openly, and the bar code system was employed in tabulating and reporting votes. Mr. Prawut Pravparn was assigned by the Company to review and inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Further, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner. In addition, Presentations were used at the meeting to highlight both the performance in 2016 and the business strategies for 2017. The chairman of the meeting allowed shareholders to ask questions and/or make recommendations on an equitable treatment basis and asked that comprehensive responses be 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 under 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 previously issued information at the meeting.

- 6) Following the meeting adjournment, the resolutions adopted were posted in both Thai and English on the websites of the Stock Exchange of Thailand and of the Bank on the meeting date. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Company's website within 14 days from the meeting date to provide shareholders with wide and early access to such documents. The minutes contained the list of directors and senior executives who attended the meeting, the voting procedures, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and senior executives, and the resolutions reached, together with the number of approval, disapproval and abstention votes on each agenda item that required voting.

1.2 Election of Director on an Individual Basis

Election of Director on an Individual Basis is part of the director election process, the profiles of directors nominated for election are disclosed in the notice of the AGM to support the shareholders' consideration. Each profile includes information such as the nominee's age, education, work experience, positions in other listed and non-listed companies, date of appointment as director, meeting attendance in the previous year, and type of directorship. In the case of independent directors, the Company additionally provides its definition of independent directors and other information such as their relationship or conflicts of interest with the Company, its parent companies, its subsidiary companies, its associate companies and any other parties having the authority to control the Company or juristic persons with potential conflicts of interest with the Company either at present and the past to their appointment as an independent director of the Company.

At every AGM, one-third of the directors retire by rotation. At the 2017 AGM, three directors retired by rotation. The Company arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to the voting on

other agenda items, only disapproval and abstention ballots were collected and tabulated. The AGM minutes clearly showed the voting results for each director appointed by the shareholders.

1.3 Determination of Director's Remuneration

As stipulated in the Company's Articles of Association approved by the shareholders' meeting, a director is entitled to receive remuneration from the Company through gratuities, meeting allowances, rewards, bonuses or other benefits consistent with the Articles of Association or the resolution of the shareholders' meeting. Such remuneration may be fixed or specified from time to time according to the regulations laid out, or may be allowed to remain in effect until changed. Further, a director is also entitled to a per diem and fringe benefits according to the regulations of the Company. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to recommend directors' remuneration to the Board prior to proposing the remuneration to an AGM for approval on an annual basis. The Board has set as a policy that the directors' remuneration should be: appropriate and commensurate with directors' scope of duties and responsibilities; comparable to other major listed companies and the same industry.

1.4 Communication Among the Company's Shareholders

The Company does not seek to prevent communication among its shareholders. Shareholders are at liberty to share information with each other and may request a copy of the list of the Company's shareholders from the Business Development Department of the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Company's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to the same shareholder rights and are treated on an equitable and fair basis. The principles of equitable treatment of shareholders, to which the Company has adhered, are provided on the Company's website (www.airafactoring.co.th) under the sequence of menu headings "Investor Relations", "Corporate Governance".

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship, and Questions Prior to the Shareholders' Meeting

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 2017 AGM from 1 November 2016 to 30 December 2016 and The Company invited shareholders to propose agenda items and candidates for directorship (including questions) for the 2018 AGM from 11 November 2017 to 31 January 2018.

2.2 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 2017, 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.

2.3 Ballots for Shareholders' Meeting

In the 2017 AGM, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected and retained for future examination. In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system was employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the Company requested shareholders to return all unused ballots to the Bank's officers and kept these ballots as evidence.

2.4 Protection of the using insider information from directors and employees

The Board of Director recognizes the importance of the internal control in order to prevent the director, management and employee from using internal information in a manner that is likely to cause damage to the Company. The Board also sets the principle about undertaking related party transaction in order to prevent the conflict of interest and requires directors and executives to report their interest according to definitions of the Securities and Exchange Act. The details are as follow;

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.

3.1 Clients and Customers

1) Prepare a fair contract with full understanding of the Clients about the service offered by the Company

2) 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.

3) Reasonable and careful advice be given to the Clients and Customers for the benefit and reasonable pleasure.

3.2 Creditors and Competitors

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

3.3 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:

1) To build a management system in order to achieve good relationship between managers and staff.

2) 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.

3) 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

4) 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:

5) 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.

6) 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

7) The Company provides provident fund for staff who works at one year anniversary term.

8) Regarding the Succession Planning policy of managements to fulfill corporate expansion or reexamination, such policies are well prepared for further expansions.

3.4 Society and environment

The Company firmly upholds and complies with the principle of Corporate Governance together with be prudent in concerning of society, environment and dedication to moral and transparent benefits. The Company therefore provides credit by focusing on SME sector because the Company believes economic stimulus measured by SME growth. The Company also creates awareness for employees in concerning on global warming crisis by persuading employees under campaign for instance "Think before Print" or Use the Re-use paper.

3.5 Anti Corruption

The Company determines to operate business with transparency and corruption-free as well as encourage every stakeholder to be consciousness of anti-corruption. The Company has proclaimed the anti-corruption policy as the guidelines for employees to strictly comply to and revised the policy at least once a year. In year 2017, the Company has sent the notification letter of declarations of Thailand's Private Sector Collective Action Coalition against Corruption to client, customers and debtor to acknowledge as well as trains Anti-Corruption policy and practices to its new and potential employees and communicate to every stakeholders to understand under the same policy. Moreover, the Company has established a whistle blowing channel that enables the stakeholders to report suspicious issues and specified punishment procedures for any employee who is involved in corruption-related issues via the internal audit department in order to monitor and report to the Board further.

3.6 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.

4.1 Disclosure Information

In 2017, 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.

4.2 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 2017 in which the auditor must not have any conflict of interest with the guidelines of the Stock Exchange of Thailand. The auditing fee for 2017 is equal to THB 900,000 which is an increase of THB 30,000 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.

4.3 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 Responsibilities of the Board

5.1 Board Composition

The Board of Director appoints the Nomination and Remuneration Committee to select and nominate qualified persons considering from knowledge, capability and experience that are beneficial to the Company's operation and shareholders. The Board consists of five representatives of the shareholders, four independent directors and one from executive committee (during consideration).

The Board of Director appoints the independent directors to take a position of chairman separated from the chief of executive committee and chief executive officer in order to be independent and transparent.

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.

The 3 independent directors¹ (representing 44.44 of the total directors) are Mrs. Tongurai Limpiti, Mr. Kunakorn Makchaidee, Mrs. Yajai Pattanasukwasun and Mr. Poonsak Thiapairat

Board of Director (As at December 31, 2017)

Name	Position	Date of appointment as director	Number of year in directorship
1. Mrs. Tongurai Limpiti	Chairman / Independent Director	November 10, 2016	1 year 11 months
2. Mrs. Ladavan Tanatanit	Director / Chairman of Executive Committee / Authorized Director	March 1, 2011	6 years 10 months
3. Mr. Kunakorn Makchaidee	Independent Director / Chairman of Audit Committee	April 5, 2005	12 years 8 months
4. Mrs. Yajai Pattanasukwasun	Independent Director / Audit Committee / Chairman of The Nomination and Remuneration Committee	August 14, 2014	3 years 4 months
5. Mr. Poonsak Thiapairat	Independent Director / Audit Committee / The Nomination and Remuneration Committee Director	February 25, 2004	13 years 11 months
6. Mrs. Nalinee Ngamsetthamas	/ Executive Committee / The Nomination and Remuneration Committee / Authorized Director	March 1, 2011	6 years 10 months
7. Mr. Visit Wongrumlap	Director / Chairman of Credit Committee	April 29, 2011	6 years 9 months
8. Mr. Wiwat Kongkasai	Director / Executive Committee / Credit Committee / Authorized Director	February 27, 2004	13 years 11 months
9. Mr. Wutthiphum Jurangkool	Director / Executive Committee / Authorized Director	April 29, 2011	6 years 9 months

Note: The director who has been approved from the Shareholder Meeting on April 21, 2017 has 10 persons. During year 2017, one of the Board of Director resigned the company then proceeds with the appointment of the new director.

5.2 Directors' Term of Position

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Those directors who have held office for the longest time period shall retire. In case the number of directors is not a multiple of three, the number of directors to retire shall be the number closest to one-third of all directors. Directors retiring by rotation may be re-elected to continue their office.

5.3 Segregation of Roles, Duties and Responsibilities

The Bank has clearly segregated the positions and authority of the chairman of the Board, the chairman of the Executive Committee, and the president and chief executive officer to enhance the effectiveness of performance, governance and transparency of internal operations as follows:

Chairman of the Board-The chairman of the Board of Directors is an independent director and shall not serve as the chairman of the Executive Committee or the president and chief executive officer of the Company, or be involved in the Company's routine management. This is in compliance with the principle of segregation of duties in policy formulation and oversight from those in operational management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending Board members to voice their opinions and ask questions; and to ensure that Board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the chairman is to ensure that the Bank's governance practices, such as the composition of the Board, directors' performance of duties, and succession planning for top executives, is in compliance with adopted policies.

Chairman of the Executive Committee-The chairman of the Executive Committee is a Board-appointed director with powers and duties to manage and control the business of the Company as delegated by the Board. The chairman of the Executive Committee is empowered to develop and implement key strategies and practices relating to the business of the Company.

Chief Executive Officer-The Chief Executive Officer will be principally in charge of setting the Company's strategic direction and policies, overseeing internal operations to ensure compliance with established plans and the corporate governance principles, and leading the Company toward the realization of its vision and sustainable growth.

5.4 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.

5.5 Sub Committee

The Company has four Board committees, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Credit Committee to assist the Board in screening specific matters as assigned by the Board. The meeting schedule of each Board committee is planned in advance for the entire year.

- **Audit Committee**

The Board of Director has appointed the Audit Committee to be responsible for review the financial report, internal control systems, risk management, compliance to the rules, regulations and policies and prepare report to provide any suggestion to the Board of Director to approve or propose to the shareholder meeting as follow

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 In performing its duties within the scope specified above, the Audit Committee shall be directly responsible to the Board of Directors. Nonetheless, the Board of Directors shall remain responsible to third parties for the acts of the Company.

As of 31 December 2017, the Audit Committee comprises three independent directors. The term of office of members of the Audit Committee shall be equal to the period of time that they remain Board of Director directorship. Two of three directors shall have appropriate expertise and experience in accounting and finance.

Name	Position
1. Mr. Kunakorn Makchaidee	Chairman of Audit Committee / Independent Director
2. Mrs. Yajai Pattanasukwasun	Audit Committee / Independent Director
3. Mr. Poonsak Thiapairat	Audit Committee / Independent Director

Ms. Somjai Amornchinopkarn: Secretary to the Audit Committee

Note : Mr. Kunakorn Makchaidee and Mrs. Yajai Pattanasukwasun have knowledge and experience in the review of financial statement.

● Executive Committee

The Executive Committee shall be appointed by the Board of Directors. The number of Executive Committee members shall be determined by the Board. The Board of Directors shall appoint a number of Board members, and may appoint any other person, or persons, who hold management positions at the Company or are outside individuals, to be members of the Executive Committee. The term of office of members of the Executive Committee shall be equal to the period of time that they remain Board of Director directorship.

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

As at December 31, 2017 the Executive Committee of the Company is comprised of 4 members as follows :

Name	Position
1. Mrs. Ladavan Tanatanit	Chairman of Executive Committee
2. Mrs. Naline Ngamsetthamas	Executive Committee
3. Mr. Wutthiphum Jurangkool	Executive Committee
4. Mr. Wiwat Kongkasai	Executive Committee

Ms. Kittakarn Pakham : Secretary to the Executive Committee

● **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

As at December 31, 2017 the Nomination and Remuneration Committee of the Company is comprised of 3 persons, consists of the Independent Directors of 2 persons as follows :

Name	Position
1. Mrs. Yajai Pattanasukwasun	Nomination and Remuneration Committee / independent Directors
2. Mrs. Naline Ngamsetthamas	Nomination and Remuneration Committee / independent Directors
3. Mr. Poonsak Thiapairat	Nomination and Remuneration Committee

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

● Credit Committee

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

Name	Position
1. Mr. Visit Wongrumlap	Chairman of Credit Committee
2. Mr. Wiwat Kongkasai	Credit Committee
3. Mrs. Kongkeaw Piamduaytham	Credit Committee
4. Mr. Thongpol Boonnak	Credit Committee

Mr. Kwanpong Pumsawang : Secretary to the Credit Committee

5.6 The Board of Directors' Meeting and sub committee

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. Directors can request additional information through the company secretary

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their areas of responsibility in order to provide relevant information to the directors. Such discussions and meetings between directors and executives are also beneficial for executive succession planning. In addition, the Board has established a policy that if the meeting has an agenda item to be voted on, at least two-thirds of the total board members must be present at the meeting.

In 2017, there were 6 Board meetings and details of meeting attendance Record in 2017.

Name	Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Annual General Meeting of Shareholders
1. Mrs. Tongurai Limpiti	5/6	-	-	-	-	1/1
2. Mrs. Ladawan Tanatanit	6/6	5/5	-	-	-	1/1
3. Mr. Kunakorn Makchaidee	5/6	-	12/12	-	-	1/1
4. Mrs. Yajai Pattanasukwasun	6/6	5/5	-	4/4	-	1/1
5. Mr. Poonsak Thiapairat	6/6	5/5	-	4/4	-	1/1
6. Mrs. Naline Ngamsetthamas	6/6	-	10/12	4/4	-	1/1
7. Mr. Visit Wongrumlap	5/6	-	-	-	19/19	1/1
8. Mr. Wiwat Kongkasai	6/6	-	12/12	-	19/19	1/1
9. Mr. Wutthiphum Jurangkool	5/6	-	7/12	-	-	1/1
10. Mr. Samchai Benchapathomrong*	2/6	-	5/12	-	8/19	1/1
11. Mrs. Kongkeaw Piamduaytham **	-	-	-	-	17/19	-
12. Mr. Thongpol Boonnak **	-	-	-	-	17/19	-

note * Mr. Samchai Benchapathomrong resigned from the Director, Executive Committee, Credit Committee and Chief Executive Officer on 31 May 2017

** Mrs. Kongkeaw Piamduaytham and Mr. Thongpol Boonnak take position of Credit Committee only, not the member of Board of Director.

5.7 Board and senior executive assessment

● Director's self assessment

The Board of Directors promotes self assessment of the Board as a whole at least once a year in order to review the sufficiency of the operational control and to be as a reference in defining the performance improvement plan so that their performance can be improved upon accordingly. The assessment is done by using the Assessment Form adjusted from the Director's self assessment form of the Stock exchange of Thailand of which the topic shall be clearly defined. The assessment

result shall be summarized and reported to meeting of the Board of Directors for acknowledgement and consideration, which can be adopted for continuous improvement.

- **Chief Executive Officer Performance Assessment**

The Board of Director determines the Chief Executive Officer Performance Assessment every year. The goal and criteria of assessment will be a reference in defining the performance improvement plan and the remuneration for the Chief Executive Officer.

5.8 Procedure for Nomination of Directors and Senior Executives

The Nomination and Remuneration Committee is responsible for screening and proposing to the Board qualified candidates that meet the Bank's strategies to serve as directors and members of Board committees based on each candidate's knowledge, capabilities, expertise, and the experience required for any vacancy. With regard to the directors representing major shareholders, in principle, the major shareholders nominate individuals to be elected as the Bank's directors and the Board is in charge of verifying that the qualifications of such individuals nominated are not contrary to relevant laws. The Nomination and Remuneration Committee selects candidates for directorship from the director pool of the Thai Institute of Directors Association (IOD) and the proposals submitted by the directors and the shareholders of the Bank. After a scrutiny of each candidate's qualifications to ensure compliance with laws and regulations, the Nomination, Compensation and Corporate Governance Committee will propose the nomination to the Board for consideration. Following the Board's endorsement of the nominated candidates, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the nomination to the shareholders, if applicable, for approval of the appointment.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Board, the Nomination and Remuneration Committee and relevant management without any discrimination on the grounds of race, religious belief, gender, marital status or physical disability.

5.9 Succession Planning

The Board has assigned the Nomination and Remuneration Committee the responsibility for succession planning in order to ensure that the Company has in place a succession plan that incorporates the nomination, selection and training for key positions, particularly the positions of chief executive officer, Managing Director and executives at the level of executive vice president or higher, to ensure the continuity of the Company's management and business operations as and when executive positions become vacant due to new appointment, job transfer, retirement, resignation or any other reasons

The Nomination and Remuneration Committee shall define the criteria and procedure of recruitment and selection depending on current circumstance and propose to seek for approval to the parent company; Aira Capital Public Company Limited in accordance with the Article of Association of the Aira Capital Plc sector 7 No.56 concerned with monitoring and control the operation of subsidiaries or associated companies.

The Company also develops the career path program of employees for each level and position in order to prepare the succession plan on each department.

5.10 Director and Executive Remuneration

The Board of Director determines the Executive Remuneration policy with transparency. The Nomination and Remuneration Committee shall set out the remuneration policy for Director and high level Executive namely Chief Executive Officer and propose to the Board of Director to consider prior seek an approval from the shareholder meeting.

1. Policy and criteria for paying compensation to Directors.

On 24 February 2012, the Company has appointed the Nomination and Remuneration Committee to consider and set out the policy for paying compensation to Directors clearly transparently and in levels of payment in comparison with the industry. The remuneration shall be considered by the Board of Director meeting and the shareholder meeting. The compensation shall be paid in form of meeting allowance and bonus.

2. Policy and criteria for paying compensation to Management.

The Company sets out policy for paying compensation to Management in line with the principle and policy determined by the Board of Director and linked to operational result, individual performance on each task. The compensation shall be paid in form of salary, bonus or else.



1. Director Remuneration

As of 31 December 2017 and 2016, the remuneration of the Director in the form of meeting remuneration, are as follow;

(Unit: Baht)

Name	Position	Remuneration										Total		
		Board		Audit Come		Executive Committee		Nomination and Remuneration Committee		Credit Committee				Bonus Director
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
1. Mrs. Tongurai Limpiti	Chairman / Independent Director	125,000	25,000	-	-	-	-	-	-	-	-	42,000	167,000	25,000
2. Mrs. Ladavan Tanatanit	Director / Chairman of Executive Committee / Authorized Director	90,000	75,000	125,000	25,000	-	-	-	-	-	-	123,000	338,000	100,000
3. Mr. Kunakorn Makchaidee	Independent Director / Chairman of Audit Committee	75,000	60,000	-	-	180,000	195,000	-	-	-	-	120,000	375,000	255,000
4. Mrs. Yajai Pattanasukwasun	Independent Director / Audit Committee / Chairman of The Nomination and Remuneration Committee	90,000	60,000	75,000	75,000	-	-	45,000	60,000	-	-	120,000	330,000	195,000
5. Mr. Poonsak Thiapairat	Independent Director / Audit Committee / The Nomination and Remuneration Committee	75,000	75,000	-	-	-	-	-	-	285,000	315,000	120,000	360,000	390,000
6. Mrs. Naline Ngamsettam	Director / Executive Committee / The Nomination and Remuneration Committee / Authorized Director	90,000	75,000	-	-	-	-	30,000	40,000	-	-	120,000	240,000	115,000

note :

*Mr. Samchai Benchapathomrong resigned from the Director, Executive Committee, Credit Committee and Chief Executive Officer on 31 May 2017

**Mrs. Kongkeaw Plamduaytham and Mr. Thongpol Boonnak take position of Credit Committee only, not the member of Board of Director.

***Mr. Wiwat Kongkasai was appointed to be an acting on behalf of Chief Executive Officer from 1 June 2017 to 30 November 2017 and was paid compensation in total of 50,000 Baht per month equivalent to 300,000 Baht. Such benefits excluded meeting allowance and bonus for year 2017

(Unit : Bath)

Name	Position	Remuneration										Total	
		Board		Audit Come		Executive Committee		Nomination and Remuneration Committee		Credit Committee	Bonus Director		
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
7. Mr. Visit Wongrumlap	Director / Chairman of Credit Committee	75,000	75,000	-	-	-	-	-	-	285,000	315,000	120,000	360,000
8. Mr. Wiwat Kongkasai	Director / Executive Committee / Credit Committee / Authorized Director	90,000	75,000	-	-	120,000	130,000	-	-	190,000	190,000	120,000	520,000
9. Mr. Wutthiphum Jurangkool	Director / Executive Committee / Authorized Director	75,000	60,000	-	-	70,000	100,000	-	-	-	-	120,000	265,000
10. Mr. Samchai Benchapathomrong*	Director / Executive Committee / Credit Committee / Chief of Executive	15,000	30,000	-	-	-	-	-	-	-	-	120,000	135,000
11. Mrs. Kongkeaw Piamduaytham **	Credit Committee	-	-	-	-	-	-	-	-	170,000	210,000	-	170,000
12. Mr. Thongpol Boonnak **	Credit Committee	-	-	-	-	-	-	-	-	190,000	170,000	-	190,000

2) Management Remuneration

As of 31 December 2017 and 2016, the remuneration of the Management in the form of cash; salary, bonus and other benefit, are as follow;

Type of Remuneration	Amount	
	2017	2016
Salary and Bonus	13,465,475.60	14,359,828.00
Provident Fund	967,408.41	873,958.94
Other Benefit	3,175,991.00	1,177,037.00
Total	17,608,875.01	16,410,823.94
Total Management	5	6

Note - As of 2017, the Management comprises five executives as follow: 1. Mr. Kanokkit Navasiri 2. Mr. Jirasak Arkawat 3. Mrs. Pornpilai Burasai 4. Mr. Virut Danarthikhom 5. Mrs. Paisri Phakcharoenphol In addition, Mr. Samchai Benchapathomrong resigned on May 31, 2017.

- As of 2016, the Management comprises six executives as follow: 1. Mr. Samchai Benchapathomrong 2. Mr. Kanokkit Navasiri 3. Mr. Jirasak Arkawat 4. Mrs. Pornpilai Burasai 5. Mr. Virut Danarthikhom 6. Mrs. Paisri Phakcharoenphol

5.11 Director Orientation

The Company arranges orientation meetings for all new directors. At these meetings, briefings are provided covering the Company's vision, strategies, key business targets, performance highlights and relevant regulatory rules. Also, important documents provided to new directors include the Director's Manual, the Memorandum and Articles of Association of the Company, the Company's Annual Report, and the Directors Code of Conduct. These documents enunciate, among others, key information regarding the roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, roles and responsibilities of the Board committees, and the Anti-Corruption and Bribery Policy.

5.12 Director Management and Employee Development

● Director and Management Development

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

● Employee Development

Human resources development policy and the human resource management approach are linked to the company strategy and business direction. The Company believes that the growth of the organization depends on the high potential staff. Therefore, the Company has set out the policy to focus on developing and improving the management system and the development of personnel to be modern, consistent with technology and according to international standards. In order to strengthen and develop the employees as well as to participate in and social contribution. Employees are the primary means of developing the company's success. In order to enhance the competitiveness of the Company, in 2017, the Company plans to develop its employees as follow

1. Anti-Corruption The Practical Guide program by the Institute of Directors
2. Rules and Conditions for Quality Assurance for Accounting Firms program by Department of Business Development, Ministry of Commerce
3. Internal Auditing (IACP) program by Federation of Accounting Professions
4. Presentation Skill program by En Training, Enmark Solution Company Limited
5. Leadership skill to stimulus Human recourse by National Institute of Development Administration (NIDA)

Company also promoted its position to the potential staff related to each career path. In the year 2017, Key Performance Indicators (KPIs) were used as a framework and assessment criteria of individual employees as well as to evaluate employees' capabilities in line with the organization and move towards the common goal.

5.13 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 creditability

Corporate Social Responsibilities : CSR

The Company recognizes and put an emphasis on social responsibility. Starting from the society inside the company, that is “staff”. If employees are well-being, this small society will be happy. The company provides welfare benefits to employees in addition to the basic welfare as defined by the Labor Law, such as assistance in case of getting married or the death of a person in the family, and the development and training of employees at all levels to be more potential in various skills in order to compete with competitors effectively. Moreover, the Company also set up a compliance committee so as to allow employees to raise their concern, file any complaint, suspicious regarding partial issue. The procedures of consideration on each issue make through the Internal Audit and Compliance department which is an independent department.

- **SME Funding**

The small and medium business (SMEs) are one of the core business sectors to primarily drive the economic. If this sector manages to grow sustainably, it will help the domestic economy grow sustainably as well. The company is determined to support small and medium-sized businesses like the past as well as being a mediator between different businesses can come together and continue to operate a sustainable business.

- **Reducing global warming Campaign**

The Company is committed to create awareness for its employees in reducing global warming, as well as encourage employees to share valuable resources. The campaign was launched by activities for instance “Think before Print” or Use the Re-use Paper, or turn off lights during off-period. Furthermore, the Company is in the process of developing the operating system to reduce the use of paper as well.

Operation Plan of 2018

The Company continues to emphasize on creating long-term value for society and organization by focusing on public service and morality activities as continuously practice.



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.

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. Risk Supervision

In 2015, the Company improved its risk management to cater all risk aspects. Risk Management Office was changed to be Risk Management and Debt Recovery Departments by adding two divisions, Credit Evaluation Division and Debt Recovery Division. Therefore, Risk Management and Debt Recovery Department has comprised three divisions as follows;

1. Risk Management Division
2. Credit Evaluation Division
3. Debt Recovery Division

2. Risk management procedures

The Company has managed its risks through 3 procedures as follows;

1. Risks identification have been separated into 8 risk factors.

- 1.1 Credit Risk
- 1.2 Risk from source of fund procurement for credit expansion.
- 1.3 Risk from reliance on group of ex-shareholders.
- 1.4 Risk from dependence on the customer and major debtors.
- 1.5 Risk from fluctuation of interest rate
- 1.6 Risk from competitive
- 1.7 Risk of the Company having the majority shareholder holding more than 50% of shares.
- 1.8 Operating Risk

2. Debts recovery and risks control

The Company has set up its Early Warning Signs to cater credit risk aspects and using it as an instrument to radar any clients who might be adversely affected on its performance or impaired on its

assets. In addition, the Company has a policy for annual credit review on both clients and customers. These reviews would identify performance of clients and customers, improved or deteriorated. These are for monitoring and control credit utilization of both clients and customers accordingly. Therefore, the Company has policies and standard procedures for risks management purposes.

2.1 Debts classification and bad debts provision policies.

2.2 Debts restructuring policy.

2.3 Standard Operation Procedure for Credit Evaluation.

2.4 Standard Operation Procedure for Debts Recovery.

2.5 Standard Operation Procedure for litigation and execution.

3. Risk Reports

The Company has many reports to inform any risks and mitigations to all relevant designated persons and management. The Debts Recovery has a monthly report to the Executive Committee.

3. Major Risk

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 2015, 2016 and 2017, the Company's bad debt (overdue for more than 6 months) is just only 2.86%, 2.08% and 2.50% 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 outdate, 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 2,107 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 2015, 2016 and 2017, the proportions of liabilities to equity are equal to 3.18, 3.16 and 4.1 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 8.04% 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 2016 and 2017, the proportion of income the Company gained from top 10 clients are 20.99% and 23.89 % 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 2016, the Company has outstanding amount of the clients in such industries (3 clients from top 10 clients) 256.71 million Baht in total or equal to 9.87% of the proportion of outstanding debt. The value of outstanding debt of clients from such

industries (4 clients from top 10 clients) is 461.89 million Baht in total or equal to 13.80 % of the outstanding clients for the year ended 31 December 2017.

Dependence on major clients in 2016 and 2017, the Company has outstanding debt of top 10 clients equal to 47.92% and 41.21% 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 (5 clients from top 10 clients) equal to 784.11 Million Baht, or equal to 30.13% of the outstanding debtors for the year ended 2016 and the amount of (5 clients from top 10 debtors) 838.06 Million Baht or 25.04 of the outstanding debt for the year ended 2017. The Company depends on one major debtor in the retail industry with outstanding debts of 17.01% and 13.28% of outstanding debts of the debtors at the end of 2016 and 2017 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 46,672,000 or 2.92% 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 2017)

However, the Company has appointed 4 independent directors and 3 of them are also members of the Audit Committee. 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.

8. Operating Risk

In 2017, the Company has developed its own Core System to cater its operations. The new Core System would be more accurate, faster, minimal human error, and detect any abnormal information and incidents.



Major Changes and Developments of the 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”.

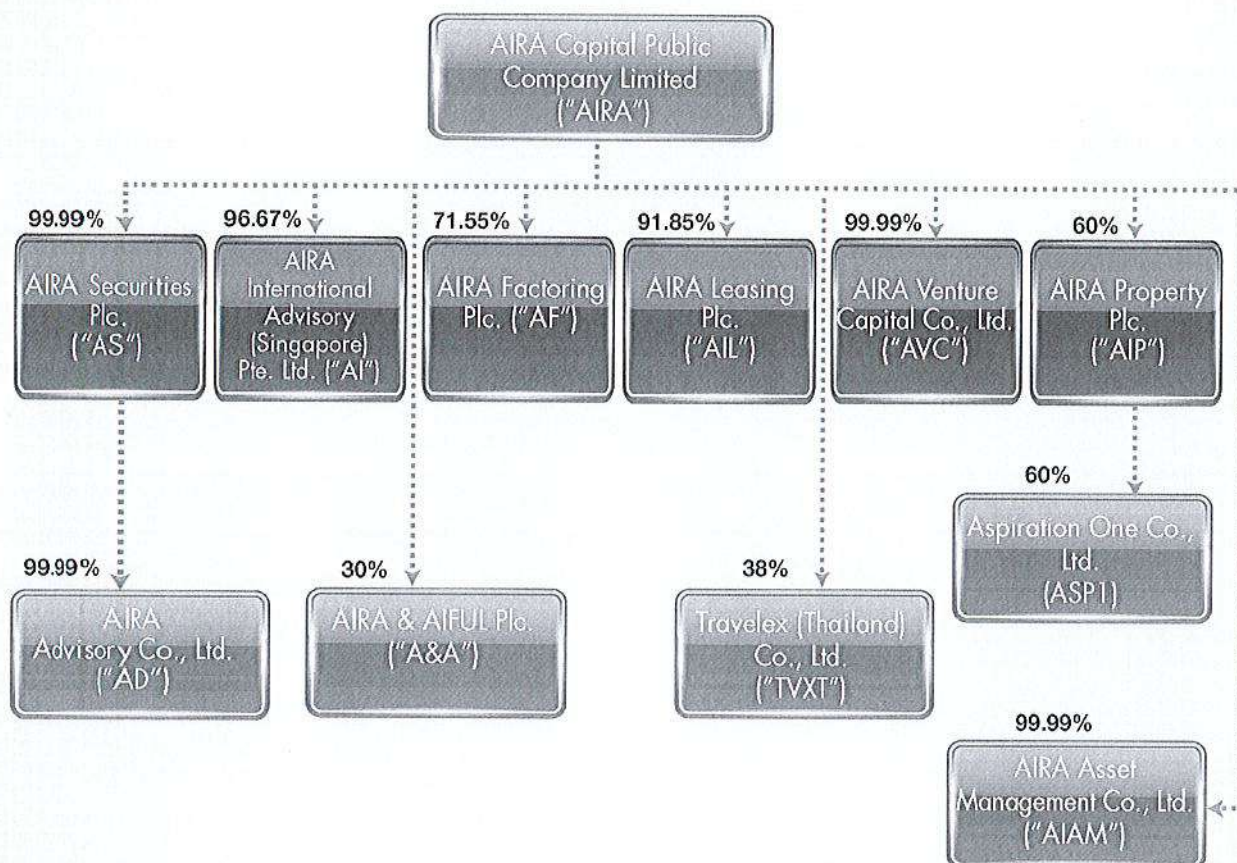
Additionally, on the August 25, 2015, the Company altered the value of the Company’s share by splitting the value from THB 5.00 per share to THB 0.25 per share. During the same year on September 30, 2015, the Company increased the registered capital from THB 200 million to be THB 400 million composed 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 29 December 2017, 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 38.35% 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. Subsidiary company are 7 company consist AIRA Securities Public Company Limited (Subsidiary is AIRA Advisory Company Limited), AIRA International Advisory (Singapore) Pte. Ltd., AIRA Factoring Public Company Limited, AIRA Leasing Public Company Limited, AIRA Venture Capital Company Limited, AIRA Property Public Company Limited (Subsidiary is Aspiration One Company Limited) and AIRA Asset Management Company Limited and associated company are 2 company consist AIRA & AIFUL Public Company Limited and Travelex (Thailand) 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 2017

No.	Name	Number of Shares	Total Shares (%)
1.	AIRA Capital Public Company Limited	1,144,751,099	71.55
2.	Mr. Kulawut Viratmalee	87,729,800	5.48
3.	Mr. Nutthaphon Jurangkool	54,445,300	3.40
4.	Mrs. Piyaporn Vichitpun	49,456,700	3.09
5.	Mr. Wiwat Kongkasai	43,627,600	2.73
6.	Summit Corporation Company Limited	46,672,000	2.92
7.	Mr. Thaveechat Jurangkool	22,458,700	1.40
8.	Mr. Kunakorn Makchaidee	16,000,000	1.00
9.	Mr. Natee Rongkarattanakul	15,000,000	0.94
10.	Mr. Puchong Viratmalee	10,510,600	0.66

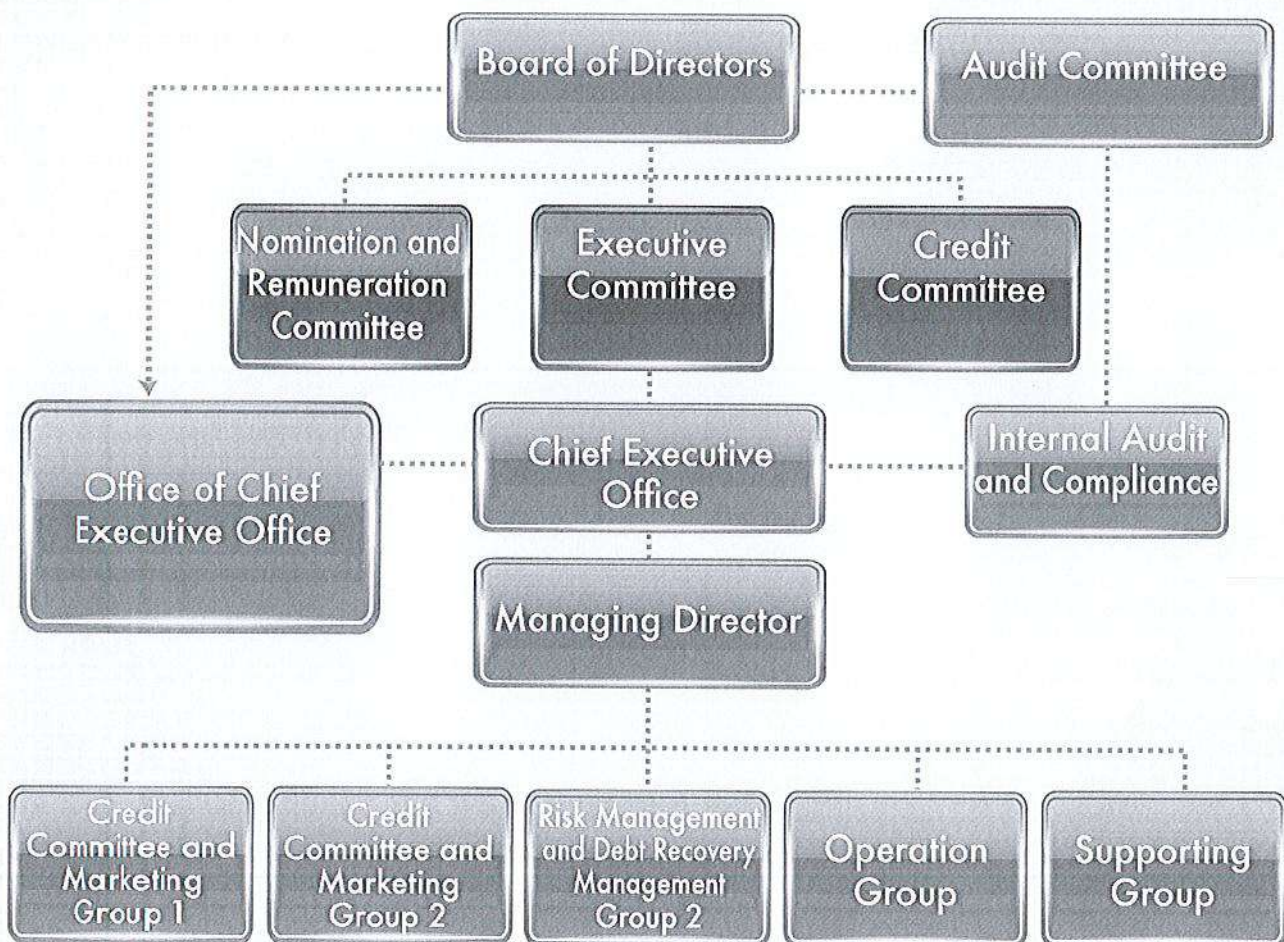
Note : Mr. Nutthaphon Juranguool and Mr. Thaveechat Jurangkool is both a director and shareholder of Summit Corporation Company Limited that is considered to the same group

Foreign Investment Limited

Foreign investors cannot hold exceeding 49% of the total shares. As at 29 December 2017, there was foreign investor in the company, equivalent to 0.24% of the total shares.

Organization Chart

AIRA Factoring Public Company Limited "AF"



Management Structure

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:

Name	Positions
1. Mrs. Tongurai Limpiti	Chairman / Independent Director
2. Mrs. Ladavan Tanatanit	Director / Chairman of Executive Committee / Authorized Director
3. Mr. Kunakorn Makchaidee	Independent Director / Chairman of Audit Committee
4. Mrs. Yajai Pattanasukwasun	Independent Director / Audit Committee / Chairman of The Nomination and Remuneration Committee
5. Mr. Poonsak Thiapairat	Independent Director / Audit Committee / The Nomination and Remuneration Committee
6. Mrs. Naline Ngamsetthamas	Director / Executive Committee / The Nomination and Remuneration Committee / Authorized Director
7. Mr. Visit Wongrumlap	Director / Chairman of Credit Committee
8. Mr. Wiwat Kongkasai	Director / Executive Committee / Credit Committee / Authorized Director
9. Mr. Wutthiphum Jurangkool	Director / Executive Committee / Authorized Director

Ms. Kittakarn Pakham: Secretary to the Board of Directors

Note : The director who has been approved from the Shareholder Meeting on April 21, 2017 has 10 persons. During year 2017, one of the Board of Director resigned the company then proceeds with the appointment of the new director.

Management

The Management in accordance with the notification of the SEC on December 31, 2017 is as follow;

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

Note: Mr. Jirasak Arkawan, Assistant Managing Director Operations Group and Mr. Virut Danarthikhom, Assistant Managing Director Risk Management and Debt Recovery Management Group retire due to January 1, 2018.



Profile of Directors and Executives



Mrs. Tongurai Limpiti
Chairman and Independent Director

Age : 61 Years

Date of appointment : November 10, 2016

Shareholding : None (0%) as of December 29, 2017

Education / Training :

- Bachelor's degree in Accounting, Chulalongkorn University
- MBA (Accounting and Finance), University of Wisconsin, Madison, USA.
- Advanced Management Program, Harvard Business School, U.S.A.
- Certificate, Joint State-Private Sector Course (AMP 181), National Defense College of Thailand class 52
- Certificate, Executive Program, Capital Market Academy class 12
- 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

Director Training from Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) Class 8/2001
- Charter Director

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 2016-Present Chairman and Independent Director AIRA Factoring Plc.

Board member / Management in Non-Listed Company-The Stock Exchange of Thailand

- 2016-Present Chairman Bangkok Commercial Asset Management Plc.

Position in Other Organization / Institutions : None

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

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mr. Kunakorn Makchaidee

Director, Independent Director and Chairman of Audit Committee

Age : 63 Years

Date of appointment : February 25, 2005

Shareholding : 16,000,000 / Share (1%) as of December 29, 2017

Education / Training:

- MBA (Finance) from Delta State University, USA.
- Bachelor of Accounting from University of the Thai Chamber of Commerce

Director Training from Thai Institute of Directors Association (IOD)

- Diploma of Director Certificate Program from Thai Institute of Director Association
- (IOD) and Australian Institute of Company Directors (AICD) Class 7/2001
- Certificate of Attendance, Chairman 2001 from Thai Institute of Director Association
- (IOD) and Australian Institute of Company Directors (AICO) Class 5/2001
- DCP Re-Refresher Course Class 7/2005
- Certificate of Attendance, Audit Committee Program Class 17/2007

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 2005 - Present Director, Independent Director and Chairman of Audit Committee AIRA Factoring Plc.

Board member / Management in Non-Listed Company-The Stock Exchange of Thailand

- 2002-Present Director Chao Khun Agro Products Co., Ltd.
- 1992-Present Director Business Venture Promotion Co., Ltd.

Position in Other Organization / Institutions :

- 2005-Present The Working Party on Free Trade in Financial Services Fiscal Policy Office Ministry of Finance (Representative of Thai Investors Association)
- 2001-Present Audit Committee of the Thai Chamber of Commerce and Board of Trade of Thailand
- 2015-Present Director of the Small and Medium Business
- 2015-Present Director of Overseas Chamber of Commerce
- 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) :

- 1992-2009 Independent Director Bangkok Ranch Plc.
- 2001-2009 Audit Committee Bangkok Ranch Plc.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mrs. Ladavan Tanatanit

Director, Chairman of Executives Committee and Authorized Director

Age : 74 Years

Date of appointment : March 1, 2011

Shareholding : None (0%) as of December 29, 2017

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.

Director Training from Thai Institute of Directors Association (IOD)

- Directors Accreditation Program (DAP) Class 96

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 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
- 2006-2008 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 Central Land Allocation Committee, Department of Land, Ministry of Interior
- 2007-2011 Director of Consumer Protection Committee, Office The Consumer Protection Board

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mrs. Yajai Pattanasukwasun

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

Age : 59 Years

Date of appointment : August 14, 2014

Shareholding : None (0%) as of December 29, 2017

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 from 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.

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

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

- 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

Position in Other Organization / Institutions : None

Work Experience (5-Years Past Experiences) :

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

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mr. Visit Wongrumlap

Director and Chairman of Credit Committee

Age : 69 Years

Date of appointment : April 24, 2011

Shareholding : None (0%) as of December 29, 2017

Education / Training :

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

Director Training from 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

- 2011- Present Director and Chairman of Credit Committee AIRA Factoring Plc.
- 2015- Present Director Bangchak Petroleum Plc.
- Present Independent Director Don Muang Tollway Plc.

Board member / Management in Non-Listed Company-The Stock Exchange of Thailand

- 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
- 2007-2015 Director D.T.C. Industries Plc.
- 2011-2014 Director AIRA Securities Plc.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mrs. Naline Ngamsetthamas

Director, Executive Committee, Nomination and Remuneration Committee and Authorized Director

Age : 59 Years

Date of appointment : March 1, 2010

Shareholding : None (0%) as of December 29, 2017

Education / Training :

- Ph.D. (Honorary Degree) in Finance, Sripatum University
- Certificate Master Marketing Management, Thammasat University and University of Gutenberg
- Master of Business Administration (Finance Management), National Institute of Development Administration (NIDA)
- Bachelor of Science, Srinakharinwirot University Thammasat World Leadership Program (TWLP Batch# 1), Thammasat University Alumni Association
- Director Forum 2017 "The Board's role in CEO Succession Planning"
- CAC Conference 2017 "Bright Spots: Lighting the way to a corruption free society" 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) Class8, The Capital Market Academy

Director Training from 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

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

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

- 2017-Present Authorized Director and Chairman of the Board Nok Scoot Airline Co., Ltd
- 2017-Present Director Nok Mangkang Co., Ltd
- 2017-Present Authorized Director AIRA Asset Management Co., Ltd
- 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.
- 2013-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) :

- 2004-2012 Director Dharmniti Plc.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mr. Wiwat Kongkasai

Director, Executive Committee, Credit Committee
and Authorized Director

Age : 61 Years

Date of appointment : February 27, 2004

Shareholding : 43,627,600/Share (2.73%) as of December 29, 2017

Education / Training :

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

Director Training from Thai Institute of Directors Association (IOD)

- Directors Accreditation Program (DAP) 27/2004
- Director Certification Program (DCP) No.118/2009

Board member / Management in Listed Company-The Stock Exchange of Thailand

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

Board member / Management in No-Listed Company-The Stock Exchange of Thailand : None

Position in Other Organization / Institutions : None

Work Experience (5-Years Past Experiences) :

- 1997-2014 Chief Executive Officer AIRA Factoring Plc.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mr. Poonsak Thiapairat

Independent Director Audit Committee, and Nomination and Remuneration Committee

Age : 54 Years

Date of appointment : February 25, 2004

Shareholding : 8,440,000-/Share (0.53%) as of December 29, 2017

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 from 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

- 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

- 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

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname: None



Mr. Wutthiphum Jurangkool

Director, Executive Committee and Authorized Director

Age : 39 Years

Date of appointment : April 25, 2011

Shareholding : None (0%) as of December 29, 2017

Education / Training :

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

- 2001-Present Director, Executive Committee and Authorized Director AIRA Factoring Plc.
- 2013-Present Director and Authorized Director AIRA Capital Plc.
- 2015-Present Director and Authorized Director Thai Steel Cable Plc.

Board member / Management in Non-Listed Company-The Stock Exchange of Thailand

- 2014-Present Director and Authorized Director Aspiration One Co., Ltd
- 2014-Present Director, Executive Committee and Authorized Director AIRA and AIFUL Plc.
- 2013-Present Director 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) :

- 2013-Present Director 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.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mrs . Kongkeaw Piamduaytham

Credit Committee

Age : 66 Years

Date of appointment : November 11, 2014

Shareholding : None (0%) as of December 29, 2017

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 from 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

- 2014-Present Credit Committee
AIRA Factoring Plc.
- 2012-Present Chairman of Audit Committee
Muangthai Leasing Plc.
- 2010-Present Authorize Director and Chairman of Good Governance Committee
AIRA Capital Plc.

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

- 2009-Present Advisor
AIRA Securities Plc.
- 2011-Present Chairman of Audit Committee
PAPOP Co., Ltd.

Position In Other Organization / Institutions : None

Work Experience (5-Years Past Experiences) :

- 2012-Present Chairman of Audit Committee
Muangthai Leasing Plc.
- 2010-Present Authorize Director and Chairman of Good Governance Committee
AIRA Capital Plc.
- 2009-Present Advisor
AIRA Securities Plc.
- 2011-Present Chairman of Audit Committee
PAPOP Co., Ltd.

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

Prohibited Features:

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mr. Thongpol Boonnak

Credit Committee

Age : 61 Years

Date of appointment : February 25, 2015

Shareholding : None (0%) as of December 29, 2017

Education / Training :

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

Director Training from Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP) class 86/2007

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 2016-present Credit Committee
AIRA Factoring Plc

Board member / Management in Non-Listed Company-The Stock Exchange of Thailand

- 2015-Present Director and Authorized Director
Aspiration One Co., Ltd.

Position in Other Organization / Institutions : None

Work Experience (5-Years Past Experiences) :

- 2006-2015 Managing Director Operation and Support Group
AIRA Securities Plc.
- 2006-2015 Executive Director
AIRA Securities Plc.
- 2006-2011 Director
AIRA Securities Plc.
- 2010-2011 Director
AIRA Capital Plc.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mr. Kanokkit Navasiri

Managing Director

Age : 59 Years

Shareholding : None (0%) as of December 29, 2017

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 from Thai Institute of Directors Association (IOD)

- Executive Director Program (EDP) Class 4/2009
- Directors Accreditation Program (DAP) Class 199/2005

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 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) :

- 2014-2015 Managing Director and Acting Chief Executive Officer
AIRA Factoring Plc.
- 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.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mr. Jirasak Arkawat

Executive Vice President of Operations

Age : 60 Years

Shareholding : 2,816,400/Share (0.18%) as of December 29, 2017

Education / Training :

- Bachelor of Accounting, Kasetsart University

Director Training from Thai Institute of Directors Association (IOD)

- Executive Director Program (EDP) Class 11/2009

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 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.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mr. Virut Danarthikhom

Executive Vice President of Risk Management and Debt Recovery

Age : 60 Years

Shareholding : -None- (0%) as of December 29, 2017

Education / Training :

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

Director Training from Thai Institute of Directors Association (IOD)

- Ethical Leadership Program (ELP) Class 6/2016

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 2015-Present Executive Vice President of Risk Management and Debt Recovery
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) :

- 2015-Present Executive Vice President of Risk Management and Debt Recovery
AIRA Factoring Plc.
- 2007-2014 Head of Corporate
RHB Bank Berhad, Bangkok Branch

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Change of Name-Surname : None



Mrs. Pornpilai Burasai

Executive Vice President of Credit and marketing

Age : 55 Years

Shareholding : None (0%) as of December 29, 2017

Education / Training :

- Bachelor of Economic of Thammasat University
- Masters of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Mini MBA of Chulalongkorn University
- Graduated Diploma in English for Business and Management (EBM) of Thammasat University

Director Training from Thai Institute of Directors Association (IOD)

- Executive Director Program (EDP) Class 4/2009

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 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.

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

Prohibited Features :

- No Criminal-Free Track Record
- No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None



Mrs. Paisri Phakcharoenphol

Senior VP of Accounting and Finance,

Age : 55 Years

Shareholding : 905,000/Share (0.056%) as of December 29, 2017

Education / Training :

- Bachelor of Accounting and Finance, University of the Thai Chamber of Commerce
- Director Training from Thai Institute of Directors Association (IOD) : None

Board member / Management in Listed Company-The Stock Exchange of Thailand

- 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.

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

Prohibited Features :

No Criminal-Free Track Record

No history of potential conflict of interest with the Company in the past year

Chang of Name-Surname : None

Changes in shareholding of the directors and executive

Table summarizing changes in shareholding of the directors and executive in 2017

Name	Number of Shares 29 December 2017	Shareholding structure	Number of shareholding, Non-ordinary shares
1. Mrs. Tongurai Limpiti	-	-	-
2. Mrs. Ladavan Tanatanit	-	-	-
3. Mrs. Yajai Pattanasukwasun	-	-	-
4. Mr. Poonsak Thiapairat	8,440,000 Shares	Direct	-
5. Mrs. Naline Ngamsetthamas	-	-	-
6. Mr. Wiwat Kongkasai	43,627,600 Shares	Direct	-
7. Mr. Visit Wongrumlap	-	-	-
8. Mr. Wutthiphum Jurangkool	-	-	-
9. Mr. Kunakorn Makchaidee	16,000,000 Shares	Direct	-
10. Mr. Samchai Benchapathomrong	-	-	-
11. Mr. Kanokkit Navasiri	-	-	-
12. Mr. Jirasak Arkawat	-	-	-
13. Mrs. Pornpilai Burasai	2,816,400 Shares	Direct	-
13. Mrs. Pornpilai Burasai	-	-	-
14. Mr. Virut Danarthikhom	-	-	-
15. Mrs. Paisri Fakcharoenphol	905,000 Shares	Direct	-

Remark : Mr. Samchai Benchapathomrong resigned from director on May 31, 2017.

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 2016 ²	Year 2015 ¹	Year 2014	Year 2013	Year 2012
1. Net Profit	50.76 Million Baht	0.14 Million Baht	24.90 Million Baht	64.73 Million Baht	45.25 Million Baht
2. Number of shares	1,600 Million shares	1,600 Million shares	40 Million shares	40 Million shares	40 Million shares
3. Dividend payout rate per share					
3.1 Interim Dividend	0.043 Baht/share	-	-	0.30 Baht/share	-
3.2 Dividend payment	0.01 Baht/share	-	0.50 Baht/share	0.70 Baht/share	1.00 Baht/share
4. Total amount of dividend	84.80 Million Baht	-	20 Million Baht	40 Million Baht	40 Million Baht
5. Dividend payout against net profit	72.50 %	-	80.32 %	61.79 %	88.40 %

Note:

1. The dividend of year 2015, as the company gained the net profit of year 2015 in equivalent to 0.14 Million Baht. This affected the company was unable to pay dividend from the net profit to the shareholder according to the company's policy so the dividend payout was paid from retained earnings at 0.01 Baht per share in total amount of 16 million Baht.

2. The interim dividend payment: the Board of Director has approved the resolution of interim dividend payment, detail as follow;

2.1 The interim dividend payment no.1: as the Board of Director meeting No.3/2016 held on August 10, 2016 has approved the resolution of interim dividend payout from the retained earnings on September 7, 2016 at 0.03 Baht per share in total amount of 48 million Baht.

2.2 The interim dividend payment no.2: as the Board of Director meeting No.5/2016 held on December 14, 2016 has approved the resolution of interim dividend payout no.2 from the net profit (period of 9 month: from January 1 to September 30, 2016) on January 13, 2017 at 0.013 Baht per share in total amount of 20.80 million Baht.

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.1/2018 was held on February 23, 2018. 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.

Connected Transactions

Between the year end of 2016 and 2017 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 2017	Audit Committee's Opinion
			2016	2017		
AIRA Securities Public Company Limited	AIRA Securities Public Company Limited is a subsid- iary 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 to- tal 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 An- nual General Shareholder meeting on April 28, 2014. Interests are paid to connected per- sons as follows: On February 15, 2016, the Com- pany 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. In 2017, the Company don't issued bill of exchange (B/E).	297.51 2.49	0.00 0.00	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.

Board of Directors' Responsibility for Financial Reporting

The management has prepared the financial statement ended on December 31, 2017 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.

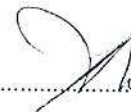
The Board of directors realized the responsibility for supervising the financial report to be efficient by appointing an audit and corporate governance committee consisting of qualified persons to be responsible for supervision of the quality of the financial report to be accurate and complete, using 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, 2017 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. Miss 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 2017, 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 organization, 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 led to continuous improvement and then reported the Board of Director to acknowledge the performance. For year 2017, 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 2018 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 2017, 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 14, 2018

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 2017, 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 2017, 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 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 172 million, which represented 78 percent of the Company's total revenue for the year 2017. 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.

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. If, based on the work I have performed, I concluded that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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



Chayapol Suppasdtanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 23 February 2018

Statement of financial position

AIRA Factoring Public Company Limited

As at 31 December 2017

(Unit: Baht)

	Note	As at 31 December 2017	As at 31 December 2016
Assets			
Current assets			
Cash and cash equivalents	7	61,065,496	62,940,607
Factoring receivables	6,8	2,648,427,861	2,116,439,480
Current portion of loans receivable	9	15,689,503	6,032,000
Other receivables		46,002	2,388,092
Current tax assets		4,286,285	-
Other current assets		430,291	778,895
Total current assets		2,729,945,438	2,188,579,074
Non-current assets			
Loans receivable - net of current portion	9	22,762,961	24,628,005
Equipment	10	7,946,888	11,523,794
Intangible assets	11	6,099,617	4,098,641
Deposits and guarantees		1,729,148	1,729,148
Deferred tax assets	17	4,317,913	4,847,222
Assets held for sale	12	7,076,300	9,230,900
Total non-current assets		49,932,827	56,057,710
Total assets		2,779,878,265	2,244,636,784

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 2017

(Unit: Baht)

	Note	As at 31 December 2017	As at 31 December 2016
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	13	2,107,000,000	1,545,000,000
Retentions from factoring		37,252,109	52,592,129
Dividend payables	6, 21	35,200,000	20,800,000
Excess receipts awaiting to repay		37,099,930	57,592,472
Other payables	6	6,007,195	7,078,513
Income tax payable		-	6,513,922
Other current liabilities		2,274,841	1,386,504
Total current liabilities		2,224,834,075	1,690,963,540
Non-current liabilities			
Provision for long-term employee benefits	14	9,017,600	13,492,784
Other non-current liabilities		729,129	717,854
Total non-current liabilities		9,746,729	14,210,638
Total liabilities		2,234,580,804	1,705,174,178
Shareholders' equity			
Share capital			
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	406,077
Retained earnings			
Appropriated-statutory reserve	15	25,410,000	22,710,000
Unappropriated		43,636,495	40,501,640
Total shareholders' equity		545,297,461	539,462,606
Total liabilities and shareholders' equity		2,779,878,265	2,244,636,784

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 2017

(Unit : Baht)

	Note	2017	2016
Profit or loss : Revenues			
Interest income from factoring		172,274,151	149,893,662
Fees and services income		46,805,042	37,856,026
Other income		1,850,042	1,839,220
Total revenues		220,929,235	189,588,908
Expenses			
Administrative expenses		95,882,790	83,089,754
Bad debt and doubtful accounts		18,716,870	3,250,812
Total expenses		114,599,660	86,340,566
Profit before finance cost			
and income tax expenses		106,329,575	103,248,342
Finance cost	6	(51,082,782)	(38,851,077)
Profit before income tax expenses		55,246,793	64,397,265
Income tax expenses	17	(1,977,129)	(13,632,489)
Profit for the year		53,269,664	50,764,776
Other comprehensive income :			
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
- Actuarial gains-net of income tax		3,765,191	1,740,108
<i>Other comprehensive income not to be reclassified</i>			
- to profit or loss in subsequent period - net of income tax		3,765,191	1,740,108
<i>Other comprehensive income for the year</i>		<i>3,765,191</i>	<i>1,740,108</i>
Total comprehensive income for the year		57,034,855	52,504,884
Earnings per share	18		
Basic earnings per share			
Profit for the year (Baht/share)		0.0333	0.0317

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 2017

(Unit : Baht)

Note	2017	2016
Cash flows from operating activities		
Profit before tax	55,246,793	64,397,265
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	5,519,905	4,398,303
Bad debt and doubtful accounts	18,716,870	3,250,812
Gain on disposal of equipment	(6,094)	(561,864)
Gain on disposal of assets held for sale	(93,400)	-
Allowance for impairment loss on assets held for sale	(1,848,000)	(622,300)
Long-term employee benefit expenses	2,431,125	2,295,646
Share-based payment transactions	-	86,705
Interest expenses	51,082,782	38,851,077
Profit from operating activities before changes in operating assets and liabilities	134,745,981	113,340,244
Operating assets (increase) decrease		
Factoring receivables	(549,489,466)	229,482,894
Loans receivable	(9,006,663)	(25,238,959)
Other receivables	2,340,509	(2,088,061)
Other current assets	348,604	(233,228)
Deposits and guarantees	-	(610,101)
Operating liabilities increase (decrease)		
Retentions from factoring	(15,340,020)	6,313,596
Other payables	(1,289,099)	2,801,019
Other current liabilities	(19,604,205)	40,082,792
Cash paid for long-term employee benefits	(2,199,820)	-
Other non-current liabilities	11,275	86,443
Cash flows from (used in) operating activities	(459,482,904)	363,936,639
Cash paid for corporate income tax	(13,189,325)	(12,929,609)
Net cash flows from (used in) operating activities	(472,672,229)	351,007,030

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 2017

(Unit : Baht)

	Note	2017	2016
Cash flows from investing activities			
Cash paid for acquisition of equipment		(2,657,100)	(5,035,494)
Cash paid for acquisition of intangible assets		(2,366,974)	(3,782,767)
Cash received from sales of equipment		6,100	561,964
Cash received from sales of assets held for sale		400,000	-
Net cash flows used in investing activities		(4,617,974)	(8,256,297)
Cash flows from financing activities			
Increase (decrease) in short-term loans from financial institutions		562,000,000	(184,637,225)
Cash paid for interest expenses		(49,784,908)	(36,578,209)
Cash paid for dividend		(36,800,000)	(64,000,000)
Net cash flows from (used in) financial activities		475,415,092	(285,215,434)
Net increase (decrease) in cash and cash equivalents		(1,875,111)	57,535,299
Cash and cash equivalents at beginning of year		62,940,607	5,405,308
Cash and cash equivalents at end of year	7	61,065,496	62,940,607
Supplemental cash flow information			
Non-cash items			
Write off bad debt		60,630,336	1,905,122
Purchase of equipment recorded as liabilities		460,100	1,540,194
Dividend payables		35,200,000	20,800,000
Actuarial gains - net of income tax		3,765,191	1,740,108

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 2017

(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 1 January 2016		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	4.17	-	-	86,705	-	-	86,705
Dividends paid	21	-	-	-	-	(84,800,000)	(84,800,000)
Appropriation of retained earnings	15	-	-	-	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
Balance as at 1 January 2017		400,000,000	75,844,889	406,077	22,710,000	40,501,640	539,462,606
Profit for the year		-	-	-	-	53,269,664	53,269,664
Other comprehensive income for the year		-	-	-	-	3,765,191	3,765,191
Total comprehensive income for the year		-	-	-	-	57,034,855	57,034,855
Dividends paid	21	-	-	-	-	(51,200,000)	(51,200,000)
Appropriation of retained earnings	15	-	-	-	2,700,000	(2,700,000)	-
Balance as at 31 December 2017		400,000,000	75,844,889	406,077	25,410,000	43,636,495	545,297,461
		-	-	-	-	-	-
		-	-	-	-	-	-

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 2017

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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards 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 :

<u>Net factoring receivables</u>	<u>%</u>
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.

Intangible assets with finite useful lives is computer software, which the useful lives is 5 years.

4.10 Assets held for sale

Assets held for sale are stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) and estimated net realisable value.

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

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

4.11 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.

4.12 Long-term leases

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

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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. 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 parent company
Aspiration One Co., Ltd.	Common parent company
AIRA & AIFUL Plc.	Associated company of parent company and having common directors
Travelex (Thailand) Limited	Associated company of parent company and having 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 (ceased being a related party since January 2017)

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)

	2017	2016	Transfer Pricing Policy
Transactions with related company			
Interest expenses	-	5	Money market rate

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

(Unit : Thousand Baht)

	2017	2016
Factoring receivables, net-related party		
Related company	-	11,366
Other payables-related party		
Related company	-	21
Dividend payables-related party		
Related company	25,815	14,882

Directors and management's benefits

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

(Unit : Million Baht)

	2017	2016
Short-term employee benefits	20	18
Post employment benefits	1	1
Total	21	19

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2017	2016
Cash	20	20
Deposits at financial institutions	61,045	62,921
Total	61,065	62,941

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.37% and 0.375% per annum (2016: 0.37% and 0.375% per annum).

8. Factoring receivables

(Unit : Thousand Baht)

	2017	2016
Factoring receivables	3,347,308	2,602,070
Accrued interest income from factoring	7,399	5,820
Total	3,354,707	2,607,890
Less : Factoring payables	(628,546)	(433,118)
Unearned interest income	(16,302)	(14,392)
	2,709,859	2,160,380
Less : Allowance for doubtful accounts	(61,431)	(43,941)
Factoring receivables - net	2,648,428	2,116,439

The balances of factoring receivables as at 31 December 2017 and 2016, aged on the basis of due dates, are summarised below.

(Unit : Thousand Baht)

Age of factoring receivables	2017	2016
Factoring receivables - unrelated parties	3,094,011	2,478,273
Not yet due		
Past due		
Up to 3 months	157,059	31,347
3 - 6 months	12,431	24,220
Over 6 months	83,807	54,022
Total factoring receivables - unrelated parties	3,347,308	2,587,862
Factoring receivables - related party		
Not yet due	-	14,208
Total factoring receivables - related party	-	14,208
Total factoring receivables	3,347,308	2,602,070

As at 31 December 2017, factoring receivables which were overdue for over 6 months amounting to Baht 84 million (2016: Baht 54 million) before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 21 million (2016: Baht 18 million). The Company has provided a full amount of allowance for doubtful accounts for such net receivables.

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

(Unit : Thousand Baht)

For the years ended 31 December	2017	2016
Balance - beginning of the year	43,941	42,595
Add: Bad debt and doubtful accounts	17,501	3,250
Less: Write off bad debt	(11)	(1,904)
Balance - end of the year	61,431	43,941

9. Loans receivable

(Unit : Thousand Baht)

	Current portion of loans receivable		Loans receivable-net of current portion		Total	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Loans receivable	16,320	13,403	23,347	77,877	39,667	91,280
Less : Allowance for doubtful accounts	(630)	(7,371)	(584)	(53,249)	(1,214)	(60,620)
Loans receivable-net	15,690	6,032	22,763	24,628	38,453	30,660

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. In 2017, the Company writed off such 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 2017, the Company received principal and interest payments totaling Baht 3.8 million and Baht 1.1 million, respectively (2016: the Company received principal and interest payments totalling Baht 2.4 million and Baht 0.7 million, respectively). As at 31 December 2017, such loans receivable has outstanding balance amounted to Baht 23 million (2016: Baht 26 million).

And on 19 July 2017, the Company has restructured factoring receivables by means of modification of terms. The balance before restructuring amounted to Baht 1.5 million and the repayment period was

about 2 years. However, this restructuring by modification of terms does not result in any loss. During the year ended 31 December 2017, the Company received principal and interest payments totalling Baht 0.3 million and Baht 0.1 million, respectively. As at 31 December 2017, such loans receivable has outstanding balance amounted to Baht 1.2 million.

Movements of allowance for doubtful accounts of loans receivable are as follows:

(Unit: Thousand Baht)

For the years ended 31 December	2017	2016
Balance - beginning of the year	60,620	60,620
Add: Bad debt and doubtful accounts	1,214	-
Less: Write off bad debt	(60,620)	-
Balance - end of the year	1,214	60,620

10. Equipment

(Unit : Thousand Baht)

	Computers	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost:					
1 January 2016	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
Additions	970	561	47	-	1,578
Disposals	(24)	(22)	-	-	(46)
31 December 2017	7,609	13,689	1,072	14,107	36,477
Accumulated depreciation:					
1 January 2016	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
Depreciation for the year	1,054	2,429	141	1,530	5,154
Depreciation on disposals	(23)	(22)	-	-	(45)
31 December 2017	5,554	10,194	801	11,981	28,530
Net book value :					
31 December 2016	2,140	5,363	365	3,656	11,524
31 December 2017	2,055	3,495	271	2,126	7,947
Depreciation for the year included in administrative expenses					
2016					4,300
2017					5,154

As at 31 December 2017, 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 12 million (2016: Baht 10 million).

11. Intangible assets

(Unit : Thousand Baht)

	Computer software
Cost	
1 January 2016	414
Additions	3,783
31 December 2016	4,197
Additions	2,367
31 December 2017	6,564
Accumulated amortisation	
1 January 2016	-
Amortisation for the year	98
31 December 2016	98
Amortisation for the year	366
31 December 2017	464
Net book value	
31 December 2016	4,099
31 December 2017	6,100
Amortisation included in profit or loss for the year	
2016	98
2017	366

12. Assets held for sale

(Unit : Thousand Baht)

	2017	2016
Machinery	12,300	12,300
Less : Disposal-at net book value	(306)	-
Less : Allowance for impairment loss on assets held for sale	(4,917)	(3,069)
Machinery-net	7,077	9,231

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

13. Short-term loans from financial institutions

(Unit : Thousand Baht)

	Interest rate (% per annum)			
	2017	2016	2017	2016
Promissory notes	2.90-3.75	2.90-3.40	2,107,000	1,545,000

As at 31 December 2017, the Company had credit facilities for 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 2017, the credit facilities of the Company which have not yet been drawn down amounted to Baht 683 million (2016: Baht 1,245 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)

	2017	2016
Defined benefit obligation at beginning of year	13,493	13,372
Included in profit or loss:		-
Current service cost	2,176	1,829
Interest cost	255	467
Included in other comprehensive income :		
Actuarial gain arising from		
Financial assumptions changes	(929)	(1,252)
Experience adjustments	(2,273)	(923)
Demographic assumptions changes	(1,504)	-
Benefits paid during the year	(2,200)	-
Provisions for long-term employee benefits at end of year	9,018	13,493

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

(Unit : Thousand Baht)

	2017	2016
Current service cost	2,176	1,829
Interest cost	255	467
Total expense recognised in profit or loss	2,431	2,296

The Company expects to pay Baht 0.10 million of long-term employee benefits during the next year (2016 : Baht 2.18 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2016 : 10 years).

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

(Unit : Thousand Baht)

	2017 (% per annum)	2017 (% per annum)
Discount rate	1.96	2.25
Future salary increase rate	5.00	5.00
Turnover rate	0.00-20.00	0.00-7.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below :

(Unit : Thousand Baht)

	As at 31 December 2017			
	Discount rate		Salary increase rate	
	Increase 0.5%	Increase 0.5%	Increase 0.5%	Increase 0.5%
Impact on the long-term employee benefit obligation	(0.3)	0.3	0.3	(0.2)

(Unit : Thousand Baht)

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

15. 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.

16. Expenses by nature

Significant expenses classified by nature are as follows :

(Unit : Thousand Baht)

	2017	2016
Salaries, wages and other employee benefits	61,754	55,091
Depreciation and amortisation	5,520	4,398
Bad debt and doubtful accounts	18,717	3,251
Specific business tax expenses	7,285	6,233
Examination fees on factoring documents	2,778	2,785
Office rental expenses	6,368	4,703

17. Income tax

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

(Unit : Thousand Baht)

	2017	2016
Current income tax :		
Current income tax charge	2,389	13,636
Deferred tax :		
Relating to origination and reversal of temporary differences	(412)	(4)
Income tax expenses reported in the statements of comprehensive income	1,977	13,632

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

(Unit : Thousand Baht)

	2017	2016
Deferred tax relating to actuarial gains	941	435

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

	(Unit : Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Accounting profit before tax	55,247	64,397
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	11,049	12,879
Unrecognised temporary differences	(8,880)	866
Effects of :		
Non-deductible expenses	118	308
Additional expense deductions allowed	(310)	(421)
Total	(192)	(113)
Income tax expenses reported in the statements of comprehensive income	1,977	13,632

The components of deferred tax assets are as follows :

	(Unit : Thousand Baht)	
	Statements of financial position	
	31 December 2017	31 December 2016
Deferred tax assets		
Allowance for doubtful accounts	1,385	1,391
Allowance for impairment loss on assets held for sale	983	614
Provision for long-term employee benefits	1,804	2,699
Accrued rental expenses	146	143
Total	4,318	4,847

As at 31 December 2017, the Company has deductible temporary differences totalling Baht 56 million (2016: Baht 100 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.

18. 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.

	(Unit : Thousand Baht)	
	2017	2016
Profit for the year (Thousand Baht)	53,270	50,765
Weighted average number of ordinary shares (Thousand shares)	1,600,000	1,600,000
Earnings per share (Baht/share)	0.0333	0.0317

19. 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.

Major customers

For the year 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

20. 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 2017 amounting to approximately Baht 2 million (2016: Baht 2 million) were recognised as expenses.

21. Dividends

Dividends	Dividends	Total dividend (Thousand Baht)	Dividend per share (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.

Dividends	Dividends	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend from the 2016 net income	Annual General Meeting of the shareholders on 21 April 2017	16,000	0.01
Interim dividend No. 1 for the net profit of the operation results during 1 January 2017 to 30 September 2017 and the retained earnings	Meeting of the Company's Board of Directors on 14 December 2017 Meeting of the Company's Board of Directors on	35,200*	0.022
Total for 2017		51,200	0.032

* The interim dividend No. 1 for 2017 is to be paid to the Company's shareholders on 12 January 2018. As at 31 December 2017, the Company separately presented this transactions as "Dividend payables" in the statement of financial position.

22. Commitments

22.1 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	
	2017	2016
Payable:		
In up to 1 year	6	6
In over 1 and up to 5 years	19	23
In over 5 years	-	2

2.2 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 3 million (2016: Baht 5 million), relating to software computer improvements.

23. Financial instruments

23.1 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 2017						
	Fixed interest rates			Floating interest rate (% per annum)	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	25	36	61	0.37-0.375
Factoring receivables	2,648	-	-	-	-	2,648	5.50-15.00
Loans receivable	16	23	-	-	-	39	4.50-8.50
	2,664	23	-	25	36	2,748	-
Financial liabilities							
Short-term loans from financial institutions	-	-	-	2,107	-	2,107	2.90-3.75
Retentions from factoring	-	-	-	-	37	37	-
Dividend payables	-	-	-	-	35	35	-
Excess receipts awaiting to repay	-	-	-	-	37	37	-
Other payables	-	-	-	-	6	6	-
	-	-	-	2,107	115	2,222	-

(Unit : Million Baht)

	As at 31 December 2016						
	Fixed interest rates			Floating interest rate (% per annum)	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
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	-

(Unit : Million Baht)

	As at 31 December 2016						
	Fixed interest rates			Floating interest rate (% per annum)	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial liabilities							
Short-term loans from financial institutions	-	-	-	1,545	-	1,545	2.90-3.40
Retentions from factoring	-	-	-	-	53	53	-
Dividend payables	-	-	-	-	21	21	-
Excess receipts awaiting to repay	-	-	-	-	58	58	-
Other payables	-	-	-	-	7	7	-
	-	-	-	1,545	139	1,684	-

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.

The periods of time from the end of reporting date to the maturity dates of financial instruments as of 31 December 2017 and 2016 follows:

(Unit : Million Baht)

	As at 31 December 2017			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1-5 years	Total
Financial assets				
Cash and cash equivalents	61	-	-	61
Factoring receivables	-	2,648	-	2,648
Loans receivable	-	16	23	39
Financial liabilities				
Short-term loans from financial institutions	-	2,107	-	2,107
Retention from factoring	37	-	-	37
Dividend payables	-	35	-	35
Excess receipts awaiting to repay	-	37	-	37
Other payables	-	6	-	6

(Unit : Million Baht)

	As at 31 December 2016			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
Financial assets				
Cash and cash equivalents	63	-	-	63
Factoring receivables	-	2,116	-	2,116
Loans receivable	-	6	25	31
Other receivables	-	2	-	2
Financial liabilities				
Short-term loans from financial institutions	-	1,545	-	1,545
Retention from factoring	53	-	-	53
Dividend payables	-	21	-	21
Excess receipts awaiting to repay	-	58	-	58
Other payables	-	7	-	7

Foreign currency risk

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

23.2 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.

24. 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 2017, the Company's debt-to-equity ratio was 4.09:1 (2016: 3.16:1).

25. Event after the reporting period

On 23 February 2018, 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 2017 of Baht 0.0275 per share, or a total of Baht 44 million, to be paid from the profit for the year 2017. The Company has paid an interim dividend of Baht 0.015 per share, or a total of Baht 24 million and the balance is Baht 0.0125 per share, or a total of Baht 20 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.

26. Reclassification

The Company has reclassified certain accounts as follows:

(Unit: Baht)

	For the year ended 31 December 2016	
	As reclassified	As previously reported
Administrative expenses	83,089,754	86,340,566
Bad debt and doubtful accounts	3,250,812	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.





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