



# SAWAD

SRISAWAD POWER 1979 PUBLIC COMPANY LIMITED



## 2016 ANNUAL REPORT



## Board of Directors



01

Mr. Sukont Kanjanahuttakit  
Chairman



02

Mr. Vinai Vittavasgarvej  
Independent Director



03

Mr. Chatchai Kaewbootta  
Director



04

Miss Doungchai Kaewbootta  
Director



05

Miss Thida Kaewbootta  
Director



06

Pol. Lt. Gen. Pharnu Kerdlarpphon  
Independent Director

## Board of Directors



07

Mr. Weerachai Ngamdeevilaiwak  
Independent Director



08

Mr. Weidt Nuchjalearn  
Director



09

Mr. Sumate Maneewattana  
Independent Director



010

Mr. Pinit Puapan  
Director



011

Mr. Prayong Saennual  
Director



012

Mr. Somyot Ngerndamrong  
Director



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### Report from the Board of Directors

In the year 2016, the company group underwent significant changes including the establishment of two subsidiaries SWP Services Company Limited and Srisawad Power 2014 Company Limited. Subsidiary companies in the groups also established their own subsidiaries. There were also efforts to restructure the companies within the group to allow for more effective management of the internal work streams.

The new subsidiaries were formed for the purpose of expanding the group's business channels. SWP Services Company Limited provides comprehensive advisory services in the field of credit portfolio management, and has begun providing services in Myanmar. On the other hand, Srisawad Power 2014 Company Limited focuses on providing debt collection services to automobile leasing companies.

In addition, the company group invested in purchasing the public shares of Bangkok First Investment & Trust Public Company Limited whereby the Bank of Thailand granted permission for the company group to hold up to 100% of the shares of BFIT. Once this acquisition is approved by the extraordinary general meeting of the shareholders, which will be held on 8 March 2017, the company group will go through further restructuring by year end 2017.

As for the core business of the company Group, SAWAD was able to increase the portfolio size by 54% from year 2015, and increase the number of branches by 203 branches by year end 2016, totaling 2,130 branches in operation in all major municipalities throughout all provinces in the country. At the same time, the Company has slowed down on providing personal loans while ramping up the nano finance product. All these factors enabled the Company to increase the net profit from 1.33606 billion Baht in 2015 to 2,008.69 billion Baht in 2016, a growth rate of 50% from year to year.

In 2017, although the company group will be going through major changes in the restructuring effort, it will continue to focus on sustaining the profit growth as it has in the past. The aim is to grow the business by another 30%, through branch expansion, diligent credit assessment, risk management, and expanding the various lines of business such as debt collection services. The company group will also continue to identify additional business partners, as well as opportunities to acquire low performing loans from other financial institutions. These initiatives

will require significant amount of capital. Nonetheless, careful consideration will be paid to evaluate the profitability of the ventures.

With the skills of the Company's employees and management team from their deep experience in the business, the Company aims to produce attractive returns for all the stakeholders including shareholders, business partners, and customers. At the same time, human capital development will continue to be a key part in our path to success.

On behalf of the Board of Directors, I would like to express our gratitude to all customers, business partners, investors, and shareholders for the support that the Company has received. I would also like to thank all of our personnel and management team for the dedication to the company group, enabling us to grow and succeed at the rate that we have thus far.

A handwritten signature in blue ink, appearing to read "Sukont Kanjanahuttakit".

Mr. Sukont Kanjanahuttakit

Chairman

## Part I

### Business Operation

#### 1. Policies and Overall Business Operation

##### 1.1 Vision and Mission

###### Vision

To become a leader of financial convenience store in Thailand

###### Mission

To provide prompt financial services covering all areas in demand, with appropriate risk management and continued quality development for employees to gear up for sustainable growth

###### Business Target in next 3-5 years

To expand financial service cover every sub-district in Thailand and to expand financial service to AEC, with suitable and compatible products to each country under concerned risk management. To expand NPL management service and debt collection service.

##### 1.2 Company History, Changes and Significant Development

SAWAD was originally founded by the Kaewbootta family to operate an auto title loan business in Petchaboon province. The Company has continued to extend its service coverage by opening new branches in other provinces to include financial services offered to customers who need financial aids but have limited access to financing services offered by banks and financial institutions.

At present, SAWAD and its subsidiaries offer auto-backed loans and home-backed loans through their 2,130 branches (update as of 31 December 2016), under the service mark / trade name “**Mee Baan Mee Rod Ngern Sod Than Jai**” (literally translated as “Your car and/or your home can bring you instant cash”) and in the year 2016 changed the service mark to “**Srisawad Ngern Sod Than Jai**” The Company’s strengths

include its prompt services, fast approval and lending process as well as easy access and close relationship with customers. The Company offers financing services to general retail customers in Bangkok, Bangkok's vicinity, and other provinces nationwide.

The Company's major changes and development can be summarized below.

**1979 -2000** The Kaewbootta family founded the Company to provide vehicle title loans in Petchaboon province.

The business had been expanded to include larger service coverage in other provinces, marking a pioneer of the so-called car-for-cash loan segment.

**2007** Sold the existing business which included branches and the service mark to another operator in the industry.

**2008** Srisawad Power 1979("SAWAD" or the Company) was established (formally known as PV and KK Service 2008), with the registered capital of Baht 1 million, without any business operation.

**2009** Acquired Srisawad Power Co., Ltd (SP), engaging in the debt collection business and the auto title business (with less than 100 branches).

Under SAWAD Group's umbrella, SP expanded the debt collection and lending businesses to include 136 branches.

**2010-2014** The Company increased the registered and paid-up capital to Baht 5 million and launched the auto-backed loans and home-backed loan business under the service slogan "Mee Baan Mee Rod Ngern Sod ThanJai"

Restructured the business by acquiring two companies, without business operation

- Srisawad Power 1982 Co., Ltd ("SP 1982") (formally known as K.P.N Holding Co. Ltd
- Fast Money Co. Ltd. ("FM") (formally known as J.D.T Money Service Co., Ltd)

The Company increased the registered and paid-up capital to Baht 200 million.

SP's business was transferred to the Company after SAWAD purchased and received the transfer of loan receivables and hire purchase receivables for operation and management at the Company and SP 1982.

The branch network was expanded to include 265 branched at the end of 2011.



2012	The Company increased the registered capital and paid-up capital from Baht 200 million to Baht 750 million.
2013	<p>The Extraordinary Shareholder Meeting No. 1/2013 held on 31 May 2013 approved the plan to privatize the Company to become a public company with a change of the par value from Baht 100 per share to Baht 1 per share. The Company increased the registered capital from Baht 750 million to Baht 1,000 million by raising the capital of Baht 250 million, with 250 million shares allocated for the initial public offering.</p> <p>The Company was registered the privatization on 14 June 2013</p> <p>As of 31 December 2013, the Company's branch network included a total of 602 branches.</p>
2014	<ul style="list-style-type: none"> <li>• The Company carried on the initial public offering for the total shares of 250,000,000 at a par value at Baht 1 and at a share price of Baht 6.90 per share. In addition, the Company registered the change of the paid-up capital to Baht 1,000 million (1,000,000,000 shares at a par value of Baht 1) with the Business Development Department, Ministry of Commerce on 2 May 2014. Then, the Stock Exchange of Thailand listed 1,000,000,000 ordinary shares at the par value of Baht 1, with the stock trading started on 8 May 2014.</li> <li>• Issued senior and unsecured bonds valued at Baht 500 million, with maturity of one year and six months, for institutional investors and high net worth investors on 30 June 2014.</li> <li>• The Company founded Srisawad Asset Management Co. Ltd, with the registered capital of Baht 25 million, with holding of 99.99 percent. The new company was set to operate debt collection services and purchase distressed assets from financial institutions, with an operating license being granted by the Bank of Thailand in July 9, 2014.</li> <li>• On 9 September 2014, the Extraordinary Shareholder Meeting No 3/2014 resolved to allow the Company to receive the business transfer from Srisawad Power 1982 Co, Ltd., its subsidiary. The transaction was completed on 30 September 2014 and Srisawad Power 1982 already registered the company's dissolution and it has now been under the company liquidation process.</li> </ul> <p>As of 31 December 2014, the Company's branch network included a total of 1,059 branches.</p>
2015	<ul style="list-style-type: none"> <li>• Increased registered capital from Baht 1,000 million to Baht 1,060 million by issuing 60 million ordinary shares at the par value of Baht 1, for stock dividend amounted 20</li> </ul>

million shares and reserve for exercised warrant amounted 40 million shares.

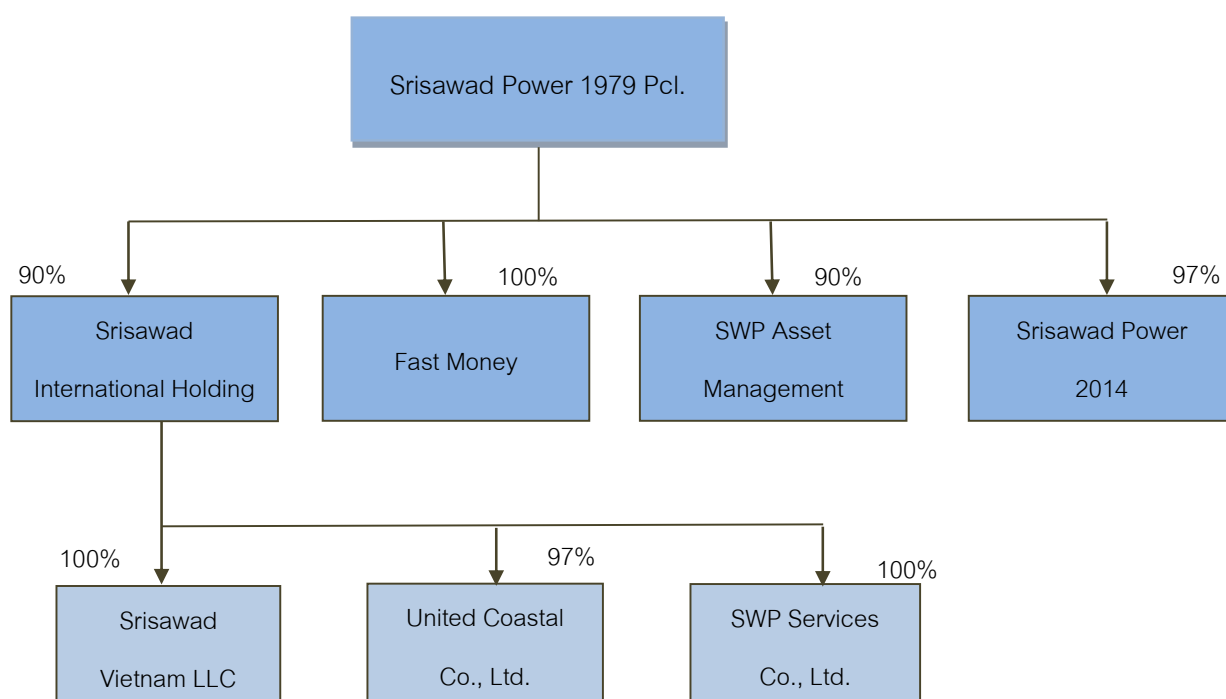
- Issued Warrant No. 1 (SAWAD-W1) amounted 40 million units for existing shareholders.
- Received the Nano Finance operating license granted by BOT
- Srisawad Asset Management raised its registered capital from Baht 25 million to Baht 100 million and renamed to SWP Asset Management.
- The Company founded Srisawad International Holding Co. Ltd, with the registered capital of Baht 10 million. The new company was set to be a holding company.
- The Company founded Srisawad Vietnam LLC, with the registered capital of Baht 200 million. The new company was set to operate trading service in Vietnam.
- As at 31 December 2015, the Company's branch network included a total of 1,627 branches.

2016

- Decreased and increased capital fund from 1,060 Million Baht to 1,086.5 Million Baht by issuing 26.5 Million ordinary shares, at the par value of Baht 1, for stock dividend amounted 25.5 million shares and reserve for adjusted exercise ratio of Warrant No. 1 amounted 1 million shares.
- The Company founded SWP Services Co. Ltd, with the registered capital of Baht 15 million for providing consultancy services to implement and manage the credit-provision process from end to end. After restructured within Group the Company sold all ordinary shares of SWP Services to Srisawad International Holding Co., Ltd. (the Company's subsidiary)
- Established Srisawad Power 2014 Co., Ltd. with registered capital of Baht 1 million for debt collection service.
- Srisawad International Holding Co., Ltd. founded United Coastal Co., Ltd. with registered capital of Baht 1 million for being a holding company.
- The Company had invested in Bangkok First Investment & Trust Plc. for 9.84% of paid-up capital. The Company had applied and received permission to hold BFIT up to 100% from The Bank of Thailand on 27 December 2016.
- As at 31 December 2016, the Company's branch network included a total of 2,130 branches.

### 1.3 The Company's Structure

As of 31 December 2016, the Company owned the following companies.



## 2. Business Characteristics

At present, SAWAD Group offers secured retail loans under the service slogan “Mee Baan Mee Rod Ngern Sod Than Jai”. The lending services consist of hire purchase loans for new motorcycles and personal loans; in addition, the Company has just expanded its business to cover debt collection business and purchase of distressed assets from financial institutions for management. The details of the Company's business as follows:

Company	Business
Srisawad Power 1979 Public Company Limited	The Company provides loans secured by houses, land, townhouses and condominiums and all kinds of old vehicles including motorcycles, commercial cars, trucks, public buses, vehicles for agricultural purposes, e.g., tractors and rice harvesters, and four-wheel cars.
Fast Money Co., Ltd.	Offers hire purchase loans for new motorcycles , non-secured personal loans and Nano finance loans. (At present suspense hire purchase loans and non-secured personal loans)
SWP Asset Management Co., Ltd.	Provides debt collection service and the purchase of distressed assets from the financial institutions for management
Srisawad International Holding Co., Ltd.	To invest in other business in Thailand or aboard
Srisawad Power 2014 Co., Ltd.	Provides debt collection service
SWP Services Co., Ltd.	Provides consultancy services to implement and manage the credit-provision process from end to end in ASEAN
United Coastal Co., Ltd.	To invest and/or Joint venture in finance business for retails aboard
Srisawad Vietnam LLC	Vehicles credit sales in Vietnam

As of 31 December 2015, SAWAD Group's total receivable portfolios amounting to Baht 17,469.23 million, consisting of the total auto title loan receivables amounting to Baht 9,572.02, hire purchase loan receivables of Baht 3,367.62 million, the home-backed loan receivables valued at Baht 4,353.80 million and new motorcycle hire purchase and personal loan receivables of Baht 175.79 million, accounting for 56.79 percent, 19.28 percent, 24.92 percent and 1.01 percent, respectively, of the total loans.

## Revenue Structure

The Company's revenue structure in the consolidated financial statement in 2014-16 is as follows:

Consolidated Financial Statement	2014		2015		2016	
	Million	%	Million	%	Million	%
<b>Core business</b>						
Revenue from hire purchase business	502.23	18.67	634.22	16.79	747.53	14.01
Interest income from lending business	1,452.51	54.01	2,179.90	57.72	3,260.61	61.11
<b>Total revenue from core business</b>	<b>1,954.74</b>	<b>72.68</b>	<b>2,814.12</b>	<b>74.51</b>	<b>4,008.14</b>	<b>75.12</b>
<b>Other revenue<sup>1/</sup></b>	<b>734.64</b>	<b>27.32</b>	<b>962.63</b>	<b>25.49</b>	<b>1,327.21</b>	<b>24.88</b>
<b>Total revenue</b>	<b>2,689.38</b>	<b>100.00</b>	<b>3,776.75</b>	<b>100.00</b>	<b>5,335.35</b>	<b>100.00</b>

Note:<sup>1/</sup> Other revenue includes fees, service charges, expense and penalty fees, and etc.

## Business Operation by Products

### 2.1 Characteristics of the products or services

#### Auto title and home-backed loans

SAWAD Group provides secured loans by Srisawad Power 1979 Pcl., collateralized by all kinds of vehicles, including personal cars with not exceeding seven seats, personal trucks (pick-up trucks), motorcycles, six-wheel vehicles, the-wheel vehicles, trailers and vehicles used for agricultural purposes as well as other collaterals including houses, land, condominiums.

As of 31 December 2016, the Company offered auto title loans and home-backed loans with the total net receivables under the hire purchase contracts and loan agreements totaling Baht 17,080 million. Over 44 percent of the total lending value was from loans collateralized by four wheel vehicles.



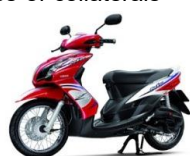
## Loan values classified by collaterals

Loans classified by collaterals /1	31 December 2014		31 December 2015		31 December 2016	
	million	%	million	%	million	%
Motorcycles	1,280.61	16.75	2,016.95	17.53	3,008.43	17.40
Commercial Cars	1,015.92	13.29	1,399.13	12.16	1,864.16	10.78
Vehicles used for agricultural purposes	76.28	1.00	68.03	0.59	397.43	2.30
Four-wheel vehicles	4,430.41	57.96	5,954.10	51.75	7,669.62	44.35
Deeds of houses, land and condominiums	841.10	11.00	2,068.09	17.97	4,353.80	25.17
<b>Total</b>	<b>7,644.32</b>	<b>100.00</b>	<b>11,506.30</b>	<b>100.00</b>	<b>17,293.44</b>	<b>100.00</b>

## Loan accounts classified by collaterals

Accounts classified by collaterals	31 December 2014		31 December 2015		31 December 2016	
	contract	%	contract	%	contract	%
Motorcycles	131,854	68.56	196,502	69.69	281,673	70.63
Commercial Cars	7,984	4.15	11,718	4.15	15,805	3.96
Vehicles used for agricultural purposes	429	0.22	558	0.20	632	0.16
Four-wheel vehicles	47,487	24.69	65,382	23.19	85,033	21.32
Deeds of houses, land and condominiums	4,568	2.38	7,820	2.77	15,679	3.93
<b>Total</b>	<b>192,322</b>	<b>100.00</b>	<b>281,980</b>	<b>100.00</b>	<b>398,822</b>	<b>100.00</b>

## Examples of collaterals



Motorcycles



Four-wheel and six-wheel commercial vehicles



Ten-wheel vehicles



Tractors



Rice harvesters



Trailers



Personal Cars



Personal Pick-up



Deeds of house and land

Legal transactions and contracts can be classified into two groups

(1) Loan agreements: The Company provides lending services under the loans agreements secured by all kinds of collaterals. The collaterals can be classified into two categories:

1.1) For loans collateralized by all kinds of vehicles, customers do not have to transfer the ownership of the vehicle registration when the loan agreement is inked but they are required to present the vehicle registration certificate to the Company and also sign in a transfer request for floating transfer of collaterals to the Company. In case a customer defaults on his obligation to repay loan for a certain duration specified by the Company, the Company will send a warning letter and the customer shall repay loan within seven days. If the customer fails to repay loan by the specified time, then the Company shall confiscate the collateral. Once the collateral is confiscated, the customer is allowed to redeem the collateral within 30 days. If no redemption is done within 30 days, the Company is entitled to sell the collateral. Also, the Company is entitled to register the ownership transfer with no legal actions required.

1.2) Legal transactions for loans secured by the deeds of land, houses and condo units can be classified into two categories as follows:

- Mortgage contracts: A customer, as a mortgagee, registers mortgage with the Company, as a mortgagor, and signs a loan agreement. Then the customer presents the deed to the Company as collateral on the day the loan is extended to the customer. Note that the customer still holds the right to possess and use the collateral. If the customer defaults on his obligation to repay loan for a certain period, the Company, as a lender and mortgagor will send a notice to the customer, requesting the customer to repay loan within specified time. If no loan repayment is done, then the Company shall file a lawsuit against the customer and take possession of the collateral or sell it by auction.
- Consignment contracts: A customer, as a seller on consignment, signs a consignment contract with the Company, as a buyer on consignment. The ownership of the collateral belongs to the buyer after the consignment contract is inked. The ownership will be returned to the seller upon the collateral redemption within the time specified in the contract. If the seller fails to redeem the collateral within the redemption period (lending period), the ownership of the collateral will completely belong to the Company. In other word, if the customer defaults on

this obligation to repay loan for a certain period of time, the Company is entitled to take possession of the collateral without any legal actions required.

- (2) Hire purchase contracts: SAWAD Group provides hire purchase loans collateralized by vehicles. A customer is required to transfer the ownership of the vehicle registration certificate and presents the vehicle registration certificate to the Company as collateral. As for a rice combine harvester with no ownership documents, the customer is required to present an ownership certificate issued by the manufacturer and a sale contract as collateral but he or she still remains an owner of the vehicle. If the customer leaves the outstanding balance overdue for specific time, the Company will proceed with the collection procedure. In case the customer defaults on his obligation to repay loan for a certain period longer than the Company's policy, the Company will send a notice to terminate the contract and request that the customer repay debts within 30 days. Failure to do so will result in collateral confiscation. After the Company confiscates the collateral, the customer is given 30 days to redeem the collateral. If the customer fails to redeem the collateral within the specified time, the Company will sell the collateral by auction.

Loan amount classified by legal transactions

Auto title loan classified by legal transactions and contracts	31 December 2014		31 December 2015		31 December 2016	
	million	%	million	%	million	%
Loan agreements	5,342.38	69.89	8,568.66	74.47	13,925.82	80.53
Hire purchase contracts	2,301.94	30.11	2,937.64	25.53	3,367.62	19.47
<b>Total</b>	<b>7,644.32</b>	<b>100.00</b>	<b>11,506.30</b>	<b>100.00</b>	<b>17,293.44</b>	<b>100.00</b>

In term of repayment period, the Company allows 6-48 installment periods, depending on types of collaterals. For example, the maximum repayment period for loans collateralized by motorcycles is 18 installment periods while loans collateralized by general vehicles, customers are given a maximum of 36 installment periods. As for popular cars, home or land deeds, the repayment period does not exceed 48 installment periods. Finally, in terms of interest, the rates vary, depending on types of collaterals.

#### Hire purchase loans for new motorcycles

SAWAD Group provides the hire purchase loan services for new motorcycles by the subsidiary Fast Money. At present, SAWAD group concerned the high risk of new motorcycles loans, as a result we has freeze new motorcycles loans since 2015.

As at 31 December 2016, there are outstanding new motorcycles loans 644 contracts amounted Baht 10.10 million.

#### Non-secured loans for retails

SAWAD group provides non secured loans by the subsidiary, Fast Money, which was granted licenses by the Bank of Thailand as follows;

##### Personal Loans

FM was granted a license by the Bank of Thailand to provide personal loan services under its control (Personal Loans) since 2011. The Company offers loans only to stable and secured income earners, permanent resident, at least two guarantors in order to minimize the risk. However concerning to minimize risk, the Company now has frozen personal loan since the beginning of 2016.

As at 31 December 2016, there are outstanding personal loans 30 contracts amounted Baht 0.46 million, and not only freeze new personal loans in 2016 but continually contact the existing customers.

##### Nano Finance

FM was granted a license by the Bank of Thailand to provide Nano finance loan services and the permission to provide loan through Nano finance scheme since April 2015. Not being secured by collaterals, providing Nano finance loans is riskier than offering auto title loans or hire purchase loans for new motorcycles. Hence, the Company offers loans only to person who want to start new business as a franchisee, by focusing franchiser policy, place of business, revenue and expense projection, to consider suitable loans in order to minimize the risk. The FM's income earned by its Nano finance loan segment includes interest income, fees for minimum repayments, contract fees, and penalty fees for late repayment.

To consider approving personal loans, FM focuses on customers' ability to repay debts, analyzing general information and credit data from National Credit Bureau Co. Ltd. For the lending duration, FM allows 24 – 36 installment periods. Customers who fail to settle the installment bills for four consecutive months will receive a warning letter from the Company. If customers or guarantors still refuse to repay debts, FM will proceed with legal actions.

As of 31 December 2016, FM recorded personal loan receivables of 12,941 contracts, with the total receivables valued at Baht 165.23 million and lending duration were between 12-30 installment periods.

For effective cost of loan, including interest, fees and penalties, should not exceed 36 percent per annum.

New loans classified by lending durations	2015		2016	
	Million	%	Million	%
1 - 12 installment	0.87	14.19	103.82	54.21
13 - 18 installment	0.66	10.77	36.26	18.93
19 - 24 installment	3.03	49.43	33.33	17.40
25 - 36 installment	1.57	25.61	18.11	9.46
Total	6.13	100.00	191.52	100.00

### Debt Collection Business

The Company provide debt collection service by the subsidiaries, SWP Asset management and Srisawad Power 2014 which focus on debt collection particularly for secured debts. SWP Asset Management provide debt collection service to the financial institutions, and Srisawad Power 2014 will provide debt collection service for leasing and dealer company.

### Distressed Asset Management Business

In 2015 SAWAD started operating distressed asset management by auctioning financial institutions' distressed asset. Before auction, SWPAM has to due diligence non-performing loans data, analyze, and pricing for auction. After auction, SWPAM will inspect all details of non-performing loans, subrogate, and substitute all non-performing loans to SWPAM's assets. In each auction process, SWPAM will concern and consider



succession rate of collection, enforcement, resell, all expense used for collection, period of time to collect and the Company required rate of return.

As at 31 December 2016, the Company had outstanding distressed asset at cost amounted Baht 2,309 million and foreclosed asset amounted Baht 565.74 million.

#### **Comprehensive Credit-Provision Management Consultancy Service**

In 2016, The Company established a subsidiary, SWP Services Company Limited (SWPS), to engage in the business of providing consultancy services to implement and manage the credit-provision process from end to end. The focus market consists of companies in the CLMV countries, with the intention of being able to study the markets and prepare for further expansions in the future.

The type of services provided by SWPS includes assisting companies in the banking and financial service industry, and also those engaging in instalment sale arrangements, to manage the credit provision process from end to end. This includes developing and advising on procedures related to customer verification, customer credit evaluation, credit approval, balance collection, and marketing.

#### **Sale of Merchandise on a Credit Sale Basis**

In 2015, Srisawad Group established a subsidiary, Srisawad Vietnam LLC (SVN), in the Socialist Republic of Vietnam (Vietnam) as part of the effort to expand into the CLMV group of countries. SVN was registered as a trading company in Vietnam on 24th of November 2015, and began testing the local market towards the end of 2016. The company is in the process of gathering information and conducting test of product marketing and developing operation procedures.

## **2.2 Market and Competition**

The Company is in the business of providing collateralized retail loans, with vehicles, land, homes and condominiums as collateral, in the form of hire purchase contract, personal loan, and nano finance, which provides interest income from loans, and interest income from hire purchase. Therefore, financial outlook of the country including interest rates, and yields on government bonds, which affects the Company cost of fund to operate the business, are material factors for the Company business.

## Financial Outlook for 2016

- 1) Interest rate during the third quarter of 2016, the policy rate remained at 1.50 percent per annum. On 9 November 2016 and 21 December 2016, the Monetary Policy Committee ("MPC") resolved to maintain the policy rate at 1.50 percent per annum due to the policy rate was deemed to be at a level sufficient for the economic recovery with low real interest rates, and to maintain the Policy Space for future needs. The interest rate on 12-month deposit rate and the Minimum-Loan-Rate ("MLR") during the fourth quarter of 2016 for the 4 commercial banks, namely Bangkok Bank Public Company Limited, Kasikorn Bank Public Company Limited, Krung Thai Bank Public Company Limited, and Siam Commercial Bank Public Company Limited, remained at 1.38 percent and 6.27 percent, respectively. The retail banks also maintained their 12-month fixed deposit rate and the MLR at 1.70 percent and 8.52 percent, respectively. However, the medium-sized commercial banks and the specialized financial institutions maintained the rate for 12-month fixed deposits at 1.24 percent and 1.52 percent, respectively, and maintained MLR at 6.68 percent and 6.63 percent, respectively. The real deposit rate and the real lending rate for the year 2016 reduced by 2.00 percent, and 2.23 percent, due to the commercial bank has reduced the deposit and lending rate of interest and the increase in the general inflation rate from -0.85% at the end of fourth quarter of 2015 to 1.13% at the end of fourth quarter of 2016.
- 2) Deposits and bill of exchange (B/E) of commercial banks during the third quarter of 2016, the deposits and bill of exchange of commercial banks increased by 2.3 percent, a decrease from 2.8 percent growth in the previous quarter.
- 3) Lending in 2016, Private loan of Depository Corporations grew by 3.6 percent, decelerating from the expansion of 5.5 percent in 2015. The deceleration was in both business and household loans. In details, business loan expansion declined from (i) the contraction of manufacturing loan and real estate loan. (ii) large firms, especially in commercial sector and real estate and construction sector, funded by issuing bonds in bond market instead of borrowing from commercial banks. Household loan, similarly, decelerated from a slowdown of loans in all categories except for hire purchase loan.
- 4) Return on government bond (yield) during 2016, in the first quarter of 2016, the government bond yields shifted downward associated with the European Central Bank's monetary easing and the Bank of Japan's negative interest rate policy implementation. Consequently, there was a surge in inflow to buy Thai bond. However, foreign investors turned to sell Thai bond after the possibility of Fed policy rate hike become more pronounced, which caused a rapid shift in yield curve afterward.

### Household Debt 2016

The data from Kasikorn Research Center as of December 2016, indicated that household debt during the third quarter of 2016 continued to experience a decline in growth as it decreased to 4.1 percent from 5.2 percent in 2015. The decline was the result of a more cautious lending approach on new household debt by financial institutions. The decline in growth during third quarter of 2016 was the third consecutive quarter and resulted in the fall of household debt to GDP to 81.0 percent from 81.3 percent during the previous quarter. The decrease in the household debt to GDP was due to the decline in mortgage lending (the largest portion of household debt) that only grew by 8.0 percent when compared to 8.7 percent during the previous quarter, caused by decrease in property transfer in Bangkok and its vicinity. The personal loan also faced a decline as financial institutions impose a more cautious lending policy in response to the increase in bad debt during the economic recovery. However, credit card lending and vehicle hire purchase continued to grow despite the hire purchase loan closure in relation to the government first-car incentive scheme. Despite an increase in household debt of Baht 98.1 billion from the previous quarter, the overall growth rate continued to decline to 4.1 percent when compare to the same time last year. Kasikorn Research Center expects the household debt for the year 2016 to increase to 81.5 percent of GDP from the growth in mortgage lending as real estate developers are applying pressure to buyers to transfer properties near the end of the year, and increase in spending near the end of the year. Despite the increases, the amount of household debt in 2016 is still expected to be lower than 2015.

### Thai Economy in 2017

The Office of the National Economic and Social Development Board (“NESDB”) expects the economy to grow by 3.0 – 4.0 percent in 2017 from the growth rate of 2.8 – 3.2 percent in 2015 and 2016, respectively. The inflation is expected to be in the range 1.0 – 2.0 percent, and current account surplus is expected to be 10.2 percent of GDP due to private consumption that is expected to grow by 2.7 percent in 2017, a slight decrease from 3.0 percent in 2016. The private consumption is expected to slowdown in the first half of 2017 and subsequently accelerates in the second half of 2017 due to the increase in household income from export and production in the agricultural sector. The government spending is expected to increase from 0.6 percent in 2016 to 2.1 percent.

### Interest Rate and Household Debt in 2017

For year 2017, Kasikorn Research Center expects the Monetary Policy Committee (“MPC”) to maintain Policy Space and continue the easement of monetary policy as the foreseeable global economy remain

fragile. The inflation rate is expected to increase in 2017 but remain within the inflation target of the Bank of Thailand and it is unlikely for the inflation rate to put pressure on the MPC. Therefore, the MPC is expected to maintain the policy rate of 1.50 percent throughout 2017.

Kasikorn Research Center expects the national household debt in 2017 to be stable or in decline, with the expected range of 80.5 – 81.5 percent, on the assumption that the GDP will grow by 3.3 percent, despite the overdue in household debt that is expected to increase to 4.0 – 5.0 percent from 3.6 percent in 2016. The factors for the economic expansion have been driven in part by stimulus and public investment, and rising commodity prices, particularly oil prices in the world market. Critical retail loan products that will impact the growth of household debt include mortgage loan, personal loan, and loan for vehicle purchase. Mortgage loan is expected to be driven by the launch of new real estate project along with the low interest rate that is expected to remain stable in 2017. The risk of interest rate going up in 2018 will help stimulate borrowers to lock in the low rate in 2017. While personal loans and credit card loans are expected to be driven by the increase in cost of living, as the cost of energy and labor costs continue to rise. Vehicle hire purchase loan, which experienced a decline during the previous years, will grow significantly as the car sales continue to improve and debt burden incurred since the first-car stimulus plan continue to decline, encompassing approximately 30 percent of the participant in the government first car stimulus scheme. For 2017, commercial banks, specialized financial institutions, and credit unions are expected to be the primary loan provider while non-bank institutions are expected to experience growth after the decline during the previous 2 years. Kasikorn Research Center expects the year 2017 to be the year that households are preparing for rate increase that may occur in 2018, specifically loans with float rate. Loan for small business and loan from credit unions, which account for 35 percent of GDP, are expected to undergo a stricter policy despite the household debt level that may remain stable or decrease during 2017.

## Competitions

### Auto title and home-backed loans

The auto loan segment has continued to grow given the nature of loans secured by car registration certificates and attractive returns. This business segment should also benefit from high demand from low income earners who need to reach financing services. The Company projected the number of people seeking financing services at 18-20 millions. On the back of the aforementioned factors, many operators have become more interested in this loan segment. Also, the new car market has become slower after the cars under the first-time car buyer scheme were delivered. Hire purchase loan providers then expanded to

the auto-title loan segment as they view that the business generates attractive returns while the competition in the hire purchase segment for new cars is rather intense. Players in the auto title loan segment can be classified into two major customer groups:

- 1) Players focusing on Grades A to B- customers who earn stable incomes: Such customer groups include employees of private firms or state enterprises. Most operators who focus on these customer groups include commercial banks and their subsidiaries, e.g., Krungsri Auto (Car4Cash), TISCO Bank (TISCO Auto Cash), Thanachart Bank: TBANK (Cash Your Car), KBANK (K-Car to Cash), SCB (My Car My Cash), and KTB Leasing (KTBL Car Convenience Cash). This group of players sees cost advantages thanks to their lower financial costs and larger branch networks, as well as stronger capital bases. These players focus primarily on financial documents, emphasizing customers with good financial records.
- 2) Players focusing on below Grade B- customers upcountry: The customer groups in this category include small business operators, factory employees, general workers, farmers and lower-end customers with limited access to funding or loan sources. The funding limitation may be caused by their unfamiliarity with transactions in the banking system, their uncertainty that their loan application will be approved, and their understanding that the loan application at a bank is way too complicated and slow. Financial service providers in this category include CFG Service Co. Ltd, G Capital Pcl., Muengthai Leasing Co. Ltd., and Nim See Seng Leasing Co. Ltd. They consider credit limits, based the customers' data base. Branch officers who are close with the communities go to check the customers' information on site, as well as examining supporting financial documents. Moreover, services include those collateralized by many asset items, including cars, motorcycles, vehicles used for agricultural purposes, land deeds, and etc. These operators focus on the expansion of branches in order to be close to communities, enabling them to develop relationships with community members and leaders. The operators focus on organizing marketing activities to promote their service brands and improve relationship with communities. Nonetheless, some operators in this group have limited funding advantages comparing to their peers. As of 31 December 2014, the Company captured the second biggest market share, with 24 percent of total receivable value in the non-financial institution system.



## Comparative Details vs. Peers

	SAWAD	Other operators			
		Ngern Tid Lor	Muangthai Leasing	Nim See Seng Group	G Capital
Slogan	“Mee Baan Mee Rod Ngern Sod Than Jai”	Srisawad Ngern Tod Lor	Convenient, Fast, Good Service and Lower interest rate	NA	Quick loan for advanced Thai agriculture
Founded in	2522	2549	2535	2528	2547
Total receivables (million baht) As of 31 December 2014	7,543.07	12,686.90	7,122.74	2,430.51	902.91
Branch network	All regions	All regions	North/ Central/ East/ West	Upper North	-- <sup>/2</sup>
<b>Collaterals <sup>/3</sup></b>					
- Second-hand cars	✓	✓	✓	✓	✗
- Motorcycles	✓	✓	✓	✓	✗
- Trucks	✓	✓	✗	✗	✗
- Vehicles for agricultural purposes	✓	✓	✓	✓	✓
- Land	✓	✗	✗	✗	✗

Source: BOL and the Company's website

Note: <sup>/1</sup> Receivables and loans<sup>/2</sup> Assigning representatives to stand by at branches of car dealers<sup>/3</sup> The collateral data as of 1 Jun-13**Non-secured loans for retails**

The competition in the personal loan segment will intensify but the Company will not focus on personal loans. The Company focuses on Nano Finance, from the Bank of Thailand report as at 31 December 2017,

there are 24 players in Nano Finance business with total loans outstanding amounted Baht 1,436 million. That means this business can be more expansion. However, if considered FM's competitors, the competitions are in lower level and FM's competitors will focus on specific area while FM can offer Nano finance loans covered all region of Thailand

#### **Debt Collection Business**

Many debt collection companies and law firms have competed in the industry; therefore, the competition is rather intense. However, with its extensive branch networks across the country, SAWAD can enjoy cost advantages over its peers.

#### **Distressed Asset Business**

At present, there are many asset management firms including state owned asset management company, asset management companies under Bank's arms and private asset management company. However SWPAM will join auction the selected and encountered with the Company's experience portfolio, moreover , nationwide coverage branches can thoroughly contact the debtors. And economic growth rate is lower than expected, drought crisis made agricultural industry cannot widely growth and may increase number of non-performing loans.

#### **Comprehensive Credit-Provision Management Consultancy Service**

In this line of business, there is currently no other company engaging in providing comprehensive advisory services on credit provision management. The target market in Myanmar is expected to increase over time due to the rising consumer needs for credit. If there is no new direct competitor, SWPS should be able to continue its growth in the foreseeable future.

#### **Sale of Merchandise on a Credit Sale Basis**

Vietnam's economy is currently expanding. This has resulted in a rise in demand for use of cars, motorcycles, and agriculture vehicles. In the past few years, there has also been a trend showing that Vietnamese is becoming more open to making purchase on credit. Based on these indicators, there is growing opportunity to support the increasing needs to purchase motor vehicles on credit.

Although the level of competition in this industry is already high, the company believes that the market in Vietnam is growing at a rate that still supports opportunity for new players to enter successfully.

## 2.3 Procurement of products and services

### Sources of Fund

The Company's funding comes mostly from short-term and long-term borrowing from financial institutions at Baht 5,294.10 million accounting for 25 percent of the total funding sources. The figure suggests that the Company is rather highly dependent on borrowing from financial institutions. Nonetheless, the Company also has long-term loans from the related party (CIMB (Thailand) Bank), bills of exchange and debentures offered to institutional investors or high net worth investors for use as working capital and a means to inject liquidity to the Company; these accounted for 43 percent of the total funding so, as of 31 December 2016. Moreover, the Company also has funding from shareholders' equity at 32 percent of the total funding

Source of funding	31 December 2014		31 December 2015		31 December 2016	
	million	%	million	%	million	%
Short-term loans from financial institutions	1,149.43	20.11	910.05	6.95	2,380.00	11.11
Bills of exchange	2,315.00	26.22	600.00	4.58	3,270.00	15.27
Short-term loans from the related party	300.00	3.66	-	-	-	-
Short-term borrowing from financial institutions for purchase of loans	-	-	-	-	55.92	0.26
Obligations under finance leases	5.96	0.07	45.93	0.35	67.77	0.32
Long-term loan for investment in receivables	-	-	976.66	7.46	156.79	0.73
Long-term borrowings from financial institutions	500.00	6.10	1,000.00	7.63	2,701.39	12.62
Long-term loan from the related party	-	-	400.00	3.05	400.00	1.87
Senior debenture and unsecured bonds	500.00	6.10	4,400.00	33.59	5,540.00	25.87
Shareholders' equity	3,432.09	41.84	4,765.83	36.39	6,842.23	31.95
<b>Total</b>	<b>8,202.48</b>	<b>100.00</b>	<b>13,098.47</b>	<b>100.00</b>	<b>21,414.10</b>	<b>100.00</b>

As for future funding, the Company has a policy to find funding to suit the purposes. The Company also takes account of the repayment period and the debt to equity ratio.

## Characteristics of the products or services

### 1. Characteristics of customers and customer targets

SAWAD Group has a policy to offer loans only to retail customers, not those in the big corporate sector. The Group's customer targets include Grade B- customers, including factories' workers, general workers, state employees, and etc. Potential customers must own collaterals and the sources of their income should be clearly specified and verified by financial documents. A customer/a guarantor is required to submit supporting documentation for loan approval process, including a copy of ID card, a copy of house registration document, and a pay slip or a salary certificate.

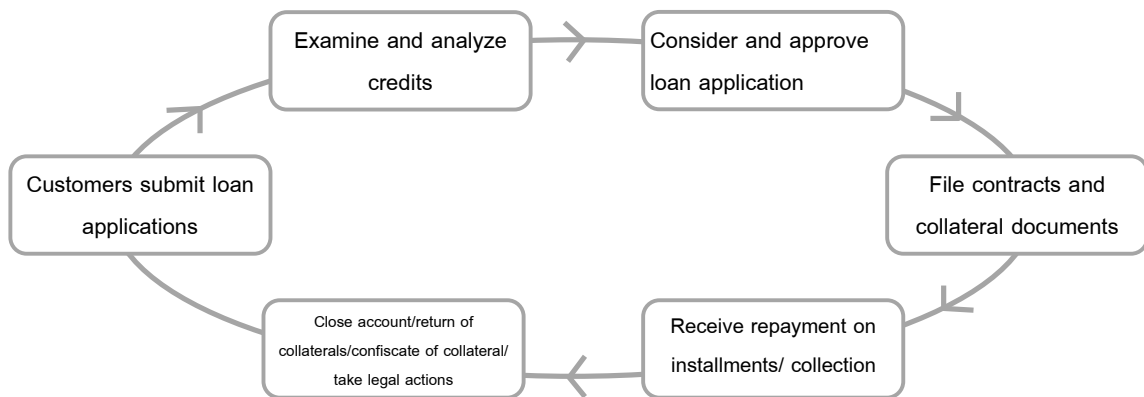
For debt collection business, customer targets are leasing company and financial institutions, which SAWAD group has expertise in secured loans especially auto backed loans.

### 2. Loan Approval Process

#### **Auto title and home-backed loans, non-secured loans and Sale of Merchandise on a Credit Sale Basis**

Considering approving loan applications, the Company emphasizes the qualifications of the customers and/or guarantors to assess their repayment ability. Also, the quality of assets placed as collaterals and the repayment ability of the guarantors are taken into account. The staff members at branch offices carefully examine the information and identification of the potential customers as well as the documents showing their income as well as their guarantors'. Moreover, the staff also carries on inspections on site. In terms of asset quality appraisal, the Company has an effective team working on examining the conditions and the liquidity of the collaterals to determine credit limits. For vehicles, the examining team considers types, ages, models, brands, physical conditions and popularity. Generally, the Company offers auto title loans for cars aged not more than 15 years and motorcycles aged not more than five years. As for commercial vehicles, such as tractors and harvesters, or over-aged vehicles, the Company considers physical conditions on a case-by-case basis. Over 80 percent of the total collaterals are vehicles with average ages between 2-14 years. For home and land collaterals, the Company conducts the asset valuation, based on the appraisal values given by the Land Department as well as the market prices of the property nearby.

### Loan Approval Process



### Lending Approval Process

A customer who needs loans from the Company is welcomed to contact staff members at all branches. An application form shall be accompanied by supporting documentation from both the customer and a guarantor (if any), including a copy of ID card, a copy of house registration, financial documents, e.g., a salary certificate, a copy of passbook, the documents proving the ownership of the collaterals, e.g., an original car registration certificate, an original land deed. Following the documentation process, an officer explains details about the loans, the credit limit, the interest rate, and the installment periods. Once the customer agrees on terms and conditions, the officer accordingly records the information of the customer and the guarantor (if any) in a loan application form.

### Loan analysis process

The branch staff in charge checks the accuracy of the identification documents as well as financial documents of the customer and the guarantor (if any) and then examines the overall conditions of the collateral and verifies the documents showing the ownership of the collateral. The officer will do the inspection on site to verify the accuracy of the documents and the existence of collateral before checking with the Company's data base. In case a motorcycle is put as collateral, the branch staff focuses on verification of the ownership document because doing inspection on site requires high cost when compared to the credit limit. After gathering all supporting documentation, the staff in charge completes a report about the customer and the guarantor (if any) in order to assess their ability to repay loan, the credit limit, and terms and relevant conditions. Finally, the report is submitted to the authorized officers in charge of final loan approval.

#### Loan Approval Process

In approving loans, the Company set rules for officers authorized to approve loans, depending on the credit limit levels as well as the types of collaterals. Authorized officers include those in the positions of deputy branch manager, area manager, region manager, director of loan management department, management and Company's directors.

If the information for loan approval meets the criteria for the Company's loan approval, the authorized officers inform the branch offices of the loan approval result and the branch offices then inform the customers accordingly. Provided that the loan application and supporting documentation are completed, the Company takes 30 minutes to consider approving loans with motorcycles and four-wheel vehicles as collaterals and one day for home-backed loans; this depends on the credit terms and conditions.

Once a loan application is approved with the branch's authorized credit limit of not exceeding Baht 30,000, the branch can extend loan in cash to a customer immediately. In case the credit limit is higher than the branch's authority, the branch staff will submit all documents including the credit limit letter, the money-transfer request form, the report of examination of the car, the house registration book, the copy of ID card, and the copy of passbook to the loan management department to verify the transaction, the details of collateral, and the credit terms and conditions with the data base once again before transferring money directly to the customer's account in accordance with the bank's procedure. Following the money transfer transaction, the staff will submit all money transfer documents to the account department on a daily basis so that the account department will cross check to ensure that the information in the money-transfer form and the loan application from match the information in the data base, e.g., the customer's name, the credit limit, the lending duration. Once every detail is double-checked, all information is recorded accordingly.

#### Contract and Collateral Filing Procedure

An area manager in charge verifies the contract and collateral documents prepared at a branch before sending all the documents to the head office within 30 days from the month end. After the documents arrive at the head office, the registration department will verify all documents once again. If the documents are found incomplete, the head office will notify the branch and the area officer at charge so that they can have the document complete. The officers at a special document room will copy all documents in order to make a back-up file in case the original documents are lost.

#### Cash Repayment and Collection Procedure

Branches and the credit development department oversee repayment transactions and debt collection. Customers will be given a card identifying a contract number, the installment amount, and a due date and they can repay debts at specified payment channels. The Company's Call Center and branch staff closely monitor customers' repayment. In case of one-week overdue, a staff at the head office will send a reminding message to the customer's mobile phone. Customers can pay the bills at the Company's branches, Counter Services, and service counters at Krung Thai Bank, Bangkok Bank, and Kasikorn Bank across the country. Customers shall receive repayment evidence for every transaction, either in a form of a receipt issued by the head office's system or a temporary receipt issued by a repayment service provider.

#### Account Closure or Enforcement of Collaterals

Once a customer repays all debts as stated in the contract, the head office will issue a letter certifying the complete repayment and return the collateral ownership documents as well as other related documents so that the customer can either receive the transfer of collateral ownership or redeem the collateral right away.

In case a customer defaults on his obligation to repay loan, the Company sets rules for the collection procedure in accordance with types of collaterals. When the customer begins to default on his obligation to repay loan, a collection staff will begin the collection procedure. The major strategy is phone calls: a collection officer at the head office calls up the customer with the call details being recorded in the system. In case the customer cannot be reached or the customer leaves the outstanding balance overdue beyond the Company's permission, a branch officer will begin to follow the customer. If no action is taken by the customer, the head office will send a registered letter notifying of the termination of the loan agreement. If the customer fails to make the repayment within 30 days from the notice date, the branch is entitled to confiscate the collateral. In this case, the customer is still allowed to redeem the collateral within 30 days after the confiscation date. After the specified timeframe, the Company is entitled to sell the collateral, with the price being based on the market price, the vehicle conditions vs. the remaining balance. The Company tries to sell the assets as fast as possible because the longer the time the lower the prices; this would negatively impact the Company's operational performance.

In case of a loan agreement collateralized by a land deed, if a customer fails to redeem the deed within 30 days, the Company will file a lawsuit so that it can proceed with the sale by auction afterwards. As for a

consignment contract, if a customer fails to redeem the collateral within the specified time, the ownership of the collateral will completely belong to the Company, as a complete seller on consignment.

#### **Debt Collection Business**

- Phone calls

SAWAD proceeds with debt collection on customers who default on loan repayment from one installment period onwards. SWPAM's clients will send lists of targets. The first collection step involves phone calls, with conversation recorded. In case the telephone conversation between SWPAM's staff and a debtor becomes more violent, a senior staff with more experience will take over the conversation and continues to negotiate with the debtor.

- Enforcement of collaterals

In case, a client hires SWPAM to proceed with enforcement of collateral, the company will have to locate debtor and the collaterals. After that, the company will send details of the debtor to the branch located the nearest to the debtor. Then, the branch staff will proceed with enforcement of collateral; all practice is carried on under the scope of law.

#### **Distressed Asset Management Business**

After purchased complete, SWPAM will send substitution letters to all NPLs and let them to negotiate and find the conclusion to restructure their loans with many alternatives as follows:

- Adjust installment term or condition
- Voluntary transfer asset to settle loan
- Re-finance
- Legal prosecution
- Collateral auction

#### **Comprehensive Credit-Provision Management Consultancy Service**

The company relies on the base of employees who are experts in the credit provision business to provide advice on the customers' operation. The analysis observations and recommendations from the review by



these industry experts would allow the customers to increase the efficiency and effectiveness of their processes.

#### **Sale of Merchandise on a Credit Sale Basis**

The company's collection agent will work closely with each customer to follow up on the status of each payment. The agent will also assist the customer to provide consultation and guidance where necessary to ensure that the payments can be made timely.

### **3. Competitive Strategies**

The competition in the business is currently intensified both from the existing players and new players who were initially engaged in the hire purchase segment and then wanted to expand their business to the auto loan segment. Nonetheless, the Company does not intend to lower prices, but it rather focuses on the following strategies:

- *Fast Service and Management*

The speed of loan approval process is one of key factors for operation in the secured-loan segment as it is a key factor taken into account by customers before choosing loan providers. SAWAD's credit officers at all branches can manage to inform customers of the approval results within 30 minutes for loans collateralized by motorcycles. This fast approval speed makes the Company become a competitive provider in the industry.

- *Comprehensive lending policy*

Despite the customer target in the B- Grade with rather limited access to financial services provided by banks of financial institutions, the Company always focuses on careful loan application approval process, especially in terms of information verification. Credit officers at branches ensure the accuracy of supporting loan application documents and also confirm the identification of the customers and their guarantors by inspections on site. Photos of actual locations of customers' residents and work places are taken. The Company bears in mind that the customer information is very crucial to loan application approval and loan collections.

- *Effective Credit Management*

SAWAD Group emphasizes effective loan management, starting from the loan application approval process until the collection process. The Company focuses on offering loans to customers who reside or work within a boundary of 20-30 kilometers away from branches, enabling the officers to verify customers' information and proceed with debt collections in prompt manners. With effective credit management, the Company's NPL to total loan ratio stood at 3.51 percent as of 31 December 2015.

- *Competitive coverage*

As of 31 December 2015, the Company's branch network was larger than its peers' coverage. The Company has a plan to add a minimum of 50-100 branches per annum to the branch network in order to expand the sale channels. The Company focuses on expansion at locations near communities with easy access to commercial banks.

- *Nationwide coverage*

The extensive service coverage network enables the Company to enjoy competitive advantage over its peers. As of 31 December 2015, the Company's coverage network included a total of 1,627 branches. Hence, the Company can manage to utilize its capacity for lending, handling repayment transactions, pursuing collection practices and verifying information of customers/guarantors in prompt and effective manners. In addition, the Company can also effectively take action in case of debt defaults or outstanding balances overdue.

- *Focus on effective recruitment process as well as continued training*

In response to the rapid branch expansion, the Company increases recruitment channels by recruiting directly from education institutions. Moreover, the Company also regularly organizes trainings on products and related services, e.g., credit and financial training, training on information about land. Moreover, the Company also focuses on the importance personnel development. Not only can the branch staff members provide lending services, they can also work on debt collections, sale of forecast assets as well as launches of marketing strategies.

- *Public relation promotion with a focus on close relations with communities*

The Company has a policy to have branch officers and agents promote services and products as well as organizing public relation activities in order to widen brand awareness. The Company focuses on marketing activities aimed at tightening relationship with people in the communities as well as general

customers. SAWAD highlights service quality, friendly atmosphere, prompt and convenient services. Customer satisfactory is regularly surveyed through telephone calls or visits.

- *Varieties of Service*

The Company offers varieties of financing services including many collateral items, such as personal cars, commercial cars, e.g., motorcycles, personal cars, pick-up trucks, tractors, rice harvesters and etc. With loans collateralized by the aforementioned collateral items, the Company's services can serve a wide range of targeted customers.

#### 4. Pricing Policies

The Company does not a policy on price competition, i.e., cutting interest rates. It rather considers lending based on types of collaterals as well as qualifications of customers and/or guarantors. The Company's funding cost and operating cost is set at a certain level that enables the Company to remain profitable and competitive. Thus, SAWAD does not have a policy to provide lending services below funding costs.

As for credit limits for all collaterals, the Company approves credit limits at 30-70 percent discounts from the market prices, depending on types of collaterals, models, years of manufacturing, and popularity. The loan management department reviews credit limits every six month or when the market sees significant changes in overall conditions. Meanwhile, the Company also identifies of the installment amounts and installment periods, taking into account customers' ability to repay debts. However, the installment periods do not exceed 48 periods.

For loans collateralized by land or home deeds, the Company considers credit limits, based on the value of land and buildings (if any). The credit limits are based on the appraisal prices given by the Company's appraisal team, details of contracts, and locations of the collaterals. For example, if the collateral is land in community area, the credit limit is higher than the land in other areas.

#### 5. Sale and service channels

Customers are welcomed at all branches across the country. As of 31 December 2016, the Company's branch network included a total of 2,130 branches. The branches open Mondays to Fridays, 08:30 – 16:30 hrs., and Saturdays, 08:30 – 15:30 hrs. The staff members at all braches organize public relation and sale promotion activities on a monthly basis in order to introduce services to potential customers in the community.

In regard to payment channels, customers can settle installment bills at all branches, Counter Service, service counters of Bangkok Bank, Krung Thai Bank, and Kasikorn Bank. Customers only show the identification card indicating the contract number so that staff can record the repayment transactions and issue receipts.

### 3. Risk Factors

The risk factors discussed below are based on the assessment of the current situation. Apart of the risk factors below, there may be other risky issues that the Company is unable to predict at the present time or that the Company deems that the issues shall not have any impacts on the overall operation. It should be noted that the risk factors linked to the economic situation as well as the government's policies are based on the information disclosed by government agencies and reliable sources. Also note that the Company does not verify the accuracy of such information. Investors are, therefore, advised to make a cautious decision before investing in SAWAD.

The Company and its four subsidiaries, namely Fast Money Co., Ltd (FM), SWP Asset Management Co., Ltd.(SWPAM), Srisawad Power 2014 Co., Ltd. Srisawad International Holding Co., Ltd.(SIH) and SIH's three subsidiaries, namely SWP Services Co., Ltd., United Coastal Co., Ltd. and Srisawad Vietnam LLC (which are called SAWAD Group), offer secured retail loans. SAWAD Group provide secured loans collateralized by auto titles, homes and land deeds, non-secured loans, debt collection service and distressed asset management business for which the firm purchases NPLs from other financial institutions, comprehensive credit-provision management consultancy service and credit sales.

Risk factors in SAWAD Group's business operation that may have a significant impact on investment returns for investors as well as potential strategies to prevent the risks are discussed below.

#### 3.1 Risks in regard to marketing and strategies

##### 3.1.1 The risk of competition in the auto title loan and hire purchase loan segments

The auto title loan and hire purchase loan segments see intense competition, both from the existing players and new comers. Most new operators penetrating the business are financial institutions who enjoy competitive advantages from lower financial costs and larger capital base. These operators, including commercial banks or their subsidiaries and hire purchase or leasing firms engaging in auto title loans and hire purchase loans, see good potentials for attractive returns. In addition, the auto title loan and hire purchase loan segments do not require large investment in operating equipment, and neither do they need operating licenses from a particular government agency. Hence, new comers can easily penetrate the business, without any limitation, as they need only some funding sources for offering loans to customers. Given this favorable business condition, more and more new players begin to compete in the industry. In addition to the aforementioned competition from the new players, the existing ones also attempt to come

up with marketing strategies to beat one another. For instance, they offer bigger credit limits, extend repayment duration, and offer low interest rates in order to attract potential customers.

It is worth highlighting that the success factors do not depend solely on sufficient funding. With its long experience of 33 years in the business, SAWAD Group understands its customer groups very well, so the Group is able to provide services that well suit customers' demand. The Company's service coverage is across the country, with service networks covering all regions nationwide. As of 31 December 2015, SAWAD Group's branch networks included 2,130 branches. The Company provides fast and effective services, with a large system for its customer-related data base. In addition, SAWAD also possesses expertise in loan approval procedure as well as loan collections. As a result, the Group enjoys competitive advantages over its peers and is able to examine loan applications efficiently. Moreover, most commercial banks or the firms under the umbrellas of commercial banks focus mainly on the new auto market while hire purchase or leasing companies emphasize on providing services for buyers of new cars or used cars in the upper and middle market segments. On the contrary, SAWAD group focuses on different customer groups by offering auto-backed loans and home-backed loans to potential customers who may be unable to access financial services offered by commercial banks or those under banks' umbrellas but they owns vehicles and property.

### 3.1.2 The risk in regard to competition in the personal loan segment

The personnel loan segment has seen fiercer competition. The fact that the interest rates and fees in this loan segment are higher than those from credit card loans attracts both financial institutions and non-financial institutions to enter the business. During 2012-2014, the personal loan figure continued to expand well from Baht 257,129 million in 2012 to Baht 312,851 million in 2014, equivalent to a CAGR of 10.30 percent.

While SAWAD Group is well aware of the risk of higher competition, the firm believes the risk will not have any significant impact on its overall operation given that the Group focuses on Grade B customers including government officials, state enterprises' employees and village heads, unlike other financial institutions that focus on Grade A customers. SAWAD Group understands well about the nature and repayment behaviors of its target customers. Also, the Company's staff teams are available to provide services and launch marketing strategies to reach target customers nationwide. Hence, the Company is very confident in its competitiveness. However the Company freeze personal loans from the beginning of 2016.

### 3.1.3 The risk in regard to competition in Nano finance loan segment

Nano finance loan business is stipulated by Bank of Thailand and Ministry of Finance for individuals seeking to borrow without collateral to use for business operation. There are many corporates interest and apply to enter this business, that means the competitions will be more extreme. Also government policy which will grant PICO finance license for local operators in each province.

SAWAD Group is confident in its networks of branches and staff members across Bangkok, Bangkok's vicinity and other regions nationwide with the larger coverage. Moreover, the present number of firms permitted to operate this business is 24 firms, and the PICO finance will have been limited with areas and credit limit. The Company is confident that the Company's Nano finance license can cover more areas and lower cost of funding.

### 3.1.4 The risk in regard to the competition in the debt collection business

At present, there are a large number of players in the debt collection business, including local players. This leads to more intense price competition and the nature of debt collection practices of some operators may lead to some complaints.

SAWAD Group is confident in its potentials, which board networks of branches and staff members across Bangkok, Bangkok's vicinity and other regions nationwide. The Company assigns highly-experienced debt collection staff to base at extensive branches and this strategy enables the firm to save collection costs. The Company also ensures that its debt collection staff members are well trained, as required by the law, before they are assigned to perform their duties.

### 3.1.5 The risk in regard to the competition in Comprehensive Credit-Provision Management Consultancy Service

In this line of business, there is currently no other company engaging in providing comprehensive advisory services on credit provision management then the competition will not extreme. However in the future, the customer will have more experience to do business and terminate our service.

The Company has considered risk that customer no longer use our service, but the target market in Myanmar is expected to increase over time due to the rising consumer needs for credit. In the mean time the Company has considered to expanse this service to other neighborhood country.

### 3.1.6 The risk in regard to the competition in credit sales

The level of competition in this industry is already high, due to the economic expansion of Vietnam. The Company is new comer in this business in Vietnam that make the Company will confront with the price war.

Although the competitions is cruel but the Company relies on our operation team's extensive experience in the business in order to provide flexible solutions to fit the customers' needs, coupled with the approach to assess the customer's credit and payment ability to mitigate the risk of nonpayment. The Company considered to expand our service to secured loans to make more income.

### 3.1.7 The risk about the name "Srisawad" being similar to a trademark of another operator

The term " Srisawad", which is a part of the Company's name is similar to a trade name/trade mark of another leasing firm (i.e., another company) under an umbrella of a commercial bank. Therefore, people or customers may misunderstand that: i) SAWAD is under the same group of another company; ii) another company is under SAWAD Group; iii) the services of the Company and another company are either similar or supportive to one another. All these misunderstood points may lead to a significant risk to the business operation. Legally, another operator may file the lawsuit against the Company, requesting that the Company stop using the name "Srisawad" or asking for compensations to cover any damages caused by the issue. In light of this, the Company may need to clarify and publicize the fact that the Company and its business operation do not relate to another company.

Despite the aforementioned risk issue, the Company's services may not be significantly impacted given that it does not use the name "Srisawad" as a trade name or a service mark in its brochures or any promotional campaigns. In stead, SAWAD uses the slogan "**Mee Baan Mee Rod, Ngern Sod Than Jai**" put in a trademark that shows a pentagon with an arc at the base. This trade name/trademark does not imitate that of other operators. The Company always remains cautious when using the name for other purposes apart from normal business operation purposes.

In light of this legal issue, Weerawong, Chinnawat and Peangpanor Co., Ltd, the Company's legal advisor, considers the issue and opines that the Company intends to use the name "Srisawad" only as part of the company name, according to the law and regulations set forth for companies limited and public



companies. The naming process complied with the laws and was approved by the Department of Business Development, Ministry of Commerce. The authorities deemed that the name was just a common name, being used as a company name and not used as a trademark or a service mark. In addition, the Company does not intend to mislead or confuse people about its services and another operator's service. Also, the Company does not intend to use the name as its trademark or service mark. Hence, the use of the term "Srisawad" is just a part of the Company's name, not infringing another operator's right to use the trademark or the service mark. Finally, the term does not reflect any operation that may have an impact on the trademark and service of another operator.

### 3.2 Risks in regard to loan management and collateral

#### 3.2.1 The risk of higher NPLs

At present, the auto title loan and hire purchase loan businesses are not under control by any particular state agencies or regulations. Hence, operators are able to expand their business at their full potentials. They are thus at high risk of seeing greater non-performing loans ("NPL") if they lack of cautious loan approval process or effective internal control system.

However, the Company is very cautious about examining loan applications and emphasizing loan quality. The Company thoroughly examines the information of the customers and their guarantors. Reports on evaluation results for customers' repayment ability are carried out regularly. As of 31 December 2016, the Company saw NPLs amounting to Baht 438.81 million, increasing from Baht 406.02 million as of 31 December 2015. The increase in NPLs was in line with the rise in total loans. Meanwhile, the NPL ratio decreased from 3.51 percent as of 31 December 2015 to 2.51 percent as of 31 December 2016, in tendon with overall loan growth. Regarding the allowance for doubtful accounts, as of 31 December 2015 and 31 December 2016, the Company set aside the allowance for doubtful accounts amounting to Baht 355.29 million and Baht 388.81 million, respectively, implying coverage ratios of 3.07 percent and 2.23 percent, respectively. While the loan provisions are lower than NPLs, the Company views that the provision position is appropriate given that the Company offer secured loans and the loan to value ratio (LTV) is rather low at 30-70 percent.

During 2014-2016, the Company's NPLs stood at only Baht 95.76, 85.94 and 124.47 million, equivalent to NPL ratios of only 0.71 – 1.22 percent, lower than the coverage ratios for the years at 2.23 – 3.50 percent. In other words, the Company has set aside sufficient loan provisions to cover NPLs.

Unit: Million	31 Dec-14	31 Dec-15	31 Dec-16
NPL <sup>/1</sup>	323.09	406.02	438.81
Total Loan <sup>/2</sup>	7,816.19	11,568.14	17,469.22
<b>% of NPL to total loan</b>	<b>4.13</b>	<b>3.51</b>	<b>2.51</b>
Loan loss provision	273.12	355.29	388.81
<b>% allowance of doubtful accounts to total loans</b>	<b>3.50</b>	<b>3.07</b>	<b>2.23</b>
Bad Debt	95.76	85.94	124.47
<b>% NPL to total loans</b>	<b>1.22</b>	<b>0.74</b>	<b>0.71</b>
<b>Allowance of doubtful accounts to total loans to NPLs (time)</b>	<b>2.85</b>	<b>4.13</b>	<b>3.12</b>

Note <sup>/1</sup> NPLs mean loans which the Company stops realizing revenue according to revenue realization policy

<sup>/2</sup> Total loans mean the amount of loans stated in the loan agreements and hire purchase contracts deducted by interests not yet booked as income.

### 3.2.2 The risk in regard to loan agreements and collateral documents being lost or damaged by fires

Loan agreements and documents identifying the ownership of collaterals are major assets for the loan service business. In case customers fail to make repayment for the outstanding balance overdue, the Company needs to use such agreements or documents for further legal actions. Loss or damages of such loan evidences due to fires may have negative impact on the Company's operation.

Realizing the risk of loss and damage of loan evidence, the Company thus comes up with measures to reduce the risk by setting up a special document room for keeping loan agreements and collateral documents in order to speed up the operation process because the loans linked to motorcycles are short-term loans with low credit limits. Entry to the special document room is very strict, with fire insurance being put in place. Moreover, the Company also keeps all documents in an electronic form, with all data being backed up at a separate location on a daily basis in order to prevent damages from any causes.

### 3.2.3 The risk of possible failure to confiscate collaterals

Most collateral items are cars and motorcycles and these items are more difficult to confiscate, in case customers fail to repay debts, than other collateral items, e.g., deeds of housing units, land, and etc. If the Company is unable to confiscate and sell the collateral in compensation of unpaid debts, this will have a

direct negative impact on the Company's business operation, financial position, and earnings performance.

To reduce the risk, the Company has a policy to extend loans to individuals and/or collateral and/or guarantors residing in the same areas where the Company's branches are located. Moreover, the Company's credit staff are also assigned to examine the information on site, i.e., the addresses identified by the customers, in order to double check the existence of the collateral. In case the customers fail to settle the monthly installment bills, the Company will assign its staff in charge to follow the customers and confiscate the collateral afterwards. The staff will promptly take action in order to prevent the customers from running away with collateral. It should be noted that the Company also benefit from its extensive branch network that included 2,100 branches nationwide, allowing the Company to locate the collateral more easily.

#### **3.2.4 The risk in regard to inability to sell foreclosed assets**

According to the nature of the auto title and hire purchase loan businesses, once a customer fails to settle the installment bills for three consecutive periods, the Company will send a letter notifying that the contract will be terminated should the customer does not repay the debts within 30 years from date (for the hire purchase contracts) or seven days (in case of the loan agreements). If no action is taken by the customer within the identified timeframe, the Company is entitled to confiscate the collateral. After that the Company will issue a letter notifying the customer to redeem the collateral within 30 days, both in cases hire purchase and loan agreements. If the customer is not present to redeem the collateral within the specific timeframe, the Company is entitled to sell the collateral. At present, the Company sells foreclosed assets through several sale channels including branches for selling motorcycles, and warehouses for keeping confiscated cars. In addition, the Company also hires a private auction organizer to organize auctions for people who may be interested in buying confiscated motorcycles. The proceeds from the sale of confiscated collateral will be used for covering the outstanding balance. If the Company is unable to sell the confiscated items, this will have a negative impact on its financial position and operational performance.

The Company decides to extend loans to customers, considering the popularity of the vehicles in the market or the locations of the land in order to reduce potential impact of the lack of liquidity from the sale of confiscated collateral. After confiscating the collateral, the Company's staff will keep the items and sell them to the Company's selected counterparty by tranches at net asset value price.

The pricing of confiscated collateral is based on the remaining value of the outstanding balance, which is normally lower than the market price. Hence, the selling prices of confiscated collateral items are normally lower than the market prices, increasing more liquidity to the sale transactions.

Foreclosed assets classified by types of collaterals	31 December 2014			31 December 2015			31 December 2016		
	Value (million)	Quantity (unit)	Average value (Baht/unit)	Value (million)	Quantity (unit)	Average value (Baht/unit)	Value (million)	Quantity (unit)	Average value (Baht/unit)
Old motorcycles	30.80	2,517	12,236	19.05	1,516	12,566	33.23	2,612	12,722
New motorcycles	32.24	802	40,200	10.92	296	36,892	3.71	104	35,673
4-wheel vehicles	137.87	1,142	120,727	44.43	384	115,703	30.69	255	120,352
Commercial cars	8.68	32	271,250	12.75	52	245,192	14.52	93	156,129
Vehicles for agricultural uses	1.04	3	346,667	2.03	5	406,000	1.40	4	350,000
Home and land	11.05	9	1,227,778	9.37	6	1,561,667	13.87	10	1,387,000
	221.68	4,505	49,208	98.55	2,259	43,643	97.42	3,078	31,650

It is found that most of the foreclosed assets are used motorcycles, with an average unit value of Baht 12,700.

### 3.2.5 The risk that the sales of foreclosed assets not covering the unpaid debt values

The Company confiscates the collateral when a customer fails to repay the instalments for the certain time specified in the contract. After that the Company proceeds to sell the confiscated item at its own branches, warehouses or auctions where general people who are interested in buying new motorcycles are invited to participate. Should the Company manage to sell the collaterals at the value exceeding the remaining value of the outstanding balance, only in the case of hire purchase contracts, the Company will return the remaining proceeds (net after deducting the remaining value of the outstanding balance and relevant expenses) to the customer. If the debt balance is higher than the value of the foreclosed asset sales (this may be because the average age of the collaterals ranges around 2-14 years) and if the Company is unable to obtain the variance from the customer or the guarantor, the Company will see some losses from the sale of the collaterals. This will in turn have a negative impact on the Group's operational performance.

To reduce the risk, before approving auto-backed loans and home-backed loans, the Company has to examine and appraise the values of the collateral very carefully. Also, the Company approves credit limits with 30-70% discount from the market prices of the collaterals; the discount depends on the models and

the popularity of the collaterals. Hence, the remaining value of the outstanding balance is lower than the selling price of collaterals sold by auction. Meanwhile, the loss from the sale of collaterals at FM was attributable to the Group's policy to sell the confiscated new motorcycles as fast as possible in order to reduce the risk that the prices of new motorcycles drop rapidly. Note that the Company sets aside provision for the impairment loss of foreclosed assets for the hire purchase loans for new motorcycles at the rate of 25 percent of the total debt value as of the confiscation date. The rate is set by the management, based on historical data.

Profit (loss) from sale of assets (million)	31 December 2014	31 December 2015	31 December 2016
SAWAD	0.66	(7.96)	(9.78)
FM	(11.62)	(10.71)	1.32
<b>Total</b>	<b>(10.96)</b>	<b>(18.67)</b>	<b>(8.46)</b>

As of 31 December 2016, over 75% of foreclosed assets lasted not more than one year from the confiscation date. However, most of the foreclosed assets that last longer than one year (worth Baht 20.52 million) are new motorcycles for which the Company regularly sets aside provisions for impairment loss.

Cost of foreclosed assets classified by the duration after the confiscation date	31 December 2014		31 December 2015		31 December 2016	
	Million	%	million	%	million	%
Less than 1 months	26.72	12.05	33.94	34.44	37.20	38.19
1 - 3 months	63.85	28.80	24.83	25.20	27.63	28.36
4 - 6 months	42.67	19.25	7.40	7.51	6.94	7.12
7 - 12 months	58.70	26.48	7.50	7.61	5.13	5.27
Longer than 12 months	29.74	13.42	24.87	25.24	20.52	21.06
<b>Total</b>	<b>221.68</b>	<b>100.00</b>	<b>98.54</b>	<b>100.00</b>	<b>97.42</b>	<b>100.00</b>
<u>deduct</u> provision for foreclosed asset impairment	(13.89)	(6.27)	(6.52)	(6.62)	(2.72)	(2.79)
<b>Foreclosed assets - net</b>	<b>207.79</b>	<b>93.73</b>	<b>92.02</b>	<b>93.38</b>	<b>94.70</b>	<b>97.21</b>

Moreover, the Company also uses the actual values of foreclosed asset sold as criteria for considering new credit limits. As of 31 December 2016, the foreclosed assets at the cost price amounted to Baht 97.42

million, with provisions for impairment amounting to Baht 2.72 million, equivalent to 2.79 percent of the cost price.

### 3.3 Legal Risks

#### 3.3.1 The risk of being sued by customers

As mentioned above, the auto title loan and hire purchase loan businesses are not controlled by any particular agencies. The most relevant laws for the business are Civil and Commercial Code and Consumer Protection Law stating that the business about hire purchase of cars and motorcycles is the business with controlled contracts. SAWAD Group emphasizes the importance of the law and seriously complies with the laws, ensuring that all hire purchase contracts and loan agreements are legal.

Regarding the hire purchase business, the Company always carries on the business, complying with laws and regulations set forth by relevant authorities, especially the Bank of Thailand that sets rules about principles, procedures and conditions for conducting personal loan business. Non-financial firms are allowed to collect the maximum interest rate of 15 percent per annum and the total of collection fee as well as other fees shall not exceed 28 percent per annum. For conducting Nano finance loan business, interest rate, fee and penalty fee totaled not exceed 36 percent per annum.

Even though the Company always follows the rules and regulation and there have never been any legal cases against the Company, the Company always keeps in mind of legal risks in case some customers may want to file lawsuits against the Company. Any court case against the Company will definitely have a direct impact on its business operation. In light of this, the Company regularly communicates with its customers and ensures the same understanding between the two parties. Moreover, the Company also emphasizes the customers and guarantors' ability to repay debts in order to reduce the possibility of loan defaults, which may eventually lead to collateral confiscation or lawsuits. In case of overdue outstanding balance, the Company has a clear and fair collection policy, in accordance with the legal procedure. Hence, the Company is confident that it is very unlikely to face any lawsuits filed by its customers.

#### 3.3.2 Risks from the future controls on vehicle title loans and hire purchase loans by the state sector

As present, the auto backed loans, home-backed loans and hire purchase loans are not controlled by any state agencies, including the Bank of Thailand. Nonetheless, but Office of Consumer Protection Board" oversees the hire purchase contracts in order to ensure that consumers are treated with fairness. In the future, a state agency may be appointed to directly oversee and control the auto title loan and hire purchase loan businesses; this may have some negative impacts on the Company's business operation.

However, the Company is confident that the potential control by any state agency may not have significant impacts on the operation. If a state agency or the Bank of Thailand becomes in charge of controlling interest rates for lending, the Company will have to see low-cost funding sources in order to maintain its net interest margin at a comfortable level. If a state agency becomes involved more in the hire purchase business, small operators whose operations are not systematized and standardized may be pressured. This situation may prevent new players from entering the market given that penetrating to the business may not be as easy as in the past.

### 3.3.3 Risks in regard to the possibility that a state agency may control the personal loan business

The personal loan segment is controlled by the Bank of Thailand. Thus, any new rules or regulations against business operation of the Company may have an impact on the Company given that the Group will have to adjust some of its business procedures to comply with the rules and regulations. This may have an impact on the Company's business and operational performance.

SAWAD Group is well aware of the risk, so it closely monitors updates and news about changes in regulations and project potential impacts of the changes. Updates and projections of possible impacts of regulation changes are then reported to the Company's directors so that they can accordingly decide strategies of measures in response to the changes in appropriate and prompt manners.

## 3.4 Financial Risks

### 3.4.1 The risk in regard to fluctuation in the interest rate

SAWAD Group's core revenue is from interests from the lending business. The interest rate is fixed throughout the life of the loan agreement. Meanwhile, the main expenses come from cost of funding from financial institutions who set floating interest rates. Any changes in the interest rate will have an impact on the net interest margin and interest expenses. In particular, when the interest rate is hiked, the Company's cost of funding will also increase, resulting in a narrower net interest margin. This in turn will have a direct impact on the Company's operational performance and profitability.

However, at present the variance between interest income and interest expenses is rather large. In case of an interest hike, the Company still believes that its revenue should be enough to cover costs and expenses. Moreover, the Company can also reduce risks from new loan contracts for which it is able to set interest rates and fee to reflect actual cost of funding. Also, in the short to medium term, the interest rate is likely to continue on a downtrend. Furthermore, after the IPO, the Company received more funding, which should help to lower interest expenses to a certain degree.

### 3.4.2 The risk in regard to dependence of borrowing from financial institutions

Given the nature of lending business, lenders need sufficient funding for operation in order to have the business continue. As of 31 December 2016, SAWAD's funding sources were i) seven financial institutions; ii) bills of exchange, iii) shareholders' equity and iv) debenture. As of 31 December 2016, the amount of loans taken out from the seven financial institutions totaled Baht 5,694.10 million. The proportion of the lending from the seven financial institutions was 0.00-7.00 percent of the total funding sources. In case the Company is unable to get loans from the financial institutions, this will have a negative impact on its business, financial position as well as operational performance.

Borrowing mainly from the financial institutions, the Company has a very good repayment record and has never been requested by the lenders to repay debts before schedule. In order to reduce the dependency on the financial institutions, the Company seeks new sources of funding by issuing short-term bills of exchanges and offering them to institutional investors or high net worth investors. As of 31 December 2016, the Company sold bills of exchanges amounting to Baht 3,270 million and including unsecured debenture 5 series, amounting Baht 1,340 million, in order to reduce the dependency on the financial institutions.

### 3.4.3 The risk in regard to the mismatching between the lending periods for customers and the lending periods from creditors

The motorcycle-backed loans (accounting for 17 percent of the total loan receivables as of 31 December 2016) allow repayment durations of not more than 18 installment periods while four-wheel vehicles –backed loans (accounting for 44 percent of the total loan receivables as of 31 December 2016) allow an average repayment duration of not more than 24 installment periods. Meanwhile, the Company's funding comes from short-term loans from the financial institutions. As of 31 December 2016, the Company saw short-term loans and bills of exchanges totaling Baht 5,705.92 million, long-term loans from financial institution totaling Baht 2,858.18 million, long-term loan from a related party amounting to Baht 400 million and unsecured debentures amounting Baht 5,540 million. Hence, it is rather risky if the financial institutions does not allow loan contract extension or if a payable requests the repayment immediately after the loans are due.



As of 31 December 2016	Amount (Baht Million)	% compared to total assets
Receivables due within 1 year – net	12,844.78	57.76
Receivables due more than 1 year – net	6,544.64	29.43
<b>Total assets</b>	<b>22,236.70</b>	<b>100.00</b>
Short-term loans due within 1 year	8,535.29	38.38

However, the Company is classified as a good customer and has never caused any financial problems or debt defaults. Moreover, to reduce the risk about repayment of short-term loans, the Company has prepared for seeking funding from other sources, including raising funds from the public offering in order to increase the liquidity and manage funding sources more effectively. The Company also completes a cash flow projection to cover the estimated loan growth in the future. The projection is aimed at analyzing the liquidity so that the Company can plan for supporting funding and it should thus be able to continue its business operation.

#### 3.4.4 The risk in regard to the foreign exchange rate

According to the Company has service and credit sales in neighborhood countries, that will make the Company face the loss from foreign exchange rate and the depreciation of those currencies.

The Company provide advisory service to Myanmar customer which will settle the service fee in term of Thai Baht so the Company will not suffer from exchange rate. The credit sales business in Vietnam settle in Vietnam currency which considered from the fluctuation of the conversion rate between Baht and Dong is in the low level.

### 3.5 Operational Risks

#### 3.5.1 The risks in regard to corruptions by employees

Being engaged in the auto tile loan, hire purchase and non-secured personal loan businesses, SAWAD Group authorizes the branch managers to approve credit limits and extend loans to customers immediately, provided that the loans are under the credit limits within their approval authority. Customers can settle the installation bills at the Company's branches by cash with the branch staff. This practice can be risky from the possibility that operation staff may involve in corruption.

The Group is well aware of the risk, so it puts an internal control system in place in order to examine the performance of branches. The internal control system is equipped with supporting informational technology. Officers from the central offices also cross check and ensure that customers receive loans as

specified in the contracts. Moreover, for every repayment transaction at any branched, customers will receive receipts from the central data system. The headquarter office has a monitor system, which can detach when a branch office receives more over-limited repayment amounts. A branch receiving over-limited repayment amounts will be requested by the headquarter to deposit the sum to the bank. Moreover, the Group also has a particular division examining the lending procedures and repayment transactions of branches at random. Various measures as well as systems should help to keep any possible damages at insignificant levels. In addition, the Company has a policy that any staff dealing with payment and repayment transactions done by customers have to put guarantees or guarantors before the employment contract is signed. Since 2010, eight staff corruption incidents have been reported, with preliminarily estimated damage amount of not more than Baht 880,000 .

### 3.6 Operational Risks

#### 3.6.1 The risk in regard to the fact that the major shareholder group holds stake of more than 50 percent

As of 20 January 2017, the Kaewbootta Group consisting of Ms. Thida Kaewbootta, Ms Duangchai Kaewbootta, Mr Chatchai Kaewbootta and Mrs Jariya Kaewbootta was the major shareholder group holding combined stake of 52.34 percent of the paid-up capital. With such a large portion of stake holding, the Kaewbootta Group has a controlling power as well as influence on decision making. The Group can also control the majority votes in the shareholder meeting. Hence, there is a risk that some other shareholders may want to join hands and gather votes in order to balance power and question some matters raised by the major shareholder group in the shareholder meetings.

Based on the Company's organizational structure, however, the Company has clearly identified scopes of authority, rules and responsibilities of directors with transparency. Also, measures in regard to connected transactions linked to directors, major shareholders, management, as well as individuals with conflicts on interests are clearly identified. The aforementioned people are not allowed to vote on related issues that may cause conflicts of interests. Also, independent directors are appointed to consider and make decisions on the issues to ensure that the practice on such issue is transparent enough to convince the shareholders that the Company's management structure highlights balance of power and effective management.

### 3.6.2 The risk of high dependence on major shareholders

At present, SAWAD Group is financially supported and guaranteed by its major shareholders. As of 20 January 2017, The Kaewbootta family, the major shareholder group with 52.34 percent of the paid-up capital guaranteed the loans amounting to Baht 500 million for business operational purposes (Further details can be obtained from Part 2, 12 Connected Transactions). This can be inferred that SAWAD Group sees considerable risk in regard to its high dependence on Kaewbootta Group. An absence of financial assistance from the Kaewbootta Group may put the Company's business operation in trouble.

Note that the aforementioned guarantee was carried out in accordance to regulations set forth by the financial institutions. At present, the financial institutions is processing to withdrawn the guarantee.

#### 4. Assets used for Business Operation

##### 4.1 Fixed Assets

##### 4.1.1 Premises and Equipment – Net

As of 31 December 2016, the Company owned premises and equipment at a net value of Baht 463.13 million as the following details:

Types of Assets	Nature of ownership	Net value (Baht)	Obligation
Land	own	2,354,300	No
Building and building improvement	own	137,134,632	No
Office decor accessories	own	78,629,523	No
Office Supplies	own	73,779,493	No
Vehicles	own	171,234,133	Yes
<b>Total</b>		<b>463,132,181</b>	

Note: The Group has liabilities under the hire purchase contracts for the total amount of Baht 67,765,131.

##### 4.2 Hire purchase receivables and loan receivables

The hire purchase receivables and loan receivables are shown based on the net values. The figure shows the amount of debts stated in the contracts deducted by interests not yet booked as income and allowance of doubtful accounts, based on the duration of outstanding balance.

Hire purchase receivables	31 December 2014		31 December 2015		31 December 2016	
	million	%	million	%	million	%
Current or overdue not over than 1 month	1,540.68	62.59	1,804.24	60.31	2,026.95	59.93
Overdue more than 1-3 months	678.40	27.58	894.02	29.88	1,050.75	31.07
Overdue more than 3-6 months	135.54	5.51	148.62	4.97	171.35	5.07
Overdue more than 6-12 months	57.36	2.33	68.34	2.29	53.43	1.58
Overdue more than 12 months	49.58	2.01	76.40	2.55	79.63	2.35
<b>Total</b>	<b>2,461.56</b>	<b>100.00</b>	<b>2,991.62</b>	<b>100.00</b>	<b>3,382.12</b>	<b>100.00</b>
Deducted by allowance of doubtful accounts	(137.71)	(5.59)	(169.43)	(5.66)	(159.41)	(4.71)
<b>Hire purchase receivables - net</b>	<b>2,323.85</b>	<b>94.41</b>	<b>2,822.19</b>	<b>94.34</b>	<b>3,222.71</b>	<b>95.29</b>

Loan receivables	31 December 2014		31 December 2015		31 December 2016	
	million	%	million	million	%	million
Current or overdue not over than 1 month	4,210.47	78.63	7,010.72	81.74	11,669.45	82.84
Overdue more than 1-3 months	940.19	17.56	1,297.49	15.13	2,087.50	14.82
Overdue more than 3-6 months	116.01	2.17	142.68	1.67	187.36	1.33
Overdue more than 6-12 months	43.56	0.81	55.79	0.65	63.99	0.45
Overdue more than 12 months	44.40	0.83	69.83	0.81	78.81	0.56
<b>Total</b>	<b>5,354.63</b>	<b>100.00</b>	<b>8,576.51</b>	<b>100.00</b>	<b>14,087.11</b>	<b>100.00</b>
<b>Deducted by allowance of doubtful accounts</b>	<b>(135.41)</b>	<b>(2.53)</b>	<b>(185.86)</b>	<b>(2.17)</b>	<b>(229.41)</b>	<b>(1.63)</b>
<b>Loan receivables - net</b>	<b>5,219.22</b>	<b>97.47</b>	<b>8,390.65</b>	<b>97.83</b>	<b>13,857.70</b>	<b>98.37</b>

#### Policy on allowance of doubtful accounts

SAWAD Group has a policy to set aside allowance of doubtful accounts, according to the durations of receivables' outstanding balance deducted by interests not yet booked as income and the value of collaterals. The collateral is calculated at 0-75 percent of the outstanding receivables deducted by interest not yet booked as income. The calculation is also based on the potential to get repayment and possibility to sell collaterals. The criteria for setting allowance of doubtful accounts are as follows:

Overdue Period	Hire purchase contracts and loans for motorcycles		Hire purchase contracts and loans with other collaterals		Personal Loans
	Percentage of allowance of doubtful accounts	Value of collaterals (%)	Percentage of allowance of doubtful accounts	Value of collaterals (%)	Percentage of allowance of doubtful accounts
Current	1	75	1	75	1
Overdue 1 month	2	75	2	75	1
Overdue 1- 3 months	2	55-65	2	55-65	2
Overdue 3-6 months	100	0	20	25-45	100
Overdue 6-12 months	100	0	100	15	100
More than 12 months	100	0	100	0	100

**Note:** Allowance of doubtful accounts = Percentage of allowance of doubtful accounts X (outstanding receivables – interests not yet booked as income – value of collateral calculated at the rate on the aforementioned table)

#### Write- off Policy

SAWAD Group has set a write-off policy in accordance with the Ministerial Regulation No. 186 (1991) governing writing off bad debts from debtors' accounts as follows: A receivable with the value of not exceeding Baht 100,000 with outstanding balance overdue 3-4 months onwards is subject to collection procedure/ contract termination in a written form. If the Company is not contacted by the receivable, debts shall be written off. For a receivable worth from Baht 100,000 to 500,000, a part from the aforementioned collection procedure, the Company also proceeds with legal actions before writing off the bad debts. For a receivable valued at least Baht 500,000, the Company files a lawsuit against the debtor for bankruptcy and when the court accepts the case then the bad debts can be written off.

#### 4.3 Loan receivables from purchase of loan

Loan receivables from purchase of loan is the distress asset bought from financial institutions. The movement and outstanding of loan receivables shown as follow:

Loan receivables from purchase of Loan (unit: million Baht)	2015	2016
Loan receivables from purchase of loan - beginning	-	1,264.68
Additions	1,268.42	1,222.62
Amortisation from collection	(3.74)	(175.68)
Loan receivables from purchase of loan - ending	1,264.68	2,311.62
Less Allowance for impairment	-	(2.62)
<b>Loan receivables from purchase of loan - Net</b>	<b>1,264.68</b>	<b>2,309.00</b>



#### 4.4 Intangible assets

As of 31 December 2016, the Company had intangible assets valued at Baht 8.32 million as the following details:

Type of assets	Nature of ownership	Value (Baht)	Obligations
Computer Program	own	8,319,253	No

#### 4.5 Trademarks and Right

As of 31 December 2015, SAWAD Group had three trademarks as the following details:

Trademarks/ service marks	Type	For	Status	Issued on	Valid until	No.
	Service	Lending, Mortgage and Pledge	Approved	29 Jan -13	10 Nov 21	156313
	Service	Lending, Mortgage and Pledge	Approved	4 Apr - 11	17 Feb 20	149642

#### 4.6 Investment Strategies

##### 4.6.1 Investment Strategies and Control of Subsidiaries

As of 31 December 2016, the Company invested in subsidiaries as followings:

Company	Business	Paid-up (million Baht)	% of investment	Value
Direct				
Fast Money Co., Ltd.	Hire purchase and non-secured loan	50.00	99.99	50.00
SWP Asset Management Co., Ltd.	Asset management	100.00	90.00	90.00
Srisawad Power 2014 Co., Ltd.	Debt collection	1.00	97.00	0.97
Srisawad International Holding Co., Ltd.	Holding company	10.00	90.00	9.00
Total				149.97

Indirect (Through Srisawad International Holding Co., Ltd.)				
SWP Services Co., Ltd.	Advisory service	15.00	89.99	15.00
United Coastal Co., Ltd.	Holding company	1.00	87.30	0.97
Srisawad Vietnam LLC	Credit sale	26.88	90.00	26.88

The Company has a policy to invest in businesses that benefit or support its core business in order to boost revenue, earnings and growth potential for the Group. The management policies of subsidiaries are based on the Company's major policies. The investment portion is also at a level that enables the Company to have a control power over its subsidiaries or affiliates. The investment can come in forms of self –investment, co-investment, and part investment. Nonetheless, the Company does not have a policy to invest in any company where the Company is unable to have its representative act as a director.

#### 4.6.2 Policy to invest in securities

The Company does not have a policy to invest in securities, a part from its investment related to is core business.

### 4.7 Highlights of major contracts for business operation

#### 4.6.1 Loan agreements

As of 31 December 2016, the Company inked loan agreements with seven financial institutions as follows:

##### The 1<sup>st</sup> financial institution

Debtor	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Overdraft
Credit limit	Baht 1,000 million	Baht 30 million
Collateral and guarantor	None	None
Liabilities as of 31 Dec-16	Baht 980.00 million	Baht -- million
Conditions	<ul style="list-style-type: none"> <li>SAWAD Group is entitled to withdraw loan at the amount that the Group provides loans</li> </ul>	



	<p>to hire purchasers or debtors.</p> <ul style="list-style-type: none"> <li>• The Group is prohibited from offering loans to directors before all bank loans are repaid.</li> <li>• The Group agrees not to repay loans to directors before the loan repayments to banks are completely settled and the interest rates from loans offered by directors must not exceed the interest rates from bank loans.</li> <li>• In case of some events that have negative impact the Company's financial position and thus make the financial institution doubt about the Company's ability to repay loans, the financial institutions have the right to terminate the loan conditions immediately.</li> <li>• The D/E ratio must not exceed 3.0x (excluding the loans borrowed from directors), based on the annual financial statement.</li> </ul>
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The second financial institution

Debtor	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Overdraft
Credit Limit	Baht 2,200 million	Baht 30 million
Collaterals and guarantor	None	None
Liabilities as of 31 Dec 16	Baht -- million	Baht -- million
Other terms and conditions	<ul style="list-style-type: none"> <li>• The Group agrees not to repay loans to directors before the loan repayments to banks are completely settled and the interest rates from loans offered by directors must not exceed the interest rates from bank loans.</li> <li>• For a credit limit of Baht 1,000 million, the Company was required to maintain its D/E ratio at not exceeding 3x.</li> <li>• If SAWAD Group defaults on obligations to repay loan or any agreements made with the financial institution, the financial institution is entitled to request the guarantor to repay capital at full amount plus interests and compensations as well as other obligations.</li> </ul>	

The third financial institution

Debtor	SAWAD Group
Credit Type	Short-term loan
Credit Limit	Baht 500 million
Collaterals and guarantor	Credit guaranteed by the major shareholder group
Liabilities as of 31 Dec 16	- million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested to maintain the D/E ratio in the consolidate financial statement at not exceeding 3.0x. (excluding the loans borrowed from directors)</li> </ul>

The fourth financial institution

Debtor	SAWAD Group	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Long-term loan	Overdraft
Credit Limit	Baht 2,500 million	Baht 500 million	Baht 30 million
Collaterals and guarantor	None	None	None
Liabilities as of 31 Dec 16	1,900 million	- million	- million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain shareholding not less than 51%</li> </ul>		

The fifth financial institution

Debtor	SAWAD Group
Credit Type	Long-term loan
Credit Limit	Baht 400 million
Collaterals and guarantor	None
Liabilities as of 31 Dec 16	Baht 400 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain shareholding not less than 51%</li> </ul>

The sixth financial institution

Debtor	SAWAD Group
Credit Type	Long-term loan
Credit Limit	Baht 1,000 million
Collaterals and guarantor	None
Liabilities as of 31 Dec 16	Baht 701.39 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain shareholding not less than 51%</li> </ul>

#### The seventh financial institution

Debt	SAWAD Group	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Long-term loan	Overdraft
Credit Limit	Baht 500 million	Baht 1,500 million	Baht 30 million
Collaterals and guarantor	None	None	None
Liabilities as of 31 Dec 16	-- million	1,500 million	- million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain shareholding not less than 51%</li> </ul>		

#### 4.6.2 Bills of Exchanges

SAWAD Group had authorized short-term bills of exchange valued at Baht 4,000 million for the duration of not later than 270 days. The bills of exchange were offered to institutional investors or major investors. As of 31 December 2016, the Company sold bills of exchange for the total amount of Baht 3,270 million.

#### 4.6.3 Lease contracts for branch offices

SAWAD Group signed lease contracts with outsiders and individuals with possible conflicts of interest in order to lease spaces for use as branch offices. Most contracts last no longer than three years, with payments being made quarterly, biannually and annually.

As of 31 December 2016, SAWAD Group had liabilities from leases of space for 2,178 branches (including some branches for which the Company already put deposit for advanced payment prior to the commercial operation in 2016). This is translated into the total obligations from lease contracts at Baht 460.17 million.

## 5. Legal Disputes

None

## 6 General Information

### 6.1 General Information

#### Company Information

Name	: Srisawad Power 1979 Public Company Limited
Address	: 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15 <sup>th</sup> Fl., Rama 9 Rd., Huay Kwang, Bangkok 10310
Type of Business	: Provide secured retail loan
Registered Number	: 0107556000400
Registered Capital	: Baht 1,086,493,519
Paid-up Capital	: Baht 1,045,496,492
	Divided into 1,045,496,492 ordinary shares at par value Baht 1.00 per share.
Website	: <a href="http://www.meebaanmeerod.com">www.meebaanmeerod.com</a>
Telephone	: 0-2693-5555
Fax	: 0-2168-1335
Reference	
Share Registrar	: Thailand Securities Depository Co., Ltd. 14 <sup>th</sup> Fl., 93 Ratchadapisek Road, Din Daeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9992
Bond Registrar	: TMB Bank Public Company Limited 3000 Paholyothin Road, Chomphon, Chatu Chak, Bangkok 10900 Tel. 0-2299-1111 CIMB Thai Bank Public Company Limited 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330 Tel. 0-2638-8000 Fax. 0-2657-333

Auditor : Mr.Boonlert Kamolchannokkul CPA. No. 5339 or  
 Mrs.Anothai Leekijwattana CPA. No. 3442 or  
 Ms.Sakuna Yamsakul CPA. No. 4906  
 Pricewaterhousecooper ABAS Co., Ltd.  
 15<sup>th</sup> Fl., Bangkok City Towers, 179/74-80 South Sathorn,  
 Tung Mahamek, Sathorn, Bangkok 10120  
 Tel. 0-2344-1000 Fax. 0-2286-5050

Internal Auditor : P&L Internal Audit Co., Ltd.  
 73/290-294 The Fifth Avenue Tower B, 2<sup>nd</sup> Fl., Bangkok-Nont Road,  
 Bang Khen, Muang, Nonthaburi

**Details of the juristic person that the Company held directly 10% onwards of their issued shares**

Name : Fast Money Company Limited  
 Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
 Huay Kwang, Bangkok 10310  
 Type of Business : Provide hire purchase loans of new motorcycle and personal loan  
 Registered and Paid-up Capital : Baht 50,000,000

Name : SWP Asset Management Company Limited  
 Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
 Huay Kwang, Bangkok 10310  
 Type of Business : debt collection and purchase distressed assets for management  
 Registered and Paid-up Capital : Baht 100,000,000

Name : Srisawad Power 2014 Company Limited  
 Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
 Huay Kwang, Bangkok 10310  
 Type of Business : Debt collection

Registered and Paid-up Capital : Baht 1,000,000

Name : Srisawad International Holding Company Limited

Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
Huay Kwang, Bangkok 10310

Type of Business : Holding company

Registered and Paid-up Capital : Baht 10,000,000

Name : SWP Services Company Limited

Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
Huay Kwang, Bangkok 10310

Type of Business : Advisory service

Registered and Paid-up Capital : Baht 15,000,000

Name : United Coastal Company Limited

Address : 33/4 The Ninth Grand Rama 9 Bldg. Tower B, 15<sup>th</sup> Fl., Rama 9 Rd.,  
Huay Kwang, Bangkok 10310

Type of Business : Holding company

Registered and Paid-up Capital : Baht 1,000,000

Name : Srisawad Vietnam LLC

Address : 1<sup>st</sup> Floor, VCCI Tower, No. 1, Lenin Avenue , Hung Dung ward, Vinn  
City, Nghe An Province, Vietnam

Type of Business : Credit sale

Registered and Paid-up Capital : 33,500,000,000 Dong or approximately Baht 26.88 million



## Part II

## Management and Corporate Governance

## 7. Securities and Shareholder

## 7.1 The Company's securities

## 7.1.1 Registered and Paid-up Capital

As of 31 December 2016, the Company had registered capital of Baht 1,086.49 million and paid-up capital of Baht 1,045,496,492, consisting of 1,045,496,492 ordinary shares at a par value of Baht 1 per share.

## 7.1.2 Warrant

As of 31 December 2016, the detail of the Company's Warrant prescribed as follows:

Name of Warrants	Warrants to Purchase Newly Issued Ordinary Shares of Srisawad Power 1979 Plc. No. 1 (SAWAD-W1)
Issuance Date	12 June 2015
Allotment Method	Allot to shareholders whose name appear as the shareholders on the share register book close date of 7 May 2015 with the ratio of 25 ordinary shares per 1 unit of warrant.
Offering Price	-0- THB per unit
Exercise Ratio	One unit of warrant is entitled to purchase one ordinary share.
Exercise Price	Baht 60.00
Exercise Period	Warrant holders may exercise on the last business day of the months of May and November each year throughout the tenor of the warrants. The first exercise date will be the last business day in November 2017 or 30 November 2017. The last exercise date is 29 May 2020.
Term of Warrants	5 years
Maturity Date	11 June 2020
Number of Warrants	39,997,885 units
Underlying Shares	39,997,885 shares

## 7.2 Shareholders

The list of shareholders and their shareholding as shown in the book of shareholder's registration as of 20 January 2017 is as follows:

Shareholders	20 January 2017	
	Share amount	%
1. Kaewbootta Family <sup>/1</sup> consisting of	547,191,160	52.34
1.1 Ms Thida Kaewbootta	355,678,666	34.02
1.2 Ms Doungchai Kaewbootta	66,052,494	6.32
1.3 Mr. Chatchai Kaewbootta	62,730,000	6.00
1.4 Mrs. Jariya Kaewbootta	62,730,000	6.00
2. Thai NVDR Company Limited	69,864,175	6.68
3. Chase Nominees Limited	33,243,751	3.18
4. State Street Bank Europe Limited	30,291,548	2.90
5. Cholkadeedamrongkul Family consisting of	14,339,420	1.42
Mr. Sompong Cholkadeedamrongkul	6,780,050	0.65
Mr. Sompong Cholkadeedamrongkul by		
Asset Plus Fund Management	4,800,000	0.46
Mrs. Warunee Cholkadeedamrong	2,759,370	0.26
6. The Bank of New York Mellon	12,370,926	1.29
7. Mr. Suthisak Chaipradit	10,977,750	1.23
8. Mr. Woraphat Settasompop	10,458,211	1.05
9. Norbax, Inc.	9,943,121	1.00
10. Nortrust Nominees Limited-The Northern Trust Company RE IEDU UCITS CLIENTS 10 PCT Account	8,635,452	0.83
11. General investors	298,180,978	28.52
<b>Total</b>	<b>1,045,496,492</b>	<b>100.00</b>

Note <sup>/1</sup> Including the family, not shareholding of the related parties, based on Article 258 of the Securities and Stock Exchange of Thailand

## 7.3 Dividend Policy

The Company and its subsidiaries have a policy to offer a dividend payout ratio at not below 40% of the after tax and after provision net profit, based on the separated financial statement. The Company's

directors have authorities to consider the dividend payment, except for the case that the Company decides not to follow such dividend policy or occasionally change the policy. The dividend policy can be changed, provided that the change will bring maximum benefits to the shareholders of the Company and subsidiaries. For example, the Company may need to reserve cash for future loan repayment or funding for potential business expansion. Also, the dividend payment policy can be changed in accordance with changing market conditions that may have an impact on the Company's future financial position.

#### 7.4 Issuance of bills of exchange

SAWAD Group had authorized short-term bills of exchange valued at Baht 4,000 million for the duration of not later than 270 days. The bills of exchange were offered to institutional investors or high net worth investors. As of 31 December 2016, the Company had sold bills of exchange for the total amount of Baht 3,270 million.

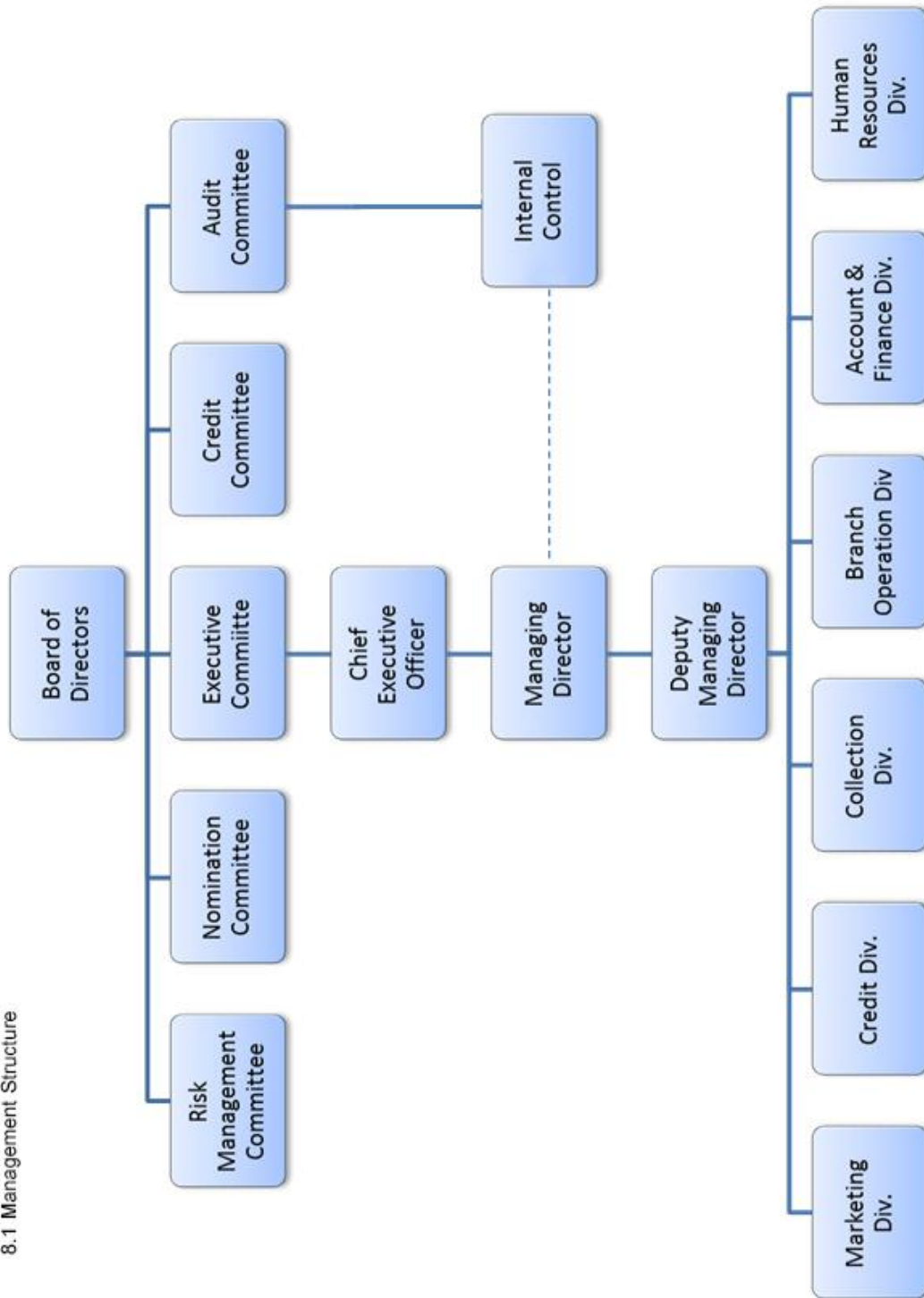
#### 7.5 Issuance of debentures

SAWAD Group had authorized to issue debentures valued at Baht 15 billion, as of 31 December 2016, SAWAD had already issued senior and unsecured debentures for sale to high net worth investors and institutional investors as follows:

Issuance Date	Symbol	Amount (Baht)	Interest Rate	Tenor	Maturity Date
16 Jan 2015	SAWAD172A	2,000,000,000	4.50	2 years 30 days	15 Feb. 2017
19 Mar 2015	SAWAD174A	200,000,000	4.00	2 years 22 days	10 Apr 2017
14 Aug 2015	SAWAD188A	2,000,000,000	4.10	3 years	14 Aug 2018
7 Jul 2016	SAWAD187A	225,000,000	2.80	2 years	7 Jul 2018
7 Jul 2016	SAWAD197A	365,000,000	3.10	3 years	7 Jul 2019
27 Jul 2016	SAWAD198A	210,000,000	3.10	3 years 5 days	1 Aug 2019
27 Jul 2016	SAWAD187B	140,000,000	2.80	2 years 3 days	30 Jul 2018
12 Sep 2016	SAWAD199A	300,000,000	3.10	3 years	12 Sep 2019
29 Sep 2016	SAWAD18DA	100,000,000	2.80	2 years 2 days	1 Oct 2018

## 8. Management Structure

8.1 Management Structure



The Company's management structure composes of six committees, namely the Board of Directors, the Audit Committee, the Executive Committee, the Risk Management Committee, Nomination and Remuneration Committee and Credit Committee. The details are as follows:

#### 8.1.1 The Board of Directors

As of 31 December 2016, the Board of Directors comprised of the following 12 directors:

1.	Mr. Sukhont	Kanchanahuttakij	Chairman
2.	Mr. Vinai	Vittavasarnvej	Vice Chairman of the Board/ Chairman of Audit Committee / Independent Director
3.	Mr. Chatchai	Kaewbootta	Director / Chief Executive Officer
4.	Ms. Doungchai	Kaewbootta	Director / Executive Director
5.	Mr. Prayong	Saennual	Director / Executive Director
6.	Ms Thida	Kaewbootta	Director
7.	Mr. Somyot	Ngerndamrong	Director
8	Mr. Weidt	Nuchjalearn	Director
9	Mr. Sumate	Maneewattana	Director / Independent Director
10.	Pol.Lt.Gen Pharnu	Kerdlarpphon	Audit Committee Member/ Independent Director
11.	Mr. Weerachai	Ngamdeevilai sak	Audit Committee Member/ Independent Director
12.	Mr. Pinit	Puapan	Director
	Mrs. Chomchaba	Sathapornpong	Secretary

The directors authorized to sign for the Company as in the certificate of the company registration:

The signatures of either Ms. Doungchai Kaewbootta or Mr Chatchai, together with the signatures of either Mr. Somyot Ngerndamrong or Mr. Prayong Saennual, are required to go with the Company's seal.

#### Scope of authority and responsibility of the Board of Directors

1. To manage and ensure that the Company's business operation conforms to the laws, objectives, and the articles of association including the resolutions of the shareholders' meetings, with honesty and trustworthiness; and to provide utmost benefits to the Company;
2. To determine missions, visions, policies, objectives and business plans; to approve the Company's annual budget; to ensure that the management effectively and efficiently runs business in

accordance with the Company's strategies and business plans; also to periodically review the Company's strategies and objectives in accordance with the changing circumstances;

3. To consider, review and approve business expansion plans or M&A plans proposed by the Executive Committee;

4. To ensure that the Company's financial and accounting report system, internal audit system and internal control systems are appropriate, adequate, accurate and reliable in order to make sure that the Company's information is accurately and transparently disclosed in accordance with relevant laws and regulations;

5. To prevent any transactions that may cause conflicts of interests among the Company's directors and management members as well as preventing any wrong doing; and to get rid of any conflicts of interests with careful, honest, reasonable and independent manners under the code of ethical principles.

6. To review and approve the Company's financial statement and the financial report, which are already audited and/or reviewed by the authorized auditor and approved by the Audit Committee;

7. To acknowledge the reports and monitor the performance of the managing director;

8. To review the good corporate governance policies in a regular basis;

9. To review and approve the financial statement and the financial report, which are already audited and/or reviewed by the authorized auditor and approved by the Audit Committee;

10. To appoint advisors to the directors and/or sub-committees to consider some particular matters;

11. To assign any individuals to operate the business of the Company under the Board of Directors' supervision; to authorize such individuals to perform some tasks to a certain degree and within a timeframe, as deemed appropriate by the Board of Directors; and the Board of Directors may cancel, dismiss, or amend such power in case the Board of Directors empower the managing directors or other individuals to work on some tasks linked to the Company's core business.

12. To consider and approve any matters or transactions, which are significant to the Company or deemed as appropriate to maximize benefits to the Company, except for the following matters that require the approval from a shareholders meeting;

(a) Any matters required by law that they need the approval from a shareholders meeting;

(b) Any transactions that involve conflicts of interests among directors as specified by law or regulations of the Stock Exchange of Thailand, i.e., indicating that such transactions need approval from the shareholder meeting, e.g., acquisitions or disposals of significant assets as specified by the Stock Exchange of Thailand;

The following matters require the approval from the majority of the directors attending the Board of Director meeting and from three-fourths of the total eligible voters in a shareholders meeting:

- (a) Disposal or transfer of all or some significant businesses of the Company
- (b) Acquisition or receiving of transfer of businesses from other companies or private companies
- (c) Revision or termination of contracts linked to leasing of all or some of the Company's business; or arrangement of other parties to manage the Company's businesses; or the consolidation to the businesses of other parties for the purpose of profit and loss sharing;
- (d) Revision to or additions of details in the memorandum of association or Article of Association;
- (e) Capital increase; capital decrease; issuance of debentures;
- (f) Company merging or dissolution;
- (g) Any other matters, for which the law about securities and/or regulations of the Stock Exchange of Thailand require that they need approval from Board of Director meeting and shareholder meeting with the aforementioned amounts of votes;

Note that the aforementioned scope of power and responsibility of the Company's Board of Directors does not include the power that allows any directors or individuals authorized by the directors to be able to approve any transactions that they involve in conflicts of interests (as announced by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand and/or the Capital Market Supervisory Board) with the Company or the subsidiaries; except for the case that the approval of those particular transactions is made in accordance with the policy or principle that a shareholder meeting or a meeting of Board of Directors already considers approving;

#### 8.1.2 The Audit Committee

As of 31 December 2016, the Audit Committee comprised the following three members:

- |    |                                |   |
|----|--------------------------------|---|
| 1. | Mr. Vinai Vittavasgarnvej      | Chairman of Audit Committee/ Independent Director |
| 2. | Pol.Lt.Gen Pharnu Kerdlarpphon | Audit Committee Member/ Independent Director      |
| 3. | Mr. Weerachai Ngamdeevilaisak  | Audit Committee Member/ Independent Director      |
|    | Mrs. Chomchaba Sathapornpong   | Secretary to the Audit Committee                  |

Mr. Vinai Vittavasgarnvej and Mr. Weerachai Ngamdeevilaisak possess such extensive and sufficient knowledge and experience in accounting and finance that they are able to review the reliability of the Company's financial statement. Mr. Vinai Vittavasgarnvej, the chairman of the Audit Committee and independent director, earned bachelor's degrees in accounting from Thammasat University. At present,

he also holds the position of chairman of the Audit Committee and the independent director for Ekarat Engineering Plc. Another Audit Committee Member and independent director, Mr. Weerachai Ngamdeevilaiak, received a bachelor's degree in accounting from Thammasat University. At present, he is also a member of the audit committee for Prukha Real Estate Plc.

#### Term in office of the Audit Committee

The chairman and members of Audit Committee serve the term of three years. Once the term is completed, they can also be re-appointed.

#### Scope of power, duties and responsibility of the Audit Committee

1. The Audit Committee has duties to review and ensure that the Company's financial reports are accurate and adequately disclosed, in co-operation with the external auditor and the management responsible for the quarterly and annual financial reports. The Committee reviews the financial statement and financial reports, which relate to the accounting standard, the significant change in accounting standard and the reasons of the management in regard to the accounting standard, before proposing to the Board of Directors prior to the disclosure of such information to shareholders and general investors.
2. The Audit Committee also takes responsibility in ensuring that the Company's internal control system and internal audit system are sufficient and effective, in co-operation with the external auditor and the internal auditor. The Audit Committee also reviews the Company's audit plan and evaluates the audit results in co-operation with the authorized auditor and internal auditor, examining problems and limitations arising from the review of the financial statement. The Committee also plans on control of electronics information and information safety in order to prevent corruptions or wrong uses of computers by employees or outsiders. The Audit Committee also examines the independence of the internal control department as well as approving appointment, transfer or termination of employment contract of the head of the internal control department or any department overseeing the Company's internal control affairs.
3. The Audit Committee also reviews the Company's operations and ensure that they conform to the rules and regulations of the Stock Exchange of Thailand, and any other laws related to the business operation of the Company. The Committee's duties and responsibility is also based on the rules and regulations of the Office of Securities and Exchange Commission as well as the Stock Exchange of Thailand.
4. The Audit Committee considers proposing an independent individual from an audit company as the Company's auditor as well as proposing the remuneration of the Company's auditor, taking into account the reliability, resource adequacy and the amount of audit work at that particularly audit company and also considering the qualification of the appointed auditor. The Audit Committee also has



a duty to attend the meetings with the auditor, without the presence of the management, at least once a year

5. The Audit Committee also has a duty to review connected transactions and/or some transactions that link to either acquisition or disposal of the Company's assets. The Committee also discloses any transactions that may cause conflicts of interests, ensuring that the information relating to those particular transactions are adequate and accurate. Also, the Committee has to approve such transactions before proposing them to the Board of Directors' meeting and/or shareholders' meetings; this is to ensure that those transactions are in compliance with the regulations of the Stock Exchange of Thailand; and to make sure that those transactions are justified and bring maximum benefits to the Company.

6. The Audit Committee also takes responsibility in preparing Audit Committee Report and disclosing it in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and at least contain the following details:

- Opinions concerning accuracy, adequacy and reliability of the Company's financial reports
- Opinions concerning the adequacy of the Company's internal control system
- Opinions concerning the suitable qualification of the Company's auditor
- Opinions whether the Company follows the laws related to securities and the stock market, regulations of the stock market and the laws related to the Company's business
- Opinions concerning some transactions that may cause conflicts of interests
- Opinions in regard to the number of the Audit Committee meetings and the attendance of each member
- Opinions or overall notes that the Audit Committee receives from the charter-based operation
- Other matters that should be disclosed to the shareholders and general investors under the scope of responsibility assigned by the Board of Directors and/or under the scope of laws

7. The Audit Committee has responsibility towards the Board of Directors as assigned by the Board of Directors. In addition, the Board of Director is also responsible for reporting of activities of the Audit Committee or any other duties, as assigned by the Board of Directors, to the Board of Directors,

The Audit Committee shall report the following matters to the Board of Directors immediately:

- Transactions involving conflicts of interests
- Corruptions or unusual matters or significant errors of the internal control system

- Violation of the laws or regulations of the Office of Stock Exchange Commission or the Stock Exchange of Thailand
- Other matters that should be informed to the Company's Board of Directors

In case that the Audit Committee reports a particular matter that may have significant impact on the Company's financial position and earnings performance and that the Audit Committee already discusses the matter with the Board of Director and the management with a conclusion that the revision and adjustment on such particular matter shall be completed within specified timeframe, if the Audit Committee finds out that no action has been taken after that specified timeframe without any acceptable reasons, a member or the Audit Committee may report that matter to the Office of Stock Exchange Commission and/or the Stock Exchange of Thailand, whichever the case maybe.

8. The Audit Committee has power to seek opinions from an independent professional advisor as deemed appropriate, in the expenses of the Company.
9. The Audit Committee has power to request additional information about various matters from other departments
10. The Audit Committee also have other duties as assigned by the Board of Directors and/or approved by the Audit Committee, e.g., review of the financial management policies and risk management policies, review of code of conducts for the management, discussing with the management about important reports to be publicized as required by law, e.g., the management report and analysis, and etc.

Note that the aforementioned scopes of power and responsibility of the Audit Committee do not include the power that enables a member of Audit Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries.

### 8.1.3 Executive Committee

As of 31 December 2016, the Executive Committee was comprised of the following four members:

- |    |              |              |                                      |
|----|--------------|--------------|--------------------------------------|
| 1. | Mr. Chatchai | Kaewbootta   | Chief Executive Officer              |
| 2. | Ms.Doungchai | Kaewbootta   | Executive Committee Member           |
| 3. | Mr. Prayong  | Saennual     | Executive Committee Member           |
| 4. | Ms. Wanaporn | Pornkitipong | Executive Committee Member           |
|    | Ms. Wanaporn | Pornkitipong | Secretary to the Executive Committee |

### Term in office of the Executive Committee

The members of Executive Committee serve the term of three years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

### Scope of power, duties, and responsibility of the Executive Committee

1. The Executive Committee has duties to determine missions, visions, policies, objectives, business plans and annual budget on an annual basis and propose them to the Company's Board of Directors. The Executive Committee is also responsible for ensuring that the Company's management runs business according to plans efficiently and effectively. The Committee also reviews strategies and targets in accordance with the changing situations.
2. The Executive Committee also considers the annual budget allocation plan proposed by the management before proposing the plan to the Company's Board of Directors for review and approval. This includes the power to consider and approve the changes and additions of annual expense budget during the time when no Board of Directors' meeting is arranged and such matter shall be proposed to the next meeting of the Board of Directors.
3. Executive Committee also has power to consider approving contracts and/or any transactions that relate to the Company's core business, financial transactions made with banks/ financial institutions, loan or lending approval, sale of collaterals or foreclosed assets, procurement of assets/service based on the budget limits approved by the Board of Directors or based on the limit specified by the regulation in regard to approval and operation authority.
4. The Executive Committee can empower a member of Executive Committee or members of Executive Committee or other individuals to perform a particular duty under the control of the Executive Committee or empower such person on some matters and within certain timeframe, as deemed appropriate by the Executive Committee; the Executive Committee has power to cancel, dismiss or change the authorized person as appropriate.
5. The Executive Committee also has other duties and responsibility as assigned by the Board of Directors.

Note that the aforementioned scopes of power and responsibility of the Executive Committee do not include the power that enables a member of Executive Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Executive Committee shall report any cases or transactions causing conflicts of interests to the Company's Board of Directors and/or the

shareholders meeting so that they can consider approving such cases or matters based on the rules and regulations of relevant laws.

#### 8.1.4 Risk Management Committee

As of 31 December 2016, Risk Management Committee was comprised of the following six members:

- |    |                   |                  |  |
|----|-------------------|------------------|--|
| 1. | Mr. Weerachai     | Ngamdeevilaisak  | Chairman of Risk Management Committee  |
| 2. | Pol.Lt.Gen Pharnu | Kerdlarpphon     | Risk Management Committee Member       |
| 3. | Mr. Sukhont       | Kanjanahuttakit  | Risk Management Committee Member       |
| 4. | Mr. Chatchai      | Kaewbootta       | Risk Management Committee Member       |
| 5. | Mr. Somyot        | Ngerndamrong     | Risk Management Committee Member       |
| 6. | Mr. Prayong       | Saennual         | Risk Management Committee Member       |
|    | Mr. Vasi          | Kanchanahuttakij | Secretary to Risk Management Committee |

##### Term in office of Risk Management Committee

The members of Risk Management Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed. The Risk Management Committee is directly responsible for the Board of Directors and the members have duties and responsibility as assigned by the Board of Directors.

##### Scope of power, duties, and responsibility of the Risk Management Committee

1. The Risk Management Committee has duties to draft determine policies and guidelines for the Company's overall risk management on various risk aspects including financial risks, investment risks, risks impacting the Company's business, and etc., and propose such policies and guidelines to the Board of Directors for approval.
2. The Risk Management Committee also comes up with strategies and guidelines for the Company's risk management to be in line with the Company's risk management policies; the Committee also monitors and evaluates risk factors, ensuring that they are at an appropriate level.
3. The Risk Management Committee also monitors and ensures that the risk management policies are followed, under the guideline and policies approved by the Company's Board of Directors.
4. The Committee also sets up the criteria to evaluate risks and risk ceiling at an acceptable level.
5. The Risk Management Committee has a duty to determine the measures to appropriately manage risks in accordance with the changing *situations*.

6. The Committee is also responsible for the adequacy of the risk management system and policies including the efficiency of the risk management system and the operation to following such risk management policies.
7. The Risk Management Committee regularly reports to the Board of Directors in regard to the management, operation and the risk status of the Company as well as some changes and any matters requiring improvement or adjustment to match the set policies and strategies
8. The Committee also arranges a particular team working on risk management affairs as necessary
9. The Risk Management also supports the teams working on managing risks in regard to personnel, budget, and necessary resources in accordance with the scope of their responsibility.

#### 8.1.5 Nomination and Remuneration Committee

As of 31 December 2016, Nomination and Remuneration Committee was comprised of the following three members

- |                                      |  |
|--------------------------------------|--|
| 1. Pol. Lt. Gen. Pharnu Kerdlarpphon | Chairman of the Nomination and Remuneration Committee  |
| 2. Mr. Chatchai Kaewbootta           | Member of the Nomination and Remuneration Committee    |
| 3. Mr. Weerachai Ngamdeevilaisak     | Member of the Nomination and Remuneration Committee    |
| Mr. Prayong Saennual                 | Secretary to the Nomination and Remuneration Committee |

#### Term in office of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

#### Scope of power, duties, and responsibility of the Nomination and Remuneration Committee

1. To determine selection methods and qualifications of persons for the positions of directors, committee members and managing directors
2. To selects and propose qualified persons for the positions of directors, committee members, and managing directors to the Company's Board of Directors
3. To set criteria or methods to determine the remuneration for directors, committee members, and managing director
4. To propose the remuneration for the directors to the Board of Director for permission and to the shareholders for approval
5. To propose the remuneration for the managing director for the Board of Directors meeting for approval

6. To review and conclude the following-up working plan of the managing director on an annual basis and report such plan to the Board of Directors for acknowledgement
7. To perform other duties as assigned by the Board of Directors

Note that the aforementioned scopes of power and responsibility of the Nomination and Remuneration Committee do not include the power that enables a member of the Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Nomination and Remuneration Committee shall report any cases or transactions causing conflicts of interests to the Company's Board of Directors and/or the shareholders meeting so that they can consider approving such cases or matters accordingly.

#### 8.1.6 Credit Committee

As of 31 December 2016, the Credit Committee was comprised of the following five members

- |    |                            |                                   |
|----|----------------------------|-----------------------------------|
| 1. | Mr. Chatchai Kaewbootta    | Member of Credit Committee        |
| 2. | Ms. Doungchai Kaewbootta   | Member of Credit Committee        |
| 3. | Mr. Weidt Nuchjalearn      | Member of Credit Committee        |
| 4. | Mr. Prayong Saennual       | Member of Credit Committee        |
| 5. | Mr. Somyot Ngerndamrong    | Member of Credit Committee        |
|    | Mr. Vasit Kanchanahuttakij | Secretary to the Credit Committee |

##### Term in office of the Credit Committee

The members of the Credit Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

##### Scope of power, duties, and responsibility of the Credit Committee

1. To consider and approve loans which over the authority of the Executive Committee as follows:
  - 1.1 Real estate backed loans approval authority within Baht 300 million
  - 1.2 Restructuring and re-financing loans

Note that the aforementioned scopes of power and responsibility of the Credit Committee do not include the power that enables a member of the Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the

connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Credit Committee shall consider and approve not more than the Company's single lending limit which the Board of Directors had determined not more than Baht 500 million. The single lending limit means total amount available for lending to individual including with his/her controlled entities and his/her connected persons.

2. To report and summarize the approval lending and/or restructuring loans to the Board of Directors.

#### 8.1.7 The Management

As of 31 December 2016, the Company's management comprised of eight members as follows:

- |    |                                  |   |
|----|----------------------------------|---|
| 1. | Mr. Chatchai Kaewbootta          | Chief Executive Officer                             |
| 2. | Ms. Doungchai Kaewbootta         | Managing Director                                   |
| 3. | Mr. Vasit Kanchanahuttakij       | Deputy Managing Director                            |
| 4. | Mr. Watcharabooraya Surasingsrit | Vice President- Marketing Department                |
| 5. | Mr. Somyot Ngerndamrong          | Vice President-Collection Department                |
| 6. | Mrs. Wanaporn Pornkitipong       | Vice President-Accounting and Finance Department    |
| 7. | Mr. Prayong Sannual              | Vice President- Personnel and Personnel Development |
| 8. | Mr. Seksan Supapwibool           | Vice President Branch Operation Department          |

#### Scope of power, duties and responsibility of the Chief Executive Officer

The Board of Directors had announced the scope of power, duties and responsibility of the Chief Executive Officer as follows:

1. To carry out the Company's operation according to the Company's objectives, rules, regulations, policies, business plans, and the resolutions of Board of Directors meetings and/or shareholder meetings
2. To issue orders, rules, announcements, memorandums to make sure that the Company's business is run according to the policies
3. To ensure that the Company's spending is under the limit approved by the Company's Board of Directors
4. To set the Company's structure, management power and to have authority about appointment, rotation and removal of employees as well as setting salaries and other employee benefits; and to consider employees' good performance, bonuses, welfare; and also to approve employment contract termination for various management positions

5. To make agreements linked to the Company's core business and approve transactions under the limits approved by the Board of Directors
6. To authorize or assign any person, as approved by the Chief Executive Officer, to do as acting Chief Executive Officer in some necessary cases, as deemed appropriate by the Chief Executive Officer
7. To be responsible for other duties as assigned by the Board of Directors and/or Executive Committee

Note that the aforementioned scope of power and responsibility of the Chief Executive Officer does not include the power that enables the Chief Executive Officer or an authorized representative to approve any transactions that he or share or any connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. Any cases or transactions causing conflicts of interests shall be reported to the Audit Committee and Company's Board of Directors meeting so that they can consider approving such cases or matters accordingly; this is except for the case about the approval of the transactions that relate to the Company's core business under normal business practice and normal trade conditions in according to the Notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand and the Board of Directors views and approves that the transaction is in line with relevant policies and regulations.

#### 8.1.8 The Company's Secretary

The Board of Directors meeting No. 6/2013 held on 14 June 2013 appointed Mrs. Chomchaba Sathapornpong as the Company's secretary in accordance with Securities and Exchange Act B.E. 2535 (including the amendments). The Company's secretary is responsible for filing and keeping important documents under the name of the Company or the directors and also providing suggestions in regard to laws and regulations that the directors should be aware of. The secretary also has a duty to oversee activities of the directors as well as ensuring that the resolutions of the Board of Directors meetings are followed.

Note that Mrs. Chomchaba Sathapornpong passed the Director Accredited Program (DAP) training course organized by the Thai Institute of Directors in 2005 and earned the certification of Company Secretary Program Class 56/2014.

#### Responsibility of the Company's Secretary

1. Complete and keep the following documents
  - Director registration



- Meeting invitation letters, minutes of the Board of Directors meetings and the Annual General Meeting of Shareholders
  - Invitation letters for shareholders meetings and the minutes of Annual General Meeting of Shareholders
2. Keep reports about stakeholder prepared by the directors or the management
  3. Perform other duties as specified by the Capital Market Supervisory Board

#### **Authority for approval and operation**

The Board of Directors meeting No. 10/2013 held on 16 October 2013 approved the rule about the authorities for approval and operation No. 2/2013, revised on 23 September 2014. The details and authorities for approval of budget limits for investment, finance, loan and expense budgets are as follows:

Transactions	Approval Authority		
	Executive Committee	Chief Executive Officer	Managing Director
Investment in new companies or other companies	Not exceeding Baht 15 million		-
Borrowing	Not exceeding Baht 200 million		Not exceeding Baht 50 million
Lending or offering loans			
- Secured loans (property)	Not exceeding Baht 5 million	Not exceeding Baht 2 million	Not exceeding 1 million
- Secured (Property)	Not exceeding Baht 30 million	Not exceeding Baht 7 million	Not exceeding Baht 5 million
- Non-secured	Not exceeding Baht 1 million	Not exceeding Baht 0.7 million	Not exceeding Baht 0.5 million
Purchase or lease of fixed assets (in case of over budget)	Not exceeding Baht 10 million		Not exceeding Baht 5 million
Expenses (per transaction or project)			
- expenses on public relation activities, debt compromising, bad debts write-off, hiring of advisors	Not exceeding Baht 5 million		Not exceeding Baht 1 million
- Entertainment and travelling expenses	Not exceeding Baht 0.5 million		Not exceeding Baht 0.1 million
- Donations	Not exceeding Baht 2 million		Not exceeding Baht 1 million

## 8.2 Nomination and Selection of directors and management

### 8.2.1 The company's directors

The Nomination and Remuneration Committee set policies and criteria to select and appoint the Company's directors and proposes the names for an approval of the Board of Directors and/or an Annual General Meeting of Shareholder. A person appointed as the company's director shall possess qualifications as specified by the Public Limited Company Act B.E. 2535, regulations on securities and securities market, notifications of the Stock Exchange Commission, the notification of the Capital Market and other regulations linked other qualifications about experience, knowledge, and etc. According to the Company's Articles of Association, the Company's Board of Directors consists of at least five members and at least half of the total members shall reside in the Kingdom of Thailand. In addition, the directors are to be elected by majority voting in the Annual General Meeting of Shareholders as the following details.

1. Each shareholder shall have one vote per share held by them
2. Each shareholder shall cast all of his/her votes in (1) for one or more candidates but shall not divide his/her voting rights amongst the candidates
3. The candidates elected to fill up the vacant positions in the Board of Directors shall be selected in order of the number of votes received. In a case where there is a tie amongst candidates, the chairman of the meeting shall cast the deciding vote.

In every Annual General Meeting of Shareholders, one-third of directors have to vacate in proportion. In case the number of directors cannot be divided into three parts, the number of directors closest to the one-third portion shall leave the position. A director who is about to leave the position can be re-elected. In addition to completing the term, a director may leave the position by death, resignation, disqualification, prohibition by law, termination by the annual general meeting, or a court order.

In addition to the aforementioned rules, the Article of Associations are also apply:

1. The directors are prohibited from operating similar business to compete with the Company's business. They are also prohibited from holding shares in partnership corporate or being directors of any companies doing the same businesses as the Company's and competing with the Company, except for the case that they inform such information to the annual general meeting prior to the appointment of directors
2. The directors have to immediately inform the Company of any interests in the contracts made by the Company, either directly or indirectly; or about increase or decrease in holding of shares or debenture in the Company or the subsidiaries

## 8.2.2 Independent Directors

The members of the Nomination and Remuneration Committee work together to review and determine principles and policies on nomination and appointment of the Company's independent directors, based on the qualifications as specified by the Public Limited Company Act, Notifications of the Securities Commission, Notifications of Capital Market as well as other related regulations, e.g.,. Other qualifications, such as work experience, knowledge and skills are also taken into account. The Company has a policy to appoint at least one-third of the total directors and not less than three directors as the Company's independent directors.

### Qualification of Independent Directors

1. Being appointed by the Company's Board of Directors or the Annual General Meeting of Shareholders
2. Possessing qualifications as specified by the laws about securities and stock market and the regulations of the Stock Exchange of Thailand:
3. Not holding shares in excess of 1 percent of the total shares with the voting rights of the company, the parent company, subsidiaries, associated companies or related companies, inclusive of the shares held by related parties
4. Having never been a director participating in management, an employee, a consultant with regular salary, or a person with power to control the company, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include independent directors who used to work as civil servants or advisors to any government bodies holding major shareholding
5. Not being a person of whole blood or registration as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, other directors, major shareholders, persons with controlling power or persons to be proposed as the Company's directors or management or persons with controlling power on the Company or subsidiaries
6. Not having or never having been in business relation the Company, the subsidiaries, the affiliates, the major shareholders or the persons with controlling power, in the manners that may obstruct the independent exercise of discretion; Not having been a significant shareholder or a person with controlling power of the persons with business relation with the Company, the subsidiaries, the affiliates, the major shareholders or the persons with control power, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Securities and Exchange Commission

7. Not being or having been an auditor for the Company, the subsidiaries, the affiliates, a major shareholder or a person with control power; not being a significant shareholder, an authorized person or partner of auditing offices whose auditors work for the Company, the subsidiary, the affiliates, a major shareholder or a person with control power in the Company, except relieved from such characteristic at not less than two years before the date of submission for permission from the Securities and Exchange Commission
8. Not being or never having been a professional service provider of legal advisor or financial advisor services, with service fee exceeding Baht two million per annum, for the Company, the subsidiaries, the affiliates, major shareholder or a person with control power on the Company; not being a significant shareholder, a person with control power or a partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office Securities and Exchange Commission
9. Not being a director appointed to be a representative of a director of the Company, a major shareholder or shareholders with a relation to the major shareholder
10. Not operating similar business or involving in significant business competition to the Company or the subsidiary; not being a significant partner in a partnership company or not being a director, an employees, an advisor earnings regular salary; or not holding shares of over one percent of the total shares with the voting right in other companies that operate business similar or competing with business of the Company or subsidiaries
11. Not having other characteristics that will hinder independent opinions about the Company's operation
12. Being trusted and accepted in general
13. Having adequate time to perform duties as an independent director

An independent director may be assigned by the company's Board of Directors to make decisions on the business operation of the Company, the subsidiaries, the affiliates, the subsidiaries of same level, the major shareholder or the person with controlling power on the Company under the method of collective decision.

In case a person falls to the aforementioned Items 4 or 6, the Company's Board of Directors may be able to consider appointing that person as an independent director, provided that the Board of Directors views that that the appointment of that person will not have an impact on the performance and independent opinions of that person. The following information must be included in the invitation letter of the Annual General Meeting of Shareholders for the agenda about the appointment of independent directors.

- (a) The details of business relation or profession services that disqualify the person as an independent director
- (b) Reasons and necessity for why the person is needed to be appointed as an independent director
- (c) Opinions of the Board of Directors in regard to the appointment of such person as an independent director

### 8.2.3 Audit Committee

The Audit Committee consists of three independent directors, serving the term of three years. The policies to nominate and appoint Audit Committee members comply with the Notification of the Capital Market Supervisory Board At Tor. Jor 28/2551 concerning the request for permission and the permission for the IPO (including the amendments); the details are as follows:

1. Being appointed by the Board of Directors of the Annual General Meeting of Shareholders as a member of Audit Committee
2. Being a qualified independent director and
  - (a) Not being a director assigned by the Board of Directors to make decisions in business operation at the parent company, the affiliate, the subsidiary at the same level; not being a major shareholder or having control power over the Company and
  - (b) Not being a director of a parent company, a subsidiary or a subsidiary at the same level, which are listed in the Stock Market
3. Possessing adequate knowledge and experience to perform the duties as an audit committee member; note that at least one member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of the financial statement

The principles and the appointment of members of Audit Committee are in line with the principles and the appointment of the Board of Directors. A member who completes his or her term can be re-elected.

### 8.2.4 The Executive Committee

The Company's Board of Directors appoints the members of Executive Committee, considering the appointment of directors or management members who are capable of managing particular core business operation. The Board of Directors also determines policies, business plans, structure and management policies as well as monitoring the performance of the management.

### 8.2.5 The Risk Management Committee

The Company's Board of Directors has power to appoint six directors as members of the Risk Management Committee. It is compulsory that the chairman of the Risk Management Committee also holds the position of the independent director.

### 8.2.6 The Nomination and Remuneration Committee

The Company's Board of Directors appointed three directors to be members of the Nomination and Remuneration Committee. It is compulsory that at least one member be an independent director and that the chairman of the Nomination and Remuneration Committee also be an independent director.

### 8.2.7 The Credit Committee

The Company's Board of Directors appointed five directors to be members of the Credit Committee, considering the appointment of directors or management members who are capable of consideration and analysis lending proposal and collaterals based on the Company's policy.

## 8.3 Remuneration for Directors and the Management

### 8.3.1 Directors

#### Cash remuneration

The 2016 Annual General Meeting of Shareholders held on 21 April 2016 approved the remuneration for directors with payment made on a monthly basis. Note that the directors who are employees or the management do not get the director remuneration.

Positions	Monthly remuneration (Baht/month)	Attendance allowance/ Gratuity
Chairman of Board of Directors	120,000	-
Vice Chairman of Board of Directors	75,000	
Directors who are not employees or management	50,000	-
Sub Committee Remuneration		
Chairman of Audit Committee	25,000	
Chairman of Nomination and Remuneration Committee	25,000	-
Chairman of Risk Management Committee	25,000	-

The Annual General Meeting of Shareholders of the year 2016 on 21 April 2015, also determined the directors' bonus of the year 2016, not exceeding to one percent of cash dividend paid to shareholders or 10 percent of stock dividend paid to shareholders. The bonus amount shall be not more than Baht 3,000,000, and will only be paid upon the payment of dividend to shareholders.

The details about remuneration for directors during 2015 -2016 are as follows:

Name	Position	Annual Remuneration	
		2015	2016
Dr. Thanong Bidaya <sup>/1</sup>	Chairman of Board of Directors/ Intendant director	780,000	-
Mr. Sukhont Kanjanahuttakit <sup>/2</sup>	Chairman of Board of Directors	1,144,000	1,440,000
Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Audit Committee /Chairman of Nomination and Remuneration Committee	900,000	900,000
Mr. Weerachai Ngamdeevilaisak	Member of Audit Committee / Chairman of Risk Management Committee	875,000	875,000
Mr. Vinai Vittavasgarnvej <sup>/3</sup>	Vice Chairman of Board of Directors / Chairman of Audit Committee	942,500	1,200,000
Mr. Sumate Maneewattana <sup>/4</sup>	Independent Director	468,337	600,000
Mr. Weidt Nuchjalearn <sup>/5</sup>	Director	500,000	600,000
Mr. Pinit Puapan <sup>/6</sup>	Director	-	600,000
<b>Total</b>		<b>5,609,837</b>	<b>6,240,000</b>

Note <sup>/1</sup> Dr. Thanong Bidaya resigned as a director on 17 July 2015

<sup>/2</sup> Mr. Sukhont Kanchanahuttakit was appointed as Vice Chairman of the Board of Directors on 21 January 2015 and was appointed as Chairman of the Board of Directors to replace Dr. Thanong Bidaya on 21 July 2015

<sup>/3</sup> Mr. Vinai Vittavasgarnvej was appointed as Vice Chairman of the Board of Directors on 27 August 2015

<sup>/4</sup> Mr. Sumate Maneewattana was appointed as an independent director to replace Mr. Watcharabooraya Surasingsarit on 29 January 2015 then resigned on 31 May 2015 and was re-appointed on 21 July 2015

<sup>/5</sup> Mr. Weidt Nuchjalearn was appointed as a director to replace Mr. Prayong Seannual on 26 February 2015

<sup>/6</sup> Mr. Pinit Puapan was appointed as a director to replace Dr. Thanong Bidaya on 22 December 2015

#### Other remuneration

In 2012, the major shareholders decided to sell their 35,600 ordinary shares to the directors, at a par value at Baht 100 per share. According to the financial report standard No. 2 regarding the share-based

payment, the sale of such ordinary shares forced SAWAD Group to book the employee expenses under the administrative expense item in the statement of comprehensive income ending 31 December 2012, adjusted and presented for compassion in the consolidated financial statement ending 31 December 2013. The booked employee expenses amounted to Baht 36.19 million, with the share-based premium at the same amount presented in the balance sheet.

### 8.3.2 The Management

The eight members of the management received monthly salaries, bonuses and other benefits, e.g., the contributions to the provident fund, position-based allowance, transportation allowance, and etc. The amount of bonuses for directors and the management members are based on the Company's earnings performance. For the management, the bonuses also depend on their performance and for the directors the bonuses are determined by the Nomination and Remuneration Committee

The total remuneration for eight members of management in 2015 and 10 members in 2016 amounted to Baht 38.38 million and Baht 50.10 million, respectively.

Forms of remuneration (Baht)	2015	2016
Salaries and Bonuses	36,484,926	47,855,117
Commission fees	--	--
Other benefits	1,891,387	2,241,927
<b>Total</b>	<b>38,376,313</b>	<b>50,097,044</b>

### 8.4 Personnel

The number of employees of the Company and its subsidiaries in the past three years is shown in the following table.

Department (person)	2014	2015	2016
Marketing	44	62	32
Credit Risk	27	29	44
Collection	156	225	204
Branch Operation	20	20	24
Accounting and Finance	116	120	117
Personnel and Personnel Development	13	15	14
Branch Development	-	-	18
Branches	2,738	3,614	5,137
<b>Total employees</b>	<b>3,114</b>	<b>4,085</b>	<b>5,590</b>



Forms of Remuneration (Baht)	2014	2015	2015
Salaries and Bonuses	401,762,320	580,061,135	800,262,776
Commission fees	61,201,343	81,352,493	109,167,975
Other benefits	67,234,384	111,912,384	161,830,509
<b>Total</b>	<b>530,198,047</b>	<b>773,326,012</b>	<b>1,071,261,260</b>

The Company's contributions to the fund amounted to Baht 6,634,322 in 2014, Baht 10,780,180 in 2015 and Baht 15,357,612 in 2016.

#### 8.4 Labor Dispute

No labor dispute has been reported.

#### 8.5 Policies for employee development

The Company has a policy to provide regular trainings in order to boost the employees' skills and knowledge to keep up with the currently competitive environment. Orientation programs are organized for new employees while in-house trainings about new products and workshops advised by experts are regularly provided for general employees. Moreover, the Company also send employees to attend important external professional trainings, e.g., the change in accounting standard, the tax accounting and etc.

Moreover the Company is developing E-Learning program for employees' training through the Company's internal network.

## 9 Corporate Governance

### 9.1 Corporate Governance Policies

The Company realizes the importance of corporate governance where management and operations are effective and transparent for securitizing, prompting all related parties to trust the Company. Hence, the Company's business can grow in a sustainable way under the good corporate governance principles where business is operated with ethics, in accordance with relevant laws. As such, the Company determined the good corporate governance policies in order to enhance its operation, ensuring that the business is clearly operated under the clear standard. Employees at all levels follow operation procedure under the set corporate governance policies, creating a real culture of good corporate governance. The Company applies the good corporate governance principle for the year 2012, set by the Stock Exchange of Thailand, which are classified into five categories as in the following details:

#### 1. Rights of Shareholders

The Company emphasizes the importance of the rights of the shareholders, no limiting to only the rights stated by laws. The Company shall refrain from any actions that violate the rights of shareholders while supporting shareholders to exercise their rights. Basic rights of shareholders include selling and transferring shares, sharing profits with the Company, receiving adequate information about the Company, attending shareholders meetings to vote for appointing or removal of directors, appointing auditors, considering matters that may have an impact on the Company, e.g., dividend payment, revisions of the Company's rules and regulations and memorandum of association, capital increase or decrease, approval of special transactions, and etc.

In addition to the aforementioned basic rights, the Company has also set guidelines for other issues to support and facility the right exercise of shareholders, as the following details:

- (1) Disclose policies about supporting or encouraging all groups of shareholders to attending shareholder meetings.
- (2) Disclose information about date, time, venue, agendas of the meetings with reasons for each agendas in the invitation letters to ordinary and extraordinary meetings or the attached meeting agenda; not do anything to limit the opportunity for shareholders to learn about the Company's information.
- (3) Facilitate shareholders' exercising their rights to attend meetings and vote; not do anything to limit the opportunity for shareholders to attend the meetings (i.e., the attendance to the meetings should not be complicated or requires too high expenses; the meeting venue should be easily accessed).

- (4) The chairman in the meeting should allocate appropriate time and encourage the shareholders to express their opinions or ask questions about the Company. Shareholders should also be allowed to ask questions prior to the meeting date. Criteria for sending advance questions shall be clearly indicated and informed shareholders together with the invitation letter to the meeting. The criteria for asking questions in advance is also announced on the Company's website.
- (5) Encourage all directors to attend shareholders meetings and answer questions asked by shareholders.
- (6) Arrange the voting for each matter in case one agenda contains several matters, e.g., the agenda about appointment of directors.
- (7) Arrange technology devices to be used in the shareholder meetings, e.g., registration, voting, counting votes, showing results, in order to speed up the meeting resolutions with accurate results.
- (8) Have independent individuals count votes in the ordinary and extraordinary meetings and disclose the vote results to the meeting as well as including the meeting results in the minutes of meetings.
- (9) Ensure that the minutes of shareholders meetings include the explanation in regarding the procedure for registrations and the presentation of voting results prior to the meeting; allow shareholders to ask questions or raise issues; record questions, answers, voting results of each agenda ( i.e., agree, disagree, and abstain), the list of present directors and absent directors.
- (10) Publicize the meeting results in each agenda of ordinary and extraordinary shareholder meetings on the Company's website after each meeting.

## **2. Equal Treat to Stakeholders**

The Company equally and fairly treats all stakeholders, including management shareholder, non-management shareholders, and foreign shareholders; the details of which are follows:

- (1) The meeting invitation letters, accompanies with meeting agendas and explanation and reasons, are sent to shareholders not less than 14 days prior to the meeting, or other timeframe as specified by relevant laws and regulations. An English version of the invitation letters are sent to foreign shareholders as appropriate.
- (2) Shareholders are well informed of any criteria in the meeting including the voting procedure and the voting rights in accordance with types of shares.
- (3) Determine the criteria for minority shareholders to propose additional agenda prior to the meeting date in order to present the fairness and transparency in order to determine whether or not the agenda proposed by minority shareholders shall be included in the meeting agenda. In addition, management shareholders shall not add any agenda not informed in advance, if not necessary, especially for any important agenda that shareholders need time to study before making decision.
- (4) Determine the ways for minority shareholders to propose names of persons as the Company's directors. They can propose the names to the Nomination and Remuneration Committee prior to the

- shareholder meeting date. Information about qualifications of such proposed persons and their permissions shall also be included.
- (5) Encourage shareholders to use the proxy letter in the form that enables the shareholders can determine the voting method; and propose at least one independent director as a proxy choice for shareholders
  - (6) Encourage shareholders to cast the ballots in major agendas, e.g., connected transactions, disposal or acquisition of assets, and etc., for transiency and ability to be scrutinized.
  - (7) Provide the opportunity for shareholders to exercise their rights to vote for appointing of directors.
  - (8) Order all directors and management members to report their holding of assets, as required by law, and regularly submit the report to the Board of Director; the report shall also be disclosed in the Company's annual report.
  - (9) Complete written guidelines for keeping and protecting the Company's internal information and disclose such guidelines so that all employees can follow; prohibit anyone involving in the Company's internal information from trading the Company's securities in one month before the disclosure of the quarterly financial statement and annual financial statement and 48 hours after such information is disclosed.
  - (10) Order directors who involve in conflicts of interests in any agenda not to participate in considering that particular agenda.

### **3. Roles of stakeholders**

The Company realizes the importance in taking care of all stakeholders, including internal ones, e.g., the shareholders, the management, the employees, or the external ones, e.g., customers, creditors, business partners, society, commodities, and etc. The Company is well aware that support and opinions from all groups of stakeholders are beneficial to the Company's business operation and development. Hence, the Company always follows the relevant laws and regulations to uphold the rights of such stakeholders. Meanwhile, the Company refrained from doing anything to violate the rights of stakeholders. Moreover, in operating business, Company takes into account of the rights of all stakeholders, based on the following guidelines:

Shareholders : The Company treats all shareholders with equality and tries to maintain the benefits for them. The Company always refrains from violating the rights of shareholders. Also, the Company is committed to ensuring the shareholders' greatest satisfaction, taking into consideration its long-term growth and continuing to bring additional values and appropriate returns to shareholders. The Company is also determined to operate business in accordance with good corporate governance policies.

- Customers:** The Company is committed to maximizing satisfactory and boosting customers' confidence, taking good care of and be responsible for customers. The Company also ensures that all customers receive good and fair services with high quality under the set standard. The Company also seriously follows the terms and agreements made with customers in order to enhance the service quality and maintain good and sustainable relationship with customers. Moreover, the Company does not use the customers or related parties' information for personal benefits.
- Employees:** The Company treats all employees with equality and fairness in all aspects including, remuneration, welfare, potential enhancement. Also, the Company is always ready to listen to opinions and suggestions from employees at all levels, believing that all employees are valuable resources and key success factors for the organization. The Company is committed to creation of favorable organizational culture and working environment, promoting team work, enhancing employees' capability and career advance. The Company also ensures that all employees have stable careers and live with high living standard; meanwhile, the Company also creates safe working environment. Finally, the Company also encourage all employees to comply with relevant laws and regulations.
- Trade partners and creditors:** The Company takes into account the equality and fairness with trade partners and creditors, running business with honestly and maintaining benefits for trade partners and creditors. The Company seriously follows laws, rules and conditions agreed by both parties. Operating the business under the code of conducts, the Company does not unfaithfully gain or share profits with trade partners while seriously follows all agreed conditions. The Company also treats creditors with fairness and makes repayment within the set timeframe. The Company also takes care of collaterals and ensures that all conditions in the contracts and accurate and cover all aspects under the good corporate governance principle. In case the Company happens to be unable to follow the agreed conditions, it informs trade partners and creditors in advance so that all parties can help to solve the problem.
- Competitors :** The Company treats competitors under the international rules about trade competition, taking into account fair and equal competition rules. The Company does not try to obstruct other new players; nor does it destroy other competitors' reputation. The Company does not attract competitions with any false statement; nor does it involve in any unfair competition.
- Community, Society and** The Company has policies to run business with responsibility to society, communities and environment, in terms of safety, good living quality, and natural

Environment : resource preservation. The Company also promotes effective use of energy, taking into account the good living quality of communities and society. Finally, in operating business or making any business decisions, the Company also takes into account of possible impacts on the environment.

#### **4: Information Disclosure and Transparency**

The Company's Board of Directors emphasizes the importance of disclosure of both financial information and non-financial information that is accurate, adequate, prompt and transparent in accordance with regulations from the Office of Securities Exchange Commission and SET. The Company is also well aware that other information also has an impact on the Company's share price and thus affecting the decision making of investors and stakeholders. General practice in regard to information disclosure and transparency is discussed below:

- (1) Disclose general information through various channels specified by the Stock Exchange of Thailand, e.g., financial statement, 56-1 form, and annual report. In particular, the financial information in the financial statement must be prepared, up to general accounting standard in Thailand, audited or reviewed by an independent auditor and the Company's Board of Directors before disclose to public.
- (2) Disclose information both in Thai and English through other channels, e.g., the Company's website, and regularly update such information.
- (3) Disclose the summary of approved corporate governance policies as well as the results through various channels including the annual report and the Company's website.
- (4) Disclose the Board of Directors responsibility on the financial reports together with the auditor's report in the annual report.
- (5) Disclose the roles and responsibility of the committees and sub-committees, the number of meetings and the number of attendance in meetings of each director in the past year, comments about their performance, and the trainings for professional development for Boards of Directors in the financial report.

As for the investor relation affairs, the Board of Directors assigned the managing director to commutate with investor, shareholders, analysts and relevant government agencies.

## 5. Responsibility of Board of Directors

### 1. Structure of the Board of Directors

- (1) The Company's Board of Directors consists of 12 directors who serve a service term of three years. Five of them are from the management while seven are not members of the management. Out of the total directors, four of them are qualified as independent directors, according to the Securities Exchange Commission's requirement that a SET-listed company have independent directors at the number equivalent to or more than one-third of the total directors. The directors are experts from various sector including corporate sector, financial sector, and accountings sectors, all of which help to support the Company's operation.
- (2) The Company requires that in the ordinary shareholder meetings one-third of directors shall vacate. If the number of directors cannot be divided into three portions, the number of directors closest to one-third shall vacate. In the first and the second year after the company is registered, the decision for which directors should vacate shall be ended in a draw. In the following years, the directors who are to vacate shall be the persons who have been in the position for the longest duration. Note, however, that the directors who have completed their terms can be re-appointed.
- (3) Directors can be directors at other companies, but the number of SET-listed companies where they hold the director position should not exceed five companies, including the non-listed subsidiaries of those listed companies.
- (4) The roles and responsibility of the Company's directors and management are clearly divided: the directors are responsible for determining policies and control the performance of the management in the policy level; meanwhile, the management members oversee overall operation and ensure that the Company's operation is well in line with the set policies.
- (5) The chairman of Board of Directors is appointed by the Board of Directors. The chairman is not the same person as the chairman of the Executive Committee or the managing director. These separate positions have clearly separated roles and responsibility in order that their power can be balanced. No one has absolute management power. Meanwhile, the managing director is responsible for the Company's daily routine operation under the policies as assigned by the Board of Directors. The scopes of power, duties and responsibility of the directors and the managing director have clearly been identified.
- (6) The Board of Directors appoints a secretary to the Company to take responsibility in the company as stated by the Securities and Stock Market Act (the name and the responsibility of the Company's secretary is disclosed in Item 9.1.6 of this report).

## 2. Sub-committees

The Company's Board of Directors also sets up another four sub-committees to oversee the Company's business operation. The sub-committees are the Audit Committee, the Executive Committee, the Risk Management Committee and the Nomination and Remuneration Committee.

- (1) The Audit Committee consists of three members, all of whom are independent directors. The Audit Committee has a duty to monitor the performance of the risk management, the internal financial and accounting control, the financial reports and other duties as specified by the Stock Exchange of Thailand.
- (2) The Company's Executive Management is comprised of four members, all of whom are those in the management team. The Executive Committee is responsible for assisting the management in managing daily routine work under the policies assigned by the Board of Directors.
- (3) The Risk Management Committee has six members, all of them are members of the Audit Committee, the independent directors and the members of Executive Committee. The Risk Management Committee takes care of drafting policies and plotting guidelines for the Company's overall risk management aspects. The Committee shall propose the drafted policies and guidelines for the Board of Directors to consider approval. The Committee also has a duty to determine strategies and guideline for the Company's risk management in accordance with the Company's overall risk management policies; the risk management strategies should be able to be evaluated, monitored and control the Company's risks at appropriate levels.
- (4) The Nomination and Remuneration Committee consists of three members, two of whom are independent directors. The Committee is responsible for considering policies and guidelines to determine payment and forms of remuneration for directors and the chief executive management, both in cash and non-cash forms. The remuneration should suit the Company's performance and can be comparable to the remunerations for offered by other companies in the same industry. The Nomination and Remuneration Committee shall propose the suggested figures of remuneration for directors and chief executive management to the shareholder meetings for approval.
- (5) The Credit Committee consists of five members, four of them are those in management team and one of whom is an experience director in lending analysis. The Credit Committee is responsible for consider, evaluate, analyze, and approve lending proposal which exceeding the authorized of the Executive Committee.



### 3. Roles and responsibility of directors

- (1) The Board of Directors has duties to determine policies and overview of the organization and ascertain that the Company's operation goes well in line with the plans. The Board of Directors also reviews and provides comment in regard to the important matters linked to the Company's operation, e.g., vision and mission, strategies, goals, risks, work plans, and budget. In addition, the Board of Directors also ensures that the management efficiently and effectively operates business according to the set policies and working plans.
- (2) The Board of Directors had the good corporate governance principles written. The Board of Directors meeting No. 6/2013 held on 14 June 2013 approved such principles. The Board of Directors also ensures that the good corporate governance policies are regularly reviewed and followed.
- (3) The Board of Directors also encourages all management members and employees to understand the ethical standard that the Company refers to doing business. The Company's code of conduct is completed in a written form approved by the Board of Directors meeting on 14 June 2014. The approved code of conduct has been announced so that all employees can follow accordingly.
- (4) The Company's Board of Directors set policies about conflicts of interests, based on the concepts that any business transactions must be made only to maximize the benefits for the Company and that any transactions that may cause conflicts of interests shall be avoided. A person involving in any transactions with conflicts of interests is not allowed to take part in the consideration or approval of such transactions. Moreover, the Company's Board of Directors also ensures that the information about transactions with possible conflicts of interests are sufficiently and accurately disclosed.
- (5) The Board of Directors places emphasis on the internal audit and control, both in the management and operation levels. The Company hires P&L Internal Audit Co., Ltd., an outsourcing internal auditor, to perform the duty as the Company's internal auditor who reports directly to the Audit Committee; this is to ensure that the Company's internal control affairs are appropriate and adequate. The Company regularly assesses its internal control, ensuring that the internal control is adequate, at least once a year and disclose the assess results in the Company's financial report.
- (6) The Board of Directors appoints members of Risk Management Committee to determine the overall risk management policies. The Company requires that the management analyze various risks that may arise and report them to the Risk Management Committee so that the risks can be controlled to an acceptable level. If there are any risks that hinder the Company's

operation or prevent the Company from reaching its goals, the Company shall find measures to manage such risks. The Risk Management Committee has a policy to review or evaluate the risk management affairs at least once a year and the review and evaluation results are disclosed in the Company's annual report.

#### 4. The Board of Directors' Meetings

- (1) The Company schedules of the Board of Directors' Meeting and make meeting agendas in advance before informing the directors. The Board of Directors shall convene not less than six meetings per annum.
- (2) The chairman of the Board of Directors and the managing director work together to determine the meeting agendas and consider issues to be included in the agendas, allowing each director to propose any matters to be included in the agendas.
- (3) In each meeting, the agenda document is sent to the directors at least five working days prior to the scheduled meeting to ensure that the directors have adequate time to consider the information, except for some urgent cases.
- (4) The chairman of the Board of Directors encourages directors to attend not less than 75 percent of the total meetings for the whole year.
- (5) The chairman conducts the meetings in an appropriate manner that is favorable to discussions and consideration of various issues, with directors allowed to freely express their opinions. For some agendas, the top management members may participate to provide additional useful information and to directly learn about the policies so that they can effectively apply such policies to operation.
- (6) The directors have the right to obtain necessary additional information from the managing director or the Company's secretary or other assigned management members. In some necessary cases, the directors may seek independent opinions from external professional service providers in the expenses of the Company.
- (7) The Board of Directors has a policy to allow separate meetings among non-management directors, as necessary, so that they can discuss the problems related to the management that interest them, without the presence of the management-based directors. The results of such non-management directors' meetings shall also be reported to the Board of Directors.
- (8) The resolution of an issue in the Board of Directors' meetings is based on the majority votes. One director holds one vote. A director involving in conflicts of interests in an issue does not attend the meeting and has no voting right in that particular issue. If the votes are equal, the chairman shall have another vote, which is deemed final.

- (9) In each meeting, the secretary to the Board of Director shall attend and complete the meeting minute. The complied minute shall be verified and signed by the chairman and shall be the first agenda for the next meeting proposed for the approval. The secretary is responsible for keeping information and documents about the meetings for future references.

In 2015 and 2016, the Board of Directors convened a total of 13 meetings and 14 meetings, respectively; the details of which are as follows:

Name	Position	2015	2016
1. Dr. Thanong Bidaya <sup>/1</sup>	Chairman of Board of Directors/ Intendant director	4/13	-
2. Mr. Sukhont Kanchanahuttakij	Chairman of Board of Directors	12/13	14/14
3. Mr. Chatchai Kaewbootta	Director	11/13	14/14
4. Ms. Doungchai Kaewbootta	Director	11/13	12/14
5. Ms. Thida Kaewbootta	Director	12/13	11/14
6. Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Audit Committee / Independent director	11/13	13/14
7. Mr. Weerachai Ngamdeevilaiak	Member of Audit Committee / Independent director	12/13	11/14
8. Mr. Somyot Ngerndamrong	Director	12/13	11/14
9. Mr. Auychai Somklin <sup>/2</sup>	Director	10/13	7/14
10. Mr. Vinai Vittavasgarvej	Vice Chairman of Board of Directors/ Independent director	12/13	14/14
11. Mr. Prayong Saennual <sup>/3</sup>	Director	1/13	4/14
12. Mr. Sumate Maneewattana <sup>/4</sup>	Director/ Independent director	10/13	10/13
13. Mr. Weidt Nuchjalearn <sup>/5</sup>	Director	9/13	9/13
14. Mr. Pinit Puapan <sup>/6</sup>	Director	-	12/14

Note<sup>/1</sup> Dr. Thanong Bidaya resigned as a director and chairman on 17 July 2015

<sup>/2</sup> Mr. Auychai Somklin resigned as a director on 26 August 2016

<sup>/3</sup> Mr. Prayong Sannual was appointed as director by the Extraordinary Meeting of Shareholders No. 3/2014, held on 9 September 2014. Mr. Prayong Saennual resigned as director on 26 February 2015 and re-appointed as director by the Board of Directors Meeting No. 9/2016 on 26 August 2016.

<sup>/4</sup> Mr. Sumate Maneewattana was appointed as an independent director by the Board of Directors meeting No. 1/2015, held on 29 January 2015 and resigned as a director on 31 May 2015. The Board of Directors meeting No. 6/2015, held on 21 July 2015, had resolution to re-appoint Mr. Sumate Maneewattana as an independent director.

<sup>/5</sup> Mr. Weidt Nuchjalearn was appointed as a director by the Board of Directors meeting No. 2/2015, held on 26 February 2015.

<sup>/5</sup> Mr. Pinit Puapan was appointed as a director by the Board of Directors meeting No. 13/2015, held on 22 December 2015

The meetings of Executive Committee must be arranged at least six meetings per annum and the meetings can be called on anytime once urgent agendas need approval. The minutes of meetings are made in written and the minutes are systematically kept and able to be scrutinized.

The Board of Directors' Meeting No. 5.2013 on 15 May 2013 appointed the Audit Committee, effective from 15 May 2013. The Extraordinary Meeting of Shareholders No. 1/2013 on 31 May 2013 resolved that the Audit Committee should convene at least four meetings per annum and that the minutes of meetings should be made in written and systematically kept for future examination and self-evaluation of the Audit Committee.

The directors support the evaluation of overall directors' performance at least once a year so that all directors can work together to review performance and problems for future improvement.

In 2016, there was one meeting of directors which excluding executive on 7 December 2016 and reported the meeting minute to the executive.

In 2015 and 2016, the sub-committees convened meetings, the details of which are as follows:

Name	Title	2015	2016
Audit Committee			
1. Mr. Vinai Vitavasgarvej	Chairman of Audit Committee	5/5	5/5
2. Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Audit Committee	4/5	5/5
3. Mr.Weerachai Ngamdeevilaisak	Member of Audit Committee	4/5	5/5
Nomination and Remuneration Committee			
1. Pol.Lt.Gen. Pharnu Kerdlarpphon	Chairman of Nomination and Remuneration Committee	4/4	2/2
2. Mr.Weerachai Ngamdeevilaisak	Member of Nomination and Remuneration Committee	4/4	2/2
3. Mr. Chatchai Kaewbootta	Member of Nomination and Remuneration Committee	4/4	2/2

Name	Title	2015	2016
Risk Management Committee			
1. Mr. Weerachai Ngamdeevilaisak	Chairman of Risk management Committee	3/3	3/3
2. Mr. Sukont Kanjanahuttakit	Member of Risk Management Committee	3/3	3/3
3. Mr. Chatchai Kaewbootta	Member of Risk Management Committee	3/3	3/3
4. Mr. Auychai Somklin <sup>/1</sup>	Member of Risk Management Committee	3/3	2/3
5. Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Risk Management Committee	3/3	3/3
6. Mr. Somyot Ngerndamrong	Member of Risk Management Committee	3/3	3/3
7. Mr. Prayong Saennual <sup>/2</sup>	Member of Risk Management Committee	-	-
Credit Committee			
1. Mr. Chatchai Kaewbootta	Member of Credit Committee	2/2	4/4
2. Mr. Weidt Nuchjalearn	Member of Credit Committee	2/2	4/4
3. Ms. Doungchai Kaewbootta	Member of Credit Committee	2/2	4/4
4. Mr. Auychai Somklin <sup>/1</sup>	Member of Credit Committee	2/2	3/4
5. Mr. Somyot Ngerndamrong	Member of Credit Committee	2/2	4/4
6. Mr. Prayong Saennual <sup>/2</sup>	Member of Credit Committee	-	1/4

Note <sup>/1, /2</sup> Mr. Auychai resigned as a director on 26 August 2016 and Mr. Prayong Saennual was appointed to replace him.

## 5. Remuneration

- (1) The remuneration for directors is based on their roles and scopes of responsibility as well as the Company's earnings performance; the remuneration is comparable to what offered by peers in the industry.
- (2) The remuneration for the managing director and top management officers is based on the principles and policies determines by the Board of Directors and approved by the shareholders' meetings, maximizing benefits for the Company. The remuneration is offered in forms of salaries, bonuses and other benefits.

- (3) The Nomination and Remuneration Committee evaluates the performance and remuneration for directors, management-based directors and the managing director on an annual basis; the proposed amount of remuneration is subject to the approval of the Board of Directors' meeting and the shareholders' meeting.
- (4) The amounts of remuneration paid to directors are disclosed in the Company's annual report.

#### 6. Development of directors and management

- (1) The Company's Board of Directors has a policy to support and encourage directors, management, and the Company's secretary to attend trainings or seminars to enhance knowledge and apply the knowledge to their work on a continuous basis.
- (2) In case of new directors, the management provides useful documents and information for the new directors to learn about the Company's business characteristics and business guidance.
- (3) Board of Directors provides programs aimed at developing the management; the managing director shall make a report on what have been done during the year on an annual basis.

In 2016, the Company provided director and management to attend the preparation for new accounting standard or IFRS 9 and provide DCP to director, this course will begin in February 2017.

#### 9.2 Control of Internal Information Usage

The Company has a policy to prevent the Company's internal information usage, especially the information about the Company's financial status before disclosure to the public. The number of people being aware of the internal information is limited. The management is given the information about their duties and responsibility regarding the requirement that they report their shareholding as well as the shareholding of their spouses and minority children, including the requirement in the amended law (Securities Act). Any management members who are aware of the Company's internal information shall not violate Article 241 of the Securities Act. The Company's Board of Directors announced the follow rules for internal use of the Company's informational:

- 1) Directors, management, employees, and general workers of the Company shall strictly keep the internal information confidential
- 2) Directors, management, employees and general workers shall not disclose the Company's secrets/internal information or use such information for their own benefits or other people's benefits, either directly or indirectly, whether or not they receive compensation in return of such action.
- 3) Directors, management, employees and general workers shall not sell, buy or transfer shares by using the Company's secrets and/or internal information and/or perform any transactions by using the

Company's secrets and/or internal information. They shall refrain from any actions that may damage the Company, either directly or indirectly. This rule also is applicable to spouses and minority children of directors, management, employees and general workers. Those violate the rule shall be regarded as serious violation.

- 1) The Company determined guideline for preventing of insider trading: directors, management, employees holding the positions of vice president upwards, and individuals involving in the Company's internal information are prohibited from trading the Company's shares within one month prior to the disclosure of the quarterly financial statement and annual financial statement and 24 hours after the disclosure of such information.
- 2) Directors, management, and the persons in the management level in the accounting and finance department holding the positions of managers upwards or equivalent are required to report about their holding of shares in the Company. This rule is also application to their spouses and minority children. The report should be made to the Company's secretary within 30 days starting from the date they start work in the position.
- 3) Directors, management, and the persons in the management level in the accounting and finance department holding the positions of managers upwards or equivalent are required to report every stock trading transaction to the Office of Securities and Exchange Commission within three working days, according to the Securities and Exchange Act. In addition, any changes in security holding shall be informed to the Company's secretary.

Movement of directors and managements' share holdings in 2016, details as follows:

Name	Beginning Balance at 1 Jan. 2016	Dividend received	Purchase	Sell	Ending Balance at 31 Dec. 2016
1. Mr. Sukont Kanjanahuttakit	-	-	-	-	-
2. Mr. Vinai Vittavasgarvej	-	-	-	-	-
3. Pol.Lt.Gen. Pharnu Kerdlarpphon	-	-	-	-	-
4. Mr. Weerachai Ngamdeevilaisak	-	-	-	-	-
5. . Mr. Sumate Maneewattana	100,000	2,500	-	-	102,500
6. Mr. Weidt Nuchjalearn	-	-	-	-	-
7. นายพินิจ พัวพันธ์	-	-	-	-	-

8. Ms. Thida Kaewbootta	344,701,138	8,617,528	2,360,000		355,678,666
9. Ms. DOUNGCHAI Kaewbootta	64,441,458	1,611,036	40,000	40,000	66,052,494
10. Mr. Chatchai Kaewbootta	61,200,000	1,530,000	-	-	62,730,000
11. Mr. Somyot Ngerndamrong	-	-	-	-	-
12. Mr. AUYCHAI Somklin	408,000	10,200	-	-	418,200
13. Mr. Prayong Saennual	1,206,000	30,100	-	25,100	1,211,000
14. Mr. VASIT Kanjanahuttakit	-	-	-	-	-
15. Mrs. Wanaporn Pornkitipong	816,000	20,400	-	-	836,400
16. Mr. Watchabooraya Surasingsarit	651,700	12,542	-	150,000	514,242
17. Mr. Seksan Supapwibool	-	-	-	-	-
18. Mrs. Chomchaba Sathapornpong	-	-	-	-	-

### 9.3 Code of Conduct

The Company's code of conduct is set for all management of the all companies under SAWAD Group and all employees at all levels whether or not they sign the acknowledgement.

According to the business operation principles, a reputation for being honest is extremely valuable to the Company. The issue also has an impact on the business success and earnings growth of the Company. Similarly, a good reputation of executive officers from the department head upwards is also important. The standard of code of conduct has a direct impact on the trustworthiness of the Company as a whole.

#### 1) To comply with laws and regulations

The Company's objective is to run business in compliance with laws and regulations and with respects for the rights of the Company's counter parties and customers.

#### 2) The Company's policies and codes of conduct

##### 2.1 To follow rules, regulations, announcements and orders

This code of conduct is announced in addition to existing rules, regulations, announcements and other orders of the Company. Should there be any statements in existing rules, regulations, announcements or orders that contradict any statements in this code of conduct, the statements in this code of conduct shall be deemed as the final guideline.



All management members or executive officers shall follow the rules, regulations, announcements and orders of the Company and those in superior positions.

- (1) They shall ensure that all employees acknowledge the Company's policies and rules, regulations, orders, agreements, announcements or circular notices.
- (2) They shall perform duties with honesty and fairness and shall inform of any events that may damage the reputation and assets of the Company.
- (3) They shall treat colleagues with polite manners and respects.
- (4) They shall perform duties with determination and diligence, maintaining the Company's traditions and good governance and acting as a good model for all employees, in order to drive the Company's growth in righteous ways.
- (5) They shall retain the benefits and secrecy of the Company, customers or any related parties. Information about the Company's financial data and individuals must be accurately and appropriately disclosed in cautious and effective manners. Throughout the duration for which the employees work for the Company and after they resign from the Company, they shall keep the aforementioned information strictly confidential. Any employees who disclose the information to outsiders or use the information in other matters apart from work-related matters shall agree to take responsibility for compensations of any damages to the Company, based on the actual degree of damage.
- (6) They shall do their best to protect the Company's assets, prevent damages and loss, either caused by individuals or natural disasters. In addition, they shall not use the Company's equipment or assets for their personal purposes.
- (7) They shall perform their management duties with righteousness and also try to promote ethics, morals and righteousness among employees at all levels. They shall also solve problems in regard to conflicts of interests in the Company.
- (8) They shall treat their subordinates closely and fairly, without bias.
- (9) They shall be willing to work as a team, being opened to team members' ideas and opinions.
- (10) They shall follow the Company's rules and regulations as well as ensuring that their subordinates follow the rules about computer usage, computer information, computer traffic data; this

is to ensure that the use of computer in the Company complies with computer laws, copyright laws or other related laws and also to prevent any damages to the Company's reputations and images.

## 2.2 Prohibition

All employees at the management level shall not act in a way that may damage good images of themselves and the Company:

- (1) They shall not act or perform any actions on personal purposes during office hours
- (2) They shall not run the same business to compete with the Company, either for their own benefits or the benefits of others; they shall not hold stake in a company with controlling power, which may have negative impacts on the Company, either directly or indirectly.
- (3) They shall not behave in a way that that damage good images of their positions and the honor of the Company.
- (4) They shall not disclose false information or conceal important information of the Company.
- (5) They shall not work with carelessness or do something inappropriate to their position.
- (6) They shall not conceal or distort information, which may directly or indirectly damage the Company, for their own benefits or benefits of other people.
- (7) They shall not attempt to obstruct performance of authorized individuals in the Company nor order other employees to perform morally bad things.
- (8) They shall not violate civil and criminal laws that ruin themselves or others, either directly or indirectly.
- (9) They shall not disclose wages, salaries or salary increases of themselves or others, either intentionally or unintentionally.
- (10) They shall not ask for or receive any assets or any other benefits from customers, partners, competitors or any individuals that do business with the Company; they shall not offer inappropriate treats, except for some traditional and seasonal gifts, normal business luncheons, or any expenses that help to promote the Company's business for traditional business exchanges. However, if the value exceeds Baht 3,000, they shall report to their managers or those in superior positions, i.e., vice president upwards.
- (11) They shall not involve in bribery, either directly or directly through the third party and/or inappropriately use influence with state agencies, customers or partners.

- (12) They shall not make additions, reductions, or revisions in any records or information in order to intentionally alter or distort the Company's performance and account booking regardless of their purposes.
- (13) They shall not make payment or any business transactions with intention to make other people understand that part of the payment or the business transactions are done for other purposes apart from the purpose indicated in the documents.
- (14) They shall not hold massive debts or be indicated by law that they are in huge debt.
- (15) They shall not fail to keep the Company's intellectual information or any information obtained from the employees' performance.
- (16) They shall not copy performance or intellectual property of other people.
- (17) They shall not do immorally bad things to seek benefits for themselves or other people.
- (18) They shall not assign any departments not relating to the purchasing functions to seek supports from traders or partners (in case that it is necessary to seek such support from the Company's benefits, such departments shall consult with the purchasing department so that the purchasing department will proceed with further actions, except for the matters relating to marketing activities for which the marketing and business development department will be in charge).
- (19) They shall not do anything in favorable to any individuals to seek benefits from the Company or access or do something with the Company's computer system, computer information and computer traffic information without permissions; they shall not intend to support or allow users to violate computer laws, copyright laws or any other related laws.

### 3) Disciplinary Actions

- (1) Minor violation: Any management member who fails to follow the code of conduct but the degree of violation is rather minor, he shall receive a warning in written, indicating nature of the violation and reasons. The management is entitled to defend himself against the allegation with the person holding a superior position. If the problem remains unsolved, the matter will be submitted to the scrutinizing committee appointed by the chief executive office. The ruling from the securitizing committee shall be deemed final. If the management still involves in the second violation or fails to correct the mistakes from the first violation, he shall face disciplinary actions, including employment termination.

- (2) Severe violation: Acts of severe violations include bribery, corruption, disclosure of the Company's confidential information or intellectual property to the third party, actions against the Company's honor and deliberate concealment of information, discussion or important document to the person in the superior position: The Company is entitled to terminate the employment without any compensation or a warning in written.

## 10. Corporate Social Responsibility

The Company has a policy to operate business based on the principles of ethical business and the code of conduct. The Company is also committed to work for society and communities by organizing various social campaigns. For instance, the Company launched the safe driving and not-drive-drunk campaign in co-operation with the Traffic Police Division. As a part of the campaign, the Company published leaflets promoting safe driving and a handbook aimed at encouraging people to be well conscious and have a habit of safe driving. Moreover, the Company also donated motorcycles and cars to vocational schools and educational institutions in the provinces where the Company's branches are located. The program helped to provide students with equipment used for learning. The Company also donated money to renovate and rebuild the ruined school.

The Company has policies about corporate social responsibility as follows:

### 1. Operate business with fairness

The Company aims to treat all customers on the basis of fairness, whereby all customers shall be treated equally.

### 2. Be against corruptions

The Company has already released a mandate of measures to avert corruption for all employees, management, and directors to adhere to. These measures will also be applied to all business partners and vendors going forward as well

### 3. Respect human rights

The Company is considerate of human rights in providing for an equal opportunity to access funding source. Thus, the Company has opened branches to cover nearly all "Tambons" in the country, enabling customers to more conveniently access a source of funding. In addition, the Company employs staff from the local community as in initiative to provide employment opportunities to qualified individuals who would not need to relocate to another district to find work.

### 4. Treat labor or employees with fairness

The Company treats all employees fairly and provides for an opportunity to learn a wide range of tasks. The Company has engaged in initiatives to denounce drug use and human trafficking in conjunction with the related government agency and local authorities.

**5. Be responsible for consumers**

Although the Company is engaged in the consumer lending business, responsibilities to the customers is a key component of the organization's policies and procedures.

**6. Preserve environment**

The nature of the Company's business practice is service-oriented, which has no direct impact to the environment. Nonetheless, the Company promotes conservation of resources by its employees including electricity, water, and also encourages the use of paperless documentation for instance.

**7. Participate in programs about community and social development**

The Company has plans to participate in community development efforts starting with the promotion of awareness against drunk-driving through distribution of pamphlets and handouts. The Company recognizes a need to develop labor skills in the automobile maintenance industry, and has donated cars and motorcycles to the related vocational schools and educational institutions to be used as learning tools for the students.

The Company has supported Thai Autistic Foundation, for vocational education and encourage the autistic children to be community volunteers.

**Hold innovations and disclose information about the innovations arising for operation linked to responsibility to society, environment, and stakeholders**

## 11. Internal Control and Risk Management

Placing emphasis on the importance of good internal control, the Company's Board of Director set up the Audit Committee to work on ensuring that the Company and its subsidiaries have appropriate and effective internal control system. The Audit Committee also ensures that the Company operates business in compliance with the securities and stock exchange laws as well as the rules and regulation of the Stock Exchange of Thailand and relevant laws that relate to the Company's business.

The Board of Directors evaluated the Company's internal control system by inquiring the management as well as other concerned officers and by studying the past audit reports. The Company's internal control system can be concluded into five key elements based on the concept of the Committee of Sponsoring Organization of Treadway Commission (COSO). The five key elements are: i) organizational environment; ii) risk assessment; iii) control of operation activities; iv) information & communication and v) monitoring activities. The Board opined that the Company had the internal control system, which was appropriate and sufficient for business operation under the current environment. The results of internal control evaluation approved by the Company's Board of Directors can be summarized below:

### 1) Organizational environment

SAWAD Group has good organizational environment favorable to support effective internal control system. All people are aware of the necessary of the internal control system. The structure is appropriately designed and duties are clearly identified. Policies and regulations are announced in a written form.

### 2) Risk Assessment

The Company emphasizes the importance of risk management; hence, it arranges the operating evaluation and assessment of risks that may have an impact on the Company at least one a year. The management analyses possible risks and report them to the Company's Board of Directors as well as suggesting ways to manage or control such risks at acceptable levels. For any risks that may prevent the Company from achieving its business goals, the Company must find measures to manage such risks.

### 3) Control of operation activities

The Company has a policy to control operation activities, ensuring that the management's guidance well followed by all employees. The approval authority and power are appropriately determines. Duties of each position are clearly separated in order to prevent corruption. Procedures for transactions involved by major shareholders, directors, the management or related persons are clearly indicated in order to prevent conflicts of interest, in accordance with the regulations of Capital Market Supervisory Board and the Stock Exchange of Thailand.

#### 4) Information & Communication

The Company sufficiently keeps information, which is useful for the Company's business operation. Documents are systematically filed in accordance with the sections, especially for the accounting documents, which are very important for financial reports. Moreover, the Company also has back-up taped information about daily operation. Such back-up information is separately stored out of the Company's offices; this is to ensure that in some emergency cases the Company always has information used for business operation.

#### 5) Monitoring Activities

The Company continued to monitor the performance and compared it to the set targets. In addition, the Company also follows up and monitors the operation by appointing a department to examine the branches' operation on a regular basis. The examination results are reported to the managing director; this is to ensure that all employees strictly follow rules and regulations stated in the Company's operation guideline. Moreover, the Company also hires an external company, P&L Internal Audit Co., Ltd, to be an internal auditor who assesses the internal control system of the Company and reports directly to the Audit Committee on a quarterly basis.

### 11.1 Opinions of the Company's Directors in regard to the internal control system.

In the Board of Directors Meeting No. 3/2017 on 21 February 2017 where the Audit Committee also attended, the Company's Board of Directors assessed the internal control system by having the management explain various systems linked to the internal management and control and also by inquiring the management. In light of this, the Board of Directors opined that the Company's internal control system was adequate and appropriate under the current circumstances. To elaborate, the Company's control system covered all five key elements, namely organizational environment, risk assessment, control of operation activities, information & communication and monitoring activities.

Meanwhile, P&L Internal Audit Co., Ltd., which is an external company, provided sufficient personnel to effectively carry out the internal control operation, including the income and expense cycles. In addition, the external company also controls the use of the Company and subsidiaries' assets and prevents such assets from being wrongly used by employees and management.

### 11.2 Opinions of the Audit Committee

In the Audit Committee Meeting No. 2/2017 on 21 February 2017, the Audit Committee provided opinions in regard to the internal control system and completed the evaluation form for the adequacy of the internal control system designed by the Office of the Securities Exchange Commission and the Stock Exchange of Thailand. The evaluation covered all five key elements, i.e., i) organizational



environment; ii) risk assessment; iii) control of operation activities; iv) information & communication and v) monitoring activities. The Audit Committee opined that the Company's internal control system was sufficient and went in line with the guidance and that there was no significant change from the previous year.

### 11.3 Head of Internal Control

The Company does not have a head of the internal control department who directly oversees the Company's internal control affairs but the Company hires an external company to carry out the evaluation of the internal control system of the Company and subsidiaries. The hired external company is

P&L Internal Audit Co. Ltd.

73/290-294, The Fifth Avenue Building B, 2<sup>nd</sup> floor,

Bangkok-Nonthaburi Rd, Bangken,

Muang, Nonthaburi, 11000

## 12. Connected Transactions

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>1. <u>Srisawad Power Co. Ltd.</u> ("Srisawad Power")</p> <p>Type of Business</p> <p>Provide hire purchase loans; operation has already been ceased</p> <p>Relationship to the Company</p> <p>- Ms. <u>Doungchai Kaewbootta</u>, holding 6.32% of total shares in the Company and being a director, a member of Executive Committee, and a managing director for the Company, was a director and a major shareholder with 49% shareholding in <u>Srisawad Power</u>.</p> <p>- Ms. <u>Thida Kaewbootta</u>, the Company's major shareholder with</p>	<p><u>Provided services about installment and loan repayment for the Company</u></p> <p><u>SAWAD Group</u> hired <u>Srisawad Power</u> to keep the proceeds from debt collection and installment repayment, under the condition that if <u>Srisawad Power</u> returned the collected proceeds to <u>SAWAD Group</u> later than the specified timeframe, <u>Srisawad Power</u> would have to pay the interest rate at MLR-1.5 (based on the MLR of Bangkok Bank). The condition was agreed and specified in the service contract.</p> <p>Moreover, in 2012 the loan was extended to <u>Srisawad Power</u> after</p>			<p>In 2011, the Group of Company underwent the business restructuring. In light of this, <u>SAWAD</u> purchased and received the transfer of account receivables from <u>Srisawad Power</u> but the repayment channels remained unchanged in order not to impact the customers' repayment transactions. The Group then signed a contract with <u>Srisawad Power</u>, requesting the company to receive the repayments from the customers as a representative for the Company, under the condition that if <u>Srisawad Power</u> returned the collected proceeds to <u>SAWAD Group</u> later than the specified timeframe, <u>Srisawad Power</u> would have to pay the interest rate at MLR-</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
34.2% shareholding and a director, was also a major shareholder of <u>Srisawad Power</u> .	<p><u>SAWAD Group</u> (by SP 1982) gained loan approval from the bank.</p> <ul style="list-style-type: none"> <li>Receivables from related parties</li> <li>Interest income</li> </ul> <p>Note that since 1 July 2013, the installment repayment was directly put to the Company's accounts.</p>	-	-	<p>1.5, which was the same rate as the bank charged to the Company and the same rate as the market rate.</p> <p>Note that SAWAD Group already received the entire accrued from <u>Srisawad Power</u>. Therefore, as of the end of 3Q13, there had been no receivables from the related party. Also, SAWAD Group already adjusted the repayment method by putting all proceeds from the repayment directly in the Company's accounts, starting on 1 July 2013.</p> <p><u>Comment from the Audit Committee</u></p> <p>The Audit Committee examined the necessity of the connected transaction and found that the transaction was aimed at enabling the Company's core business operation to continue and the return rate that the</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
				Company received was the same rate as what it received from loans taken out directly from a commercial bank, with some business agreements and conditions. Note that since 1 July 2013, the Company has adjusted its repayment system so that customers have been able to make repayment directly to the Company. Also, the Company already received the entire accrued amounts from Srisawad Power. Hence, the transaction was deemed necessary and justified.
	<p><b><u>Payables to related parties</u></b></p> <p>SAWAD Group took out loans from Srisawad Power while it was during the process of seeking loans from financial institutions.</p> <ul style="list-style-type: none"> <li>Payables to related parties</li> </ul>	16,504,025		In early 2012, SAWAD Group was under the process of seeking loans from commercial banks, used for funding its lending services as well as working capital. Hence, while awaiting loans from the commercial banks, the Company decided to take out short-term

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
	Beginning payables plus additional payables during the period minus repayment during the period Ending payables  • Accrued interest • Interest expense	-  <u>(16,504,025)</u>  <u>0</u>  =  =		loans from Srisawad Power in order to continue its business operation. The part of loans, used for funding its lending services for customers, was booked as short-term loans; meanwhile, the part used for repayment transactions was booked under the item payables to related parties.  Note that the interest rate, which Srisawad Power charged for both short-term and payables to related parties, equated the rate that Srisawad Power borrowed from a commercial bank at MLR-1.5 (based on MLR of Bangkok bank) and the rate offered by other commercial banks. It should be noted that such lending transaction was made for the benefit of the Company's core business operation.  After SAWAD received loans from the



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
				<p>commercial bank, the Company already settled repayment of payables to the related party for full amount on 30 October 2013.</p> <p><u>Comment from the Audit Committee</u></p> <p>The short-term loans and payables to the related party were aimed at supporting the Company's core business. The interest rate was the same rate as the rate for loans that the Company directly took out from the commercial bank. Hence, the transactions were necessary, justified and beneficial to the Company.</p> <p>The Company already settled repayment of such payables to the related party for full amount on 30 October 2013.</p>
<b>2. Srisamam Condotel Co., Ltd.</b> ("Srisaman Condotel") Type of Business	<b>Office Lease</b> SAWAD Group leased the space of 2,039.57 sq.m. with the rent of Baht			SAWAD Group leased space at <u>Srisamam Condotel</u> for used as an office and storage

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>Property for rent</p> <p>Relationship with the Company</p> <ul style="list-style-type: none"> <li>- Ms. Dongschai Kaewbootta, holding 6.32% shares in the Company and being the Company's director, member of Executive Committee and managing director, was a major shareholder of 50% in Srisamam Condotel.</li> <li>- Ms. Thida Kaewbootta, the Company's major shareholder of 34.2% and director, was a major shareholder of 50% and a director of Srisamam Condotel.</li> </ul>	<p>171.80/sq.m./month and the room at Srisamam Condotel, Soi Intamara 41, Suthisarnwinichai Rd, Din-dang Sub-district, Dindaeng District, Bangkok. The space was used as office and storage of collateral documents and the room was for employees' stay. The lease contract lasted one year.</p> <ul style="list-style-type: none"> <li>• Rent</li> <li>• Accrued Rental</li> </ul>	7,636,300	7,797,300	<p>for collateral documents while waiting for the time to submitting the documents to the commercial bank as well as for an accommodation for employees to come to attend meetings. This was part of the Company's core business operation. The rent and payment conditions were the same as Srisamam Condotel quoted for outsiders and they were based on the core business operation of Srisamam Condotel.</p> <p>Comment from the Audit Committee</p> <p>The transaction supported the Company's core business operation. The rent was appropriate and comparable to the rents at nearby property and it equated the rent quoted for outside tenants. The payment conditions were set in accordance with the core business operation. Thus, the</p>
			658,400	

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>3. <u>Srisamarn Bangkok Co. Ltd.</u> ("Srisamarn Bangkok")</p> <p><u>Type of Business</u></p> <p>Property for rent</p> <p><u>Relationship with the Company</u></p> <p>- Mr. Chatchai Kaewbootta, holding 6% share in the Company and being a director and a Chief Executive Officer of the Company, was a major shareholder with 40% holding and a director of Srisaman Bangkok.</p> <p>- Ms. Dounghchai Kaewbootta, holding 6.32% shares in the Company and being the Company's director, member of Executive Committee and managing director, held 11%</p>	<p><u>Office Lease</u></p> <p>SAWAD Group leased two commercial buildings for use as its offices, with three-year lease contracts, starting January 2013 and ending December 2015.</p> <ol style="list-style-type: none"> <li>1. A four-storey floor commercial building with the space of four blocks and 80.3 square wah, located on Rangsit-Pathumthani Rd, Bangprok Sub-district, Mueng District, Pathumthani</li> <li>2. A four-storey commercial building with the space of two blocks and 36.0 square Wah, located on Ramkhamhaeng Rd, Huamark Sub-</li> </ol>			<p>transaction was deemed necessary and justified.</p> <p>SAWAD Group leased offices from Srisamarn Bangkok for use as two branches to support the Company's core business operation. The rental rate for Pathumthani branch office equated the rental rate appraised by Fast and Fair Valuation Co. Ltd. ("independent appraiser"). The rental rate for the office at Ramkhamhaeng was lower than the rental rate appraised by the independent appraiser. Both appraisal reports were conducted for public interest, reflecting the total rental rate, based on the market price, at Baht 108,000 per month.</p> <p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended in 2015</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>shares in <u>Srisamam Bangkok</u>.</p> <ul style="list-style-type: none"> <li>- Mrs. <u>Jariya Kaewbootta</u></li> <li>- The Company's 6% shareholder</li> <li>- Mother of Ms. <u>Doungchai Kaewbootta</u>, holding 6.32% shares and being a director, a member of Executive Committee and a managing director of the Company</li> <li>- Mother of Ms. <u>Thida Kaewbootta</u>, holding 34.2% shares and being a director of the Company</li> <li>- Wife of Mr. <u>Chatchai Kaewbootta</u>, holding 6% shares and being a director and a Chief Executive Officer of the Company</li> </ul> <p>Mrs. <u>Jariya Kaewbootta</u> was a major shareholder with 40% shareholding and a director of <u>Srisamam</u></p>	<p>district, <u>Bangpakj District, Bangkok</u></p> <ul style="list-style-type: none"> <li>• Rent</li> <li>• Other current liabilities</li> </ul>	<p>1,228,164</p> <p>-</p>	<p>1,289,580</p> <p>-</p>	<p>the landlord is able to hike the rental rate by not more than 12 percent of the existing rate and the contract can be extended for at least three years. In 2016, the contract has extended for 3 years and the rental increased 5%</p> <p><u>Comment from the Audit Committee</u></p> <p>The lease of two buildings supported the Company's core business operation. The leased assets were necessary and appropriate, compared with other offices leased from outsider landlords. The current rental rates were comparable to the rates appraised by the independent appraiser who conducted the appraisal for public interest. The lease terms were in accordance with the Company's core business operation. Therefore, the transaction was necessary and</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
Bangkok.				justified.
<b>4. I.D 2007 Co. Ltd.</b> (I.D. 2007") <u>Type of Business</u> Trade and develop land <u>Relationship with the Company</u> - Mr. Chatchai Kaewbootta, holding 6% shares in the Company and being a director and a Chief Executive Officer of the Company, was a major shareholder with 60% holding and a director of I.D. 2007. - Ms. Dounghchai Kaewbootta, holding	<b><u>Lease of land and building</u></b> SAWAD Group leased the land and building located on Chaengwatana Rd, Thungsohong Sub-district, Laksi, Bangkok, with three-year lease contracts, starting January 2013 and ending December 2015. 1. A 7-6-61 rai plot of land (2,961 square wah) used as a storage of foreclosed assets 2. The building consisting of an office and a one-storey warehouse,			SAWAD Group leased the land and building from I.D. 2007 for use as storage for vehicles not sold at branch offices. Meanwhile, the building was used as a branch office for the Company's core business operation. The rental rate was lower than the rental rate appraised by the independent appraiser. The appraisal was conducted for public interest, reflecting market-based rental rate at Baht 682,000 per month In addition, the landlord and the tenant

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>6.32% shares in the Company and being the Company's director, member of Executive Committee and managing director, held 30% shares in I.D. 2007.</p> <ul style="list-style-type: none"> <li>- Ms. Thida Kaewbootta, the Company's major shareholder of 34.2% and director, held 1% share in I.D. 2007.</li> <li>- Mrs. Jariva Kaewbootta</li> <li>- The Company's 6% shareholder</li> <li>- Mother of Ms. Dounghai Kaewbootta, holding 6.32% shares and being a director, a member of Executive Committee and a managing director of the Company</li> <li>- Mother of Ms. Thida Kaewbootta, holding 33.8% shares and being a</li> </ul>	<p>with combined usable area of 728 square meters, for use as the Company's branch office and warehouse</p> <ul style="list-style-type: none"> <li>• Rent</li> </ul>	1,373,880	1,438,800	<p>agreed to sign a lease addendum indicating that after the lease contract is ended in 2015 the landlord is able to hike the rental rate by not more than 12 percent of the existing rate and the contract can be extended for at least three years. In 2016, the contract has extended for 3 years and the rental increased 4.73%</p> <p><u>Comment from the Audit Committee</u></p> <p>The lease of land and building was necessary for the Company's core business operation. The rental rates were lower than the rates appraised by the independent appraiser who conducted the appraisal for public interest. The lease terms were in accordance with the Company's core business operation. The assets were necessary and appropriate. Hence, the</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>director of the Company</p> <ul style="list-style-type: none"> <li>- Wife of Mr. Chatchai Kaewbootta, holding 6% shares and being a director and a Chief Executive Officer of the Company</li> <li>Mrs. Jariva Kaewbootta held 6% shares in I.D. 2007.</li> </ul>				<p>transaction was necessary and justified.</p>
<p><b>5. Ms. Doungchai Kaewbootta</b></p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>- A shareholder with 6.32 - percent holding and a managing director for the Company</li> <li>- Daughter of Mr. Chatchai Kaewbootta, a 6%-shareholder, a director and Chief Executive Officer of the Company</li> <li>- Older sister of Ms Thida</li> </ul>	<p><b>Guarantee</b></p> <p>Ms. Doungchai Kaewbootta guaranteed and put her personal assets as collaterals for the loans taken out from a commercial bank for the Company.</p> <ul style="list-style-type: none"> <li>• Guarantee</li> <li>- Overdrafts</li> <li>- Short-term loans</li> </ul>	<p>500,000,000</p>	<p>-</p> <p>500,000,000</p>	<p>SAWAD Group received loans from a commercial bank for use as working capital for core business operation. The loans were guaranteed by Ms. Doungchai Kaewbootta and her personal assets; the guarantee was based on the terms and conditions specified by the commercial bank. No expenses arose from the guarantee. Note that the Company already withdrew the guarantee for full amount after the listing to the SET.</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<u>Kaewbootta</u> , a major shareholder of 34.2% and a director of the Company				<u>Comment from the Audit Committee</u> The transaction was intended for the benefit of the Company and the Company did not book any expenses from the transaction.
<b>6. <u>Mr. Chatchai Kaewbootta</u></b> <u>Relationship with the Company</u> - A 6%- shareholder, a director and the Chief Executive Officer of the Company - Father of <u>Ms Thida Kaewbootta</u> , holding 33.8% shares and being a director of the Company - Father of <u>Ms. Dounghchai Kaewbootta</u> , which was a shareholder with 6.32 %, a director, a member of Executive Committee and a managing director for the Company	<b><u>Leased land and buildings</u></b> SAWAD Group leased the land and two commercial buildings for the lease contract duration of three years, starting in January 2013 and ending December 2015 1. A 519-square-wah plot of land and a two-storey commercial building (a basement and a mezzanine) located on <u>Lomsak-Petchaboon Rd, Chainarai Sub-district, Chaibadan District, Lopburi</u> 2. A 213 -square-wah plot of land and a two-storey commercial offices			The Company leased land and buildings from <u>Mr. Chatchai Kaewbootta</u> as the following details: • The land and office in <u>Lopburi Province</u> was used as the Company's office and a parking and a place for confiscated vehicles. As most of confiscated vehicles were vehicles for agricultural use and tractors, a large area was needed. • The land and building in <u>Saraburi</u> was used as the Company's branch office, located at a community area by the main road. Part of the space was used as a show room for

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>director of the Company</p> <p>- Wife of Mr. Chatchai Kaewbootta, holding 6% shares and being a director and a Chief Executive Officer of the Company</p> <p>Mrs. Jariya Kaewbootta held 6% shares in I.D. 2007.</p>				<p>transaction was necessary and justified.</p>
<p><b>5. Ms. Dounghchai Kaewbootta</b></p> <p><u>Relationship with the Company</u></p> <p>- A shareholder with 6.32 - percent holding and a managing director for the Company</p> <p>- Daughter of Mr. Chatchai Kaewbootta, a 6%-shareholder, a director and Chief Executive Officer of the Company</p> <p>- Older sister of Ms Thida</p>	<p><b>Guarantee</b></p> <p>Ms. Dounghchai Kaewbootta guaranteed and put her personal assets as collaterals for the loans taken out from a commercial bank for the Company.</p> <ul style="list-style-type: none"> <li>Guarantee</li> <li>Overdrafts</li> <li>Short-term loans</li> </ul>	<p>500,000,000</p>	<p>-</p> <p>500,000,000</p>	<p>SAWAD Group received loans from a commercial bank for use as working capital for core business operation. The loans were guaranteed by Ms. Dounghchai Kaewbootta and her personal assets; the guarantee was based on the terms and conditions specified by the commercial bank. No expenses arose from the guarantee. Note that the Company already withdrew the guarantee for full amount after the listing to the SET.</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
				<p>7.3%</p> <p><u>Comment from the Audit Committee</u></p> <p>The lease of both properties was necessary for business operation, in which the Company not only used them as branch offices but also made the best use of them.</p> <p>The transaction was aimed at supporting the Company's core business operation. The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest. The lease conditions were in accordance with the nature of business and the characteristics of the leased assets were necessary and appropriate. Hence, the transaction was justified.</p>
	<p><u>Guarantee</u></p> <p>Mr. Chatchai Kaewbootta</p>			<p>SAWAD Group received loans from commercial bank for use as working capital</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
	<p>guaranteed and put his personal assets as collaterals for the loans taken out from a commercial bank for the Company .</p> <ul style="list-style-type: none"> <li>Guarantee</li> <li>Overdrafts</li> <li>Short-term loans</li> </ul>	<p>-</p> <p>500,000,000</p>	<p>-</p> <p>500,000,000</p>	<p>for core business operation. The loans were guaranteed by Mr. Chatchai Kaewbootta and his personal assets; the guarantee was based on the terms and conditions specified by the commercial bank. No expenses arose from the guarantee. Note that the Company already withdrew the guarantee for full amount after the listing to the SET.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was intended for the benefit of the Company and the Company did not book any expenses from the transaction.</p>
<p><b>7. Ms. Thida Kaewbootta</b></p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>The Company's director and a major shareholder with 34.2% holding</li> <li>Daughter of Mr. Chatchai Kaewbootta, a 6%-shareholder, a</li> </ul>	<p><b>Leased building</b></p> <p>SAWAD Group leased two blocks of a four-storey commercial building with usable space of 55.3 square wah, located on Ramintra Rd, kannayaw, Bangkok, for use as the</p>			<p>SAWAD Group leased the building from Ms. Thida Kaewbootta for use as a branch office for the Company's core business operation. The rental rate was lower than the rental rate appraised by the independent appraiser. The</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
<p>director and the Chief Executive Officer of the Company and Mrs. Jariya Kaewbootta holding 6% shares in the Company</p> <p>- Younger sister of Ms Dounghchai Kaewbootta, a shareholder of 6.32%, a director, a member of Executive Committee and a managing director of the Company</p>	<p>Company's office, with a lease contract duration of three years, starting in January 2013 and ending December 2015</p> <ul style="list-style-type: none"> <li>Rent</li> </ul>	549,552	577,068	<p>appraisal was conducted for public interest, reflecting market-based rental rate at Baht 48,000 per month.</p> <p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended in 2015 the landlord is able to hike the rental rate by not more than 12 percent of the current rate and the contract can be extended for at least three years. In 2016, the contract has extended for 3 years and the rental increased 5%</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was aimed at supporting the Company's core business operation. The characteristics of leased assets were necessary and appropriate compared with other offices leased from outside landlords.</p>

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
8. <u>Mrs. Jariya Kaewbootta</u> <u>Relationship with the Company</u> - Mother of <u>Ms. Dounghchai Kaewbootta</u> , holding 6.32% shares and being a director, a member of Executive Committee and a managing director of the Company - Mother of <u>Ms. Thida Kaewbootta</u> , a major shareholder holding 33.8% shares and being a director of the Company - Wife of <u>Mr. Chatchai Kaewbootta</u> ,	<b>Leased building</b> SAWAD Group leased three commercial buildings for the lease contract duration of three years, starting in January 2013 and ending December 2015 1. Two blocks of a four-storey commercial building with usable area of 36.7 square wah. Located on <u>Teparak Road, Teparak Sub-district, Samutprakan</u> 2. Two blocks of a three-storey			The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest. The lease conditions were in accordance with the nature of business. Hence, the transaction was necessary justified.  SAWAD Group leased the building from <u>Mrs. Jariya Kaewbootta</u> for use as branch offices. The rental rate was lower than the rental rate appraised by the independent appraiser who conducted the appraisal for public interest and come up with total market-based rental rate at Baht 231,000 per month.  In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended in 2015 the landlord is able to hike the rental rate by not more than 12 percent of the current rate

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
holding 6% shares and being a director and a Chief Executive Officer of the Company	commercial building with usable space of 64 square wah, located on <u>Rangsit-Pathumthani Rd</u> , <u>Prachathipat Sub-district</u> , <u>Thanyaburi Pathumthani</u> 3. Three blocks of a <u>four-storey</u> building with space of 54 square wah, located on <u>Sukhumvit Rd</u> , <u>Nakrua Sub-district</u> , <u>Banglamung District</u> , <u>Chonburi</u> • Rent	2,610,372	2,809,688	and the contract can be extended for at least three years. In 2016, the contracts had extended for 3 years and the rental increased 7.64% <u>Comment from the Audit Committee</u> The transaction was aimed at supporting the Company's core business operation. The characteristics of leased assets were necessary and appropriate compared with other offices leased from outside landlords. The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest. The lease conditions were in accordance with the nature of business. Hence, the transaction was necessary and justified.
9. <u>Mr. Chotipong Surasingsarit</u> Relationship with the Company	<u>Leased building</u> SAWAD Group leased one			SAWAD Group leased the building from <u>Mr. Chotipong Surasingsarit</u> for use as a branch



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
Father of Mr. <u>Watchabooraya Surasingsarit</u> , the vice president of Marketing Department	commercial building with one block and two stories, located at No. 353, <u>Charoenmueng Rd</u> , <u>Vieng Sub-district</u> , <u>Mueang District</u> , <u>Prae</u> . The building came with the area of 32 square meters and lease contract duration of three years, <u>starting May 2013 and ending April 2016</u> .  • Rent	71,469	75,164	office. The rental rate was appropriate when compared with the rates at nearby properties. Then payment condition was set in line with the normal transactions done with other people. The transaction was necessary and justified.  <u>Comment from the Audit Committee</u> The transaction was aimed at supporting the Company's core business operation. The characteristics of leased assets were necessary and appropriate. The rental rate and lease conditions were set in accordance with normal business operation. Hence, the transaction was necessary and justified.
<b>10. CIMB Thai Plc.</b> <u>Type of Business</u> Banking and finance	<b><u>Sold bills of exchange</u></b> The Company sold bills of exchanges to the bank, with a			The Company had short-term bills of exchanges valued at Baht 3,000 million, offered through various financial institutions;

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity Justification of Transactions
		2015	2016	
<u>Relationship with the Company</u> - Mr. Sukhont Kanjanahutkit, the chairman of the Board of Directors, was the vice chairman and the chairman of the Audit Committee and an independent director of CIMB Thai Plc.	duration of 270 days and an interest rate based on the yield			the proceeds from the transaction were used as working capital. The discount interest rate was the same rate that the Company paid to other financial institutions.  <u>Comment from the Audit Committee</u>  The transaction was aimed at supporting the Company's core business operation. The rate equated to the rate of transactions the Company dealt with other financial institutions. Hence, the transaction was necessary and justified.
	Short-term loan from a related party	-		
	Other current assets is interest expenses in advance	-		
	Interest expenses	3,817,968		
<u>Long-term Borrowing</u> The Company received 3 years loan from CIMB - Long-term borrowing from a related party - Interest expense - Accrued interest		400,000,000	400,000,000	The Company need long term loans as a funding source for expansion and the interest rate was market rate.  <u>Comment from the Audit Committee</u>  The transaction was aimed at supporting the Company's core business operation. The rate
		8,806,575	16,400,000	
		1,392,877	1,389,071	

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2015	2016	
	- Front-ended fee	116,111	200,000	equated to the rate of transactions the Company dealt with other financial institutions. Hence, the transaction was necessary and justified.
	<u>Underwriting Fee and Registrar Fee</u> The Company issued and offered unsecure debentures to high net worth and institution investors. - Underwriting fee - Registrar fee - Prepaid expense	703,514 - 2,615,753	1,114,662 30,350 1,368,146	The Company issued and offered debentures to investors, there were many financial institutions co-underwritten and bond registrar fee so underwriting fee and registrar fee were the same rate as other financial institutions. <u>Comment from the Audit Committee</u> The transaction was aimed at supporting the Company's core business operation. The rate equated to the rate of transactions the Company dealt with other financial institutions. Hence, the transaction was necessary and justified.



## 12.2 Necessity and justification of the connected transactions

Reviewing the aforementioned connected transactions, the Audit Committee opined that the connected transactions were necessary, justified and beneficial for the Company (Details of each transaction were disclosed in 12.1).

## 12.3 Measures and procedure to approve the connected transactions

The Company's Board of Directors Meeting No. 6/2013, held on 14 June 2013, announced the measures and procedure to approve connected transactions. Management members or stakeholders are not allowed to take part in approval of any connected transactions, made between the Company, subsidiaries or related parties, which may cause conflicts of interests. The Audit Committee shall provide comments in regard to the necessity of the transactions as well as the justification and the appropriateness in terms of pricing, considering whether terms of conditions of the transactions were in line with those for normal trade transactions in the market. The Audit Committee shall also compare the prices with transactions done with outsiders. If the Audit Committee has no expertise in considering potential connected transactions that may arise, the Company will seek opinions from independent experts, e.g., an auditor, an independent appraiser, a legal firm, and etc. These people shall independent from the Company and from people with possible conflicts of interests. Such independent opinions from the experts shall be used as part of a decision making process of the Audit Committee and/or the Board of Directors and/or shareholders, whichever the case may be. Note that the Company also discloses the connected transactions in the note to the financial statement which was reviewed by the Company's Authorized Auditor.

Moreover, the Company approved in principles of the trading agreements that include general trading conditions for connected transactions between the Company and its subsidiaries and the directors, the management and related parties. The management is entitled to approve the connected transactions between the Company and its subsidiaries and/or the management or related parties (for both existing and potential transactions), without an approval from the Company's Board of Directors Meetings or the Shareholders Meetings. The management shall complete reports on connected transactions, which come in forms of trade agreements similar to what responsible men agree with general trade partners in similar situations and without power as the management, directors or related parties, to the Audit Committee and the Company's Board of Directors on a quarterly basis. .

## 12.4 Policies for future connected transactions

The Board of Directors Meeting No. 6/2013, held on 14 June 2013, announced the policies to carry out future connected transactions. The connected transactions shall have characteristic as normal business transactions supporting the Company's core business. The transactions shall not unfairly transfer benefits to related parties who hold possible conflicts of interests with the Company. The Audit Committee and the Company shall work together to examine whether the potential connected transactions are necessary and justified and whether they will contain fair returns. Approval of potential connected transactions shall comply with the rules, regulations, announcements, and orders imposed by the Capital Market Supervisory Board and Stock Exchange of Thailand, as well as guidelines on information disclosure regarding the connected transactions according to the accounting standards of Accountants Association and Thailand's Certified Accountants Association.

#### 12.5 Potential connected transactions

The connected transactions among the Company, the subsidiaries and related parties with possible conflict of interests will be done for the Company's core business operation to bring maximum benefits to shareholders. Potential connected transactions are as follows:

- The management fee with Srisawad power will continue to decline in the future because such transaction occurred at Srisawad Power who signed lease contracts for some branch offices. Once the current contracts expire, the Company will negotiate to become the contract party itself.
- The leases of buildings used for the Company's branches are necessary to the Company's core business operation. The rental rates that the Company pays to related parties who hold possible conflicts of interests are comparable to the market rates or the rates appraised by an independent appraiser who carry out the appraisal to calculate the market-based rental rates used for public interest. In addition, the terms and conditions for the leases are in line with the core business operation.
- The guarantees of financial institutions' loans by directors and related parties were done in accordance with terms and conditions specified by the financial institutions. The Company already withdrew the guarantees for full amount and such transactions will not occur in the future.



## Part III

## Financial Information and Performance

## 13.Key Financial Information

## 13.1 Financial Statement

## 13.1.1 Audit Report

Financial statement ending 31 December 2014.

Pricewaterhousecoopers ABAS Co. Ltd with Mr. Boonlert Kamolchanokkul as an authorized auditor No. 5339 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2014 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.

Financial statement ending 31 December 2015.

Pricewaterhousecoopers ABAS Co. Ltd with Mr. Boonlert Kamolchanokkul as an authorized auditor No. 5339 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2015 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.

Financial statement ending 31 December 2016.

Pricewaterhousecoopers ABAS Co. Ltd with Mr. Boonlert Kamolchanokkul as an authorized auditor No. 5339 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2016 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.

### 13.1.2 Financial Summary 2014 –2016

Statement of Financial Position	Audited Financial Statement					
	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
<b>Assets</b>						
Cash and cash equivalent	347.99	4.05	332.80	2.44	713.11	3.21
Temporary Investment	61.34	0.71	3.60	0.03	302.96	1.36
Receivables from the related party	-	-	-	-	-	-
Hire purchase receivables due up to 1 year - net	1,202.92	14.00	1,515.17	11.11	1,750.15	7.87
Loan receivables and personal loan receivables due 1 year - net	4,117.34	47.92	6,826.02	50.05	11,094.63	49.89
Other receivables-receivables for sale of foreclosed asset	-	-	90.50	0.66	276.85	1.25
Foreclosed assets	207.79	2.42	94.53	0.69	660.44	2.97
Other current assets	82.31	0.95	101.98	0.74	7.32	0.03
<b>Total current assets</b>	<b>6,019.69</b>	<b>70.05</b>	<b>8,964.60</b>	<b>65.72</b>	<b>14,805.45</b>	<b>66.58</b>
Available-for-sale investments, net	-	-	-	-	251.98	1.13
Hire purchase receivables due more than 1 year - net	1,120.93	13.05	1,307.03	9.58	1,472.56	6.62
Loan receivables and personal loan receivables due more than 1 year - net	1,101.88	12.83	1,564.63	11.47	2,763.07	12.43
Loan receivables from purchase of loan, net	-	-	1,264.68	9.27	2,309.00	10.38
Premises renovation and equipment – net	245.50	2.86	390.90	2.87	463.13	2.08
Intangible assets	8.58	0.10	7.83	0.06	8.32	0.04
Deferred Tax Assets	58.53	0.68	73.69	0.54	62.12	0.28
Other non-current assets	36.63	0.43	66.32	0.49	101.06	0.45
<b>Total non-current assets</b>	<b>2,572.05</b>	<b>29.95</b>	<b>4,675.09</b>	<b>34.27</b>	<b>7,431.25</b>	<b>33.42</b>
<b>Total assets</b>	<b>8,591.74</b>	<b>100.00</b>	<b>13,639.68</b>	<b>100.00</b>	<b>22,236.70</b>	<b>100.00</b>
<b>Liabilities</b>						
Payables to the related party	16.70	0.20	0.24	0.00	-	-
Short-term borrowings from financial institutions	3,464.43	40.32	1,010.04	7.41	5,650.00	25.41
Long-term borrowings from financial institutions due in 1 year	-	-	500.00	3.67	451.39	2.03
Long-term borrowings for investment in receivables due in 1 year	-	-	821.42	6.02	156.79	0.71
Short-term loans from the related party	300.00	3.49	-	-	-	-
Liabilities on financial leases and hire	5.96	0.07	12.52	0.09	21.19	0.10

Statement of Financial Position	Audited Financial Statement					
	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
purchases due in 1 year – net						
Accrued interests from the related party	-	-	1.39	0.01	-	-
Tax payables	142.03	1.65	187.76	1.38	281.04	1.26
Unsecured debenture	500.00	5.82	200.00	1.47	2,200.00	9.89
Other current liabilities	224.88	2.62	339.21	2.49	515.83	2.32
<b>Total current liabilities</b>	<b>4,654.00</b>	<b>54.17</b>	<b>3,072.58</b>	<b>22.53</b>	<b>9,332.16</b>	<b>41.97</b>
Long-term borrowings from financial institution	500.00	5.82	1,000.00	7.33	2,250.00	10.12
Long-term borrowings for investment in Receivables	-	-	155.24	1.14	-	-
Long-term loans from the related party	-	-	400.00	2.93	400.00	1.80
Liabilities on financial leases and hire purchases – net	-	-	33.42	0.24	46.58	0.21
Unsecured debenture	-	-	4,200.00	30.79	3,340.00	15.02
Employee benefit obligations	5.65	0.07	6.65	0.06	10.71	0.05
<b>Total non-current liabilities</b>	<b>505.65</b>	<b>5.89</b>	<b>5,795.31</b>	<b>42.49</b>	<b>6,047.29</b>	<b>27.20</b>
<b>Total liabilities</b>	<b>5,159.65</b>	<b>60.06</b>	<b>8,867.89</b>	<b>65.02</b>	<b>15,379.44</b>	<b>69.16</b>
<b>Shareholders' Equity</b>						
Registered capital	1,000.00	11.64	1,060.00	7.77	1,086.49	4.89
Paid-up capital	1,000.00	11.64	1,019.99	7.48	1,045.50	4.70
Premium on ordinary shares	1,421.80	16.55	1,421.80	10.42	1,421.80	10.42
Appropriated retained earnings : Legal reserve	100.00	1.16	106.00	0.78	108.65	0.49
Unappropriated retained earnings	874.10	10.17	2,181.79	16.00	4,154.62	18.68
Premium on share from share-based payment <sup>3</sup>	36.19	0.42	36.19	0.27	36.19	0.16
Other component of equity	-	-	0.06	0.00	75.47	0.34
Non-controlling interests	-	-	5.96	0.04	15.03	0.07
<b>Total shareholders' equity</b>	<b>3,432.09</b>	<b>39.94</b>	<b>4,771.79</b>	<b>34.98</b>	<b>6,857.26</b>	<b>30.84</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,591.74</b>	<b>100.00</b>	<b>13,639.68</b>	<b>100.00</b>	<b>22,236.70</b>	<b>100.00</b>

Statement of Financial Position	Audited Financial Statement					
	2014		2015		2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
<b>Revenue</b>						
Interests from hire purchase contracts	502.23	18.67	634.22	16.79	747.53	14.01
Interests from loans	1,452.51	54.01	2,179.90	57.72	3,260.61	61.11
Other revenue	734.64	27.32	962.63	25.49	1,327.21	24.88
<b>Total revenue</b>	<b>2,689.38</b>	<b>100.00</b>	<b>3,776.75</b>	<b>100.00</b>	<b>5,335.35</b>	<b>100.00</b>
<b>Expenses</b>						
Service expenses	125.57	4.67	126.54	3.35	174.32	3.27
Administrative expenses	1,094.66	40.70	1,551.12	41.07	2,123.48	39.80
Bad debts and doubtful debts	188.81	7.02	168.10	4.45	158.12	2.96
<b>Total expenses</b>	<b>1,409.04</b>	<b>52.39</b>	<b>1,845.76</b>	<b>48.87</b>	<b>2,455.92</b>	<b>46.03</b>
<b>Earnings before funding cost and income tax</b>	<b>1,280.34</b>	<b>47.61</b>	<b>1,930.99</b>	<b>51.13</b>	<b>2,879.43</b>	<b>53.97</b>
Funding cost	(218.53)	(8.13)	(280.59)	(7.43)	(368.77)	(6.91)
Tax expenses	(207.13)	(7.70)	(314.34)	(8.32)	(501.97)	(9.41)
<b>Net profit</b>	<b>854.68</b>	<b>31.78</b>	<b>1,336.06</b>	<b>35.38</b>	<b>1,336.06</b>	<b>35.38</b>
<b>Primary earnings per share</b>						
Net profit (Baht/share)		0.93		1.31		1.92
Weighted average number of share (share)		917,123,288		1,019,997,885		1,045,496,492
Par value (Baht)		1.00		1.00		1.00

Statement of Cash flows (Unit : Million Baht)	Audited Financial Statement		
	2014	2015	2016
<b>Cash flows from operating activities</b>			
Before tax gain	1,061.81	1,650.40	2,510.66
<b>Adjusting the Entries:</b>			
Depreciation and amortization	58.28	98.21	151.38
Gain from investment revaluation	(0.05)	0.04	0.01
Gain from divestment	(4.03)	(6.35)	(1.55)
Loss (gain) from equipment amortization	-	0.03	3.15
Gain from sale of premises and equipment	0.30	(1.67)	(1.54)
Loss (gain) from depreciation of foreclosed assets	3.48	(7.36)	(3.80)
Amortization of interests	0.33	0.51	-
Loss (gain) for sale of foreclosed assets	12.96	19.06	12.26
Bad debts and doubtful debts	188.81	168.10	158.12
Projected employee benefit obligations	1.57	1.73	3.32
Currency transaction difference	-	0.06	0.00
Interest income	(1,955.73)	(2,817.69)	(4,008.14)
Other interest income			(1.66)
Interest expense	218.20	280.08	368.77
<b>Changes in operating assets and liabilities :</b>			
Hire purchase receivables	(654.86)	(556.19)	(439.74)
Loan receivables and personal loan receivables	(1,474.13)	(3,238.22)	(5,535.54)
Investment in receivables – net	-	(288.02)	(603.99)
Other receivables from sale of foreclosed asset	-	(90.50)	(90.31)
Inventory	5.04	-	-
Net foreclosed assets	(131.81)	101.58	(574.59)
Value added tax receivables	6.46	-	-
Advanced expenses	(9.41)	(32.20)	-
Other current assets	(1.99)	12.74	(1.26)
Other non-current assets	(12.74)	(29.70)	(34.74)
Other Payables	-	-	160.98
Payables from the related party	(3.03)	(16.46)	-
Other current liabilities	54.96	88.52	6.89
<b>Cash received (used) from operating activities</b>	<b>(2,635.58)</b>	<b>(4,663.30)</b>	<b>(7,918.68)</b>
Interest income	1,891.95	2,774.22	3,957.73
Interest expense	(217.47)	(252.88)	(356.16)

Statement of Cash flows (Unit : Million Baht)	Audited Financial Statement		
	2014	2015	2016
Tax expense	(168.12)	(284.14)	(415.83)
<b>Net cash received (used) in operating activities</b>	<b>(1,129.22)</b>	<b>(2,426.10)</b>	<b>(4,732.93)</b>
<b>Cash flows from investment activities</b>			
Cash paid for temporary investment	(0.27)	20.88	(0.50)
Cash paid for securities for trading	(36.37)	43.17	(297.32)
Cash paid for purchase of available-for-sale investments	-	-	(157.71)
Cash received from sale of automobiles	7.46	-	-
Cash received from sale of equipment	-	20.61	15.57
Cash paid for purchase of premises, property and equipment	(154.31)	(216.71)	(202.58)
Cash paid for purchase of intangible assets	(5.21)	(2.05)	(4.01)
Cash received from other interest income			1.54
<b>Net cash received (used) from investment activities</b>	<b>(188.70)</b>	<b>(134.10)</b>	<b>(645.00)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term loans from financial institutions	12,345.19	7,430.13	11,467.64
Increase in short-term loans from the related party	300.00	500.00	-
Decrease in short-term loans from the related party	(74.00)	(400.00)	-
Increase (decrease) in short-term loans from financial institutions	(12,946.07)	(9,884.51)	(6,827.69)
Cash paid for short term borrowings from financial institutions for purchase of loans			(387.04)
Cash received from issuance of senior unsecured bonds	500.00	4,400.00	1,340.00
Cash paid for issuance of senior unsecured debentures		(500.00)	(200.00)
Repayment of hire purchase loans	(6.42)	(3.61)	(15.34)
Cash received from long-term borrowings from financial institutions		1,000.00	2,000.00
Cash paid for long-term borrowings from financial institutions			(798.61)
Cash paid for long-term borrowings from financial institutions for purchases of loans			(822.67)
Cash received from issued and paid-up share capital	1,671.80	-	-
Cash received from sale of investment	-	6.00	6.00
Dividend payment	(225.00)	(3.00)	(3.06)
<b>Net cash received (used) from financing activities</b>	<b>1,565.50</b>	<b>2,545.01</b>	<b>5,758.23</b>
<b>Increase (decrease) in cash and cash equivalent – net</b>	<b>247.58</b>	<b>(15.19)</b>	<b>380.30</b>
<b>Beginning cash and cash equivalent</b>	<b>100.41</b>	<b>347.99</b>	<b>332.80</b>
<b>Ending cash and cash equivalent</b>	<b>347.99</b>	<b>332.80</b>	<b>713.10</b>

## 13.2 Financial Ratios

Important Financial Ratios		2014	2015	2016
<b>Profitability Ratio</b>				
Interest Income Ratio (%) <sup>/3</sup>	%	29.88	30.01	28.33
Interest Expense Ratio (%) <sup>/1</sup>	%	4.64	4.28	3.22
Net Interest Margin (%)	%	25.24	25.72	25.11
Net Profit Margin (%)	%	31.78	35.38	37.65
Return on Equity (%)	%	37.46	32.57	34.55
<b>Efficiency Ratio</b>				
Return on Assets (%)	%	11.68	12.02	11.20
Total Asset Turnover (times)	times	0.37	0.34	0.30
<b>Financial Ratio</b>				
Debt to Equity Ratio (times)	times	1.50	1.86	2.24
Interest bearing debts to equity ratio	times	1.39	1.75	2.13
Total Loans to Total Borrowing (times)	times	1.43	1.35	1.33
Dividend Payout Ratio(%) <sup>/2</sup>	%	23.91	2.16	2.42

**Note** <sup>/1</sup> Interest expense ratio means funding cost/loans from financial institutions plus loans from related parties and payables from related parties (for 2012 and 2013) because the Group took out loans from SP (Further details can be obtained from the item about interest-bearing debts).

<sup>/2</sup> Dividend payout ratio is calculated from the net profit as shown in the separated financial statement.

<sup>/3</sup> Interest income ratio means interest and fee income/ average hire purchase receivables and loan receivables

## 14. Analysis and Management Discussion

### 14.1 Discussion and Analysis of Financial position and Operational Performance

#### 14.1.1 Overview of the past operational performance

During the early stage, SAWAD Group was engaged in loans collateralized by vehicle registration documents, both with actual ownership transfer and floating transfer, (“auto title loan”), including home-backed loans. Since its first operation, the Company continued to expand its branch office network as well as customer base to cover all regions across the country. Seeing growth potential for the financing service business, the Company later began to expand the financing service coverage by offering hire purchase loans for new motorcycles (hire purchase loans) and non-secured personal loan (“personal loan”) in May and September 2011, respectively. The services include two types of legal transactions, i.e., i) hire purchase contracts for loans with transfer of vehicle registration documents and ii) loan agreements for auto-backed loans with floating transfer of vehicle registration documents, personal loans and nano finance loans.

In addition, SAWAD group operate debt collection service and manage non performing loans. The group operates debt collection service under group’s network and experience, which including by telephone call collection and collateral confiscation.

The core revenue is generated by interest income from hire purchase contracts and loan agreements. The Company realizes interest income on the installment basis, with the income amount being calculated by the exact interest approach. For auto-backed loans including home-backed loans, for which loan repayment is based on a monthly installment basis, the revenue realization is discontinued when customers default on loan repayment longer than 120 consecutive days or four installment periods, starting from the specified due date or when it is clearly indicated that the customers are unable to repay loans. Similar to the loans with quarterly installment basis, the revenue realization is discontinued when the customers default on loan repayment longer than 120 consecutive days. As for personal loans and nano finance loans, the Company stops realizing revenue when customers default on loan repayment longer than 90 days or three monthly installment periods onwards. During 2014-16, SAWAD’s revenue increased from Baht 2,689.38 million to Baht 5,335.35 million, equivalent to a CAGR of 40.85 percent on the back of the expansion of branch office network from 1,059 branches in 2014 to 1,627 branches in 2015 and 2,130 branches as of the end of 2016. As a result, the Group’s loan portfolio grew by 49.50 percent per annum from Baht 7,816.19 million in 2014 to Baht 11,568.14 million in 2015 and to Baht 17,469.23 million in 2016.

The before-tax earnings increased from Baht 1,061.82 million in 2014 to Baht 1,650.40 million in 2015 and Baht 2,510.66 million in 2016, translating to a CAGR of 53.77 percent. The strong earnings can be attributable to the



Company's ability to expand its loan growth, cost control and smaller bad debts. Meanwhile, the net profit rose from Baht 854.69 million in 2014 to Baht 1,336.06 million in 2015, and to Baht 2,008.69 in 2016, implying a CAGR of 53.30 percent.

#### 14.1.2 Analysis of Operational Performance

##### 1) Revenue

##### Core revenue

Revenue	Audited financial statement					
	2014		2015		2016	
	million	percentage	Million	percentage	million	percentage
Interest income from hire purchase contracts	502.23	18.67	634.22	16.79	747.53	14.01
Interest income from loans	1,452.51	54.01	2,179.90	57.72	3,260.61	61.11
Other revenue	734.64	27.32	962.63	25.49	1,327.21	24.88
<b>Total revenue</b>	<b>2,689.38</b>	<b>100.00</b>	<b>3,776.75</b>	<b>100.00</b>	<b>5,335.35</b>	<b>100.00</b>

During 2014 and 2016, the Company's core revenue came from interest income, including interests from auto loans backed by the floating transfer of collaterals, including all kinds of vehicles as well as home and land deeds. This income accounted for around 54-61 percent of the Company's total revenue. Meanwhile, the revenue from interests from auto-backed loans with ownership transfer of vehicle registration documents and hire purchase contracts accounted for about 14-19 percent of the total revenue. Other revenue included fee income, finance charges and revenue from sales of fixed assets and foreclosed assets, accounting for 24-27 percent of the total revenue.

The Company realizes interest income based on the installment basis, with the income amount being calculated by the exact interest approach. For auto title loans including home-backed loans, for which the loan repayment is based on the monthly installment basis, the revenue realization is discontinued when customers default on loan repayment longer than 120 consecutive days or four installment periods, starting from the specified due date, or when it is clearly indicated that the customers are unable to repay loans. Similar to the loans with quarterly installment basis, the revenue realization is discontinued when the customers default on loan repayment longer than consecutive 120 days. As for personal loans and nano finance loans, the Company stops realizing revenue when customers default on loan repayment longer than 90 days or three monthly installment periods onwards.

(Unit: Million)	2014	2015	2016	CAGR (2014-2016) %
Hire purchase and loan receivables	7,816.19	11,568.14	17,469.23	49.50%
Revenue from hire purchasing and lending	1,954.74	2,814.12	4,008.14	43.19%

The Group's total interest income growth achieved a CAGR of 49.50 percent in 2014 -2016. The growth drivers included growth in receivables portfolio, following the expansion of the branch office network that expanded at an average of 43.19 percent per annum. Approximately 50 percent of such receivables portfolios were loans collateralized by four-wheel vehicles, followed by loans secured by home and land deeds, commercial cars and motorcycles. The loans contained interest rates of around 28.33-30.01 percent per annum. FM launched the hire purchase business for new motorcycle but now has suspense new contracts and offer personal loans and nano finance loans, under control by Bank of Thailand which this business segment could add a total of Baht 166 million to the Company's total loan portfolio.

The total interest income grew from Baht 1,954.74 million in 2014 to Baht 2,814.12 million in 2015, equivalent to a growth rate of 44 percent. The growth was driven by the Company's aggressive expansion to add its branch network from 1,059 branches in 2014 to 1,627 branches in 2015. With the enlarged branch office network, the Company managed to serve a wider customer base, covering larger service areas and expanding the loan portfolio from Baht 7,816.19 million in 2014 to Baht 11,568.14 million in 2015. Meanwhile, the number of contacts also increased from 198,805 contracts to 284,708 contracts. As a consequence, the interest income from hire purchase contracts rose by 26.28 percent and the interest income from loans surged by 50.08 percent.

In 2016, the interest income grew by 42.43 percent to Baht 4,008.14 million from the level seen in 2015. The growth was underpinned by the rolling out of 503 new branches to make a total of 2,130 branches, with the number of contracts rising by 127,729 contracts to 412,437 contracts. As a result, the portfolios of hire purchase receivables, loan receivables, and personal loan receivables increased significantly.

## Other Revenue

Other revenue by types	Audited financial statement					
	2014		2015		2016	
	million	percentage	million	percentage	million	percentage
Fee income	282.51	38.46	409.70	42.56	610.07	45.97
Penalty fee income	222.28	30.26	282.58	29.35	353.21	26.61
Collection fee income	163.74	22.29	215.46	22.38	264.74	19.95
Interest income from banks/related businesses	0.99	0.13	3.82	0.40	1.66	0.13
Bad debt recoveries	28.02	3.82	37.12	3.86	48.59	3.66
Sales revenue	7.67	1.04	-	-	6.37	0.48
Gain (loss) from sale of foreclosed assets	2.00	0.27	-	-	-	-
Revenue from services	-	-	-	-	1.80	0.14
Others	27.42	3.73	13.95	1.45	40.77	3.07
<b>Total other revenue</b>	<b>734.63</b>	<b>100.00</b>	<b>962.63</b>	<b>100.00</b>	<b>1,327.21</b>	<b>100.00</b>

The growth in other revenue had a core relation with the growth in core revenue. In 2014, the other revenue increased from Baht 734.63 million to Baht 1,327.21 million in 2016, implying a CAGR of 34.41 percent. The figure also rose, driven mainly by the increase in higher contributions from the increases in number of contracts and/or loan values, including the loan application fee, the penalty fee income for late repayment at MRR+10% per annum of the outstanding balance, (MRR is Minimum Retail Rate of Krungthai Bank Public Company Limited) and the collection fee income at around Baht 200-3,000 per one collection case, depending on types of collaterals. These revenue items accounted for approximately 91-94 percent of total other revenue. Meanwhile, SAWAD Group saw other revenue, i.e. the service income, sale revenue in the year 2016, were results from the Company's new businesses and included collection fee and gain on selling investments in account receivables.

## 2) Operating Expenses

Operating Expenses	Audited financial statement					
	2014		2015		2016	
	<i>Million</i>	<i>percentage</i>	<i>Million</i>	<i>percentage</i>	<i>Million</i>	<i>percentage</i>
	<i>Baht</i>		<i>Baht</i>		<i>Baht</i>	
Service expenses	125.57	8.91	126.54	6.85	174.32	7.10
Administration expense	1,094.66	77.69	1,551.12	84.04	2,123.48	86.46
Bad debts and doubtful debts	188.81	13.40	168.10	9.11	158.12	6.44
<b>Total expenses</b>	<b>1,409.04</b>	<b>100.00</b>	<b>1,845.76</b>	<b>100.00</b>	<b>2,455.92</b>	<b>100.00</b>
<i>Percentage to total revenue</i>		52.39		48.87		46.03

The operating expenses consisted of service expenses, administration expenses, and bad debts and doubtful debts. The service expenses include expenses related to the marketing equipment, e.g., branches' signs, promotional expenses, advertising expenses etc. The Company's service expenses continued to increase during 2014- 2016 in line with the expansions of branch office network as well as growing receivable portfolios. Meanwhile, the administration expenses included personnel expenses, rental expenses, management fees, and etc.

In 2014 – 2016 the Group booked operating expenses amounting to approximately Baht 1,409 – 2,456 million. The uptrend was caused mainly by the continued increase in operating expenses in line with larger branch office network. Meanwhile, the Company managed to control its cost as well as systematically offering loans. In addition, the Company also managed loans and collect debts more effectively. Given these favorable factors, the service expenses, the management fees and bad debt expenses continued to grow at slower paces than revenue growth.

### Administration Expenses

Administration Expenses	2014		2015		2016	
	Million	percentage	Million	percentage	Million	percentage
Advisory fee and professional fee	7.34	0.67	10.46	0.67	18.31	0.82
Expenses	566.62	51.76	808.52	52.13	1,141.85	53.77
Rental Expenses	168.45	15.39	244.52	15.76	315.13	14.84
Depreciation and amortisation expenses	58.28	5.32	98.21	6.33	151.38	7.13
Utilities expenses	25.26	2.31	71.69	4.62	92.47	4.36
Fuel expenses	-	-	30.97	2.00	38.02	1.79
Management fee <sup>/1</sup>	1.81	0.17	0.45	0.03	-	-
Specific business tax	61.86	5.65	92.98	5.99	132.40	6.24
Loss from sale of foreclosed assets	16.44	1.50	11.30	0.73	8.46	0.40
Foreclosing expenses	-	-	20.72	1.34	18.39	0.87
Costs of goods sold	-	-	-	-	6.27	0.29
Others	188.60	17.23	161.30	10.40	200.78	9.46
<b>Total administration expenses</b>	<b>1,094.68</b>	<b>100.00</b>	<b>1,551.12</b>	<b>100.00</b>	<b>2,123.48</b>	<b>100.00</b>
Percentage vs. total revenue		40.70		41.07		39.80

Note <sup>/1</sup> The management fee in 2013 meant the expenses related to branches' services including rental, office expense, telephone and facility bills, employees' expenses, depreciation expense that the Group had to pay to SP because after the transfer of receivable portfolios to SP 1979 SAWAD Group still used the branches and accounts of SP.

The administration expenses included personnel expenses, i.e., employees' salaries, advisory fees and professional fee, e.g., auto fees, legal advisory fees, financial advisory fee, and etc. These expenses accounted for 51-55 percent of the total administration expenses. Other expenses included rental expenses for offices and branches, depreciation and amortisation expenses, utilities expenses, fuel expenses and management fees, accounting for 23 -29 percent of the total administration expenses. The remaining expenses included other management expenses including specific business tax, loss from sale of foreclosed assets and other items, e.g., bank fees, transportation expenses, postal service fees, training expenses, meeting allowance, and etc.

In 2014 – 2016, the Group booked total administration expenses at approximately Baht 1,095 – 2,123 millions. The expenses continued on an uptrend owing mainly to higher personnel expenses and rental expenses in line with the business expansion, adding the number of branch offices from 1,059 branches as of the end of 2014 to 1,627 branches at the end of 2015 and 2,130 branches as of end 2016. The increase in number of employees helped to support the business expansion. The number rose from 3,114 employees in 2014 to 4,085 employees in 2015 and 5,590 employees in 2016. Moreover, the Group also saw other expenses increase. For

example, the specific tax rose in line with the interests from loan agreements. The loss from sale of foreclosed assets has been trending downward because of the better manage in foreclosed asset.

Regarding the total administration expenses to revenue ratio, the ratio did not change much in the past three years, staying at around 40-41 percent. The year-on-year ratio are almost at the same ratio that the group maintain to control the expense at this ratio. Regarding the administration expenses mainly causes from the expansion of office branch network in order to rose the group's revenue.

### *Cost of funding*

The cost of funding is the interest expense arising from short-term loans taken out from financial institutions, bills of exchanges, payables from the related party, short-term loans from the related party, liabilities under financial leases and hire purchase contracts, debentures and long-term loans. The major objective for borrowing is to take short-term loans to fund the Group's financing services, with interest rate of around MLR-1.5% or MOR-1.75%. Further details can be obtained from the issue on interest bearing debts

### 3) Profitability

	Audited financial statement					
	2014		2015		2016	
	Million	percentage	Million	percentage	Million	percentage
Interest income	1,954.74	72.68	2,814.12	74.51	4,008.14	75.12
Financial cost	(218.53)	(8.13)	(280.59)	(7.43)	(368.77)	(6.91)
<b>Net interest margin</b>	<b>1,736.21</b>	<b>64.56</b>	<b>2,533.52</b>	<b>67.08</b>	<b>3,639.37</b>	<b>68.21</b>
Other revenue	734.64	27.32	962.63	25.49	1,327.21	24.88
Operating expenses	(1,409.04)	(52.39)	(1,845.76)	(48.87)	(2,455.92)	(46.03)
<b>Operating profit</b>	<b>1,061.81</b>	<b>39.48</b>	<b>1,650.40</b>	<b>43.70</b>	<b>2,510.66</b>	<b>47.06</b>
<b>Net profit</b>	<b>854.69</b>	<b>31.78</b>	<b>1,336.06</b>	<b>35.38</b>	<b>2,008.69</b>	<b>37.65</b>
No. of diluted shares (million)		1,000		1,020		1,045
<b>Diluted earnings per share (Baht)</b>		<b>0.93</b>		<b>1.31</b>		<b>1.92</b>

Note 1) Percentage means percentage vs. total revenue

### *Operating profit*

In 2014 – 2016, the Company's profitability held up well and continued to increase, evidenced by the operating profit and the operating profit to total revenue that continued to increase significantly. The operating profit improved from Baht 1,061.81 million in 2014 to Baht 1,650.40 million and Baht 2,510.66 million in 2015 and 2016, respectively, equivalent to a CAGR of 53.77 percent. Meanwhile, the operating profit margin to total revenue rose respectively. The improvement in operating profit was a result of the significant increases in interest income from hire purchase contracts and lending services following the huge expansion in receivable

portfolios. As a result, the Company also booked higher fee income and penalty fee for late payment accordingly. In addition, the Company managed to better control expenses, with bad debt and doubtful debt expenses falling due to better loan management. The finance cost also decreased regarding to the Company has listed in the SET, that allow the Company has more channels to reach the lower cost sources of fund.

### Net profit

The net profit and net profit margin accounted approximately 31.8 -37.6 percent during 2014 – 2016. The net profit rose from Baht 854.69 million in 2014 to Baht 1,336.06 million, and Baht 2,008.69 million in 2015 and 2016, respectively, implying a CAGR of 53.30 percent. The net profit margin reflected that its operating expenses to revenue decline continuously. The corporate income tax rate is still at the same rate of 20%.

### Profitability ratio

Ratio (%)	2014	2015	2016
Interest income <sup>/1</sup> vs. average loans	29.88	30.01	28.33
Interest expense vs. average loans	4.64	4.28	3.22
Net interest margin	25.25	25.72	25.11
Net profit margin to total revenue	31.78	35.38	37.65

Note <sup>/1</sup> Interest income and fee

In 2014 – 2016, SAWAD Group continued to see its profitability improve, with wider net interest margins at around 25 percent. The interest income and fee income ratio stood at around 28-30 percent. However the Company's interest expense slightly dropped as a result of repayment the loans from financial institutions which higher interest expenses. The Company made borrowing from bills of exchange, debentures and funding from stock market that contained lower cost than banks' loans. Thus, the interest expense rate dropped to 4.28 percent in 2015. In 2016, according to market interest rate had dropped, the Company's cost of funding then dropped to 3.22%

However, in terms of the Group's profitability, the net profit margin accounted approximately 31.8-37.7 percent in 2014- 2016. The key drivers included a continued increase in revenue as well as better cost control, resulting in declines in service expenses, bad debt expenses and tax expenses.

### Dividend and Dividend Payment Policy

(Unit: million baht)	2014	2015	2016
Dividend payment	120.5	28.56	47.05
After-tax net profit (Separated financial statement) <sup>/1</sup>	941.01	1,320.90	1,947.41
Dividend Payout (%)	12.81	2.16	2.42

After-tax net profit (Consolidated financial statement) <sup>/1</sup>	854.69	1,336.06	2,008.69
<i>Dividend Payout (%)</i>	<i>14.10</i>	<i>2.14</i>	<i>2.34</i>

Note <sup>/1</sup> Data from the audited financial statement

The Company paid interim and annual dividend from performance of 2014 amounted Baht 120.5 million (interim dividend payment was made on 28 March 2014) , stock dividend worth Baht 20 million and cash dividend amounted Baht 3 million was made in May 2015.

The Company paid stock and cash dividend worth Baht 28.56 million from performance of 2015 to shareholders in May 2016.

The Company and its subsidiaries have a dividend payout policy at not less than 40 percent of the net profit after tax according to the Company financial statements and after legal reserves. The dividend payment may be changed, depending on the Company's needs of cash

### 12.1.3 Analysis of Financial Position

#### 1) Assets

From the end of 2014 to 2016, the Company's core assets consisted of hire purchase receivables, loan receivables and personal loan receivables, accounting for approximately 76 – 88 percent of the total assets. These were followed by other assets including premises and foreclosed asset. The Company's total assets continued to increase from Baht 8,592 million as of the end of 2014 to Baht 22,237 million at the end of 2016. The increase was attributable mainly to the expansions of loan portfolios, which will be discussed under the item hire purchase receivables, loan receivables and personal loan receivables.

#### Hire purchase receivables, Loan receivables and Personal Loan receivables

The purchase receivables, loan receivables and personal loan receivables existed from the Company's four financing services, namely auto title loans and home-backed loans, hire purchase loans for new motorcycles, non-secured personal loans and nano finance loans.

The net receivables were calculated by the amount of loans under contracts, deduced by the interests not yet booked as income and allowance for doubtful accounts. The structure of net receivable classified by types of contracts is as follows:

Receivables from lending services	Audited financial statement					
	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	Percentage
Hire purchase receivables- net	2,324	30.81	2,822	25.17	3,223	18.87
Loan and Personal Loan Receivables - net	5,217	69.19	8,391	74.83	13,857	81.13

Total receivables - net	7,543	100.00	11,213	100.00	17,080	100.00
Total assets	8,592		13,639		22,237	

In 2014 to the end of 2016, the Company saw net loan receivables continue to increase. The increase was due largely to the continued expansion of branch office network from 1,059 branches in 2014 to 2,130 branches as of the end of 2016. As a result, the Company's loan portfolio continued to grow steadily.

From 2014 to the end of 2016, the net loan receivables expanded by 50 percent per annum, from Baht 7,543 million as of the end of 2014 to Baht 17,080 million as of the end of 2016. The increase was made possible by the growing number of loan agreements from 198,805 agreements with a total debt value of Baht 7,816 million to 412,589 contracts with a total debt value of Baht 17,469 million, representing average loan amount of Baht 42,000 per contract.

Receivables structure classified by collaterals

Receivables classified by collaterals	Audited financial statement					
	31 December 2014		31 December 2015		31 December 2016	
	Million	%	Million	%	Million	%
Motorcycles	1,281	16.38	2,017	17.44	3,008	17.22
Commercial cars	1,016	13.00	1,399	12.09	1,864	10.67
Vehicles used for agricultural purposes	76	0.98	68	0.59	397	2.23
House and condo deeds	841	10.76	2,068	17.88	4,354	24.92
Four-wheel cars	4,430	56.68	5,959	51.51	7,670	43.90
Personal loans	8	0.10	2	0.02	1	0.00
Nano finance loans	-	-	2	0.02	165	0.95
New motorcycles	164	2.10	53	0.45	10	0.06
<b>Total hire purchase and loan receivables</b>	<b>7,816</b>	<b>100.00</b>	<b>11,568</b>	<b>100.00</b>	<b>17,469</b>	<b>100.00</b>
<u>Deducted by income with unspecified receiver</u>	-	-	-	-	-	-
Allowance for doubtful accounts	(273)	(3.49)	(355)	(3.07)	(389)	(2.23)
<b>Hire purchase and loan receivables – net</b>	<b>7,543</b>		<b>11,213</b>		<b>17,080</b>	

The table above suggests that most receivables at approximately 43.90 percent were those with loans collateralized by four-wheel cars, especially pick-up trucks. The total debt value as of end of 2016 amounted to Baht 7,670 million. The second largest portion of receivables was those with loans secured by deed of land home and condo, at 24.92 percent. Meanwhile, the receivables with loans backed by motorcycles stood at 17.22 percent, while those with commercial cars as collaterals accounted for 10.67 percent of the total debt value.



By contracts, the number of loan agreements collateralized by motorcycles totaled 281,673 contracts as of the end of 2016, accounting for 68 of the total contracts, followed by the contracts with four-wheel vehicles at 85,033 contracts accounting for 21 percent of the total contracts.

### Quality of Receivables

SAWAD Group sets aside allowance for doubtful accounts according to the duration of outstanding balance deducted by interests not yet booked as income and the collateral. The collateral is equivalent to 0-75 percent of the outstanding financial lease receivables deducted by interests not yet booked as income. The Company takes into account the possibility to receive the repayment from the receivables and the sale of collaterals. The criteria for setting aside allowance for doubtful accounts are as follows:

Overdue Duration	Hire purchase contracts and loans collateralized by motorcycles		Hire purchase contracts and loans collateralized by other items		Personal loans
	Percentage of allowance for doubtful accounts	Value of collaterals (%)	Percentage of allowance for doubtful accounts	Value of collaterals (%)	Percentage of allowance for doubtful accounts
Not overdue	1	75	1	75	1
Overdue up to 1 month	2	75	2	75	1
Overdue 1 to 3 months	2	55-65	2	55-65	2
Overdue 3 to 6 months	100	0	20	25-45	100
Overdue 6 to 12 months	100	0	100	15	100
Overdue longer than 12 months	100	0	100	0	100

Note Allowance for doubtful accounts= Percentage of allowance for doubtful accounts X (outstanding finance lease receivables-interests not yet booked as income- the value of collaterals as calculated in the above table).

The analysis details of hire purchase receivables and loan receivables are as follows:

Balance due	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Hire purchase receivables – the balance due not exceeding 1 year	1,748.99	56.12	2,161.70	57.87	2,473.17	58.13
deducted by the interests not yet booked as income	(435.58)	(13.98)	(503.42)	(13.48)	(585.55)	(13.76)
Total hire purchase receivables	1,313.41	42.14	1,658.28	44.39	1,887.62	44.37
Allowance for doubtful accounts	(110.48)	(3.54)	(143.11)	(3.38)	(137.47)	(3.23)
<b>Hire purchase receivables – the balance due not exceeding 1 year – net</b>	<b>1,202.92</b>	<b>38.60</b>	<b>1,515.17</b>	<b>40.56</b>	<b>1,750.15</b>	<b>41.14</b>
Hire purchase receivables – the balance due 1 – 5 years	1,367.61	43.88	1,573.71	42.13	1,751.30	41.16

Balance due	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
deducted by the interests not yet booked as income	(219.46)	(7.04)	(240.37)	(6.43)	(286.80)	(6.74)
Total hire purchase receivables	1,148.16	36.84	1,333.35	35.69	1,494.50	35.13
deducted by allowance for doubtful accounts	(27.23)	(0.87)	(26.32)	(0.70)	(21.94)	(0.52)
Hire purchase receivables – the balance due 1 – 5 years – net	<b>1,120.92</b>	<b>35.97</b>	<b>1,307.03</b>	<b>34.99</b>	<b>1,472.56</b>	<b>34.61</b>
Total hire purchase receivables	<b>3,116.60</b>	<b>100.00</b>	<b>3,735.41</b>	<b>100.00</b>	<b>4,254.47</b>	<b>100.00</b>
deducted by the interests not yet booked as income	(655.04)	(21.02)	(743.79)	(19.91)	(872.35)	(20.50)
Total hire purchase receivables	2,461.56	78.98	2,991.62	80.09	3,382.12	79.50
deducted by allowance for doubtful accounts	(137.71)	(4.42)	(169.43)	(4.54)	(159.41)	(3.75)
Total hire purchase receivables – net	<b>2,323.85</b>	<b>74.56</b>	<b>2,822.19</b>	<b>75.55</b>	<b>3,222.71</b>	<b>75.75</b>

According to the hire purchase receivables classified by the durations of balance due, 58 percent of the receivables saw the balance due of up to one year because the Company provided hire purchase services for used cars and new motorcycles, with the hire purchase durations ranging from 12 to 36 months or one to three years.

Hire Purchase Receivables	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million	percentage
Not overdue or overdue up to 1 month	1,540.68	62.59	1,804.24	60.31	2,026.95	59.93
Overdue 1-3 months	678.40	27.56	894.02	29.88	1,050.75	31.07
Overdue 3-6 months	135.54	5.51	148.62	4.97	171.35	5.07
Overdue 6-12 months	57.36	2.33	68.34	2.28	53.43	1.58
Overdue more than 12 months	49.58	2.01	76.40	2.55	79.63	2.35
Total	<b>2,461.56</b>	<b>100.00</b>	<b>2,991.62</b>	<b>100.00</b>	<b>3,382.12</b>	<b>100.00</b>
deducted by allowance for doubtful accounts	(137.71)	(5.59)	(169.43)	(5.66)	(159.41)	(4.71)
Hire Purchase Receivables - net	<b>2,323.85</b>	<b>94.41</b>	<b>2,822.19</b>	<b>94.34</b>	<b>3,222.71</b>	<b>95.29</b>

According to hire purchase receivables classified by the durations of overdue balance, most receivables were of high quality; in other words, they did not leave the balance overdue or the overdue outstanding balances lasted not more than one month; this accounted for 60 – 63 percent of the total receivables. Meanwhile, the overdue outstanding balance of one to three months accounted for 27-31 percent of the total hire purchase receivables. In regard to the adequacy of the allowances for doubtful accounts, at the end of 2014 and end-2015, the Company set aside the allowances for doubtful accounts amounting to Baht 137.71 million and Baht 169.43 million, accounting for 5.59 percent and 5.66 percent of total hire purchase receivables. At the end of 2016 the Company set aside the allowances for doubtful accounts amounting to Baht 159.41 million declining to 4.71 percent of total hire purchase receivables that shown the better quality of account receivables.

Amount due – Loan receivables	31 December 2014		31 December 2015		31 December 2016	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Loan receivables – due not more than 1 year	5,060.58	78.99	8,255.35	81.28	13,190.47	79.83
<u>Deducted by</u> interests not yet booked as income	(817.21)	(12.76)	(1,254.24)	(12.35)	(1,883.35)	(11.40)
Total loan receivables	4,243.37	66.23	7,001.11	68.93	11,307.12	68.43
<u>Deducted by</u> allowance for doubtful debts	(126.03)	(1.97)	(175.09)	(1.72)	(212.49)	(1.29)
<b>Loan receivables overdue not more than 1 year - net</b>	<b>4,117.34</b>	<b>64.26</b>	<b>6,826.02</b>	<b>67.21</b>	<b>11,094.63</b>	<b>67.15</b>
Loan receivables overdue 1-5 years	1,346.30	21.01	1,900.67	18.71	3,331.91	20.17
<u>deducted by</u> interest not yet booked as income	(235.05)	(3.67)	(325.26)	(3.20)	(551.92)	(3.34)
Total loan receivables	1,111.25	17.34	1,575.41	15.51	2,779.99	16.83
<u>deducted by</u> allowance for doubtful debts	(9.37)	(0.15)	(10.78)	(0.11)	(16.91)	(0.10)
<b>Loan receivables overdue 1 – 5 years – net</b>	<b>1,101.88</b>	<b>17.19</b>	<b>1,564.63</b>	<b>15.40</b>	<b>2,763.08</b>	<b>16.73</b>
Total loan receivables	6,406.89	100.00	10,156.02	100.00	16,522.39	100.00
<u>deducted by</u> allowance for doubtful debts	(1,052.26)	(16.42)	(1,579.50)	(15.55)	(2,435.28)	(14.74)
Total loan receivables	5,354.63	83.58	8,576.52	84.45	14,087.11	85.26
<u>deducted by</u> allowance for doubtful debts	(135.41)	(2.12)	(185.86)	(1.83)	(229.41)	(1.39)
<b>Total loan receivables – net</b>	<b>5,219.22</b>	<b>81.46</b>	<b>8,390.65</b>	<b>82.62</b>	<b>13,857.70</b>	<b>83.87</b>

Regarding the loan receivables classified by the balance due, most receivables were due not more than one year, accounting for 80 percent of the total loan receivables. This was because the largest proportion of the Company's loans were loans collateralized by general cars, motorcycles and house or land deeds; most of which were allowed the repayment periods of not more than 24 months.

Loan receivables	31 December 2013		31 December 2014		31 December 2015	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Not overdue or overdue not more than 1 month	4,210.47	78.63	7,010.72	81.74	11,669.45	82.84
Overdue 1-3 months	940.19	17.56	1,297.49	15.13	2,087.50	14.82
Overdue 3-6 months	116.01	2.17	142.68	1.66	187.36	1.33
Overdue 6-12 months	43.56	0.81	55.79	0.65	63.99	0.45
Overdue more than 12 months	44.40	0.83	69.83	0.81	78.81	0.56
<b>Total</b>	<b>5,354.63</b>	<b>100.00</b>	<b>8,576.51</b>	<b>100.00</b>	<b>14,087.11</b>	<b>100.00</b>
<u>deducted by</u> allowance for doubtful accounts	(135.41)	(2.35)	(185.86)	(2.17)	(229.41)	(1.63)
<b>Loan receivables - net</b>	<b>5,219.22</b>	<b>97.47</b>	<b>8,390.65</b>	<b>97.83</b>	<b>13,857.70</b>	<b>98.37</b>

In regard to loan receivables classified by overdue outstanding balance, most receivables were deemed as high quality, with overdue balance of not more than one month, representing 78-82 percent of the total.

Meanwhile, the balance overdue from one to three months accounted for 15-18 percent while those overdue three to twelve months represented only four percent. There was only one percent for receivables overdue more than 12 months. The Company set aside allowance for doubtful accounts according to the aforementioned overdue durations. As of ends of 2016, 2015 and 2014, the Company set aside allowance for doubtful accounts amounting to Baht 229.41 million, 185.86 million and Baht 135.41 million, representing 1.63, 2.17 percent and 2.53 percent of total receivables, which the lower allowances shown the better quality of account receivables.

#### *Loan Receivables from Purchase of Loan*

The loan receivables from purchase of loan came from the purchase of non-performing loans from financial institutions. The movement and outstanding of loan receivables from purchase of loan shown as follows:

Loan Receivables from Purchase of Loan (unit: million)	2015	2016
Loan receivables from purchase of loan- beginning	-	1,264.68
Additions	1,268.42	1,222.62
Amortisation from collection	(3.74)	(175.68)
Loan receivables from purchase of loan - ending	1,264.68	2,311.62
Less Allowance for impairment	-	(2.62)
<b>Loan receivables from purchase of loan-net</b>	<b>1,264.68</b>	<b>2,309.00</b>

In 2015, the Company purchased distress assets at cost totaled Baht 1,268.42 million, and collection received during the year amounted Baht 3.74 million, that made the end of 2015 the outstanding loan receivables from purchase of loan amounted Baht 1,264.68 million, calculated to 9.27 percent of total assets. In 2016, the Company purchased distress assets at cost totaled Baht 1,222.62 million, and collection received during the year amounted Baht 175.68 million, and set aside of allowance for impairment amounted Baht 2.62 million that made the end of 2016 the outstanding loan receivables from purchase of loan amounted Baht 2,309.00 million, calculated to 10.38 percent of total assets.

#### *Available for Sales Investments*

During 2016, the Company has acquired 9.84 percent of paid-up shares of Bangkok First Investment & Trust Public Company Limited valued Baht 157.71 million and at the end of 2016, the fair value of this available for sales investments was Baht 251.98 million.

#### *Premise Renovation Part and equipment - net*

The Company rents office buildings for its head office and branch offices. Hence, the firm does not own land and buildings as its own operating assets. The Company owns the renovation parts and office deco items, office supplies, computers, vehicles, and computer programs. Most assets at around 37 percent of the total fixed assets as of the end of 2016 were vehicles used for branch offices and management, followed by the office deco items and office supplies including computers that accounted for 17 and 16 percent, respectively. The net value of the offices and equipment totaled approximately Baht 463 million, accounting for 2.08 percent of total assets.

### **Liabilities**

As of the ends of 2014 – 2016, the Company's major liabilities consisted of long-term loans, short-term loans from financial institutions, payables from the related party and debentures. The Company's liabilities continued to increase from Baht 5,160 million as of the end of 2014 to Baht 15,379 million as of the end of 2016, representing a CAGR of 72.64% per annum. The main reason behind the increase was the Company's borrowing in order to fund its financing services based on hire purchases, loan agreements and personal loans.

### **Interest bearing debts**

Interest bearing debt structure	Audited financial statement					
	31 December 2014		31 December 2015		31 December 2016	
	Million	percentage	Million	Percentage	Million	percentage
	Baht		Baht		Baht	
Short-term loan from financial institutions	1,149.43	24.10	410.05	4.92	2,380.00	16.33
Bills of exchanges	2,315.00	48.53	600.00	7.20	3,270.00	22.44
Short-term loan from the related party	300.00	6.29	-	-	-	-
Liabilities from finance leases	5.96	0.12	45.93	0.55	67.77	0.47
Short term loan for purchase of loan					55.92	0.38
Long-term loan for investment in receivables	-	-	976.66	11.72	156.79	1.08
Senior debenture and unsecured bonds	500.00	10.48	4,400.00	52.81	5,540.00	38.02
Long-term loan from the related party	-	-	400.00	4.80	400.00	2.74
Long term loan from financial institutions	500.00	10.48	1,500.00	18.00	2,701.39	18.54
<b>Total interest bearing debts</b>	<b>4,770.39</b>	<b>100.00</b>	<b>8,332.64</b>	<b>100.00</b>	<b>14,571.87</b>	<b>100.00</b>

The Company's interest bearing debts consisted of short-term loans from financial institutions, bills of exchange, long-term loans from the related party, which the Company borrowed from or had outstanding debt liabilities with CIMB (Thailand) Bank, long-term loans from investment in receivables, debts from finance leases and hire purchase contracts, senior debenture and unsecured bonds and long term loan from financial institutions.

The Company's interest bearing debts continued to increase from Baht 4,770.39 million as of the end of 2014 to Baht 14,571.87 million as of the end of 2016, accounting for a CAGR of 74.78 percent. The increase was attributable mainly to the borrowing to support the Group's expansion of its lending business. However, as of the end of 2016, the ratio from senior debenture and unsecured bond had widely increases regarding to reduced short-term borrowings to related to the installment periods and lower cost of funding.

In 2013 the Company was allowed to sell short-term bills of exchange to institutional investors or high net worth investors, at the total value of Baht 2,000 million. The bills of exchange had life of not exceeding 270 days, with an interest rate of 4-5 percent per annum. The Company then raised the value for the short-term bills of exchange to Baht 3,000 million and to Baht 4,000 million in 2016. As of the end of 2016, the sold bills of exchange amounted to Baht 3,270 million. The Company issued senior, unsecured bond offered to institution investors and high net worth investors amounted Baht 1,340 million with interest rate around 2.80-3.10 percent per annum and tenor of bond is around two years to three years. The Company also received long term credit line from financial institution amounted Baht 3,400 million.

As of 31 December 2016, the debt to equity ratio and interest bearing debt to equity ratio stood at 2.24 times and 2.13 times, respectively.

#### Shareholders' equity

	Unit	As of end- 2014	As of end-2015	As of end- 2016
Shareholders' equity	million	3,432.09	4,765.83	6,842.23
Weighted average number of share	Million share	917.12	1,020.00	1,045.50
Book value per weighted average share	Baht/share	3.74	4.67	6.54
Number of fully-diluted shares	Million share	1,000	1,020.00	1,045.50
Fully-diluted Book Value per share	Baht / share	3.43	4.67	6.54
Return of Equity	%	37.46	32.57	34.55

At the end of 2015, the Company had shareholders' equity amounting to Baht 4,765.83 million, increasing Baht 1,333.74 million at the end of 2014, as a result of increasing from net profit from operating and during the year 2015, the Company paid stock dividend worth Baht 20 million and cash dividend amounted Baht 3 million to shareholders.

At the end of 2016, the Company had shareholders' equity amounting to Baht 6,842.23 million, increasing Baht 2,076.40 million at the end of 2015, as a result of increasing from net profit from operating and during the year 2016, the Company paid stock dividend worth Baht 25.50 million and cash dividend amounted Baht 3.06 million to shareholders.

## 2) Liquidity

The objectives for liquidity management were: i) to prepare capital for the Company to be able to run business in compliance with both existing and potential financial obligations; and ii) to seek appropriate marketing opportunities. The Company's financial obligations occurred when the debts were due or when the Company needed funding for working capital purposes.

(Unit: Million Baht)	Audited financial statement		
	2014	2015	2016
Net cash flow received (used) from operating activities	(1,129.23)	(2,426.10)	(4,732.93)
Net cash flow received (used) from operating activities --adjusted <sup>/1</sup>	999.76	1,368.31	1,846.33
Net cash flow received (used) from investing activities	(188.70)	(134.10)	(645.00)
Net cash flow received (used) from financing activities	1,565.50	2,545.01	5,758.23
<b>Cash and cash equivalent increase (decrease) – net</b>	<b>247.57</b>	<b>247.57</b>	<b>380.30</b>

Note: <sup>/1</sup> The operating cash flow was adjusted, excluding hire purchase receivables, loan receivables, receivable from the related party.

### *Operating cash flow*

In 2014 – 2015 the Company used operating cash flow worth Baht 1,129 million, Baht 2,426 million, and Baht 4,733 million, respectively. This pattern was quite normal for the lending business operated by non-financial institutions, which expanded their investment in loan receivables. The Group's loan growth achieved a 49 percent CAGR, raising its loan portfolio from Baht 7,816 million in 2014 to Baht 17,469 million at the end of 2016, as discussed in the item about the hire purchase and loan receivables.

Excluding the increase in receivables from both hire purchase and lending as well as receivables for related parties, which may have deemed as asset investment, the Company's operating cash flow held up fairly well with annual improvements, from Baht 1,000 million in 2014 to Baht 1,368 million and Baht 1,846 million in 2015 and 2016, respectively.

### *Operating cash flow from investment*

From 2014 to the end of 2016, the Company saw its operating cash flow amount to Baht 134 – 645 million given that the Company increased the asset investment by around Baht 154 million, Baht 217 million and Baht 203 million in 2014, 2015 and 2016, respectively. The asset investment included investment in the computer systems, office deco items, and vehicles in order to support the Company's business operation and enhance operation.

### Cash flow from financing activities

From 2014 to 2016, the Company's cash flow from financing activities ranged from Baht 1,566 – 5,758 million. The major funding source, a part from the operating cash flow, was short-term and long-term loans from financial institutions, bills of exchanges, short-term loans from the related party, capital increase programs and debentures. In May 2014 the Company raised fund from IPO program amounting 250 million shares at Baht 6.90 per share and the registered capital increased Baht 250 million. The Group increased the borrowing as well as increasing capital in order to fund its expansion of branch office network, enlarging hire purchase loans, auto-backed and home-backed loans and personal loans going forward.

### 3) Funding Sources

The funding came from loans from financial institutions mainly in forms of overdrafts and promissory notes, followed by bills of exchanges. Over 40 percent of the funding consisted of interest bearing debts with repayment durations of 1-3 years. As of 31 December 2016, the company's interest bearing debts totaled Baht 14,571.87 million. Apart from this, the funding also came from the equity: as of 31 December 2016 the Company's paid-up capital amounted to Baht 1,045.50 million. The Company continued to increase capital during 2011 – 2014

### Capital Structure

As of the ends of 2014 and 2015 and 2016, the Company's debt to equity ratios stood at 1.50 times, 1.86 times, and 2.24 times, respectively. The figure continued on a downtrend given that the Company launched capital increase programs to support the growth in lending services and that the Company's retained earnings continued to grow significantly, resulting in gradual increases in shareholders' equity.

### The relationship of sources and use of funding

Sources and use of funds classified by the due durations	Audited financial statement					
	2014		2015		2016	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
<u>Sources of funds</u>						
Short-term loans	4,770.39	58.16	2,543.98	19.42	8,535.29	39.86
Long-term loans	-	-	5,788.66	44.19	6,036.58	28.19
Shareholders' equities						
-Paid-up capital	1,000.00	12.19	1,020.00	7.79	1,045.50	4.88
-Retained earnings	974.10	11.88	2,287.79	17.47	4,338.74	20.26
- Premiums on common shares	1,421.80	17.33	1,421.80	10.85	1,421.80	6.64
-Premium on shares from share-based	36.19	0.44	36.19	0.28	36.19	0.17



payment						
Sources of funding- total	8,202.48	100.00	13,098.42	100.00	21,414.10	100.00
<i>Use of funds</i>						
Up to 1 year	5,320.26	70.53	9,605.87	76.99	12,844.78	66.25
1 year onwards	2,222.80	29.47	2,871.66	23.01	6,544.64	33.75
Use of funds- total	8,202.48	100.00	12,477.53	100.00	19,389.42	100.00

In regard to the relation between the sources of funds and use of funds, the two items showed relation at a certain degree. Note that post IPO, the Company's paid up capital increased to Baht 1,000 million and premium amounted Baht 1,421.80 million, made the short term loans portion stood at 58 percent. The Company also received proceeds from the capital increase programs to use as long-term funding, replacing some short-term loans. Hence, the sources of funding showed closer relation with the Company's lending volume. In 2015, the Company used long-term loans replacing short-term loans that made short-term loans proportion decreased to 20 percent and long-term loans increased to 44 percent of total sources of funding. In 2016, short term loans portion raised from the year 2015, according to unsecured debentures which will mature in 2017.

As for the liquidity based on the loan to debt ratios, from 2014 to 2016, the Company managed to maintain comfortable levels of loan to debt ratios at around 1.33 – 1.58 times because the Company used most of the loans for lending.

	Audited financial statement		
	2014	2015	2016
Loan to debt ratio (time))	1.58	1.35	1.33

#### 4) Off Balance Sheet Obligations

Potential obligations and liabilities	End-2014	End-2015	End-2016
Within 1 year	140.64	198.79	232.57
From 1 to 5 years	146.93	188.03	227.60
<b>Total</b>	<b>287.57</b>	<b>386.83</b>	<b>460.17</b>

As of 31 December 2014, 31 December 2015 and 31 December 2016, the off balance sheet obligations amounted to Baht 287.57 million, Baht 386.83 million and Baht 460.17 million, respectively. The obligations from the lease for the Group's offices accounted for 8.38 percent, 8.12 percent and 6.73 percent, respectively versus the Company's shareholders' equity.

#### 14.2 Audit Fee

In the fiscal year 2014, the Company paid the audit fee to Pricewaterhousecoopers ABAS Co., Ltd for a total amount of Baht 2,300,000 and for the fiscal year 2015 the audit fee amounted to Baht 2,500,000. The 2016 Annual General Meeting approved the payment of Baht 2,800,000 for the audit fee and the review fee for the interim separated and consolidated financial statements. Apart from such fee, the Company did not have other fees to pay to the auditor or the auditor's company.

### Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors is responsible for the Company's financial statements including all accuracy, adequate financial information. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and accounting estimates. All material information was sufficiently disclosed in the notes to financial statements and audited and expressed with unqualified by an independent auditor.

The Board of Directors has set up an appropriated internal control system to ensure the accuracy of financial information.

In this regard, The Board of Directors has appointed the Audit Committee which comprised independent directors, to oversee the quality of financial reports and internal control system. The Audit Committee opined that the Company's internal control system are satisfactory and assure the reliability of the Company's financial statements as of December 31, 2016.

A handwritten signature in blue ink, appearing to read "Sukhont Kanjanahuttakij".

Mr. Sukhont Kanjanahuttakij

Chairman

A handwritten signature in blue ink, appearing to read "Chatchai Kaewbootta".

Mr. Chatchai Kaewbootta

Chief Executive Officer

### Audit Committee Report

The Company's Board of Directors appointed the Audit Committee. As of 31 December 2016, the Audit Committee consisted of three independent directors, two of whom possess accounting and financial background. All directors did not involve the Company's management. The list of independent directors is as follows:

Mr. Vinai Vittavasgarnvej	Chairman of Audit Committee
Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Audit Committee
Mr. Weerachai Ngamdeevilaisak	Member of Audit Committee

The members of the Audit Committee carried out their duties under the scope and responsibility as assigned by the Boards of Director. The Committee placed emphasis on working with ethics, transparency, balance of power, and ability to be scrutinized. In addition, the Committee also assessed the adequacy of the internal control system covering various areas, including the organization and environment, the control over performance of the management, the reviews of connected transactions or conflicts of interests, the compliance of the Company's rules and regulations, the information and communication, and the monitoring activities. The Audit Committee opined that the Company's internal control was adequate.

During the year 2016, the Audit Committee convened a total of five meetings, where the Company's management, the authorized auditor, and the internal auditor attended, with appropriate agenda being proposed to the Company's Boards of Directors for acknowledgement and further procedure on a quarterly basis. The details of agendas can be summarized below.

1. To review the quarterly financial statement; review and approve the proposal of the annual financial statement to the Company's Board of Directors.
2. To acknowledge and provide opinions in regard to the Audit Committee report
3. To consider the audit results and suggestions from the internal auditor in regard to the operation system and the internal control system; such results and suggestions shall be proposed to the

management for improvement or adjustment as appropriate, with the results of the improvement and adjustment being monitored regularly

4. To ensure regular evaluations of the internal control system
5. To select and propose Mr. Boonlert Kamolchanokkul, the certified public accountant No. 5339 and/or Mrs. Anothai Leekijwatana, the certified public accountant No. 3442 and/or Ms Sakuna Yamsakul, the certified public accountant No. 4906 from PricewaterhouseCoopers ABAS Co., Ltd. as the Company's auditor for the fiscal year 2017; to propose the audit fee for the Board of Directors' approval; and to propose the appointment of the Company's auditor as well as the audit fee to the 2017 Annual General Meeting of Shareholders for approval.
6. To select the P & L Internal Audit Co., Ltd as an internal auditor; and to review and ensure that the internal control plans cover all operation systems.

In 2016 the Audit Committee received full co-operation from all relevant parties. Hence, the Audit Committee would like to express our gratitude for such a good co-operation.



Mr. Vinai Vittavasgarnvej

Chairman of the Audit Committee

**SRISAWAD POWER 1979 PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2016**

# **Independent Auditor's Report**

To the Shareholders of Srisawad Power 1979 Public Company Limited

## **My opinion**

In my opinion, the consolidated financial statements of Srisawad Power 1979 Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## **What I have audited**

I have audited the accompanying consolidated financial position of the Group and separate financial statements of the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

## **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key audit matters**

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

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Allowance for doubtful hire-purchase receivables, loans receivable and personal loans receivable accounts</i></b></p> <p>Refer to Note 10 to the financial statements for hire-purchase receivables and Note 11 to the financial statements for loans receivable and personal loans receivable.</p> <p>Hire-purchase receivables contributed 14% of the Group's total assets, while loans and personal loans receivable contributed 62%. The hire-purchase receivables, loans receivable and personal loans receivable consist of a retail customers with small loan values. The Group monitors repayment of hire-purchase receivables, loans receivable and personal loans receivable and classifies them based on aging into portfolios that require the same approach to assess the allowance for doubtful accounts. The Group sets up the allowance for doubtful accounts based on the aging of outstanding receivables, after offsetting unearned interest income and the collateral value (if any) using a fixed allowance rate in accordance with the Group's accounting policy.</p> <p>I considered the allowance for doubtful hire-purchase receivables, loans receivable and personal loans receivable to be a significant matter because it requires the use of judgement and subjective assumptions by management to determine the valuation of collateral. The Group recognises allowance for doubtful hire-purchase receivables, loans receivable and personal loans receivable consistently in accordance with the Group's accounting policy. The allowance is estimated based on the valuation of collateral, the aging of the receivables and the type of collateral.</p>	<p>I held discussions with management to understand the basis used to identify allowances for doubtful hire-purchase receivables, loans receivable and personal loans receivable. I tested the reasonableness of the basis used by management by benchmarking it against companies in the same industry and business environment, to assess the reasonableness of the allowance for doubtful accounts.</p> <p>I assessed the basis and data used to evaluate the valuation of collateral by comparing samples with the market price and information provided by the Group about the historical selling price from disposal of similar collateral to verify the appropriateness of the range used in the valuation of collateral.</p> <p>I inspected the accuracy of the aging of outstanding receivables by reconciling it to the aging report generated from the IT system and checking against supporting documents, such as hire-purchase, loans and personal loans agreements and the latest invoices and receipts, on a sample basis.</p> <p>I recomputed management's calculation of the allowance for doubtful hire-purchase receivables, loans receivable and personal loans receivable to check the accuracy of the data captured in the accounting records.</p> <p>Overall, the results of my testing are consistent with management's assessment and no material differences were identified.</p>
<p><b><i>Valuation of loans receivable from purchase of loans</i></b></p> <p>Refer to Note 16 to the financial statements for loans receivable from purchase of loans.</p> <p>Loans receivable from purchase of loans contributed 10 % of the Group's total assets and consists of secured loans only. The Group assesses the valuation of loans receivable from purchase of loans annually, in accordance with the accounting policy stated in Note 2.8. This assessment considers the estimated recoverable amount from loans receivable from purchase of loans based on the fair value of collateral discounted by the market interest rate less costs of disposal or the estimated cash collection per the approved debt restructuring agreements discounted by the market interest rate.</p> <p>I focused on this area because the valuation of loans receivable from purchase of loans involves significant judgement by management to assess the period of debt collection and estimated cash collection. Management estimates future cash collection based on the fair value of collateral or the estimated cash collection per the approved debt restructuring agreements in accordance with the accounting policy stated in Note 4.</p>	<p>I interviewed management to understand the basis used for the valuation of loans receivable from purchase of loans.</p> <p>I assessed the method and data used to estimate the timing of recognition and cash collection. I evaluated the appropriateness of the estimated collection and verified the following inputs with the supporting documentation on a sample basis:</p> <ul style="list-style-type: none"> <li>the fair value of collateral by referring to the appraisal report by the independent valuer,</li> <li>the estimated cash collection by referring to the approved restructuring agreements (if any),</li> <li>the estimated period of collection by benchmarking these against other companies in the same industry.</li> </ul> <p>I recomputed the calculation of the loans receivable from purchase of loans based on the discounted present value of estimated future cash collection using the effective interest rate.</p> <p>I tested the market interest rate by benchmarking it against other companies in the same industry. The market interest rate used by management was within an acceptable range.</p> <p>Overall, the results of my testing are consistent with management's assessment and no material differences were identified.</p>



## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Boonlert Kamolchanokkul**  
Certified Public Accountant (Thailand) No. 5339  
Bangkok  
21 February 2017

**Srisawad Power 1979 Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2016**

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	713,105	332,803	419,186	171,505
Short-term investment, net	9	302,963	3,601	302,460	3,601
Current portion of hire purchase receivables, net	10	1,750,150	1,515,165	1,743,005	1,488,197
Current portion of loan receivables, net and personal loan receivables, net	11	11,094,629	6,826,021	10,966,165	6,824,187
Other receivables	12	276,847	186,425	194,174	164,397
Short-term loans to related parties	35 f)	-	-	2,505,961	338,000
Foreclosed assets, net	13	660,436	94,526	91,914	85,477
Other current assets		7,319	6,054	7,126	5,977
<b>Total current assets</b>		<b>14,805,449</b>	<b>8,964,595</b>	<b>16,229,991</b>	<b>9,081,341</b>
<b>Non-current assets</b>					
Available-for-sale investments, net	14	251,979	-	251,979	-
Investments in subsidiaries, net	15	-	-	149,970	154,000
Hire purchase receivables, net	10	1,472,559	1,307,030	1,470,359	1,299,501
Loan receivables and personal loan receivable, net	11	2,763,075	1,564,633	2,728,406	1,560,109
Loan receivables from purchase of loan, net	16	2,309,003	1,264,681	-	-
Land, building, building improvement and equipment, net	17	463,132	390,898	463,067	388,424
Intangible assets, net	18	8,319	7,832	7,971	7,832
Deferred tax assets	19	62,119	73,693	59,832	68,600
Other non-current assets	20	101,062	66,321	97,196	62,150
<b>Total non-current assets</b>		<b>7,431,248</b>	<b>4,675,088</b>	<b>5,228,780</b>	<b>3,540,616</b>
<b>Total assets</b>		<b>22,236,697</b>	<b>13,639,683</b>	<b>21,458,771</b>	<b>12,621,957</b>

Director \_\_\_\_\_

Director \_\_\_\_\_

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2016**

		Consolidated financial statements		Separate financial statements	
		2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Notes					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	22	5,650,000	1,010,044	5,250,000	1,010,044
Short-term borrowings from financial institutions for purchase of loans	23	55,917	-	-	-
Other payables	21	505,168	337,062	454,534	334,337
Current portion of long-term borrowings from financial institutions	22	451,389	500,000	451,389	500,000
Current portion of long-term borrowings from financial institutions for purchase of loans	23	156,794	821,421	-	-
Current portion of obligations under long-term lease liabilities	24	21,189	12,516	21,189	12,516
Current portion of senior unsecured debentures	25	2,200,000	200,000	2,200,000	200,000
Income tax payable		281,038	187,759	274,510	189,289
Other current liabilities		10,662	3,777	8,562	3,503
<b>Total current liabilities</b>		<b>9,332,157</b>	<b>3,072,579</b>	<b>8,660,184</b>	<b>2,249,689</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	22	2,250,000	1,000,000	2,250,000	1,000,000
Long-term borrowings from financial institutions for purchase of loans	23	-	155,241	-	-
Long-term borrowings from related parties	35 h)	400,000	400,000	400,000	400,000
Obligations under long-term lease liabilities	24	46,576	33,417	46,576	33,417
Senior unsecured debentures	25	3,340,000	4,200,000	3,340,000	4,200,000
Employee benefit obligations	26	10,709	6,654	10,527	6,532
<b>Non-current liabilities</b>		<b>6,047,285</b>	<b>5,795,312</b>	<b>6,047,103</b>	<b>5,639,949</b>
<b>Total liabilities</b>		<b>15,379,442</b>	<b>8,867,891</b>	<b>14,707,287</b>	<b>7,889,638</b>

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2016**

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Notes		Baht'000	Baht'000	Baht'000	Baht'000
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital					
Authorised share capital					
	1,086,493,519 ordinary shares				
	at par value Baht 1	1,086,494		1,086,494	
	1,060,000,000 ordinary shares				
	at par value Baht 1		1,060,000		1,060,000
	Issued and paid-up share capital	27			
	1,045,496,492 ordinary shares				
	at par value Baht 1	1,045,496		1,045,496	
	1,019,997,885 ordinary shares				
	at par value Baht 1		1,019,998		1,019,998
	Share premium	27	1,421,801	1,421,801	1,421,801
	Share premium from share-based payment	27	36,190	36,190	36,190
Retained earnings					
	Appropriated - Legal reserve	29	108,649	108,649	106,000
	Unappropriated		4,154,615	4,063,934	2,148,330
	Other components of equity		75,475	75,414	-
	<b>Equity attributable to owners of the parent</b>		6,842,226	6,751,484	4,732,319
	Non-controlling interests		15,029	5,958	-
	<b>Total equity</b>		6,857,255	6,751,484	4,732,319
	<b>Total liabilities and equity</b>		22,236,697	21,458,771	12,621,957

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

Srisawad Power 1979 Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
<b>Revenues</b>					
Interest income		4,008,141	2,816,982	3,915,530	2,787,388
Other income	30	1,327,211	959,767	1,289,218	937,653
<b>Total revenues</b>		<b>5,335,352</b>	<b>3,776,749</b>	<b>5,204,748</b>	<b>3,725,041</b>
<b>Expenses</b>					
Servicing expenses	31	174,322	126,533	167,270	126,437
Administrative expenses	31	2,123,475	1,551,123	2,082,403	1,530,314
Bad and doubtful debts expense		158,122	168,103	156,110	157,717
<b>Total expenses</b>		<b>2,455,919</b>	<b>1,845,759</b>	<b>2,405,783</b>	<b>1,814,468</b>
<b>Profit before finance costs and income tax expense</b>					
		2,879,433	1,930,990	2,798,965	1,910,573
Finance costs		(368,768)	(280,594)	(363,793)	(279,135)
<b>Profit before income tax expense</b>		<b>2,510,665</b>	<b>1,650,396</b>	<b>2,435,172</b>	<b>1,631,438</b>
Income tax expense	32	(501,973)	(314,333)	(487,757)	(310,535)
<b>Net profit for the year</b>		<b>2,008,692</b>	<b>1,336,063</b>	<b>1,947,415</b>	<b>1,320,903</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of employment benefit obligations	26	(731)	720	(752)	628
Income tax relating to items that will not be reclassified subsequently to profit or loss	19	146	(144)	150	(126)
<b>Items that will not be reclassified subsequently to profit or loss</b>		<b>(585)</b>	<b>576</b>	<b>(602)</b>	<b>502</b>
<b>Items that will be reclassified subsequently to profit or loss</b>					
Change in value of available-for-sale investments	14	94,267	-	94,267	-
Currency translation differences		4	64	-	-
Income tax relating to items that will be reclassified	19	(18,853)	-	(18,853)	-
<b>Items that will be reclassified subsequently to profit or loss</b>		<b>75,418</b>	<b>64</b>	<b>75,414</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,083,525</b>	<b>1,336,703</b>	<b>2,022,227</b>	<b>1,321,405</b>

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**  
**Statement of Comprehensive Income (Cont'd)**  
**For the year ended 31 December 2016**

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Note		Baht'000	Baht'000	Baht'000	Baht'000
<b>Profit attributable to:</b>					
Owners of the parent		2,004,623	1,336,112	1,947,415	1,320,903
Non-controlling interests		4,069	(49)	-	-
		<u>2,008,692</u>	<u>1,336,063</u>	<u>1,947,415</u>	<u>1,320,903</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		2,079,454	1,336,745	2,022,227	1,321,405
Non-controlling interests		4,071	(42)	-	-
		<u>2,083,525</u>	<u>1,336,703</u>	<u>2,022,227</u>	<u>1,321,405</u>
<b>Earnings per share</b>					
Basic earnings per share (Baht per share)	33	1.92	1.28	1.86	1.26

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

Srisawad Power 1979 Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2016

Consolidated financial statements												
Notes	Issued and paid-up share capital	Share Premium	Share-based payment	Legal reserve	Unappropriated earnings	Available-for-sale investment	Currency translation differences	Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity	Baht'000
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>Opening balance as at 1 January 2016</b>												
27	1,019,998	1,421,801	36,190	106,000	2,181,788	-	57	57	4,765,834	5,958	4,771,792	
	25,498	-	-	-	-	-	-	-	25,498	-	25,498	
28	-	-	-	-	2,004,036	75,414	4	75,418	2,079,454	4,071	2,083,525	
	-	-	-	-	(28,560)	-	-	-	(28,560)	-	(28,560)	
	-	-	-	-	-	-	-	-	-	-	-	
29	-	-	-	2,649	(2,649)	-	-	-	-	5,000	5,000	
	-	-	-	-	-	-	-	-	-	-	-	
<b>Closing balance as at 31 December 2016</b>												
	1,045,496	1,421,801	36,190	108,649	4,154,615	75,414	61	75,475	6,842,226	15,029	6,857,255	
<b>Opening balance as at 1 January 2015</b>												
27	1,000,000	1,421,801	36,190	100,000	874,098	-	-	-	3,432,089	-	3,432,089	
	19,998	-	-	-	-	-	-	-	19,998	-	19,998	
28	-	-	-	-	1,336,688	-	57	57	1,336,745	(42)	1,336,703	
	-	-	-	-	(22,998)	-	-	-	(22,998)	-	(22,998)	
	-	-	-	-	-	-	-	-	-	-	-	
29	-	-	-	6,000	(6,000)	-	-	-	-	6,000	6,000	
	-	-	-	-	-	-	-	-	-	-	-	
<b>Closing balance as at 31 December 2015</b>												
	1,019,998	1,421,801	36,190	106,000	2,181,788	-	57	57	4,765,834	5,958	4,771,792	

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.



Srisawad Power 1979 Public Company Limited  
Statement of Changes in Equity (Cont'd)  
For the year ended 31 December 2016

Separate financial statements									
	Notes	Issued and paid-up share capital Baht'000	Share Premium Baht'000	Share from share-based payment Baht'000	Legal reserve Baht'000	Retained earnings Unappropriated Baht'000	Other components of equity		Total equity Baht'000
							Other comprehensive income	Available- for-sale investment Baht'000	
<b>Opening balance as at 1 January 2016</b>									
Increase in capital	27	1,019,998	1,421,801	36,190	106,000	2,148,330	-	-	4,732,319
Total comprehensive income for the year		25,498	-	-	-	-	-	-	25,498
Dividend paid	28	-	-	-	-	1,946,813	-	75,414	2,022,227
Appropriated - legal reserve	29	-	-	-	-	(28,560)	-	-	(28,560)
		-	-	-	2,649	(2,649)	-	-	-
<b>Closing balance as at 31 December 2016</b>		<b>1,045,496</b>	<b>1,421,801</b>	<b>36,190</b>	<b>108,649</b>	<b>4,063,934</b>	<b>75,414</b>	<b>-</b>	<b>6,751,484</b>
<b>Opening balance as at 1 January 2015</b>									
Increase in capital	27	1,000,000	1,421,801	36,190	100,000	855,923	-	-	3,413,914
Total comprehensive income for the year		19,998	-	-	-	-	-	-	19,998
Dividend paid	28	-	-	-	-	1,321,405	-	-	1,321,405
Appropriated - legal reserve	29	-	-	-	-	(22,998)	-	-	(22,998)
		-	-	-	6,000	(6,000)	-	-	-
<b>Closing balance as at 31 December 2015</b>		<b>1,019,998</b>	<b>1,421,801</b>	<b>36,190</b>	<b>106,000</b>	<b>2,148,330</b>	<b>-</b>	<b>-</b>	<b>4,732,319</b>

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**

**Statement of Cash Flows**

**For the year ended 31 December 2016**

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
<b>Cash flows from operating activities</b>					
Profit before income tax expense		2,510,665	1,650,396	2,435,172	1,631,438
Adjustments:					
Loss on revaluation of trading securities	9	13	37	13	37
Gain on sale of trading securities		(1,549)	(6,351)	(1,549)	(6,351)
Gain on sale of investment in subsidiaries		-	-	(11)	-
Depreciation and amortisation	31	151,382	98,212	151,195	97,714
Loss on impairment of loans receivable from purchase of loans	16	2,618	-	-	-
Loss on write-off of equipment		3,152	28	3,152	28
Loss on write-off of foreclosed assets		-	389	-	389
Gain on sale of equipments		(1,537)	(1,671)	(1,528)	(1,180)
(Reversal) Loss in impairment of foreclosed assets	31	(3,799)	(7,366)	(361)	(448)
Loss on disposal of foreclosed assets	31	12,262	18,670	9,782	7,960
Bad debts and doubtful accounts		158,122	168,103	156,110	157,717
Employee benefit obligations	26	3,324	1,726	3,243	1,588
Loss on currency exchange from operation		4	64	-	-
Interest income		(4,008,141)	(2,816,982)	(3,915,530)	(2,787,388)
Other interest income	30	(1,657)	(959)	(55,718)	(6,402)
Interest expense		368,768	280,593	363,793	279,135
Changes in operating assets (increase) decrease					
Hire purchase receivables		(439,738)	(556,193)	(465,793)	(639,720)
Loans receivable and personal loans receivable		(5,535,535)	(3,238,220)	(5,376,389)	(3,239,949)
Loans receivable from purchase of loans		(603,986)	(215,134)	-	-
Other receivables		(90,309)	(122,709)	(29,843)	(106,382)
Forclosed assets, net		(574,593)	101,576	(16,078)	93,462
Other current assets		(1,265)	12,746	(1,149)	18,172
Other non-current assets		(34,741)	(29,696)	(35,046)	(28,272)
Changes in operating liabilities increase (decrease)					
Other payables		160,980	(16,459)	113,071	(16,127)
Other current liabilities		6,885	88,520	5,059	88,504
Cash flows used in operating activities		(7,918,675)	(4,590,680)	(6,658,405)	(4,456,075)
Interest received		3,957,728	2,773,257	3,865,661	2,740,542
Interest paid		(356,157)	(252,881)	(353,988)	(251,424)
Income tax paid		(415,827)	(284,135)	(412,471)	(279,977)
<b>Net cash flows used in operating activities</b>		(4,732,931)	(2,354,439)	(3,559,203)	(2,246,934)

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**

**Statement of Cash Flows (Cont'd)**

**For the year ended 31 December 2016**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Cash received (paid) for short-term investments		(503)	20,884	-	20,884
Cash received (paid) from trading securities		(297,323)	43,168	(297,323)	43,168
Cash paid for loans to related parties	35 f)	-	-	(2,795,050)	(574,954)
Cash received from loans to related parties	35 f)	-	-	629,000	352,300
Cash paid for purchase of available-for-sale investments	14	(157,712)	-	(157,712)	-
Cash paid for purchase of investments in subsidiaries	15	-	-	(15,970)	(79,000)
Cash received for liquidation of subsidiary	15	-	-	-	50,178
Cash received from sales of investments in subsidiaries		-	-	20,011	-
Cash received from sales of equipments		15,575	20,612	13,318	10,948
Cash paid for purchase of land, building, building improvement and equipment		(202,576)	(216,706)	(202,576)	(206,594)
Cash paid for purchase intangible assets	18	(4,007)	(2,054)	(3,633)	(2,054)
Cash received from other interest income		1,544	968	53,873	22,780
<b>Net cash flows (used in) provided by investing activities</b>		<b>(645,002)</b>	<b>(133,128)</b>	<b>(2,756,062)</b>	<b>(362,344)</b>
<b>Cash flows from financing activities</b>					
Cash received from short-term borrowings from financial institutions	22.1)	11,467,641	7,430,129	11,067,641	7,430,129
Cash paid for short-term borrowings from financial institutions	22.1)	(6,827,685)	(9,884,512)	(6,827,685)	(9,884,512)
Cash received from borrowings from related parties	35 h)	-	500,000	35,000	500,000
Cash paid for borrowings from related parties	35 h)	-	(400,000)	(35,000)	(400,000)
Cash paid for short-term borrowings from financial institutions for purchase of loans	23.1)	(387,037)	-	-	-
Cash received from issuance of senior unsecured debentures	25	1,340,000	4,400,000	1,340,000	4,400,000
Cash paid for issuance of senior unsecured debentures	25	(200,000)	(500,000)	(200,000)	(500,000)
Cash paid for obligation under lease liabilities		(15,337)	(3,606)	(15,337)	(3,606)
Cash received from long-term borrowings from financial institutions	22.2)	2,000,000	1,000,000	2,000,000	1,000,000
Cash paid for long-term borrowings from financial institutions	22.2)	(798,611)	-	(798,611)	-
Cash paid for long-term borrowings from financial institutions for purchase of loans	23.2)	(822,674)	(72,630)	-	-
Cash received from increase in capital of subsidiary not losing controlling power		5,000	6,000	-	-
Dividend paid	28	(3,062)	(3,000)	(3,062)	(3,000)
<b>Net cash provided by financing activities</b>		<b>5,758,235</b>	<b>2,472,381</b>	<b>6,562,946</b>	<b>2,539,011</b>

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

**Srisawad Power 1979 Public Company Limited**

**Statement of Cash Flows (Cont'd)**

**For the year ended 31 December 2016**

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
<b>Net increase (decrease) in cash and cash equivalents</b>		380,302	(15,186)	247,681	(70,267)
Cash and cash equivalents at beginning of the year		332,803	347,989	171,505	241,772
<b>Cash and cash equivalents at the end of the year</b>	8	713,105	332,803	419,186	171,505
<b>Additional information - Non-cash transactions</b>					
Purchase equipment under finance lease		34,490	43,070	34,490	43,070
Write-off of equipment		3,152	28	3,152	28
Issues promissory note for purchases of loan receivables from financial institutions	23	442,954	1,048,191	-	-
Stock dividend	28	25,498	19,998	25,498	19,998
Transfer of foreclosed assets to company's assets	17	220	-	220	-

The accompanying notes on page 15 to 70 are an integral part of these consolidated and separate financial statements.

## **1 General information**

Srisawad Power 1979 Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

33/4 The Ninth Tower Grand Rama 9, B, 15 fl., Rama 9 Rd, Huaykwang, Bangkok 10310.

The Company is held 52.33% of shares by Kaewboota family who is the majority shareholder. The rest 47.67% of shares is held by individuals.

For reporting purposes, the Company and its subsidiaries are referred to as 'the Group'.

The main operation of the Group are financial service specifically hire purchase, loan, non-performing assets management, investments in other companies, management and consulting services for retail credit systems in local and foreign country and credit sale in foreign country.

The consolidated and separate financial statements were authorised by the Board of Directors on 21 February 2017.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

In the notes all amounts are shown in Thai Baht (thousands) unless otherwise stated.

### **2.2 Revised accounting standard and related revised financial reporting standards**

2.2.1 Revised accounting standard and revised financial reporting standards which are relevant and have a significant impact to the Group that are effective on 1 January 2016 are as follows:

TAS 24 (revised 2015)	Related party disclosures
TAS 36 (revised 2015)	Impairment of assets
TFRS 8 (revised 2015)	Operating segments
TFRS 13 (revised 2015)	Fair value measurement

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group.

## **2 Accounting policies (Cont'd)**

### **2.2 Revised accounting standard and related revised financial reporting standards (Cont'd)**

- 2.2.1 Revised accounting standard and revised financial reporting standards which are relevant and have a significant impact to the Group that are effective on 1 January 2016 are as follows: (Cont'd)

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the financial statements of the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker of the Group. This standard has no impact to the financial statements of the Group, except for disclosure that the Group disclosed by this standard in Note 7 to the financial statements.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts within the scope of TFRS 9 Financial instrument (when announced) including non-financial contracts. This standard has no impact to the financial statements of the Group, except for disclosure that the Group disclosed by this standard in Note 6 to the financial statements.

- 2.2.2 Revised accounting standard and revised accounting standards that are effective on 1 January 2017 that are relevant to the Group and are not early adopted are as follows:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 34 (revised 2016)	Interim financial reporting
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes do not need to be presented in an order presented on the statements of financial position.
- The share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in statement of other comprehensive income.

TAS 19 (revised 2016), the significant amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

## 2 Accounting policies (Cont'd)

### 2.2 Revised accounting standard and related revised financial reporting standards (Cont'd)

#### 2.2.2 Revised accounting standard and revised accounting standards that are effective on 1 January 2017 that are relevant to the Group and are not early adopted are as follows: (Cont'd)

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

The Group's management is currently assessing the impact of applying the revised accounting standards and revised financial reporting standards to the consolidated and separate financial statements.

### 2.3 Group Accounting - Investments in subsidiaries

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

## 2 Accounting policies (Cont'd)

### 2.3 Group Accounting - Investments in subsidiaries (Cont'd)

#### Subsidiaries (Cont'd)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

### 2.4 Foreign currency transactions

#### a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht which is the Company's functional and presentation currency.

#### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

#### c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as other comprehensive income.



## **2 Accounting policies (Cont'd)**

### **2.5 Cash and cash equivalents**

In the consolidated and separate's statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less from acquisition date, and bank overdraft which is used for cash management of the Group. Bank overdraft is presented in current liabilities in statement of financial position.

### **2.6 Investment**

The Group classifies investments, other than investments in subsidiaries, associates and joint ventures, into 4 categories: 1) Trading investments; 2) Held-to-maturity investments; 3) Available-for-sale investments; and 4) General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Trading investments are traded in active markets and included in short-term investment.
- (2) Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statement of financial position date which are classified as short-term investment.
- (3) Available-for-sale investments are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in long-term investment unless management has expressed the intention of holding the investment for less than 12 months from the statements of financial position date or management has intention to sell to increase working capital, in which case they are included in short-term investment.
- (4) General investments are investments in non-marketable equity securities.

All 4 categories of investment are initially recorded at cost which is fair value of considerations transferred to acquire investment including transaction cost.

Trading and available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses of trading investments are recognised in profit or loss. Unrealised gain and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. Fair values are calculated on the following basis:

- For marketable debt securities, fair values are calculated by referencing the last bid prices on the last business day of the period. The rates are announced by the Thai Bond Market Association (Thai BMA).
- For marketable equity securities, fair values are calculated by referencing the last bid prices quoted on the Stock Exchange of Thailand on the last business day of the reporting period.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less allowance for impairment.

General investments are carried at cost less allowance for impairment.

The Group tests for impairment when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. When disposing of part of the Group's holding of a partial investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## 2 Accounting policies (Cont'd)

### 2.7 Hire purchase receivables, loan receivables and personal loan receivables

Hire purchase receivables, loan receivables and personal loan receivables would initially be recognised at an amount equal to the net investment in the contract. Subsequently, they are stated at net realisable value from the contract value net of unearned interest income and allowance for doubtful accounts. The Group sets up allowance for doubtful accounts from the aging period of outstanding receivables, after netting unearned interest income and collateral value (if any). The collateral value is ranged from 0% - 75% of the contract value, depending on the chance of debt collectability and the sales of collateral. The basis of allowance for doubtful is as follows:

Aging months	Percentage of allowance for doubtful accounts (%)		
	Hire purchase receivables and loan receivables - Motor cycles	Hire purchase receivables and loan receivables - Others	Personal loan receivables
Current or overdue 1 month	1	1	1
Overdue more than 1 month to 3 months	2	2	2
Overdue more than 3 months to 6 months	100	20	100
Overdue more than 6 months to than 12 months	100	100	100
More than 12 months	100	100	100

### 2.8 Loan receivables from purchase of loan

Loan receivables from purchase of loan purchased from financial institutions, they are valued at acquisition cost and subsequently amortised based on effective interest rate less allowance for impairment (if any). The Group records loss on impairment of investments in statements of comprehensive income. The Group determines allowance for impairment of loan receivables from purchase of loan based on the present value of expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements discounted using market interest rate.

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the specific identification. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

### 2.10 Foreclosed assets

Foreclosed assets are properties seized from default debtors. They are initially recognised at lower of the outstanding debts and the fair value of assets. The subsequent measurement is at the lower of the carrying amount and fair value less cost to sell.

Gains (losses) from disposal of foreclosed assets are recognised as gain or loss in the statement of comprehensive income when the sale is made. Loss on impairment is recognised as expenses in the statement of comprehensive income.

## **2 Accounting policies (Cont'd)**

### **2.11 Land, building, building improvement and equipment**

Building, building improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

The cost of land, building, building improvement and equipment comprises of its purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to depreciate the cost of each asset over the estimated useful life as follows:

Land	Not depreciated
Building	20 years
Building improvement	3 years
Furniture and fixture	5 years
Equipment	5 years
Vehicles	5 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.13).

Gains and losses on disposals are determined by comparing net proceeds with carrying amount and are included in profit or loss.

### **2.12 Intangible assets**

#### **Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

## 2 Accounting policies (Cont'd)

### 2.13 Impairment of assets

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

### 2.14 Leases

#### The Group is the lessee

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

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

#### The Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned interest income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct cost is included in measurement of initial recognition of finance lease and will be recognised by decreasing in income throughout the lease contract.

### 2.15 Troubled debt restructuring (where the Group is the creditor)

The Group records assets in settlement of debts at the lower of the fair values of the asset, less estimated selling expenses (if any), and the amount of loans receivable from purchase of loan (including accrued interest income).

Where the debt restructuring involves modification of the terms of receivables, the fair value of loans receivable from purchase of loan after restructuring is based on the net present value of the expected future cash flows, discounted by the effective interest rate prevailing at the restructuring date.

Losses arising from restructuring, less recorded provision for doubtful accounts, are recognised in profit or loss when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

## **2 Accounting policies (Cont'd)**

### **2.16 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the end of reporting date.

### **2.17 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in Thailand where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **2.18 Employee benefits**

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is a retirement benefit not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

## **2 Accounting policies (Cont'd)**

### **2.18 Employee benefits (Cont'd)**

The retirement benefit liability recognised in the statement of financial position at the present value of the defined benefit obligation at the end of the reporting period. The retirement benefit liability is calculated by independent actuaries using the projected unit credit method. The present value of the retirement benefit liability is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity.

### **2.19 Share-based payment**

The Company records a share-based payment for director remuneration. The Company receives services from the director as consideration for selling the Company's shares below fair value. The difference between the selling price and the fair value is recognised as an expense in the statement of comprehensive income and increase in the equity.

### **2.20 Provisions**

The Group recognises provisions when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.21 Revenues and expenses recognition**

The Group recognises revenues and expenses on an accrual basis.

#### **a) Interest income from hire purchase, loan contract and personal loan contract**

The Group records unearned interest income from hire purchase, loan contract and personal loan contract, and recognises interest income using the effective interest rate method.

Recognition of interest income is discontinued when hire purchase and loan receivables are more than 4 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire purchase receivables and loan receivables which are overdue by more than 4 installments.

#### **b) Interest income from purchase of loan**

Interest income from purchase of loan is recognised using effective interest rates method which is based on the expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements. When the loan receivables from purchase of loan has already made full payment but the Group still has right to demand performance by debtor according to agreement, the Group will recognise such difference when payment is made by debtor as gain on loan receivables from purchase of loan in statement of comprehensive income

## **2 Accounting policies (Cont'd)**

### **2.21 Revenues and expenses recognition (Cont'd)**

The Group recognises revenues and expenses on an accrual basis. (Cont'd)

c) Fee and service income

Fee and service income are recognised when services have been rendered on an accrual basis. Fee income from late payment is recognised when received.

d) Revenue from sales of goods

Revenue from sales of goods is presented at cash from sales net with value added tax, returns, refunds, and discount which is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

e) Other income and expense

Other income and expense are recognised on an accrual basis.

### **2.22 Dividend distribution and dividend recognition**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividend income is recognised when the right to receive payment is established.

### **2.23 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## **3 Financial risks management**

### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including exchange rate risk, fair value risk resulting from change in interest rate, cash flow risk resulting from change in interest rate, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the fluctuation of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Operation risk management is carried out by management by identifying, evaluating and hedging the overall financial risks that is described in Note 34 to the financial statements.

### **3.2 Fair value estimation**

The approximate fair values of financial assets and liabilities with a maturity of less than one year is close to net book value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future cash flows that available to the Group for similar financial instruments at the current market interest rate which is disclosed in Note 6 to the financial statements

#### 4 Critical accounting estimates, assumptions and judgements

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

##### **Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### **(a) Allowance for doubtful accounts of hire purchase, loan receivables and personal loan**

The Group maintains an allowance for doubtful accounts to reflect impairment of hire purchase and loan receivables and personal loans. Management uses judgment in estimating the allowance for doubtful accounts by considering overdue period of receivables and type of collateral. The assessment is based on historical debt collection experiences, historical default, and future market trends.

##### **(b) Allowance for impairment of foreclosed assets**

The Group assesses allowance for impairment of foreclosed assets when net realisable value falls below the book value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets, and the latest sales price of assets (if any). However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

##### **(c) Retirement benefit obligations**

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations. The Group determines the appropriate discount rate at the end of each year.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 26 to the financial statements.

##### **(d) Recognition of interest income from loan receivables from purchase of loan**

The Group recognises interest income from loan receivables from purchase of loan based on present value of expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements discounted using effective interest rate. The Group uses judgment to estimate the amount and period of time expected to receive cash collection from receivables.

##### **(e) Estimation of impairment of loan receivables from purchase of loan**

The Group annually assesses allowance for impairment of loan receivables from purchase of loan. According to Note 2.8, net realisable value of loan receivables from purchase of loan is determined by the present value of expected future cash flows discounted using market interest rate at the last day of reporting period.

#### 5 Capital risk management

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

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



## 6 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follow:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016 and 2015.

<b>Consolidated financial statements</b>				
<b>As at 31 December 2016</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	302,963	-	302,963
Available-for-sale investments (Note 14)	251,979	-	-	251,979
<b>Total assets</b>	<b>251,979</b>	<b>302,963</b>	<b>-</b>	<b>554,942</b>

<b>Consolidated financial statements</b>				
<b>As at 31 December 2015</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	3,601	-	3,601
<b>Total assets</b>	<b>-</b>	<b>3,601</b>	<b>-</b>	<b>3,601</b>

The following table presents the Company's financial assets that are measured at fair value at 31 December 2016 and 2015.

<b>Separate financial statements</b>				
<b>As at 31 December 2016</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	302,460	-	302,460
Available-for-sale investments (Note 14)	251,979	-	-	251,979
<b>Total assets</b>	<b>251,979</b>	<b>302,460</b>	<b>-</b>	<b>554,439</b>

<b>Separate financial statements</b>				
<b>As at 31 December 2015</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	3,601	-	3,601
<b>Total assets</b>	<b>-</b>	<b>3,601</b>	<b>-</b>	<b>3,601</b>

**6 Fair value estimation (Cont'd)**

The following table presents the Group's financial assets and liabilities that are not measured at fair value as at 31 December 2016 and 2015.

<b>Consolidated financial statements</b>				
<b>As at 31 December 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Assets</b>				
Cash and cash equivalents	713,105	-	-	713,105
Loan receivables and personal loan receivables	-	15,062,583	-	15,062,583
Other receivables	-	109,805	-	109,805
Loan receivables from purchase of loan	-	3,564,012	-	3,564,012
<b>Total assets</b>	<b>713,105</b>	<b>18,736,400</b>	<b>-</b>	<b>19,449,505</b>
<b>Liabilities</b>				
Short-term borrowings from financial institutions	-	5,650,000	-	5,650,000
Short-term borrowings from financial for purchase of loans	-	55,917	-	55,917
Other payables	-	284,936	-	284,936
Long-term borrowings from financial institutions	-	2,504,203	-	2,504,203
Long-term borrowings from financial for purchase of loans	-	151,805	-	151,805
Long-term borrowings from related parties	-	378,584	-	378,584
Senior unsecured debentures	-	5,534,237	-	5,534,237
<b>Total liabilities</b>	<b>-</b>	<b>14,559,682</b>	<b>-</b>	<b>14,559,682</b>

<b>Consolidated financial statements</b>				
<b>As at 31 December 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Assets</b>				
Cash and cash equivalents	332,803	-	-	332,803
Loan receivables and personal loan receivables	-	8,390,654	-	8,390,654
Other receivables	-	90,529	-	90,529
Loan receivables from purchase of loan	-	1,264,681	-	1,264,681
<b>Total assets</b>	<b>332,803</b>	<b>9,745,864</b>	<b>-</b>	<b>10,078,667</b>
<b>Liabilities</b>				
Short-term borrowings from financial institutions	-	1,010,044	-	1,010,044
Other payables	-	202,657	-	202,657
Long-term borrowings from financial institutions	-	1,500,000	-	1,500,000
Long-term borrowings from financial for purchase of loans	-	976,662	-	976,662
Long-term borrowings from related parties	-	400,000	-	400,000
Senior unsecured debentures	-	4,400,000	-	4,400,000
<b>Total liabilities</b>	<b>-</b>	<b>8,489,363</b>	<b>-</b>	<b>8,489,363</b>

**6 Fair value estimation (Cont'd)**

The following table presents the Company's financial assets and liabilities that are not measured at fair value as at 31 December 2016 and 2015.

<b>Separate financial statements</b>				
<b>As at 31 December 2016</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Cash and cash equivalents	419,186	-	-	419,186
Loan receivables and personal loan receivables	-	14,871,995	-	14,871,995
Other receivables	-	123,804	-	123,804
Short-term loans to related parties	-	2,505,961	-	2,505,961
<b>Total assets</b>	<b>419,186</b>	<b>17,501,760</b>	<b>-</b>	<b>17,920,946</b>
<b>Liabilities</b>				
Short-term borrowings from financial institutions	-	5,250,000	-	5,250,000
Other payables	-	279,907	-	279,907
Long-term borrowings from financial institutions	-	2,504,203	-	2,504,203
Long-term borrowings from related parties	-	378,584	-	378,584
Senior unsecured debentures	-	5,534,237	-	5,534,237
<b>Total liabilities</b>	<b>-</b>	<b>13,946,931</b>	<b>-</b>	<b>13,946,931</b>

<b>Separate financial statements</b>				
<b>As at 31 December 2015</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Cash and cash equivalents	171,505	-	-	171,505
Loan receivables and personal loan receivables	-	8,384,296	-	8,384,296
Other receivables	-	100,236	-	100,236
Short-term loans to related parties	-	338,000	-	338,000
<b>Total assets</b>	<b>171,505</b>	<b>8,822,532</b>	<b>-</b>	<b>8,994,037</b>
<b>Liabilities</b>				
Short-term borrowings from financial institutions	-	1,010,044	-	1,010,044
Other payables	-	201,430	-	201,430
Long-term borrowings from financial institutions	-	1,500,000	-	1,500,000
Long-term borrowings from related parties	-	400,000	-	400,000
Senior unsecured debentures	-	4,400,000	-	4,400,000
<b>Total liabilities</b>	<b>-</b>	<b>7,511,474</b>	<b>-</b>	<b>7,511,474</b>

There were no transfers between levels 1 and 2 during the year.

**6 Fair value estimation (Cont'd)**

**(a) Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**(b) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include the following:

- The fair value of short-term investments is net assets value per share which was quoted by the Asset Management Company at the last business day of financial position date;
- The fair value of loan receivables and personal loan receivables is estimated future cash flows under agreements discounted by using the market interest rate;
- The fair value of loan receivables from purchase of loan is estimated future cash flows from disposal of collateral or debt collection from receivables under the approved debt restructuring agreements discounted using the market interest rate plus risk that reflects the quality of loan receivables from purchase of loan at the date of the financial statements;
- The fair value of financial assets and liabilities with short-term maturity and high liquidity, including other receivables, other payables, short-term loans and short-term borrowings is their carrying amounts in the statements of financial position;
- The fair value of long-term borrowings is estimated future contractual cash out flows discounted by using the current market interest rate for similar financial instruments available to the Group;
- The fair value of senior unsecured debentures is estimated future contractual cash out flows discounted by using the current risk free and the Group's risk premium rate for similar financial instruments available to the Group.

## **7 Segment information**

The Group presents segment information by presenting business segment as the primary reporting format based on the type of business in determining business segment.

The main operation of the Group are financial service specifically hire purchase, loan, non-performing assets management, investments in other companies, management and consulting services for retail credit systems in local and foreign country and credit sale in foreign country.

The Group did not have income from investments in other companies for the year ended 31 December 2016 and 2015.

Income from business segment operation is from domestic customers which comprises of retailed customers.

The consolidated financial statement by segments for the years ended 31 December 2016 and 2015 are as follows:

	<b>For the year ended 31 December 2016</b>		
	<b>Hire purchase Baht'000</b>	<b>Loan Baht'000</b>	<b>Total Baht'000</b>
Interest income	747,533	3,260,608	4,008,141
Other income			1,327,211
Total revenue			5,335,352
Servicing expenses			(174,322)
Administrative expenses			(2,123,475)
Bad and doubtful debts expense	(64,106)	(94,016)	(158,122)
Profit before finance costs and income tax expense			2,879,433
Finance costs			(368,768)
Profit before income tax expense			2,510,665
Income tax expenses			(501,973)
Net profit for the year			2,008,692
<b>As at 31 December 2016</b>			
Hire purchase receivables, net (Note 10)	3,222,709	-	3,222,709
Loan receivables and personal loan receivables, net (Note 11)	-	13,857,704	13,857,704
Loan receivables from purchase of loans, net (Note 16)	-	2,309,003	2,309,003
Unallocated assets			2,847,281
Total consolidated assets			22,236,697
Borrowings from financial institutions (Notes 22, 23)			8,564,100
Senior unsecured debentures (Note 25)			5,540,000
Unallocated liabilities			1,275,342
Total consolidated liabilities			15,379,442

**7 Segment information (Cont'd)**

The consolidated financial statement by segments for the years ended 31 December 2016 and 2015 are as follows: (Cont'd)

	<b>For the year ended 31 December 2015</b>		
	<b>Hire purchase Baht'000</b>	<b>Loan Baht'000</b>	<b>Total Baht'000</b>
Interest income	634,220	2,182,762	2,816,982
Other income			959,767
Total revenue			3,776,749
Servicing expenses			(126,533)
Administrative expenses			(1,551,123)
Bad and doubtful debts expense	(80,411)	(87,692)	(168,103)
Profit before finance costs and income tax expense			1,930,990
Finance costs			(280,594)
Profit before income tax expense			1,650,396
Income tax expenses			(314,333)
Net profit for the year			1,336,063
<b>As at 31 December 2015</b>			
Hire purchase receivables, net (Note 10)	2,822,195	-	2,822,195
Loan receivables and personal loan receivables, net (Note 11)	-	8,390,654	8,390,654
Loan receivables from purchase of loans, net (Note 16)	-	1,264,681	1,264,681
Unallocated assets			1,162,153
Total consolidated assets			13,639,683
Borrowings from financial institutions (Note 22, 23)			3,486,706
Senior unsecured debentures (Note 25)			4,400,000
Unallocated liabilities			981,185
Total consolidated liabilities			8,867,891

**8 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Cash	4,237	4,570	4,123	4,565
Saving deposits	478,551	134,847	224,197	80,315
Deposits held at call with banks	230,317	193,386	190,866	86,625
Total Cash and cash equivalents	713,105	332,803	419,186	171,505

As at 31 December 2016, saving deposits carry interest rate of 0.25% - 0.50% per annum (31 December 2015: 0.375% - 0.75% per annum).

**9 Short-term investment, net**

<b>Consolidated financial statements</b>				
<b>2016</b>			<b>2015</b>	
<b>Cost/ Amortised cost Baht'000</b>	<b>Fair value Baht'000</b>		<b>Cost/ Amortised cost Baht'000</b>	<b>Fair value Baht'000</b>
Trading securities - Investment unit	302,456	302,460	3,584	3,601
<u>Add</u> Revaluation surplus	4	-	17	-
Trading securities, net	302,460	302,460	3,601	3,601
Fixed deposits	503	503	-	-
Total short-term investment	302,963	302,963	3,601	3,601

<b>Separate financial statements</b>				
<b>2016</b>			<b>2015</b>	
<b>Cost/ Amortised cost Baht'000</b>	<b>Fair value Baht'000</b>		<b>Cost/ Amortised cost Baht'000</b>	<b>Fair value Baht'000</b>
Trading securities - unit	302,456	302,460	3,584	3,601
<u>Add</u> Revaluation surplus	4	-	17	-
Trading securities, net	302,460	302,460	3,601	3,601
Total short-term investment	302,460	302,460	3,601	3,601

As at 31 December 2016, short-term investment was 12-month fix deposits which had interest 0.90% - 1.50% per annum (31 December 2015: interest rate 1.50% per annum).

**10 Hire purchase receivables, net**

As at 31 December 2016 and 2015, the Group and the Company's average contract period of hire purchase receivables are 1 - 3 years.

<b>Consolidated financial statements</b>						
<b>2016</b>			<b>2015</b>			
<b>Amounts due under contracts</b>			<b>Amounts due under contracts</b>			
<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>	
Hire purchase receivables	2,473,166	1,781,301	4,254,467	2,161,696	1,573,714	3,735,410
Unearned interest income	(585,547)	(286,804)	(872,351)	(503,421)	(240,367)	(743,788)
Total	1,887,619	1,494,497	3,382,116	1,658,275	1,333,347	2,991,622
<u>Less</u> Allowance for doubtful accounts	(137,469)	(21,938)	(159,407)	(143,110)	(26,317)	(169,427)
Hire purchase receivables, net	1,750,150	1,472,559	3,222,709	1,515,165	1,307,030	2,822,195

10 Hire purchase receivables, net (Cont'd)

	Separate financial statements					
	2016			2015		
	Amounts due under contracts			Amounts due under contracts		
	Less than 1 year Baht'000	1 - 5 years Baht'000	Total Baht'000	Less than 1 year Baht'000	1 - 5 years Baht'000	Total Baht'000
Hire purchase receivables	2,458,787	1,778,475	4,237,262	2,106,954	1,562,558	3,669,512
Unearned interest income	(583,465)	(286,178)	(869,643)	(492,620)	(239,248)	(731,868)
Total	1,875,322	1,492,297	3,367,619	1,614,334	1,323,310	2,937,644
<u>Less</u> Allowance for doubtful accounts	(132,317)	(21,938)	(154,255)	(126,137)	(23,809)	(149,946)
Hire purchase receivables, net	<u>1,743,005</u>	<u>1,470,359</u>	<u>3,213,364</u>	<u>1,488,197</u>	<u>1,299,501</u>	<u>2,787,698</u>

As at 31 December 2016 and 2015, the hire purchase receivables were classified by aging as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Current or overdue not over than 1 month	2,026,951	1,804,236	2,024,709	1,783,910
Overdue more than 1 month to 3 months	1,050,752	894,017	1,043,627	879,636
Overdue more than 3 months to 6 months	171,354	148,622	169,877	142,983
Overdue more than 6 months to 12 months	53,429	68,345	51,236	59,275
Overdue more than 12 months	79,630	76,402	78,170	71,840
Total	3,382,116	2,991,622	3,367,619	2,937,644
<u>Less</u> Allowance for doubtful accounts	(159,407)	(169,427)	(154,255)	(149,946)
Hire purchase receivables, net	<u>3,222,709</u>	<u>2,822,195</u>	<u>3,213,364</u>	<u>2,787,698</u>

	Consolidated financial statements			
	2016			
	Hire purchase receivable and unearned interest income Baht'000	Balance after collateral Baht'000	Minimum percentage %	Allowance for doubtful account Baht'000
Current or overdue not over than 1 month	2,026,951	506,738	1	5,067
Overdue more than 1 month to 3 months	1,050,752	335,306	2	6,706
Overdue more than 3 months to 6 months	171,354	105,309	20, 100	22,260
Overdue more than 6 months to 12 months	53,429	45,744	100	45,744
Overdue more than 12 months	79,630	79,630	100	79,630
Total	<u>3,382,116</u>	<u>1,072,727</u>		<u>159,407</u>



**10 Hire purchase receivables, net (Cont'd)**

As at 31 December 2016 and 2015, the hire purchase receivables were classified by aging as follows: (Cont'd)

<b>Consolidated financial statements</b>				
<b>2015</b>				
	<b>Hire purchase receivable and unearned interest income Baht'000</b>	<b>Balance after collateral Baht'000</b>	<b>Minimum percentage %</b>	<b>Allowance for doubtful account Baht'000</b>
Current or overdue not over than 1 month	1,804,236	451,059	1	4,510
Overdue more than 1 month to 3 months	894,017	284,755	2	5,695
Overdue more than 3 months to 6 months	148,622	93,648	20, 100	23,361
Overdue more than 6 months to 12 months	68,345	59,459	100	59,459
Overdue more than 12 months	76,402	76,402	100	76,402
<b>Total</b>	<b>2,991,622</b>	<b>965,323</b>		<b>169,427</b>
<b>Separate financial statements</b>				
<b>2016</b>				
	<b>Hire purchase receivable and unearned interest income Baht'000</b>	<b>Balance after collateral Baht'000</b>	<b>Minimum percentage %</b>	<b>Allowance for doubtful account Baht'000</b>
Current or overdue not over than 1 month	2,024,709	506,177	1	5,062
Overdue more than 1 month to 3 months	1,043,627	334,494	2	6,690
Overdue more than 3 months to 6 months	169,877	103,831	20, 100	20,782
Overdue more than 6 months to 12 months	51,236	43,551	100	43,551
Overdue more than 12 months	78,170	78,170	100	78,170
<b>Total</b>	<b>3,367,619</b>	<b>1,066,223</b>		<b>154,255</b>
<b>Separate financial statements</b>				
<b>2015</b>				
	<b>Hire purchase receivable and unearned interest income Baht'000</b>	<b>Balance after collateral Baht'000</b>	<b>Minimum percentage %</b>	<b>Allowance for doubtful account Baht'000</b>
Current or overdue not over than 1 month	1,783,910	445,978	1	4,460
Overdue more than 1 month to 3 months	879,636	280,754	2	5,615
Overdue more than 3 months to 6 months	142,983	88,009	20, 100	17,642
Overdue more than 6 months to 12 months	59,275	50,389	100	50,389
Overdue more than 12 months	71,840	71,840	100	71,840
<b>Total</b>	<b>2,937,644</b>	<b>936,970</b>		<b>149,946</b>

As at 31 December 2016, the Group and the Company had outstanding hire purchase receivables for which installment payments are more than 3 installments overdue but revenue is still being recognised in the consolidated and separate statements of comprehensive income amounting to Baht 401.10 million (2015: Baht 372.11 million) and Baht 394.85 million (2015: Baht 346.91 million), respectively.

In addition, if the Group and the Company had followed this accounting guideline stated in notes to the financial statements no. 2.21 a), the amount of interest from hire purchase recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2016 was reduced by Baht 5.96 million (2015: Baht 5.40 million) and Baht 5.84 million (2015: Baht 4.91 million), respectively.

**11 Loan receivables and personal loan receivables, net**

As at 31 December 2016 and 2015, the Group and the Company average contract period of the loan receivables are 1 - 3 years.

<b>Consolidated financial statements</b>						
	<b>2016</b>			<b>2015</b>		
	<b>Amounts due under contracts</b>			<b>Amounts due under contracts</b>		
	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>
Loan receivables and personal loan receivables	13,190,474	3,331,911	16,522,385	8,255,351	1,900,668	10,156,019
Unearned interest income	(1,883,352)	(551,923)	(2,435,275)	(1,254,244)	(325,259)	(1,579,503)
<b>Total</b>	<b>11,307,122</b>	<b>2,779,988</b>	<b>14,087,110</b>	<b>7,001,107</b>	<b>1,575,409</b>	<b>8,576,516</b>
<b>Less</b> Allowance for doubtful accounts	(212,493)	(16,913)	(229,406)	(175,086)	(10,776)	(185,862)
<b>Loan receivables and personal loan receivables, net</b>	<b>11,094,629</b>	<b>2,763,075</b>	<b>13,857,704</b>	<b>6,826,021</b>	<b>1,564,633</b>	<b>8,390,654</b>

<b>Separate financial statements</b>						
	<b>2016</b>			<b>2015</b>		
	<b>Amounts due under contracts</b>			<b>Amounts due under contracts</b>		
	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>
Loan receivables and personal loan receivables	13,028,914	3,290,828	16,319,742	8,251,616	1,895,793	10,147,409
Unearned interest income	(1,852,332)	(545,990)	(2,398,322)	(1,253,665)	(325,081)	(1,578,746)
<b>Total</b>	<b>11,176,582</b>	<b>2,744,838</b>	<b>13,921,420</b>	<b>6,997,951</b>	<b>1,570,712</b>	<b>8,568,663</b>
<b>Less</b> Allowance for doubtful accounts	(210,417)	(16,432)	(226,849)	(173,764)	(10,603)	(184,367)
<b>Loan receivables and personal loan receivables, net</b>	<b>10,966,165</b>	<b>2,728,406</b>	<b>13,694,571</b>	<b>6,824,187</b>	<b>1,560,109</b>	<b>8,384,296</b>

As at 31 December 2016 and 31 December 2015, the loan receivables and personal loan receivables were classified by aging as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Current or overdue not over than 1 month	11,669,447	7,010,722	11,510,478	7,009,296
Overdue more than 1 month to 3 months	2,087,497	1,297,488	2,081,626	1,292,464
Overdue more than 3 months to 6 months	187,365	142,680	186,870	142,224
Overdue more than 6 months to 12 months	63,991	55,790	63,848	55,671
Overdue more than 12 months	78,810	69,836	78,598	69,008
<b>Total</b>	<b>14,087,110</b>	<b>8,576,516</b>	<b>13,921,420</b>	<b>8,568,663</b>
<b>Less</b> Allowance for doubtful accounts	(229,406)	(185,862)	(226,849)	(184,367)
<b>Loan receivables and personal loan receivables, net</b>	<b>13,857,704</b>	<b>8,390,654</b>	<b>13,694,571</b>	<b>8,384,296</b>

11 Loan receivables and personal loan receivables, net (Cont'd)

As at 31 December 2016 and 31 December 2015, the loan receivables and personal loan receivables were classified by aging as follows: (Cont'd)

Consolidated financial statements				
2016				
	Loan receivables and personal loan receivables and unearned interest income Baht'000	Balance after collateral Baht'000	Minimum percentage %	Allowance for doubtful account Baht'000
Current or overdue not over than 1 month	11,669,447	3,036,589	1	30,366
Overdue more than 1 month to 3 months	2,087,497	640,574	2	12,811
Overdue more than 3 months to 6 months	187,365	125,504	20, 100	49,561
Overdue more than 6 months to 12 months	63,991	57,858	100	57,858
Overdue more than 12 months	78,810	78,810	100	78,810
Total	14,087,110	3,939,335		229,406
Consolidated financial statements				
2015				
	Loan receivables and personal loan receivables and unearned interest income Baht'000	Balance after collateral Baht'000	Minimum percentage %	Allowance for doubtful account Baht'000
Current or overdue not over than 1 month	7,010,722	1,752,681	1	17,527
Overdue more than 1 month to 3 months	1,297,488	395,278	2	7,906
Overdue more than 3 months to 6 months	142,680	96,786	20, 100	40,233
Overdue more than 6 months to 12 months	55,790	50,360	100	50,360
Overdue more than 12 months	69,836	69,836	100	69,836
Total	8,576,516	2,364,941		185,862
Separate financial statements				
2016				
	Loan receivables and personal loan receivables and unearned interest income Baht'000	Balance after collateral Baht'000	Minimum percentage %	Allowance for doubtful account Baht'000
Current or overdue not over than 1 month	11,510,478	2,877,619	1	28,776
Overdue more than 1 month to 3 months	2,081,626	634,703	2	12,694
Overdue more than 3 months to 6 months	186,870	125,009	20, 100	49,066
Overdue more than 6 months to 12 months	63,848	57,715	100	57,715
Overdue more than 12 months	78,598	78,598	100	78,598
Total	13,921,420	3,773,644		226,849

**11 Loan receivables and personal loan receivables, net (Cont'd)**

As at 31 December 2016 and 31 December 2015, the loan receivables and personal loan receivables were classified by aging as follows: (Cont'd)

	Separate financial statements			
	2015			
	Loan receivables and personal loan receivables and unearned interest income Baht'000	Balance after collateral Baht'000	Minimum percentage %	Allowance for doubtful account Baht'000
Current or overdue not over than 1 month	7,009,296	1,752,324	1	17,523
Overdue more than 1 month to 3 months	1,292,464	393,903	2	7,878
Overdue more than 3 months to 6 months	142,224	96,330	20, 100	39,717
Overdue more than 6 months to 12 months	55,671	50,241	100	50,241
Overdue more than 12 months	69,008	69,008	100	69,008
Total	8,568,663	2,361,806		184,367

As at 31 December 2016, the Group and the Company had outstanding loan receivables for which installment payments are more than 3 installments overdue but for which revenue is still being recognised in the consolidated and separate statements of comprehensive income amounting to Baht 388.02 million (2015: Baht 307.53 million) and Baht 387.02 million (2015: Baht 305.98 million), respectively.

In addition, if the Group and the Company had followed this accounting guideline stated in notes to the financial statements no. 2.21 a), the amount of revenue recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2016 was reduced by Baht 6.03 million (2015: Baht 4.88 million) and Baht 6.02 million (2015: Baht 4.84 million), respectively.

**12 Other receivables**

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Other receivables - Foreclosed assets	108,299	90,504	108,299	90,504
Amount due from related parties (Note 35 e))	1,368	2,616	15,419	12,329
Interest receivable	138	25	86	20
Prepaid expenses	69,242	72,871	56,481	46,042
Deposits	52,714	297	-	-
Others	45,086	20,112	13,889	15,502
Total	276,847	186,425	194,174	164,397

**13 Foreclosed assets, net**

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Cost	663,158	101,047	93,709	87,632
<u>Less</u> Allowance for impairment	(2,722)	(6,521)	(1,795)	(2,155)
Foreclosed assets, net	660,436	94,526	91,914	85,477

**14 Available-for-sale investments, net**

	Consolidated and Separate financial statements			
	2016		2015	
	Cost Baht'000	Fair value Baht'000	Cost Baht'000	Fair value Baht'000
Available-for-sale investments	157,712	251,979	-	-
Add Revaluation adjustments	94,267	-	-	-
Total available-for-sale investments, net	251,979	251,979	-	-

During the year ended 31 December 2016 and 2015, the movement of available-for-sale investments is as follows:

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 Baht'000
Book value - beginning balance, net	-	-
Addition	157,712	-
Change in fair value of available-for-sale investments	94,267	-
Book value - ending balance, net	251,979	-

As at 27 June 2016, the Company invested in Bangkok First Investment & Trust Public Company Limited ("BFIT") regarding to the Board of Directors meeting's resolution by subscribing 19,680,000 ordinary shares with a paid-up value of Baht 8 each, totalling subscription value of Baht 157.71 million (including brokerage fee) and represented 9.84 percent of total paid-up share capital of BFIT. As at 30 June 2016, the Company fully paid for such investment in BFIT by cash.

**15 Investments in subsidiaries, net**

The detail of investments in subsidiaries as at the statement of financial position date is as below:

Company name	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
<b>Subsidiaries</b>								
Fast Money Co., Ltd.	Hire purchase and loan	Thailand	99.99	99.99	99.99	99.99	0.01	0.01
SWP Asset Management Co., Ltd.	Asset management	Thailand	90.00	94.99	90.00	94.99	10.00	5.01
Srisawad International Holding Co., Ltd.	Investment in other companies	Thailand	90.00	90.00	90.00	90.00	10.00	10.00
Srisawad Power 2014 Co., Ltd.	Debt collection service	Thailand	97.00	-	97.00	-	3.00	-
<b>Subsidiaries indirectly under Srisawad International Holding Co., Ltd.</b>								
Srisawad Vietnam LLC	Credit sale	Vietnam	100.00	100.00	90.00	90.00	10.00	10.00
SWP Services Co., Ltd.	Management and consulting services	Thailand	99.99	-	89.99	-	10.01	-
United Coastal Co., Ltd.	Investment in other companies	Thailand	97.00	-	87.30	-	12.70	-

**15 Investments in subsidiaries, net (Cont'd)**

The movements of the investments in subsidiaries for the years ended 31 December 2016 and 2015 are as follows:

	<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening amount	154,000	125,178
Addition of investment in subsidiaries	15,970	79,000
Disposal of investment in subsidiaries	(20,000)	-
Proceeds from dissolution of a subsidiary	-	(50,178)
Closing amount	<u>149,970</u>	<u>154,000</u>

Investments in subsidiaries

On 18 February 2016, the Company sold investment in SWP Asset Management Company Limited by selling 49,996 ordinary shares at par Baht 100 per share to external party, representing 4.99% of total share capitals of SWP Asset Management Company Limited.

During the year 2016, Srisawad Power 1979 Public Company Limited invested in subsidiaries as follows:

1. SWP Services Company Limited established to provide management and consulting services for retail credit system and instalment payment in local and foreign markets by issuing 150,000 ordinary shares at par Baht 100 each. The Company invested in 149,997 ordinary shares which represented 99.99% of total share capital. On 29 July 2016, the Company sold investment in SWP Services Company Limited by selling 149,997 ordinary shares at par Baht 100 per share for Baht 100.07 per share totalling Baht 15.01 million to Srisawad International Holding Company Limited which is its subsidiary. The controlling power over SWP Services Company Limited has not changed.
2. Srisawad Power 2014 Company Limited established to provide credit monitoring and debt collection service by issuing 10,000 ordinary shares at par Baht 100 each. The Company invested in 9,700 ordinary shares which represented 97.00% of total share capital.

Srisawad Power 1982 Company Limited has been fully liquidated and transferred cash to Srisawad Power 1979 Public Company Limited amounting to Baht 50.18 million on 2 June 2015.

The Board of Directors Meeting of SWP Asset Management Co., Ltd. on 26 February 2015 approved the increase in capital amounting to Baht 75 million by issuing 750,000 ordinary shares at par Baht 100 each. The Company invested in 700,000 ordinary shares of such additional increase in share capital. The Company registered the increased share capital amounting Baht 75 million in SWP Asset Management Co., Ltd. with the Ministry of Commerce on 27 July 2015.

The Board of Directors Meeting of Srisawad Power 1979 Public Company Limited no. 6/2015 on 21 July 2015 approved the establishment of Srisawad International Holding Company Limited to invest in local and foreign companies, which provide collateral and/or non-collateral-backed loans by issuing 100,000 ordinary shares at par Baht 100 each. The Company invested in 90,000 ordinary shares which represented 90.00% of total share capital. The Company registered the establishment with the Ministry of Commerce on 3 September 2015.

**15 Investments in subsidiaries, net (Cont'd)**

Investments in subsidiaries which held by Srisawad International Holding Company Limited

During the year 2016, Srisawad International Holding Company Limited, subsidiary of Srisawad Power 1979 Public Company Limited, invested in United Coastal Company Limited which is established to invest and/or jointly investment in foreign companies that provide retail credit service by issuing 10,000 ordinary shares at par Baht 100 each. Srisawad International Holding Company Limited invested in 9,700 ordinary shares which represented 97.00% of total share capital.

The Board of Directors Meeting of Srisawad Power 1979 Public Company Limited no. 11/2015 on 11 November 2015 approved the establishment of Srisawad Vietnam LLC in Vietnam, which is a subsidiary of Srisawad International Holding Company Limited, to conduct credit sale with the total investment of Baht 26.88 million.

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiaries undertakings held directly by the Company do not differ from the proportion of ordinary shares held. All subsidiaries do not have any shareholdings in the preference shares.

The total non-controlling interest is Baht 15.03 million (2015: Baht 5.96 million), of which Baht 14.25 million (2015: Baht 5.12 million) is for SWP Asset Management Co., Ltd. The non-controlling interest in respect of all subsidiaries is not material.

**16 Loan receivables from purchase of loan, net**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Loan receivables from purchase of loan	2,311,621	1,264,681	-	-
<u>Less</u> Allowance for impairment	(2,618)	-	-	-
Loan receivables from purchase of loan, net	<u>2,309,003</u>	<u>1,264,681</u>	<u>-</u>	<u>-</u>

The movement of loan receivables from purchase of loan for the years ended 31 December 2016 and 2015 is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Loan receivables from purchase of loan at beginning	1,264,681	-	-	-
Additions	1,222,620	1,268,418	-	-
Amortisation from collection	(175,680)	(3,737)	-	-
Loan receivables from purchase of loan at ending	2,311,621	1,264,681	-	-
<u>Less</u> Allowance for impairment	(2,618)	-	-	-
Loan receivables from purchase of loan, net	<u>2,309,003</u>	<u>1,264,681</u>	<u>-</u>	<u>-</u>

17 Land, building, building improvement and equipment, net

Consolidated financial statements						
	Land Baht'000	Building, building improvement Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
<b>At 1 January 2015</b>						
Cost	958	42,085	81,443	82,725	139,275	346,486
<u>Less</u> Accumulated depreciation	-	(12,773)	(24,677)	(26,005)	(37,534)	(100,989)
Closing net book value	958	29,312	56,766	56,720	101,741	245,497
<b>Year ended 31 December 2015</b>						
Opening net book value	958	29,312	56,766	56,720	101,741	245,497
Additions	1,397	80,149	28,496	36,389	113,345	259,776
Disposals/ write off, net	-	-	-	-	(18,969)	(18,969)
Depreciation charge	-	(22,532)	(19,006)	(20,026)	(33,842)	(95,406)
Closing net book value	2,355	86,929	66,256	73,083	162,275	390,898
<b>At 31 December 2015</b>						
Cost	2,355	122,234	109,939	119,114	227,708	581,350
<u>Less</u> Accumulated depreciation	-	(35,305)	(43,683)	(46,031)	(65,433)	(190,452)
Closing net book value	2,355	86,929	66,256	73,083	162,275	390,898
<b>Year ended 31 December 2016</b>						
Opening net book value	2,355	86,929	66,256	73,083	162,275	390,898
Additions	-	99,201	37,856	27,086	72,923	237,066
Transfers from foreclosed assets	-	-	-	-	220	220
Disposals/ write off, net	-	(3,019)	-	(5)	(14,166)	(17,190)
Depreciation charge	-	(45,976)	(25,483)	(26,386)	(50,017)	(147,862)
Closing net book value	2,355	137,135	78,629	73,778	171,235	463,132
<b>At 31 December 2016</b>						
Cost	2,355	215,923	147,795	146,192	278,110	790,375
<u>Less</u> Accumulated depreciation	-	(78,788)	(69,166)	(72,414)	(106,875)	(327,243)
Closing net book value	2,355	137,135	78,629	73,778	171,235	463,132



17 Land, building, building improvement and equipment, net (Cont'd)

	Separate financial statements					
	Land Baht'000	Building, building improvement Baht'000	Furniture and fixture Baht'000	Equipment Baht'000	Vehicles Baht'000	Total Baht'000
<b>At 1 January 2015</b>						
Cost	958	42,085	81,443	82,725	136,777	343,988
<u>Less</u> Accumulated depreciation	-	(12,773)	(24,677)	(26,005)	(37,069)	(100,524)
Closing net book value	958	29,312	56,766	56,720	99,708	243,464
<b>Year ended</b>						
<b>31 December 2015</b>						
Opening net book value	958	29,312	56,766	56,720	99,708	243,464
Additions	1,397	80,149	28,496	36,389	103,233	249,664
Disposals/ write off, net	-	-	-	-	(9,796)	(9,796)
Depreciation charge	-	(22,532)	(19,006)	(20,026)	(33,344)	(94,908)
Closing net book value	2,355	86,929	66,256	73,083	159,801	388,424
<b>At 31 December 2015</b>						
Cost	2,355	122,234	109,939	119,114	224,686	578,328
<u>Less</u> Accumulated depreciation	-	(35,305)	(43,683)	(46,031)	(64,885)	(189,904)
Closing net book value	2,355	86,929	66,256	73,083	159,801	388,424
<b>Year ended</b>						
<b>31 December 2016</b>						
Opening net book value	2,355	86,929	66,256	73,083	159,801	388,424
Additions	-	99,201	37,856	27,086	72,923	237,066
Transfers from foreclosed assets	-	-	-	-	220	220
Disposals/ write off , net	-	(3,019)	-	(5)	(11,918)	(14,942)
Depreciation charge	-	(45,976)	(25,483)	(26,386)	(49,856)	(147,701)
Closing net book value	2,355	137,135	78,629	73,778	171,170	463,067
<b>At 31 December 2016</b>						
Cost	2,355	215,923	147,795	146,192	277,489	789,754
<u>Less</u> Accumulated depreciation	-	(78,788)	(69,166)	(72,414)	(106,319)	(326,687)
Closing net book value	2,355	137,135	78,629	73,778	171,170	463,067

**18 Intangible assets, net**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<b>Computer software Baht'000</b>	<b>Computer software Baht'000</b>
<b>At 1 January 2015</b>		
Cost	14,449	14,422
<u>Less</u> Accumulated amortisation	(5,865)	(5,838)
Net book value	<u>8,584</u>	<u>8,584</u>
<b>Year ended 31 December 2015</b>		
Opening net book value	8,584	8,584
Additions	2,054	2,054
Amortisation charge	(2,806)	(2,806)
Closing net book value	<u>7,832</u>	<u>7,832</u>
<b>At 31 December 2015</b>		
Cost	16,503	16,476
<u>Less</u> Accumulated amortisation	(8,671)	(8,644)
Net book value	<u>7,832</u>	<u>7,832</u>
<b>Year ended 31 December 2016</b>		
Opening net book value	7,832	7,832
Additions	4,007	3,633
Amortisation charge	(3,520)	(3,494)
Closing net book value	<u>8,319</u>	<u>7,971</u>
<b>At 31 December 2016</b>		
Cost	20,510	20,109
<u>Less</u> Accumulated amortisation	(12,191)	(12,138)
Net book value	<u>8,319</u>	<u>7,971</u>

## 19 Deferred tax assets

The analysis of deferred tax assets and deferred tax liabilities at 31 December 2016 and 2015 is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	8,314	64,943	8,033	60,411
Deferred tax asset to be recovered after more than 12 months	72,658	8,750	70,652	8,189
	80,972	73,693	78,685	68,600
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	(18,853)	-	(18,853)	-
	(18,853)	-	(18,853)	-
<b>Deferred tax - net</b>	62,119	73,693	59,832	68,600

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
At 1 January	73,693	58,532	68,600	48,726
Recognised to profit or loss	7,133	15,305	9,935	20,000
Recognised to other comprehensive income	(18,707)	(144)	(18,703)	(126)
At 31 December	62,119	73,693	59,832	68,600

The movement in deferred tax assets and deferred tax liabilities during the years are as follows:

	Consolidated financial statements			
	Allowance for doubtful accounts Baht'000	Allowance for impairment Baht'000	Employee benefit obligations Baht'000	Total Baht'000
<b>Deferred tax assets</b>				
At 1 January 2016	71,058	1,304	1,331	73,693
Charged (credited) to profit or loss	6,705	(237)	665	7,133
Charged to other comprehensive income	-	-	146	146
At 31 December 2016	77,763	1,067	2,142	80,972
At 1 January 2015	54,625	2,777	1,130	58,532
Charged (credited) to profit or loss	16,433	(1,473)	345	15,305
Credited to other comprehensive income	-	-	(144)	(144)
At 31 December 2015	71,058	1,304	1,331	73,693

19 Deferred tax assets (Cont'd)

The movement in deferred tax assets and deferred tax liabilities during the years are as follows: (Cont'd)

	Consolidated financial statements			
	Unrealised gain on available-for-sale Baht'000	Total Baht'000		
<b>Deferred tax liabilities</b>				
At 1 January 2016	-	-		
Credited to other comprehensive income	(18,853)	(18,853)		
At 31 December 2016	(18,853)	(18,853)		
	<b>Separate financial statements</b>			
	Allowance for doubtful accounts Baht'000	Allowance for impairment Baht'000	Employee benefit obligations Baht'000	Total Baht'000
<b>Deferred tax assets</b>				
At 1 January 2016	66,863	431	1,306	68,600
Charged (credited) to profit or loss	9,358	(72)	649	9,935
Charged to other comprehensive income	-	-	150	150
At 31 December 2016	76,221	359	2,105	78,685
At 1 January 2015	47,091	521	1,114	48,726
Charged (credited) to profit or loss	19,772	(90)	318	20,000
Credited to other comprehensive income	-	-	(126)	(126)
At 31 December 2015	66,863	431	1,306	68,600
	<b>Separate financial statements</b>			
	Unrealised gain on available-for-sale Baht'000			Total Baht'000
<b>Deferred tax liabilities</b>				
At 1 January 2016	-			-
Credited to other comprehensive income	(18,853)			(18,853)
At 31 December 2016	(18,853)			(18,853)

**20 Other non-current assets**

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Rental deposits	46,285	38,424	45,892	38,066
Restricted cash	1,713	1,402	601	-
Other deposits	20,545	9,163	18,184	6,752
Employee retention	32,519	17,332	32,519	17,332
Total	101,062	66,321	97,196	62,150

**21 Other payables**

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
Other payables	168,956	99,567	123,834	98,325
Amounts due to related parties (Note 35 g))	2,520	2,269	2,760	3,149
Accrued expenses	248,535	174,269	243,266	172,162
Accrued interest expenses	33,881	26,119	33,881	26,119
Others	51,276	34,838	50,793	34,582
Total	505,168	337,062	454,534	334,337

**22 Borrowings from financial institutions**

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Current</b>				
Short-term borrowings from financial institutions	5,650,000	1,010,044	5,250,000	1,010,044
Current portion of long-term borrowings from financial institutions	451,389	500,000	451,389	500,000
Total current borrowings	6,101,389	1,510,044	5,701,389	1,510,044
<b>Non-current</b>				
Long-term borrowings from financial institutions	2,250,000	1,000,000	2,250,000	1,000,000
Total non-current borrowings	2,250,000	1,000,000	2,250,000	1,000,000
Total borrowings	8,351,389	2,510,044	7,951,389	2,510,044

**22 Borrowings from financial institutions (Cont'd)**

- 22.1) The movements of short-term borrowings from financial institutions for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Opening amount	1,010,044	3,464,427	1,010,044	3,464,427
Additions of borrowings	11,467,641	7,430,129	11,067,641	7,430,129
Repayments of borrowings	(6,827,685)	(9,884,512)	(6,827,685)	(9,884,512)
Closing amount	<u>5,650,000</u>	<u>1,010,044</u>	<u>5,250,000</u>	<u>1,010,044</u>

Short-term borrowings from financial institutions are charged interest at fixed rate per annum (2015: MOR - fix rate per annum) and have been fully paid interest and principal at maturity date.

- 22.2) The movements of long-term borrowings from financial institutions which included current portion for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Opening amount	1,500,000	500,000	1,500,000	500,000
Additions of borrowings	2,000,000	1,000,000	2,000,000	1,000,000
Repayments of borrowings	(798,611)	-	(798,611)	-
Closing amount	<u>2,701,389</u>	<u>1,500,000</u>	<u>2,701,389</u>	<u>1,500,000</u>

Long-term borrowings from financial institutions are charged interest at fixed rate per annum (2015: MOR - fix rate per annum) and have been paid interest and principal on monthly basic and at maturity date.

The Group and the Company have the following undrawn committed borrowing facilities amount of Baht 14,839 million (31 December 2015: Baht 7,620 million). These borrowing agreements require the Group and the Company to maintain debts to equity ratio by computing applies annual consolidated financial statements. The Group and the Company comply with the conditions.

**23 Borrowings for purchase of loan receivables**

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Short-term borrowings	55,917	-	-	-
<u>Less</u> Deferred interest	-	-	-	-
Total short-term borrowings	55,917	-	-	-
Current portion of long-term borrowings	157,584	822,674	-	-
<u>Less</u> Deferred interest	(790)	(1,253)	-	-
	156,794	821,421	-	-
Non-current portion of long-term borrowings	-	157,584	-	-
<u>Less</u> Deferred interest	-	(2,343)	-	-
	-	155,241	-	-
Total long-term borrowings	156,794	976,662	-	-
Total	212,711	976,662	-	-

23.1) The movements of short-term borrowings for purchase of loan receivables for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Opening balance	-	-	-	-
Additions of borrowings	442,954	-	-	-
Repayments of borrowings	(387,037)	-	-	-
Closing balance	55,917	-	-	-

Short-term borrowings for purchase of loan receivables are charged interest at fixed rate per annum (2015: fixed rate per annum) and have been fully paid interest and principal at maturity date.

23.2) The movements of long-term borrowings for purchase of loan receivables which included current portion for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht'000	2015 Baht'000	2016 Baht'000	2015 Baht'000
Opening balance	976,662	-	-	-
Additions of borrowings	-	1,048,191	-	-
Amortisation of deferred interest	2,806	1,101	-	-
Repayments of borrowings	(822,674)	(72,630)	-	-
Closing balance	156,794	976,662	-	-

Long-term borrowings for purchase of loan receivables are charged interest at fixed rate per annum (2015: fixed rate per annum) and have been fully paid interest and principal at maturity date.

**24 Obligations under lease liabilities**

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 Baht'000
Liabilities under finance lease not later than 1 year	21,189	12,516
Liabilities under finance lease	46,576	33,417
Total	67,765	45,933

Liabilities under finance lease agreements - minimum lease payments are as follows:

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 Baht'000
Not later than 1 year	23,787	14,195
Later than 1 year but not later than 5 years	48,985	35,458
<u>Less</u> Future finance charges on finance leases	(5,007)	(3,720)
Present value of liabilities under finance lease agreements	67,765	45,933
Representing liabilities under finance lease agreements:		
- Current	21,189	12,516
- Non-current	46,576	33,417
	67,765	45,933

The present value of liabilities under finance lease agreements is as follows:

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 Baht'000
Not later than 1 year	21,189	12,516
Later than 1 year but not later than 5 years	46,576	33,417
	67,765	45,933

**25 Senior unsecured debentures**

	Consolidated and Separate financial statements	
	2016 Baht'000	2015 Baht'000
Senior unsecured debentures		
- Expiring within one year	2,200,000	200,000
- Expiring beyond one year	3,340,000	4,200,000
Total	5,540,000	4,400,000



**25 Senior unsecured debentures (Cont'd)**

The movements of senior unsecured debentures which included current portion for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Opening balance	4,400,000	500,000
Additions of debentures	1,340,000	4,400,000
Repayments of debentures	(200,000)	(500,000)
Closing balance	<u>5,540,000</u>	<u>4,400,000</u>

Senior unsecured debentures were charged interest at fixed rate per annum in accordance with condition of each debenture (2015: fixed rate per annum) and have been paid interest on a quarterly basis and paid principal at maturity date.

These debenture agreements require the Group and the Company to maintain debts to equity ratio by computing from annual consolidated financial statements. The Group and the Company could comply with the conditions.

**26 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
<b>Statement of financial position</b>				
Pension benefits	10,709	6,654	10,527	6,532
<b>Loss charge included in operating profit for</b>				
Pension benefits	3,324	1,726	3,243	1,588
<b>Remeasurement for</b>				
Pension benefits	731	(720)	752	(628)

The amounts recognised in the statement of financial position are determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Present value of obligations	10,709	6,654	10,527	6,532
<b>Liability in the statement of financial position</b>	<u>10,709</u>	<u>6,654</u>	<u>10,527</u>	<u>6,532</u>

**26 Employee benefit obligations (Cont'd)**

The movements in the employee benefit obligations over the year are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
At 1 January	6,654	5,648	6,532	5,572
Current service costs	3,079	1,459	3,003	1,328
Interest costs	245	344	240	337
Gain on benefits repayment	-	(77)	-	(77)
Remeasurements:				
Loss from change in demographic assumptions	4	1,694	4	1,688
Loss (gain) from change in financial assumptions	552	(2,949)	545	(2,911)
Experience loss	175	535	203	595
At 31 December	<u>10,709</u>	<u>6,654</u>	<u>10,527</u>	<u>6,532</u>

Expense (Revenue) for employee benefits were recognised in the statements of comprehensive income as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Current service costs	3,079	1,459	3,003	1,328
Interest costs	245	344	240	337
Gain on benefits repayment	-	(77)	-	(77)
Remeasurements of employee benefit obligations	731	(720)	752	(628)
	<u>4,055</u>	<u>1,006</u>	<u>3,995</u>	<u>960</u>

The principal actuarial assumptions used were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Discount rate	3.31 - 3.45%	3.21 - 3.68%	3.36%	3.68%
Salary increase rate	6%	6%	6%	6%
Mortality rate	90%	90%	90%	90%
Turnover rate	5 - 25%	5 - 30%	5 - 25%	5 - 30%
Retirement age	60 years old	60 years old	60 years old	60 years old

26 Employee benefit obligations (Cont'd)

Sensitivity analysis

	Increase (decrease) in provisions for post-employment benefits			
	Consolidated financial statements		Separate financial statements	
	2016 %	2015 %	2016 %	2015 %
<b>Financial Assumptions</b>				
Discount rate				
Increase 1%	(14.75)	(14.03)	(14.80)	(14.06)
Decrease 1%	18.21	17.18	18.27	17.22
Salary increase rate				
Increase 1%	19.23	16.15	19.29	16.19
Decrease 1%	(15.78)	(13.54)	(15.83)	(13.57)
<b>Demographic Assumptions</b>				
Mortality rate				
Increase 1%	(0.96)	(0.95)	(0.96)	(0.95)
Decrease 1%	0.86	0.85	0.86	0.85
Turnover rate				
Increase 10%	(13.98)	(13.03)	(14.04)	(13.08)
Decrease 10%	17.60	16.29	17.68	16.35

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation are 16 - 22 years (2015: 16 - 21 years).

Analysis of the maturity of the payment of retirement benefits is as follows:

	Consolidated financial statements				
	Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2016					
Pension benefits	-	74	3,693	4,118,195	4,121,962
Total	-	74	3,693	4,118,195	4,121,962
	Separate financial statements				
	Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2016					
Pension benefits	-	74	3,573	4,076,573	4,080,220
Total	-	74	3,573	4,076,573	4,080,220

**27 Share capital**

	<b>Number of issued and paid-up shares Shares'000</b>	<b>Issued and paid-up ordinary shares Baht'000</b>	<b>Share premium Baht'000</b>	<b>Share premium from share-base payment Baht'000</b>	<b>Total Baht'000</b>
Opening amount as at 1 January 2016	1,019,998	1,019,998	1,421,801	36,190	2,477,989
Issuance of ordinary shares	25,498	25,498	-	-	25,498
Closing amount as at 31 December 2016	<u>1,045,496</u>	<u>1,045,496</u>	<u>1,421,801</u>	<u>36,190</u>	<u>2,503,487</u>
Opening amount as at 1 January 2015	1,000,000	1,000,000	1,421,801	36,190	2,457,991
Issuance of ordinary shares	19,998	19,998	-	-	19,998
Closing amount as at 31 December 2015	<u>1,019,998</u>	<u>1,019,998</u>	<u>1,421,801</u>	<u>36,190</u>	<u>2,477,989</u>

As at 21 April 2016, the Annual General Meeting of Shareholders for the year 2016 approved the followings:

1. Approved capital decrease from Baht 1,060,000,000 to Baht 1,059,993,677 by decreasing 6,323 ordinary shares with par value of Baht 1 per share which remains from stock dividend allocation and allocation to accommodate the exercise of warrants to purchase ordinary shares of the Company as follows:
  - Shares remain from ordinary share dividend were 2,115 shares
  - Shares remain from allocation to accommodate the exercise of warrants to purchase ordinary shares of the Company 1 (SAWAD-W1) were 4,208 shares
2. Approved registered capital increase from Baht 1,059,993,677 to Baht 1,086,493,519 by issuing 26,499,842 ordinary shares with par value of Baht 1 per share and allocate shares as follows:
  - Allocation of 25,499,947 shares at par value of Baht 1 per share to accommodate for the stock dividend payment for ordinary shares.
  - Allocation of 999,895 shares at par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares of the Company 1 (SAWAD-W1).

From the Annual General Meeting of Shareholders for the year 2016, dividend payment for ordinary shares has been paid to the existing shareholders for 25,498,607 shares at par value of Baht 1 per share.

The Annual General Meeting of Shareholders for the year 2015 dated 23 April 2015 approved capital increase from Baht 1,000 million to Baht 1,060 million by issuing 60,000,000 ordinary shares with par value of Baht 1 per share and allocate shares as follows:

- Allocation of 20,000,000 shares at par value of Baht 1 per share to accommodate for the stock dividend payment for ordinary shares.
- Allocation of 40,000,000 shares at par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares of the Company 1 (SAWAD-W1).

The Company has registered the increase in registered capital with the Ministry of Commerce on 29 April 2015.

At the Annual General Meeting of Shareholders for the year 2015 on 23 April 2015, the meeting approved the payment of dividend amounting to Baht 23 million. The Company paid to the shareholders on 22 May 2015 by issuing 19,997,885 ordinary shares at par 1 each and cash amounting to Baht 2,999,718.

Warrant to purchase stocks have exercise term of 5 years from issuance date. Warrant holders may exercise on the last business day of the months of May and November each year throughout the tenor of the warrants. The first exercise date of warrant will be the last business day in November of 2017 and the exercise price is Baht 60.

## 28 Dividend

As at 21 April 2016, the Annual General Meeting of Shareholders for the year 2016 approved dividend payment for the year 2015 to the shareholders amounting to Baht 28.56 million. The dividend payment will be paid on the following basis:

1. Payment of cash dividend at the rate of Baht 0.003 per share amounting to Baht 3,059,994.
2. Payment of ordinary shares dividend of 25,499,947 shares at par value of Baht 1 per share to the shareholders at the rate of 40 shares per 1 ordinary share dividend totaling Baht 25,499,947, a dividend of Baht 0.025 per share. In the case of fractional shares of 53,600 shares, payment will be paid in cash instead of ordinary share dividend at the rate of Baht 0.025 per share.

The Company paid dividend to the shareholders on 19 May 2016.

On 23 April 2015, the Annual General Meeting of Shareholders for the year 2015 approved dividend payment for the year 2014 to the shareholders amounting to Baht 120.50 million. The Company paid an interim dividend amounting to Baht 97.50 million on 28 March 2014. The remaining dividend payment of Baht 23 million will be paid on the following basis:

1. Payment of cash dividend at the rate of Baht 0.003 per share amounting to Baht 3,000,000
2. Payment of ordinary shares dividend of 20,000,000 shares at par value of Baht 1 per share to the shareholders at the rate of 50 shares per 1 stock dividend totaling Baht 20,000,000, a dividend of 0.02 baht per share. In the case of fractional shares, payment will be paid in cash instead of stock dividend at the rate of Baht 0.02 per share.

The Company paid dividend to shareholders on 22 May 2015.

## 29 Legal reserve

	<b>Consolidated and Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
At 1 January	106,000	100,000
Appropriation during the year	2,649	6,000
At 31 December	<u>108,649</u>	<u>106,000</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

## 30 Other income

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Revenue from sales	6,374	-	-	-
Revenue from services	1,800	-	-	-
Fee Income	1,228,020	907,746	1,175,603	879,648
Management fee	-	-	4,509	10,250
Other interest income	1,657	959	55,718	6,402
Bad debt recovery	48,588	37,117	44,055	33,451
Others	40,772	13,945	9,333	7,902
Total	<u>1,327,211</u>	<u>959,767</u>	<u>1,289,218</u>	<u>937,653</u>

**31 Expenses by nature**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Marketing expenses	58,811	43,243	58,781	43,182
Marketing incentives	109,244	83,290	108,489	83,255
Advisory and professional fee	18,314	10,458	17,753	9,807
Personnel expenses	1,141,854	808,520	1,128,494	804,234
Depreciation and amortisation expenses	151,382	98,212	151,195	97,714
Rental and services expenses	315,131	244,520	313,879	243,349
Specific business tax and other taxes	132,399	92,982	128,655	92,738
Utilities expenses	92,471	71,687	92,302	71,523
Fuel expenses	38,020	30,973	36,503	30,407
(Reversal) Impairment loss of foreclosed assets	(3,799)	(7,366)	(361)	(448)
Losses on disposals of foreclosed assets	12,262	18,670	9,782	7,960
Foreclosing expenses	18,393	20,723	18,097	20,503
Costs of goods sold	6,267	-	-	-

**32 Income tax expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current tax	509,106	329,638	497,692	330,535
Deferred tax (Note 19)				
Increase in deferred tax assets	(7,133)	(15,305)	(9,935)	(20,000)
Total	501,973	314,333	487,757	310,535

The income tax expenses on profit before tax differ from the theoretical amount that would arise using the basic tax rate of as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Profit before tax	2,509,761	1,650,396	2,435,172	1,631,438
Tax calculated at a tax rate of 20% (2015: 20%)	501,952	330,079	487,034	326,287
Tax effect of:				
Expenses not deductible for tax purpose	917	1,686	856	1,680
Additional deductible expenses	(133)	(17,432)	(133)	(17,432)
Tax losses for which no deferred income tax asset was recognised	427	-	-	-
Utilisation of previously unrecognised tax losses	(1,190)	-	-	-
Income tax expenses	501,973	314,333	487,757	310,535

### **33 Earnings per share**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit for the year (Baht)	2,004,623	1,336,112	1,947,415	1,320,903
Weighted average number of ordinary shares outstanding (Shares)	1,045,496	1,045,496	1,045,496	1,045,496
Basic earnings per share (Baht per share)	<u>1.92</u>	<u>1.28</u>	<u>1.86</u>	<u>1.26</u>

There is no potential dilutive ordinary share in issue for the years ended 31 December 2016 and 2015.

### **34 Financial instruments**

Financial instruments are any contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Vietnamese Dong (VND). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has investments in a subsidiary in Vietnam, whose net assets are exposed to currency translation risk. However, the Vietnamese Dong has low risk arising from the future commercial transactions.

#### **Interest rate risk**

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major financial assets and liabilities which bear market interest rate and fixed interest rate that potentially subject the Group to the change of interest rate risk.

#### **Credit risk**

Financial assets that potentially subject the Group to credit risk consist principally of hire purchase and loan receivables.

Management manages the risk by adopting appropriate credit control policies and procedures and therefore, the Group does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and loan receivables as stated in the statement of financial position.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash timely, or because of its failure to procure enough funds.

Management is responsible for liquidity management, including procurement of both short-term and long-term sources of funds.

34 Financial instruments (Cont'd)

Interest rate risk

Consolidated financial statements						
2016						
Earlier of remaining maturity date or contractual repricing						
Floating interest rate	At call	< 1 year	1 - 5 years	> 5 years	No interest rate	Total
Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>Financial assets</b>						
Cash and cash equivalents	478	-	-	-	235	713
Short-term investment	-	-	1	-	302	303
Hire purchase receivables	-	-	1,888	1,494	-	3,382
Loans receivables and personal loan receivables	-	-	11,307	2,780	-	14,087
Other receivables	-	-	-	-	110	110
Available-for-sale investments	-	-	-	-	252	252
Loan receivables from purchase of loan	-	-	-	2,312	-	2,312
	<u>478</u>	<u>-</u>	<u>13,196</u>	<u>6,586</u>	<u>899</u>	<u>21,159</u>
<b>Financial liabilities</b>						
Short-term borrowings from financial institution	-	-	5,650	-	-	5,650
Short-term borrowings from financial institutions for purchase of loans	-	-	56	-	-	56
Other payables	-	-	-	-	285	285
Long-term borrowings from financial institution	-	-	451	2,250	-	2,701
Long-term borrowings from financial institutions for purchase of loans	-	-	157	-	-	157
Long-term borrowings from related parties	-	-	-	400	-	400
Obligations under lease liabilities	-	-	21	47	-	68
Senior unsecured debentures	-	-	2,200	3,340	-	5,540
	<u>-</u>	<u>-</u>	<u>8,535</u>	<u>6,037</u>	<u>285</u>	<u>14,857</u>





34 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

	Separate financial statements						
	2016						
	Earlier of remaining maturity date or contractual repricing						
Floating interest rate	At call	< 1 year	1 - 5 years	> 5 years	No interest rate	Total	
Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<b>Financial assets</b>							
Cash and cash equivalents	224	-	-	-	195	419	
Short-term investment	-	-	-	-	302	302	
Hire purchase receivables	-	-	1,876	1,492	-	3,368	
Loans receivables and personal loan receivables	-	-	11,176	2,745	-	13,921	
Other receivables	-	-	-	-	124	124	
Short-term loan to related parties	-	2,506	-	-	-	2,506	
Available-for-sale investments	-	-	-	-	252	252	
	<u>224</u>	<u>2,506</u>	<u>13,052</u>	<u>4,237</u>	<u>873</u>	<u>20,892</u>	
<b>Financial liabilities</b>							
Short-term borrowings from financial institutions	-	-	5,250	-	-	5,250	
Other payables	-	-	-	-	280	280	
Long-term borrowings from financial institution	-	-	451	2,250	-	2,701	
Long-term borrowings from related parties	-	-	-	400	-	400	
Obligations under lease liabilities	-	-	21	47	-	68	
Senior unsecured debentures	-	-	2,200	3,340	-	5,540	
	<u>-</u>	<u>-</u>	<u>7,922</u>	<u>6,037</u>	<u>280</u>	<u>14,239</u>	

34 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Separate financial statements							
2015							
Floating interest rate Million Baht	Earlier of remaining maturity date or contractual repricing					No interest rate Million Baht	Total Million Baht
	At call Million Baht	< 1 year Million Baht	1 - 5 years Million Baht	> 5 years Million Baht			
<b>Financial assets</b>							
Cash and cash equivalents	80	-	-	-	-	92	172
Short-term investments	-	-	-	-	-	4	4
Hire purchase receivables	-	-	1,615	1,323	-	-	2,938
Loans receivables and personal loan receivables	-	-	6,998	1,571	-	-	8,569
Other receivables	-	-	-	-	-	103	103
Short-term loan to related parties	-	338	-	-	-	-	338
	80	338	8,613	2,894	-	199	12,124
<b>Financial liabilities</b>							
Short-term borrowings from financial institutions	1,010	-	-	-	-	-	1,010
Other payables	-	-	-	-	-	201	201
Long-term borrowings from financial institution	-	-	500	1,000	-	-	1,500
Long-term borrowings from related parties	-	-	-	400	-	-	400
Obligations under lease liabilities	-	-	13	33	-	-	46
Senior unsecured debentures	-	-	200	4,200	-	-	4,400
	1,010	-	713	5,633	-	201	7,557

34 Financial instruments (Cont'd)

Liquidity risk

Consolidated financial statements				
2016				
	At call	Within	Unspecifie	Total
	Million	1 year	1 - 5 years	d
	Baht	Million	Million	Million
	Baht	Baht	Baht	Baht
<b>Financial assets</b>				
Cash and cash equivalents	713	-	-	-
Short-term investment	302	1	-	-
Hire purchase receivables	-	1,888	1,494	-
Loans receivables and personal				
loan receivables	-	11,307	2,780	-
Other receivables	-	-	-	110
Available-for-sale investments	-	-	-	252
Loan receivables from				
purchase of loan	-	-	2,312	-
	1,015	13,196	6,586	362
				21,159
<b>Financial liabilities</b>				
Short-term borrowing from				
financial institutions	-	5,650	-	-
Short-term borrowings from				
financial institutions for purchase of loans	-	56	-	-
Other payables	-	-	-	285
Long-term borrowings from				
financial institutions	-	451	2,250	-
Long-term borrowings from				
financial institutions for purchase of loans	-	157	-	-
Long-term borrowings from				
related parties	-	-	400	-
Obligations under lease liabilities	-	21	47	-
Senior unsecured debentures	-	2,200	3,340	-
	-	8,535	6,037	285
				14,857

34 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Consolidated financial statements				
	2015				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents	333	-	-	-	333
Short-term investment	4	-	-	-	4
Hire purchase receivables	-	1,658	1,334	-	2,992
Loans receivables and personal loan receivables	-	7,001	1,576	-	8,577
Other receivables	-	-	-	93	93
Loan receivables from purchase of loan	-	-	1,265	-	1,265
	<u>337</u>	<u>8,659</u>	<u>4,175</u>	<u>93</u>	<u>13,264</u>
<b>Financial liabilities</b>					
Short-term borrowing from financial institutions	-	1,010	-	-	1,010
Other payables	-	-	-	203	203
Long-term borrowing from financial institutions	-	500	1,000	-	1,500
Long-term borrowings from financial institutions for purchase of loans	-	822	155	-	977
Long-term borrowings from related parties	-	-	400	-	400
Obligations under lease liabilities	-	13	33	-	46
Senior unsecured debentures	-	200	4,200	-	4,400
	<u>-</u>	<u>2,545</u>	<u>5,788</u>	<u>203</u>	<u>8,536</u>

34 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Separate financial statements				
	2016				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents	419	-	-	-	419
Short-term investment	302	-	-	-	302
Hire purchase receivables	-	1,876	1,492	-	3,368
Loans receivable and personal loan receivables	-	11,176	2,745	-	13,921
Other receivables	-	-	-	124	124
Short-term loans to related parties	2,506	-	-	-	2,506
Available-for-sale investments	-	-	-	252	252
	<u>3,227</u>	<u>13,052</u>	<u>4,237</u>	<u>376</u>	<u>20,892</u>
<b>Financial liabilities</b>					
Short-term borrowing from financial institutions	-	5,250	-	-	5,250
Other payables	-	-	-	280	280
Long-term borrowing from financial institutions	-	451	2,250	-	2,701
Long-term borrowings from related parties	-	-	400	-	400
Obligations under lease liabilities	-	21	47	-	68
Senior unsecured debentures	-	2,200	3,340	-	5,540
	<u>-</u>	<u>7,922</u>	<u>6,037</u>	<u>280</u>	<u>14,239</u>

**34 Financial instruments (Cont'd)**

Liquidity risk (Cont'd)

	Separate financial statements				
	2015				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b><u>Financial assets</u></b>					
Cash and cash equivalents	172	-	-	-	172
Short-term investment	4	-	-	-	4
Hire purchase receivables	-	1,615	1,323	-	2,938
Loans receivables and personal loan receivables	-	6,998	1,571	-	8,569
Other receivables	-	-	-	103	103
Short-term loans to related parties	338	-	-	-	338
	<u>514</u>	<u>8,613</u>	<u>2,894</u>	<u>103</u>	<u>12,124</u>
<b><u>Financial liabilities</u></b>					
Short-term borrowing from financial institutions	-	1,010	-	-	1,010
Other payables	-	-	-	201	201
Long-term borrowing from financial institutions	-	500	1,000	-	1,500
Long-term borrowings from related parties	-	-	400	-	400
Obligations under lease liabilities	-	13	33	-	46
Senior unsecured debentures	-	200	4,200	-	4,400
	<u>-</u>	<u>1,723</u>	<u>5,633</u>	<u>201</u>	<u>7,557</u>

**35 Related party transactions**

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

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

During the year, the Company had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. The relationship and significant transactions can be summarised as below:

	Relationship
Fast Money Co., Ltd.	Subsidiary
SWP Asset Management Co., Ltd.	Subsidiary
Srisawad International Holding Co., Ltd.	Subsidiary
Srisawad Power 2014 Co., Ltd.	Subsidiary
Srisawad Vietnam LLC.	Held by Subsidiary
SWP Services Co., Ltd.	Held by Subsidiary
United Coastal Co., Ltd.	Held by Subsidiary
Srisawad Power Co., Ltd.	Having the common directors
D. T. J. Holding Co., Ltd.	Having the common directors
Srisamarn Condotel Co., Ltd.	Having the common directors
Srisamarn Krungthep Co., Ltd.	Having the common directors
I.D. 2007 Co., Ltd.	Having the common directors
CIMB Thai Bank PCL.	Having the common directors

35 Related party transactions (Cont'd)

The transaction with its related parties can be summarised as below:

a) Interest income and expenses

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht'000	Baht'000	Baht'000	Baht'000
	Pricing policy				
<b>Interest income</b>					
Subsidiaries	Agreed rate per contract	-	-	54,708	5,707
<b>Interest expenses</b>					
Subsidiaries	Agreed rate per contract	-	-	586	-
Other related parties (common directors)	Agreed rate per contract	16,400	12,625	16,400	12,625

b) Other income

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht'000	Baht'000	Baht'000	Baht'000
	Pricing policy				
<b>Management fee</b>					
Subsidiaries	Agreed rate per contract	-	-	4,509	10,250
<b>Rental and service revenue</b>					
Subsidiaries	Agreed rate per contract	-	-	472	324

c) Expenses

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht'000	Baht'000	Baht'000	Baht'000
	Pricing policy				
<b>Management fee</b>					
Other related parties (common directors)	Agreed rate per contract	-	445	-	445
<b>Rent</b>					
Other related parties (common directors)	Agreed rate per contract	10,526	10,238	10,526	10,238
Directors	Agreed rate per contract	5,383	5,021	5,383	5,021
<b>Underwriting fee</b>					
Other related parties (common directors)	Agreed rate per contract	1,115	704	1,115	704
<b>Upfront fee</b>					
Other related parties (common directors)	Agreed rate per contract	200	116	200	116
<b>Custodian fee</b>					
Other related parties (common directors)	Agreed rate per contract	30	-	30	-



**35 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

**d) Key management and directors compensation**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Short-term employee benefits	61,880	39,719	61,880	39,719
Post-employment benefits	858	854	858	854
<b>Total</b>	<b>62,738</b>	<b>40,573</b>	<b>62,738</b>	<b>40,573</b>

**e) Amount due from related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Subsidiaries	-	-	14,051	9,713
Other related parties (common directors)	1,368	2,616	1,368	2,616
<b>Total (Note 12)</b>	<b>1,368</b>	<b>2,616</b>	<b>15,419</b>	<b>12,329</b>

**f) Short-term loans to related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Subsidiaries	-	-	2,505,961	338,000

The movements of short-term loans to related parties for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>	<b>2016 Baht'000</b>	<b>2015 Baht'000</b>
Subsidiaries				
At 1 January	-	-	338,000	126,007
Loans advanced during the year	-	-	2,795,050	574,954
Interest income during the year	-	-	54,708	5,706
Repayments received during the year	-	-	(629,000)	(352,300)
Interest received during the year	-	-	(52,797)	(16,367)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>2,505,961</b>	<b>338,000</b>

Short-term loans to related parties are due at call. The loans bear interest at agreed rate per contract.

**35 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

**g) Amounts due to related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Subsidiaries	-	-	240	880
Other related parties (common directors)	2,520	2,269	2,520	2,269
<b>Total (Note 21)</b>	<b>2,520</b>	<b>2,269</b>	<b>2,760</b>	<b>3,149</b>

**h) Borrowings from related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Other related parties (common directors)	-	-	-	-
Maturity within 1 year	400,000	400,000	400,000	400,000
Maturity over 1 year	-	-	-	-
<b>Total</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>

The movements of short-term borrowings from related parties for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Subsidiaries	-	-	-	-
At 1 January	-	-	-	-
Additions of borrowings	-	-	35,000	-
Repayments of borrowings	-	-	(35,000)	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The movements of long-term borrowings from related parties which included current portion for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Other related parties (common directors)	-	-	-	-
At 1 January	400,000	300,000	400,000	300,000
Additions of borrowings	-	500,000	-	500,000
Repayments of borrowings	-	(400,000)	-	(400,000)
<b>At 31 December</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>

### **35 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

#### **h) Borrowings from related parties (Cont'd)**

As at 31 December 2016, the Group and the Company has unsecured long-term borrowings with CIMB Thai Bank PCL. at an amount of Baht 400 million (31 December 2015: Baht 400 million) which would be matured in June 2018 and bared annual interest at agreed rate per contract.

These borrowing agreements require the Group and the Company to maintain debts to equity ratio by computing applies annual consolidated financial statements. The Group and the Company comply with the conditions.

#### **i) Guarantee**

As at 31 December 2016, the Group, related companies and key management have joint guaranteed with the financial institutions for the facilities amount of Baht 1,114 million (31 December 2015: Baht 1,210 millions).

### **36 Commitments and contingent liabilities**

The Group and the Company has entered into several lease agreements in respect of the lease office building space and cars. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2016 and 2015, future minimum lease payments required under these non-cancellable operating lease contracts for the Group and the Company were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Less than 1 year	232,571	198,794	229,851	197,937
Later than 1 year but not later than 5 years	227,603	188,034	222,603	187,599
	<b>460,174</b>	<b>386,828</b>	<b>452,454</b>	<b>385,536</b>

### **37 Event after the statement of financial position date**

At the meeting of the Company's Board of Directors No.14/2016 held on 28 December 2016, the Board of Directors approved the following agenda:

1. Approve the ordinary share acquisition and the tender offer for all securities of Bangkok First Investment & Trust Public Company Limited ("BFIT") for the purpose of business take over by mean of conditional tender offer in accordance with the Notification of the Capital Market Supervisory Board No. Tor. Jor. 12/ 2554: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, at the price of not exceeding Baht 11.42 per share. In order to carry out the conditional tender offer for all securities, the following conditions precedent must be fully satisfied:

1.1 The Company enters into the Agreement to purchase shares with a person who is not connected person of the Group and will collect BFIT shares to meet the totaling of 53.01 million shares which represents 26.51 percent of the total paid-up share of BFIT at the price not exceeding Baht 10.50 per share, given the fact that the conditions precedent specified under this agreement must be fully satisfied, and

1.2 The Annual General Meeting of the shareholders resolves to approve the acquisition of the BFIT shares and the tender offer for all securities in BFIT by a vote of no less than 3/4 of the total votes cast by the shareholders attending the meeting and eligible to vote.

**37 Event after the statement of financial position date (Cont'd)**

At the meeting of the Company's Board of Directors No.14/2016 held on 28 December 2016, the Board of Directors approved the following agenda: (Cont'd)

2.Approve the business restructuring in accordance with the plan to establish the financial business group of the Company as prescribed by the rules on consolidated supervision to be in compliance with the provisions of Section 53 and 54 of the Financial Institution Business Act B.E. 2551 (2008) and the Notification of the Bank of Thailand No. Sor.Nor.Sor. 6/2553: Consolidated Supervision Criteria. The business restructuring will comprise the followings:

2.1 A partial transfer of business: all of secured loans, as well as all agreements assets and liabilities in connection with and used in the operation of such business, all branch offices of the Company and all employees necessary for the business operation ("Partial Business Transfer") are transferred to Srisawad Power 2014 Company Limited ("Srisawad 2014"), a subsidiary, in order to change the Company's business operation into that of non-operating holding company which engages in the sole business of holding shares to gain the controlling power in other companies. Such execution shall commence after the approval from the Bank of Thailand for the establishment of the financial business group is obtained. The Company anticipates that the Partial Business Transfer should be completed within 2017.

2.2 A business restructuring within the Group: after the completion of the Partial Business Transfer as described in 2.1, as an initial business plan, Srisawad 2014 will continue to manage the existing loans portfolio until the end of the relevant contracts terms and will also provide certain new types of secured loan. Furthermore, Srisawad 2014 will focus on managing the branch offices and on the provision of banking agent service, whilst BFIT will start extending the granting of credit by providing types of secured loans which are different from which Srisawad 2014 offers and also unsecured personal loans by using Srisawad 2014's banking agent service.

In addition, Fast Money Company Limited which originally provided the service of unsecured personal loans and nano-finance will provide only the nano-finance service so as to avoid any redundancy within the business group. Other companies will continue providing its existing services after the business restructuring.

3.Approve the change of the Company's name, seal and the amendment of the Memorandum of Association to be Srisawad Corporation Public Company Limited. In this regard, there is no change that has been made to the Company's securities symbol traded on the Stock Exchange.

At the meeting of the Company's Board of Directors No.3/2017 held on 21 February 2017, the Board of Directors approved the following agenda:

1.Approved capital decrease from Baht 1,086,493,519 to Baht 1,086,492,179.

2.Approved dividend payment for the year 2016 to shareholders amounting to Baht 47.05 million. The dividend payment will be paid on the following basis:

- Payment of cash dividend at the rate of Baht 0.005 per share amounting to Baht 5,227,482.46.
- Payment of ordinary shares dividend of 41,819,859 shares at par value of Baht 1 per share to the shareholders at the rate of 25 shares per 1 stock dividend totaling Baht 41,819,859, a dividend of Baht 0.04 per share. In the case of fractional shares, payment will be paid in cash instead of stock dividend at the rate of Baht 0.04 per share.

3.Approved capital increase from Baht 1,086,492,179 to Baht 1,129,951,865 by issuing 43,459,686 ordinary shares with par value of Baht 1 per share and allocate shares as follows:

- Allocation of 41,819,859 shares at par value of Baht 1 per share to accommodate for the stock dividend payment for ordinary shares.
- Allocation of 1,639,827 shares at par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares of the Company 1 (SAWAD-W1).

However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for fiscal year 2017.



#### **Attachment 1**

#### **Profiles of Directors, Management and Controlling Persons**



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
1. <b>Mr.Sukont Kanjanahuttakit</b> Chairman	70	<ul style="list-style-type: none"> <li>Master of Accounting Virginia Polytechnic and State University, U.S.A.</li> <li>Bachelor of Accounting Virginia Polytechnic and State University, U.S.A.</li> <li>Director Certification Program (DCP) 2007 – Thai Institution of Directors Association</li> <li>Audit Committee Program (ACP) 2010- Thai Institution of Directors Association</li> </ul>	-0-	Father of Mr. Vasiit Kanjanahuttakit	2012-Present Director, Chairman <b>Srisawad Power 1979 Plc.</b>  <u>Other Business</u> 2009-Present Independent Director and Chairman of Audit Committee <b>CIMB Thai Plc.</b> (Banking) 2011-Present Director in Governance Committee <b>Federation of Accounting</b> 2006-2015 Advisor to Management <b>Tricor Outsourcing (Thailand) (Advisory)</b> 2013-2015 Independent Director <b>Thai Sri Insurance Plc.</b> (Insurance) 2013-Present Director of University council <b>Western University</b> (Education) 2014-Present Independent Director, Chairman of Audit Committee <b>World Corporation Plc.</b> (Invest in other business) 2015-Present Independent Director, Chairman <b>JAS Asset Pcl.</b> (Real Estate)
2. <b>Mr.Chatchai Kaewbootta</b> Director <sup>/2</sup> Chairman of Executive Committee Chief Executive Officer	65	<ul style="list-style-type: none"> <li>Bachelor of Business Administration Sukhothai Thammathirat University</li> <li>Director Accreditation Program (DAP) 2013 –Thai Institution of Directors Association</li> </ul>	12.00% <sup>/1</sup>	Father of Ms.Doungchai Kaewbootta and Ms.Thida Kaewbootta	2012-Present Director, Chairman of Executive Committee Chief Executive Officer <b>Srisawad Power 1979 Plc.</b>  <u>Other Business</u>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
Credit Committee					<p>2004-Present Director <b>Srisamarn Bangkok</b> (Rent Property)</p> <p>2009-Present Director <b>I.D. 2007 Ltd.</b> (Real Estate)</p> <p>2008-Present Director <b>KBB Service</b> (Real Estate)</p> <p>2014-Present Director <b>Srisawad International 2014</b> (Real Estate)</p> <p>2014-Present Director <b>Big Minh 2014</b> (Real Estate)</p> <p>2015-Present Director <b>Big Minh 2015</b> (Advertising)</p> <p>2016-Present Director <b>SWP Services</b> (Advisory Service)</p> <p>2016-Present Director <b>United Coastal</b> (Holding company)</p>
<b>3. Miss Doungchai Kaewbootta</b> Director <sup>/2</sup> Executive Director Managing Director Credit Committee	37	<ul style="list-style-type: none"> <li>• Master of Computer Science De Paul University, U.S.A.</li> <li>• Bachelor of Politics Kasetsart University</li> <li>• Director Certification Program (DCP) 2010- Thai Institution of Directors Association</li> </ul>	6.3%	Daughter of Mr. Chatchai Kaewbootta, Older sister of Ms. Thida Kaewbootta	<p>2012-Present Director, Executive Director Managing Director <b>Srisawad Power 1979 Plc.</b></p>
					<p>Other Business 2011-Present Director <b>Fast Money Ltd.</b> (Lending)</p>
					<p>2014-Present Director <b>SWP Asset Management Ltd.</b> (Asset</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>Management)</p> <p>2015-Present Director</p> <p><b>Srisawad International Holding</b> (Invest in other)</p> <p>2016-Present Director</p> <p><b>Srisawad Power 2014</b> (Debt Collection)</p> <p>2016-Present Director</p> <p><b>SWP Services Ltd.</b> (Advisory Service)</p> <p>2016-Present Director</p> <p><b>United Coastal Ltd.</b> (Holding company)</p> <p>2010-Present Director</p> <p><b>I.D. Service 2007 Ltd.</b> (Property Business)</p> <p>2010-Present Director</p> <p><b>Anuchalee Ltd.</b> (Real Estate) กฤษฎิการ</p> <p>2007-Present</p> <p><b>Srisawad International 2014</b> (Real Estate)</p> <p>2011-Present Director</p> <p><b>Mee Baan Mee Rod Ngernsod Tanjai</b> (Real Estate)</p> <p>2007-Present Director</p> <p><b>Rojana Housing</b> (Real Estate)</p> <p>2007-Present Director</p> <p><b>Srisamarn Condotel</b> (Rent Property)</p>





Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>2010-Present Director <b>Srisawad Power</b> (Lending)</p> <p>2012-Present Director <b>Srisawad Group</b> (Lending)</p> <p>2007-Present Director <b>Big Minh 2015</b> (Advertising)</p> <p>2012-Present Director <b>KBB Service</b> (Real Estate)</p> <p>2010-Present Director <b>Big Minh 2014</b> (Real Estate)</p> <p>2007-Present Director <b>Srisamarn Petchaboon</b> (Real Estate)</p> <p>2015-Present Director <b>Myanmar Service International Holding</b> (Invest in other)</p>
<p><b>4. Miss Thida Kaewbootta</b> Director</p>	34	<ul style="list-style-type: none"> <li>• Master of Business Administration Waseda University, Japan</li> <li>• Bachelor of Accounting Thammasart University</li> <li>• Director Accreditation Program (DAP) 2013 – Thai Institution of Directors Association</li> </ul>	33.8%	<p>Daughter of Mr. Chatchai Kaewbootta Younger sister of Ms. Doungchai Kaewbootta</p>	<p>2012-Present Director <b>Srisawad Power 1979 Plc.</b></p> <p>2011-Present Director <b>D.T.J Service</b> (Invest in other company)</p> <p>2010-Present Director <b>Anuchalee</b> (Real Estate)</p> <p>2007-Present Director <b>Srisamarn Condotel</b> (Rent Property)</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>2007-Present Director <b>Big Minh 2015</b> (Advertising)</p> <p>2014-Present Director <b>SWP Asset Management</b> (Asset Management)</p> <p>2014-Present Director <b>Srisawad International 2014</b> (Real Estate)</p> <p>2014-Present Director <b>Big Minh 2014</b> (Real Estate)</p> <p>2015-Present Director <b>Myanmar Service International Holding</b> (Invest in other)</p> <p>2015-Present Director <b>Srisawad International Holding</b> (Invest in other)</p> <p>2016-Present Director <b>Srisawad Power 2014 Ltd.</b> (Debt Collection)</p>
<b>5. Pol.Lt.Gen.Pharnu Kerdlarpphon</b> Independent Director Audit Committee Chairman of Nomination and Remuneration Committee	61	<ul style="list-style-type: none"> <li>Master of Public Administration National Institute of Development Administration</li> <li>Bachelor of Law Ramkhamheang University</li> <li>Bachelor of Public Administration Police Academy</li> </ul>	-0-	-None-	<p>2012-Present Director and Audit Committee <b>Srisawad Power 1979 Plc.</b></p>
					<p>Other Business</p> <p>2013-2014 Director <b>Airport of Thailand Plc.</b> (Transportation)</p>
					<p>2014-2015 Assistant Commission-General, <b>Royal Thai Police</b></p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
		<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) 2013 – Thai Institution of Directors Association</li> </ul>			2012-2014 Commissioner, <b>Immigration Bureau</b> 2011-2014 Director <b>Bangkok Mass Transit Authority</b> (Transportation) 2011-2012 Commissioner, <b>Provincial Police Region 3</b>
<b>6. Mr. Weerachai Ngamdeevilaiisak</b> Independent Director Audit Committee Nomination and Remuneration Chairman of Risk Management Committee	54	<ul style="list-style-type: none"> <li>Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute</li> <li>Mini MBA Thammasart University</li> <li>Bachelor of Accounting Thammasart University</li> <li>Director Certification Program (DCP) Train the trainer</li> <li>Finance for Non-Finance Director (FN) 2003</li> <li>Role of the Compensation Committee Program 2007</li> <li>Successful Formulation &amp; Execution of Strategy 2009</li> <li>Chartered Director Class 2014</li> </ul>	-0-	-None-	2013-Present Director , Audit Committee Nomination and Remuneration Chairman of Risk Management Committee <b>Srisawad Power 1979 Plc.</b>
					<u>กิจการอื่น</u> 2009-Present Independent Director, Nomination and Remuneration, Chairman of Risk Management Committee <b>Pruksa Real Estate Plc.</b> (Real Estate) Director <b>Professional Outsourcing Solution</b> (Recruitment Service) Director <b>Accounting and Business Advisory</b> (Accounting and Advisory) Director <b>Audit One (Audit)</b> Director, Chairman of Audit Committee



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p><b>Aura</b> (Manufacturing) Independent Director, Chairman of Audit Committee <b>Capital Engineering Network Plc.</b> (Invest in other business) Independent Director, Chairman of Audit Committee <b>Sin Munkong Insurance Pcl.</b> (Insurance) Director <b>Smile P Ltd.</b> (Recruitment service)</p>
7. <b>Mr.Vinai Vittavasarnvej</b> Independent Director Vice Chairman Chairman of Audit Committee	66	<ul style="list-style-type: none"> <li>• Master of Politics Thammasart University</li> <li>• Bachelor of Accounting Thammasart University</li> <li>• Director Certification Program (DCP) 2006 – Thai Institution of Directors Association</li> <li>• Audit Committee Program (ACP) 2012- Thai Institution of Directors Association</li> </ul>	-0-	-None-	<p>2014-Present Independent Director/Vice Chairman Chairman of Audit Committee <b>Srisawad Power 1979 Plc.</b></p>
					<p><u>Other Business</u> 2009-2011 President <b>Government Saving Bank</b> (Banking) Director Chairman <b>Dhipaya Insurance Plc.</b> (Insurance) Director-General <b>The Treasury Department</b> Chairman <b>Dhanarak Asset Development</b> (Asset Development) Chairman of Executive Committee</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p><b>Secondary Mortgage Corporation</b> (Mortgage) Chairman 2011-2015</p> <p><b>Bangkok Dec-con Plc. (Furniture)</b> Chairman of Audit Committee 2012-Present</p> <p><b>Ekarat Engineering Plc. (Energy)</b> Chairman, Independent Director 2012-Present</p> <p><b>Sahamitr Pressure Container Plc.</b> (Packaging) Independent Director, Audit Committee 2016-Present</p> <p><b>Sin Munkong Insurance Pcl. (Insurance)</b></p>
<b>8. Mr. Weidt Nuchjalearn</b> Director Credit Committee	63	<ul style="list-style-type: none"> <li>Master of Business Administration Thammasart University</li> <li>Bachelor of Economics Kasetsart University</li> <li>Role of The Chairman Program (RCP) 2013 – Thai Institution of Directors Association</li> <li>Executive Program – Capital Market Academy 2014</li> <li>Director Accreditation Program (DAP) 2015 – Thai Institution of Directors Association</li> </ul>	-0-	-None-	<p>2015-Present Director, Credit Committee <b>Srisawad Power 1979 Plc.</b></p>
					<p><u>Other Business</u> 2015-Present Director <b>The Zoological Park Organization</b></p>
					<p>2015-Present Director <b>Dhipaya Insurance Plc. (Insurance)</b></p>
					<p>2015-Present Director <b>Forest Industry Organization</b></p>
					<p>2014-2015 Director <b>Krungthai Axa Plc. (Insurance)</b></p>
					<p>2013-Present Chairman of Audit Committee <b>Thai Food Groups (Food)</b></p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>2006-2014 Senior Deputy Managing Director <b>Krung Thai Bank Plc.</b> (Banking)</p> <p>2016-Present Director <b>SWP Services Ltd.</b> (Advisory Service)</p> <p>2016-Present Director <b>United Coastal Ltd.</b> (Holding company)</p> <p>2016-Present Independent Director, Chairman of Audit Committee <b>WHA Utility and Power Pcl.</b> (Energy)</p> <p>2015-Present Director, Chairman of Audit Committee <b>Saraburi Technic Concrete Ltd.</b> (Construction)</p> <p>2015-Present Advisor <b>SME Bank</b> (Banking)</p> <p>2015-Present Director <b>MAI</b></p> <p>2015-Present Director <b>Right Livelihood Foundation</b> (Foundation)</p> <p>2016-Present Director <b>Provincial Waterworks Authority</b> (Utility)</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
<b>9. Mr. Sumate Maneewattana</b> Independent Director	64	<ul style="list-style-type: none"> <li>• Master of Business Administration National Institute of Development Administration</li> <li>• Graduate Diploma in Public Law Chulalongkorn University</li> <li>• Mini MBA – Thammasart University</li> <li>• Bachelor of Law</li> <li>• Ramkhamhaeng University</li> <li>• Executive Program – Capital Market Academy</li> </ul>	0.01%	-None-	2015-Present Independent Director <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u> 2014-Present Chairman <b>Wang Kanai Credit Union</b> (Co-operation) 2014-Present Advisor to Chairman <b>Wang Kanai Group.</b> (Food) 2013-2014 Restructuring Advisor <b>Islamic Bank of Thailand</b> (banking) 2010-2012 Managing Director <b>Bangkok Commercial Asset Management</b> (Asset Management)
<b>10. Mrs. Wanaporn Pornkitipong</b> Executive Director Vice President – Account and Finance	51	<ul style="list-style-type: none"> <li>• Master of Business Administration Thammasart University</li> <li>• Bachelor of Audit University of the Thai Chamber of Commerce</li> </ul>	0.08%	-None-	2009-Present Vice President – Account and Finance Dept. <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u> 1996-2009 Assistant Managing Director <b>SCB Leasing Plc.</b> (Lending)



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
<b>11. Mr. Pinit Puapan</b> Director	49	<ul style="list-style-type: none"> <li>Diploma Advanced Management Harvard Business School</li> <li>Master of Economics The London School of Economics and Political Science</li> <li>Bachelor of Economics and Politics Tufts University</li> <li>Director Accreditation Program (DAP) 2004 – Thai Institution of Directors Association</li> <li>Audit Committee Program (ACP) 2004 – Thai Institution of Directors Association</li> <li>Corporate Governance for Capital Market Intermediaries (CGI) 2015 – Thai Institution of Directors Association</li> </ul>			2015-Present Director <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u> 2015-Present Director <b>CAT Telecom</b> (Communication) Independent Advisor 2015-Present <b>Laos Electric Generators</b> (Energy) Director 2014-Present <b>Mali Group 2012</b> (Food) Managing Director 2008-2013 <b>KT Seamico</b> (Securities) Executive Director 2007-Present <b>Seamico Securities</b> (Securities) Audit Committee 2007-Present <b>Charn Issara Development.</b> (Property)
<b>12. Mr. Watchabooraya Surasingarit</b> Vice President – Marketing Dept.	45	<ul style="list-style-type: none"> <li>Master of Business Administration Assumption University of Thailand</li> <li>Bachelor of Marketing Assumption University of Thailand</li> <li>Director Accreditation Program (DAP) 2014 – Thai Institution of Directors Association</li> </ul>	0.06%	-None-	2011-Present Director, Vice President – Marketing Dept. <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u> 2010-2011 Sale Manager <b>Sumplex (Thailand)</b> (Plastic) Business Unit 2000-2010 <b>Flaminco Cement (Thailand)</b> (Construction)
<b>13. Mr. Prayong Saennual</b>	50	<ul style="list-style-type: none"> <li>Bachelor of Politics</li> </ul>	0.12%	-None-	2010-Present Director, Vice President – Human Resources





Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
Director Credit Committee Vice President – Human Resources		Ramkhamheang University			<b>Srisawad Power 1979 Plc.</b>  <u>Other Business</u> 2007-2010 Human Resources Manager <b>Mahachai Hospital</b> (Hospital) 2004-2007 Recruitment Manager <b>Smart Corporation Plc.</b> (Communication)
<b>14. Mr.Somyot Ngerndamrong</b> Director <sup>1/2</sup> Credit Committee Vice President – Collection Dept.	50	<ul style="list-style-type: none"> <li>Bachelor of Economics Kasetsart University</li> <li>Director Accreditation Program (DAP) 2014- Thai Institution of Directors Association</li> </ul>	-0-	-None-	2013-Present Director, Vice President – Collection Dept. <b>Srisawad Power 1979 Plc.</b>  <u>Other Business</u> 2013 Advisor <b>Fast Money</b> (Lending) Vice President <b>CFG Service</b> (Lending) Vice President <b>Srisawad International</b> (Lending) Director Srisawad International 2014 (Real Estate) 2015-Present Director <b>Myanmar Service International Holding</b> (Invest in other) Director 2015-Present <b>Srisawad International Holding</b> (Invest in



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					Other)
<b>15. Mr. Vasiṭ Kanjanahuttakij</b> Deputy Managing Director	38	<ul style="list-style-type: none"> <li>• Master of Accounting University of Virginia</li> <li>• Bachelor of Accounting University of Virginia</li> </ul>	-0-	Son of Mr. Sukhont Kanjanahuttakij	2015-Present Deputy Managing Director <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u> 2010-2013 Senior Manager <b>Price Waterhouse Coopers Thailand</b> (Auditing) 2015-Present Director <b>Myanmar Service International Holding</b> (Invest in other) 2015-Present Director <b>Srisawad International Holding</b> (Invest in Other) 2015-Present Director <b>Srisawad Vietnam LLC</b> (Commercial Trading) 2016-Present Director <b>SWP Services Ltd.</b> (Advisory Service) 2016-Present Director <b>United Coastal Ltd.</b> (Holding company)
<b>16. Mr. Seksan Suparpviboon</b> Vice President – Branch Operation Dept.		<ul style="list-style-type: none"> <li>• Bachelor of Administration Rajabhat Nakorn Ratchasima</li> </ul>	-0-	-None-	2014-Present Vice President – Branch Operation Dept. <b>Srisawad Power 1979 Plc.</b> <hr/> <u>Other Business</u>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>2013-2014 General Manager <b>CRC Thai Material</b> (Construction Material) Branch Manager</p> <p>2011-2013 <b>Siam Global House</b> (Construction Material) General Manager</p> <p>2011-2011 <b>Mazda Eksaha Group Motor</b> (Car Retailer) General Manager</p> <p>2009-2010 <b>Auto Sales Rungruang</b> (Car Retailer)</p>
17. Mrs.Chomchaba Sathapornpong Company Secretary	54	<ul style="list-style-type: none"> <li>Bachelor of Accounting Thammasart University</li> <li>Director Accreditation Program (DAP) 2005- Thai Institution of Directors Association</li> <li>Company Secretary Program 2014</li> </ul>	0%	-None-	<p>2012-Present Company Secretary <b>Srisawad Power 1979 Plc.</b></p>
					<p><u>Other Business</u></p> <p>2010-2011 Vice President – Office of Management <b>Solution Corner (1998)</b> (Information Technology) Assistant Managing Director</p> <p>2009-2010 <b>Eastern Wire Plc.</b> (Invest in other business )</p>

Note: <sup>1/</sup> including spouse holding

<sup>2/</sup> Authorized Director



**Srisawad Power 1979 Public Company Limited**

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**Attachment 2**

**Details of Directors, Management, and Controlling Persons in Subsidiaries and Related Parties**



Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Ms.Thida Kaewbootta	Mr.Vinai Vittavasgarnvej	Plo.Lt.Gen.Pharnu Kerdlaiphon	Mr.Weerachai Ngamdeevilaisak	Mr.Sumate Maneewattana	Mr. Weidt Nuchjalearn	Mr. Pinit Puapan	Mr. Vasiit Kanjanahottakitij	Mrs.Wanaporn Pornkitipong	Mr.Watchabooraya Surasingarit	Mr.Prayong Saennual	Mr.Somyot Ngerndamrong	Mr.Seksan Suparpviboon
1. Srisawad Power 1979 Plc.	C	D,ED, CEO	D,MD, ED	D	ID,AC	ID,AC	ID,AC	D,ID	D	D	M	ED,M	M	D,ED, M	D,M	M
<b>Subsidiaries</b>															D	
2. SWP Asset Management			D	D												
3. Fast Money			D													
4. Srisawad International Holding			D	D							D				D	
5. Srisawad Vietnam LLC											D					
6. Srisawad Power 2014		D	D	D										D	D	
7. SWP Services		D	D						D		D				D	
8. United Coastal		D	D	D					D		D				D	
<b>Related Parties</b>																
9. Srisamam Bangkok		D														
10. I.D. 2007		D														
11. D.T.J. Service				D												
12. I.D. Service 2007			D													
13. Anuchalee			D	D												
14. Srisawad International 2014		D	D	D											D	
15. Mee Baan Mee Rod			D	D												



Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Ms.Thida Kaewbootta	Mr.Vinai Vittavassgarnvej	Plo.Lt.Gen.Pharnu Kerdlaiphon	Mr.Weerachai Ngamdeevilaisak	Mr.Sumate Maneewattana	Mr. Weidt Nuchjalearn	Mr. Pinit Puapan	Mr. Vasit Kanjanahottakij	Mrs.Wanaporn Pornkitipong	Mr.Watchabooraya Surasingarit	Mr.Prayong Saennual	Mr.Somyot Ngerndamrong	Mr.Seksan Suparpviboon
Ngernsodtanjai																
16. Rojana Housing			D													
17. Srisamarn Condotel			D	D												
18. Srisawad Power			D													
19. Srisawad Group			D													
20. Big Minh 2015	D	D	D	D												
21. KBB Service	D	D	D													
22. Big Minh 2014			D													
23. Srisamarn Petchaboon	D	D	D	D												
24. Myanmar Service International Holding			D	D							D				D	
25. CIMB Thai Plc.	ID,AC															
26. World Corporation Plc.	ID.AC															
27. Prukha Real Estate Plc.							ID,AC									
28. Sin Munkong Insurance					ID,AC		ID,AC									
29. Smile P							D									
30. Audit One							D									
31. Aura							D,AC									
32. Ekarat Engineering Plc.					ID,AC											



Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Ms.Thida Kaewbootta	Mr.Vinai Vittavasgarnvej	Plo.Lt.Gen.Pharnu Kerdlaiphon	Mr.Weerachai Ngamdeevilaisak	Mr.Sumate Maneewattana	Mr. Weidt Nuchjaleam	Mr. Pinit Puapan	Mr. Vasit Kanjanahottakij	Mrs.Wanaporn Pornkitipong	Mr.Watchabooraya Surasingarit	Mr.Prayong Saennual	Mr.Somyot Ngerndamrong	Mr.Seksan Suparpviboon
33. Sahamitr Pressure Container Plc.					C											
34. Dhipaya Insurance									D							
35. Saraburi Technic Concrete									AC							
36. Zoological Park Org.									D							
37. Right Livelihood Foundation									D							
38. WHA Utility & Power									ID,AC							
39. Thai Food Groups									ID,AC							
40. CAT Telecom										D						
41. Mali Group 2012										D						
42. Seamico Securities										D,ED						
43. Charn Issara Development										ID,AC						

Note: **C**- Chairman **D**-Director **ID**-Independent Director **AC**-Audit Committee **ED**-Executive Director **MD**-Managing Director **M**-Management









# SAWAD

SRISAWAD POWER 1979 PUBLIC COMPANY LIMITED



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