

# ANNUAL REPORT 2018





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## Vision

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Being business alliance with entrepreneurs, focusing to be leadership on non-bank financing institution and sustainable.

## Missions

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Having goal to apply digital technology, integration of business expertise, development of financial product and service to clients, efficiency of business operation, sustainable business growth, accomplishment return to entire stakeholders and awareness the significance of social responsibility and environment.





# Message from Chairman

Trade retaliation between the United States and China in the end year of 2018 adversely affected to the export sector in the 3rd quarter. However, Thailand economy outlook of 2018 expected to be grew by 4.2% compared to the previous year. Economic indexes remained in expansion criterion on both investment and private consumption which had supported by the Government spending. Therefore, the expectation of Thai economy outlook would be enlarged at the same level as per the above mentioned rate.

Thailand economic outlook 2019, the Company has expected that after the election would stimulate more confident to investor and resulting of improvement on investment trends. Therefore, economic growth on all sectors would continuously expand such as traveling, export, increasing of investment value promoted by the Board of Investment of Thailand (BOI). Thai export has expected to be better growth due to having fully supported by Thai Government. Real estate and construction, Government investment of infrastructure projects have met the plan schedule which would be positive factors to push economic growth rate further increase.

The Company outlook in 2018, the Company's revenues increased by 4.48% which revenues stood at 230.83 million Baht due to return rate and fees increased. The net profit dropped to 8.16% of revenues due to increased financing cost and management expenses. However, the Company has the policy to charge fair rate to targeting clients who are SMEs' entrepreneurs. In addition, the Company has development plan for new products and services to meet requirement of clients with risk appropriation. Therefore, the company's profitability can be retained at the same rate as previous year.

In the near future, the Company will adjust its new business strategy by using digital technology to apply for operation. In order to meet volatility of technology and clients' behavior, digital technology will be business opportunity of the Company. The Company will target on any industries which have grew along with Government's policy, including of Thai economic growth. Cost management will be controlled by technology for enhancement of efficiency. The Company will pay attention on risk management for sustainable well performance.

On behalf of the Board of Directors, I would like to thank all shareholders and customers for trust and supporting the Company's operation. Including managements and employees who is a part of business driving of the company. Please be assured that we will continue development for highest benefit of all stakeholders and adherence of corporate governance principle for steady growth purpose.



A handwritten signature in black ink, appearing to read 'Sorasit Soontornkes'.

(Mr. Sorasit Soontornkes)  
Chairman







# The Board of Directors

## Mr. Sorasit Soontornkes (Age 66 Years)

Chairman of the Board of Directors and Independent Director



Date of appointment: May 14, 2018

Shareholding as of December 31, 2018: -None-

Education / Training:

- Master of Business Economics, Thammasat University
- Master of Accounting, Chulalongkorn University
- Bachelor of Accounting, Chulalongkorn University
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Executive Development Program (Wharton School) University of Pennsylvania, U.S.A.
- Capital Market Academy Leader Program Class 8
- Advanced Army Academics Program (regular class 46), Army War College

Director Training from Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP) Class 91/2007

Work Experience (5 years past experiences):

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

- 2018 - Present Chairman of the Board of Directors and Independent Director  
AIRA Factoring Public Company Limited
- 2018 - Present Independent Director & Chairman of the Audit Committee  
Sri Ayudhya Capital Public Company Limited
- 2017 - Present Advisor to Board of Director & Chairman of the Risk Oversight Committee  
Nok Airline Public Company Limited

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

- 2018 - Present Independent Director and Chairman of the Audit Committee  
J.D. Food Products Co., Ltd.
- 2018 - Present Independent Director and Chairman of the Audit Committee  
Sri Ayudhya General Insurance Public Company Limited

Position in other organization / Institutions: 4 places

- 2018 - Present Audit Committee  
Eastern Economic Corridor office of Thailand
- 2017 - Present Audit Committee  
Bank of Thailand
- 2017 - Present Director, Internal Audit Office  
Chulalongkorn University
- 2012 - 2016 President and Director  
Deposit Protection Agency

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-





**Mr. Kunakorn Makchaidee** (Age 63 Years)  
Independent Director and Chairman of Audit Committee

Date of appointment: November 10, 2016

Shareholding as of December 31, 2018: 16,000,000 shares (1.00%)

**Education / Training:**

- Master of Business Administration (Finance), Delta State University, U.S.A.
- Bachelor of Accounting, University of the Thai Chamber of Commerce

**Director Training from Thai Institute of Directors Association (IOD):**

- Diploma of Director Certificate Program and Australian Institute of Company Directors (AICD) Class 7/2001
- Certificate of Attendance, Chairman 2001 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

**Work Experience (5 years past experiences):**

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

- 2005 - Present      Independent Director and Chairman of Audit Committee  
AIRA Factoring Public Company Limited

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

- 2002 - Present      Director  
Chao Khun Agro Products Company Limited
- 1991 - Present      Director  
Business Venture Promotion Company Limited

**Position in other organization / Institutions: 7 places**

- 2001 - Present      Audit Committee  
The Thai Chamber of Commerce and Board of Trade of Thailand
- 2001 - Present      Fellow Member  
Thai Institute of Directors Association (IOD)
- 2000 - Present      Founder member  
Thai Factoring Association
- 1955 - Present      Director and Secretary and Founder member  
Thai Venture Capital Association

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

## Mrs. Yajai Pattanasukwasun (Age 59 years)

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



Date of appointment: August 14, 2014

Shareholding as of December 31, 2018: -None-

### Education / Training:

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

### Director Training from Thai Institute of Directors Association (IOD):

- Boards that Make a Difference (BMD)
- Advanced Audit Committee Program (AACP) Class 22/2016
- Audit Committee Program (ACP) Class 2/2005
- Director Certification Program (DCP) Class 43/2004

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

- 2014 - Present      Director, Audit Committee, Independent Director and Chairman of Nomination and Remuneration Committee  
AIRA Factoring Public Company Limited
- 2012 - 2014      Director, Chairman of Risk Management Committee, Director of Corporate Governance and Property Development  
MCOT Public Company Limited

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

- 2014 - Present      Director, Director of Executive Committee and Legal Advisor  
Government Pharmaceutical Organization
- 2016 - Present      Advisor on Policy and Strategy  
Office of Permanent Secretary for Finance, Ministry of Finance

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-







## Mr. Poonsak Thiapairat (Age 54 years)

Independent Director, Audit Committee, and Nomination and Remuneration Committee

Date of appointment: February 25, 2004

Shareholding as of December 31, 2018: 8,440,000 shares (0.53%)

### 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

### Work Experience (5 years Past Experiences):

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

- 2004 - Present Independent Director, Audit Committee and Nomination and Remuneration Committee  
AIRA Factoring Public Company Limited

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

- 2015 - Present Director  
Poons Group of companies
- 2014 - Present Director and Senior Executive Advisor  
Eternity Grand Logistics Public Company Limited and the subsidiaries company
- 2002 - 2014 Managing Director and Executive  
Eternity Grand Logistics Public Company Limited and the subsidiaries company

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

## Mrs. Ladavan Tanatanit (Age 74 years)

Director, Chairman of Executives Committee and Authorized Director



Date of appointment: March 1, 2011

Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Business Administration, Finance and Banking, Eastern New Mexico University, U.S.A.
- Bachelor of Business Administration, Finance, Thammasat University
- Advanced Bank Management Program (ABMP), Asian Institute of Management, Republic of the Philippines
- Diploma on The Joint State - Private Sector Course, National Defence College, Class 9
- Certificate of the Capital Market Leadership Program, Capital Market Academy, Class 6 (CMA)
- Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 13
- The Program for Senior Executives on Justice Administration, National Justice Academy, Office of Judiciary, Class 17

### Director Training from Thai Institute of Directors Association (IOD):

- Directors Accreditation Program (DAP) Class 96/2007

### Work Experience (5 years past experiences):

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

- 2011 - Present      Director, Chairman of Executives Committee, Authorized Director  
AIRA Factoring Public Company Limited

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

#### Position in other organization / Institutions: 1 place

- 2014 - Present      Associate Justice  
The Central Intellectual Property and International Trade Court

#### Position in conflict of interest to the company: -None-

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

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

#### History of potential conflict of interest with the Company in the past year: -None-







**Mr. Visit Wongruamlap** (Age 69 years)

Director and Chairman of Credit Committee

Date of appointment: April 29, 2011

Shareholding as of December 31, 2018: -None-

**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

**Work Experience (5 years past experiences):**

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

- 2017 - Present Independent Director  
Don Muang Tollway Public Company Limited
- 2011 - Present Director and Chairman of Credit Committee  
AIRA Factoring Public Company Limited
- 2015 - 2018 Director  
Bangchak Corporation Public Company Limited
- 2007 - 2015 Director  
D.T.C. Industries Public Company Limited

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

- 2016 - 2017 Director, the Property Management Office  
Thammasat University
- 2008 - 2016 Director and Audit Committee, Property Management Office,  
Thammasat University
- 2011 - 2014 Director  
AIRA Securities Public Company Limited

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

**Mrs. Naline Ngamsetthamas** (Age 59 years)

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



Date of appointment: March 1, 2011

Shareholding as of December 31, 2018: -None-

**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
- Advanced Master of Management Program (AMM Batch#1), The National Institute of Development Administration (NIDA)
- Thailand Insurance Leadership Program (OIC Batch#7), Office of Insurance Commission
- Thammasat World Leadership Program (TWLP Batch# 1), Thammasat University Alumni Association
- Leadership Succession Program (LSP Batch#4) Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (TLP Batch# 3), Thammasat University Alumni Association
- Advanced Security Management Program (ASMP Batch# 3), Thailand National Defense College
- Capital Market Academy Leadership Program (CMA Batch#8), The Capital Market Academy

**Director Training from Thai Institute of Directors Association (IOD):**

- Director Forum 2017 “The Board’s role in CEO Succession Planning
- CAC Conference 2017 “Bright Spots: Lighting the way to a corruption free society”
- 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

**Work Experience (5 years past experiences):**

**Board member / Management in Listed Company - The Stock Exchange of Thailand: 3 Companies**

- 2017 - Present      Director and Member of Executive Committee  
Nok Airline Public Company Limited
- 2011 - Present      Director, Authorized Director, Member of Executive Committee and Nomination and  
Remuneration Committee  
AIRA Factoring Public Company Limited
- 2010 - Present      Authorized Director, Chairman of Investment Committee and Chief Executive Officer  
AIRA Capital Public Company Limited



**Board member / Management in Non - Listed Company - The Stock Exchange of Thailand: 10 Companies**

- 2018 - Present      Authorized Director  
AIRA Venture Capital Company Limited
- 2017 - Present      Authorized Director and Chairman of the Board of Directors  
Nok Scoot Airline Company Limited
- 2017 - Present      Authorized Director  
AIRA Asset Management Company Limited
- 2016 - Present      Authorized Director  
Travelex (Thailand) Company Limited
- 2016 - Present      Chairman of the Board of Directors, Authorized Director and Chairman of Executive Committee  
AIRA Leasing Public Company Limited
- 2015 - Present      Authorized Director, Chairman of Executive Committee and Chief Executive Officer  
AIRA Property Company Limited
- 2015 - Present      Authorized Director and Chairman of the Board of Directors  
Aspiration One Company Limited
- 2014 - Present      Authorized Director, Chairman of Nomination and Remuneration Committee and  
Chairman of Executive Committee  
AIRA & AIFUL Public Company Limited
- 2013 - Present      Authorized Director and Chairman of the Board of Directors  
AIRA International Advisory (Singapore) Pte., Ltd.
- 2007 - Present      Authorized Director  
AIRA Securities Public Company Limited

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

## Mrs. Nongluk Chantarasombat (Age 62 years)

Director, Credit Committee and Authorized Director



Date of appointment: May 14, 2018

Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Business Administration, Kasetsart University
- Bachelor of Economics, Ramkhamhaeng University
- Situational Leadership for Top Leaders
- Digital Banking & Inspirational Leadership
- Executive Leadership Development Program (ELDP) Compass Institute, LEAD Business & Cornell University
- Business Strategy
- Strategic Management for Growth
- The 7 Habits of Highly Effective

### Director Training from Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) Class 152/2018

### Work Experience (5 years past experiences):

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

- 2018 - Present Director, Credit Committee and Authorized Director  
AIRA Factoring Public Company Limited
- 2014 - 2017 Executive Vice President, Group Management, the credit restructuring group 2  
Krung Thai Bank Public Company Limited
- 2015 Acting Group Management of Property for Sale  
Krung Thai Bank Public Company Limited
- 2013 Senior Vice President, Group Management, the credit restructuring group 2  
Krung Thai Bank Public Company Limited

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

#### Position in other organization / Institutions: -None-

#### Position in conflict of interest to the company: -None-

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

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

#### History of potential conflict of interest with the Company in the past year: -None-





## Mr. Wutthiphum Jurangkool (Age 39 years)

Director, Executive Committee and Authorized Director

Date of appointment: April 25, 2011

Shareholding as of December 31, 2018: -None-

### Education / Training:

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

### Director Training from Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP) Class 148/2011
- Finance for Director (FFD) Class 12/2011

### Work Experience (5 years past experiences):

#### Board member / Management in Listed Company - The Stock Exchange of Thailand: 4 Companies

- 2018 - Present Director and Authorized Director  
Thai Steel Cable Public Company Limited
- 2017 - Present Recruitment and Remuneration Committee  
Se-education Public Company Limited
- 2015 - Present Director  
Se-education Public Company Limited
- 2013 - Present Director and Authorized Director  
AIRA Capital Public Company Limited
- 2011 - Present Director, Executive Committee and Authorized Director  
AIRA Factoring Public Company Limited

#### Board member / Management in Non - Listed Company - The Stock Exchange of Thailand: 9 Companies

- 2014 - Present Director and Authorized Director  
Aspiration One Company Limited
- 2014 - Present Director, Executive Committee and Authorized Director  
AIRA and AIFUL Public Company Limited
- 2013 - Present Director and Authorized Director  
Summit Keylex (Thailand) Company Limited
- 2002 - Present Director, Executive Director and Director of Sourcing  
Summit Auto Body Industry Company Limited  
Summit Laemchabang Auto Body Work Company Limited  
Summit Auto Tech Industry Company Limited  
Thai Auto Industry Company Limited  
Summit R&D Center Company Limited  
Summit Advanced Material Company Limited

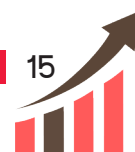
Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-





## Mr. Akrawit Sooksai (Age 45 years)

Director, Executive Committee, Credit Committee, Authorized Director and Chief Executive Officer

Date of appointment: July 5, 2018

Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Economics, Thammasat University
- Bachelor of Economics (Finance), Ramkhamhaeng University
- Credit Process Re-Engineering & Banking Platform
- Digital Banking Transformation
- Enterprise Risk Management for Financial Institutions
- Capital and Money Market Instruments for Risk Management
- Certificate for Credit Underwriting, OMEGA (Financial Accounting for Banker & Credit Policy for Banker)

### Director Training from Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) Class 152/2018

### Work Experience (5 years past experiences):

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

- 2018 - Present Director, Executive Committee, Credit Committee, Authorized Director and Chief Executive Officer  
AIRA Factoring Public Company Limited
- 2011 - 2018 Vice President - Credit Underwriting Department  
Vice President - Credit Policy & Credit Risk Department  
Kasikorn Bank Public Company Limited

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

#### Position in other organization / Institutions: 1 place

- 2018 - Present President of Thai Factors Association  
Thai Factors Association

#### Position in conflict of interest to the company: -None-

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

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

#### History of potential conflict of interest with the Company in the past year: -None-



## Mr. Wiwat Kongkasai (Age 62 years)

Credit Committee



Date of appointment: February 27, 2004

Shareholding as of December 31, 2018: 40,237,600 shares (2.51%)

### Education / Training:

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

### Director Training from Thai Institute of Directors Association (IOD):

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

### Work Experience (5 years past experiences):

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

- 2016 - Present      Credit Committee  
AIRA Factoring Public Company Limited
- 2016 - 2018      Director and Executive Committee  
AIRA Factoring Public Company Limited
- 1997 - 2014      Chief Executive Officer  
AIRA Factoring Public Company Limited

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

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-



## Mr. Chanon Chotevijit (Age 59 years)

Executive Committee

Date of appointment: July 5, 2018

Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Economic Law, Chulalongkorn University
- Master of Financial Economics, National Institute of Development Administration
- Bachelor of International Economics (2nd Class Honors), Chulalongkorn University
- National Defence College (NDC 51)
- Top Executive Program, Capital Market Academy (CMA 23)
- Top Executive Program in Commerce and Trade (TEPCoT 10)

### Director Training from Thai Institute of Directors Association (IOD):

- Financial Institutions Governance Program (FGP) Class 4/2012
- Director Certification Program (DCP) Class 55/2005
- Audit Committee Program (ACP) Class 4/2005
- Directors Accreditation Program (DAP) Class 29/2004

### Work Experience (5 years past experiences):

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

- 2018 - Present      Executive Committee  
AIRA Factoring Public Company Limited

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

- 2016 - Present      Chairman of Executive Committee  
Brain Consultant International Company Limited

#### Position in other organization / Institutions: 1 place

- 2017 - Present      Advisor  
Thai Valuers Association

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

**Mrs. Kongkeaw Piamduaytham** (Age 66 years)  
Credit Committee



Date of appointment: November 11, 2014

Shareholding as of December 31, 2018: -None-

**Education / Training:**

- Master of Business Administration (Finance), Washington State University, U.S.A.
- Bachelor of Economic (first-class honors), Chiang Mai University
- Bachelor of Laws, Ramkhamhaeng University
- 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

**Work Experience (5 years past experiences):**

**Board member / Management in Listed Company - The Stock Exchange of Thailand: 3 Companies**

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

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

- 2009 - Present      Advisor  
AIRA Securities Public Company Limited

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-





## Mr. Suthiporn Tanthikul (Age 57 years)

Credit Committee

Date of appointment: July 5, 2018

Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Economics program, National Institute of Development Administration
- Bachelor of Economic, The University of the Thai Chamber of Commerce
- Leadership Succession Program (Batch#5) Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (Batch#4), Thammasat University
- Risk Management Program (Batch#2), Chulalongkorn University

### Director Training from Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP) Class 215/2016

### Work Experience (5 years past experiences):

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

- 2018 - Present      Credit Committee  
AIRA Factoring Public Company Limited
- 2013 - Present      Managing Director and Risk Management Committee  
AIRA Capital Public Company Limited

#### Board member / Management in Non - Listed Company - The Stock Exchange of Thailand: 5 Companies

- 2016 - Present      - Authorized Director  
AIRA Asset Management Company Limited
- - Authorized Director  
AIRA Venture Capital Company Limited
- - Authorized Director and Director of Executive Committee  
AIRA Leasing Company Limited
- - Authorized Director  
AIRA and AIFUL Public Company Limited
- 2015 - Present      Authorized Director  
AIRA Property Public Company Limited

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

## Mr. Kanokkit Navasiri (Age 59 years)

Managing Director (Retired effective from January 1, 2019 onward)



Shareholding as of December 31, 2018: -None-

### Education / Training:

- Master of Business Administration, City University, Seattle, Washington, U.S.A
- Bachelor of School of Business, Department of Finance, the University of the Thai Chamber of Commerce
- Executive Director Program (EDP) Class 4/2009
- Thammasat Leadership Program Class 4, Thammasat University

### Director Training from Thai Institute of Directors Association (IOD):

- Directors Accreditation Program (DAP) Class 199/2005

### Work Experience (5 years past experiences):

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

- 2014 - 2018 Managing Director  
AIRA Factoring Public Company Limited
- 2014 - 2015 Managing Director and Acting Chief Executive Officer  
AIRA Factoring Public Company Limited
- 2005 - 2014 Executive Vice President of Credit and Marketing Department  
AIRA Factoring Public Company Limited

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

#### Position in other organization / Institutions:

- 2015 - 2018 President of Thai Factors Association  
Thai Factors Association

#### Position in conflict of interest to the company: -None-

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

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

#### History of potential conflict of interest with the Company in the past year: -None-



## Mrs. Pornpilai Burasai (Age 55 years)

Acting Managing Director

Shareholding as of December 31, 2018: -None-

### Education / Training:

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

### Director Training from Thai Institute of Directors Association (IOD):

- Executive Director Program (EDP) Class 9/2011

### Work Experience (5 years past experiences):

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

- 2018 - Present      Acting Managing Director  
AIRA Factoring Public Company Limited
- 2011 - 2018      Executive Vice President of Credit and Marketing Department 2  
AIRA Factoring Public Company Limited

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

#### Position in other organization / Institutions: -None-

#### Position in conflict of interest to the company: -None-

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

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

#### History of potential conflict of interest with the Company in the past year: -None-



**Mr. Vuthipong Anurattada** (Age 47 years)  
Assistant Managing Director Credit and Marketing Group 1



Shareholding as of December 31, 2018: -None-

**Education / Training:**

- Master of Business Administration, University of the Thai Chamber of Commerce
- Bachelor of Business Administration, University of the Thai Chamber of Commerce
- Executive Development Program (EDP) Class 6, Thai Listed Companies Association

**Work Experience (5 years past experiences):**

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

- 2018 - Present      Assistant Managing Director Credit and Marketing Group 1  
AIRA Factoring Public Company Limited
- 2004 - 2018      Senior Vice President of Credit and marketing 1  
AIRA Factoring Public Company Limited

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

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-





## Mrs. Paisri Phakcharoenphol (Age 55 years)

Senior Vice President of Accounting and Finance

Shareholding as of December 31, 2018: 905,000 shares (0.06%)

### Education / Training:

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

Director Training from Thai Institute of Directors Association (IOD): -None-

### Work Experience (5 years past experiences):

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

- 2001 - Present      Senior Vice President of Accounting and Finance  
AIRA Factoring Public Company Limited

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

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

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

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

History of potential conflict of interest with the Company in the past year: -None-

# Financial Highlights

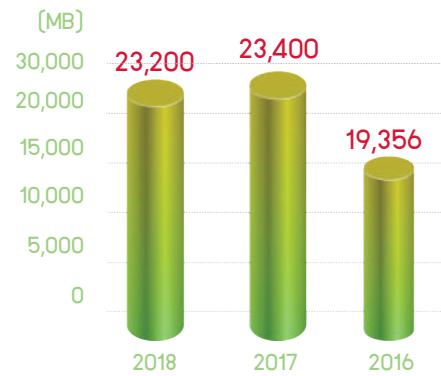
Financial Information	2018	2017	2016
<b>Financial position (MB)</b>			
Cash and cash equivalents	101.11	61.06	62.94
Total assets	2,503.00	2,780.00	2,244.64
Total liabilities	1,976.00	2,235.00	1,705.17
Total shareholders' equity	526.00	545.00	539.46
<b>Results of Operations (MB)</b>			
Interest income from factoring	179.72	172.27	149.89
Fee and services income	47.29	46.80	37.86
Total revenues	230.83	221.00	189.59
Financial costs	54.02	51.08	38.85
Operating expenses	125.00	114.60	86.34
Net Profit	48.92	53.27	50.76
<b>Ratio Analysis</b>			
Quick Ratio (Time(s))	1.24	1.23	1.29
Gross Profit Margin (%)	76.20	76.88	79.31
Gross Profit Margin (%)	21.19	24.11	26.92
ROE (%)	9.13	9.82	9.14
ROA (%)	1.95	1.92	2.26
Debt to asset ratio (Time(s))	0.79	0.80	0.76
Debt to equity ratio (Time(s))	3.76	4.10	3.16
<b>Book value per share (Baht per share)</b>			
Earnings per share	0.0306	0.0333	0.0317





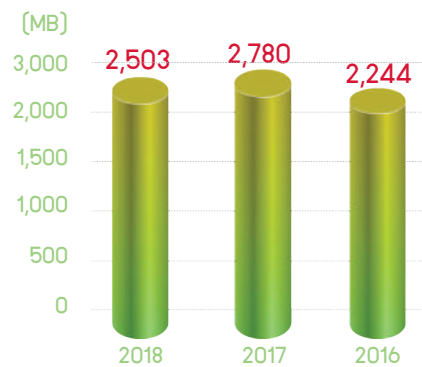
## Volume

In the year 2018, the Company has purchase volume was 23,200 million Baht decrease by 0.85% from the previous year.



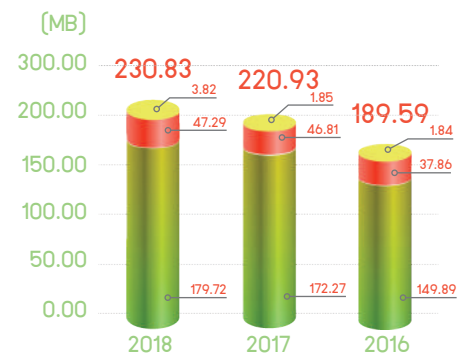
## Assets

The ending year 2018, the Company's total assets was 2,503 million Baht decrease by 277 million Baht or 9.96%.



## Revenues

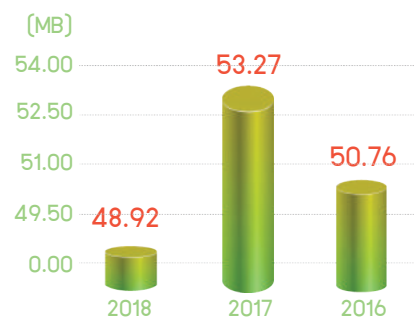
In 2018, the Company's revenues were 230.83 million Baht increase by 4.48% from the previous year.



- Revenues
- Fees and services income
- Interest income from factoring

## Net Profit

In 2018, the Company's net profit was 48.92 million Baht decrease by 4.35 million Baht or 8.16% from the previous year.



# General Information

Company Name	: AIRA Factoring Public Company Limited “AF”
Head Office address	: 319 Chamchuri Square, 20 <sup>th</sup> Floors, Phayathai Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330 Thailand.
Nature of Business	: The Company’s main business is to provide short-term financing service by transferring creditors’ right or factoring service.
Registration Number	: 0107547000141
Website	: <a href="http://www.airafactoring.co.th">www.airafactoring.co.th</a>
Telephone	: +66(0) 2657 6222
Fax	: +66(0) 2657 6244, 2657 6245
Registered Capital	: Baht 400,000,000
Paid-up Capital	: Baht 400,000,000
Number of Issued Ordinary Shares	: 1,600,000,000 shares
Par Value	: Baht 0.25 per share

## References

Stock Registrar	: Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel +66(0) 2009 9000 Fax +66(0) 2009 9991
Auditor	: Mr. Wonlop Vilaivaravit                      CPA Registration No. 6797 or Mr. Chavala Tienpasertkij                      CPA Registration No. 4301 or Dr. Suwatchai Meakhaamnouychai CPA Registration No. 6638 or Mrs. Nisakorn Songmanee                      CPA Registration No. 5035  Deloitte Touche Tohmatsu Jaiyos Audit Company Limited AIA Sathorn Tower, 23 <sup>rd</sup> - 27 <sup>th</sup> Floor, 11/1 South Sathorn Road, Yannawa, Sathorn, Tel. +66 (0) 2034 0000 Fax: +66 (0) 2034 0100



# Company Business Overview

AIRA Factoring Public Company Limited (“AF” or “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 recommendations that 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 2018, the company’s total revenues increased by 9.90 million Baht from previous year. In year 2018, total operating revenues were 227.02 million Baht or rose by 3.62% by comparing with the same period of previous year. Total revenues gradually increased from previous year due to the increasing of Thai economy outlook.

## 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 2018 to 2016:

Revenue Breakdown	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Interest Income from Factoring	179,721	77.86	172,274	77.98	149,894	79.06
Fees and Service Income	47,294	20.49	46,805	21.18	37,856	19.97
Other Income	3,815	1.65	1,850	0.84	1,839	0.97
Total	230,830	100.00	220,929	100.00	189,589	100.00

## Product and Services

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

## Nature of Service

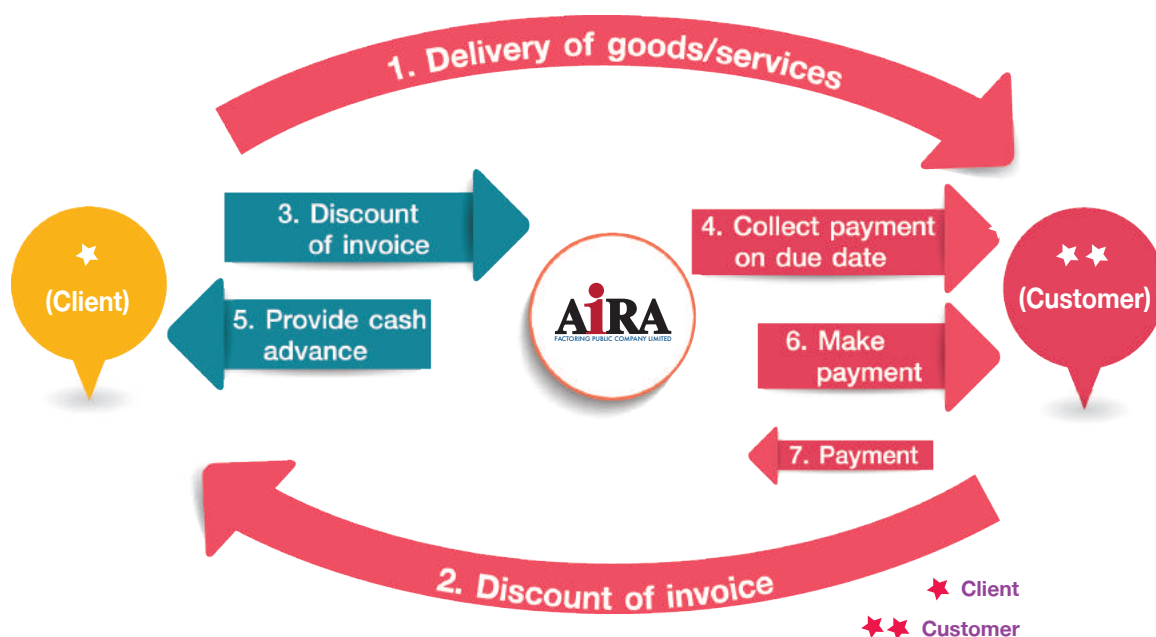
AIRA Factoring Public Company Limited (“the Company”) operates the business by offering factoring services to the applicant (“the Client”) or simply the transfer of account receivables rights from the Client to the Company (Domestic Factoring). In exchange for the transfer of rights, the Company finances 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.



## The Factoring Flow Chart



## Marketing and Competition

### • 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 of 2017. Thailand's GDP in Q3/2018 expanded at 3.3% which reduced from the third quarter 2018 at 4.6% according to the slowdown of overseas demand while the domestic demand continually improved. On the expenditure side expanded from private consumption and investment, continuous expansion of government expenditure and public investment while recession on export and production sector. However, construction, industry, wholesale and detailing, repairmen were in good expansion. Agriculture industry, hotel and restaurant, logistics and transportation slowdown. After seasonally adjusted, the economy was stable from the second quarter. For the first nine months of 2018, the Thai economy grew on average by 4.3%

### • The Thai Economy in Q3/2018

**- Private consumption expenditure** Private consumption expenditure accelerated due to the strong expansion of consumption on durable goods, together with continual increase in demand for semi-durable goods, in line with the expansion of overall income conditions, measures to support low income group, low inflation and interest rates, and rising consumer confidence. In the third quarter of 2018, private consumption expenditure expanded by 5.0%, the highest growth in the past 22 quarters, accelerated from 4.5% in the previous quarter. The private consumption expenditure of durable goods increased, aligned with the expansion of passenger cars sales by 27.%. Besides, consumption for other consumer goods and services also favorably rose as seen from the VAT of hotel and restaurant index (at 2010 price), the import of textile index, and sales of semi-durables index, which grew by 8.3, 13.4, and 8.3 percent, respectively. The expansion of private consumption expenditure in this quarter was supported by (i) the more broad based recovery of the overall economic activities and income conditions, particularly of those in agricultural sector and improved labor market conditions (ii)

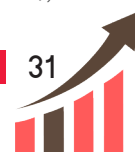
consistently low inflation and interest rates, and (iii) measures to support low income group. Consumer Confidence Index pertaining the overall economic situation stood at 69.6, the highest level in 15 consecutive quarters.

- **Private investment** Private investment accelerated by 3.9%, compared with a 3.2% growth in the previous quarter, a continual expansion seen in 4 consecutive quarters. The investment in machinery and equipment grew by 3.4%, gradually accelerated from 3.3% in the previous quarter. The investment in construction grew by 5.4%, accelerated from a 3.0% growth in the previous quarter. The public investment expanded by 4.2% from 4.9% of the 3<sup>rd</sup> quarter 2018 due to investment of state enterprises expanded at 9.9%. In 9 months of 2018, public and private investment accelerated at 0.7% and 3.4% respectively.

- **Exports** value in the third quarter of 2018 was recorded at 63.4 billion US dollars, expanded by 2.6%, decelerating from a growth of 12.3% in the previous quarter. The export volume index decreased by 0.4% while the export price rose by 3.0%. Export items with increased value included rice (7.6%), tapioca (2.3%), sugar (2.3%), petroleum products (32.5%), petrochemical (16.3%), chemical (12.2%), vehicle parts & accessories (7.8%), passenger car (1.5%), pick up & trucks (11.7%), computer parts & accessories (7.4%) and machinery & equipment (4.1%), etc. Export items with decreased value included printing circuit board and parts (-3.9%), telecommunication and equipments (-0.4%), electrical parts (-12.2%), rubber (-17.0%), and seafood (-20.4). etc. exports to EU (15), Japan, ASEAN (9), and the Middle East (15) expanded, while exports to the U.S.A, China, and Australia declined. Excluding unwrought gold, export value grew by 5.4%. In baht term, exports value increased by 1.3%. In nine months of 2018, total export value was USD 188,189 million, increased by 8.1%, improved by 9.2% compared to the same period of the year 2017. The export volume rose by 3.9% and the export price increased by 4.1%, in Baht term, the total export value was 6,051,000 million Baht or jumped by 1.5%.

- **Agriculture** In the third quarter of 2018, agriculture sector expanded by 4.3%, slowing from 10.2% in the second quarter of 2018. The increase in agricultural production mainly supported by the sufficient irrigation water for crops, which resulted in the rising yield per area and the expansion of planting area for some key crops. Major agricultural products with positive growth included (i) paddy (9.8%), (ii) fruits (18.6%), (iii) rubber (4.9%), and (iv) oil palm (15.7%). Meanwhile, major agricultural products with contraction included white shrimp, swine and cassava. Agricultural Price Index decreased by 3.3%, mainly due to lower rubber price, lower sugarcane price and lower poultry price, major Agricultural Price Index increased such as cassava (97.0%), paddy (10.6%), and maize (15.6%). The increase of agricultural production index and the improvement of major agricultural price index thus led to higher Farm Income Index, which increased by 1.3%, the continual expansion for two consecutive quarters. The agricultural sector expanded by 7.2% compared to the same period of the previous year at 10.2%. Agricultural products index increased by 10.0%, while the agricultural price index decreased by 7.3% and farm income index rose by 1.5%.

- **Manufacturing** In the third quarter of 2018, manufacturing sector grew by 1.6%, slowed down from 3.2% growth in the previous quarter, alongside with the 1.0% increase in Manufacturing Production Index (MPI), decelerated from 3.7 % increase in the previous quarter. Manufacturing Production Index with positive growth included sugar (91.4%), electronic components (11.2%), vehicles (2.6%), other general-purpose machinery (18.1%), refined petroleum products (10.0%), wearing apparel (9.8%), concrete and cement (6.4%), computers and peripheral equipment (4.4%), motorcycles (2.6%), and basic iron and steel production (1.0%), etc. Manufacturing Production Index with negative growth included tobacco (-32.3%), domestic appliances (-12.9%),



other rubber products (-4.5%), weaving of textiles (-13.6%), furniture (-13.6%), distilling, rectifying and blending of spirits (-19.3%), soft drinks (-8.7%), processing and preserving of fish (-3.3%), vegetable and animal oils and fats (-6.6%), and animal processing and preservation (-2.9%), etc. Average capacity utilization industries were at 66.5% dropped from 67.1% in the same period of previous year. In nine months 2018, Manufacturing production increased by 2.9% from the expansion of 2.4% in the same period of previous year. Manufacturing products index jumped by 2.9% from average capacity utilization industry index expansion of 2.9% and average capacity utilization was at 68.5%.

**- Hotels and restaurants** In the third quarter of 2018, hotels and restaurants sectors expanded by 6.5%, slowed down from a 9.4% increase in the previous quarter. The total number of foreign tourists was at 9.06 million persons, increased by 1.9%, decelerated from 8.4% in the previous quarter. Foreign tourism receipts stood at 474.6 billion Baht which grew by 0.5%, decelerated from a 13.7% growth in the previous quarter, mainly contributed by the contraction of travel receipts from Chinese and Russian tourists, together with lower growth rate of travel receipts from European tourists. Nonetheless, the travel receipts from major countries continued to expand favorably, including Malaysian, Hong Kong, Indian, Japanese, and Vietnamese tourists. The average occupancy rate was at 65.38%, increased from 63.71% in the same quarter last year. Number of tourists increased by 8.7%, overseas tourist income was 1,490.5 thousand million Baht and average occupancy rate was at 70.53%.

**- Transport and communication** In the third quarter of 2018, transport and communication grew by 6.2%, continued to expand from a 6.8% growth in the previous quarter due to the slowdown of number of tourist, transportation, included manufacturing production. Land, air and water travel services expanded at 2.9%, 8.6% and 6.1% respectively. In addition, telecommunication accelerated by 12% as same as the performance of telecommunication service providers in nine months 2018 increased by 6.8% same as the same period of previous year. The transportation services expanded at 11.1%.

The Thai economy in 2018 is expected to grow by 4.2%, with 7.2% growth of export value, 4.7% of private consumption and 3.6% of total investment. Headline inflation will be 1.1% and the current account will record a surplus of 6.4% of GDP.

The Thai economy in 2019 is projected to grow in the range of 3.5 – 4.0%, supported by the following;

1. A favorable growth momentum of private consumption,
2. An improvement of total investment attributed by acceleration of public investment.
3. Further improvement of private investment.
4. a recovery of tourism sector.
5. Positive confidence of investors and economy growth which would be derived from Thailand new election as outlined under the New Constitution.

*Source: Office of National Economic and Social Development Board (NESDB)*

Regarding to the foresaid factors, in year 2019, we expect the expansion of economy which would be positive to the factoring business as well. Currently, entrepreneurs of both small and medium size have more restrictions to receive financing support from banks due to more stringent and security coverage criteria. In 2019, the Revenues Department will impose the single accounting standard which would be adversely affected to

SMEs due to the Bank of Thailand has required and imposed all commercial banks to lend against the single accounting standard, starting from year 2019 onwards. Therefore, some SME groups have not prepared to meet new requirement and they would be faced more difficult to get financing support. However, the said situation would be good opportunity for factoring business to acquire more business sharing to provide factor against outright trade receivable, including of the registration on the outright on trade receivable against all registered buyers' name under the Security Business Act would be helpful to SMEs to receive support from factoring service providers.

Regarding to the information of Thai Factors Association, factoring volume have been continued growth in the past 10 years.

## ● 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 21 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 many companies and offer factoring which they can be separated into 3 categories as of follows:

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

## ● Business Goal

Our business goal is to create more strengthen capacity and support potential entrepreneurs to have more options to get financing for supporting its working capital and not rely on its main bank only. We will pay attention to support working capital to SMEs and new digital technology will be applied for running business such as E-Factoring platform that would be quick respond to clients' requirement, increasing efficiency, crashed operating time from 2-3 days to be done in 1-1.5 days, and step down some factor process to handle more business transactions and reduce credit risks.

Moreover, from the above business goal, the Company will run business under good governance and Corporate Governance Code for create more return to the shareholders, growing on good quality and sustainability.





## • Competitive Strategy

1. The Company has competitive strategy to expand business in term of B2B. B2B is built up the client portfolio with business alliance or debtors (called sponsor). The debtors will cooperate to acknowledge the outright of trade receivable to the Company. The sponsor will introduce its suppliers to use factor with us. These would be support more strengthen on the supply chain which would be helpful to the Company for credit risk control management and efficiency due to strong financial status of the sponsors and validation of debt. Therefore, the credit risks would be minimized and can be verified the correctness.

2. The Company has a policy to expand clients base in potential industry sectors such as contractors on government projects, medical equipments, renewable energy, included potential client base in provincial, etc.

3. Technology will be applied for business such as developing E-Factoring project to enhance the efficiency, fast time service, reduced risk, and comprehensive services. Moreover, the Company pay attention on digital transformation in all angles for support change of technology, clients and customers behavior, and more confidential that the Company has enough capability to run business smoothly with Consistent situation.

The Company Strength are as follows:

1. The Company has operated more than 21 years and having more experience to apply and develop the working process and services together with cost efficiency.

2. The Company has targeting clients who have low credit risk and debts can be verified. In addition, the Company pays attention on debtors who have good credibility and acceptance of the outright trade receivable transfer. Therefore, the collection risk is rather minimized.

3. The Company has groups of the shareholders who have high stability and able to support on both business and funding. They have fully supported to the Company.

4. The Company has standard procedure for factoring and financing facilities, reliable process, credit evaluation process, risk system and debt recovery. The monitor and control have been activated for operating risk reduction purpose.

5. The Company based on Customer Centrix and CRM, the customer is center. The Company can provide consult and advice for customers' interest. The flexibility and fast services on all angles will be responded to customer under suitable conditions.

6. Using technology and electronics apply for factoring business to enhance of service efficiency. These will be the direction future of funding transactions as well.

## • Pricing Policy

The Company revenues comprise of interest income from factoring, fees and services income (upfront fee and factoring fee). Both interest and fees will be considered from the following factors;

1. Qualification of both client and guarantor, business size, type of business, financial status of clients, experience, and management.

2. Qualification of customer, supplier credit term, and customer's financial status.

3. Operating cost such as operating cost for collection, reporting, etc.

4. The Company's financing cost.

All above criteria will be considered with market interest rate and competition situation together with default risk, and collection difficulty. These will be considered to set offering interest rate and fees for each client.

- **Market**

The Company has launched advertisement through medias such as the Company's website, billboards, digital media. In year 2019, the Company will launch advertisement through more other medias for acquiring new clients.

Clients can request our factoring service through many channels such as walk in contact, word to word from existing clients, cooperation with other associations, and groups of the shareholders or direct contact by RM.

- **Clients and Targeting Group**

The Company has policy to provide financing to SMEs for support working capital to them who are active in industry sector, commercial, and services. All of them must have good potential and repayment capability. Currently, the major clients are auto-part, electrical, fabric and garment, and food and beverage, etc.



# Risk Factors

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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 risk 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 follows:

## 1. Risk Management Structure

During 2015, the Company modified the Office of Risk Management to be Risk Management and Debt Recovery Department to which the department is assigned 2 additional roles including initial debt screening and debt recovery. Thus, the Risk Management and Debt Recovery Department is comprised of 3 roles including

1. Risk Management
2. Initial Debt Screening
3. Debt Recovery

## 2. Risk Management Procedures

The Company manages risk thru 3 processes as follows:

1. Risks identification which can be separated into 8 risks as follows;
  - 1.1 Credit Risk
  - 1.2 Risk from source of fund procurement for credit expansion
  - 1.3 Risk from dependence on the customer and major debtors
  - 1.4 Risk from fluctuation of interest rate
  - 1.5 Risk from competitive
  - 1.6 Risk of the Company having the majority shareholder holding more than 50% of shares
  - 1.7 Operating risk

## 2. Follow up and risk control

The Company has an Early Warning Signs for credit risk. It is the tool to detect any clients who have been deteriorated on performance and quality. In addition, the Company have annual credit review on both clients and customers for considering performance of both clients and customers, better or worst. These will be tool for control use of funds of clients and customers accordingly.

The Company has set up policies and standard operation procedures (SOP) for enhancement of efficiency and risk reduction as follows;

2.1 Policy of debt level and provision of bad debts

2.2 Policy of debt restructuring

2.3 SOP of credit evaluation

2.4 SOP of debts recovery

2.5 SOP of problem debts tracking and execution

## 3. Risk Reports

The Company has reported on risk status on all angles. These will be reported on current status and what will be done to related parties and management. In addition, debt recovery will have monthly report to the Executive Committee.

## 3. Major Risk Factors

### 3.1. Credit Risk

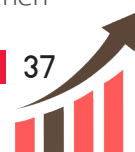
To operate factoring business, there are 3 involved parties as follows:

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 regard, 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 2014, 2015 and 2016, the Company's bad debt (overdue for more than 6 months) is just only 2.08% 2.50% and 3.07% 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 risks 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.

### **3.2 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 2014, 2015 and 2016, the proportions of liabilities to equity are equal to 3.16, 4.1 and 3.75 times respectively.

### **3.3 Risk from dependence on the customer and major debtors**

Dependence on major clients in 2017 and 2018, the proportion of income the Company gained from top 10 clients are 23.89% and 27.80% 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 2017 the Company has outstanding amount of the clients in such industries (4 clients from top 10 clients) 461.89 million Baht in total or equal to 13.80% of the proportion of outstanding debt. The value of outstanding debt of clients from such industries (3 clients from top 10 clients) is 244.19 million Baht in total or equal to 8.43 % of the outstanding clients for the year ended December 31, 2018.

Dependence on major clients in 2017 and 2018, the Company has outstanding debt of top 10 clients equal to 41.21% and 51.17% 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 838.06 million Baht, or equal to 25.04% of the outstanding debtors for the year ended 2017 and the amount of (6 clients from top 10 debtors) 825.71 million Baht or 28.49% of the outstanding debt for the year ended 2018. The Company depends on one major debtor in the retail industry with outstanding debts of 13.28% and 16.49% of outstanding debts of the debtors at the end of 2017 and 2018 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.

### **3.4 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.

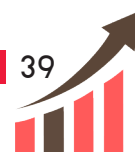
### **3.5 Risk from competitive**

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.

### **3.6 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 December 28, 2018)

However, the Company has appointed 3 in 4 independent directors that are independent directors as well





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

### 3.7 Operating Risk

In 2018, the Company has been developing new core system. The new core system will be the main system for operations. The system will be accurate, faster, reduction error from operators and can be validated the correctness promptly.





# Major Changes and Developments of the Company

## Company Background

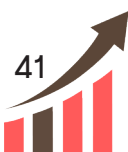
AIRA Factoring Public Company Limited ("AF" or "the Company"), formerly known as Dhanamitr Factoring Public Company Limited was incorporated on January 6, 1997 with a registered capital of 20 million Baht through a joint venture between Central Retail Corporation Limited, holding 50%; the Siam Commercial Bank Public Company Limited 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 100 million Baht composed of 20 million ordinary shares.

Then, on February 25, 2011, two of the major shareholders; the Chirathivat Group and Siam Commercial Bank Public Company Limited group had disposed of the Company's shares to AIRA Capital Public Company Limited. 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 100 million Baht to 200 million Baht and registered the change of the Company name from "Dhanamitr Factoring Public Company Limited" to "AIRA Factoring Public Company Limited".

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

## Important development and changes for the last 5 years

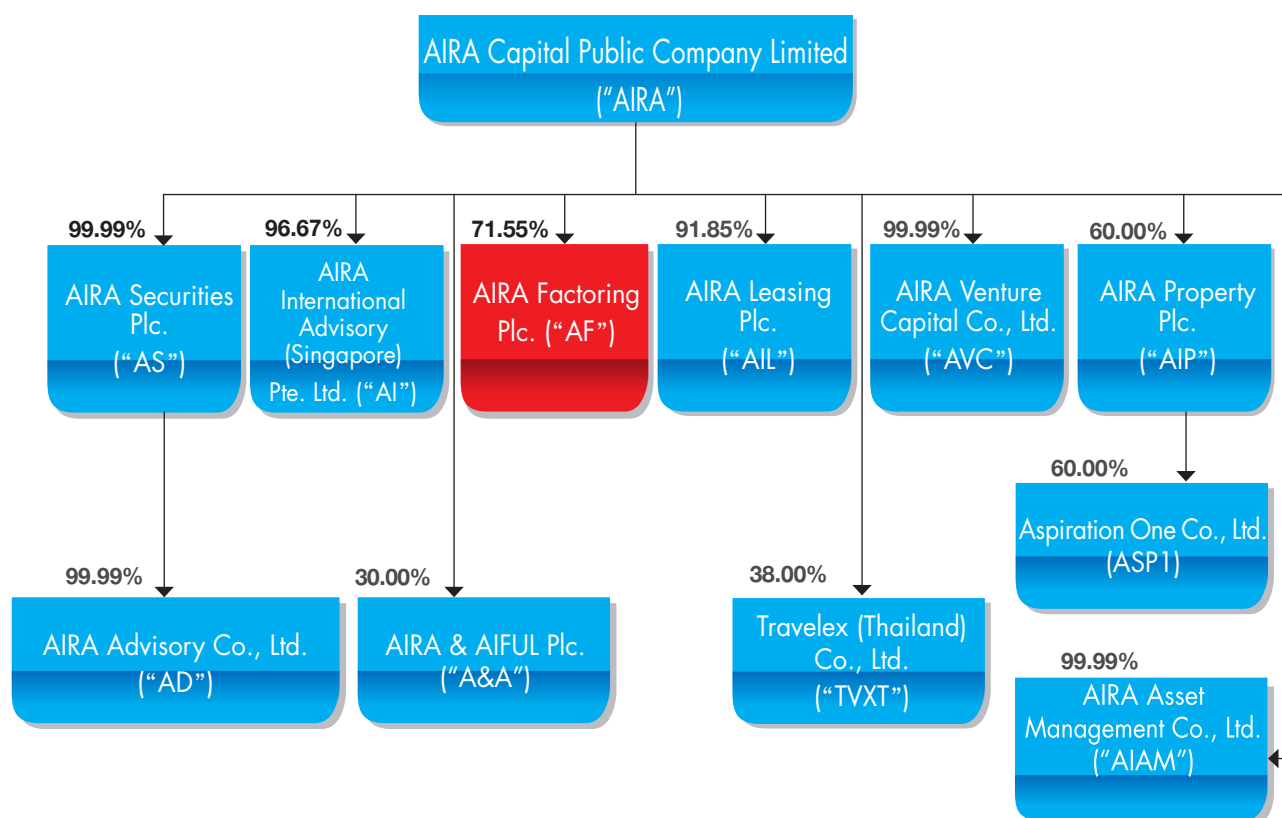
- Year 2013**     **February:** The shareholders' structure of the Company changed as Summit Corporation Ltd. sold 6,420,000 shares equivalent to 16.05% of the Company to AIRA Capital Public Company Limited resulting in AIRA Capital Public Company Limited holding a total of 29,607,617 shares equivalent to 74.02% of the Company.
- April:** The Company moved the headquarter from 444 Olympia Thai Tower, 6<sup>th</sup> Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok, 10320 to 319 Chamchuri Square, 20<sup>th</sup> Floor, Phayathai Road, Pathumwan, Bangkok 10330
- Year 2015**     **August:** The Company changed the value of the Company's share by splitting the value from 5.00 Baht per share to 0.25 Baht per share.
- September:** Increased the registered capital from 200 million Baht to 400 million Baht.
- Year 2016**     AF awarded Total Innovation Management Award 2016 organized by the Stock Exchange of Thailand and National Innovation Agency as outlined under the Promotion Innovation Capability through the appraisal process.
- Year 2018**     **May:** the meeting of the Board of Directors no. 2/2018 had the resolution to appoint Mr. Sorasit Soontornkes to be the Company Chairman, effective from May 14, 2018 onwards.
- July:** the meeting of the Board of Directors no. 4/2018 had the resolution to appoint Mr. Akrawit Sooksai, effective from July 5, 2018 onwards.





# 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 December 31, 2018, holding shares equal to 71.55% of the Company's paid up capital. AIRA Capital has JRK Holdings Company Limited. As a major shareholder holding shares equal to 37.56% 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 companies consist of

1. AIRA Securities Public Company Limited (Subsidiary is AIRA Advisory Company Limited)
2. AIRA International Advisory (Singapore) Pte. Ltd.
3. AIRA Factoring Public Company Limited
4. AIRA Leasing Public Company Limited
5. AIRA Venture Capital Company Limited
6. AIRA Property Public Company Limited (Subsidiary is Aspiration One Company Limited)
7. AIRA Asset Management Company Limited

and associated company are 2 companies consist of

1. AIRA & AIFUL Public Company Limited
2. Travelex (Thailand) Company Limited

Thus, business operation of core business and subsidiary are main source of income of AIRA Capital Public Company Limited.

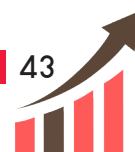
# Major Shareholders

The list of the top 10 Major Shareholders as at December 31, 2018

No.	Name	Amount (shares)	% of total shares
1.	AIRA Capital Public Company Limited	1,144,751,099	71.55
2.	Mr. Kulawut Viratmalee	88,554,900	5.53
3.	Mr. Nutthaphon Jurangkool	78,631,100	4.91
4.	Summit Corporation Company Limited	46,672,000	2.92
5.	Mrs. Piyaporn Vichitpun	42,578,000	2.66
6.	Mr. Wiwat Kongkasai	40,237,600	2.51
7.	Mr. Thaveechat Jurangkool	33,298,800	2.08
8.	Mr. Kunakorn Makchaidee	16,000,000	1.00
9.	Mr. Natee Rongkarattanakul	15,300,000	0.96
10.	Mr. Puchong Viratmalee	11,027,500	0.96
	Total	1,517,050,999	94.81
	Others	82,949,001	5.19
	Total Issued and Paid-up Shares	1,600,000,000	100.00

## Foreign Investment Limited

Foreign investors cannot hold exceeding 49% of the total shares. As at December 31, 2018, there was foreign investor in the company, equivalent to 0.00001% of the total shares.



# 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	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Credit Committee
1. Mr. Sorasit Soontornkes	<input checked="" type="checkbox"/>	-	-	-	-
2. Mr. Kunakorn Makchaidee	✓	<input checked="" type="checkbox"/>	-	-	-
3. Mrs. Yajai Pattanasukwasun	✓	✓	<input checked="" type="checkbox"/>	-	-
4. Mr. Poonsak Thiapairat	✓	✓	✓	-	-
5. Mrs. Ladavan Tanatanit	✓	-	-	<input checked="" type="checkbox"/>	-
6. Mr. Visit Wongruamlap	✓	-	-	-	<input checked="" type="checkbox"/>
7. Mrs. Nalinee Ngamsetthamas	✓	-	✓	✓	-
8. Mrs. Nongluk Chantarasombat	✓	-	-	-	✓
9. Mr. Wutthiphum Jurangkool	✓	-	-	✓	-
10. Mr. Akrawit Sooksai	✓	-	-	✓	✓
11. Mr. Wiwat Kongkasai	-	-	-	-	✓
12. Mr. Chanon Chotevijit	-	-	-	✓	-
13. Mrs. Kongkeaw Piamduaytham	-	-	-	-	✓
14. Mr. Suttiporn Tanthikul	-	-	-	-	✓
<b>Total</b>	10	3	3	5	6

☒ Chairman    ✓ Director

Ms. Nuntanit Rachakit as Company Secretary

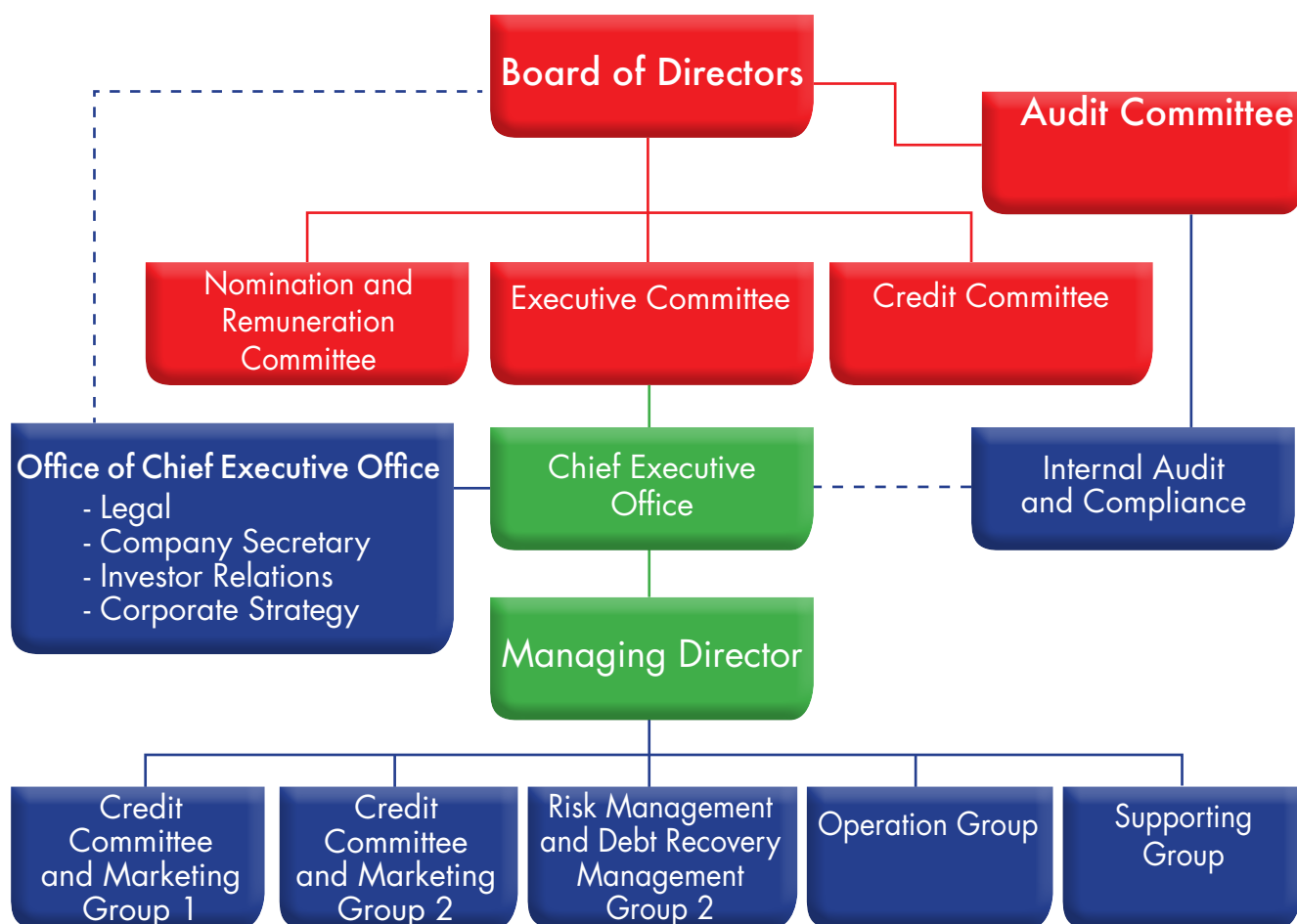
Note:

- During year 2018, two directors, namely Mrs. Tongurai Limpiti and Mr. Wiwat Kongkasai, resigned the company then proceeds with the appointment of three new directors, namely Mr. Sorasit Soontornkes, Mrs. Nongluk Chantarasombat and Mr. Akrawit Sooksai.

- Authorized Directors consist of Mrs. Nalinee Ngamsetthamas, Mrs. Ladavan Tanatanit, Mrs. Nongluk Chantarasombat, Mr. Wutthiphum Jurangkool and Mr. Akrawit Sooksai. Two of five directors sign together with the Company's seal.

## Management

The Company's Organization Chart as of December 31, 2018



The Management in accordance with the notification of the SEC on December 31, 2018 is as follow;

Name	Position
1. Mr. Akawit Sooksai	Chief Executive Officer
2. Mr. Kanokkit Navasiri*	Managing Director
3. Mrs. Pornpilai Burasai	Acting Managing Director
4. Mr. Vuthipong Anurattada	Assistant Managing Director Credit and Marketing Group 1
5. Mrs. Paisri Fakcharoenphol	Senior Vice President of Accounting and Finance Department

Note: Mr. Kanokkit Navasiri has retired which was effective on January 1, 2019 onward.

# Corporate Governance

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

The Company has confident that 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.airafactoring.co.th](http://www.airafactoring.co.th) in topic; "Investor Relations.

During 2018, 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 company has set stand procedures which apply to the Board to be complied with the good corporate governance for the listed company B.E. 2560. There are 8 principles as follows:

1. Establish Clear Leadership Role and Responsibilities of the Board
2. Define Objectives that Promote Sustainable Value Creation
3. Strengthen Board Effectiveness
4. Ensure Recruitment and development of top management and personal management
5. Promotion of innovation and business responsibility
6. Strengthen Effective Risk Management and Internal Control
7. Ensure Financial creditability and information disclosure
8. Ensure Engagement and Communication with Shareholders

## Corporate Governance Policy

In 2018, the Board of Directors Meeting No. 7/2018 dated December 12, 2018 reviewed and revised the corporate governance policy in accordance with the guidelines of the government agencies. The revision is to be to in line with the international standards and for sustainable growth of the company.

The Company's corporate governance practices in 2018 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

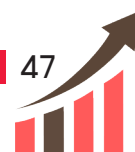


auditors, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval of special transactions (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions) The shareholders may cast their votes on the 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.airafactoring.co.th](http://www.airafactoring.co.th)) under the sequence of menu headings "Investor Relations".

### **1.1 Shareholders' Meeting**

In 2018, the Company held its Annual General Meeting of Shareholders Meeting (AGM) on April 20, 2018. 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 2017 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 2017 Annual Report before the date of the meeting from the company secretary upon request.
- 2) The Company recognizes shareholders' rights allow shareholders to submit questions in advance of the AGM to the company secretary through various channels, including via post or e-mail at [ir\\_af@airafactoring.co.th](mailto:ir_af@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, 1<sup>th</sup> Floor, 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 9 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 2017 and the business strategies for 2018. 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 Company 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 2018 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.

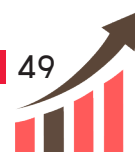
## **2. Equitable Treatment of Shareholders**

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](http://www.airafactoring.co.th) under the sequence of menu headings "Investor Relations".

### **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 channel or e-mail "ir\_af@airafactoring.co.th" 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.

For the AGM 2018, the Company invited shareholders to propose agenda items and candidates for directorship (including questions) from November 1, 2017 to January 31, 2018 and the AGM 2019, the Company invited shareholders to propose agenda items and candidates for directorship (including questions) from October 1, 2018 to January 31, 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 2018, 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 2018 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 Company's staffs and kept these ballots as evidence.

## **2.4 Protection of the using insider information from directors and employees**

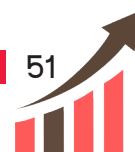
The Board of Director recognizes the importance of the internal control in order to prevent the director, management and employee from using internal information in a manner that is likely to cause damage to the Company. The Board also sets the principle about undertaking related party transaction in 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;

1) 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 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, 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 month 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 changed of shares of Directors will be proposed to the Board of Directors to acknowledge every quarter.

2) 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.

The summarizing changes in shareholding of the directors and executive in 2018

Name	Amount of shares				Percentage (total shares of 1,600 million shares)
	As at 31 Dec 2017	Acquire during the year	Disposal during the year	As at 31 Dec 2018	
1. Mr. Sorasit Soontornkes Chairman and Independent Director	-	-	-	-	0.00%
2. Mr. Kunakorn Makchaidee Independent Director and Chairman of Audit Committee	16,000,000	-	-	16,000,000	1.00%
3. Mrs. Yajai Pattanasukwasun Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee	-	-	-	-	0.00%
4. Mr. Poonsak Thiapairat Independent Director, Audit Committee and Nomination and Remuneration Committee	8,440,000	-	-	8,440,000	0.53%
5. Mrs. Ladavan Tanatanit Director and Chairman of Executive Committee	-	-	-	-	0.00%
6. Mr. Visit Wongruamlap Director and Chairman of Credit Committee	-	-	-	-	0.00%
7. Mrs. Naline Ngamsetthamas Director, Nomination and Remuneration Committee and Executive Committee	-	-	-	-	0.00%
8. Mrs. Nongluk Chantarasombat Director and Credit Committee	-	-	-	-	0.00%
9. Mr. Wutthiphum Jurangkool Director and Executive Committee	-	-	-	-	0.00%
10. Mr. Akrawit Sooksai Director, Executive Committee, Credit Committee and Chief Executive Officer	-	-	-	-	0.00%
11. Mr. Chanon Chotevijit Executive Committee	-	-	-	-	0.00%
12. Mr. Kanokkit Navasiri* Managing Director	-	-	-	-	0.00%





Name	Amount of shares				Percentage (total shares of 1,600 million shares)
	As at 31 Dec 2017	Acquire during the year	Disposal during the year	As at 31 Dec 2018	
13. Mrs. Pornpilai Burasai Acting Managing Director	-	-	-	-	0.00%
14. Mr. Vuthipong Anurattada Assistant Managing Director Credit and Marketing Group 1	-	-	-	-	0.00%
15. Mrs. Paisri Phakcharoenpol Senior Vice President of Accounting and Finance Department	905,000	-	-	905,000	0.06%
<b>Total (shares)</b>	<b>68,972,600</b>	<b>-</b>	<b>3,390,000</b>	<b>65,582,600</b>	<b>4.10%</b>

Note: Mr. Kanokkit Navasiri has retired which was effective on January 1, 2019 onward.

### 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

The Company strictly adheres to operate under principle and disciplinary to create creditability of all creditors on fairness return to counter parties by complied with terms and conditions on Agreements such as repayment of debts, loans, interest and responsibility on its guarantee's terms and conditions. Moreover, the Company treats fairly to all competitors under completion norms without any violations to acquire trade secrets of competitors.

#### 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

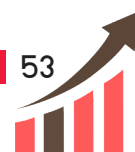
- 2) The Company has set distinct guidelines for the recruitment and selection of personnel by matching the job description of positions to map with potential candidates and follow up the probation appraisal of new staffs.
- 3) The Company encourages the employees to equally train in order to further 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:
  - 4.1) 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.
  - 4.2) 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
  - 4.3) The Company provides provident fund for staff who works at one year four months anniversary term.
  - 4.4) The Company has allowed all staffs to participate internal activities such as team building, these activities will enhance relation between management and staffs. Moreover, the Company opens for staffs' suggestions on all angles. All suggestions will be considered by the Company's management.
- 5) 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 2018, the Company has sent the notification letter of declarations of Thailand's Private Sector Collective Action Coalition against Corruption and communicate to staffs and 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 Non-violation of human rights**

The Company has supported and adopted the human rights of all stake holders, no any actions to violate human rights and equality on gender, age, nationality, religion, training and welfares.

### **3.7 Non-infringement of intellectual property and copy rights.**

The Company will act to comply with Intellectual Property and Copy Rights Act, no any violation against intellectual property and copy rights on design, software, and other related matters. All software which have been using in the Company will have all licenses and not allowed illegal software on its platform.

### **3.8 Safety and hygiene in the workplace**

No any accidents in the workplace in year 2018.

### **3.9 Channels to contact the Company for whistle blowing, information, complain and suggestion.**

Any stakeholders can contact the Company for information, news, included whistle blowing and suggestion through the following channels:

The Company's website: [www.airafactoring.co.th](http://www.airafactoring.co.th), go to "Contact us" and select item "Internal Audit Committee or Internal Audit and Compliance Office"

E-mail	:	- <a href="mailto:auditcommittee@airafactoring.co.th">auditcommittee@airafactoring.co.th</a> , address to Audit Committee - <a href="mailto:internalaudit@airafactoring.co.th">internalaudit@airafactoring.co.th</a> , address to Internal Audit and Compliance Office
Telephone	:	0 2657 6222
Fax	:	0 2657 6244
Mail address to	:	Internal Audit Committee or Internal Audit and Compliance Office Aira Factoring Public Company Limited 319 Chamchuri Square, 20th Floor, Payathai Road, Pathumwan, Bangkok, Thailand, 10330

For employees can submit any complains and suggestions to the Board of Directors or management via e-mail directly. All employees have to report any incidents in relation to misconduct and suspicious matters or any adverse impacts to other stake holders or fraud and corruption or breached CG Policy, good governance, procedures or any regulations. Employees must report to supervisor directly. The Company will not disclose the whistle blower's name to protection of any adverse impact to them.

In case employees do wrong or guilty, the report must be submitted to the line of command and the punishment must be fair and complied with the Company's rules. Any guilty from non-employees, the Company must file legal action to them accordingly.

In year 2018, the Company have no any conflicts with the 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 2018, the Company improved its website for publicizing information to all stakeholders for facilitation and incompliance with all related regulations and rule. Disclosure of information will be appeared on the Company's website, as follows;

1. The Company has disclosed Corporate Governance and Code of Conduct (Revision Version) and Anti-Corruption Policy on its website.
2. 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.
3. Disclosure of any annual reports such as Form 56-1 and Annual Report etc., will be published on the Company's website.
4. 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 "Deloitte Touche Tohmatsu Jaiyos Audit Company Limited" with the approval from the Annual General Meeting in 2018 in which the auditor must not have any conflict of interest with the guidelines of the Stock Exchange of Thailand. The auditing fee for 2018 is equal to 900,000 Baht which unchanged 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 Relations

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

Interested investor can directly contact Investor Relations.

Aira Factoring Public Company Limited,  
319 Chamchuri Square, 20<sup>th</sup> Floor,  
Payathai Road, Pathumwan,

Bangkok, Thailand, 10330  
Tel. 02-657-6222  
Fax: 02-657-6244  
E-mail: ir\_af@airafactoring.co.th  
Website: www.airafactoring.co.th

In 2018, the Company publicized information and news thru public relation media as follows;

1. MAI Forum 2018, Organized by the Stock Exchange of Thailand at Centara Grand at Central World in July.
2. Money Expo Chiangmai 2018 at Central Plaza Chiangmai Airport.
3. Mr. Akrawit Sooksai gave news and information through public relation, Thansettakij and Matichon, for the Company's performance and policy.

## 5. Responsibilities of the Board

### 5.1 Board Composition

The Board of Directors 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 Company has a policy not allowed each director to hold directorship more than five listed companies, more information and details will be appeared on "the Board of Directors and Managements"

The Board of Directors 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 Independent Director

1. Must not hold more than 1% of the shares with voting rights of the total stake of the Company. Parents companies, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholder are considered when calculating the total shares held by the Independent Director.

2. The Independent Director must not be or have previously been a Director related to the management of the employees, staffs, a consultant who receives a salary, or someone with authority. Parent companies, subsidiaries, Joint Venture, subsidiaries of the same parent company, Major Shareholders or Controlling Shareholders, in which the Independent Director is not positioned as Director or previously been a Director related to the management of the employees, staffs, a consultant with a salary, or someone with authority must wait at least 2 years before the intention to formally register as an Independent Director. If the Independent Director was previously a government official or a consultant for the Government for which the Government was a Major Shareholder or Controlling Shareholder, such waiting time would be null.



3. The Independent Director must not be blood related or registered legally with the following individuals: father, mother, spouse, brothers, sisters, children, spouse of children, spouse of Management, spouse of Major Shareholders, spouse of someone with the authority to control, or spouse of a nominee for the position of Management, someone with the authority to control, or subsidiaries

4. The Independent Director does not have or previously have a business relationship with the parent company, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholders, in which such relationship will have an effect on the independent decision making of the Independent Director. The Independent Director does not own or have previously own a significant portion of stocks or have significant business control over parent company, subsidiaries, Joint Venture, Major Shareholders or Controlling Shareholders, unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

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

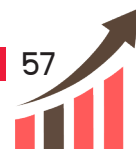
5. The Independent Director must not be or was previously been an Auditor of a parent company, subsidiaries, Joint Venture, Major Shareholder or Controlling Shareholders, and not a Partner of these companies or have authority to control. The Independent Director must also not be a stakeholder of such auditing firms in which audits the parent company, subsidiaries, Joint Venture, Major Shareholders or someone with the authority to control unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

6. The Independent Director must not be or have previously offered professional services which includes legal and financial consultant receiving more than 2 million Baht per year from the parent company, subsidiaries, Joint Venture, Major Shareholders or controlling shareholders, and not be a Partner or controlling shareholders of such companies that offer professional services unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

7. The Independent Director must not be appointed to be the representative of other Directors, Major Shareholder or shareholders that are related to the Major Shareholders

8. The Independent Director must not operate any company with the same business as the Company or any company that significantly competes with the Company or subsidiaries. The Independent Director must also not hold a significant stake of such companies, take the role of Director, Management, Employee, Staffs, or Consultant of such company, and must not hold more than 1% of the total voting rights of the company in which operates in the same business as the Company or significantly competes with the Company or subsidiaries.

9. The Independent Director must not have other characteristics that will not allow the Independent Director to have an independent judgment.



After the appointment of the Independent Director according to (1) to (9), the Independent Director may be given responsibility by the Board of Directors to allow judgment and management of parent company, subsidiaries, Joint Venture, subsidiaries with the same parent company, major shareholders or Controlling shareholders, in which the decision will be regarded as a collective decision

### Qualification of the Director

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:

- 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 shareholders' stead according to the Securities and Exchange Commission.

- The potential director must be knowledgeable, skillful, or experienced in accordance with the operations of the Company.

- 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.

- The potential director must have morality, ethics, and other qualifications according to the law or the suitability of a director.

The 4 independent directors (representing 40.00% of the total directors) are Mr. Sorasit Soontornkes, Mr. Kunakorn Makchaidee, Mrs. Yajai Pattanasukwasun and Mr. Poonsak Thiapairat.

The Board of Directors as at December 31, 2018 as following;

Name	Position	Date of appointment as director	Number of years in directorship
1. Mr. Sorasit Soontornkes	Chairman and Independent Director	May 14, 2018	8 months
2. Mr. Kunakorn Makchaidee	Independent Director and Chairman of Audit Committee	November 10, 2016	2 years 2 months
3. Mrs. Yajai Pattanasukwasun	Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee	August 14, 2014	4 years 4 months
4. Mr. Poonsak Thiapairat	Independent Director, Audit Committee and Nomination and Remuneration Committee	February 25, 2004	14 years 11 months
5. Mrs. Ladavan Tanatanit	Director, Chairman of Executive Committee and Authorized Director	March 1, 2011	7 years 10 months
6. Mr. Visit Wongruamlap	Director and Chairman of Credit Committee	April 29, 2011	7 years 9 months
7. Mrs. Naline Ngamsetthamas	Director, Nomination and Remuneration Committee, Executive Committee and Authorized Director	March 1, 2011	7 years 10 months
8. Mrs. Nongluk Chantarasombat	Director, Credit Committee and Authorized Director	May 14, 2018	8 months

Name	Position	Date of appointment as director	Number of years in directorship
9. Mr. Wutthiphum Jurangkool	Director, Executive Committee and Authorized Director	April 29, 2011	7 years 9 months
10. Mr. Akrawit Sooksai	Director, Executive Committee, Credit Committee, Chief Executive Officer and Authorized Director	July 5, 2018	6 months

Note: The director who has been approved from the Annual General of Shareholder Meeting on April 21, 2017 has 10 persons. During year 2018, two directors, namely Mrs. Tongurai Limpiti and Mr. Wiwat Kongkasai, resigned the company then proceeds with the appointment of three new directors, namely Mr. Sorasit Soontornkes, Mrs. Nongluk Chantarasombat and Mr. Akrawit Sooksai.

## 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.

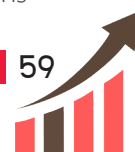
## 5.3 Segregation of Roles, Duties and Responsibilities

The Company 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 Company'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 Company'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**

1. 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:

1.1 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.

1.2 The establishment of regular review and monitor, these will drive management to operate as outlined under the plan, direction and strategies.

1.3 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.

1.4 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.

2. 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

3. 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

4. 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



5. 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 operate their roles with the following criteria:

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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.

6. 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

7. The Board of Directors 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 December 14, 2016 and reviewed by the Board of Directors' meeting no. 7/2018 on December 12, 2018.

### 5.5 Sub Committees

The Company has four subcommittees, namely the Audit Committee, the Nomination and Remuneration Committee, the Executive 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 Directors 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 Directors 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 December 31, 2018, 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.

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

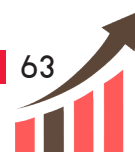
Ms. Somjai Amornchainoppakun as Secretary to the Audit Committee

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

### • **Nomination and Remuneration Committee**

The authority and responsibility of the Nomination and Remuneration Committee is as follows;

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, the Chief Executive Officer and Executive Management 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 and Executive Management in order to consider the remuneration and bonuses for the year
6. Establish a succession plan for the position of Chief Executive Officer and Executive Management 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, 2018 the Nomination and Remuneration Committee of the Company is comprised of 3 persons as per below. The term of office of members of the Nomination and Remuneration Committee shall be equal to the period of time that they remain Board of Director directorship.

Name	Position
1. Mrs. Yajai Pattanasukwasun	Chairman of the Nomination and Remuneration Committee
2. Mr. Poonsak Thiapairat	Nomination and Remuneration Committee
3. Mrs. Naline Ngamsetthamas	Nomination and Remuneration Committee

Ms. Nuntanit Rachakit as Secretary to the Nomination and Remuneration Committee.

### • 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 or the shareholders' meeting to consider, regarding to Articles of Association or the related legal issues.

As at December 31, 2018 the Executive Committee of the Company is comprised of 5 members as follows:

Name	Position
1. Mrs. Ladavan Tanatanit	Chairman of the Executive Committee
2. Mrs. Naline Ngamsetthamas	Executive Committee
3. Mr. Wutthiphum Jurangkool	Executive Committee
4. Mr. Chanon Chotevijit	Executive Committee
5. Mr. Akrawit Sooksai	Executive Committee

Ms. Nuntanit Rachakit as Secretary to the Executive Committee

#### • Credit Committee

Duties and responsibilities of the Credit Committee as follows;

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

As at December 31, 2018 the Credit Committee of the Company is comprised of 6 members as per below.

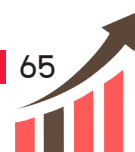
The term of office of members of the Credit Committee shall be equal to the period of time that they remain Board of Director directorship.

Name	Position
1. Mr. Visit Wongruamlap	Chairman of Credit Committee
2. Mr. Wiwat Kongkasai	Credit Committee
3. Mrs. Kongkeaw Piamduaytham	Credit Committee
4. Mrs. Nongluk Chantarasombat	Credit Committee
5. Mr. Suttiporn Tanthikul	Credit Committee
6. Mr. Akrawit Sooksai	Credit Committee

Mr. Kwanpong Pumsawang as Secretary to the Credit Committee

#### 5.6 The Board of Directors' Meeting and subcommittees

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.

For the year 2018, the Company had a meeting of directors without participation of management in one time. The participation of each director attended the Board of Directors Meeting and Sub Committee Meeting are as follows;

Name	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Annual General Meeting of Shareholders
1. Mr. Sorasit Soontornkes**	6/6	-	-	-	-	-
2. Mrs. Tongurai Limpiti*	1/1	-	-	-	-	1/1
3. Mr. Kunakorn Makchaidee	6/7	5/5	-	-	-	1/1
4. Mrs. Yajai Pattanasukwasun	7/7	5/5	6/6	-	-	1/1
5. Mr. Poonsak Thiapairat	6/7	4/5	6/6	-	-	1/1
6. Mrs. LadavanTanatanit	5/7	-	-	12/12	-	1/1
7. Mr. Visit Wongruamlap	6/7	-	-	-	16/17	1/1
8. Mrs. Nalineee Ngamsetthamas	7/7	-	6/6	10/12	-	1/1
9. Mrs. Nongluk Chantarasombat**	6/6	-	-	-	10/10	1/1
10. Mr. Wutthiphum Jurangkool	3/7	-	-	7/12	-	1/1
11. Mr. Akrawit Sookasai**	4/4	-	-	7/7	7/7	-
12. Mr. Chanon Chotevijit**	-	-	-	7/7	-	-
13. Mr. Wiwat Kongkasai*	1/1	-	-	5/5	17/17	1/1
14. Mrs. Kongkeaw Piamduaytham	-	-	-	-	15/17	-
15. Mr. Suttiporn Tanthikul**	-	-	-	-	7/7	-
16. Mr. Thongpol Boonnak*	-	-	-	-	10/10	-

Note:

\* Mrs. Tongurai Limpiti resigned from the Chairmanship dated May 14, 2018. Mr. Wiwat Kongkasai resigned from Directorship and Executive Committee dated July 1, 2018 but Credit Committee remained Mr. Songpol Bunnak resigned from Credit Committee dated July 5, 2018.

\*\* Mr. Sorasit Soontornkes appointed as the Chairman dated May 14, 2018. Mrs. Nongluk Chantarasombat appointed as Director dated May 14, 2018 and Credit Committee dated July 5, 2018. Mr. Akrawit Sooksai appointed as Executive Committee, Credit Committee and CEO dated July 5, 2018. Mr. Chanon Chotevijit appointed as Executive Committee dated July 5, 2018. Mr. Suttiporn Tanthikul appointed as Credit Committee dated July 5, 2018.

## **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 the Board of Directors meeting for acknowledgement and consideration, which can be adopted for continuous improvement.

### **• Performance Assessment of Chief Executive Officer and Managing Director**

The Board of Directors determines assigns the Nomination and Remuneration Committee to handle the performance appraisal for Chief Executive Officer and Managing Director on annually basis. The assessment is done by using the Assessment Form adjusted from the form of the Stock exchange of Thailand of which the topic shall be clearly defined. The form was adjusted in accordance with the goals and the company's strategic plan and present the evaluation results to the Board of Directors for consideration of the remuneration and appropriate incentives 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

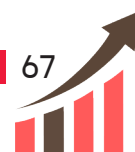
## **5.8 Procedure for Nomination of Directors and Senior Executives**

The Nomination and Remuneration Committee is responsible for screening and proposing to the Board qualified candidates that meet the Company'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 Company'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 Company. 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 Company will consult with and seek endorsement from the Company 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 Public Company Limited 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 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.

In 2018, the Company arranges orientation meetings on July 12, 2018 for 3 new directors; Mr. Sorasit Soontornkes, Mrs. Nongluk Chantarasombat and Mr. Akrawit Sooksai, presented by Mr. Kanokkit Nowasiri, Managing Director.

#### **5.11 Director and Management Development**

The Company has supported 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 Executive Management in order to exchange ideas and support the development of the Executive Management's capabilities.

In 2018, Directors participated training & seminars as follows;

1. Mr. Kunakorn Makchaidee, Director and Chairman of Audit Committee, participated Roundtable Discussion 2018, topic "Driving business value & sustainability through active investors" organized by Office of the Securities and Exchange Commission and Stock Exchange.

2. Mrs. Nongluk Chantarasombat, Director and Credit Committee, and Mr. Akrawit Sooksai, Director and Chief Executive Officer, trained the Directors Accreditation Program (DAP) 152/2018 organized by Thai Institute of Directors.

#### **5.12 Director and Executive Remuneration**

The Board of Directors 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 Directors to consider prior seek an approval from the shareholder meeting.

##### **1. Policy and criteria for paying compensation to Directors**

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

The remuneration of the Director in the form of meeting remuneration, are as follow;

(Unit: Baht)

Committees	Chairman	Member
The Board of Directors <sup>1</sup>	25,000	15,000
Audit Committee	25,000	15,000
Nomination and Remuneration Committee <sup>1</sup>	15,000	10,000
Executive Committee <sup>2</sup>	15,000	10,000
Credit Committee <sup>2</sup>	15,000	10,000

Note: 1. Executive Director shall receive meeting remuneration by a half.

2. Executive Director shall not receive meeting remuneration.

In 2018, the remuneration of the Director in the form of meeting remuneration, are as follow;

(Unit: Baht)

Name	Meeting Remuneration						
	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Directors' Bonus	Total
1. Mr. Sorasit Soontornkes**	150,000	-	-	-	-	-	150,000
2. Mrs. Tongurai Limpiti *	25,000	-	-	-	-	200,000	225,000
3. Mr. Kunakorn Makchaidee	90,000	125,000	-	-	-	156,000	371,000
4. Mrs. Yajai Pattanasukwasun	105,000	75,000	-	90,000	-	156,000	426,000
5. Mr. Poonsak Thiapairat	90,000	60,000	-	60,000	-	156,000	366,000
6. Mrs. Ladavan Tanatanit	75,000	-	180,000	-	-	156,000	455,000
7. Mr. Visit Wongruamlap	90,000	-	-	-	240,000	156,000	486,000
8. Mrs. Naline Ngamsetthamas	105,000	-	None	60,000	-	156,000	321,000
9. Mrs. Nongluk Chantarasombat**	90,000	-	-	-	100,000	-	190,000
10. Mr. Wutthiphum Jurangkool	45,000	-	70,000	-	-	156,000	71,000
11. Mr. Akrawit Sooksai**	30,000	-	None	-	None	-	30,000
12. Mr. Chanon Chotevijit**	-	-	70,000	-	-	-	70,000
13. Mr. Wiwat Kongkasai*	30,000	-	50,000	-	170,000	156,000	406,000

(Unit: Baht)

Name	Meeting Remuneration						
	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Directors' Bonus	Total
14. Mrs. Kongkeaw Piamduaytham	-	-	-	-	150,000	-	150,000
15. Mr. Suttiporn Tanthikul**	-	-	-	None	-	-	-
16. Mr. Songpol Boonnak*	-	-	-	100,000	-	-	100,000
<b>Total</b>	<b>925,000</b>	<b>260,000</b>	<b>370,000</b>	<b>210,000</b>	<b>760,000</b>	<b>1,492,000</b>	<b>4,017,000</b>

Note:

\* Mrs. Tongurai Limpiti resigned from the Chairmanship dated May 14, 2018. Mr. Wiwat Kongkasai resigned from Directorship and Executive Committee dated July 1, 2018 but Credit Committee remained. Mr. Songpol Bunnak resigned from Credit Committee dated July 5, 2018.

\*\* Mr. Sorasit Soontornkes appointed as the Chairman dated May 14, 2018. Mrs. Nongluk Chantarasombat appointed as Director dated May 14, 2018 and Credit Committee dated July 5, 2018. Mr. Akrawit Sooksai appointed as Executive Committee, Credit Committee and CEO dated July 5, 2018. Mr. Chanon Chotevijit appointed as Executive Committee dated July 5, 2018. Mr. Suttiporn Tanthikul appointed as Credit Committee dated 5 July 2018.

## 2) Other Remuneration

- None -

## 3) Management Remuneration

As of December 31, 2018 and 2017, the remuneration of the Management in the form of cash; salary, bonus and other benefit, are as follows;

(Unit: Baht)

Type of Remuneration	Amount	
	2018	2017
Salary and Bonus	9,786,156.00	13,465,475.60
Provident Fund	669,490.92	967,408.41
Other Benefit	2,840,934.00	3,175,991.00
<b>Total</b>	<b>13,296,580.92</b>	<b>17,608,875.01</b>
<b>Total Management</b>	<b>5</b>	<b>5</b>

Note:

- As of 2018, the Management comprises five executives as follows; Mr. Akrawit Sooksai, Mr. Kanokkit Nawasiri, Mrs. Pornpilai Burasai, Mr. Vuthipong Anurattada and Mrs. Paisri Phakcharoenphol.
- As of 2017, the Management comprises five executives as follows; Mr. Kanokkit Nawasiri, Mr. Jirasak Arkawat, Mrs. Pornpilai Burasai, Mr. Virut Danarthikhom and Mrs. Paisri Phakcharoenphol.



### 5.13 Personal

As at December 31, 2018, the Company had number of 91 employees, all of them are permanent staff which can be separated as follows;

Field / Department	Number of staffs (persons)	
	2018	2017
Credit and Marketing Department	25	25
Operation Department	29	26
Accounting and Finance	9	8
Information Technology	5	3
Human Resource Department	6	6
Debt Recovery and Risk Management	9	9
Office of Chief Executive Officer	6	3
Internal Audit and Compliance Office	2	2
<b>Total</b>	<b>91</b>	<b>82</b>

Noted, the Company has no any arguments to employees within the last 3 years.

- **Employee Compensation and other benefits**

The Company paid compensation to employees within the last 3 years as follows;

(Unit: Baht)

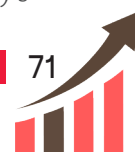
Field / Department	2018	2017	2016
Salary and bonus	36,655,799.28	36,338,313.77	30,623,241.72
Other benefits	5,547,887.53	3,982,178.35	5,698,723.31
<b>Total</b>	<b>42,203,686.81</b>	<b>40,320,492.12</b>	<b>36,321,965.03</b>
<b>Total employees</b>	<b>91</b>	<b>82</b>	<b>71</b>

- **Provident Fund**

The Company has a provident fund which has been managed by SCB Securities Company Limited for create morale and courage of employees. These would persuade the employees to work long term with the Company. In 2018, the Company paid the provident fund of 2,154,976 Baht.

- **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 and in order to enhance the competitiveness of the Company.

Company also promoted its position to the potential staff related to each career path. In the year 2018, 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.

- **Trained by outsources**

1. Modernized Team Leaders, Class 3, by Management and Psychology Institute
2. Competency Based Interview Questions (CBI) in Practices, Class 27, by HR Center
3. Debtors and Check regulation for accountant, by N.Y.C. Management Co., Ltd.
4. Deferred Income Tax Program for accountant, Class 1/61, by Federation of Accounting Professions
5. Recruitment Centre & Talent Search by Jobsdb
6. Labor Law and arguments year 2018, by the Dharmniti
7. Supervisor, Class 33, by HR Center
8. Worksheet for Anti-Corruption, Class 1/61, by Federation of Accounting Professions.
9. Business Sustainable, Class 3 (P01), by the Stock Exchange of Thailand and SR Center
10. Enhancing Good Corporate Government based on CHR Scorecard by Thai Institute of Directors
11. The Supervisor, Class 57, by Management and Psychology Institute
12. Big Data & Data Analytics by IMC Institute
13. Beyond Marketing 4.0, Class 1 and 2
14. Working with 9 Types Effectively with Enneagram
15. Principle of TFRS9 and TFRS9 Workshop by Federation of Accounting Professions
16. Types and appraisal by Federation of Accounting Professions
17. Impairment of Financial Assets by Federation of Accounting Professions
18. Personal Achievement and Satisfy of employees, Class 46, by HR Center
19. E-Tax Invoice and E-Receipt by Revenues Department
20. Seminar of significant change related to financial report by the Stock Exchange of Thailand
21. Preliminary to Corporate Sustainability by the Stock Exchange of Thailand

- **Internal Training**

1. Coaching and Mentoring Skills, by lecturer from Thai Skills Plus
2. Consultative Selling Skills by lecturer from P&P Consultant

In 2018, the Company had programs “Knowledge Sharing” to share with the staffs in exchange of knowledge and experience of each department. These will be applied for enhancement of working, details as follows;

1. Principle of LTF & RMF shared by IR
2. Laws, shared by Law Division
3. E-Tax Invoice and E-Receipt for 4.0, shared by Accounting and Finance
4. Factoring in the legend, shared by Operations
5. Visio & Power Point and Work Flows, shared by IT
6. Early Warning Sign, shared by Risks Department
7. Knowing of TFRS 9, shared by Risks and Debts Recovery and Internal Audit & Compliance

Moreover, the Company had internal activity “Collaboration and Teamwork” to promote good relationship between staffs in the Company by lecturer from SGS Training.

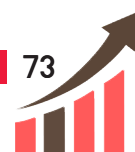
## • The Company's Secretary

The Company's Board of Directors no. 5/2018 held on September 28, 2018 has appointed Ms. Nuntanit Rachakit to take the position of the Company's Secretary 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

Name :	Ms. Nuntanit Rachakit
Education:	Master of Economics, Sukhothai Thammathirat Open University Bachelor of Business Administration, Sukhothai Thammathirat Open University Bachelor of Law, Ramkhamhaeng University
Training:	- Company Secretary Program (CSP) Class 93/2018 Thai Institute of Directors - Fundamentals for Corporate Secretaries Class 1/2015 Thai Listed Companies Association
Word Experience:	2018-Present      Company Secretary AIRA Factoring Public Company Limited 2014-2018      Assistant Company Secretary TRC Construction Public Company Limited



# Corporate Social Responsibilities

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The Company has paid attention and realize the Corporate Social Responsibilities by starting from inside society of the Company that is “employees”. In case the employees are well being in a small society then the happiness would be with them. The Company has provided more employee benefits additional Labor Law’s requirements such as wedding allowance or money to help employee family member die, etc. The employees’ trainings and developments provide to all staff levels to enhance their knowledge, capability, and efficiency for competition purpose. Moreover, the Company has set a working group to receive all complaints from the employees in case of unfair treatment at work including of modes and consideration process. The whistle blowing can directly address to the Internal Audit and Compliance Office which is an independence party to receive any complaints from the employees.

The Company activity is based on 8 CSR Principles, details as follows;

1. Good governance
2. Anti-corruption
3. Respect on Human Rights
4. Fair labor practices
5. Responsibilities to consumers
6. Environmental protection
7. Community and Social Development Collaboration
8. CSR Innovation and Innovative Expansion besides, realizes on society, environment and stake holders

The Company emphasizes on sustainable operation at all angles as follows;

## • Economic

In 2018, the Company has been developing new products to provide more financial services to the customers, including of fast track and flexibility on consideration process. These would build up more sustainable strength of the Company. In the future, the Company plans to use technology in term of e-Factoring which would be online format. Currently it has been designed, developed and studied prior to launch its operation soon. Potential development on economic of the Company will be based on good corporate governance and customer satisfaction accordingly. Moreover, the Company has paid attention on SME business groups which have more powerful driving Thai economy. In case these groups are sustainable growth, Thai economy would be the same sustainable growth too. The Company has commitment to provide financial support on these business groups or SMEs as same as in the past. The Company will be a good intermediary in conjunction with variety businesses doing business together.

## • Environment

The Company has paid attention to create consciousness to the employees on the reduction of global warming, campaign on utilization of resources for maximum benefit and cost-effective such as think before print, reuse papers and turn off the lights before leaving the office, etc. In addition, the Company has been developing data transfer (receipt and send) technologies for paper reduction and fast track working and enhance of competitiveness accordingly.

## • Society

The Company has supported and emphasized on the sustainable happiness of internal and external company together with business ethic and professional. In 2018, the Company had more activities for the benefit of society and environment as follows;

In June 2018, cleaned “Jomtien Beach, Pattaya, Chonburi”

- In December 2018, donation “used staples” and “used aluminum loop” of 2,218 Kilograms to Association of Persons with Physical Disability International. These materials will be mixed to produce crutch, walker, handicap equipment included of leg prosthesis from the staples and aluminum loops. These happened from the cooperation of all staffs to collect both materials for the whole year 2018.



In addition, the employees donated money for supporting the following;

1. Ramie host of 67th years of Rajavithi Hospital, all monies will support to build up the Gastrointestinal Endoscopy Center for all patients.
2. Joined Royal Kathin for 2018 at Wat Pa Mok Worawihan, Ang Thong Province, which organized by Office of the Education Council, Ministry of Education.
3. Donation supported “Run and donate one Baht to develop Saohai Hosipital for using of funds to purchase medicines, Rehabilitation equipment for paralysis patients.





# Dividend 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	2017	2016	2015*	2014	2013
Net Profit (Million Baht)	53.27	50.76	0.14	24.90	64.73
Number of shares (Million Baht)	1,600	1,600	1,600	40	40
Dividend payout					
- Interim dividend (Baht/share)	0.022	0.043	-	-	0.30
- Dividend payment (Baht/share)	0.0125	0.01	-	0.50	0.70
Total amount of dividend (Million Baht)	44.00	36.80	-	20.00	40.00
Dividend payout against net profit (%)	82.60	72.50	-	80.32	61.80

Note: \* 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.



# 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 Directors 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 Directors meeting No.1/2019 was held on February 26, 2019. 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, the 3/2006 of 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 and Compliance Department as below;

Ms. Somjai Amornchainoppakun

Education :           - Master of Business Administration Program in Managerial Accounting,  
Graduate School of Commerce, Burapha University  
- Bachelor of Accounting, Siam University

Work experience :   2006-Present           Head of Internal Audit and Compliance  
AIRA Factoring Public Company Limited  
2004-2006           Internal Audit and Compliance Manager  
Advance Finance Public Company Limited  
2001-2004           Internal Audit and Compliance  
Minor holding (Thailand) Company Limited

Qualification :       Knowledgeable and experience in the auditing of internal control system, financial reports, accounting and securities and exchange law.



# Connected Transactions

Since 2014 the Company has transacted with AIRA Securities Public Company Limited (“AS”) which is a subsidiary company as same as the Company with AIRA Capital Public Company Limited (“AIRA”). AIRA has held stage of interest of AIRA Factoring Public Company Limited at 71.55% and AS at 99.99%.

## Transaction Types

The Company had been granted a working capital credit limit at 800 million Baht and to be increased from 800 million Baht to 1,200 million Baht, tenor 5 years (May 3, 2014 to May 2, 2019) which approved from the AGM 2014 dated April 28, 2014. The Audit Committee gave an opinion, the said transaction is helpful to the Company as supporting the Company’s liquidity for operation. Interest charges at normal market rate as same as borrows working capital from other financial institutions. The said transaction needed to support the Company’s liquidity for further operation.

### - Year 2016

On February 15, 2016, the Company issued a Bill of Exchange no. 1/2016, amount 300 million Baht, to AIRA Securities Public Company Limited, interest rate at 3.55% p.a., tenor 86 days, due on May 11, 2017 and interest paid of 2.49 million Baht.

### - Year 2017 and 2018

No any connected transactions.

## Potential transactions between connected parties in the future and policy

In case the Company has transactions between connected parties in the future. The connected transactions are treated on the same basis as normal business course and all transaction must be complied with regulations of the Securities Exchange of Thailand and other related offices, rules, announcements, orders or requirements. The Company will disclose all connected transactions on notes to financial report and annual information (Form 56-1) and annual report (Form 56-2).

## Necessary and reasonable connected transactions.

In case the Company agrees to contracts or having connected transactions between the Company, subsidiary companies, related companies and/or external parties. The Company will carefully deliberate the necessary and reasonable course to agree on contracts for the benefit of the Company.

## Measures or approval procedures on connected transactions.

In case the Company agrees to contracts or having connected transactions between the Company, subsidiary companies, related companies and/or conflicted of interest parties for the benefit of the Company. The Board of Directors must be considered, approved and determined in compliance with procedures and announcements of the Board of Stock Exchange of Thailand on disclosure and registers all connected transactions with details, prices and conditions, as same as do any transactions with external parties. Any directors who have conflicted interest must no participation on approval processes.

# Report of the Audit Committee

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

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

The Audit Committee performed its duties as assigned by the Board of Directors and in compliance with the criteria governing the Charter of the Audit Committee. Throughout the year 2018, the Audit Committee held 5 meetings with the Company's Management and the Internal Audit and Compliance Department 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 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 Directors on each issue summarized as follows;

- 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 gave their opinion without any suspicion in their audit report which was proposed to the Board of Directors, the shareholder and the stakeholder on following criteria. Besides, the auditor also reported the review of the information system audit which was sufficient and appropriate.

- 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 Directors to acknowledge on each matter.

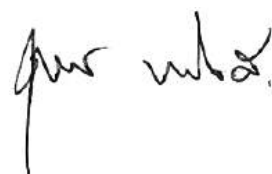
- The Audit Committee had reviewed organization practice, conformed to the law and regulation of the Stock Exchange of Thailand and other related law and regulation via the audit procedure of the Internal Audit and Compliance Department. The Audit Committee expressed an opinion that there is no significant 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 Directors and led to continuous improvement and then reported the Board of Directors to acknowledge the performance. For year 2018, 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 2019 and proposed to the Board of Directors 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 2018, 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 15, 2019



# Report of the Nomination and Remuneration Committee

The Board of Directors has appointed the Nomination and Remuneration Committee consists of 3 independent directors as follows;

- |                               |   |
|-------------------------------|---|
| 1. Mrs. Yajai Pattanasukwasun | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Poonsak Thiapairat     | Nomination and Remuneration Committee                 |
| 3. Mrs. Naline Ngamsetthamas  | Nomination and Remuneration Committee                 |

Nomination and Remuneration Committee has been performed duties as assigned by the Board of Directors as outlined under the Charter of Nomination and Remuneration Committee with responsible in recruitment of qualified candidates to serve as directors, member in subcommittee and executive management, including remunerations to approve by the Board of Directors or the shareholders meeting.

In 2018, the Nomination and Remuneration Committee held the meeting six times for consideration of significant matters and making reports together with suggestions to the Board of Directors for further consideration, details as follows;

## 1. Nomination

- Considered the appointment of directors to replace those who retired by rotation proposed to the Board of Directors and the Annual General Meeting of Shareholders year 2017 respectively.
- Considered the nomination of directors to replace the directors who resigned including the appointment of executive management in the position of Chief Executive Officer and Executive Vice President.

## 2. Remuneration

- Considered the remunerations of members of the Board of Directors and subcommittees proposed to the Board of Directors and the Annual General Meeting of Shareholders year 2017 respectively.
- Considered the remunerations of executive management.

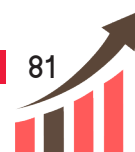
## 3. Others

- Reviewed the Charter of Nomination and Remuneration Committee 2018
- Appraisal performance of the Nomination and Remuneration Committee for 2018 prior to report the result to the Board of Directors

The Nomination and Remuneration Committee has been performed the entrusted duties with prudential, transparency, fairness and independence from the Company's management in accordance with corporate governance principles and in the best interests of the Company and all sectors of stakeholders.



(Mrs. Yajai Pattanasukwasun)  
Chairman of the Nomination and  
Remuneration Committee



# Board of Directors' Responsibility for Financial Reporting

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The management has prepared the financial statement ended on December 31, 2018 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, 2018 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



(Mr. Sorasit Soontornkes)

Chairman of the Board of Directors



(Mrs. Ladavan Tanatanit)

Chairman of Executive Committee

# Financial Performance Explanation and Analysis

## Operating outlook year 2018

The Company's factoring business in year 2018, total revenues were 230.83 million Baht or rose by 9.90 million Baht or 4.5% from previous year. The increasing revenues resulted from the improvement of Thai economy in the year 2018 which improved by 4.3%. In 2018, the Company's profit was 48.92 million Baht.

## Thai economy and operating effect

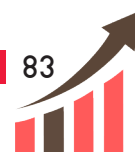
Outlook of the factoring business in year 2018 gradually expanded due to Thai economy situation, in nine months of year 2018, Thai economy grew by 4.3%. The Thai economy in 2019 is projected to grow in the range of 3.5 - 4.5 percent, supported by (i) a favorable growth momentum of private consumption, (ii) an improvement of total investment attributed by acceleration of public investment and further improvement of private investment, (iii) a recovery of tourism sector, (iv) a moderate pace of global economic expansion which will continue to support Thai export growth, and (v) a clearer direction of global trade, production, and investment. All in all, it is expected that export value will grow by 4.6 percent, and private consumption and total investment will grow by 4.2 and 5.1 percent, respectively. Headline inflation is forecasted to be in the range of 0.7-1.7 percent and the current account will record a surplus of 5.8 percent of GDP.

## Performance Analysis for year 2018 compared to year 2017

Performance Analysis for year 2018 compared to year 2017 as follows;

## Performance and Profitability

For the year 2018 and 2017, interest income from factoring were 179.72 million Baht and 172.27 million Baht or equivalent to 77.9% and 78.0% of total revenues respectively, increased by 4.3% compared to the previous year. Fees and services income were 47.29 million Baht and 46.81 million or 20.5% and 21.2% respectively, rose by 1% from previous year. Other income derived from interest received from loan and deposit amounted to 3.82 million Baht and 1.85 million Baht. Total revenues were 230.83 million Baht and 220.93 million Baht respectively. Finance costs were 54.02 million Baht and 51.08 million Baht or 23.4% and 23.1% respectively or expanded by 4.5%. The Company's gross profits were 172.99 million Baht and 167.99 million Baht or 76.2% and 76.7% respectively, expanded by 3.0% due to increase on core revenue from interest, fees and services.



(Unit: Thousand Baht)

Statement of compressive income	2018	%	2017	%	Changed	
					Value	%
<b>Revenues</b>						
Interest income from factoring	179,721	77.9%	172,274	78.0%	7,447	4.3%
Fees and services income	47,294	20.5%	46,805	21.2%	489	1.0%
Finance cost	(54,024)	23.4%	(51,083)	23.1%	(2,941)	5.8%
<b>Gross Profit*</b>	<b>172,991</b>	<b>76.2%</b>	<b>167,996</b>	<b>76.7%</b>	<b>4,995</b>	<b>3.0%</b>
Other Income	3,815	1.7%	1,850	0.8%	1,965	106.2%
<b>Total revenues</b>	<b>230,830</b>	<b>100.0%</b>	<b>220,929</b>	<b>100.0%</b>	<b>9,901</b>	<b>4.5%</b>

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

For year 2018 and 2017, the Company's administrative expenses were 94.81 million Baht and 95.88 million Baht or 41.1% and 43.4% of total revenues, decreased by 1.1%. Provision for bad debt expenses were 30.20 million Baht and 18.72 million Baht respectively or 13.1% and 8.5% of total revenues because the Company had set the provision for bad debt by aging method, overdue payment for 90 days provision amount at 20% and 180 days at 100% of overdue outstanding amount. All overdue debt amounts will be managed and controlled by the Company's Debts Recovery Department. In year 2018, the year profit from operating activities was 48.92 million Baht or 21.2% of total revenues, dropped by 4.35 million Baht or 8.2% owing to the Company set the provision for bad debt as per above mentioned. EPS was stood at 0.0306 Baht/share.



(Unit: Thousand Baht)

Statement of compressive income	2018	%	2017	%	Changed	
					Value	%
<b>Expenses</b>						
Administrative expenses	(94,806)	41.1%	(95,883)	43.4%	1,077	-1.1%
Provision of bad debt	(30,195)	13.1%	(18,717)	8.5%	(11,478)	61.3%
<b>Profit before income tax expenses</b>	51,805	22.4%	55,246	25.0%	(3,441)	-6.2%
Income tax expenses	(2,883)	1.2%	(1,977)	0.9%	(906)	45.8%
<b>Profit (loss) for the period</b>	<b>48,922</b>	<b>21.2%</b>	<b>53,269</b>	<b>24.1%</b>	<b>(4,347)</b>	<b>-8.2%</b>
<b><u>Other comprehensive income:</u></b>						
Other comprehensive income for the year	0	0.0%	3,765	1.7%	(3,765)	-100.0%
<b>Total comprehensive income for the period</b>	<b>48,922</b>	<b>21.2%</b>	<b>57,034</b>	<b>25.8%</b>	<b>(8,112)</b>	<b>-14.2%</b>
Basic earnings per share	0.0306		0.0333			

## Financial Status

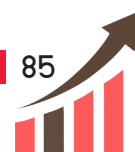
The Company's total assets, the ending year 2018 and the ending year 2017, were 2,502.62 million Baht and 2,779.88 million Baht respectively, decreased by 277.26 million Baht or 10.0% because of factoring receivable dropped at ending year 2018.

Current assets the ending year 2018 and the ending year 2017, were 2,437.92 million Baht and 2,729.95 million Baht or 97.4% and 98.2% respectively. Current assets comprised of the following;

1. Cash and cash equivalents the ending year 2018 and the ending year 2017, were 101.11 million Baht and 61.07 million Baht, equivalent to 4.0% and 2.2% of total assets respectively.

2. Factoring Receivables, the ending year 2018 and the ending year 2017, were 2,292.07 million Baht and 2,648.43 million Baht or equivalent to 91.6% and 95.3% of total assets respectively, reduced by 356.36 million Baht or 13.5%.

3. Net of current portion of loans receivable, the ending year 2018 and the ending year 2017, were 41.79 million Baht and 15.69 million Baht or equivalent to 1.7% and 0.6% of total assets respectively.



Non-current assets, the ending year 2018 and the ending year 2017, were 64.70 million Baht and 49.93 million Baht or equivalent to 2.6% and 1.8% of total assets respectively, increased by 14.77 million Baht or 29.6%

(Unit: Thousand Baht)

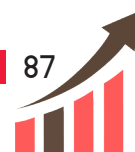
Statement of compressive income	2018	%	2017	%	Changed	
					Value	%
<b><u>Current Assets</u></b>						
Cash and cash equivalents	101,111	4.0%	61,065	2.2%	40,046	65.6%
Factoring receivable	2,292,068	91.6%	2,648,428	95.3%	(356,360)	-13.5%
Current portion of loans receivable	41,787	1.7%	15,690	0.6%	26,097	166.3%
Other receivables	1,794	0.1%	46	0.002%	1,748	3,800.0%
Corporate tax for the period	0	0.0%	4,286	0.2%	(4,286)	-100.0%
Other current assets	1,159	0.1%	430	0.02%	729	169.5%
<b>Total current assets</b>	<b>2,437,919</b>	<b>97.4%</b>	<b>2,729,945</b>	<b>98.2%</b>	<b>(292,026)</b>	<b>-10.7%</b>
<b><u>Non-current assets</u></b>						
Loan receivable	27,280	1.1%	22,763	0.8%	4,517	19.8%
Equipment	5,685	0.2%	7,947	0.3%	(2,262)	-28.5%
Intangible assets	8,914	0.4%	6,100	0.2%	2,814	46.1%
Deposits and guarantees	1,784	0.1%	1,729	0.1%	55	3.2%
Deferred tax assets	15,554	0.6%	4,318	0.2%	11,236	260.2%
Assets held for sale	5,482	0.2%	7,076	0.3%	(1,594)	-22.5%
<b>Total non-current assets</b>	<b>64,699</b>	<b>2.6%</b>	<b>49,933</b>	<b>1.8%</b>	<b>14,766</b>	<b>29.6%</b>
<b>Total assets</b>	<b>2,502,618</b>	<b>100.0%</b>	<b>2,779,878</b>	<b>100.0%</b>	<b>(277,260)</b>	<b>-10.0%</b>



Total liabilities, the ending year 2018 and the ending year 2017, were 1,976.40 million Baht and 2,234.58 million Baht or equivalent to 79.0% and 80.4% of total liabilities and shareholder's equity respectively, decreased by 258.18 million Baht or 11.6%. Because current liabilities, bank overdrafts and short-term loans from financial institutions as at the ending year 2018 decreased by 290.00 million Baht or 13.8% which increased on the same direction of the factoring receivable.

(Unit: Thousand Baht)

Statement of financial position	2018	%	2017	%	Changed	
					Value	%
<b><u>Current liabilities</u></b>						
Bank overdrafts and short-term loans	1,817,000	72.6%	2,107,000	75.8%	(290,000)	-13.8%
from financial institutions						
Retention from factoring	40,885	1.6%	37,252	1.3%	3,633	9.8%
Dividend payables	48,000	1.9%	35,200	1.3%	12,800	36.4%
Excess receipt awaiting to repay	47,824	1.9%	37,100	1.3%	10,724	28.9%
Other payables	8,348	0.3%	6,007	0.2%	2,341	39.0%
Income tax payable	2,334	0.1%	0	0.0%	2,334	N/A
Other current liabilities	1,578	0.1%	2,275	0.1%	(697)	-30.6%
<b>Total current liabilities</b>	<b>1,965,969</b>	<b>78.6%</b>	<b>2,224,834</b>	<b>80.0%</b>	<b>(258,865)</b>	<b>-11.6%</b>
<b><u>Non-current liabilities</u></b>						
Provision for long-term employee benefits	9,689	0.4%	9,018	0.3%	671	7.4%
Other non-current liabilities	740	0.03%	729	0.03%	11	1.5%
<b>Total non-current liabilities</b>	<b>10,429</b>	<b>0.4%</b>	<b>9,747</b>	<b>0.4%</b>	<b>682</b>	<b>7.0%</b>
<b>Total liabilities</b>	<b>1,976,398</b>	<b>79.0%</b>	<b>2,234,581</b>	<b>80.4%</b>	<b>(258,183)</b>	<b>-11.6%</b>



## Liquidity and Capital Adequacy

For the ending year 2018 and the ending year 2017, shareholders' equity was 526.22 million Baht and 545.30 million Baht or equivalent to 21.0% and 19.6% of total liabilities and shareholder's equity respectively, decreased by 19.08 million Baht or 3.5%.

(Unit: Thousand Baht)

Statement of financial position	2018	%	2017	%	Changed	
					Value	%
<b>Shareholders' equity</b>						
Issued and fully paid-up	400,000	16.0%	400,000	14.4%	0	0.0%
Share premium	75,845	3.0%	75,845	2.7%	0	0.0%
Capital contribution from parent company	406	0.02%	406	0.01%	0	0.0%
Retained earnings: Appropriated	27,860	1.1%	25,410	0.9%	2,450	9.6%
Unappropriated	22,109	0.9%	43,636	1.6%	(21,527)	-49.3%
<b>Total shareholders' equity</b>	<b>526,220</b>	<b>21.0%</b>	<b>545,297</b>	<b>19.6%</b>	<b>(19,077)</b>	<b>-3.5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,502,618</b>	<b>100.0%</b>	<b>2,779,878</b>	<b>100.0%</b>	<b>(277,260)</b>	<b>-10.0%</b>

## Financial Ratios

Financial Ratios	2018	
<b>Liquidity Ratio</b>		
Current Ratio	1.24	Times
<b>Profitability Ratio</b>		
Gross Profit Margin	76.20	%
Net Profit Margin	21.19	%
Return on Equity or ROE	9.13	%
<b>Efficiency Ratio</b>		
Return on Asset or ROA	1.85	%
<b>Financial Ratio</b>		
Debt to Asset Ratio	0.79	Time
Debt to Equity	3.76	Times

All financial ratios on the above table, profitability ratios and leverage ratios were on acceptable ratios.

As at the ending year 2018, the Company had available credit facilities which had not yet been drawn down amounted to 1,023 million Baht. Indicating the Company has capital and adequacy funding sources, low financial risk and liquidity for carry on business operations.

## Commitments and Contingent Liabilities

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

## Factors which may adversely impact to the performance

### ● Credit Risk

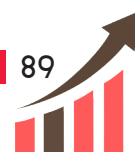
The Company is exposed to credit risk primarily with respect to factoring receivables, loans receivable and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of clients and customers to evaluate all angles of credit risk. Moreover, all client and customer accounts have been imposed to review at least once a year and monitoring of all overdue accounts regularly by 2 divisions, 1. Credit Evaluation and 2. Debt Recovery for reduction of credit risk purpose.

### ● 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.

### ● 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.



# Report of the Independent Certified Public Accountants

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To the Shareholders and board of Directors AIRA Factoring Public Company Limited

## Opinion

We have audited the financial statements of AIRA Factoring Public Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2018, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIRA Factoring Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

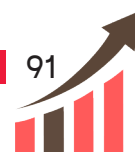
## Key Audit Matters

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

Key Audit Matters	Audit Responses
<p><b><u>Allowance for doubtful accounts</u></b></p> <p>The allowance for doubtful accounts represent management's estimation of loss that would occur from the Company's factoring and loan receivables as at the end of period.</p> <p>The allowance for doubtful accounts is considered as a key audit matter as there are management's judgement and assumption applied to the calculation of allowance for doubtful accounts.</p> <p>Accounting policy of the allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in the Note 3, Note 6, and Note 7 to the financial statements.</p>	<p><b><u>Key audit procedures included;</u></b></p> <ul style="list-style-type: none"> <li>● Obtained an understanding of the Company's design and implementation of the key controls over significant source of data using in the calculation of allowance for doubtful accounts, and calculation of allowance for doubtful accounts</li> <li>● Performed operating effectiveness testing of control over significant source of data and calculation of allowance for doubtful account, accuracy of receivables classification and allowance for doubtful accounts</li> <li>● Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- Assessed the adequacy of allowance and appropriate of significant input data and assumption used in calculation of allowance for doubtful accounts to determine if they are in compliance with the accounting standards and have been consistently applied</li> <li>- Examine the supporting documents in relation to the management consideration as indicators to recognition of allowance for doubtful accounts.</li> <li>- Tested calculation of allowance for doubtful accounts</li> </ul> </li> </ul>

## Other matter

The financial statements of AIRA Factoring Public Company Limited for the year ended December 31, 2017, presented herein as comparative information, were audited by another auditor, whose report thereon dated February 23, 2018 expressed an unmodified opinion on that statements.



## Other Information

Management is responsible for the other information. The other information comprises information in the annual report, we have received such other information in the annual report that has been prepared for issuance before the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We have read other information in the annual report that has been prepared for issuance, we did not find any material inconsistency therein which we have to report.

## 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 TFRSs, 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Wonlop Vilaivaravit)

Certified Public Accountant (Thailand)

Registration No. 6797

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

BANGKOK

February 26, 2019

# Statement of Financial Position

AIRA Factoring Public Company Limited

## Statement of Financial Position

As at December 31, 2018

(Unit : Baht)

	Notes	2018	2017
<b>Current Assets</b>			
Cash and cash equivalents	4.3	101,111,311	61,065,496
Factoring receivables	6	2,292,068,340	2,648,427,861
Current portion of loans receivables	7	41,786,828	15,689,503
Other receivables		1,793,962	46,002
Current tax assets		-	4,286,285
Other current assets		1,158,574	430,291
<b>Total Current Assets</b>		<b>2,437,919,015</b>	<b>2,729,945,438</b>
<b>Non-Current Assets</b>			
Loan receivables	7	27,280,586	22,762,961
Equipment	8	5,685,096	7,946,888
Intangible assets	9	8,913,578	6,099,617
Deposits and guarantees		1,784,066	1,729,148
Deferred tax assets	15	15,554,515	4,317,913
Assets held for sale	10	5,481,700	7,076,300
<b>Total Non-current Assets</b>		<b>64,699,541</b>	<b>49,932,827</b>
<b>Total Assets</b>		<b>2,502,618,556</b>	<b>2,779,878,265</b>

Notes to the financial statements form an integral part of these statements

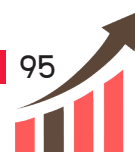
AIRA Factoring Public Company Limited

## Statement of Financial Position (Continued)

As at December 31, 2018

(Unit : Baht)

	Notes	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term loans from financial institutions	11	1,817,000,000	2,107,000,000
Retentions from factoring		40,884,858	37,252,109
Dividend payables	18	48,000,000	35,200,000
Excess receipts awaiting to repay		47,823,934	37,099,930
Other payables		8,348,306	6,007,195
Income tax payables		2,334,208	-
Other current liabilities		1,578,056	2,274,841
<b>Total Current Liabilities</b>		<b>1,965,969,362</b>	<b>2,224,834,075</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for employee benefits	12	9,689,018	9,017,600
Other non-current liabilities		740,405	729,129
<b>Total Non-current Liabilities</b>		<b>10,429,423</b>	<b>9,746,729</b>
<b>TOTAL LIABILITIES</b>		<b>1,976,398,785</b>	<b>2,234,580,804</b>



## Statement of Financial Position (Continued)

As at December 31, 2018

(Unit : Baht)

Notes	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b>		
Authorized share capital		
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
<b>ADDITIONAL PAID-UP CAPITAL</b>		
Premium on ordinary shares	75,844,889	75,844,889
Capital contribution from parent company	406,077	406,077
<b>RETAINED EARNINGS</b>		
Appropriated		
Legal reserve 13	27,860,000	25,410,000
Unappropriated	22,108,805	43,636,495
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>526,219,771</b>	<b>545,297,461</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,502,618,556</b>	<b>2,779,878,265</b>

Notes to the financial statements form an integral part of these statements

AIRA Factoring Public Company Limited

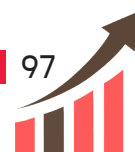
## Statement of Comprehensive Income

As at December 31, 2018

(Unit : Baht)

	Notes	2018	2017
<b>REVENUES</b>			
Interest income from factoring		179,721,181	172,274,151
Fees and services income		47,294,075	46,805,042
Other income		3,814,825	1,850,042
<b>Total revenues</b>		<b>230,830,081</b>	<b>220,929,235</b>
<b>EXPENSES</b>			
Administrative expenses		94,805,761	95,882,790
Bad debt and doubtful accounts		30,194,725	18,716,870
Finance cost		54,023,815	51,082,782
<b>Total expenses</b>		<b>179,024,301</b>	<b>165,682,442</b>
PROFIT BEFORE INCOME TAX EXPENSE		51,805,780	55,246,793
INCOME TAX EXPENSE	15	2,883,470	1,977,129
<b>PROFIT FOR THE YEARS</b>		<b>48,922,310</b>	<b>53,269,664</b>
<b>COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>			
<b>THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:</b>			
Gain on remeasurement of defined benefit plans, net of tax		-	3,765,191
OTHER COMPREHENSIVE INCOME FOR THE YEARS, NET OF TAX		-	3,765,191
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEARS</b>		<b>48,922,310</b>	<b>57,034,855</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	<b>0.0306</b>	<b>0.0333</b>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>SHARES</b>	<b>1,600,000,000</b>	<b>1,600,000,000</b>

Notes to the financial statements form an integral part of these statements



## Statement of Changes In Shareholder' Equity

For the Year End December 31, 2018

(Unit : Baht)

	Notes	Issued and fully paid-up share capital	Share premium	Capital contribution from parent company	Retained earnings		Total Shareholders' equity
					Appropriated	Unappropriated	
<b>Beginning balance as at</b>							
January 1, 2017		400,000,000	75,844,889	406,077	22,710,000	40,501,640	539,462,606
Changes during the year							
Profit for the period		-	-	-	-	53,269,664	53,269,664
Other comprehensive income for the period		-	-	-	-	3,765,191	3,765,191
Total Comprehensive income for the period		-	-	-	-	57,034,855	57,034,855
Dividend paid	18	-	-	-	-	(51,200,000)	(51,200,000)
Legal reserve	13	-	-	-	2,700,000	(2,700,000)	-
<b>Ending balance as at</b>							
January 1, 2017		400,000,000	75,844,889	406,077	25,410,000	43,636,495	545,297,461
<b>Beginning balance as at</b>							
January 1, 2018		400,000,000	75,844,889	406,077	25,410,000	43,636,495	545,297,461
Changes during the year							
Profit for the period		-	-	-	-	48,922,310	48,922,310
Dividend paid	18	-	-	-	-	(68,000,000)	(68,000,000)
Legal reserve	13	-	-	-	2,450,000	(2,450,000)	-
<b>Ending balance as at</b>							
December 31, 2018		400,000,000	75,844,889	406,077	27,860,000	22,108,805	526,219,771

Notes to the financial statements form an integral part of these statements



**Cash Flow Statement**

For the Year Ended December 31, 2018

(Unit : Baht)

	Notes	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax expense		51,805,780	55,246,793
Adjustments for			
Depreciation and amortization		4,404,128	5,519,905
Bad debt and doubtful accounts		30,194,725	18,716,870
Allowance for impairment loss on assets held for sale		1,594,600	1,848,000
Gain on disposal of equipment		(567,673)	(6,094)
Gain on disposal of assets held for sale		-	(93,400)
Employee benefits expenses		2,946,268	2,431,125
Interest expenses		54,023,814	51,082,782
		<b>144,401,642</b>	<b>134,745,981</b>
<b>Operating assets (increase) decrease</b>			
Factoring receivables		341,032,304	(549,489,466)
Loans receivable		(44,911,265)	(9,006,663)
Other receivables		(2,319,154)	2,340,509
Other current assets		(728,283)	348,604
Deposits and guarantees		(54,918)	-
<b>Operating liabilities increase (decrease)</b>			
Retentions from factoring		3,632,749	(15,340,020)
Excess receipts awaiting to repay		10,724,004	-
Other payables		(556,911)	(1,289,099)
Other current liabilities		(696,785)	(19,604,205)
Other non-current liabilities		11,276	11,275
<b>Cash received from (paid for) operating activities</b>		<b>450,534,659</b>	<b>(457,283,084)</b>
Cash paid for employee benefits		(2,274,850)	(2,199,820)
Cash paid for income tax expense		(7,499,579)	(13,189,325)
<b>Net cash provided by (used in) operating activities</b>		<b>440,760,230</b>	<b>(472,672,229)</b>



## Cash Flow Statement (Continued)

For the Year Ended December 31, 2018

(Unit : Baht)

	Notes	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of equipment	4.1	(1,470,719)	(2,657,100)
Cash paid for purchases of intangible assets	4.2	(295,484)	(2,366,974)
Proceeds from sales of equipment		661,900	6,100
Proceeds from sales of assets held for sale		-	400,000
Net cash flows used in investing activities		<u>(1,104,303)</u>	<u>(4,617,974)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term loans from		(290,000,000)	562,000,000
Dividend paid		(55,200,000)	(36,800,000)
Cash paid for interest expenses		(54,410,112)	(49,784,908)
Net cash provided by (used in) financing activities		<u>(399,610,112)</u>	<u>475,415,092</u>
Net increase (decrease) in cash and cash equivalents		<u>40,045,815</u>	<u>(1,875,111)</u>
Cash and cash equivalents at beginning of the years		<u>61,065,496</u>	<u>62,940,607</u>
<b>Cash and cash equivalents at end of the years</b>	<b>4.3</b>	<b><u>101,111,311</u></b>	<b><u>61,065,496</u></b>

Notes to the financial statements form an integral part of these statements

## 1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

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 August 25, 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 AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.

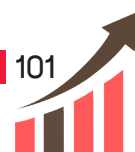
2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. 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.

2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

2.5.1. Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019



## New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

### **Thai Financial Reporting Standard Interpretation (“TFRIC”)**

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

- Step 1 : Identify the contract (s) with a customer
- Step 2 : Identify the performance obligations in the contract.
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

## Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No. 2 (Revised 2018) “Share-based Payment” adds the requirements,

which require prospective method for the amendment as follows:

1. The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
2. The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
3. The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No. 4 (Revised 2018) “Insurance Contracts” determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No. 9 “Financial Instruments” (“TFRS 9”). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

These TFRSs make stipulations relating to the classification of financial instruments and their measurement

#### Thai Accounting Standards (“TAS”)

TAS 32	Financial Instruments : Presentation
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#### Thai Financial Reporting Standards (“TFRS”)

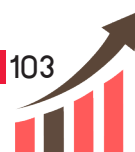
TFRS 7	Financial Instruments : Disclosures
TFRS 9	Financial Instruments

#### Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.



### 3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are summarized below:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at bank, and all highly liquid investments with original maturities of 3 months or less and not subject to withdrawal restrictions.

#### 3.2 Factoring and loan receivables

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

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

#### 3.3 Equipment

Equipment is stated at cost less accumulated depreciation and allowance for impairment, if any. Depreciation is calculated by using the straight-line method, based on the estimated useful lives of the assets as follows:

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

When, premises and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment in the statements of comprehensive income.

#### 3.4 Intangible assets

Intangible assets are stated at cost less any accumulated amortization and allowance for impairment, if any.

Intangible assets with finite lives are amortized 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 amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss.

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

#### 3.5 Assets held for sale

Assets held for sale is 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 recognized in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment, if any, is recognized as an expense in profit or loss in the statements of comprehensive income.

#### 3.6 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.



### 3.7 Provision for employee benefits

#### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized 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 recognized 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 recognized immediately in other comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the statement of comprehensive income when the plan amendment has occurred. The management of the Company judgmentally considered that an obligation arises only when the legislation is virtually certain to be enacted as drafted.

### 3.8 Provisions

Provisions are recognized 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.

### 3.9 Recognition of revenues and expenses

Factoring income is recognized in the profit or loss using the effective interest rate method, over the period of debts being factored.

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

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

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

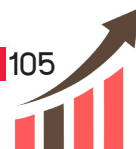
Other expenses are recognized in the profit or loss on an accrual basis.

### 3.10 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 recognized as an expense in profit or loss on a straight-line basis over the lease term.

### 3.11 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 recognized 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 recognized in profit or loss.

### 3.12 Income tax expense

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 recognizes 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 utilized.

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 utilized.

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

### 3.13 Share-Based Payment

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

The Company recognizes 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.

### 3.14 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 recognized 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 receivables.

### 3.15 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.16 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Significant judgements in applying accounting policies is 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.

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

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

Net factoring receivables	Percentage of receivable
Not yet due	-
Past due up to 3 months	-
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.

Deferred tax assets

Deferred tax assets are recognized 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 recognized, 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.

**4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION**

4.1 Plant and equipment for the years ended December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
Other payable-plant and equipment, beginning balance (included in other payables)	461	1,540
<b>Add</b> Purchases of plant and equipment	1,600	1,578
<b>Less</b> Cash paid for purchases of plant and equipment	(1,471)	(2,657)
Other payable-plant and equipment, ending balance (included in other payables)	590	461

4.2 Intangible assets for the years ended December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

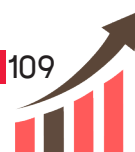
	2018	2017
Other payable - intangible assets, beginning balance (included in other payables)	-	-
<b>Add</b> Purchases of intangible assets	3,451	2,367
<b>Less</b> Cash paid for purchases of intangible assets	(295)	(2,367)
Other payable-intangible asset, ending balance (included in other payables)	3,156	-

4.3 Cash and cash equivalents as at December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	2018	2017
Cash on hand	20	20
Cash at bank - current account	73,572	35,574
Cash at bank - savings account	27,519	25,471
	101,111	61,065

As at December 31, 2018 and 2017, bank deposits in saving accounts carried interests between 0.25% - 0.375% and 0.37% - 0.375% per annum, respectively.



## 5. RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship
J R K Holdings Co., Ltd.	Major shareholder of parent company
AIRA Capital Plc.	Parent company
AIRA Securities Plc.	Common parent company
AIRA International Advisory (Singapore) Pte. Ltd.	Common parent company
AIRA Property Plc.	Common parent company
AIRA Leasing Plc.	Common parent company
AIRA Venture Capital Co., Ltd.	Common parent company
AIRA Asset Management 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)

Balance with a related company as at December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	2018	2017
<b>Dividend payables - related party</b>		
Related company	34,343	25,185



Transactions with related parties for years ended December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
<b>Directors and management benefit expenses</b>		
Short-term employee benefits	16,768	20,506
Post-employment benefits	530	927
	<u>17,298</u>	<u>21,433</u>

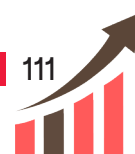
(Unit: Thousand Baht)

	2018	2017
Factoring receivables	2,898,007	3,347,308
Accrued interest income from factoring	7,392	7,399
	<u>2,905,399</u>	<u>3,354,707</u>
<b>Less</b> Factoring payables	(532,378)	(628,546)
Unearned interest income	(16,404)	(16,302)
	<u>2,356,617</u>	<u>2,709,859</u>
<b>Less</b> Allowance for doubtful accounts	(64,549)	(61,431)
Factoring receivables, net	<u>2,292,068</u>	<u>2,648,428</u>

The balances of factoring receivables as at December 31, 2018 and 2017 are classified by aging as follows:

(Unit: Thousand Baht)

	2018	2017
Current	2,715,647	3,094,011
Overdue:		
Not more than 3 months	93,282	157,059
Over 3 months but not more than 6 months	-	12,431
Over 6 months	89,078	83,807
	<u>2,898,007</u>	<u>3,347,308</u>



As at December 31, 2018, factoring receivables which are overdue for over 6 months amounting to Baht 89 million (2017: Baht 84 million) before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 22 million (2017: Baht 21 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 December 31,	
	2018	2017
Beginning balance of the years	61,431	43,941
<b>Add</b> Doubtful accounts	15,327	17,501
<b>Less</b> Reversal of bad debt	(12,209)	(11)
Ending balance of the years	64,549	61,431

## 7. LOAN RECEIVABLES

Loan receivables as at December 31, 2018 and 2017 consist of the following:

	(Unit: Thousand Baht)					
	Current portion of loans receivable		Loans receivable - net of current portion		Total	
	2018	2017	2018	2017	2018	2017
Loan receivables	54,797	16,320	29,781	23,347	84,578	39,667
Less Allowance for doubtful accounts	(13,011)	(630)	(2,500)	(584)	(15,511)	(1,214)
Loans receivable, net	41,786	15,690	27,281	22,763	69,067	38,453

As at December 31, 2018 and 2017, the Company has three loan receivables balance which were restructured factoring receivables by means of modification of 3 terms amounting to Baht 36.75 million and Baht 24.12 million, respectively. However, this restructuring by modification of terms does not result in any loss.

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

(Unit: Thousand Baht)

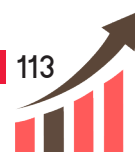
	For the years ended December 31,	
	2018	2017
Beginning balance of the years	1,214	60,620
<b>Add</b> Doubtful accounts	14,297	1,214
<b>Less</b> Reversal of bad debt	-	(60,620)
Ending balance of the years	15,511	1,214

## 8. EQUIPMENT

Equipment as at December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	Balance as at January 1, 2018	Additions	Disposals	Balance as at December 31, 2018
<b>Cost</b>				
Computer	7,609	1,494	-	9,103
Furniture and Fixture	13,689	10	-	13,699
Office Equipment	1,072	96	(10)	1,158
Motor Vehicles	14,107	-	(2,680)	11,427
<b>Total cost</b>	<b>36,477</b>	<b>1,600</b>	<b>(2,690)</b>	<b>35,387</b>
<b>Accumulated depreciation</b>				
Computer	(5,554)	(1,329)	-	(6,883)
Furniture and Fixture	(10,194)	(1,345)	-	(11,539)
Office Equipment	(801)	(99)	8	(892)
Motor Vehicles	(11,981)	(994)	2,587	(10,388)
<b>Total accumulated depreciation</b>	<b>(28,530)</b>	<b>(3,767)</b>	<b>2,595</b>	<b>(29,702)</b>
Plant and equipment	7,947			5,685



(Unit: Thousand Baht)

	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
<b>Cost</b>				
Computer	6,663	970	(24)	7,609
Furniture and Fixture	13,150	561	(22)	13,689
Office Equipment	1,025	47	-	1,072
Motor Vehicles	14,107	-	-	14,107
<b>Total cost</b>	<u>34,945</u>	<u>1,578</u>	<u>(46)</u>	<u>36,477</u>
<b>Accumulated depreciation</b>				
Computer	(4,523)	(1,054)	23	(5,554)
Furniture and Fixture	(7,787)	(2,429)	22	(10,194)
Office Equipment	(660)	(141)	-	(801)
Motor Vehicles	(10,451)	(1,530)	-	(11,981)
<b>Total accumulated depreciation</b>	<u>(23,421)</u>	<u>(5,154)</u>	<u>45</u>	<u>(28,530)</u>
Plant and equipment	<u>11,524</u>			<u>7,947</u>
<b>Depreciation for the years ended December 31,</b>				
2018				<u>3,767</u>
2017				<u>5,154</u>

As at December 31, 2018 and 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 22 million and Baht 12 million, respectively.

## 9. INTANGIBLE ASSETS

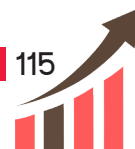
Intangible assets as at December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	Balance as at January 1, 2018	Addition	Disposals	Transfer Between account	Balance as at December 31, 2018
<b>Cost</b>					
Computer software	1,830	3,451	-	4,734	10,015
Software under installation	4,734	-	-	(4,734)	-
<b>Total cost</b>	<b>6,564</b>	<b>3,451</b>	<b>-</b>	<b>-</b>	<b>10,015</b>
<b>Accumulated amortization</b>					
Computer software	(464)	(637)	-	-	(1,101)
<b>Total accumulated amortization</b>	<b>(464)</b>	<b>(637)</b>	<b>-</b>	<b>-</b>	<b>(1,101)</b>
<b>Intangible assets</b>	<b>6,100</b>				<b>8,914</b>

(Unit: Thousand Baht)

	Balance as at January 1, 2017	Addition	Disposals	Transfer Between account	Balance as at December 31, 2017
<b>Cost</b>					
Computer software	1,830	-	-	-	1,830
Software under installation	2,367	2,367	-	-	4,734
<b>Total cost</b>	<b>4,197</b>	<b>2,367</b>	<b>-</b>	<b>-</b>	<b>6,564</b>
<b>Accumulated amortization</b>					
Computer software	(98)	(366)	-	-	(464)
<b>Total accumulated amortization</b>	<b>(98)</b>	<b>(366)</b>	<b>-</b>	<b>-</b>	<b>(464)</b>
	<b>4,099</b>				<b>6,100</b>
<b>Amortization for the years ended December 31,</b>					
2018					637
2017					366



## 10. ASSETS HELD FOR SALE

Assets held for sale as at December 31, 2018 and December 31, 2017 consist of the following:

(Unit: Thousand Baht)

	2018	2017
Machineries	11,994	12,300
<b>Less</b> Disposal - at net book value	-	(306)
Allowance for impairment loss	(6,512)	(4,917)
Machineries, net	5,482	7,077

Factoring receivables make partial settlement by transferring machineries to the Company. The Company is in the process of selling these assets.

## 11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	Interest rate (% per annum)			
	2018	2017	2016	2017
Promissory notes	2.90 - 3.78	2.90 - 3.75	1,817,000	2,107,000

As at December 31, 2018 and 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 December 31, 2018 and 2017, the credit facilities of the Company which have not yet been drawn down amounted to Baht 1,023 million and Baht 683 million, respectively.

Reconciliation of liabilities arising from financing activities are as follows:

(Unit: Million Baht)

	As at January 1, 2018	Cash flows	Non-cash changes		Balance as at December 31, 2018
			Maturity	Renewal	
Short-term borrowings from financial institution	2,107	(290)	(18,397)	18,397	1,817



(Unit: Million Baht)

	As at January 1, 2017	Cash flows	Non-cash changes		Balance as at December 31, 2017
			Maturity	Renewal	
Short-term borrowings from financial institution	1,545	562	(11,888)	11,888	2,107

## 12. PROVISION FOR EMPLOYEE BENEFITS

Provisions for employee benefits for the years ended December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

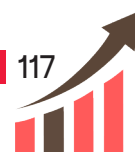
	2018	2017
Provisions for employee benefits for severance pay (see Note 12.1)	9,689	9,018
	9,689	9,018

### 12.1 Provisions for employee benefits for severance pay

Change in the present value of provisions for employee benefits for severance pay as at December 31, 2018 and 2017, are as follows:

(Unit: Thousand Baht)

	2018	2017
Present value of provisions for employee benefits for severance pay, beginning balance	9,018	13,493
Cost of service - current period	1,452	2,176
Finance cost	177	255
Past service cost	1,222	-
Benefits paid during the period	(2,180)	(2,200)
Actuarial gains	-	(4,706)
Present value of provisions for employee benefits for severance pay, ending balance	9,689	9,018



Provisions for employee benefits for severance pay expenses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
Cost of service - current period	1,452	2,176
Finance cost	177	255
Past Service cost	1,222	-
Benefits paid during the period	(2,180)	(2,200)
<b>Total expense recognized in profit and loss</b>	<b>671</b>	<b>231</b>
Actuarial gains		
- Change in financial assumptions	-	(929)
- Change in demographic assumptions	-	(1,504)
- Experience adjustments	-	(2,273)
<b>Total expense recognized in other comprehensive income</b>	<b>-</b>	<b>(4,706)</b>

The Company calculated provisions for employee benefits by using actuarial technique. The assumptions at the reporting date consist of the following:

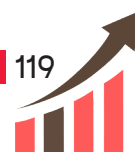
	2018	2017
<b>Financial assumptions</b>		
Discount rate (%)	1.98	1.96
Salary increase (%)	5	5
<b>Demographic</b>		
Resignation rate (%) depending on age group of employees	8, 15, 20	8, 15, 20
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of provisions for employee benefits as at December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
<b>Financial assumptions</b>		
<b>Discount rate</b>		
- 0.5% increase	(330)	(274)
- 0.5% decrease	348	289
<b>Expected rate of salary increase</b>		
- 0.5% increase	362	254
- 0.5% decrease	(347)	(244)
<b>Demographic assumptions</b>		
<b>Turnover Rate</b>		
- 10% increase	(303)	(199)
- 10% decrease	334	218
<b>Life expectancy</b>		
- 0.5% increase	(1)	(1)
- 0.5% decrease	1	1

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management of the Company judgmentally considered that the plan amendment has occurred and recognized past service cost as an expense when the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. The Company have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 1.22 million in the statement of comprehensive income for the year ended December 31, 2018.



### 13. 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.

### 14. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2018	2017
Salaries, wages and other employee benefits	59,502	61,754
Depreciation and amortisation	4,404	5,520
Bad debt and doubtful accounts	30,195	18,717
Specific business tax expenses	7,597	7,285
Examination fees on factoring documents	2,913	2,778
Office rental expenses	6,368	6,368

### 15. INCOME TAX EXPENSE

Income tax expenses for the years ended December 31, 2018 and 2017 consist of the following:

(Unit: Thousand Baht)

	2018	2017
<b>Current income tax:</b>		
Current income tax charge	14,120	2,389
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(11,237)	(412)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>2,883</b>	<b>1,977</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	2018	2017
Deferred tax relating to actuarial gains	-	941

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

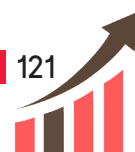
(Unit: Thousand Baht)

	For the years ended December 31,	
	2018	2017
Accounting profit before tax	51,806	55,247
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	10,361	11,049
Unrecognized temporary differences	(7,184)	(8,880)
Effects of:		
Non-deductible expenses	60	118
Additional expense deductions allowed	(354)	(310)
Total	(294)	(192)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>2,883</b>	<b>1,977</b>

Deferred tax assets as at December 31, 2018 and 2017 consist of tax effects from the following items:

(Unit: Thousand Baht)

	As at December 31, 2017	Transactions recognized in profit or loss	recognized in other comprehensive income	As at December 31, 2018
Allowance for doubtful accounts	1,385	10,781	-	12,166
Allowance for impairment loss on assets held for sale	983	319	-	1,302
Provisions for employee benefits	1,804	134	-	1,938
Accrued rental expenses	146	2	-	148
	<b>4,318</b>	<b>11,236</b>	<b>-</b>	<b>15,554</b>



(Unit: Thousand Baht)

	As at December 31, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2018
Allowance for doubtful accounts	1,391	(6)	-	1,385
Allowance for impairment loss on assets held for sale	614	369	-	983
Provisions for employee benefits	2,699	46	(941)	1,804
Accrued rental expenses	143	3	-	146
	<u>4,847</u>	<u>412</u>	<u>(941)</u>	<u>4,318</u>

As at December 31, 2018 and 2017, the Company have deductible temporary differences totalling Baht 20 million and Baht 56 million, respectively, on which deferred tax assets have not been recognized as the Company believes that it is unlikely that the tax benefits can be utilised.

#### 16. 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 years 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues

#### 17. 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% - 15% 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.

For the years ended December 31, 2018 and 2017, the Company's contributions included in selling and administrative expenses in the statement of comprehensive income amounting to Baht 2.15 million and Baht 2.30 million, respectively.

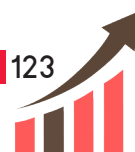
## 18. DIVIDENDS

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend from the 2017 net income	Annual General Meeting of shareholders on April 20, 2018	20,000	0.0125
Interim dividend No. 1 for the net profit of the operation results during January 1, 2018 to September 30, 2018 and the retained earnings	Meeting of the Company's Board of Directors on December 12, 2018	48,000*	0.0300
<b>Total for 2018</b>		<b>68,000</b>	<b>0.0425</b>

\* The interim dividend No. 1 for 2018 is to be paid to the Company's shareholders on 11 January 2019. As at December 31, 2018, the Company separately presented this transactions as "Dividend payables" in the statement of financial position.

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend from the 2016 net income	Annual General Meeting of shareholders on April 21, 2017	16,000	0.0100
Interim dividend No. 1 for the net profit of the operation results during January 1, 2017 to September 30, 2017 and the retained earnings	Meeting of the Company's Board of Directors on December 14, 2017	35,200*	0.0220
<b>Total for 2017</b>		<b>51,200</b>	<b>0.0320</b>

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





## 19. COMMITMENTS

### 19.1 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)		
For the years ended December 31,	2018	2017
<b>Payable:</b>		
In up to 1 year	8	6
In over 1 and up to 5 years	14	19

### 19.2 Capital commitments

As at December 31, 2018 and 2017, the Company had capital commitments relating to software computer improvements amounting to Baht 3.16 million.

## 20. FINANCIAL INSTRUMENTS

### 20.1 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

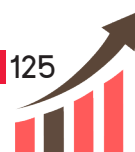
The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables 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 December 31, 2018						
	Fixed interest rates			Floating interest rate	Non-interest rate bearing	Total	Effective interest rate (% per annum)
	With in 1 year	1-5 year	bearing 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	27	74	101	0.25-0.375
Factoring receivables	2,292	-	-	-	-	2,292	5.50-15.00
Loans receivable	42	27	-	-	-	69	4.50-13.25
	<u>2,334</u>	<u>27</u>	<u>-</u>	<u>27</u>	<u>74</u>	<u>2,462</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	1,817	-	1,817	2.90-3.78
Retentions from factoring	-	-	-	-	41	41	-
Dividend payables	-	-	-	-	48	48	-
Excess receipts awaiting to repay	-	-	-	-	48	48	-
Other payables	-	-	-	-	8	8	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,817</u>	<u>145</u>	<u>1,962</u>	



(Unit: Million Baht)

	As at December 31, 2017						
	Fixed interest rates			Floating interest rate	Non- interest rate bearing	Total	Effective interest rate (% per annum)
	With in 1 year	1-5 year	bearing 5 years				
<b>Financial assets</b>							
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
	<u>2,664</u>	<u>23</u>	<u>-</u>	<u>25</u>	<u>36</u>	<u>2,748</u>	
<b>Financial liabilities</b>							
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	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107</u>	<u>115</u>	<u>2,222</u>	

### 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.

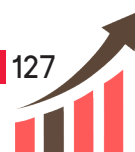
The periods of time from the end of reporting date to the maturity dates of financial instruments as of December 31, 2018 and 2017 follows:

(Unit: Million Baht)

	As at December 31, 2018			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
<b>Financial assets</b>				
Cash and cash equivalents	101	-	-	101
Factoring receivables	-	2,292	-	2,292
Loans receivable	-	42	27	69
<b>Financial liabilities</b>				
Short-term loans from financial institutions	-	1,817	-	1,817
Retention from factoring	41	-	-	41
Dividend payables	-	48	-	48
Excess receipts awaiting to repay	-	48	-	48
Other payables	-	8	-	8

(Unit: Million Baht)

	As at December 31, 2017			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
<b>Financial assets</b>				
Cash and cash equivalents	61	-	-	61
Factoring receivables	-	2,648	-	2,648
Loans receivable	-	16	23	39
<b>Financial liabilities</b>				
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



## Foreign currency risk

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

## 20.2 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.

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

(Unit: Million Baht)

	As at December 31, 2018		Fair value hierarchy	Valuation techniques and key inputs
	Carrying Amount	Fair Value		
<b>Financial assets</b>				
Cash and cash equivalents	101	101	3	Net present value of expected cash outflow
Factoring receivables	2,292	2,292	3	Net present value of expected cash outflow
Loans receivable	69	69	3	Net present value of expected cash outflow
<b>Financial liabilities</b>				
Short-term loans from financial institutions	1,817	1,817	3	Net present value of expected cash outflow
Retention from factoring	41	41	3	Net present value of expected cash outflow
Dividend payables	48	48	3	Net present value of expected cash outflow
Excess receipts awaiting to repay	48	48	3	Net present value of expected cash outflow
Other payables	8	8	3	Net present value of expected cash outflow

(Unit: Million Baht)

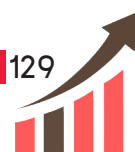
	As at December 31, 2017		Fair value hierarchy	Valuation techniques and key inputs
	Carrying	Fair Value		
<b>Financial assets</b>				
Cash and cash equivalents	61	61	3	Net present value of expected cash outflow
Factoring receivables	2,648	2,648	3	Net present value of expected cash outflow
Loans receivable	39	39	3	Net present value of expected cash outflow
<b>Financial liabilities</b>				
Short-term loans from financial institutions	2,107	2,107	3	Net present value of expected cash outflow
Retention from factoring	37	37	3	Net present value of expected cash outflow
Dividend payables	35	35	3	Net present value of expected cash outflow
Excess receipts awaiting to repay	37	37	3	Net present value of expected cash outflow
Other payables	6	6	3	Net present value of expected cash outflow

## 21. 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 December 31, 2018 and 2017, the Company's debt-to-equity ratio are 3.75 and 4.09, respectively.

## 22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on February 26, 2019.





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