



MUANGTHAI LEASING PUBLIC COMPANY LIMITED

ANNUAL REPORT 2015



Nationwide Motorcycle
Title Loan Leader

24th
ANNIVERSARY
SINCE 1992

www.muangthaileasing.co.th

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Message from the Chairman of the Board of Directors

Muangthai Leasing Public Company Limited has been listed in with the Stock Exchange of Thailand for one year since last 26 November 2015. In the past year the Company had a very successful operation with its continuous and satisfactory growth with net profit of 825 million baht, which is 281 million baht increase from the previous year.

Meanwhile, the Company is still focusing on network expansion to cover more service area. With the plan to open more 450 branches in 2016, the Company will then have 1,350 branches with more flexible business channels. In term of services, apart from the main service of vehicle title loans, the Company now offers services of personal loan, nano-finance and land title deed loan. With its steady growth, the Company is well-aware of the importance of operating businesses with good governance, considering that it is a key strategy that will lead to the efficient, transparent and thoroughly checkable management.

On behalf of the Company, I would like to take this opportunity to thank all of our shareholders, our customers and our business partners for your continued supports. I would also like to thank our management and every employee who are committed and contributed to build up the Company to be a sustainable business in the future. I shall assure to you all that the Company will continue to operate its businesses with integrity, honesty and transparency under the rigorous good governance practices. I am very confident that Muangthai Leasing Public Company Limited will continue to grow continuously and sustainably.



Adm. Apichart Pengsritong
(Chairman of the Board of Directors)



Message from the Chairman of the Executive Committee

The operating result in 2015 showed that the Company has achieved planned targets including the number of new branches opening, total new lending, NPL percentage as well as total net profit.

One of the key success factors is the contribution and co-operation of our staff and managers who are highly committed and work diligently to bring in new customers so that we, as a team, can achieve the set targets.

In 2016, the management has set more challenging targets, for themselves and the team, to expand our business by opening more 450 branches, to increase total new lending by no less than 50% of the previous year and to ensure NPL percentage will be less than 1.5%.

Although making profit is an important target for business, social responsibility is another key area which we will focus. The Company and its management will continue our social contribution activities i.e our annually traditional Tod Kratin ceremonies, annual blood donations and the “Ban Mai Kong Noo (My new home)” project to build child development centres in rural area.

Lastly, the Company is committed to provide the best service to its customers, based on integrity and business ethics. We will operate our business with transparency and with social responsibilities so that the Company will continue to grow in a sustainable way.

Mr. Chuchat Petaumpai
(Chairman of the Executive Committee)

Report of the Audit Committee

Dear Shareholders

The Company's Board of Directors has appointed the Audit Committee which consisted of three independent directors with qualifications specified by criteria in the announcements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Following is the name list.

- | | | |
|----|----------------------------|------------------------------------|
| 1. | Mrs. Kongkeaw Piamduaytham | Chairperson of the Audit Committee |
| 2. | Mr. Kampol Tatiyakavee | Member of the Audit Committee |
| 3. | Mr. Chainoi Puankosoom | Member of the Audit Committee |

In 2015, the committee held 4 meetings and all committee's members attended every meeting. While one of these meetings was to meet with external auditors in the absence of the Company's management with the objectives to learn about problems arising during the auditing period and to discuss the issues that the auditors considered as material. This practice is to promote the Company's good governance and to enhance the transparency of the Company's financial statements. The minutes of meetings were prepared and reported to the Board of Directors on quarterly basis.

The Audit Committee performed its duties with prudence and independence, giving comments and recommendations in a direct and transparent manner to comply with corporate good governance principles. The committee opined that in 2015 the Company has set up a transparent, adequate and sufficient internal control system with sufficient risk managements and processes to ensure the Company's operations complied with related laws and with the principles of corporate good governance. The financial statements were prepared accurately and presented fairly, in all material respects, the financial position of the Company. Below are summaries of the committee's main activities in 2015.

- Financial reports review:** The committee reviewed quarterly and annually financial statements this year to ensure that the Company's financial statements were accurately prepared and presented in accordance with financial reports standards and that the financial statements were accurate and reliable with sufficient disclosure of material information in a timely manner for the benefit of investors and in conformity with legal requirements and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- Review of internal control system and internal audit system:** The committee approved the audit plan for 2015, which was prepared by the internal audit team, and regularly monitored the operating results on quarterly basis. Considering from key operation issues, the committee provided useful recommendations and comments to ensure that the existing internal control processes could help prevent or mitigate errors in business operations. The committee also reviewed the appropriateness and adequacy of human resources as well as the independency of internal audit team. The committee opined that the Company's internal control and internal audit system were effective, appropriate and sufficient. The internal audit team performed their duties independently, transparently and fairly.
- Risk management review:** The committee reviewed the Company's risk assessment and the managements of operational risks and financial risks and agreed that the Company's risk management was effective and adequate.



4. **Law compliance review:** The committee reviewed the Company's business operations and viewed that they were complied with the laws related to securities and the Stock Exchange of Thailand, the SET regulations as well as other laws and regulations which were related to the Company's businesses, including the Company's anti-fraud policy and the regulation changes which impacted the Company's operations.
5. **Consideration of connected transactions and items with potential conflicts of interest:** The committee considered and provided comments on the connected transactions and items with potential conflicts of interest on a fair and reasonable basis; while taking into consideration the benefits of all stakeholders and the sufficiency of information disclosures as required by the Stock Exchange of Thailand.
6. **Consideration of nomination and proposal to appoint the external auditors and the audit fee:** The committee proposed to the Board of Directors to appoint the external auditors and the audit fee for 2015, by considering performance, independence, competence, experience and the suitability of the fee of the auditors in the previous year. The committee agreed to nominate the existing auditors from the EY Office to be the Company's external auditors for another year. Following are name list of the auditors.
 - 1) Ms. Ratana Jala Certified Public Accountant Registration No 3734 and/or
 - 2) Ms. Somjai Khunapasut Certified Public Accountant Registration No 4499 and/or
 - 3) Ms. Rutchada Yongsawatwanich Certified Public Accountant Registration No 4951
7. **Consideration and review of the existing Audit Committee Charter:** The committee considered and reviewed the audit committee charter on regular basis to ensure that the committee perform its duties effectively by exercising the up-to-date practices.

(Mrs. Kongkeaw Piamduaytham)
Chairperson of the Audit Committee

Report of the Nomination and Remuneration Committee

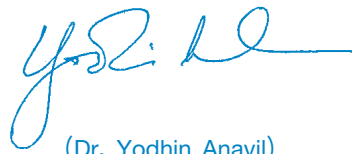
In 2015, the Nomination and Remuneration Committee consisted of three independent directors: Dr. Yodhin Anavil as the chairman, Mrs. Kongkeaw Piamduaytham and Mr. Kampol Tatiyakavee as committee members.

The Nomination and Remuneration committee carried out its duties as assigned by the Board of Director. The committee's main activities in 2015 are summarised below:

The Nomination: To consider and propose to the Board of Directors the list of directors who were retired by rotation to be re-elect back to their position for another term. The committee has reviewed the qualifications of those three directors and agreed that they were competent and qualified as per the set criteria. They have been cautious in carrying out their duties, highly committed, consistent and sincere. They were supportive to the Board in setting business directions, managing the Company businesses and providing useful recommendations and comments for the business operations and the shareholders.

The Remuneration: To consider and propose to the Board of Directors the remunerations of the Company's directors and members of each sub-committee. The committee has considered the remunerations which were suitable for the roles and responsibilities, performance and the Company's operating results, as well as referenced information from the survey of other companies, with the relative size and services provided, in the same industry.

In the past year, the Nomination and Remuneration Committee has completely performed their duties, assigned by the Board of Director, with cautiousness, prudence, competence and independence in accordance with the good governance practices for the equitable benefit of the Company and all stakeholders.



(Dr. Yodhin Anavil)

Chairman of the Nomination and Remuneration Committee



Report of the Corporate Governance Committee

The Company's Board of Directors has appointed the Corporate Governance Committee which consisted of three directors; Mr. Chainoi Puankosoom as the chairman, Mrs. Kongkeaw Piamduaytham and Mr. Chuchat Petaumpai as committee members.

In 2015, the committee held meetings to carry out its duties and responsibilities defined in the corporate governance committee charter and reported every meeting resolutions to the Board of Directors. The committee promoted and supported the Company's projects and activities which benefit the society. Regarding the promotion of good corporate governance, the committee focused on keeping up with the standards and developing good governance practices on continual basis. The principles and practices of good corporate governance were promoted to be a part of corporate culture so that they became practical in real work environment. Following are the committee's activities in 2015.

- Develop staff training curriculum: To educate the Company's employee about the principles of good corporate governance and business ethics and to enhance the understanding among management and staff about how to perform their duties with proper and righteous responsibility.
- Develop Good Governance Handbook of staff, managers and directors: To ensure that staff, managers and directors are aware of the meaning and practices of business ethics and code of conducts of individual employee so that they can start practicing in the same direction.
- Communicate and share knowledge about good governance concepts and practices to staff, managers and directors on regular basis by using various channels, including the "Muangthai Leasing" monthly bulletin.
- Support and promote the Company's CSR activities of building child development centres. The Company has done this activity continually for many years in locations nearby its branches. In 2015, two centres were built at the Baan Makam En school and the Wat Rangsanek Nakornchan school in Rachaburi province.

The committee has performed its duties cautiously with prudence and by taking into accounts the best interest of the Company, its shareholders and all stakeholders.

The committee believes that the business operation which is transparent, fair, abiding by the good governance policy and strictly adhering to business ethic principles with the co-operation from all level of managers and staff, will build more trust among all stakeholders which will support the sustainable growth of the Company.

(Mr. Chainoi Puankosoom)

Chairperson of the Corporate Governance Committee

The Responsibility of the Board of Directors to the Financial Report

The Board of Directors of Muangthai Leasing Public Company Limited is responsible for the preparation, the information disclosure, and the consolidated financial statements of the Company and other financial information as appeared in the Annual Report of year 2015. Such financial statements are prepared in accordance with generally accepted accounting standards. Careful consideration is applied in using appropriate accounting policies. The estimation and practice relating to information in financial statement are appropriate, adequate and constantly followed, in order to ensure that the financial statement do not contain any information which are contradicted to the material information, and that the information will be beneficial and transparent to the Company's shareholders and other investors.

The Board of Directors has appointed the Audit Committee comprising Independent Directors to review the accounting standard policy, to be responsible for the quality of the financial reports, to review the internal control system, the internal audit and the risk management system as well as to consider the disclosure of connected transactions. Opinions of the Audit Committee on these matters are disclosed in the Report from the Audit Committee as appeared in the Annual Report.

The Board of Directors has set up proper and effective internal control system, risk management system and internal audit system to ensure reasonably that accounting records are correct, complete, and sufficient to safeguard Company's assets and to ascertain any weaknesses so as to prevent fraud or material irregularities.

The Board of Directors opines that the Company's overall internal control system is satisfactory to ensure reasonably the credibility of the financial statements of the Company as of 31 December 2015, and that it has followed the accepted accounting standards and in line with related laws and regulations.



Adm. Apichet Pengsritong
(Chairman of the
Board of Director)



Mr. Chuchat Petaumpai
(Chairman of the
Executive Committee)



Board of Directors



Adm. Apichart Pengsritong
Chairman/Independent Director



Mr. Chuchat Petaumpai
Director/Member of
Corporate Governance



Mrs. Kongkeaw Piamduaytham
Independent Director/
Chairperson of the
Audit Committee



Mr. Chainoi Puankosoom
Independent Director/
Member of the
Audit Committee



Mr. Kampol Tatiyakavee
Independent Director/
Member of the Audit Committee



Dr. Yodhin Anavil
Chairperson
of the Nomination/
Remuneration Committee



Mrs. Daonapa Petampai
Director/Managing Director

Executive Committee



Mr. Chuchat Petaumpai
Chairman
of the Executive Committee



Mrs. Daonapa Petampai
Executive



Mr. Surapong Pechaumpai
Executive



Mr. Parithad Petampai
Executive



Mr. Surat Chayavoradech
Executive



Ms. Duangkhae Songnuy
Executive



Ms. Vimonrat Nujul
Executive



Executive Committee



Mr. Somkiat Ratsamee
Executive



Mr. Amnat Niamsee
Executive



Mr. Banyat Ninsiri
Executive



Mr. Niyom Rodnoi
Executive



Mr. Pradit Thongkhum
Executive



Mr. Songkarn Eiamkai
Executive

Audit Committee



Mrs. Kongkeaw Piamduaytham
Chairperson
of the Audit Committee



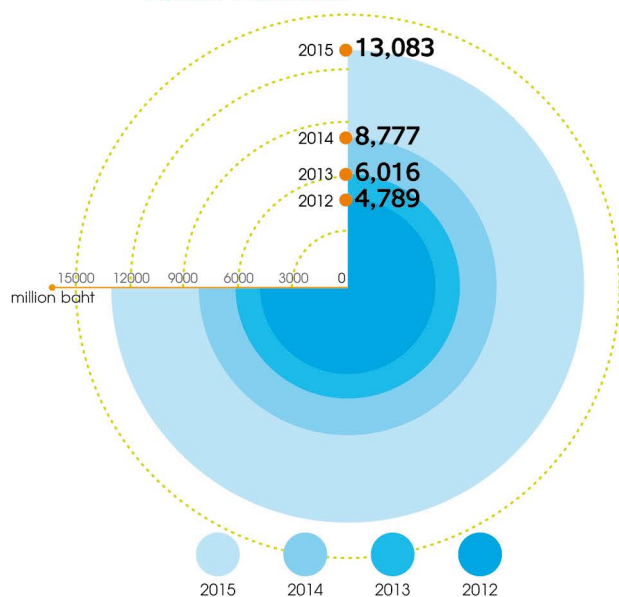
Mr. Chainoi Puankosoom
Member
of the Audit Committee



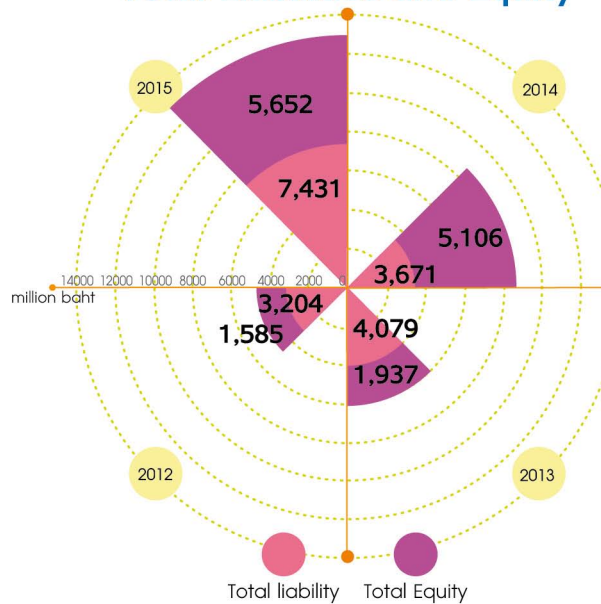
Mr. Kampol Tatiyakavee
Member
of the Audit Committee

Summary of Financial Information

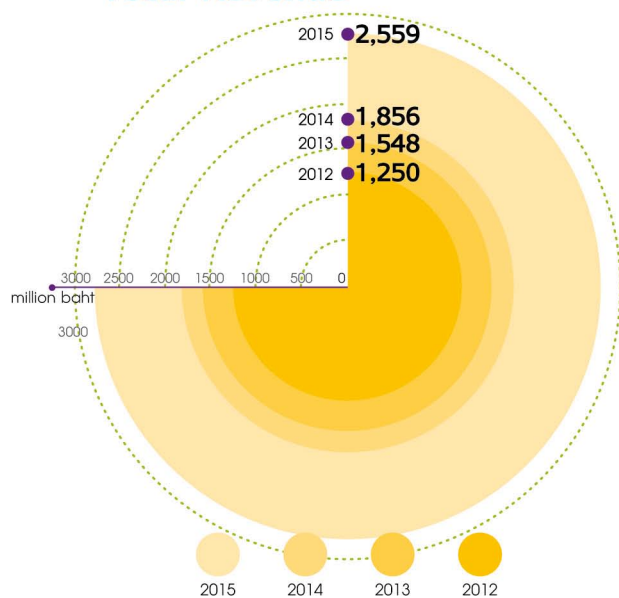
Total Assets



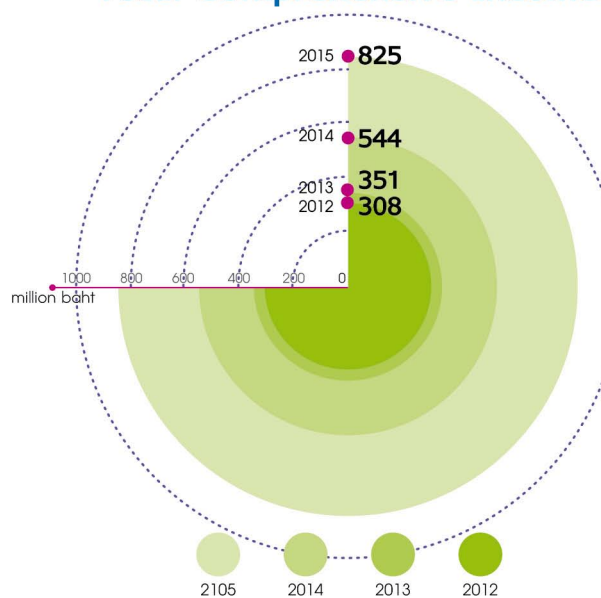
Total Liabilities and Equity

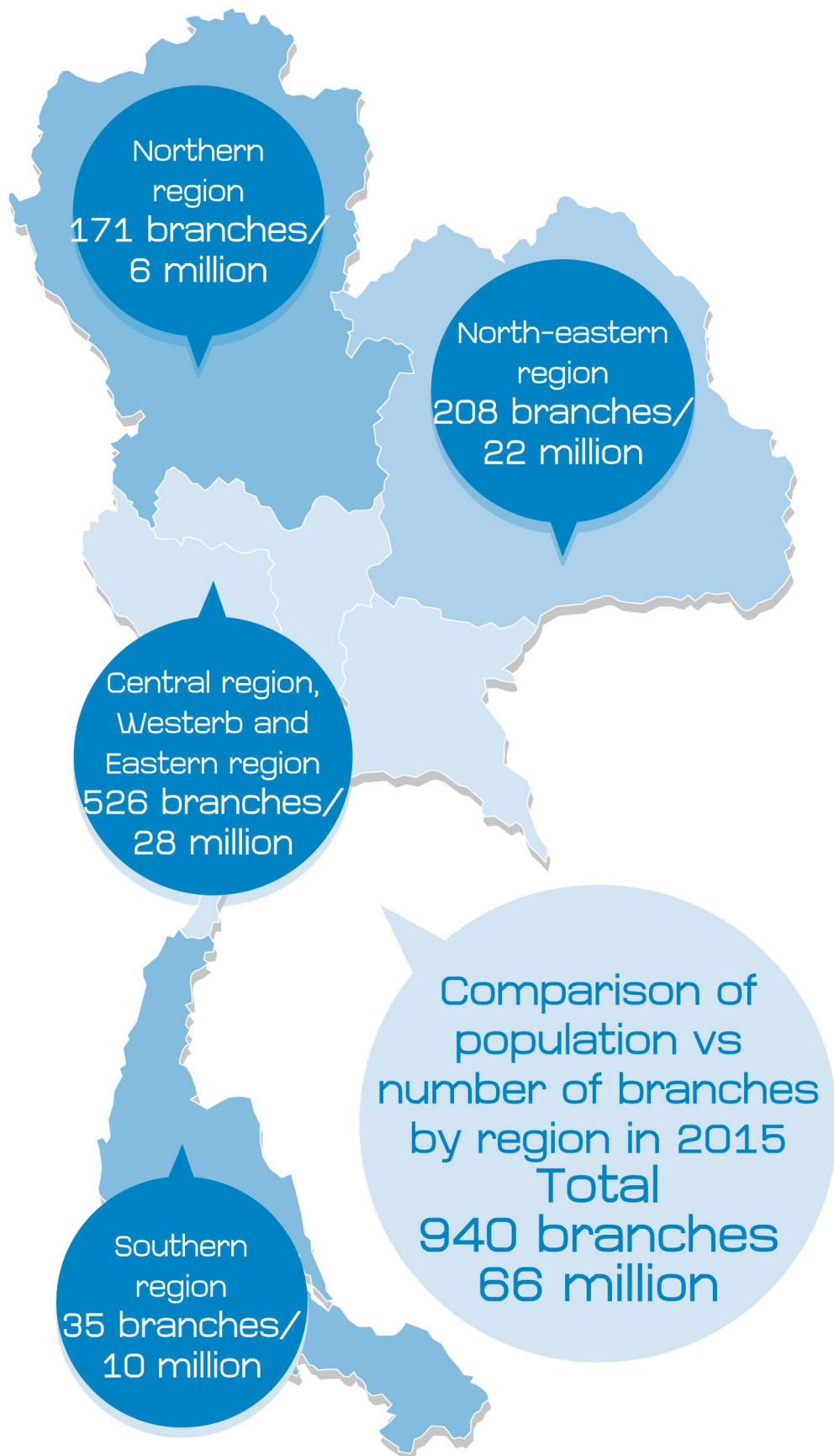


Total Revenue



Total Comprehensive Income





1. Company's Policy and Overview of Business Activities

Muangthai Leasing Public Company Limited (“the Company”), formerly named D.S.Leasing Company Limited, was founded by Mr.Chuchat Petaumpai and Mrs.Daonapa Petumpai on the registration date of 22 May 1992 with the head office located at 13 Soi Charansanitwong, Bangaor, Bangplad, Bangkok. The initial registration capital was 2 million baht and the business objective was to provide hire purchase loan for new and used motorcycle of all brands. Channeling through its dealers in Phitsanu and other provinces in the lower northern region like Sukhothai, Kamphaengphet, Pichit, etc., the Company had serviced various groups of customer i.e. fixed income employee (daily and monthly paid), farmer and other self-employed individual. After that, the Company has increased the product lines by offering the vehicle title loan (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other agricultural trucks, which enabled the Company to service more groups of customer. In 2001, the Company has changed its name to Muangthai Leasing Company Limited on 28 August 2001 and stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. When there were more service providers, the industry became highly competitive.

In 2006, the Company envisioned an opportunity to expand by entering the consumer lending industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through its own branches.

In 2015, the Company has introduced more products to meet different needs of our customers i.e. Nano Finance (Retail loans for professionals under BOT's supervision), of which the Company has received permission from the Ministry of Finance on 26 May 2015. Another new product offered is Land Title Deed Loan.

As the Company's main target customers were local people who lived in the nearby neighbourhood areas, we had emphasized on building good relationship with customers, using slogan of “Intimate services like closed family members”. As a result the Company has well gained customer trust and received repeated business. In order to support the growth, the Company has continually expanded its branch network to cover more service areas throughout the country. As of 31 December 2015, the Company has total 940 branches.

1.1 Vision, Objectives and Business Goal

Vision

“We will maintain our leadership as #1 in the vehicle title loan business nationwide”

Mission

- The Company will expand our service channel to cover all regions in Thailand.
- The Company must gain the most market share as ranked #1 in each and every area that we have our operation.
- The Company must have the highest amount of lending average per employee when comparing in the some industry.
- The company will give priority to the account services and debt management by using MTL Model as a tool.
- The Company will provide service excellence and achieve the highest customer satisfaction.



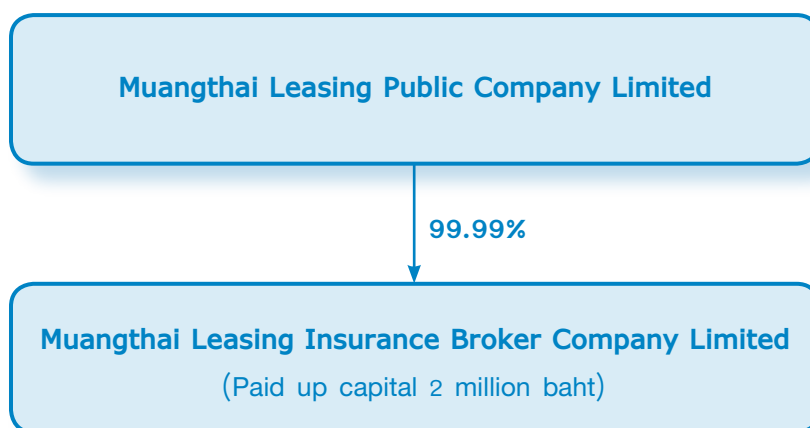
1.2 Key Milestones and Achievements

Key milestones and achievements of the Company during 2012–2015 are listed below.

Year 2015
<ul style="list-style-type: none"> • Launched a new product of Land title deed loan. • Started a Nano Finance business with a permission granted from Ministry of Finance dated 26 May 2015. • Expand branch network in the Southern region by opening the first southern branch in Suratthani province.
Year 2014
<ul style="list-style-type: none"> • Opened the third auction center in Chonburi province to facilitate the auctions for branches throughout the Central and the Eastern region. The first auction was on 21 February 2014. • Opened the fourth auction center in Khonkaen province to facilitate the auctions for branches throughout the North Eastern region. The first auction was on 20 March 2014. • The annual general shareholders' meeting in 2014 which was arranged on 28 April 2014 has approved the Company to proceed the followings: <ul style="list-style-type: none"> – Transforming to public company limited – Changing the par value of 100 baht per share to 1 baht per share – Increasing the registered capital of 545 million baht so that the Company's capital increased from the former 1,575 million baht to 2,120 million baht, by issuing 545 million new common shares with the par value of 1 baht with the allotment as follows: <ol style="list-style-type: none"> (1) 502.50 million right-offering shares offered to the public (2) 42.50 million right-offering shares offered to directors, executives and employee of the Company and/or its subsidiary (3) On 26 November 2014, the Company's common shares was started trading in the Stock Exchange of Thailand for the first time. As of 31 December 2014, the Company has total 506 branches.
Year 2013
<ul style="list-style-type: none"> • Increased the registered capital of 315 million baht, from 1,260 million baht to 1,575 million baht, by issuing new common stock of 3,150,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio.
Year 2012
<ul style="list-style-type: none"> • Increased the registered capital of 160 million baht, from 1,100 million baht to 1,260 million baht, by issuing new common stock of 1,600,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio. • Opened the first and second car auction centers, in Phitsanuloke province and Ayudhaya province to facilitate the auctions for branches throughout the Northern, the Central and the Eastern region.

1.3 Shareholding Structure of the Company and its subsidiary

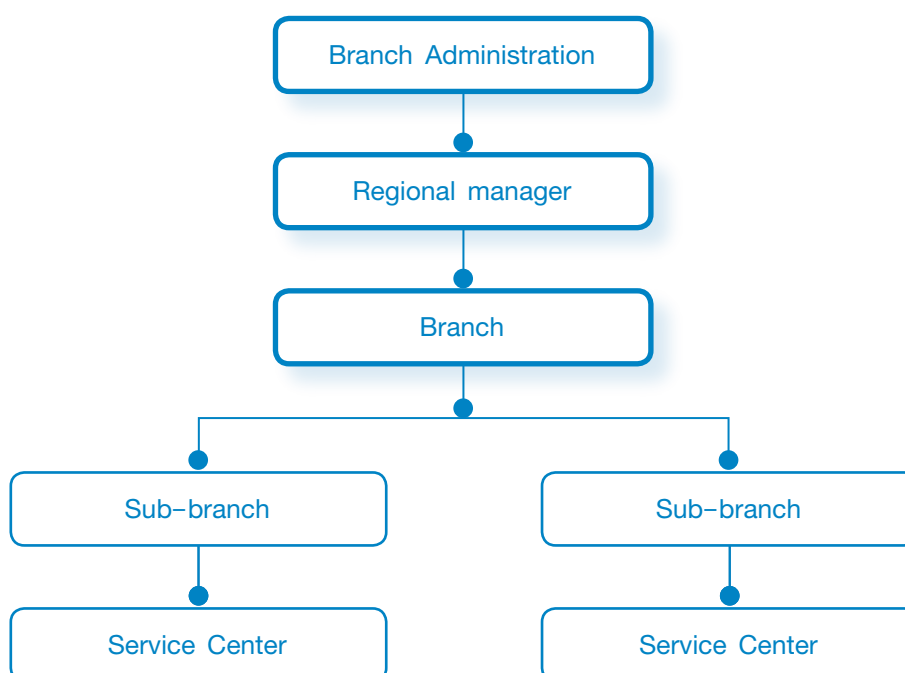
As of 31 December 2015 the shareholding structure of the Company and its subsidiary was as follows:



Business Operations of the Company and its subsidiary

1.4 Muangthai Leasing Public Company Limited

Muangthai Leasing Public Company Limited operates business of providing vehicle title loan, land title deed loan and nano finance for individuals through the Company's branches which covering most area in the country. Our branches are located in Northern region, North-eastern region, Central region, Eastern region, Western region and Southern region. The Company's branch structure comprises branches, sub branches and service centers. The branches are under supervision of regional managers who directly report to Branch Administration Department as shown below.





As of 31 December 2015, the Company had total 940 branches with services summarized below.

1.4.1 Vehicle Title Loan Business

The Company provides vehicle title loan to individuals for all types and models of new and used automobiles including motorcycles, cars and agricultural trucks. The customer who applies for loan will have to deliver the original registration to the Company's custody as a collateral without any requirement to record the ownership transfer in that vehicle registration.

- (a) Business of providing motorcycle title loan – is the lending service to individual who owns the motorcycle and has the motorcycle in possession.
- (b) Business of providing car title loan – is the lending service to individual who owns the car and has the car in possession. Types of car that can use the Company's loan service are passenger car, commercial used car, van, 6-wheel truck and 10-wheel truck.
- (c) Business of providing agricultural vehicle title loan – is the lending service to individual whose career must be agriculturist and who owns the agricultural car and has the car in possession. Types of agricultural car that can use the Company's loan service are tractors and Thailand car.

1.4.2 Personal Loan Business

The Company provides service of unsecured lending personal loan only to customers who took vehicle title loan from the Company in the past and had good payment history. The Company has received permission from the Ministry of Finance to operate personal loan business under supervision of the Bank of Thailand on 31 August 2006.

1.4.3 Land Title Deed Loan Business

The Company provides service of land title deed loan, of which the customer will have to deliver the deed to the Company as a collateral. The Company provides options for the customer whether to register the pledge at land office or not depending on the needed amount of loan and interest rate.

1.4.4 Nano Finance Business

The Company provides service of nano finance, which is unsecured consumer loan for professionals, to existing vehicle title loan customers with good payment history. The Company has received permission from the Ministry of Finance to operate nano finance business under BOT's supervision on 26 May 2015.

1.5 Muangthai Leasing Insurance Broker Company Limited (“MTLI”)

MTLI was registered to operate on 4 February 2011 with the paid-up capital of 2 million baht which divided into 20,000 common shares at the par value of 100 baht each. Presently, the Company is holding 19,998 shares in MTLI which equals to 99.99% of the paid-up capital.

MTLI operate the business of insurance broker by selling policy of compulsory motor insurance for motorcycle and cars as well as personal accident policy. MTLI received the license to operate insurance broker business in accordance with the Non-Life Insurance Act B.E.2535 from the Office of Insurance Commission (“OIC”) on 4 May 2011.

2. Business Operations

2.1 Revenue structure of the Company and its subsidiary

Types of Income	Year 2012		Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Interest Income								
– Vehicle Title Loan	1,057.81	84.63	1,299.42	83.93	1,562.30	84.17	2,161.07	84.45
– Personal Loan	1.59	0.13	1.64	0.11	5.12	0.28	64.02	2.50
Total Interest Income	1,059.40	84.76	1,301.06	84.04	1,567.42	84.45	2,225.09	86.95
Fee & Service Income ¹⁾	178.61	14.29	238.19	15.38	279.32	15.05	317.29	12.40
Other Income ²⁾	11.93	0.95	8.99	0.58	9.34	0.50	16.56	0.65
Total Income	1,249.94	100.00	1,548.25	100.00	1,856.08	100.00	2,558.94	100.00

Remark : ¹⁾ Fee & Service Income consisted of loan processing fee, penalty and collection fee, brokerage fee for MTLI's policy selling.

²⁾ Other Income consisted of fee of information service fee from insurance companies, profit from assets sold, foreclosure fees, etc.

2.2 Services provided by the Company

The Company operates businesses of providing vehicle title loans and personal loans to individuals. Following are details of each loan service characteristic.

2.2.1 Vehicle Title Loan Service

Vehicle title loan is the service of lending out to individual who has owned the vehicle for the period of time that is not less than the period specified by the Company, or who has shown solid evidence that his/her next of kin has own the vehicle, to ensure that the loan applicant has actually owned the vehicle. Customers who applied for the loan will have to deliver the original vehicle title/registration to the Company's custody as collateral. The customer are not required to transfer the ownership of the vehicle but will have to sign in Memorandum of Understanding to acknowledge the agreement. In case that the borrower fails to pay back the debts partially or in total, he/she agrees to transfer the right of ownership and to deliver the vehicle to the Company. Also, the borrower is requested to sign in Power of Attorney and Request to Transfer form, which are the official documents of the Department of Land Transport. By the way, the customer/borrower still has ownership of the vehicle, of which its title used as collateral, and can use such vehicle as normal.

If the customer failed to pay the instalment for 2 consecutive times or more, the Company is titled to foreclose the collateral. The Company will send the notice to terminate the contract by registered mail to the borrower and the guarantor. In case either the borrower or the guarantor do not contact to pay off the loan within the time frame, the Company can process to sell the vehicle through the Company's auction centers.



The Company's service of Vehicle Title Loan is divided into 3 categories in according to the types of vehicle which is used as collateral.

- (1) Motorcycle Title Loan
- (2) Car Title Loan
- (3) Agricultural Car Title Loan

During 2012–2014, the Company had signed contracts of vehicle title loans with total of 656,894 contracts, 713,678 contracts and 834,994 contracts respectively. While the total lending amounted to 8,244 million baht, 9,824 million baht and 12,412 million baht respectively. The loan growth were 19.16 percent and 26.34 percent year on year. The main product with the highest lending amount was motorcycle title loan, representing 82–93% of total lending in 2012–2014. Car title loan was the second rank, representing 5–13% of total lending in year 2012–2014. The balances of loan to customers (vehicle title loans) at end-year 2012–2014 were 4,771 million baht, 5,826 million baht and 7,413 million baht respectively.

In 2015, the Company has signed total of 1,079,968 vehicle title loan contracts with total loan amount of 19,133 million baht and the balance of loan to customer (vehicle title loans) was 11,927 million baht as of 31 December 2015.

2.2.2 Other Loan

– Personal Loan Service

The Company provides service of personal loan under supervision of the Bank of Thailand by receiving the license from Ministry of Finance on 31 August 2006. The Company has policy to provide personal loan only to the ex-customers who used to receive vehicle title loan from the Company and had good payment history. Since personal loan is an unsecured lending, the Company will approve the credit limit at its discretion. Once the personal loan is approved, the customer is required to provide guarantor who must own a house or who works as government official. The Company considers that the guarantor must have secure employment and permanent resident, which will minimize the risk of borrower unable to pay back the debt. For personal loan, the Company allows instalment period of 6–24 months with flat-rate interest.

– Land Title Deed Loan Service

Land title deed loan is a lending service for retail customers who own a piece of land. The customer requesting the loan is required to deposit the land title deed with the Company as a collateral; the approval criteria and loan process are subjected to the Company's requirement.

– Nano Finance Service

The Company provides service of nano finance under BOT's supervision by receiving the license from Ministry of Finance on 26 May 2015. The Company has policy to provide nano finance only to the ex-customers who were granted vehicle title loans from the Company and had good payment history. Being an unsecured loan, nano finance will be approved when customers state their purpose to use the obtained cash

for their business operation only. The Company provides a specific credit limit for this product and customers are required to provide guarantor who must own a house or who was the Company's ex-customer with good payment history. The Company considers the fact that the guarantor with secure employment and permanent resident, will minimise the risk of default borrowers. For nano finance, the Company allows instalment period of 6–24 months with flat-rate interest.

During 2012–2014, the Company had signed contracts of personal loan with total of 2,751 contracts, 4,112 contracts and 13,864 contracts respectively. The total lending amounted to 10.84 million baht, 16.61 million baht and 58.57 million baht respectively. They were 0.13%, 0.17% and 0.47% of the Company's total lending each year. The balances of loan to customers (personal loan) were 5.10 million baht, 9.60 million baht and 34.32 million baht respectively.

In 2015, the Company has signed total of 114,037 personal loan contracts with total loan amount of 1,098.29 million baht and the balance of loan to customer was 703.49 million baht as of 31 December 2015.

Total Lending Amount Classified by Type of Loan

Types of Loan	31-Dec-12		31-Dec-13		31-Dec-14		31-Dec-15	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	8,244.38	99.87	9,823.84	99.83	12,412.42	99.53	19,133.32	94.57
Other Loan	10.84	0.13	16.61	0.17	58.57	0.47	1,098.24	5.43
Grand Total	8,255.21	100.00	9,840.45	100.00	12,470.99	100.00	20,231.61	100.00
Average Lending per Branch	22.74		23.71		24.60		21.52	

Total Lending Contracts Classified by Type of Loan

Types of Loan	31-Dec-12		31-Dec-13		31-Dec-14		31-Dec-15	
	Number of Contract	%	Number of Contract	%	Number of Contract	%	Number of Contract	%
Vehicle Title Loan	656,894	99.58	713,678	99.43	834,994	83.37	1,079,968	90.44
Other Loan	2,751	0.42	4,112	0.57	13,864	1.63	114,037	9.56
Grand Total	659,645	100.00	717,790	100.00	848,858	100.00	1,194,005	100.00

Total Balance of Loan to Customer Classified by Type of Loan

Types of Loan	31-Dec-12		31-Dec-13		31-Dec-14		31-Dec-15	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	4,771.32	99.89	5,825.83	99.84	7,413.41	99.54	11,926.71	94.43
Other Loan	5.10	0.11	9.60	0.16	34.32	0.46	703.49	5.57
Grand Total	4,776.42	100.00	5,835.43	100.00	7,447.73	100.00	12,630.20	100.00
Average Loan Balance per Branch	13.16		14.06		14.72		13.44	

Remark : Balance of Loan to Customer calculated from Loan to Customer (amount of lending stated in the contracts) less Deferred Revenue.



2.3 Products provided by the Company's Subsidiary

Muangthai Leasing Insurance Broker Co.,Ltd (“MTLI”) operates business of non life insurance broker by receiving non life insurance brokerage license under the Non-life Insurance Act B.E.2535 from the Office of Insurance Commission (“OIC”) on 4 May 2011. Presently the non-life insurance policies which MTLI sells as a broker include Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance.

As a broker, MTLI is responsible to contact various Insurance companies to sort out products related to non-life insurance for the Company's customers. In selling policy, MTLI must do it through the Company's channel of branch and service centre only. The Company has a policy that requires staff in certain positions, of which currently are head of accounting team, head of analyst team, head of collection team, to take OIC's examination to get non-finance broker license in order that each branch will be able to sell and issue 3 types of insurance policies, Por Ror Bor Motorcycle, Por Ror Bor Motor Car and Personal Accident Policy. This provides convenience to customers who visit the Company's branches to apply for vehicle title loan.

MTLI's earnings are brokerage fee from related insurance companies at the agreed rate. From 2013 to 2015, MTLI had earned total brokerage fee of 14.52 million baht, 17.30 million baht and 21.39 million baht respectively. While the Company received information service fee from each insurance company, in return of using the Company's nationwide branches and service centres as a channel to contact customers in order to sell insurance policy. From 2013 to 2015, the Company had earned total information service fee of 1.42 million baht, 1.65 million baht and 2.08 million baht respectively



Remark : ¹⁾ MTLS submit net insurance premium, after deducting information service fee, to MTLI

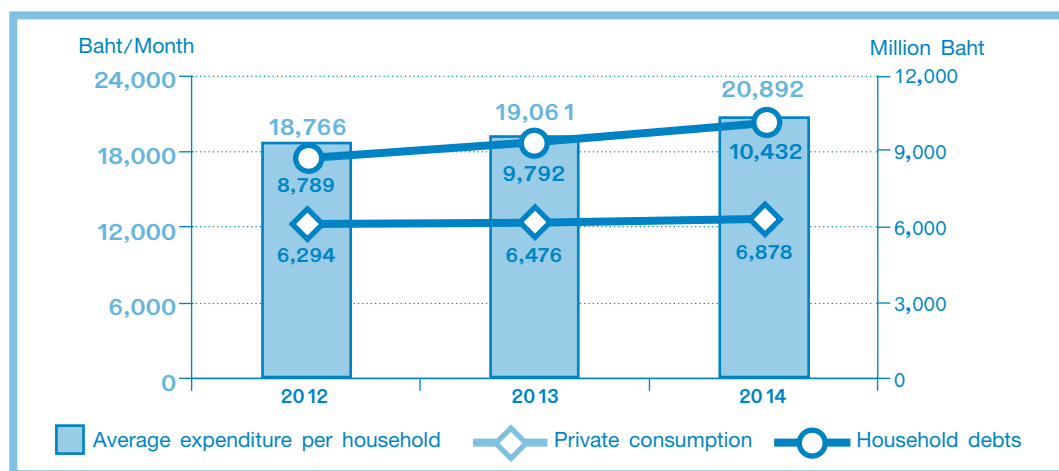
²⁾ MTLI submit net insurance premium, after deducting brokerage fee, to Insurance companies

2.4 Marketing and Competition

2.4.1 Industry of Vehicle Title Loan and Personal Loan

Vehicle title loan or Loan against vehicle registration, the core business of the Company, is classified as household lending products, of which the growth rate during 2012–2014 was averagely 8.95% each year which was higher than the growth rate of Thailand Gross Domestic Product (GDP) which was 4.54% each year. The major supporting factor is the growing consumption of the household sector which increased from 6,294 billion baht in 2012 to 6,878 billion in 2014 which equaled to 4.54% growth rate. Despite various government's economic stimulus policies i.e real-estate boosting policy, year-end measure to boost up national spending and consumption, and the falling oil prices, the overall economic growth rate was still decelerating due to high-level of cumulative debt burden, negative impacts from slow-down exports and political stability, and the strict credit policy of financial institutes.

The Bank of Thailand's Business Outlook Report in January 2016 stated that business conditions in the fourth quarter of 2015 edged up from the previous quarter, resulting from government stimulus programs, notably the front-loaded purchasing of vehicles ahead of new vehicle excise tax structure and the year-end "Shop Chuay Chart" program. It was also reflected that the demand for household lending was still high. However, the improving consumption was still limited to the middle and upper level of consumers. The lower-class consumer still had to be cautious in spending due to low farm products prices and high household debts. As such, criteria for household financing remained to be tight, reflecting the continued discretion of financial institutes. Due to the issue of creditworthiness of borrowers and collaterals as well as overall economic growth situation, credit approval criteria has been tightened up to minimise the potential asset quality problems.



Source: The Bank of Thailand and the National Statistical Office of Thailand

Apart from the above, the major factor that supported the Company's vehicle title loan business growth is the growth of motorcycle and car industry. According to statistics from Department of Land Transport, number of cumulative vehicle registered in Thailand during 2011–2014 increased continuously from 30.19 million cars in 2011 to 35.84 million in 2014, equaling to 5.87% average growth rate. Motor car industry has been expanding in alignment with the expanding country's economy and motor vehicles are, more and more, considered as one of the basic daily need products for people in Thailand. When we considered the statistic of vehicle registered, type of vehicle registered the most is motorcycle with the percentage of 55–60% of the total cumulative vehicle registered each year and the average growth rate of 3.81% year on year. In comparison, the percentage of car registered was 35–39% of the total cumulative vehicle registered each year and the average growth rate of 9.00% year on year. In 2015, the total vehicle registered was 36.73 million units comparing to 35.84 million at the same period of previous year which was 2.50% increase. Motorcycle still had the highest number of vehicle registered; 55.80% of the total cumulative vehicle registered, equaling to 0.94% growth from the previous year. While cars occupied 39.26% of the total cumulative vehicle registered, equaling to 4.55% growth.



The continually increased number of vehicle registered throughout the country reflected the tendency of increasing number of the Company's target customers, those who are able to give their car registration or motorcycle registration as collateral. Therefore, the management believe that the Company's business will grow constantly in the future.

Table of Number of Cumulative Vehicle Registered throughout Thailand during 2011–2015

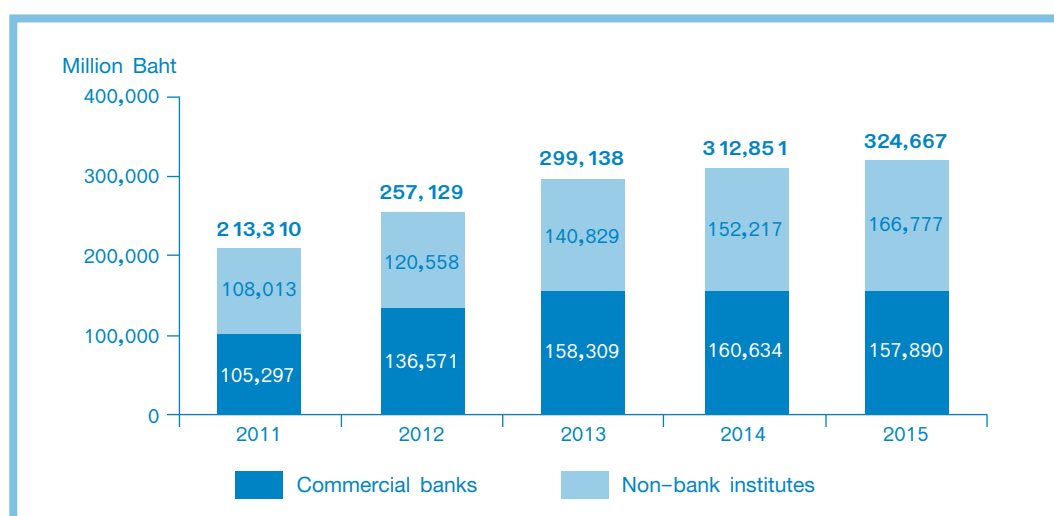
Type of Vehicle	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015
Motorcycle	18,152,469	19,147,225	19,964,990	20,305,708	20,497,563
Cars	10,651,817	11,827,710	13,023,547	13,793,784	14,421,267
Trucks and Buses	990,426	1,037,334	1,104,231	1,153,369	1,184,503
Farm Vehicles	364,775	428,843	495,182	545,380	589,784
Other Vehicles	35,450	35,865	36,456	36,939	37,906
Total	30,194,937	32,476,977	34,624,406	35,835,180	36,731,023

Source : Department of Land Transport

For personal loan, the industry was continuously growing. During 2011–2014, total personal loan amount in the whole banking system, bank and non-bank, increased from 213,310 million baht in 2011 to 312,851 million baht in 2014, equaling to average growth rate of 13.62% each year. Such growth resulted from the commercial banks' policy to focus more on personal loan products. Since personal loan brought in high interest income, the market was highly competitive with many campaigns to arouse its customers, both existing and new, to use more loan facilities. However, considering the growth of personal loan market in 2015, the expansion was slightly declined from 16.34% growth rate in 2013 down to 3.78%. This was due to more cautious household expenditure and the strictness of lending policies of commercial banks after the highly increase of household debts, resulting from the government stimulus programs in previous periods.

In 2015, personal loan under supervision of the whole banking system, bank and non-bank, totalling up to 324,667 million baht increasing from 312,851 million baht in 2014 equaling to 3.78% growth. The slight recovery of the business resulted from the improving political situation and the government's consumption stimulus programs. It was notable that the amount of personal loan from non-bank was significantly higher than commercial bank.

Personal Loan Performance of the Banking System in 2011–2015



Source : The Bank of Thailand

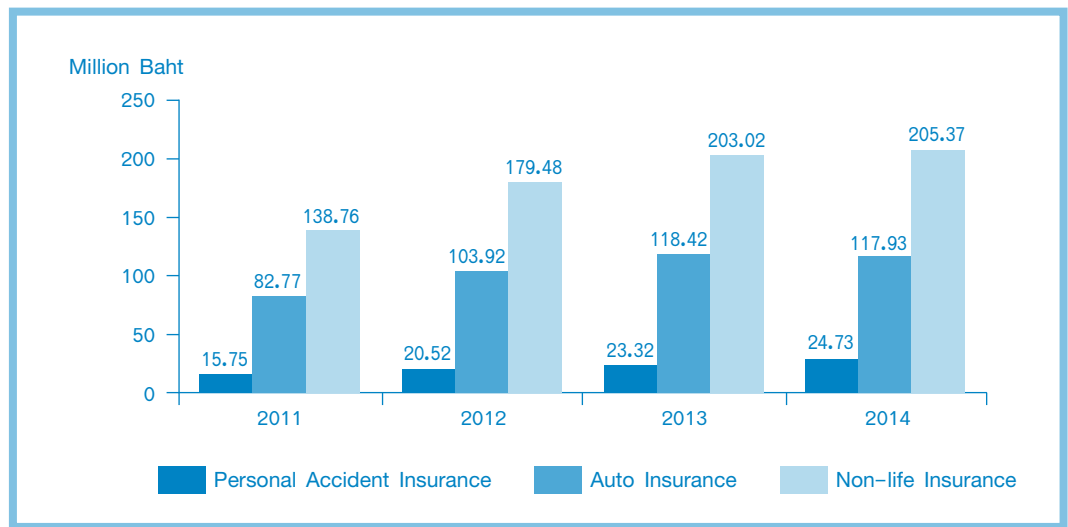
2.4.2 Non-life Insurance Industry

Non-life insurance business expanded in the same direction as the country's economic growth. During 2011–2014 the direct premiums of non-life insurance business continuously increased from 138.76 billion baht in 2011 to 179.48 billion in 2012, 203.02 billion in 2013 and 205.37 billion in 2014 which equaling to growth rate of 29.78%, 13.10% and 1.11% respectively. The year 2012 significant increase of 29.78% from year 2011 resulted from the big flood in late 2011, Thai people in both industrial and household sectors were more interested in buying non-life insurance policy to help protect them from the future flood damages. Such circumstance has increased more understanding, to both entrepreneur and ordinary people, of how to use insurance as risk management tool. Therefore, the direct premium in 2013 still continually increased from 2012.

When considering only the type of insurance which related to the business of Muangthai Leasing Insurance Broker Co., Ltd (“MTLI”), the Company's subsidiary, whose products comprised Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance, it is notable that the direct premium of automobile insurance increased from 82.77 billion baht in 2011 to 117.93 billion in 2014 equaling to 12.53% growth each year. This premium consisted of (1) direct premium of compulsory automobile insurance, which increased from 11.67 billion baht in 2011 to 15.39 billion in 2014 equaling to 9.66% growth per year and (2) direct premium of voluntary automobile insurance which increased from 71.10 billion baht in 2011 to 102.54 billion in 2014 equaling to average 12.99% growth per year. For direct premium of Personal Accident insurance, the growth is also consistent, from 15.75 billion baht in 2011 increasing to 24.73 billion in 2014 which equaling to average 16.39% growth rate per year.



Direct Premium of all Types of Non-Life Insurance in year 2011–2014



Source : Office of Insurance Commission

3. Risk Factors

The Company's key risk factors and the preventive approach are summarized as follows.

3.1 Risk from competitiveness in the vehicle title loan industry

As the Company's executives have a long experience in vehicle title loan industry for over 24 years and have a thorough knowledge of the business as well as a good understanding of target customer's behaviours, they are highly capable of creating a proper and efficient direction for the Company's operation. The key strategy is to provide our customers with friendly and mindful services as per the Company's slogan of "Intimate services like closed family members." The Company's customers impressed when using its services so that they came back and recommended their families and friends to use the Company's services. As a result, the Company has been able to expand the business continually. At the end of year 2015, the Company has signed total of 1,194,005 loan contracts. By the way, the Company also emphasises on cautious loan approval processes, allowing a proper credit limit for each customer, and deploying effective loan management and collection processes. The Company's executives are confident that the Company will not be affected from the competitiveness in the vehicle title loan industry.

3.2 Risk from the quality of borrowers

The Company's lending services focus on the group of customers with mid-range and low income who could not access the lending services from commercial banks, for example, factory workers, general labourers, and farmers etc. Since this customer group do not have fix income, they have high tendency to default on payments. The Company might be impacted with high ratio of non-performance loans, which will affect the Company's provision and its business results.

Besides providing loan amount that must be in line with the value of the collateral, the Company's loan approval process emphasises on the verification of loan applicant's and his/her guarantor's personal information to ensure ability to payback. The Company also has effective loan management and collection system which help mitigate the risk of non-performance loan. In addition, the Company employs the practice of Single Limit which states a single credit limit that applies to any combination of all types of loan for one borrower. This will limit the maximum losses of each debtor, which in a way helps minimise the risk. With the above mentioned policy, the Company was able to maintain a low ratio of non-performing loans to total loans. During 2012-2015, the Company's NPL ratio was 0.99%, 2.14%, 1.50% and 1.03% respectively.

3.3 Risk from failure to foreclose the collateral

The Company's core business is to provide vehicle title loan. Customers are required to use their own motorcycle, car or agricultural car/farm vehicle as collateral but do not have to register the transfer of ownership. In case the customers failed to pay the instalment for 2 consecutive times or more, the Company is entitled to foreclose the collateral and sell those vehicles through the Company's Auction centres. However, as this type of collateral is and easy-to-move asset, it might be difficult to trace and foreclose. If the Company fails to foreclose and sell out these collateral, it will have negative impact to the Company's financial position and business results.



To minimise the possibilities of unable to foreclose the collaterals, the Company set specific customer qualifications that the borrower must live locally, being a resident or working nearby the branch location. Branch staff who processes the loan request must check and validate the accuracy of address information and must be able to closely monitor each and every customer/borrower. Additionally, the fact that the Company has branches located all over the country means the better network to trace and foreclose the default collaterals.

3.4 Risk from selling the foreclosed assets

The Company's selling process of the foreclosed assets is a public sale at the Company's auction centres. Presently, the Company has established 4 centres which are Phitsanuloke Auction Centre, Ayudhya Auction Centre, Chonburi Auction Centre and Khonkaen Auction Centre; all centres operate under the supervision and management of the Company. However, the Company has a risk to generate losses if the auctioned price is lower than the outstanding balance as the Company could not demand the default customer to pay the difference. So such losses will directly impact the Company's business performance.

The Company has emphasised the importance of granting proper credit limit, which needs to be in line with the value of the collateral. That means brand, model, popularity in market and physical appearance of the collateral must be taken into consideration. The Company also has a practice to review the pre-defined credit limit of each vehicle type once a year or when there was critical circumstance which might impact the business. In 2012, the Company gained 4.29 million baht profit from selling the foreclosed assets. While in 2013–2015, the Company encountered the losses from the activity for 15.05 million baht, 13.49 million baht and 6.27 million baht respectively, representing 1.36%, 1.15% and 0.42% of total expenses. However, the Company focused more on collecting debts from customers than foreclosing the collaterals. So the number of foreclosed vehicles decreased from 12,883 cars and motorcycles in 2014 to total of 11,287 vehicles in 2015. The Company also improved the selling process to be more effective by opening two more auction centers, Chonburi Auction Center and Khonkaen Auction Center in February and March 2014 respectively. As a result, the losses from selling foreclosed vehicles decreased from the average losses of 1,085 baht per vehicle in 2014 to 571 baht per vehicle in 2015.

3.5 Risk from employee fraud

Since the Company's business is Retail Finance service which provides relatively small loan amount, only 11,600–18,050 baht average per account, with a very large customer base, the Company needs to delegate the credit approval authorities to its branches and service centres in order to provide timely, effective and competitive services to the target customers. However, the Company is well aware of the chance of employee fraud so it has adopted strict measures to prevent employee fraud. Branch managers are required to review loan applications and all related documents and to verify customer's identity every time before approving the loan. For loans which are approved by sub branches or service centres which have only 2 staff, designated person by branch manager will perform verification with the customers via phone call before releasing the funds. In case any errors or unusual information found, he/she must immediately report to branch manager and Internal Audit team for further investigation and disciplinary actions. In case of

employee committing fraud, he/she will have to take responsible for paying back the damage caused and will be dismissed immediately.

The Company has defined an approach to monitor and assess the risks. Following are guidelines for the prevention of fraud and corruption and the assessments.

1. Audit team shall review the risk management processes and internal controls to be adequate, appropriate and effective in order to build confidence in the transparency of the business operations. The result of the review shall be submitted to the Audit Committee before implementing in day-to-day operations.
2. Audit team shall assess the impacts from the identified key risks in order to design effective internal control measures.
3. On regular basis, Audit team shall perform compliance review, random check and customer contacts in order to monitor and assess the risks, and to propose the recommendation for additional preventive actions to the Company's management and to the Audit Committee.
4. Supervisors and managers are responsible for checking every loan contract and its supporting documents, periodical counting of cash balance at the branch and reporting to his/her direct supervisor if there is any suspicious matter.
5. All employee has channels to report fraud or suspicious fraud activities to the management through mailing address, direct phone number and the Company's website. The Company has assured that the act of whistleblowing will not be a cause or a reason for dismissal and that the whistleblower will be protected and not be punished.
6. When fraud is detected, the Branch Administration is responsible for the investigation and shall report the findings to the management to decide the penalties.
7. New staff orientation program shall include the Company's anti-fraud policy and penalties. Area managers and branch managers are responsible for communicating to all employees regarding the Company's anti-fraud guidelines with periodical reinforcements.

On 28 September 2015, the Company has signed the declaration of intent in view of establishing Thailand's private sector Collective Action Coalition (CAC) against corruption and submitted to the Thai Institute of Directors (IOD). As a result the Company is now in the process to get certification from the Private Sector Collective Action Coalition Council

Whistle blowing – All stakeholders can use the following address to notify the Company about any fraud or suspicious fraud activities or leads.

The Company Secretary

Address: Muangthai Leasing Plc.

32/1 Charansanitwong Road, Bangaor, Bangplad, Bangkok 10700

Tel: 0-2880-1033

Fax: 0-2880-1173

Website : <http://www.muangthaileasing.co.th>



Additionally, the Company has Internal Audit team who perform the operational auditing, focusing on loan approval and cash handling, at each branch on regular basis. Audit reports must be submitted to the Company's executives as well as the Audit Committee. All the above mentioned measurements help mitigate the employee fraud effectively as reflecting in the Company's losses from employee fraud during the past 3 years and in year 2015. The amount of employee fraud losses were 1.08 million baht, 1.67 million baht, 0.22 million baht and 0.41 million baht respectively, equaling to 0.09%, 0.11%, 0.01% and 0.02% of each year's total income from 2012–2014 and in 2015. The management considered the number was relatively small when comparing to the size of the Company's business.

3.6 Risk from the custody of data and important documents

The Company's business operations are mostly relied on computer networks, storing critical data of its large customer base. If the system is down or encounters any circumstances that cause data loss or data leakage, it would be the major impact to the day-to-day operation. Therefore, the Company has set up the automatic data transferred system between the main server and the back-up server. In case the main server has problem the system will automatically switch to use data from the back-up server. The Company also has another back up process using portable hard disk to download critical data on weekly and monthly basis. For security reason, the Company has kept the hard disk in another office. In addition, the Company required all related employees to have personal user id and password when accessing the Company's database in order to control confidential data leakage.

Apart from computerised data, contract papers and other supporting documents like signed memorandum of ownership transfer, signed request to transfer the ownership, are also the important documents which must be used as evidence when processing the foreclosure or the court case when customer defaults payment. If these documents are lost or damaged by fire, it will impact the Company's operations and business results. In order to mitigate the risk, the Company has a policy to keep all these document in an electronic form. Each branch is responsible for scanning all related documents and sending the file to the responsible unit at Head Office to keep in archive.

3.7 Risk from fluctuations in interest rates

One of the source of fund that the Company used are loans from commercial banks, approximately 55.83%, with floating interest rate while the Company's main income is interest income from customer loans which applied fixed interest rates throughout the contract period. Therefore, the increasing interest rate in the market will directly affect the Company's cost of fund and might impact the business operations. The Company is aware of this risk and has a policy to factor in the trend of interest rate movement when calculating the interest rate for customer's loan in order to maintain the consistent interest spread levels. During 2013–2015, the Company's net interest spread were 19.49%, 18.83% and 18.62% respectively.

3.8 Risk from dependency on commercial bank's loans as source of fund

The Company's main source of fund are loans from commercial banks. As of 31 December 2015, the Company had total line of credit of 13,820 million baht and the outstanding debt balance of 7,145 million baht, which were 55.83% of the Company's total source of fund. This outstanding comprised 1,205 million baht promissory notes which equaled to 16.87% of total debt balance, 2,025 million baht bill of exchange which equaled to 28.34% of total debt and 3,915 million baht long-term loan which equaled to 54.79% of total debt. The long-term loan was a syndicated loan from two commercial banks. In case that both commercial banks would decided not to continue giving financial supports to the Company, it will impact the Company's business operations.

Therefore, the Company was prepared to manage this risk by exploring more sources of fund; spreading the risk of debt financing through debt instruments in capital market and bond market as well as loans from financial institutes.

3.9 Risk from more controls from regulatory bodies

The Company's core business is providing vehicle title loan which contributed 84.17% and 84.49% of interest income in year 2014 and 2015 respectively. The operation of this business is not under supervision of any regulatory bodies. The only regulation that the Company must comply is about the interest rate charged, which must not exceed the rate stated in the Civil and Commercial Code. And the Company has always complied with the regulation. However, if in the future there are any governmental offices employ the policy which aims to supervise this type of business and standardise the business operations, the Company might get some impacts and that might effect its business results.

For personal loan business, the operation is under supervision of the Bank of Thailand. The Company must comply with the Prescribed Rules, Procedures and Conditions for operating personal loan business for non-bank operators, which specify the qualifications of loan applicant, guideline for setting credit limit, guideline for setting interest rate policy and other fee policy in order to create fairness for the Company's customers. The Company has always complied with all regulations. However, if BOT decides to change or add any regulations relating to personal loan business in the future, the Company is ready to conform even though it will effect the Company's operations and business results.

Being aware of this risk, the Company has been strictly complied with BOT regulations. Currently the Company has started applying guidelines that supervised by the Bank of Thailand i.e. loan loss provisions, revenue recognition and cease revenue recognition policy. Therefore, the Company is confident that the controls by regulatory bodies in the future will not significantly impact its operations and its competitive advantage.

3.10 Risk from the public policy to resolve the problem of informal loan outside the finance institution system

According to the Ministry of Finance's Notification No 58 Re: Nano Finance for business operations under supervision and (No 13) Re: Interest rates chargeable by financial institutions on borrowers dated 26 December 2014, the ministry would issue permits to non-bank institutions to offer nano-finance to public in order to resolve problems of informal loan outside the finance



institution system (loan sharks) and the low income people who does not access to the fund source. Micro commercial loan or “Nano finance” is a loan that will support the liquidity of small business operators who cannot access to the fund source i.e. commercial banks due to lack of collateral or guarantor. The Bank of Thailand has issued BOT notification no. sor nor sor 1/2015 Re: Prescribed Rules, Procedures and Conditions for Undertaking Nano Finance under supervision for non-bank operators with following details.

1. Effective interest rate not exceed 36% per year
2. Principle not exceeding 100,000 baht per borrower
3. Borrower must have ability to pay back the loan
4. Objective of lending is for business operation

The Company’s management is confident that this policy will open more windows of opportunity and the Company has received a permit for operating nano finance business from the Ministry of Finance since 26 May 2015.

3.11 Risk from dependency on the Company’s executives in running the business

Since the Company’s executives has a long experience in the vehicle title loan business for over 24 years, they are highly competent in loan and collection management, collateral appraisal and understanding of borrower behaviours. The Company might encounter the risk from dependency on its executive in day-to-day operations if there is any changes in management team, which will affect its business operations. However, the Company has a clear goal to motivate its employee and management to work with the Company for a long-term. Most of the employee and executives has worked with the Company since the business started. The Company also has a policy to reduce its staff turnover by providing training and development programs to staff at all level. The programs included knowledge sharing and skill practices with the objectives to enhance the staff’s skills, knowledges and understanding in their works. The Company also employs the policy to provide career paths to its employee so that they get advancement and grows with the Company.

3.12 Risk from having major shareholders holding over 50% of total shares

As of 16 December 2015, Mr. Chuchat Petaumpai and Mrs. Daonapa Petampai held total of 1,512,500,000 shares of the Company, equaling to 71.34% of the total paid-up capital. As a result, both major shareholders hold the power to control the Company’s business operations and could influent most of the Company’s business decisions i.e. the nomination of directors or other subjects which require resolution from majority of shareholders, except the subjects that are required by law or Company’s regulation to acquire a minimum vote of 3 in 4 of total shareholders. As such, other Company’s shareholders have a risk of unable to collect sufficient votes to counterbalance the power of major shareholders in the shareholders meeting.

However, the Company has appointed the Audit Committee to be responsible for auditing, reviewing and considering all related issues in order to prevent any conflicts of interest in the future and to ensure transparencies in the Company’s business operations. Additionally, the structure of the board of directors comprised 5 independent directors (including the Chairman) out of total 7 members. Only 2 executive directors are in the board. This board structure helps balancing the votes required in business decisions while the controlling of the Company is appropriate and highly effective.

4. General Information and Other References

General Information

Company Name	: Muangthai Leasing Public Company Limited
Type of Business	: Provide financial services of vehicle title loan and personal loan
Head Quarter Address	: 32/1 Charan-sanitwong Road, Bang-or, Bangplad, Bangkok 10700
Registration Number	: Bor Mor Jor 0107557000195
Home Page	: http://www.muangthaileasing.co.th/
Telephone	: 0-2880-1033
Fax	: 0-2880-1173
Total registered capital	: 2,120,000,000 Baht
Paid-up Capital	: 2,120,000,000 Baht
Type of Shares	: Common stock

Other References

Share Registrar

Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building
Rachadapisek Road, Klongtoey Bangkok 10110
Telephone : 0-2229-2866
Fax : 0-2359-1262-3

Company's Secretary

Ms. Monthon Orn-phan
Muangthai Leasing Public Company Limited
32/1 Charan-sanitwong Road, Bang Ao, Bangphlat Bangkok 10700
Telephone : 0-2880-1033
Fax : 0-2880-1173

Auditor

Ms. Ratana Jala
Certified Public Accountant (Thailand) Registration No 3734
EY Office Limited (Formerly known as Ernst & Young Limited)
33rd Fl., Lake Rajada Office Complex,
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone : 0-2264-0777
Fax : 0-2264-0789-90



5. Information on Securities and Shareholders

5.1 Registered capital and Paid-up capital

As of 31 December 2015, the Company had total registered capital of 2,120 million baht and Total paid-up capital of 2,120 million baht, divided into 2,120 million shares at par value of 1.00 baht per share.

5.2 Shareholder Structure

Table of major shareholders (top 8) as of 16 December 2015

No	Name	No of shares	Percentage
1	Petaumpai Family		
	Mr. Chuchat Petaumpai ¹	792,500,000	37.38
	Mrs. Daonapa Petumpai ²	720,000,000	33.96
	Total shares held by Petaumpai family	1,512,500,000	71.34
2	Mr. Wasin Dejitvikrom	66,620,000	3.14
3	Mr. Srisak Dejitvikrom	58,602,099	2.76
4	Thai NVDR Co.,Ltd	29,807,359	1.41
5	K Flexible Equity Retirement Mutual Fund	15,579,400	0.73
6	Norbax, Inc.	15,362,200	0.72
7	Mrs. Jintana Boonsalee	14,142,100	0.67
8	Other shareholders	407,386,842	19.23
	Total	2,120,000,000	100.00

Remark : ¹ Mr. Chuchat Petaumpai is the Company's director and Chairman of the Executive Committee

² Mrs. Daonapa Petumpai is the Company's director and Managing Director

6. Dividend Payment Policy of the Company and its Subsidiary

The Company has a policy to pay dividend not exceeding 50% of the Company's net profit in the consolidated financial statements after deducting corporate income tax and the provisions required by law in each year.

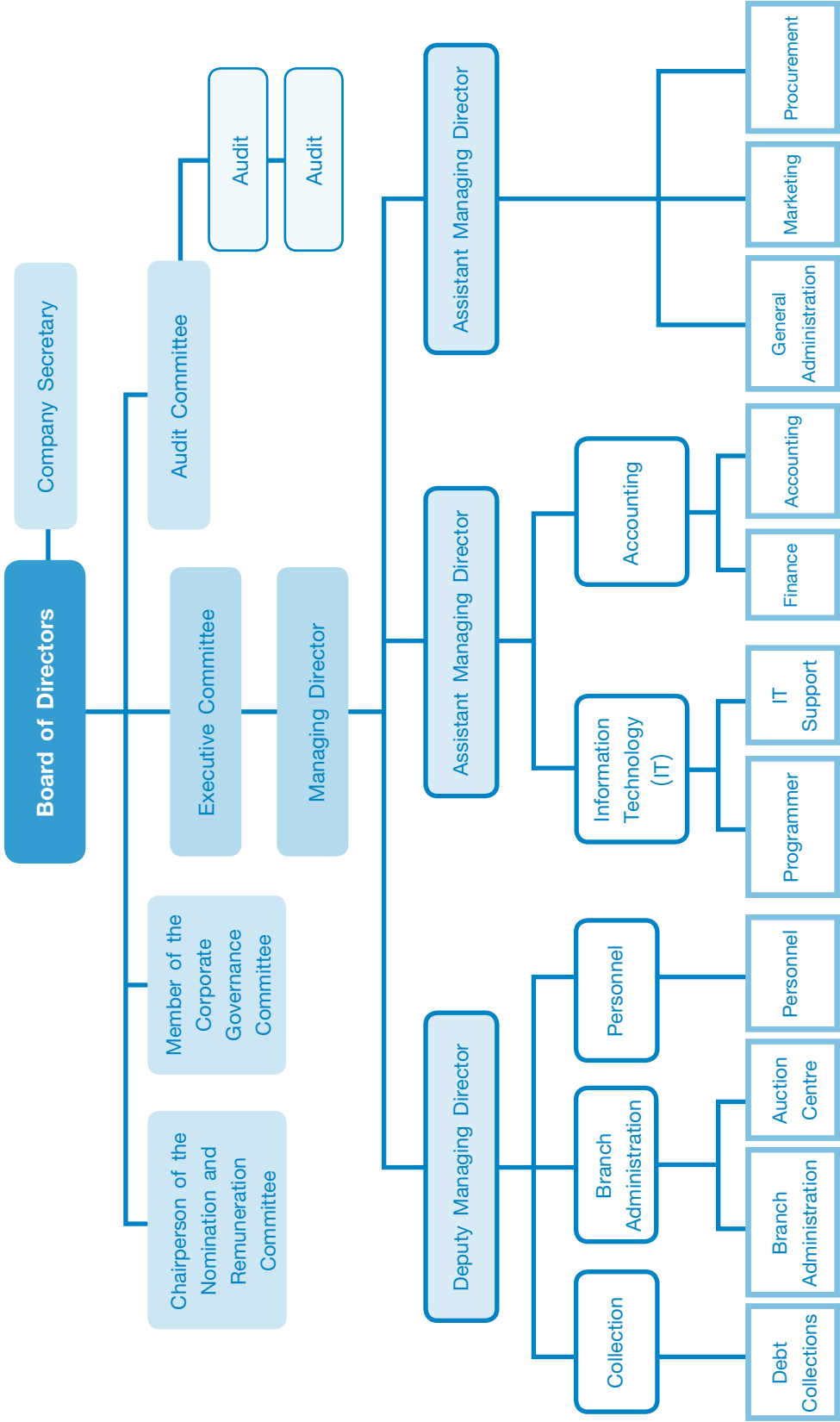
The Company's subsidiary has a policy to pay dividend not exceeding 50% of the Company's net profits after deducting corporate income tax and the provisions required by law in each year.

However, the Company may consider to pay dividend in different manner from the policy, depending on the business results, financial status and liquidity, need of cash flow for business expansion as well as the country's economy.

On 21 April 2015, the annual general shareholders' meeting approved to pay dividend from the profit of year 2014 operation to common shareholders at 0.13 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 275.60 million baht.

7. Management Structure

7.1 Organisation Structure





7.2 Board of Directors

As of 31 December 2015, the Board of Directors consisted of 7 directors as follows:

Name	Position	No of time attending the meeting/No of Meeting
1. Adm. Apichart Pengsritong	Chairman and Independent Director	6/6
2. Mr. Chuchat Petaumpai	Director	6/6
3. Mrs. Daonapa Petampai	Director	6/6
4. Mr. Yodhin Anavil	Independent Director	6/6
5. Mrs. Kongkeaw Piamduaytham	Independent Director	6/6
6. Mr. Kampol Tatiyakavee	Independent Director	6/6
7. Mr. Chainoi Puankosoom	Independent Director	6/6

There were total of 6 meetings of the Board of Directors as at 31 December 2015.

There is no director in the Company's Board of Directors who has been in the position for over 9 years.

There is no director in the Company's Board of Directors who is in the director position of over 5 listed companies.

Remark : Ms. Monthon Onphan was appointed as the Company's Secretary.

Authorized Signatory

The Company's authorized signatories are Adm.Apichart Pengsritong or Mr.Chuchat Petaumpai or Mrs.Daonapa Petampai or Mr.Yodhin Anavil. It is required that any two of these directors jointly sign with the seal of the Company affixed.

7.3 The Audit Committee

The Company's Audit Committee comprised the following 3 independent directors:

Name	Position	No of time attending the meeting/No of Meeting
1. Mrs. Kongkeaw Piamduaytham	Chairperson of the Audit Committee	4/4
2. Mr. Chainoi Puankosoom	Member of the Audit Committee	4/4
3. Mr. Kampol Tatiyakavee	Member of the Audit Committee	4/4

There were total of 4 meetings of the Audit Committee as at 31 December 2015.

Remark : Mr. Chalerm Inhom is the secretary of Audit Committee and Head of Internal Audit team.

7.4 The Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee comprised the following 3 directors:

Name	Position
1. Mr. Yodhin Anavil	Chairperson of the Nomination and Remuneration Committee
2. Mrs. Kongkeaw Piamduaytham	Member of the Nomination and Remuneration Committee
3. Mr. Kampol Tatiyakavee	Member of the Nomination and Remuneration Committee

Remark : Ms. Monthon Onphan is a secretary of the Nomination and Remuneration Committee

7.5 The Corporate Governance Committee

The Company's Corporate Governance Committee comprised the following 3 directors:

Name	Position
1. Mr. Chainoi Puankosoom	Chairperson of the Corporate Governance Committee
2. Mrs. Kongkeaw Piamduaytham	Member of the Corporate Governance Committee
3. Mr. Chuchat Petaumpai	Member of the Corporate Governance Committee

Remark: Ms. Monthon Onphan is a secretary of the Corporate Governance Committee

7.6 The Executive Committee

As of 31 December 2015, the Company's Executive Committee comprised 13 members as follows:

Name	Position
1. Mr. Chuchat Petaumpai	Chairman of the Executive Committee
2. Mrs. Daonapa Petampai	Executive
3. Mr. Surapong Pechaumpai	Executive
4. Mr. Parithad Petampai	Executive
5. Mr. Surat Chayavoradech	Executive
6. Ms. Duangkhae Songnuy	Executive
7. Ms. Vimonrat Nujul	Executive
8. Mr. Somkiat Ratsamee	Executive
9. Mr. Amnat Niamsee	Executive
10. Mr. Banyat Ninsiri	Executive
11. Mr. Niyom Rodnoi	Executive
12. Mr. Pradit Thongkhum	Executive
13. Mr. Songkarn Eiamkai	Executive



7.7 Management

The Management of the Company comprised of the following 12 members:

Name		Position
1.	Mrs. Daonapa Petampai	Managing Director
2.	Mr. Surapong Pechaumpai	Deputy Managing Director
3.	Mr. Parithad Petampai	Assistant Managing Director
4.	Mr. Surat Chayavoradech	Assistant Managing Director
5.	Ms. Duangkhae Songnuy	Manager–Collection
6.	Ms. Vimornrat Nujul	Deputy Manager–Account
7.	Mr. Somkiat Ratsamee	Assistant Manager–Branch Administration–Ayudhaya District
8.	Mr. Amnat Niamsee	Assistant Manager–Branch Administration–Chonburi District
9.	Mr. Banyat Ninsiri	Assistant Manager–Branch Administration–Nakornsawan District
10.	Mr. Niyom Rodnoi	Assistant Manager–Branch Administration–Khonkaen District
11.	Mr. Pradit Thongkhum	Assistant Manager–Branch Administration–Lampang District
12.	Mr. Songkarn Eiamkai	Assistant Manager–Branch Administration–Nakhon Ratchasima District

7.8 Company Secretary

In the Board of Director Meeting No.3/2014 on 14 May 2014, the Board of Directors have appointed Ms. Monthon Onphan to be the Company Secretary in order to align with section 89/15 of Securities and Exchange Act B.E. 2535 as amended by Securities and Exchange Act (No.4) B.E. 2551. Following are responsibilities of the Company Secretary.

1. Supervising and providing recommendations to the Directors and Executives regarding the adoption of related law, rules and regulations of regulatory bodies and of the Company itself as well as monitoring and to monitor on regular basis to ensure conformity in all aspects.
2. Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
3. Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
4. Preparing and maintaining the following documents:
 - 4.1 A register of Directors
 - 4.2 Notice and Minutes of the Board meeting
 - 4.3 Notice and Minutes of Shareholder meeting
 - 4.4 Annual Report
 - 4.5 Director and Management's report on conflict of interest.

Additionally, as the Company is well-aware and committed to good corporate governance, the Company Secretary has passed 2 IOD's training programs; the Company Secretary Program (CSP) 50/2013 and the Effective Minute Taking (EMT) 26/2013.

7.9 Director and Management Remuneration

The Company's policy on remuneration for directors is clear and transparent. The Nomination and Remuneration Committee reviews and considers the appropriateness and alignment of the directors' remuneration with the scope of their duties and responsibilities and with the comparison of the remuneration for directors in other companies in the same industry.

7.9.1 Financial Remuneration

Board of Directors remuneration

In year 2015, the Company has paid meeting fee to the Board of Directors (7 persons) with details as follows:

(Unit : Baht)

Name-surname	Year 2015
1. Adm. Apichrt Pengsritong	300,000
2. Mr. Chuchat Petaumpai	180,000
3. Mrs. Daonapa Petampai	180,000
4. Mr. Yodhin Anavil	180,000
5. Mrs. Kongkeaw Piamduaytham	280,000
6. Mr. Kampol Tatiyakavee	260,000
7. Mr. Chainoi Puankosoom	260,000
Total	1,640,000

In 2015, the Company paid 1,500,000 baht annual bonus to the Board of Directors. (Chairman of the Board – 300,000 baht, Directors – 200,000 baht each)

The 2015 Annual General Shareholder Meeting on 21 April 2015 approved the directors' remuneration in year 2015 as follows:

- The Company's board of directors will receive following remuneration.
 1. Meeting fee to be paid in accordance with the number of meeting attended. The chairman will receive 50,000 baht per attendance while each board member will receive 30,000 baht.
 2. Bonus for year 2015 will be paid to the Board of Directors with the total amount not exceeding 1,500,000 baht.
- The Audit Committee will receive remuneration as meeting fee which will be paid in accordance with the number of meeting attended. The chairperson will receive 25,000 baht per attendance while members of the committee will receive 20,000 baht each.

Board of Directors and Executives remuneration

In 2015 total remuneration that the Company and its subsidiary paid to their executives was 28.54 million baht, of which included salary, position allowance, bonus, per diem, social securities contribution and provident fund contribution.



7.10 People

7.10.1 Number of employees

As of 31 December 2015, the Company and its subsidiary had total 2,617 employees (excluding 12 management members) working in the following divisions.

Divisions		No of employee (person)		
		Head Office	Branch	Total
1.	Branch Administration	–	92	92
2.	Credit Analyst	–	1,972	1,972
3.	Collection	–	62	62
4.	Accounting	14	221	235
5.	Finance	4	101	105
6.	IT	8	–	8
7.	Legal	6	–	6
8.	General Administration	13	–	13
9.	Personnel	5	–	5
10.	Audit	25	–	25
11.	Procurement	4	–	4
12.	Auction Center	–	5	5
13.	Maid	2	83	85
Total		81	2,536	2,617

7.10.2 Labour Dispute in the past 3 years

–None–

7.10.3 Employee Remuneration

Financial Remuneration

In 2015, the Company and its subsidiary had paid Remuneration to employees (excluding management team) 681.61 million baht. The Remuneration included salary, commission, bonus, allowance, social securities contribution, provident fund contribution and other benefits.

7.10.4 People Development Policy

The Company recognised the importance of its employee and had a policy to define training and development plan for continual learning of employee at all levels, from staff to manager. There were curriculums covering soft skills like service skill, managerial skill and other technical skills. The Company also sent employees to participate in external training programs arranged by private and public institutes. Well-known and successful speakers were invited to widen the employee's perspectives in customer services, how to be more effective in their works and motivate them to improve their knowledge and skills. Additionally, the Company had a policy to provide scholarship for its employee to further their study. This would be a good chance for them to develop themselves, learning new knowledge, getting new experience from both the classroom and their peers. It was expected that the employee would be able to adopt what they had learnt in their job and contributed to the Company's success as well.

7.11 Report of changes in the Company's shares holding by directors and executives in 2015

No	Name	Position	No of shares held as at 31 December 2014	No of shares held as at 31 December 2015	No of changing shares held Increase/ (Decrease)	% of total shares
1	Adm. Apichet Pengsritong Spouse and minor child	Chairman of the Board	800,000 —	800,000 —	— —	0.038 —
2	Mrs. Kongkeaw Piamduaytham Spouse and minor child	Chairperson of Audit Committee	800,000 —	800,000 —	— —	0.038 —
3	Mr. Chainoi Puankosoom Spouse and minor child	Member of Audit Committee	800,000 —	800,000 —	— —	0.038 —
4	Mr. Kampol Tatiyakavee Spouse and minor child	Member of Audit Committee	800,000 —	800,000 —	— —	0.038 —
5	Mr. Yodhin Anavil Spouse and minor child	Director	800,000 —	500,000 —	300,000 —	0.004 —
6	Ms. Duangkhae Songnuy Spouse and minor child	Manager – Collection	315,000 —	1,136,000 —	821,000 —	0.054 —
7	Ms. Vimonrat Nujul Spouse and minor child	Deputy Manager – Account	252,000 —	504,000 —	252,000 —	0.024 —
8	Mr. Somkiat Ratsamee Spouse and minor child	Assistant Manager – Branch Administration	219,000 —	338,000 —	119,000 —	0.016 —
9	Mr. Banyat Ninsiri Spouse and minor child	Assistant Manager – Branch Administration	219,000 —	438,300 —	219,300 —	0.021 —
10	Mr. Amnat Niamsee Spouse and minor child	Assistant Manager – Branch Administration	219,000 —	671,000 —	452,000 —	0.032 —
11	Mr. Niyom Rodnoi Spouse and minor child	Assistant Manager – Branch Administration	219,000 —	438,000 —	219,000 —	0.021 —
*12	Mr. Chuchat Petaumpai Spouse and minor child	Chairman of Executive Committee	792,500,000	792,500,000	—	37.38
*13	Mrs. Daonapa Petampai Spouse and minor child	Managing Director	655,000,000	720,000,000	65,000,000	33.96
14	Mr. Parithad Petampai Spouse and minor child	Assistant Managing Director	3,022,500 390,000	3,080,500 390,000	58,000 —	0.145 0.018
15	Mr. Surapong Pechaumpai Spouse and minor child	Deputy Managing Director	525,000 —	1,085,000 —	540,000 —	0.051 —
16	Mr. Surat Chayavoradech Spouse and minor child	Assistant Managing Director	— —	47,500 —	47,500 —	0.002 —
17	Mr. Pradit Thongkhum Spouse and minor child	Assistant Manager – Branch Administration	120,000 37,000	240,000 37,000	120,000 —	0.011 0.002
18	Mr. Songkran Eiamkai Spouse and minor child	Assistant Manager – Branch Administration	105,000 37,000	205,500 37,000	100,500 —	0.010 0.002

*No 12 and no 13 are married couple.



8. Corporate Governance

8.1 Corporate Governance Policy

The Company has committed to operate the business with stable and sustainable growth by building value-added for shareholders and shared values to stakeholders in all sectors. The Company's board of directors has emphasised the importance of following SET's guidelines for Good Corporate Governance. The Company's board has set policies of corporate governance, business ethics and code of conducts for director, executive and employee so that everyone will follow the same direction when working with stakeholders in all sectors. These policies were announced and communicated to staff at all levels as well as published in the Company's website (www.muangthaileasing.co.th) with the objectives to provide the Company's employees and related parties knowledge and understanding about principle of corporate governance in the same direction, with commitment to transparent, fair, verifiable and ethical business operations. All business practices shall be aligned with related rules, regulations and laws while being responsible for economy, society and environment.

The Company's board of directors believe that policies on good corporate governance, business ethics and code of conducts will be important factors to support the Company to be a leading company with stable and sustainable growth; while participating in the development of the country's economic, social and environmental systems. This will bring about the confidence and positive image for the Company's shareholders, investors and stakeholders in all sectors both in present and in the future.

Therefore, the Company has established its Corporate Governance Policy, as per the guideline set by the Stock Exchange of Thailand, with the following 5 sections.

Sections 1 The Rights of Shareholders

The Company was aware and committed to shareholders' basic rights i.e. right to sell or transfer the shares, right to receive the rightful portion of Company's profits, right to obtain relevant and adequate information of the Company, right to attend and vote in the shareholders' meetings to elect or remove members of the Board of Directors, right to appoint external audit, right to decide on any transactions that significantly affect the Company i.e. dividend payment, amendments of Company's regulations or memorandum of association and articles of association, the increase or decrease of capital, etc.

Apart from the above mentioned rights, the Company has made the following arrangements to promote and facilitate shareholders to conveniently exercise their rights.

- The Company's board of directors shall hold the annual general shareholders' meeting within 4 months from the last day of the Company's fiscal year.
- The Company shall prepare Notice of the shareholder meeting and send to shareholders not less than 7 days before the date set for the meeting. The notice must state the date, time, venue and agenda of the meeting and must include information related to the topics which need decision from shareholders.

- In case that shareholders cannot attend the meeting, the Company allows the shareholders to appoint a proxy, who may be one of independent directors or any other person by using the provided proxy form which is sent together with the notice of the meeting.
- In the meeting, the Chairman shall allocate appropriate time for shareholders to ask questions, to share their opinion and to make recommendations thoroughly and independently.
- After the meeting, the Company shall prepare minutes of meeting which records accurate information with full coverage so that the Shareholders to review.

Shareholders' Meeting

In 2015, the Company has arranged the Annual General Shareholders' Meeting on 21 April 2015 at 13.30 hours at the Krungthon Ballroom, 219 Soi Charansanitwong 66/1, Charansanitwong Road, Bangplad, Bangkok. The Company has well prepared to ensure that the meeting was carried out appropriately with staff members to receive and take care of shareholders, checking documents, providing duty stamps to facilitate shareholders and proxy holders, providing refreshments for shareholders while waiting for the meeting, assisting with the registrations and vote counting with barcode system. Shareholders were able to register to attend the meeting on time and the preparation and distribution of voting ballots were completely done.

The board of directors, the executive committee, the company secretary and the company's auditor had attended the meeting in order to answer any questions from shareholders. The Chairman of the Board of directors presided over the meeting. Before the meeting started, the company secretary was assigned to announce to the meeting, the shareholder's rights stated in the Company's articles of association, meeting procedure, meeting agenda, procedure to ask question or make a comment, procedure of voting with ballot which would be done separately for each agenda and procedure of announcing the vote results. The Chairman had also invited a voluntary representative of shareholders to observe and witness the vote counting.

The Chairman convened and conducted the meeting as per the announced agenda, providing adequate timing to consider each agenda and its voting as well as providing opportunities for all shareholders to exercise their rights in asking questions, making recommendations and discussing their concerns. The Company realised the importance of shareholders' questions and answered them in a straightforward and transparent manner. The Company had recorded all shareholders' questions and answers in written as well as the voting results of each agenda for approved, disapproved and abstained.

The Company has reported the meeting's resolutions to the Stock Exchange of Thailand. The minutes of all shareholder's meetings were prepared with accurate and complete meeting contents, including details of attending directors, executives, secretary and auditors, voting results of each agenda, questions and answers, key comments. So shareholders can access all the information. The minutes of meeting was submitted to the Stock Exchange of Thailand within 14 days after the meeting date. Annual report and copy of financial statement and income statement approved by auditors and shareholders' meeting together with copy of the minutes of shareholders' meeting which approved the financial statement, profit allocation and dividend payment, were also submitted to the Registrar. Additionally, the Company has published the minutes of general shareholders' meeting on the Company's website.



Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat and protect the right of all shareholders, executive and non-executive, foreign or Thai, majority or minority, fairly and equally. After the IPO, the Company has registered to be a member of the Stock Exchange of Thailand and has applied the policy to provide more option for shareholders who are unable to attend the meeting. Shareholders shall appoint a proxy who may be one of independent directors or any other person who will be able to vote for the shareholder as well. Additionally, the Company also has a policy to allow shareholders to nominate qualified candidate for director positions by notifying the Board of Directors in advance.

During the shareholder meeting, according to the Company's regulation, the chairman will run the meeting as per the agenda by clarifying all related information before asking the shareholders to vote for resolution. Unless it deems necessary, there will not be additional agenda which has not been notify to shareholder in advance, especially the important topic that shareholders may require times to study before making decision.

The Company has prescribed the measure to prevent insider trading by related personnel which includes executives, employees and workers and also their spouses and any minor children. There will be a serious penalty in case of disclosure of Company's information or usage of inside information for their own benefit. Moreover, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during one month before the Company disclosing its financial statement to the public. The Company has communicated to all directors and executives to ensure a clear understanding of their responsibility to report their securities holding in the Company as well as the securities holding of their spouses and any minor children to the Office of Securities and Exchange Commission. The report must also be filed when there is any change in securities holding of the above mentioned parties. All these measures are set to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.

Section 3 The Role of Stakeholders

Realising the importance of stakeholder's right, the Company shall treat all related parties fairly with following details.

- **Employee** : The Company is fully aware the significance of every employee, who has participated in driving the Company to build up its business in the future. Therefore, the Company has focused on the followings:

Workplace security and healthcare: Branch staff are required to clean up office area and its surrounding on daily basis in order to keep the place tidy and to prevent accident in workplace. In addition, the Company has arranged the annual "Big Cleaning Day" activity when every branch will clean up and improve the scenery of the branch. In 2015, the Company set the date for the activity on the 12th and 13th of September and assigned area managers and branch managers to ensure the activity was carried out as expected.

Accident in workplace: In 2015, there was only one accident in the branch with no staff injured or killed. As most of the staff are mainly using motorcycle to visit customers, the Company gives a strict instruction that they must always wear safety helmet. In the past year, there was no accident relating to driving in work hours.

Benefits & Welfare: The Company provides benefits and welfare to its staff equally and fairly, without using or supporting the use of child labour, human trafficking, human rights violation according to universal declarations while promoting all kind of anti-fraud and anti-corruption policies. Remuneration provided for employee is well-suited with yearly review and increases. Welfares provided exceed those required by law. For short-term, they are personal accident and inpatient insurance, annual health check and medical benefits, staff welfare fund, “Ruam Nam Jai Fund” for funeral and cremation assistance (which covers the death of employee, their parent, spouse or children) and inter-region in-company sports competition. While the long-term welfare includes the set-up of the Company’s Provident Fund.

Staff development: In order to enhance employee’s competencies and to prepare them for promotion, the Company has arranged internal and external training programs which are job related. In 2015, followings are training programs provided for the Company’s staff and managers.

Staff level	Average training hours per person*	Training program objectives
Executive and manager	20	To provide managers knowledge and understanding of the principle, concept and techniques of leadership, how to coach team members with different background, and conflict management
Supervisor	16	To provide knowledge on how to develop leadership i.e ability to communicate, motivate, coach, set expectations and work as a team
Operational staff	22	To enhance knowledge and skills on how to perform their work accurately, how to provide excellent service to customers and to understand the company culture and to give respect to supervisors

*Only the standard internal training program, not including technical trainings

- **Business partner and Debtor :** The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- **Customer :** The Company has a policy and standard guidelines to treat every customer fairly. Related terms and conditions must be clearly informed to customer. And such terms and conditions must be fair. Besides, the Company commits to provide service excellence. Its employee give consultation to customer in a soft and polite manner and are willing to listen to customer’s problems in order to propose the proper solutions and keep confidential.
- **Competitor :** The Company realises the importance of treating competitors with fairness under the trading competition rules, regulations and related laws. There shall be no attempts to destroy competitor’s name/image; no attempts to dishonestly or inappropriately seek for others’ trade secrets; and no attempts to infringe others’ copyrights or their intellectual properties.



- **Society and Community** : The Company focused on operating the business with responsibilities to the country's economy, society and environment. The work process and procedures are set to comply with related regulations and laws to ensure ethics and integrity in business operations. Day-to-day operations are carried out with transparency, fairness, equality and are not to take advantage of society, community and environment as well as stakeholders in all sectors. Since the Company's business plays an important role in the development of society and community with the aims to create more shared values among the Company, economy, societies, communities and environments, the Company has focused more on consistent communication and training of its staff to ensure they have knowledge and understanding of social responsibilities in the same direction.

The Company has a policy to expand educational opportunities for small children under the project "My new home" (Ban Mai Kong Noo) by asking branch staff to explore areas around their branches for needs and scarcity of local communities. If the conditions meet with the policy, the Company will arrange to built the child development centre, on the provided land, with proper training tools and equipments. For activities to support of Buddhism, the Company has a tradition of arranging annual Kratin ceremonies for selected temples, providing resources useful for local communities as well as scholarships for needy students in the school nearby.

- **Environment** : The Company has policy to encourage employees to use the Company's property and material efficiency, i.e. setting budget for each branch utilities expenses, promoting re-use of copy printing paper, turning off lights when not in use or during lunch break. The Company believes that the discipline of the staff will result in a habit. And put into practice , even outside the company.

Section 4 Disclosure and Transparency

The Company's Board of Directors is well aware and recognises the importance of information disclosure in an accurate, complete, timely and equally manner and that is sufficient for decision making. At the same time, the dissemination of the Company's information is based on maintaining confidentiality of business secrets and key strategies.

The Company commits to disclose the information equally to all shareholders, investors, and the Company's stakeholders as well as to public in compliance with the SEC and SET's regulations. Apart from disclosing the information through the annual disclosure report concerning additional information (form 56-1) and annual report (form 56-2), the Company also publishes the information in the SET's website and the Company's website so that all related parties, shareholders, investors, analysts, stakeholders and people who are interested in the Company can easily access the information on equally and trustworthy basis.

The Company has set a guideline for disclosing key information through the easy-to-access, convenient and trustworthy channels, i.e. the Stock Exchange of Thailand's website (www.set.or.th), the Securities and Exchange Commission's website (www.sec.or.th) and the Company's website (www.muangthaileasing.co.th).

Investor Relationship Activities

- The Stock Exchange of Thailand has held the event to allow the listed companies to meet investors called “Opportunity Day” on quarterly basis. The objective is to let each company to explain about its business and its operation to analysts, investors, media and those interested. This event is held regularly after the announcement of quarterly financial statement and the Company has joined this activity every time. All information disclosed to shareholders and investors can be reviewed on the Company’s website (www.muangthaileasing.co.th) under topic “Investor Relationship” as well as on the SET’s website.

Section 5 Responsibilities of the Board of Directors

1. Board Structure

The Company’s Board of Director comprises experts who are highly qualified and has work experiences from various organisations so they can use their experiences and expertise to move the Company forward and to decide the Company policy and strategy to ensure the effective business operations and maximum benefit to the Company and its shareholders. The Board plays important role in deciding policy and overview of the Company as well as supervision role to review and monitor the management’s implementation plan and to assess the Company’s performance to ensure it reach the set target.

Regarding the Board structure, independent director is made up of more than one-third of the Board members. Presently, the Board consists of 7 directors, of which 2 are executive directors and 5 are non-executive (including the Chairman of the Board), including 3 members of the Audit Committee. This Board structure helps balancing the voting when the Board considers and makes important decision. The Board also approve to set up specific sub-committees to help supervise the Company’s business operations as follows.

- 1.1 Executive Committee Comprising 13 members, the executive committee is responsible for deciding guideline and tactical approach for the Company’s business implementation plan in order to achieve business goal set by the Board of Directors and to facilitate the business operation.
- 1.2 Audit Committee Comprising 3 members, the audit committee, conducting its duties as prescribe in the scope of authorities, reports directly to the Board of Directors. There is also a requirement that, at minimum, one of the 3 members must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company’s financial statement.
- 1.3 Nomination and Remuneration Committee Comprising 4 members, the nomination and Remuneration committee functions to support the Company’s good governance with the responsibility to set up criteria and policy for selection and to determine the remuneration for directors and members of each committee. The committee is also responsible for recruiting, screening and proposing the suitable candidates to be the Company’s directors. In addition, the committee shall be responsible for conducting and reporting any assignments from the board of directors and/or the shareholders’ meeting, as deem appropriate.



- 1.4 Corporate Governance Committee Comprising 3 members, the corporate governance committee has a duty to support the board of directors' work in setting up policies and guidelines in order to continuously adopt good corporate governance practices, to build up high standard of work ethics, and to enrich the corporate culture, in which all employees are knowledgeable with good understanding of the good governance concepts and be able to consistently apply them in every aspects of their work. The Company's business operations shall be carried out with the fundamental principles of integrity, quality and efficiency to comply with the universal good governance guidelines for the listed companies and to build trust among shareholders and all stakeholders.

2. Authorities, Duties and Responsibilities of the Board

The Company requires the Board of Director to strictly follow Code of Best Practices provided by the Stock of Exchange Thailand. The Board shall understand and well aware of its duties and responsibilities and must comply with the laws, the Company's objectives and articles of associate, as well as the shareholder meeting's resolutions. The Board shall honestly perform their duties and focus on the best interest of the Company and its shareholders. With the aim to achieve maximum results for the Company and its shareholders, the Board shall be responsible for deciding the Company policy, business goal, business plan and the Company budgets and shall supervise the management team to implement the policy and business plan effectively and efficiently within the budget provided.

Policy on conflict of interest

The Company has prescribed the measure, based on the principle of duty segregation, to prevent conflict of interest which might be resulted form connected transactions of The Company with its subsidiary or individual who has conflict of interest. The Board shall supervise the Company and its management to comply with related laws and regulations i.e. Securities and Exchange Act, related Rules/Notifications/Orders/Regulations set by the Securities and Exchange Commission and by the Stock Exchange of Thailand, and to follow the Company's regulations on the disclosure of connected transactions and the acquisition or disposal of key assets.

Moreover, the Board shall advise the Audit Committee or external auditor or independent specialist, as deem appropriate, to review and comment about the suitability of price and the sensibility of the transactions. Those connected transactions will then be disclosed in the Notes of the audited financial statement and submitting Disclosure Report on Additional Information (form 56-1) and Annual Report (form 56-2)

Internal control system

The Company recognises the importance of internal control system for both managerial and operational levels so various control activities are implemented. For example, job scope and approval authorities are documented; guideline for asset control, segregation of approval duty, accounting transaction and MIS procedure are in place. Not only the appropriate check and balance measures, the Company also has internal control system of financial reporting. Financial reports are submitted to responsible executives on regular basis. In addition, as the Company operates business of personal loan (unsecured loan) for retail customers through

branches and service centres which locate all over the country, the Company requires Internal Audit team to submit audit plan each year to ensure that each branch and service centre will has on-site visit at minimum once a year. The internal audit team will submit each audit report directly to the Audit Committee.

The Company has clear and measurable business goals. Its executive and management team monitor and review monthly performance to compare actual result to the set goal while assessing external and internal risk factors. They will analyse root causes and decide on measures to monitor that risk factor as well as preventive actions to reduce the risk. Specific work team will be assigned to continuously follow up the situation and report back the progress to the committee.

3. Board of Director meeting

The Company has a policy that the Board shall meet at minimum once every 3 months, with pre-scheduled meeting dates throughout the year, and might has special meeting as needed. In each meeting, there will be clear agenda which will be sent together with the meeting notice at least 7 day in advance. This will allow the Board member to have enough time to study in details prior the meeting. Minutes of meeting will be prepared and achieved after it is granted by the Board of Directors, ready for the Board members or related persons to review.

4. Remuneration of directors and executives

The Company provides appropriate remuneration for its directors and executives. It is a rate that is sufficient, suitable and competitive among the industry in order to keep the quality directors and executives with the company. Factors which are brought to consideration, are work experience, job description and scope of duties and responsibilities. Remuneration of each directors shall be approved by the Board of Directors while the remuneration of executives will follow the Remuneration policy and guideline set by the Board of Directors based on the scope of their duties and responsibilities, performances and the Company business results.

5. Directors and Executives' Development

All new directors shall receive orientation directly from the Chairman of the Board about the Company's business operation, its background, locations of its main office and branches, as well as the corporate culture. While other directors and the Company secretary shall explain about the company structure, corporate governance policy and internal control measures.

The Board has a policy to support and facilitate the training and development for the personnel related to the corporate governance which are directors, member of audit committee, executives and the company's secretary in order to continually improve their performance. The training programs provided are those arranged by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and other institutes, which may relate to the directors' duties and responsibilities or other new management concepts. Apart from self-development, all directors shall use these knowledge to apply when they perform their duties and to improve their performance. In 2015, the Company has supports its director to attend the training program as follows.



- Mrs. Kongkeaw Piamduaytham, who is the Chairperson of Audit Committee/ Independent Director/ Member of Corporate Governance Committee and Member of Nomination and Remuneration Committee, attending the program named “Role of Nomination and Governance Committee (RNG) 7/2015.

8.2 Company's Committees

The Company's board structure consists of 5 board and committees which are the Board of Directors, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee. All has adequate qualifications prescribed in Section 68 of Public Company Act B.E. 2535 and the related notifications of the Capital Market Supervisory Board. Following are scope of authorities of each board and committees.

(Note: The Nomination and Remuneration Committee and the Corporate Governance Committee were first established on 9 May 2015 as per the resolution of the Board of Directors' meeting no 2/2015.)

8.2.1 Scope of authority of the Board of Directors

1. The Board has power, duty and responsibility to manage and supervise the Company to operate legally and comply with all related laws, the Company's objectives and articles of association, and the resolution of the shareholder meeting with honesty, carefulness, and protection of the Company's and shareholder's best interest.
2. To supervise the preparation of an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and bring to the shareholder meeting for consideration and approval.
3. All directors in the Company's Board of Directors are competent, capable and experienced from various professions. They are responsible for deciding the Company's vision, mission and for approving business direction, policy, strategy and goal so that management team shall use as framework for developing business plan, business supporting plan and annual budgeting. In 2015, the Board of Directors has participated in the review and approval of the Company's vision, mission and strategy to guide all management and employee to set their goals in the same direction.
4. To review, audit and approve the policies, directions, strategies and implementation plan proposed by the management.
5. To follow and evaluate the implementation plan and budget spent on regular basis
6. To ensure that the Company and its subsidiary have a proper and effective accounting system, providing reliable financial reports and reviews, and have adequate and sufficient internal control and internal audit systems in place.
7. To decide Risk Management policy that covers the whole operations and to supervise the Company to have system or process to manage all related risks with the preventive and control measures to diminish the impacts to the Company's business in a proper manner.
8. To decide the Company's management structure, appoint the executive committee, the managing director and other sub-committees as deem appropriate. And to decide scope of duties and responsibilities of the executive committee, the managing director and other approved sub-committees.

Importantly, the delegation of authorities prescribed in the scope of duties and responsibilities shall not allow the executive committee, the managing director and other sub-committees to consider and approve the transactions which might result in a conflict of gain or loss or any other conflicts of interest with the Company or its subsidiary (if any) unless the approval of the transaction follows the policies and guidelines already reviewed and approved by the Board of Directors.

9. To supervise the preparation of the Board's annual report and be responsible for the disclosure of the Company financial statement which will reflect the financial status and operation results in the past year and to propose them to the shareholder meeting for consideration and approval.
10. To supervise and oversee the management and operation of the Company and its subsidiary to comply with the Company's policy, the Securities and Exchange laws, the notifications of the Capital Markets Supervisory Board and the Stock of Exchange Thailand's regulations, especially on the connected transaction and the acquisition and disposal of assets and not to conflict with other laws.
11. The Board of Directors may authorise one or more directors or other person to act on behalf of the Board under the supervision of the Board, or authorise the person to have authorities as the Board deems appropriate and within the approved timeframe. Such authorisation may be cancelled, revoked or amended as the Board sees fit.

Such authorisation to act on behalf of the Board of Directors must not allow the person to review and approve a transaction that can result in a gain or loss to the authorised person himself or to a third party who may has a conflict of interest with the Company or its subsidiary as per the description in the notification of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or any other notifications of related regulatory bodies, unless the approval of the transaction in question follows he policies and guidelines already reviewed and approved by the Board of Directors.

8.2.2 Scope of authority of the Audit Committee

1. To review the accuracy and sufficiency of the company's financial reports.
2. To review the appropriateness and effectiveness of internal control systems and internal audit function including the independence of the internal systems to appoint, removal, transfer, or dismissal of the internal audit manager or manager of any work unit who is responsible for internal control task.
3. To carry out the review to ensure compliance with Securities and Exchange Acts, regulations of the Stock Exchange of Thailand and other related laws.
4. To consider, select and propose independent person to be appointed as the Company's external auditor to the Board, offer the Remuneration and meet privately with external auditor at least once a year without management members insight.
5. To review a connected transaction or transaction that may lead to conflict of interests to ensure that the Company complies with all related rules and the notification of the Stock Exchange of Thailand and that the transaction is reasonable and give the Company the maximum advantage.



6. To ensure full coverage of the audit committee's monitoring activities disclosed in the Company's annual report. The report must be signed by the Chairperson of the Audit Committee and should include the following information:
 - (a) Opinion on the accuracy, completeness and reliability of the Company's financial report
 - (b) Opinion on the adequacy of the Company's internal control system
 - (c) Opinion on the Company's compliance with SEC's and SET's laws and regulations or other laws relevant to the Company's business
 - (d) Opinion on suitability of the external auditor
 - (e) Opinion on transactions which may cause conflict of interest
 - (f) Number of committee meetings and attendance of each member
 - (g) General opinion or observation arisen as the Audit Committee performing its duty as defined in the committee's charter
 - (h) Any other transaction which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board
7. Any other assignments from the Board with the consent from the Audit Committee

8.2.3 Scope of authority of the Executive Committee

1. To propose goal, policy, business plan and yearly budget of the Company to the Board of Directors for approval.
2. To control the Company's business operation to follow the set policy, plan and budget approved by the Board.
3. To consider and approve the transactions incurred from the normal business operation i.e. investments which are within the capital expenditure budget or in accordance with the budget approved by the Board. Also the amount of each transaction must in line with the approval authorities matrix approved by the the Board.
4. To consider and approve the definition and any amendments in the rule and criteria of loan approval, credit determinater table, as well as the definition and any amendments of penalty fee and discounts.
5. To propose the organisation structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget.
6. To consider the Company's profit and loss, the proposal to pay the interim dividend or the annual dividend in order to propose to the Board for approval.
7. The Executive committee may appoint or hire consultant for the Company's internal administration and management in order to maximise results.
8. The Executive committee may authorise one or more individuals to act on behalf of the committee under the supervision of the Executive committee, or authorise the person to have authorities as the committee deems appropriate and within the approved timeframe. Such authorisation may be cancelled, revoked or amended as the committee sees fit.
9. To perform any other duties assigned by the Board of Directors.

Importantly, the delegation of authorities and responsibilities by the Executive committee shall not be in the manner of general power of attorney which will allow the authorised person to approve the transactions which might result in a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. As the Executive Committee also do not have authority to approve such transaction, it will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

8.2.4 Scope of authority, duty and responsibility of the Nomination and Remuneration Committee

Nomination-related

1. To establish the criteria and policy for nomination of the Company's board of directors and members of committees, by considering the suitability of size, structure and composition of each committee as well as the qualification of each specific directors in order to propose to the board of directors and/or the shareholders' meeting for approval, when required.
2. To search, select and nominate the candidates suitable for the director's position, when any director completes his/her term and/or when there is a vacancy and/or when there is newly opened position.
3. To perform any assignments, related to nomination, from the board of directors.
4. To conduct the appraisal performance of the Company's top executives and propose to the board of directors for consideration and approval.

Remuneration-related

1. To establish criteria and policy related to remuneration for members of the board of directors and committees and propose to the board of directors and/or the shareholders' meeting for approval, when required.
2. To determine remuneration as needed and suitable for both financial and non-financial for each individual director by taking into consideration that such remuneration is commensurate with the duties and responsibilities assigned, the individual's performance, pay scale of similar business and benefits that he/she shall contribute to the Company; then propose to the board of directors and/or the shareholders' meeting for approval.
3. To support the board of directors with the role to explain and answer any queries relating to the remuneration of members of the board of directors in the shareholders' meeting.
4. To report policy, principles and rationale of the remuneration of directors and executives to comply with the Stock Exchange of Thailand's regulations by submitting the annual Disclosure Report on Additional Information (form 56-1) and the Company's Annual Report (56-2).



5. To perform any assignments from the board of directors in relation with remuneration/ Remuneration. Management and all work units shall report or submit related information and documents to the Nomination and Remuneration Committee to support the works of the committee so that it can complete the assignments.

8.2.5 Scope of authority, duty and responsibility of the Corporate Governance Committee

1. To propose policies relating to Good Governance principles to the board of directors.
2. To oversee the Company's business operations to comply with the corporate governance principles prescribed by the regulators i.e. the Stock Exchange of Thailand, the Securities and Exchange Commission.
3. To consider and review the corporate governance policies on regular basis to ensure that they are align with the international practices as well as to the recommendations from related offices or institutes.
4. To propose code of conducts for directors or work rules for directors.
5. To recommend the Company's code of business ethics and the code of conducts for managers and employees.
6. To promote the culture of good governance and the participation in the social responsibility activities.
7. To perform any assignments from the board of directors.

8.2.6 Scope of authority, duty and responsibility of Managing Director

1. To control and supervise business operation and/or day-to-day administration in the Company.
2. To operate and administrate the Company by following the policies, plans and budget approved by the Board of Director and/or the Executive committee.
3. To prepare policy, business plan, business strategies and yearly budget of the Company to propose to the Executive committee in order to get approval from the Board of Directors.
4. To consider and approve the Company's normal business transactions, for example, approval of investment expenses within the capital expenditure budget or budget approved by the Board of Directors, approval of asset buy, approval of other expenses and financial expenses. The amount of approval of each transaction shall be within the limit stated in the approval authorities matrix which was approved by the Board of directors.
5. The Managing director has authority to approve the head-counts, hiring and placing employee, determining wage, promoting and transferring as well as deciding role and job description of employee in any position in any work unit, for all employee in all levels below assistant manager, according to the approval from the Board of directors.
6. The Managing director has authority to approve all operating expenses for normal business activities according to the budget approved by the Board of directors.
7. To monitor and assess the Company's performance on regular basis and to report the operating results as well as progress report of related projects to the Executive committee, the Audit committee and the Board of directors.

8. To issue and announce orders, regulations, notifications and memorandum to ensure that the Company's business operations will be align with the policy and to protect the Company's benefit as well as to keep orders within the organisation.
9. The Managing director has authority to appoint committees or sub-committees for the benefit and the effectiveness of good management, and also to authorise one or more individuals to execute things under the supervision of the Managing director, or authorise the person to have authorities as the Managing director deems appropriate and within the approved timeframe. Such authorisation may be cancelled, revoked or amended as the Managing director sees fit.
10. To perform other duties as per assignment from the Executive committee or the Board of directors.

Importantly, when there is a transaction that relates to the Managing director or the authorised person by the Managing director or any person who may have a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. The Managing director do not have authority to approve such transaction. It will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.



Designated Approval Authority

The Company has designated approval authority for business operations with details below.

	Assistant Managing Director	Deputy Managing Director	Managing Director	Executive Committee
1. Payment which is over the approved capital expenditure	–	–	not over 15%	not over 20%
2. Non-budgeted investments	–	–	not over 20 million baht	not over 40 million baht
3. Opening of new branches which is over the number stated in the board approved business plan	–	–	–	not over 20%
4. Approval of petty cash disbursement over the set criteria ¹⁾	not over 15,000 baht per time	not over 15,000 baht per time	approve	–
5. Cash advance per time ²⁾				
– Branch/Auction centre	–	not over 70,000 baht per time	approve	–
– Head office	not over 70,000 baht per time	not over 100,000 baht per time	approve	–
6. Disposal of damaged fix assets ³⁾	not over 50,000 baht per time	not over 50,000 baht per time	approve	–
7. Account write-off (bad debts)	–	–	–	not over 5 million baht

Remark : ¹⁾ In the past, the Company's maximum petty cash disbursement did not exceed 15,000 baht per time.

²⁾ In the past, branches and auction centres' maximum cash advance did not exceed 52,000 baht per time and head office's maximum cash advance did not exceed 75,000 baht per time.

³⁾ In the past, the Company's maximum disposal of damaged fix assets did not exceed 50,000 baht per time.

8.3 Nomination and appointment of directors and top executives

The Company has the Nomination and Remuneration Committee responsible for searching and screening suitable candidates for director position, and to determine the remuneration package and get concurrence from the board of directors to propose to the shareholders' meeting for approval, with details below.

8.3.1 Composition and appointment of the Board of Directors

The composition and nomination, appointment, removal and expiration of the Company directors have been defined in the Company's Article of Association, which can be summarised as follows:

1. The Board of Director comprises not be less than 5 members, provided that not less than one half of the directors shall reside within Thailand. The directors shall have qualifications as specified by laws.
2. The directors shall be elected by the shareholder meeting under the following rules and procedures.
 - (1) Each shareholder shall have one vote per share held by him/her.
 - (2) Each shareholder shall exercise all votes in electing one or more persons to be a director, but provided that no vote shall be divisible.
 - (3) Any candidates who have the most votes shall be elected as directors equivalent to the number of directors required; if two candidates have equal votes, the Chairman shall have a casting vote.
3. At every Annual General Meeting, one-third ($\frac{1}{3}$) of the directors, or, if their number is not divided by three (3), then the number nearest to one-third ($\frac{1}{3}$) shall retire from office. In the first year and the second year following the establishment of the Company, the retiring directors shall be drawn by lots. In the third year and subsequent years, the directors who have been longest in office shall retire. The retired directors shall be re-elect to consume the position.
4. Any director who wishes to resign from his office shall submit a resignation letter to the Company. The resignation shall be effective on the date the notice reaches the Company.
5. In case there is a vacancy for the director position with reasons other than the normal retirement, the Board may decide to select the qualified candidate who does not possess any qualifications which were prohibited by the Public Company Limited Act and/or the Securities and Exchange Act, to resume the vacant position, except when the term of the departing director is less than 2 months. The new director's term will equal to the period of term left of the departing director. The Board's resolution requires the votes of not less than three-fourth ($\frac{3}{4}$) of the number of the left directors.
6. The shareholder meeting may vote to remove any director from office prior to retirement. A three-quarter ($\frac{3}{4}$) vote of any shareholders with an aggregate number of up to half ($\frac{1}{2}$) of all shares held by the shareholders present and eligible to vote shall be required.

8.3.2 Composition and appointment of independent director

The Board of Director shall considers the qualification of candidate who will be the Company's independent director based on the qualifications and forbidden characteristics under the Public Company Limited Act, Securities and Exchange Act, Notifications of the Capital Market Supervisory Board, and other related notifications, announcements and/or regulations. Moreover, the Board shall select the candidate based on expertise, work experience, and other suitabilities. The Board shall propose the candidate to the shareholder meeting for voting to appoint the person as an independent director. The Company has a policy to appoint at least one-third ($\frac{1}{3}$) of the total directors and should not be less than 3 persons.



Qualifications of Independent Director

1. Holding not exceeding 1 per cent of the total number of voting rights of the Company, its parent company, subsidiaries, associated companies or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and son/daughter, including spouse of the son/daughter, to management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries.
4. Not having any business relationship with the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest that could be barrier to independent judgement. And not being or having been major shareholder, director other than independent director or management of the stakeholders of the Company, subsidiaries, associated companies or any juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
6. Neither being nor having been any profession advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not having any characteristics which make him/her incapable of expressing independent opinion with regard to the Company's business operations.

8.3.3 Composition and appointment of the Audit Committee

The Board of Directors shall appoint the Audit Committee which consists of at least 3 members, who shall be selected from the Company's independent directors who have qualifications under the Securities and Exchange Act and other related notifications, announcements and/or regulations of the Stock Exchange of Thailand. Moreover, the independent director who presume the duty of audit committee shall also has the additional qualifications as follows.

1. Not being a director who is assigned by the Board to make decisions in the business activities of the Company, its parent company, subsidiaries, joint/associated companies or juristic person who may have conflicts of interest.
2. Not being a director of the Company, its subsidiaries, joint/associated companies which is the listed company.
3. Having adequate knowledge and experience to perform the duties of audit committee and at least one committee member must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company's financial statement.

Terms of Audit Committee

1. Chairperson of Audit committee 3 years or equal to the term of the Company's director
2. Member of Audit committee 3 years or equal to the term of the Company's director

When his/her term ends, either the expiring chairperson or the member of Audit committee shall be re-elected to resume the duty again.

8.3.4 Composition and appointment of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises not less than 3 members, consisting of a chairperson of the nomination and remuneration committee and members of the committee, who shall have sufficient knowledge and experience to perform the duty of nominating candidates for director position and determining director's remuneration.

The Board of Directors has approved to establish the nomination and remuneration committee in order to perform the duty of recommending policy, model and criteria for selection and the remuneration for directors, members of committees and managing director, to be commensurate with the duties and responsibilities assigned as well as the individual's performance. The Board of Directors meeting shall approve the appointment of the Company's directors to be members of the nomination and remuneration committee to comply with the corporate governance principles and to align with the organisation's vision and mission.

Terms of Nomination and Remuneration Committee

1. Chairperson of Nomination and Remuneration committee 3 years or equal to the term of the Company's director
2. Member of Nomination and Remuneration committee 3 years or equal to the term of the Company's director

When his/her term ends, either the expiring chairperson or the member of Nomination and Remuneration committee shall be re-elected to resume the duty again.



8.3.5 Composition and appointment of the Corporate Governance Committee

The Corporate Governance committee, appointed by the Board of Directors, comprises not less than 3 members. In the event that there is a vacancy in the committee, the subsisting members shall still perform their duties. However, if the number of directors is less than the requirement and does not constitute a quorum, the subsisting members may act only for the purpose of appointing additional directors to fill up all the vacancies.

The members of the corporate governance committee shall be highly competent and be able to contribute sufficient time and adequate recommendations to perform their duty with integrity, ethics and high responsibility.

Terms of Corporate Governance Committee

- | | | |
|----|---|--|
| 1. | Chairperson of Corporate Governance committee | 3 years or equal to the term of the Company's director |
| 2. | Member of Corporate Governance committee | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Corporate Governance committee shall be re-elected to resume the duty again.

8.4 Supervision of business operations of its subsidiary and its affiliated company

The Company shall invest in any companies that have the same business objectives as the Company's core business, or with the business similar to the Company's, or with the business that supports the Company's operations. The investment shall improve the Company's performance with more profit or shall synergize with the Company's core business to provide comprehensive services to its customers, which increases the Company's competitive advantage.

In controlling and supervising its subsidiaries and its affiliated company, the Company shall send director or executive who is qualified and has suitable experience to be its representative, to participate in the management, to decide on the key policies and to control the operation of such subsidiary and/or affiliated company. The director who is the Company's representative shall supervise the administration of such subsidiary and/or affiliated company to follow the set policy and shall use his/her discretion, under the resolution of the Board's meeting and/or the shareholder meeting about the major issues of the such subsidiary and/or affiliated company, for the maximum benefit of the Company and for the Company's sustainable growth.

8.5 Supervision of inside information

1. The Company prohibits its directors, executives, employees and workers from disclosing the Company's confidential information and/or inside information or using it for their own benefit or any other person's benefit directly or indirectly and by gaining or not gaining Remuneration.
2. The Company prohibits its directors, executives, employees and workers, including their spouse and minor children from using the Company's inside information which has not been disclosed to public and which shall or shall not impact the change of the price of the Company's securities, to buy, sell, offer to buy, offer to sell, or convince other persons to buy,

sell, offer to buy, offer to sell the Company's securities, whether directly or indirectly, before such information is disclosed to public. Regardless of the purpose of the action which aims for his/her own benefit or for others to act and provide him/her a Remuneration, the person who fails to comply will be punished under the Company's disciplinary measures.

3. The Company has informed all executives to understand and take responsibility to report the holding of the Company's securities of themselves, their spouse and their minor children, and to report any changes in securities holding to the Office of Securities and Exchange Commission to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.
4. In order to prevent insider trading, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during one month before the Company disclosing its financial statement to the public.

The Company shall inform its directors, executives, staff and employee about all the above prohibitions.

5. The Company's directors and executives are required to complete the initial Disclosure regarding Connected Transactions with Company and its subsidiary upon appointment to the position, on annual basis and when there are changes in the connected transactions. The Company Secretary shall submit the copy of such connected transaction reports to the Chairman of the Board and the Chairperson of Audit Committee in order to comply with the Securities and Exchange Act, B.E. 2535 and to review the information to prevent any conflicts of interest.

8.6 Remuneration for external auditor

The annual general shareholders' meeting year 2015 has approved the remuneration of external auditor for 2015 at 2,980,000 baht which included the audit fee and the interim financial statement review for the Company's and its subsidiary's and the consolidated statement and other service fee according to actual cost. However, in 2015, there was no other service fee incurred.

8.7 Other good corporate governance practices

–N/A–



9. Corporate Social Responsibilities : CSR

The Company commits to manage and operate its business with the consciousness of social responsibilities as well as the responsibilities for its stakeholders such as shareholder, customer, business partner, employee, community and surrounding society. With the aim to build sustainable business operation, steadily growing and well-accepted organisation and to effectively return profit for its shareholders, the Company has set a policy to operate the business with focus on social responsibility, which is divided into 8 area as follows.

1. Responsibility to shareholders

- The Company emphasises employee's integrity and honesty. All employees shall perform their works within the framework of laws and the Company's regulations. They shall hold to work ethics in every actions, decision-making and processing transactions. We will carry out our businesses in a faithful and honest manner, and decisions about any undertakings are honest and fair towards all shareholders.
- The Company is committed to operate the business with a sustainable growth of returns to shareholders. Disclosure of information shall be done in an accurate, complete, adequate and timely manner so that shareholders can equally access and not be misled or confused with the information provided.

2. Operate the business with integrity

- The Company has a policy and guideline to treat its customers with integrity. Details of terms and conditions which are fair for both parties are clearly communicated to customers. The Company commits to provide excellent customer service by providing consultation to every customer in a soft and polite manner. Its staff and managers are willing to listen to customers and try to provide them solutions without disclosing their confidential personal information.
- The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- The Company shall treat its trade competitors fairly; do not take any actions to attack, defame or destroy reputation of competitors; any posters and advertisements shall reflect fair treatments and competitions; no poster to defame competitors is allowed.
- Business operation of the Company must be administered for sustainable and steady growth based on the carefulness, honesty and fairness to all related parties.
- The Company shall not seek for trade secrets of its competitors by using dishonest or improper methods like bribing competitors' employees.

3. Anti-corruption policy

The Company emphasises the importance of every anti-corruption practices by building awareness in the Company's executives and staff at all levels so that they realise the impacts of corruptions, have the right values and are able to get more confidence from all stakeholders. Following are guidelines provided:

- Do not offer remuneration, pay bribe, request, agree or take bribe in any manners from other person or from other organisations, directly or indirectly, in exchange with favourable treats or extra benefit from the Company's business.
- Do not incur any unethical transactions in relation with government officials, other persons, or other organisations, directly or indirectly.
- Do not take or offer any bribe for any business dealings. The Company's contacts and deals with government officials must be done in a transparent and honest manner and staff must strictly follow the related laws and regulations.
- Staff who commit fraud, no matter in which position, will be punished in every case regardless of the amount of damages.
- The Company instills the value of integrity in its employee by emphasising that everyone should have awareness and perform their duty honestly, do not exploit the benefit from his/her position or provide favourable treats to others. All employee is informed about penalties, negative impacts and damages caused by committing fraud.
- Every employee is responsible for observing and monitoring. In case they find any fraud or suspicious fraud case within their workplace, it is their duty to immediately report to the Company via their direct supervisor or other provided channels or the internal audit team.

4. Respect for Human rights

- The Company recognises the importance of human rights and respect of human rights. The Company shall not violate the rights of individual or group of individuals directly and indirectly and shall treat them evenly and fairly regardless of differences in race, religion, gender or physical condition.
- The Company has a corporate culture that all employees shall participate and follow the provided guidelines so that everyone shall work together in the happier environment with mutual respects. Regarding the employee treatment, the Company values all employees at every level.

5. Fair Treatment to Employee

The Company is well aware that the continuous growth of the Company over the past 24 years is resulted from the cooperation and contribution of its employee at all levels, who are highly committed to achieve the set target. The Company has policies to treat all employee fairly and evenly, as follows:

- The Company provides compensation for employee which is well suited with each person's capabilities and is competitive when comparing to companies in the same industry. The Company provides the proper work environment with the awareness of work life quality and safety workplace. Also, additional supports and welfares are appropriately provided.



- The Company arranges continuous training and development programs for its employee in every position and every level. Every year there are training courses and seminars which are conducted by well known experts in each specific area provided. This policy enables our employee to continually learn and grow.
- The Company provides a fair reward & recognition system. Criteria for performance appraisal are clearly communicated to staff at all levels.
- The Company encourages employee at all levels to have continuously career advancement within the organisation.
- The Company implements the open door policy, allowing employee at all levels to participate in queries or make recommendations directly or indirectly in order to get cooperations from all parties to solve any problems together.

6. Responsibility toward Consumer

- Since the Company's business is service-related, service excellence is a key to success and sustainable growth. The Company's slogan of "Intimate services like closed family members" becomes guiding principle for every employee on how to treat their customers.
- Regarding the terms & conditions of loan approval, the Company shall provide the terms & conditions and/or benefits that customer will receive in a clear and transparent manner for the best interest of our customers.
- The Company provides channels for customers to file their complaints directly through the Head Office's Complaint Centre at telephone number 02-880-1033 or through the questionnaire that the Company sent to customers.
- The Company has a policy for whistleblowing hotline, detection and protection of whistleblowers.
- In case that the customers facing a financial crisis from the impacts of nature disasters like major floods or from uncontrollable setbacks like the delay of government supports to farmer etc., the Company shall provide special measures to support our customers as deem appropriate.

7. Environmental Conservation

Although the Company's business operation does not have direct impact on the environment, the Company is aware of the importance of environmental conservation and has a policy to instill the awareness in its employee. Starting from the in-company environments, the Company implements the 5S activities on yearly basis, campaigning to use water and electricity considerably, controlling the usage of stationary and office equipments, reducing the usage of equipments which create pollution, promoting recycle and reuse of paper and encouraging to use more of electronic archive.

8. Community and Society Development

The Company has Corporate Social Responsibilities (CSR) policy which focuses on community developments based on the traditions and culture of the surrounding communities that the Company's branches are located. Following are activities which the Company has been regularly participating in order to support both private and public sectors.

- **Religion** The Company has a custom of offering the unity kathina ceremony, the tradition of presenting robes and donations to monks at the end of the lent, to the selected 2 temples each year for over 24 years. This kathina ceremony has been arranged in rotation to temples located nearby the Company's branches, which not only help preserving the local tradition but also building unity among the community.

In 2015, with total donation of 3,484,053.62 baht (total amount before deducting expenses), the Company hosted 2 unity kathina ceremonies to Wat Huaykongkawat (Huayhaeng) in Kaengkoy district, Saraburi province where the amount of 1,564,296 baht donated and 177,730.62 baht donated to support the Wat Huaykongkawat school. The second place of kathina ceremony in 2015 is Wat Bannong in Namjo subdistrict, Maeta district, Lampang province with the donation of 1,638,327 baht and the educational support fund of 103,700 baht to Wat Bannong school.



- **Education** The Company has a policy to give away scholarships to students and to give educational support funds to local schools which are located in the area of the temples. Besides, since 2012 onwards, the Company has started the project to build a building for child development centre under the name “Baan Mai khong Noo (my new home)”. The first centre was in aor bor tor Kirirat, Phobpra district, Tak province while the second centre built in 2013 was located in aor bor tor Nakham, Muang district, Loey province. In 2014, the third centre was built in aor bor tor Paklang, Pou district, Nan province. In 2015, two centres were built at the Baan Makam En school and the Wat Rangsanek Nakornchan school in aor bor tor Takoey, Suanphueng district, Rachaburi province. The Company plans to build more center every year in the location nearby the Company's branches.





- **Society** Every year in June, the Company invites its employee to donate their blood to the Thai Red Cross Society. This is also the Company's custom for over 24 years. The Company has funded many local traditional events such as Long boat racing, event of paying respect to god (Chinese) and making a spirit offering, event of lion dancing, etc. Moreover, the Company has a policy that prohibits staff at all levels to involve with drugs, as a trader or user. The Company performs annual workplace drug testing once a year under project named "Borisat si khao" (White company).

10. Internal Control System and Risk Management

The Company recognises the importance of having internal control system in place. The Internal Audit division was set up to be responsible for monitoring day-to-day operations and following up to ensure that any detected errors or deficiencies are resolved or strengthened on a regular basis. And in order for the Internal Audit team to work independently and be able to fully investigate with checks and balances authority, the team shall have a direct reporting line to the Audit Committee.

Presently the Company has practiced an appropriate and efficient internal control system and risk management in accordance with the standardised framework of internal control and risk management of the Committee of Sponsoring Organizations of the Treadway Commission–Enterprise Risk Management (COSO–ERM), which relates to the Company’s business operations and work processes. The framework consists of 5 components;

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information & Communication
- (5) Monitoring Activities.

For 2015 business operations, the board of directors has the same opinions as the audit committee with details as summarised below.

10.1 Control Environment

The Company emphasises the good corporate governance, having core value and company culture which reflect Integrity and Ethics as its normal tradition. The Audit Committee, being independent from the management, is responsible for oversight and development of internal control functions. The management has set up a line of command, delegation of authorities and proper responsibilities so that the Company achieves its business objectives under the oversight of the committee.

10.2 Risk Assessment

The Company has risk management activities as well as regular monitoring. The practices of preparing Business Continuity Plan–BCP and Disaster Recovery Plan–DRP companywide ensure that the operation will not be interrupted either in normal business environment or in the vulnerable environment.

10.3 Control Activities

The Company has clearly defined scope of duties and approval authority for management at all levels, having the operating manual for each and every work units, implementing the segregation of duties for check and balance as well as updating the Company’s regulations on regular basis.

10.4 Information & Communication

The Company recognises the importance of adequate management information system (MIS) to support day to day operations as well as to support the management’s decision. The existing system is not only support the internal control report to be on time, but also enables the Company to effectively prepare financial reports with accuracy and within the timeframe.



10.5 Monitoring Activities

The Company set up the Internal Audit division to be responsible for monitoring and communicating internal control deficiencies, in a timely manner, to the responsible persons which includes the high-level executives and the Audit Committee who shall assess the results and ensure that the internal control activities are still in place completely and adequately.

The Board agreed that the Company has adequate and appropriate internal control system. The Company has dedicated sufficient group of personnel to execute such control system effectively, enabling the Company's operations to be transparent and comply with the principle of Good Corporate Governance. Additionally, the Company has executed the control and monitor system within the Company and its subsidiary to ensure that assets of the Company and its subsidiary are well protected from any director or executive's misuse. The Company also has the sufficient control system to monitor the transactions with connected person or person who may have conflict of interest.

11. Details of Directors, Management and Controlling Person

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Type of Business
Adm. Apichet Pengsritong Chairman of the Board of Directors and Independent Director (Authorized Signatory)	67	Bachelor of Science Royal Thai Naval Academy Directors Accreditation Program (DAP) Class 82/2010	-	-	2014-Present 2012-Present 2010-Present	Chairman of the Board of Directors Chairman of the Board of Directors Independent Director	Beverage Vehicle title loan Cosmetics
Mr. Chuchat Petampai Director and Chairman of the Executive Committee (Authorized Signatory)	62	Master of Business Economics, Thammasat University Master of Business Director and Chairman of Executive Committee Administration, Naresuan University Master of Finance, Oklahoma City University, USA Directors Accreditation Program (DAP) Class SET/2012	37.38	Spouse of Mrs. Daonapa Petampai	2015-Present 2012-Present 2011-Present 1992-2011	Member of Corporate Governance Committee Director and Chairman of Executive Committee Director Director and Managing Director	Vehicle title loan Vehicle title loan Insurance Broker Vehicle title loan
Mrs. Daonapa Petampai Director and Managing Director (Authorized Signatory)	62	Master of Finance, Oklahoma City University, USA Directors Accreditation Program (DAP) Class SET/2012	33.96	Spouse of Mr. Chuchat Petampai	2012-Present 2011-Present 1992-2011	Director and Managing Director Director Director and Deputy Managing Director	Vehicle title loan Insurance Broker Vehicle title loan



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Type of Business
Mr. Yodhin Anavil Director and Independent Director (Authorized Signatory)	66	Doctor of Electrical Engineering University of Cincinnati, USA Master of Electrical Engineering, George Washington University, USA Directors Certification Program (DCP) Class 101/2008 Directors Accreditation Program (DAP) Class 60/2006 Audit Committee Program (ACP) Class 24/2008 Charter Director Class (CDC) Class 3/2008 Financial Statements Demystified for Directors (FDD) Class 1/2009 Role of The Compensation Committee (RCC) Class 7/2008	-	-	2015-Present	Chairman of Nomination and Remuneration Committee	Muangthai Leasing Plc. Vehicle title loan
					2012-Present	Independent Director	Muangthai Leasing Plc. Vehicle title loan
					2011-Present	Independent Director, Member of Audit Committee and Ethics Committee	Robinson Department Store Plc. Retail Business
					2005-Present	Independent Director, Member of Audit Committee and Nomination and Remuneration Committee	Jasmine International Plc. Telecommunication
					2002-Present	Director	Pop Network Co., Ltd. E-Commerce
					1998-Present	Director	Peter and Jeannie Co., Ltd. Clothing products and Real Estate
					1998-Present	Director	Frederick World Sales Co., Ltd. Clothing products and Real Estate
					1991-Present	Director	The Vintage Club Co., Ltd. Golf Course
					1991-Present	Director	Fairway Estate Co., Ltd. Real Estate

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Type of Business
Mrs. Kongkeaw Piamduaytham Chairperson of Audit Committee and Independent Director	63	Master of Finance, Washington State University, USA Directors Certification Program (DCP) Class 157/2012 Advanced Audit Committee Program (AAP) Class 13/2013 Role of Nomination and Governance Committee (RNG 7/2015)	-	-	2015-Present	Member of Corporate Governance Committee and Nomination & Remuneration Committee	Muangthai Leasing Plc. Vehicle title loan
					2012-Present	Chairperson of Audit Committee and Independent Director	Muangthai Leasing Plc. Vehicle title loan
					2011-Present	Chairperson of Audit Committee	Papop Co., Ltd. Energy
					2010-Present	Director Consultant	Aira Capital Plc. Aira Securities Plc. Holding (Finance) Securities
					2015-Present	Chairman of Corporate Governance Committee	Muangthai Leasing Plc. Vehicle title loan
Mr. Chainoi Puankosoom Member of Audit Committee and Independent Director	65	Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Directors Accreditation Program (DAP) Class 63/2007 The Role of the Chairman Program (RCP) Class 33/2014 Financial Institutions Governance Program (FGP) Class 3/2011 Politics and Governance in Democratic Systems for Executives (Por Por Ror class 6), King Prajadhipok's Institute Capital Market Academy program for senior executives (CMA Class 9) Energy Literacy for senior executives program, Thailand Energy Academy	-	-	2015-Present	Director	Tipco Asphalt Plc. Manufacture and distribute asphalt product Petroleum and chemical tankers Vehicle title loan
					2015-Present	Member of Audit Committee/ Independent Director	Nathalin Co., Ltd. Vehicle title loan
					2013-Present	Member of Audit Committee	Muangthai Leasing Plc. Vehicle title loan
					2012-Present	Member of Audit Committee	Golden Land Property Development Plc. Real Estate
					2010-Present	Member of Audit Committee	National Power Supply Plc. Biomass power plants



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Karpol Tatiyakavee Member of Audit Committee and Independent Director	56	Master of Industrial Engineering, University of Texas at Arlington, USA Directors Certification Program (DCP) Class 74/2006 Directors Accreditation Program (DAP) Class 55/2006 Capital Market Academy Program for senior executives (CMA Class 9)	-	-	2015–Present	Member of Nomination & Remuneration Committee	Muangthai Leasing Plc.	Vehicle title loan
					2013–Present	Chief Operating Officer	Amata VN Plc.	Real Estate
					2012–Present	Member of Audit Committee	Muangthai Leasing Plc.	Vehicle title loan
					2010–Present	Director	We Retail Plc.	Real Estate
					2012–Present	Director	ThreeSixtyFive Plc.	Public Relation Advisor
					2010–2012 2008–2010	Director Chairman of Executive Board	State Enterprise Policy Office Pattaya Food Industry Co., Ltd.	Ministry of Finance Produce and distribute canned food
Mr. Surapong Pechaumpai Deputy Managing Director	54	Master of Business Administration, University of the Thai Chamber of Commerce Barrister-at-law, Institute of Legal Education of the Thai Bar Association	-	Brother of Mr. Chuchat Petaumpai	2013–Present	Deputy Managing Director	Muangthai Leasing Plc.	Vehicle title loan
					2012–Present	Director Assistant Managing	Muangthai Leasing Insurance Broker Co., Ltd.	Insurance broker
					2002–2012	Director	Muangthai Leasing Co., Ltd.	Vehicle title loan
					2013–Present	Assistant Managing Director	Muangthai Leasing Plc.	Vehicle title loan
Mr. Surat Chayavoradech Assistant Managing Director	45	Master of Finance, Thammasat University Master of Business Administration, Chulalongkorn University	-	-	2010–2012	Accounting & Finance Manager	Bio-active Co., Ltd.	Chemical
					2005–2009	Accounting & Finance Manager	Taiban Fishery Co., Ltd.	Cold storage service
					2015–Present 2011–2015 2007–2011	Collection Manager Audit Manager Deputy Manager-Audit	Muangthai Leasing Plc. Muangthai Leasing Plc. Muangthai Leasing Co., Ltd.	Vehicle title loan Vehicle title loan Vehicle title loan
Ms. Duangkhae Songnuy Manager – Collection	48	Master of Management and Organization, Dhurakij Pundit University	-	-				

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Ms. Vimornrat Nujul Deputy Manager – Account	46	Master of Accounting, Dhurakij Pundit University	–	–	2012–Present	Deputy Manager – Accounting Director	Muangthai Leasing Plc.	Vehicle title loan
					2012–Present		Muangthai Leasing Insurance Broker Co., Ltd.	Insurance broker
					2004–2012	Assistant Manager – Accounting	Muangthai Leasing Co., Ltd.	Vehicle title loan
Mr. Somkiat Ratsamee Assistant Manager – Branch Administration	52	Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	–	–	2015–Present	Assistant Manager – Branch Administration – Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011–2014	Assistant Manager – Branch Administration – Phitsanuloke District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006–2010	Assistant Manager – Branch Administration – Ayudhya District Manager	Muangthai Leasing Co., Ltd.	Vehicle title loan
Mr. Annat Niamsee Assistant Manager – Branch Administration	51	Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	–	–	2015–Present	Assistant Manager – Branch Administration – Chonburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011–2014	Assistant Manager – Branch Administration – Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006–2010	Assistant Manager – Branch Administration – Phitsanuloke District Manager	Muangthai Leasing Co., Ltd.	Vehicle title loan



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Type of Business
Mr. Banyat Ninsiri Assistant Manager – Branch Administration	43	Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	-	-	2015–Present	Assistant Manager – Branch Administration – Nakonsawan District Manager	Vehicle title loan
					2011–2014	Assistant Manager – Branch Administration – Saraburi District Manager	Vehicle title loan
					2007–2010	Branch Manager – Thanon Boromtrail, Phitsanuloke	Vehicle title loan
						Muangthai Leasing Plc.	
Mr. Niyom Rodnoi Assistant Manager – Branch Administration	46	Bachelor of Business Administration, Phetchabun Rajabhat University	-	-	2011–Present	Assistant Manager – Branch Administration – Khonkaen District Manager	Vehicle title loan
					2011–2013	Branch Manager – Ayudhya	Vehicle title loan
					2006–2010	Branch Manager – Pichit	Vehicle title loan
						Muangthai Leasing Plc.	
Mr. Pradit Thongkhum Assistant Manager – Branch Administration	52	Bachelor of Education Uttaradit Rajabhat University	-	-	2014–Present	Assistant Manager – Branch Administration – Lampang District Manager	Vehicle title loan
						Muangthai Leasing Plc.	
Mr. Songkarn Eiamkai Assistant Manager – Branch Administration	52	Bachelor of Education Phetchabun Rajabhat University	-	-	2014–Present	Assistant Manager – Branch Administration – Nakonratchasima District Manager	Vehicle title loan
						Muangthai Leasing Plc.	

Details of Company Secretary

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (16/12/2015)	Family Relationship with other Management	Period	Position	Company/ Organization	Type of Business
Ms. Monthon Onphan Company Secretary	41	Bachelor of Management, Suan Dusit Rajabhat University Company Secretary Program (CSP) Class 50/2013 Effective Minute Taking (EMT 26/2013)	-	-	2013–Present 2011–2013 2005–2011	Company Secretary Team Head – Accounting Team Head – General Administration	Muangthai Leasing Plc. Muangthai Leasing Co., Ltd. Muangthai Leasing Co., Ltd.	Vehicle title loan Vehicle title loan Vehicle title loan

Roles & Responsibilities of Company Secretary

- Supervising and providing recommendations to the Directors and Executives regarding the adoption of related law, rules and regulations of regulatory bodies and of the Company itself as well as monitoring and to monitor on regular basis to ensure conformity in all aspects.
- Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
- Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
- Preparing and maintaining the following documents:
 - A register of Directors
 - Notice and Minutes of the Board meeting
 - Notice and Minutes of Shareholder meeting
 - Annual Report
 - Director and Management's report on conflict of interest



Details of Management and Controlling person of the Company in its related companies as of 31 December 2015

Name	The Company		Related Companies																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Adm. Apichet Pengsritong	C				C										/				
Mr. Chuchat Petaumpai	/, //	/																	
Mrs. Daonapa Petampai	/, M	/																	
Mr. Yodhin Anavil	/	AC	/					/	/		/	/		AC					
Mrs. Kongkeaw Piamduaytham	AC						AC									/			
Mr. Chainoi Puankosoom	AC					AC				AC								/	/
Mr. Kampol Tatiyakavee	AC			/									/				M		/
Mr. Surapong Pechaumpai	M	/																	
Mr. Surat Chayavoradech	M																		
Ms. Duangkhae Songnuy	M																		
Ms. Vimonrat Nujul	M	/																	
Mr. Somkiat Ratsamee	M																		
Mr. Amnat Niamsee	M																		
Mr. Banyat Ninsiri	M																		
Mr. Niyom Rodnoi	M																		
Mr. Pradit Thongkhum	M																		
Mr. Songkam Eiamkai	M																		

Remark : C = Chairman of the Board AC = Audit Committee / = Director // = Chairman of Executive Committee M = Management/Executive

Related Companies:

1. Muangthai Leasing Insurance Broker Company Limited
2. Jasmine International Public Company Limited
3. The Vintage Club Company Limited
4. ThreeSixtyFive Public Company Limited
5. T.A.C. Consumer Public Company Limited
6. National Power Supply Public Company Limited
7. Papop Company Limited
8. Pop Network Company Limited
9. Peter and Jeannie Company Limited
10. Golden Land Property Development Public Company Limited
11. Frederick World Sales Company Limited
12. Fairway Estate Company Limited
13. We Retail Public Company Limited
14. Robinson Department Store Public Company Limited
15. S&J International Enterprises Public Company Limited
16. Aira Capital Public Company Limited
17. Amata VN Public Company Limited
18. Nathalin Company Limited
19. Tipco Asphalt Public Company Limited

12. Related Parties Transactions

12.1 Details of related transactions

In 2015, the Company has related transactions with related persons as follows.

Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
Mr. Chuchat Petaumpai	- Mr. Chuchat Petaumpai is Chairman of the Executive committee and holding 1,512,500,000 shares (including the spouse's holding) equaling to 71.34% of fully paid-up share capital as of 16 December 2015 - Spouse of Mrs. Daonapa Petampai	1. Building rental	2.12	2.28	The Company rents 7 shophouses and warehouses from Mr.Chuchat Petaumpai to use for branch office and auction centre with 3 year rental contracts starting from 1 January 2015 to 31 December 2017, with following details. 1. Shophouse with 4 storey 1 unit address: 230/6 Boromtrailoknard Road, Naimuang, Muang, Phitsanuloke 2. Shophouse with 3 storey 2 units address: 28/103-104 Singhawat Road, Naimuang, Muang, Phitsanuloke 3. Shophouse with 3 storey 3 units address: 2/243-245 Srimala Road, Naimuang, Muang, Pichit 4. Shophouse with 3 storey 2 units address: 58/38-39 Tambol Baanklang, Muang, Lamphoon 5. Shophouse with 3 storey 2 units address: 811/41-42 Mitphab Road, Naimuang, Muang, Phitsanuloke 6. Shophouse with 2 storey 2 units address: 187/13-14 Phrompiram-Nongtom Road, Matong, Phrompiram, Phitsanuloke 7. Warehouse 1 unit address: 462/3 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke The rental rates are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co.,Ltd, the independent valuer approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives.



Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
					The Audit Committee considered and viewed that the Company rental of shophouses and warehouses from Mr. Chuchat Petaumpai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent valuer approved by the Office of the Securities and Exchange Commission so it is considered an appropriate and fair price.
		2. Collateral for credit facility Total credit facility Total outstanding	769.70 251.89	- -	Mr. Chuchat Petaumpai used his personal assets and bank deposits as collateral, and signed personal guarantee for credit facilities from commercial bank, without charging any guarantee fee from the Company The Audit Committee considered and viewed that the loan guarantee contract of Mr. Chuchat Petaumpai arose from the Company's necessity to have credit facilities from commercial bank as a source of fund for its operation. The transaction is beneficial for the Company.
		3. Guarantor of leasing contract Credit facility Balance	25.06 11.19	21.39 5.77	Mr. Chuchat Petaumpai entered into the contract as a guarantor for the company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contract of Mr.Chuchat Petaumpai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.
Mrs. Daonapa Petampai	- Mrs. Daonapa Petampai is the Company's Managing Director and holding 1,512,500,000 shares (including the spouse's holding) equaling to 71.34% of fully paid-up share capital as of 16 December 2015 - Spouse of Mr. Chuchat Petaumpai	1. Building rental	3.95	4.31	The Company rents 7 building and shophouses from Mrs. Daonapa Petampai to use as Head office and branch office with 3 year rental contracts starting from 1 January 2014 to 31 December 2017, with following details. 1. Five storey building with 540 sq.m. space (Head Office) address: 32/1 Jaransanitwong Road, Bangaor, Bangplad, Bangkok 2. Shophouse with 2 storey 2 units address: 28,30 Jarotviteetong Road, Muang Sawankaloke, Sawankaloke, Sukhothai

Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
					<p>3. Shophouse with 3 storey 2 units address: 88/1 Samakkichai Road, Naimuang, Muang, Petchaboon</p> <p>4. Shophouse with 4 storey 2 units address: 176,178 Ratdamri Road, Namuang, Muang, Prachinburi</p> <p>5. Shophouse with 4 storey 1 unit address: 2/10 Anghong-Singhbur, Taladluang, Muang, Anghong</p> <p>6. Shophouse 2 units address: 13 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Bangplad, Bangkok</p> <p>7. Shophouse 1 unit address: 44 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Bangplad, Bangkok</p> <p>The rental rates for item 1-5 are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co., Ltd, the independent valuer approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives.</p> <p>The rental rates for item 6-7 are the same market rate which the Company paid for renting other nearby shophouse from external party.</p> <p>The Audit Committee considered and viewed that the Company rental of building and shophouses from Mrs. Daonapa Petampai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent valuer approved by the Office of the Securities and Exchange Commission and the same market price as rental from external party so they are considered as appropriate and fair prices.</p>



Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
		2. Collateral for credit facility Total credit facility Total outstanding	769.70 - 251.89	- -	Mrs. Daonapa Petampai used her personal assets and bank deposits as collateral, and signed personal guarantee for credit facilities from commercial bank, without charging any guarantee fee from the Company The Audit Committee considered and viewed that the loan guarantee contract of Mrs. Daonapa Petaumpai arose from the Company's necessity to have credit facilities from commercial bank as a source of fund for its operation. The transaction is beneficial for the Company.
		3. Guarantor of leasing contract Credit facility Balance	1.89 0.49	1.89 1.02	Mrs. Daonapa Petampai entered into the contract as a guarantor for the company to get credit facilities from the leasing company any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contract of Mr. Chuchat Petaumpai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.
		4. Payable to director for purchasing of assets	-	2.00	In May 2015, the Company purchased a piece of land (398 sq.wah) in Sinakorn amphor, Sukhothai province from Mrs.Daonapa Petaumpai at 2 million baht and the Company paid on 27 August 2015. The Audit Committee considered and viewed that the transaction incurred with the necessity and reasonableness and the price of the asset to be paid to Mrs. Daonapa Petampai was appropriate.
		Guarantor of leasing contract Credit facility Balance	9.54 8.08	16.28 11.37	Mr. Surapong Pechaumpai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contracts of Mr. Surapong Pechaumpai arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.
Mr. Surapong Pechaumpai	- Mr. Surapong Pechaumpai is Executive and Deputy Managing Director - Brother of Mr. Chuchat Petaumpai				

Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
Mr. Wasin Dejkitvikrom	<ul style="list-style-type: none"> - Brother of Mrs. Daonapa Petampai - holding 66,620,000 shares equaling to 3.14% of fully paid-up share capital as of 16 December 2015 	Agency commission	0.64	0.93	<p>The Company paid agency commission to Mr. Wasin Dejkitvikrom based on the amount of monthly loan release and the pre-defined commission structure.</p> <p>The Audit Committee considered and viewed that the transaction incurred as normal business practice in order to provide more channels to service the Company's customers. The commission rate paid to Mr. Wasin Dejkitvikrom was appropriate as it was the same rate paid to other agents. However, the Company does not have a policy to recruit more agents in the future.</p>
Ms. Vimonrat Nujul	<ul style="list-style-type: none"> - Ms. Vimonrat Nujul is an executive and Deputy Manager - Account 	Guarantor of leasing contract Credit facility Balance	- -	9.97 9.27	<p>Ms. Vimonrat Nujul entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company.</p> <p>The Audit Committee considered and viewed that the guarantor contracts of Ms. Vimonrat Nujul arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.</p>
The Company's executives <ul style="list-style-type: none"> - Mr. Surapong Pechaumpai - Mr. Banyat Ninsiri - Mr. Niyom Rodnoi - Mr. Somkiat Ratsamee - Mr. Amnat Niamsee - Mr. Songkarn Eiamkai - Mr. Pradit Thongkhum - Mr. Surat Chayavoradech - Ms. Vimonrat Nujul - Ms. Duangkhae Songnuay 	<ul style="list-style-type: none"> - Mr. Surapong Pechaumpai is Executive and Deputy Managing Director - Mr. Surut Chayavoradej is Executive and Assistant Managing Director - Ms. Duangkhae Songnuay is Executive and Manager - Collection - Ms. Vimolrat Nujool is Executive and Deputy Manager - Account - Mr. Somkiat Ratsamee is Executive and Assistant Manager - Branch Administration - Ayudhya - Mr. Amnat Niamsee is Executive and Assistant Manager - Branch Administration - Chonburi - Mr. Banyat Ninsiri is Executive and Assistant Manager - Branch Administration - Nakornsawan 	Loan to executives Brought forward add loan during the period less payment during the period Balance at the end of period Interest	0.04 0.38 (0.20) 0.22 0.005	0.22 0.55 (0.59) 0.18 0.015	<p>In 2014 and 2015, the Company provided loans for 8 executives and 7 executives respectively with the annual interest rate of 8.00%.</p> <p>The Audit Committee considered and viewed that it is appropriate for the Company to provide loans for its executives since it is one of employee benefits. The conditions applied for executives are the same as other employees.</p>



Related Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2014	Year 2015	
	<ul style="list-style-type: none"> – Mr. Niyom Rodnoi is Executive and Assistant Manager – Branch Administration – Khonkaen – Mr. Pradit Thongkhum is Executive and Assistant Manager – Branch Administration – Lampang – Mr. Songkran Eiamkai is Executive and Assistant Manager – Branch Administration – Nakornratchasima 				

The Audit Committee's opinion

Resolution of the Board of Directors meeting no 1/2016 dated 18 February 2016 which the Audit Committee who were all independent directors agreed that the connected transactions were a necessity for business operations in general. Conditions of all connected transactions were in accordance with market price, contractual price and agreed price, which were reasonable and appropriate for normal business practice.

12.2 Criteria or Procedure for Approval of Connected Transactions

Connected transactions shall be proposed to the Audit Committee and/or the independent directors to consider and provide opinion that such transactions are in accordance with normal business practices and should be incurred for the best interest of the Company.

12.3 Policy and Future Trends of Connected Transactions

The Company and/or its subsidiary may continually incur connected transactions in the future which are normal business practices and has a clear policy for connected transactions based on normal pricing and terms which the Company offers to other person and/or non-related company.

For the connected transactions which do not follow normal business practice and might incurred in the future, the Company requires that the Audit Committee shall review the transaction against the regulations and indicate the reason of the transaction before the Company incurring the transaction by following the above mentioned Criteria and procedure for approval of connected transactions. However, for the transactions that may cause conflict of interest in the future, the Board of directors will comply with the Securities and Exchange Act, regulations, notifications, announcements or rules of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the regulations regarding disclosure of connected transactions and the acquisition and disposal of assets of the Company and its subsidiary, and will follow the accounting standards defined by the Federation of Accounting Professions (FAP).



13. Key Financial Information

13.1 Summary of Auditor's Report

Year	Auditor's name	Certified Public Accountant Registration No	Auditor's Office	Summary of auditor's report
2015	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2015, and their financial performance and cash flows for the the year then ended, in accordance with Thai Financial Reporting Standards.
2014	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2013	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2012	Ms. Ratana Jala	3734	Ernst & Young Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

13.2 Summary of the Company's Financial Information

Table depicting separate financial statements of the Company

Statements of financial position	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Assets						
<u>Current assets</u>						
Cash and cash equivalents	144.60	1.11	705.31	8.04	87.73	1.46
Short-term investments	–	–	500.00	5.70	–	–
Current portion of loan receivables	9,010.41	68.91	5,763.11	65.68	4,666.13	77.60
Other receivables-related parties	1.27	0.01	1.03	0.01	3.89	0.06
Short-term loans	15.28	0.12	15.68	0.18	11.02	0.18
Other current assets	38.15	0.29	23.88	0.27	20.98	0.35
Total current assets	9,209.71	70.44	7,009.01	79.88	4,789.75	79.66
<u>Non-current assets</u>						
Loan receivables-net of current portion	3,284.22	25.12	1,359.64	15.49	847.17	14.09
Investments in subsidiary	2.00	0.02	2.00	0.02	2.00	0.03
Land, buildings and equipment	519.66	3.97	362.32	4.13	335.03	5.57
Deferred tax assets	–	–	15.63	0.18	25.17	0.42
Other non-current assets	58.20	0.45	26.44	0.30	13.70	0.23
Total non-current assets	3,864.08	29.56	1,766.03	20.12	1,223.07	20.34
Total assets	13,073.79	100.00	8,775.04	100.00	6,012.82	100.00



Statements of financial position (continued)	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Liabilities and shareholders' equity						
<u>Current liabilities</u>						
Short-term loans from financial institutions	2,885.02	22.07	500.09	5.70	230.34	3.83
Short-term loans	332.75	2.54	–	–	–	–
Other payables	124.29	0.95	102.38	1.17	92.53	1.54
Current portion of long-term loans from financial institutions	557.97	4.27	2,610.22	29.74	3,055.22	50.81
Current portion of liabilities under hire purchase and financial lease payable	11.13	0.09	7.13	0.08	6.05	0.10
Income tax payable	104.77	0.80	54.65	0.62	46.52	0.77
Other current liabilities	20.70	0.16	16.29	0.19	12.35	0.21
Total current liabilities	4,036.63	30.88	3,290.76	37.50	3,443.01	57.26
<u>Non-current liabilities</u>						
Long-term loans-net of current portion	3,099.26	23.70	356.65	4.06	613.40	10.20
Long-term debentures	250.00	1.91	–	–	–	–
Liabilities under hire purchase and financial lease payable-net of current portion	18.54	0.14	10.98	0.13	11.58	0.19
Deferred tax liabilities	5.15	0.04	–	–	–	–
Provision for long-term employee benefits	22.93	0.18	16.32	0.19	13.90	0.23
Total non-current liabilities	3,395.88	25.97	383.95	4.38	638.88	10.63
Total liabilities	7,432.51	56.85	3,674.71	41.88	4,081.89	67.89
<u>Shareholders' equity</u>						
Share capital						
Registered capital	2,120.00		2,120.00		1,575.00	
Issued and paid-up capital	2,120.00	16.22	2,120.00	24.16	1,575.00	26.19
Share premium	2,379.84	18.20	2,379.84	27.12	–	–
Retained earnings						
Appropriated-statutory reserve	109.40	0.84	68.40	0.78	24.40	0.41
Unappropriated	1,032.04	7.89	532.09	6.06	331.54	5.51
Total shareholders' equity	5,641.28	43.15	5,100.33	58.12	1,930.94	32.11
Total liabilities and shareholders' equity	13,073.79	100.00	8,775.04	100.00	6,012.82	100.00

Statements of comprehensive income	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Revenues						
Interest income from loan receivables–vehicle title loan	2,161.07	84.69	1,562.30	84.23	1,299.42	84.19
Interest income from loan receivables–personal loan	64.02	2.51	5.12	0.27	1.64	0.11
Fee and service income	295.90	11.60	262.02	14.13	223.67	14.49
Dividend income	–	–	4.40	0.24	–	–
Other income	30.78	1.20	20.89	1.13	18.68	1.21
Total revenues	2,551.77	100.00	1,854.73	100.00	1,543.42	100.00
Cost and expenses						
Selling and administrative expenses	1,267.61	49.68	881.64	47.53	720.81	46.70
Loss on disposals of assets foreclosed	6.27	0.24	13.49	0.73	15.05	0.98
Bad debts and doubtful accounts	24.73	0.97	14.20	0.77	156.02	10.11
Total expenses	1,298.61	50.89	909.33	49.03	891.89	57.79
Profit (loss) before financial cost and income tax expenses	1,253.16	49.11	945.40	50.97	651.53	42.21
Financial cost	227.58	8.92	265.98	14.34	213.66	13.84
Profit before income tax expenses	1,025.58	40.19	679.42	36.63	437.87	28.37
Income tax expenses	205.72	8.06	134.86	7.27	88.19	5.71
Net profit (loss)	819.86	32.13	544.56	29.36	349.68	22.66
Other comprehensive income						
Actuarial losses	(4.14)	(0.16)	–	–	–	–
Actuarial income tax	0.83	0.03	–	–	–	–
Other comprehensive income for the year (loss)	(3.31)	(0.13)	–	–	–	–
Total comprehensive income for the year	816.55	32.00	544.56	29.36	349.68	22.66



(Unit : Million Baht)

Statements of cash flow	Year 2015	Year 2014	Year 2013
Cash flows from operating activities			
Profit before income tax	1,025.58	679.42	437.87
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation	48.29	28.70	23.52
Bad debts and doubtful accounts	24.73	14.20	156.02
Impairment loss on assets foreclosed (reversal)	(0.20)	(0.80)	4.00
Gain on disposals of equipment	(0.22)	(0.62)	(3.25)
Provision for long-term employee benefits	2.46	2.42	2.13
Dividend income	–	(4.40)	–
Interest income from loan receivables	(2,225.09)	(1,567.42)	(1,301.06)
Other interest income	(8.87)	(2.61)	(1.19)
Financial cost	227.58	265.98	213.66
Gain from operating activities before changes in operating assets and liabilities	(905.74)	(585.13)	(468.30)
Decrease (Increase) in operating assets			
Short-term investments	500.00	(500.00)	–
Loan receivables	(5,102.30)	(1,586.74)	(1,013.30)
Other receivables-related parties	(0.23)	2.86	(3.89)
Short-term loans	0.40	(4.66)	(0.05)
Other current assets	(14.07)	(2.10)	3.19
Other non-current assets	(32.66)	(12.98)	(1.02)
Increase (decrease) in operating liabilities			
Trade payables and other payables	17.98	6.27	(27.78)
Cash paid for employee benefits due	–	–	(3.68)
Other current liabilities	4.41	3.94	3.89
Cash received from (used in) operating activities	(5,532.21)	(2,678.54)	(1,510.94)
Cash received from interest	2,139.64	1,533.12	1,252.50
Cash paid for income tax	(133.98)	(117.19)	(147.48)
Net cash flows received from (used in) operating activities	(3,526.55)	(1,262.61)	(405.92)
Cash flows from investing activities			
Cash paid for acquisition of land, building and equipment	(203.43)	(53.07)	(291.38)
Proceeds from disposals of equipment	1.16	1.66	3.77
Dividend received	–	4.40	–
Net cash flows received from (used in) investing activities	(202.27)	(47.01)	(287.61)

(Unit : Million Baht)

Statements of cash flow	Year 2015	Year 2014	Year 2013
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	2,684.37	271.55	(300.92)
Cash received from long-term loans	3,595.00	3,727.50	3,516.40
Repayment of long-term loans	(2,914.94)	(4,429.02)	(2,227.22)
Proceed from debenture issuance	250.00	–	–
Cash received from long-term loans from a related party	–	–	22.00
Repayment of long-term loans from a related party	–	–	(69.00)
Increase in liabilities under hire purchase and financial lease payable	11.55	0.49	9.57
Proceed from share capital issuance	–	2,924.84	315.00
Cash paid on interest	(179.27)	(268.16)	(218.08)
Cash paid on dividends	(275.60)	(300.00)	(314.00)
Net cash flows received from (used in) financing activities	3,168.11	1,927.20	733.75
Net increase (decrease) in cash and cash equivalents	(560.71)	617.58	40.22
Cash and cash equivalents at beginning of year	705.31	87.73	47.51
Cash and cash equivalents at end of year	144.60	705.31	87.73

Table depicting consolidated financial statements of the Company and its subsidiary

Statements of financial position	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Assets						
<u>Current assets</u>						
Cash and cash equivalents	152.57	1.17	705.87	8.04	93.82	1.56
Short-term investments	1.00	0.01	501.00	5.71	1.00	0.02
Current portion of loan receivables	9,010.41	68.87	5,763.11	65.66	4,666.13	77.56
Short-term loans	15.28	0.12	15.68	0.18	11.02	0.18
Other current assets	38.40	0.29	24.03	0.28	21.02	0.35
Total current assets	9,217.66	70.46	7,009.69	79.87	4,793.00	79.67
<u>Non-current assets</u>						
Pledged bank deposits	3.00	0.02	3.00	0.03	2.00	0.03
Loan receivables-net of current portion	3,284.22	25.11	1,359.64	15.49	847.17	14.08
Land, buildings and equipment	519.71	3.97	362.39	4.13	335.04	5.57
Deferred tax assets	0.01	0.00	15.64	0.18	25.18	0.42
Other non-current assets	58.20	0.44	26.45	0.30	13.70	0.23
Total non-current assets	3,865.14	29.54	1,767.12	20.13	1,223.09	20.33
Total assets	13,082.80	100.00	8,776.81	100.00	6,016.09	100.00



Statements of financial position (continued)	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Liabilities and shareholders' equity						
<u>Current liabilities</u>						
Short-term loans from financial institutions	2,885.02	22.05	500.09	5.70	230.34	3.83
Short-term loans	332.75	2.54	–	–	–	–
Other payables	128.72	0.98	105.27	1.20	94.52	1.57
Current portion of long-term loans from financial institutions	557.97	4.27	2,610.22	29.74	3,055.22	50.78
Current portion of liabilities under hire purchase and financial lease payable	11.13	0.09	7.13	0.08	6.05	0.10
Income tax payable	105.02	0.80	54.86	0.63	46.74	0.78
Other current liabilities	14.10	0.11	9.17	0.10	7.20	0.12
Total current liabilities	4,034.71	30.84	3,286.74	37.45	3,440.07	57.18
<u>Non-current liabilities</u>						
Long-term loans-net of current portion	3,099.26	23.69	356.65	4.06	613.40	10.20
Long-term debentures	250.00	1.91	–	–	–	–
Liabilities under hire purchase and financial lease payable-net of current portion	18.54	0.14	10.98	0.13	11.58	0.19
Deferred tax liabilities	5.15	0.04	–	–	–	–
Provision for long-term employee benefits	23.00	0.18	16.38	0.19	13.94	0.23
Total non-current liabilities	3,395.95	25.96	384.01	4.38	638.92	10.62
Total liabilities	7,430.66	56.80	3,670.75	41.83	4,078.99	67.80
<u>Shareholders' equity</u>						
Share capital						
Registered capital	2,120.00		2,120.00		1,575.00	
Issued and paid-up capital	2,120.00	16.20	2,120.00	24.15	1,575.00	26.18
Share premium	2,379.84	18.19	2,379.84	27.12	–	–
Retained earnings						
Appropriated-statutory reserve	109.40	0.84	68.40	0.78	24.40	0.41
Unappropriated	1,042.90	7.97	537.82	6.12	337.69	5.61
Total shareholders' equity	5,652.14	43.20	5,106.06	58.17	1,937.09	32.20
Total liabilities and shareholders' equity	13,082.80	100.00	8,776.81	100.00	6,016.09	100.00

Statements of comprehensive income	Year 2015		Year 2014		Year 2013	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Revenues						
Interest income from loan receivables–vehicle title loan	2,161.07	84.45	1,562.30	84.17	1,299.42	83.93
Interest income from loan receivables–personal loan	64.02	2.50	5.12	0.28	1.64	0.11
Fee and service income	317.29	12.40	279.32	15.05	238.19	15.38
Other income	16.56	0.65	9.34	0.50	8.99	0.58
Total revenues	2,558.94	100.00	1,856.08	100.00	1,548.25	100.00
Cost and expenses						
Selling and administrative expenses	1,268.60	49.58	882.56	47.55	723.22	46.71
Loss on disposals of assets foreclosed	6.27	0.24	13.49	0.73	15.05	0.97
Bad debts and doubtful accounts	24.73	0.97	14.20	0.76	156.02	10.08
Total expenses	1,299.60	50.79	910.25	49.04	894.29	57.76
Profit (loss) before financial cost and income tax expenses	1,259.34	49.21	945.83	50.96	653.96	42.24
Financial cost	227.58	8.89	265.98	14.33	213.66	13.80
Profit before income tax expenses	1,031.76	40.32	679.85	36.63	440.30	28.44
Income tax expenses	206.76	8.08	135.73	7.31	88.86	5.74
Net profit (loss)	825.00	32.24	544.12	29.32	351.44	22.70
Other comprehensive income						
Actuarial losses	(4.14)	(0.16)	–	–	–	–
Actuarial income tax	0.83	0.03	–	–	–	–
Other comprehensive income for the year (loss)	(3.31)	(0.13)	–	–	–	–
Total comprehensive income for the year	821.69	32.11	544.12	29.32	351.44	22.70



(Unit : Million Baht)

Statements of cash flow	Year 2015	Year 2014	Year 2013
Cash flows from operating activities			
Profit before income tax	1,031.76	679.85	440.30
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation	48.31	28.71	23.52
Bad debts and doubtful accounts	24.73	14.20	156.02
Impairment loss on assets foreclosed (reversal)	(0.20)	(0.80)	4.00
Loss (gain) on disposals of equipment	(0.22)	(0.62)	(3.25)
Provision for long-term employee benefits	2.48	2.44	2.15
Interest income from loan receivables	(2,225.09)	(1,567.42)	(1,301.06)
Other interest income	(8.93)	(2.68)	(1.28)
Finance Cost	227.58	265.98	213.66
Loss (gain) from operating activities before changes in operating assets and liabilities	(899.58)	(580.34)	(465.95)
Decrease (Increase) in operating assets			
Short-term investments	500.00	(500.00)	–
Loan receivables	(5,102.29)	(1,586.74)	(1,013.30)
Short-term loans	0.40	(4.66)	(0.05)
Other current assets	(14.18)	(2.20)	3.19
Other non-current assets	(32.67)	(12.98)	(1.02)
Increase (decrease) in operating liabilities			
Trade payables and other payables	19.53	7.17	(27.55)
Cash paid for employee benefits due	–	–	(3.68)
Other current liabilities	4.92	1.96	2.11
Cash received from (used in) operating activities	(5,523.87)	(2,677.79)	(1,506.25)
Cash received from interest	2,139.71	1,533.20	1,252.60
Cash paid for income tax	(134.99)	(118.08)	(148.51)
Net cash flows received from (used in) operating activities	(3,519.15)	(1,262.67)	(402.16)
Cash flows from investing activities			
Decrease in pledged bank deposit	–	(1.00)	–
Cash paid for acquisition of land, building and equipment	(203.43)	(53.14)	(291.38)
Proceeds from disposals of equipment	1.16	1.66	3.77
Net cash flows received from (used in) investing activities	(202.27)	(52.48)	(287.61)

(Unit : Million Baht)

Statements of cash flow	Year 2015	Year 2014	Year 2013
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	2,684.37	271.55	(300.92)
Cash received from long-term loans	3,595.00	3,727.50	3,516.40
Repayment of long-term loans	(2,917.94)	(4,429.02)	(2,227.22)
Proceed from debenture issuance	250.00	–	–
Cash received from long-term loans from a related party	–	–	22.00
Repayment of long-term loans from a related party	–	–	(69.00)
Increase in liabilities under hire purchase and financial lease payable	11.55	0.50	9.57
Proceed from share capital issuance	–	2,924.84	315.00
Cash paid on interest	(179.27)	(268.16)	(218.08)
Cash paid on dividends	(275.60)	(300.00)	(314.00)
Net cash flows received from (used in) financing activities	3,168.11	1,927.21	733.75
Net increase (decrease) in cash and cash equivalents	(553.31)	612.06	43.98
Cash and cash equivalents at beginning of year	705.88	93.82	49.84
Cash and cash equivalents at end of year	152.57	705.88	93.82

12.3 Important Financial Ratio

Item	Year 2015	Year 2014	Year 2013
Profitability Ratio			
Interest Income Ratio ¹⁾ (%)	22.92%	24.81%	25.71%
Interest Expense Ratio (%)	4.18%	5.98% ²⁾	6.23%
Interest Spread (%)	18.74%	18.83%	19.49%
Net Profit Margin (%)	32.24%	29.32%	22.70%
Return on Average Shareholders' Equity (%)	15.34%	15.45%	19.96%
Efficiency Ratio			
Net Interest Income to Total Assets (%)	18.28%	17.60%	20.13%
Return on Average Assets (%)	7.55%	7.36%	6.51%
Total Asset Turnover (times)	0.23	0.25	0.29
Financial Ratio			
Debt to Equity Ratio (times)	1.31	0.72	2.11
Total Loans to Total Borrowing (times)	1.73	2.05	1.41
Dividend Payout Ratio	51.71%	50.65%	90.48%
Asset Quality Ratio			
Allowance for Doubtful Account to Total Loans (%)	2.66%	4.36%	5.52%
Bad Debt and Doubtful Account to Total Loans (%)	0.11%	0.15%	0.07%
Non-accrued Loans to Total Loans (%)	1.03%	1.50%	2.14%

Remark : ¹⁾ Interest Income Ratio calculated from total of interest income and penalty fee of loan settlement before the contract ends divided by average loan receivables.

²⁾ Calculated by adjusting impacts from loan repayment during November to December 2014



14. Management Discussion and Analysis

14.1 Overview of Operating Performance in the past

The Company started its business by providing hire purchase loan for new and used motorcycle of all brands through the channel of motorcycle distributors in Phitsanuloke and other provinces in the lower northern region. Target customers were fixed income employee (daily and monthly paid), agriculturer and other self-employed individuals. Later, the Company has increased its product lines by offering vehicle title loans (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other farm vehicles, which enabled the Company to service larger groups of customer. In 2001, the Company stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. The increase of service providers resulted in more competitions in the industry. In 2006, the Company envisioned an opportunity to expand by entering the personal loan industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through our own branches.

In 2011, The Company invested in Muangthai Leasing Insurance Broker Company, the insurance broker, buying 99.99% of its total paid-up capital with the objective to provide additional services to the Company's loan customers.

The Company emphasised on providing service excellence to its customers with the Company's slogan of "Intimate services like closed family members". As a result the Company has well gained customer trust and received repeated business continually.

14.2 Analysis of Operating Performance

14.2.1 Income

The Company and its subsidiary had total income of 1,548.25 million baht in 2013 and 1,856.08 million baht in 2014, equaling to 19.88% growth rate. In 2015, the Company and its subsidiary had total income of 2,557.82 million bath, increased by 701.74million baht (37.81% YoY). Total income of the Company and its subsidiary consisted of interest income on loans, fee & service income, and other incomes as details shown below:

Income	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
Interest income–vehicle title loans	1,299.42	83.93	1,562.30	84.17	2,161.07	84.45
Interest income–personal loans	1.64	0.11	5.12	0.28	64.02	2.50
Total interest income on loans	1,301.06	84.04	1,567.42	84.45	2,225.09	86.95
Fee & service income	223.67	14.44	262.02	14.12	295.90	11.56
Brokerage income*	14.52	0.94	17.30	0.93	21.39	0.84
Other incomes	8.99	0.58	9.34	0.50	16.56	0.65
Total income	1,548.25	100.00	1,856.08	100.00	2,558.94	100.00

Remark : Brokerage income was income from the business of its subsidiary, MTLI

Interest Income on Loans

Interest income on loans was the main income of the Company and its subsidiary, 84–87% of the total income. The Company had interest income on loan for 1,301.06 million baht in 2013, 1,567.42 million baht in 2014 and 2,225.09 million baht in 2015, equaling to growth rate of 20.47% and 41.96% respectively. The Company's interest income on loans consisted of

- (1) Interest income on vehicle title and land title deed loans. Vehicle title loan was the main loan service that the Company provided for its customers. The Company had interest income of 1,299.42 million baht in 2013, 1,562.30 million baht in 2014 and 2,161.07 million baht in 2015. The growth rates were 20.23% and 38.33% respectively.
- (2) Interest income on personal loan and nano finance. The Company provided personal loan and nano finance to customers who were using vehicle title loan with the Company and had good payment history. Since in 2015 the trend was household sector increasingly demanded for personal loans, the Company had interest incomes on personal loan for 1.64 million baht, 5.12 million baht and increased 64.02 million baht from 2013 to 2015 respectively.

Vehicle Title and Land Title Deed Loan				
	Yr 2013	Yr 2014	Yr 2015	Growth rate (%)
Interest income from loan receivables–vehicle title and land title deed loan (million baht)	1,299.42	1,562.30	2,161.07	38.33
Total loan–vehicle title and land title deed loan (million baht)	9,823.84	12,412.42	19,461.21	56.79
Total loan receivables–vehicle title loan and land title deed (million baht)	5,825.83	7,413.41	12,179.04	64.28
Number of loan contracts	713,678	834,994	1,088,324	30.34

Personal Loan and Nano finance				
	Yr 2013	Yr 2014	Yr 2015	Growth rate (%)
Interest income from loan receivables–personal loan and nano finance (million baht)	1.64	5.12	64.02	1,150.39
Total loan–personal loan and nano finance (million baht)	16.61	58.57	770.40	1,215.35
Total loan receivables–personal loan and nano finance (million baht)	9.60	34.32	451.67	1,214.57
Number of loan contracts	4,112	13,864	105,681	662.27

The main reason of the continuously growing interest income was the expansion of the Company's branch network, from 507 branches in 2014 to 940 branches in 2015. Loan to customers increased consistently; vehicle title loan and land title deed loan grew from 9,823.84 million baht in 2013 to 12,412.42 million baht in 2014 and 19,461.21 million baht in 2015, equaling to growth rate of 26.35% and 56.79% respectively. In term of contracts, the number grew from 713,678 contracts in 2013 to 834,994 contracts in 2014 and 1,088,324 contracts in 2015. For personal loan and nano finance, during 2013–2015, the amount of loan to customer grew from 16.61 million baht in 2013 to 58.57 million baht in 2014 and 770.40 million baht in 2015. The number of contracts increased from 4,112 in 2013 to 13,864 in 2014 and 105,681 contracts in 2015.



Fee & Service Income

The Company and its subsidiary had fee & service income of 238.19 million baht in 2013, 279.32 million baht in 2014 and 317.29 million baht in 2015, which were YoY 15.38%, 15.05% and 12.40% increase respectively. The fee & service income included the Company's fee and service income as well as fee and service income from MTLI, which is the Company's subsidiary.

During 2013–2015, the Company had fee & service income of 223.67 million baht, 262.02 million baht and 295.90 million baht, equaling to 17.15% YoY and 12.93% respectively. The fee & service income comprised penalty and collection fee which the Company charged to customers who failed to pay their instalment due, at the rate of 3%–9% of the outstanding depended on the type of collaterals and the credit limit. Collection fee of personal loan which was charged per call, was increased in the same direction with the interest income growth.

For MTLI's fee & service income, as non-life insurance broker, MTLI had income from the selling of insurance policies which were 14.52 million baht in 2013, 17.30 million baht in 2014 and 21.39 million baht in 2015. MTLI's insurance selling was only to the Company's customers who contacted its branches and its service centres. Thus, the growth of brokerage income was in line with the growth of the Company's total loans.

14.2.2 Operating Expenses

Operating Expenses	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
Selling and administrative expenses	723.22	65.28	882.56	75.03	1,268.60	83.07
Losses on disposals of assets foreclosed	15.05	1.36	13.49	1.15	6.27	0.41
Bad debts and doubtful accounts	156.02	14.08	14.20	1.21	24.73	1.62
Financial cost	213.66	19.28	265.98	22.61	227.58	14.90
Total expenses	1,107.95	100.00	1,176.23	100.00	1,527.18	100.00
Percentage to Total income		71.56		63.37		59.68

The Company and its subsidiary had total expenses of 1,107.95 million baht in 2013, 1,176.23 million baht in 2014 and 1,527.18 million baht in 2015, equaling to 71.56%, 63.37% and 59.68% of its total income each year. Total expenses included selling and administrative expenses, loss on disposal of assets foreclosed, bad debts and doubtful accounts and financial cost, with the following details.

Selling and administrative expenses

Selling and administrative expenses were the major expenses for the Company's business operations with the ratio of 65–83% of the total expenses. During 2013–2015, the Company and its subsidiary had selling and administrative expenses of 723.22 million baht, 882.56 million baht and 1,268.60 million baht, equaling to YoY of 46.71%, 47.55% and 49.58% respectively.

Key selling and administrative expenses included employee expenses such as salary, position allowance, bonus, commission and other benefits, representing 56–58% of the total selling and administrative expenses. The Company and its subsidiary had employee expenses of 412.61 million baht in 2013, 514.13 million baht in 2014 and 710.16 million baht in 2015. The

consistently increasing selling administrative expenses resulted from the Company's policy to expand its branch network to cover more service areas nationwide. The number of its employee increased from 1,393 persons at year-end 2013 to 1,715 persons at year-end 2014 and 2,617 persons at the end of year 2015.

The second major expense in this category was rental and rental right, which was 11–13% of total selling and administrative expenses. The amount of rental and rental right increased from 79.15 million baht in 2013 to 97.12 million baht in 2014 and 164.46 million baht in 2015. This was also resulted from the above mentioned Company's policy to expand its branch network continuously. Generally, the Company had rental contracts with external person or related person of 3 years rental right and the right to extend the rent for other 3 years. Apart from the two major expenses, the expenses included in this category were travel expense, depreciation, utilities, communication expense and promotion and sales campaign, etc.

Losses on disposals of assets foreclosed

In June 2013, the Company decided to tighten up its loan approval criteria which resulted in increasing number of cars foreclosed, from 8,519 cars in 2013 to 12,883 cars in 2014. In 2015, the number of foreclosed cars was 11,287, which decreased from the number of the same period in the previous year for 1,596 cars. The highly increasing number of foreclosed cars in each auction event impacted the auction prices due to over supply at the time each auction took place. As a result, the Company had losses on disposal of foreclosed assets for 15.05 million baht in 2013, 13.49 million baht in 2014 and 6.27 million baht in 2015 or 1.36%, 1.15% and 0.41% of total expenses each year. The Company's average losses on the disposal of foreclosed car was at 1,767 baht per car in 2013, 1,085 baht per car in 2014 and in 2015 the Company's average losses on the disposal of foreclosed car decreased to 571 baht per car. This reflected that the Company had improved its process to dispose the foreclosed vehicles. The Company opened two more auction centres, Chonburi Auction Centre and Khonkaen Auction Centre in February and March 2014 respectively. Also there were campaigns to publicise and encourage more agents to join the Company's auctions. Today the number of agents joining the auctions was about 376 agents.

Bad debts and Doubtful accounts

The Company had bad debts and doubtful accounts of 156.02 million baht in 2013, 14.20 million baht in 2014 and 24.73 million baht in 2015. The reason that the Company had significant number of bad debt and doubtful accounts in 2013 was due to the fact that, with effective on 1 January 2012, the Company had changed the method of accounting estimates regarding the allowance of doubtful accounts to align with business situations by considering customers' ability to pay back the debts, past experiences and actual losses in the past and to meet with the Bank of Thailand's requirements. The Company set the rate of doubtful accounts allowance for undue account receivable and overdue accounts less than 30 days at 1% and 2% for overdue account receivables 31–90 days. While in the past the Company had never set doubtful accounts allowance for these two groups. Following is table shown details of the Company's doubtful account allowance ratio.



Account Receivables Aging	Percentage of doubtful accounts Since 1 January 2012 onwards
Undue account receivables and overdue less than 30 days	1%
Overdue account receivables 31–90 days	2%
Overdue account receivables over 90 days	100%
Account receivables transferred to legal department	100%

Moreover, the Company used a conservative approach in our business operation, so it decided to set aside additional loan loss reserve, by assessing the information of losses in the past, to ensure that it would cover future losses. As a result, in 2014 the Company set loan loss reserve by account receivables aging at 182.39 million baht and loan loss reserve for potentially uncollectible loans at 142.60 million baht. While in 2015, the Company's loan loss reserve by account receivables ageing was at 215.97 million baht and the loan loss reserve for potentially uncollectible loans was at 119.6 million baht. The loan loss reserve for potentially uncollectible loans helped strengthen the ratio of loan loss reserve to non performance loan. In 2014 and 2015, the Company's ratio of loan loss reserve to non performance loan was 290.01% and 258.56% respectively.

In 2015, the Company had bad debts and doubtful accounts allowance at 24.73 million baht, which was 10.53 million baht higher than the previous year. As the Company's loan management was more effective, the aging of account receivables after deducting unearned financial income notably improved. Total account receivables with aging undue and overdue less than 30 days increased from 89.57% in 2014 to 91.89% in 2015 while total account receivables overdue 31–90 days decreased from 9.06% in 2014 to 7.18% in 2015. Total account receivable overdue over 90 days decreased from 1.37% in 2014 to 0.92% in 2015. Also the Company did not set aside more loan loss reserve for potentially uncollectible loans during this period.

During 2013–2015, the Company's total write-off were 4.03 million baht, 11.34 million baht and 14.15 million baht respectively, equaling to 0.07%, 0.15% and 0.11% of account receivables less unearned financial income each year.

Financial Cost

The Company and its subsidiary had financial cost, during 2013–2015, of 213.66 million baht, 265.98 million baht and 227.58 million baht, which equaled to 24.49% YoY and 14.4% YoY respectively. The Company's financial cost in 2015 decreased for 38.4 million baht from the previous year due to the decreasing interest rate and the improving financial cost management efficiency. Due to the fact that the Company would continually be in need of interest-bearing debts to support the expansion of its customers' lending portfolio; the Company's loan increased from 3,916.59 million baht in 2013 and 3,485.08 in 2014 to 7,154.68 in 2015. The major financial cost of the Company and its subsidiary was interest paid to financial institution, which were 188.97 million baht in 2013, 236.88 million baht in 2014 and 192.63 million baht in 2015, equaling to 85–89% of total financial cost.

14.2.3 Profitability

Interest Spread

		Yr 2013	Yr 2014	Yr 2015
Interest income rate*	(percent)	25.71	24.81	22.92
Interest expense rate	(percent)	6.23	5.98**	4.18
Interest spread	(percent)	19.49	18.83	18.74

* Interest Income Ratio calculated from total of interest income and penalty fee of loan settlement before the contract ends divided by average loan receivables.

** Calculated by adjusting impact from the Company loans' repayments during November–December 2014

The Company's Interest income rate (Interest and fee) were 25.71%, 24.81% and 22.92% in year 2013–2015 respectively. Comparing to the previous year, in 2015, the Company reduced its interest income rate to favour its customers. Meanwhile, the Company's interest expense rate were at 6.23% in 2013, 5.98% in 2014 and 4.18% in 2015. The Company's interest spread were 19.49% in 2013, 18.83% in 2014 and 18.74% in 2015.

Net Profit

Resulting from the above mentioned business operating, the Company and its subsidiary had net profit on 351.44 million baht in 2013 and 544.12 million baht in 2014, which were 22.70% and 29.32% respectively. In 2015, the Company and its subsidiary's profit was 825 million baht or 32.24%, which were higher than in the previous years. As the Company had opened more branches in 2015 while losses from selling of foreclosed vehicles and financial costs decreased, net profit in 2015 notably increased.

In addition, the Company and its subsidiary emphasised on the adequacy of loan loss reserve to truly reflect the quality of its customer's loan portfolio and the possible future damage, total of 119.60 million baht was gradually set aside, during 2013–2015.

14.3 Financial Position

14.3.1 Assets

At the end of year 2013–2015, the Company and its subsidiary's total assets valued 6,016.09 million baht, 8,776.81 million baht and 13,082.80 million baht respectively. The core assets of the Company were loan receivables which were up to 5,513.30 million baht, 7,122.75 million baht and 12,294.63 million baht respectively. The amount equaled to 91.64%, 81.15% and 93.98% of total assets respectively.

The Company and its subsidiary had current assets of 4,793.00 million baht, 7,009.69 million baht and 9,217.66 million baht at the end of year 2013–2015 respectively. The core current assets were current portion of loan receivables (loans with period to pay off less than one year) of 4,666.13 million baht, 5,763.11 million baht and 9,010.41 million baht at the end of year 2013–2015 respectively, equaling to 97.35%, 82.22% and 97.75% of current assets each year.



For non-current assets, the Company and its subsidiary had non-current assets of 1,223.09 million baht, 1,767.12 million baht and 3,865.14 million baht at the end of 2013–2015 respectively. The core non-current assets were loan receivables-net of current portion which were 847.17 million baht, 1,359.64 million baht and 3,284.22 million baht at the end of 2013–2015 respectively, equaling to 69.26%, 76.94% and 84.97% of total non-current assets respectively. The second largest portion were land, building and equipment-net, which were 335.04 million baht, 362.39 million baht and 519.71 million baht or 27.39%, 20.51% and 13.45% of total non-current assets respectively.

Loan Receivables

At the end of year 2013–2015, the Company has loan receivables at 5,513.30 million baht, 7,122.75 million baht and 12,294.63 million baht respectively, which consisted of current portion of loan receivables (loans with period to pay off less than one year) of 4,666.13 million baht, 5,763.11 million baht and 9,010.41 million baht, equaling to 84.63%, 80.91% and 73.29% of total loan receivables, while Loan receivables-net of current portion were 847.17 million baht, 1,359.64 million baht and 3,284.22 million baht, equaling to 15.37%, 19.09% and 26.71% of total loan receivables.

	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
Current portion of loan receivables	4,666.13	84.63	5,763.11	80.91	9,010.41	73.29
Loan receivables-net of current portion	847.17	15.37	1,359.64	19.09	3,284.22	26.71
Loan receivables–Total	5,513.30	100.00	7,122.75	100.00	12,294.63	100.00

Debt Structure classified by type of collateral

Type of collateral	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
Motorcycle	5,082.73	87.10	5,902.85	79.26	7,525.97	59.59
Car	609.04	10.44	1,310.22	17.59	3,862.30	30.58
Farm vehicles	134.05	2.30	200.30	2.69	538.44	4.26
Personal loan	9.60	0.16	34.32	0.46	340.37	2.69
Land	–	–	–	–	252.32	2.00
Nano finance	–	–	–	–	110.80	0.88
Total	5,835.43	100.00	7,447.73	100.00	12,630.20	100.00

* Numbers shown in the above table are loan receivables less unearned financial income (before less allowance for doubtful account)

It was notable that the large portion of the Company's loan receivables was current portion of loan receivables (loan with period to pay off less than one year), representing 73%–85% of total account receivables. On average, the instalment periods of the Company's loan were between 10–24 months. For the motorcycle title loan, which was the Company's core product, representing 60%–87% of total loan receivables after deducting unearned financial income with the average instalment period of 12 months. The second large portion was car title loan which represented 10%–31% of total loan receivables and had average instalment period of 24 months. The farm vehicles title loan, which was 2%–4% of total loan receivables after deducting unearned financial income, had average instalment period of 4 months. The land title deed loan represented 2% of total loan receivables after deducting unearned financial income with average instalment period of 4 months. Whereas loan receivable of personal loan represented 0.2%–3% of total loan receivables and had average instalment period of 12 months and nano finance representing 0.9% of total loan receivables with average instalment period of 24 months.

Debt Classification

Account receivable less unearned financial income	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
Undue	4,146.82	71.06	5,559.82	74.65	9,923.66	78.57
Overdue 1–30 days	932.95	15.99	1,110.88	14.92	1,682.53	13.32
Overdue 31–90 days	639.73	10.96	674.85	9.06	907.33	7.18
Overdue 91–180 days	41.31	0.71	22.44	0.30	28.66	0.23
Overdue 181–365 days	38.13	0.65	22.56	0.30	25.41	0.20
Overdue over 365 days	7.56	0.13	18.83	0.25	14.64	0.12
Transferred to legal department	28.93	0.50	38.35	0.52	47.97	0.38
Total	5,835.43	100.00	7,447.73	100.00	12,630.20	100.00
Less: Allowance for doubtful accounts	(322.12)	(5.52)	(324.99)	(4.36)	(335.57)	(2.66)
Loan receivables–Total	5,513.31	94.48	7,122.74	95.64	12,294.63	97.34

When considering account receivables by aging, it is observable that the large portion of the Company's account receivables included undue accounts or overdue less than 30 days, representing 87.05% in 2013, 89.57% in 2014 and 91.89% in 2015. The overdue 31–90 days group represented 10.96%, 9.06% and 7.18% respectively while the account receivables with aging over 90 days were only 1.99%, 1.37% and 0.93% respectively. These numbers reflected that the Company's account receivables had high quality with undue accounts and accounts overdue less than 30 days at 87%–92% of total loan receivables less unearned financial income. Main reason was the Company's policy to assess and evaluate its credit officers with comprehensive criteria, which enabled the strictly controlled loan approval and highly efficient loan monitoring and collection.



If considering the adequacy of loan loss reserve, it is notable that at the end of 2014, the Company had reserved 324.99 million baht or 4.36% of total loan receivables before deducting allowance for doubtful accounts, which increased from year 2013 when the Company reserved 322.12 million baht or 5.52% of total loan receivables before deducting allowance for doubtful accounts. Meanwhile, the Company had written off only 4.03 million baht in 2013 and 11.34 million baht in 2014 which were 0.07% and 0.15% of total loan receivables before deducting allowance for doubtful accounts. In 2015, the Company reserved 335.57 million baht for loan loss reserve which was 2.66% of total loan receivables before deducting allowance for doubtful accounts. This resulted from the improvement of aging of loan receivables before deducting unearned financial income as details shown under topic Bad debt and Doubtful accounts

Land, Building and Equipment

The Company and its subsidiary had land, building and equipment-net of 335.04 million baht in 2013, 362.39 million baht in 2014 and 519.71 million baht at year-end 2015, equaling to 5.57%, 4.13% and 3.97% of total assets respectively. The Company and its subsidiary had low portion of fixed assets because it mostly used rented buildings for its branches. So most of fixed assets were office equipment, computer and company car. However, in 2013 the Company had invested 250 million baht in buying a piece of land for building new head office. The existing office became too small to fit the Company business expansion. This was a reason for significant increase of land, building and equipment in 2013.

14.3.2 Liquidity

Cash Flow

(Unit : million baht)	Yr 2013	Yr 2014	Yr 2015
Net cash flows received from (used in) operating activities	(402.16)	(1,262.67)	(3,519.15)
Net cash flows received from (used in) investing activities	(287.61)	(52.48)	(202.27)
Net cash flows received from (used in) financial activities	733.75	1,927.21	3,168.11
Net cash and cash equivalent increase (decrease)	43.98	612.06	(553.31)

In 2013, the Company and its subsidiary had net cash flows used in operating activities of 402.16 million baht, resulting from the increase of account receivables for 1,013.30 million baht and from the Company's purchase of land nearby its head office for 250 million baht. Additionally, the Company had bought more vehicles and equipments so that the total net cash flow used in investing activities added up to 287.61 million baht. For financial activities, the Company received cash from long-term loan from financial institute of 3,516.40 million baht and from the capital increase of 315 million baht. While the Company had paid off 2,227.22 million baht long-term loan from financial institute and paid dividend of 314 million baht, resulting in net cash flows received from financial activities of 733.75 million baht. In year 2013, the Company and its subsidiary has net cash and cash equivalent increase of 43.98 million baht.

In 2014, the Company and its subsidiary had net cash flows used in operating activities of 1,262.67 million baht, resulting from the increase of account receivables for 1,586.74 million baht. The Company had bought more vehicles and equipments of 53.14 million baht. So the total net cash flow used in investing activities was 52.48 million baht. For financial activities, the Company received cash from selling its shares to public (IPO) of 2,997.50 million baht and cash receive from long-term loan from financial institute of 3,727.50 million baht. While the Company had paid off 4,429.02 million baht long-term loan from financial institute and paid interest of 268.16 million baht, resulting in net cash flows received from financial activities of 1,927.21 million baht. In year 2014, the Company and its subsidiary has net cash and cash equivalent increase of 612.06 million baht.

In 2015, the Company and its subsidiary had net cash flows used in operating activities of 3,519.15 million baht, resulting from the increase of account receivables for 5,102.30 million baht. The Company had bought more vehicles and equipments of 203.43 million baht and disposal of equipments of 1.16 million baht. So the total net cash flow used in investing activities was 202.27 million baht. For financial activities, the Company received cash from short-term loan of 2,684.37 million baht and cash receive from long-term loan from financial institute of 3,845 million baht. While the Company had paid off 2,917.94 million baht long-term loan from financial institute and paid interest of 179.27 million baht, resulting in net cash flows received from financial activities of 3,168.11 million baht. In year 2015, the Company and its subsidiary has net cash and cash equivalent decrease of 553.31 million baht.

14.3.3 Sources of Fund

At the end of 2013–2015, the Company and its subsidiary had financial liabilities, shareholders' equity and debt to equity ratio with details as follows.

Sources of fund	Year 2013		Year 2014		Year 2015	
	Million THB	%	Million THB	%	Million THB	%
<u>Loan from commercial bank</u>						
Short-term loan	230.34	3.93	501.89	5.84	3,230.00	25.24
Long-term loan	3,689.18	62.99	2,987.66	34.76	3,914.72	30.59
Total loan from commercial bank	3,919.52	66.92	3,489.55	40.60	7,144.72	55.83
Shareholders' equity	1,937.09	33.08	5,106.05	59.40	5,652.14	44.17
Total sources of fund	5,856.61	100.00	8,596.10	100.00	12,796.86	100.00

The main source of fund of the Company and its subsidiary was loans from commercial banks which represented 40–67% of total sources of fund. Loans from commercial banks mostly were long-term loan with payment period 15–36 months. The second source was from shareholders' equity which was approximately 33–59% of total sources of fund. Both sources of fund were considered long-term which were align with loans which the Company provided to its customers that had average instalment period of 10–24 months. This reflected that the Company and its subsidiary had appropriate fund structure which was in line with its main business of providing loan services.



Liabilities

At the end of 2013–2015, the Company and its subsidiary had total liabilities of 4,078.99 million baht, 3,670.75 million baht and 7,430.66 million baht respectively. Major portions of their liabilities were long-term loans from financial institutions, bank overdrafts and short-term loans from financial institutions. The increases of total liabilities were in line with the expansion of the Company's loan portfolio.

At the end of 2013–2015, the Company and its subsidiary had the ratio of total loans to total borrowing of 1.41 times, 2.05 times and 1.73 times respectively.

Shareholders' Equity

Resulting from the continuously expansion of the Company's business of providing loans to its customers, the Company had gradually increased its capital and the Company and its subsidiary's revenue and net profit continuously grew.

At the end of 2013, the Company and its subsidiary had total shareholders' equity of 1,937.09 million baht, increasing from 2012 for 352.44 million baht. This was resulted from the increasing of retained earning and the Company's capital increase of 315 million baht. As a result, the Company's issued and paid-up capital increased from 1,260 million baht to 1,575 million baht. And the Company paid dividend of 314 million baht to its shareholders.

At the end of 2014, the Company and its subsidiary had total shareholders' equity of 5,106.05 million baht, increasing from 2013 for 3,168.96 million baht. This was resulted from the increasing of retained earning and the Company's capital increase of 545 million baht during 19–21 November 2014. The Company had offered to the public the newly issued shares of 545 million shares with the par value of 1 baht and sold at the offered price of 5.50 baht per share, resulting in total of 2,997.50 million baht capital increase. And the Company paid dividend of 300 million baht to its shareholders.

At the end of 2015, the Company and its subsidiary had total shareholders' equity of 5,652.14 million baht, increasing from 2014 for 546.09 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 275.6 million baht to its shareholders.

Return on Equity

The Company and its subsidiary provided return on equity at 19.96% in 2013, 15.45% in 2014 and 15.34% in 2015. With the consistent growth in their business operation, during 2013–2015, the Company and its subsidiary had paid the dividend to the shareholders of 318 million baht, 300 million baht and 275.6 million baht respectively.

Optimal Capital Structure

The Company and its subsidiary had debt to equity ratio of 2.11 times at the end of 2013, 0.72 times in 2014 and 1.31 times in 2015. This reflected the optimal capital structure of the Company and its subsidiary and the ability to support the Company's loan portfolio expansion in the future.

15. Additional Information

Investors may see more detailed information of Muengthai Leasing Public Company Limited from its Disclosure report concerning additional information (Form 56-1).



Independent Auditor's Report

To the Shareholders of Muangthai Leasing Public Company Limited

I have audited the accompanying consolidated financial statements of Muangthai Leasing Public Company Limited and its subsidiary, which comprise the consolidated statements of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Muangthai Leasing Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muangthai Leasing Public Company Limited and its subsidiary and of Muangthai Leasing Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 18 February 2016



Statements of financial position

Muangthai Leasing Public Company Limited and its subsidiary
As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	6	152,573,679	705,878,350	144,596,397	705,309,241
Short-term investments	7	1,000,000	501,000,000	-	500,000,000
Current portion of loan receivables	8	9,010,413,389	5,763,106,974	9,010,413,389	5,763,106,974
Other receivables - subsidiary		-	-	1,267,449	1,033,012
Short-term loans		15,279,430	15,679,487	15,279,430	15,679,487
Other current assets	10	38,392,574	24,026,347	38,151,998	23,880,992
Total current assets		9,217,659,072	7,009,691,158	9,209,708,663	7,009,009,706
Non-current assets					
Restricted bank deposits	11	3,000,000	3,000,000	-	-
Loan receivables - net of current portion	8	3,284,215,973	1,359,637,318	3,284,215,973	1,359,637,318
Investments in subsidiary	12	-	-	2,000,000	2,000,000
Land, buildings and equipment	13	519,709,404	362,391,983	519,659,683	362,325,368
Deferred tax assets	14	15,118	15,641,882	-	15,630,667
Other non-current assets		58,202,522	26,444,945	58,202,522	26,444,945
Total non-current assets		3,865,143,017	1,767,116,128	3,864,078,178	1,766,038,298
Total assets		13,082,802,089	8,776,807,286	13,073,786,841	8,775,048,004

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

Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from					
financial institutions	15	2,885,020,679	500,093,595	2,885,020,679	500,093,595
Short-term loans	16	332,752,708	-	332,752,708	-
Other payables	17	128,723,458	105,264,956	124,285,604	102,373,749
Current portion of long-term loans	18	557,972,972	2,610,222,576	557,972,972	2,610,222,576
Current portion of liabilities under hire					
purchase and financial lease payable	20	11,133,554	7,133,387	11,133,554	7,133,387
Income tax payable		105,019,794	54,858,884	104,765,414	54,647,340
Other current liabilities		14,086,099	9,165,465	20,698,000	16,287,114
Total current liabilities		4,034,709,264	3,286,738,863	4,036,628,931	3,290,757,761
Non-current liabilities					
Long-term loans - net of current portion	18	3,099,262,626	356,648,746	3,099,262,626	356,648,746
Long-term debentures	19	250,000,000	-	250,000,000	-
Liabilities under hire purchase and financial					
lease payable - net of current portion	20	18,534,394	10,984,831	18,534,394	10,984,831
Deferred tax liabilities	14	5,152,418	-	5,152,418	-
Provision for long-term employee benefits	21	22,999,860	16,379,278	22,924,270	16,323,198
Total non-current liabilities		3,395,949,298	384,012,855	3,395,873,708	383,956,775
Total liabilities		7,430,658,562	3,670,751,718	7,432,502,639	3,674,714,536

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



Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary
As at 31 December 2015

Muangthai Leasing Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
2,120,000,000 ordinary shares					
of Baht 1 each	22	2,120,000,000	2,120,000,000	2,120,000,000	2,120,000,000
Share premium		2,379,843,362	2,379,843,362	2,379,843,362	2,379,843,362
Retained earnings					
Appropriated - statutory reserve	23	109,400,000	68,400,000	109,400,000	68,400,000
Unappropriated		1,042,900,165	537,812,206	1,032,040,840	532,090,106
Total shareholders' equity		5,652,143,527	5,106,055,568	5,641,284,202	5,100,333,468
Total liabilities and shareholders' equity		13,082,802,089	8,776,807,286	13,073,786,841	8,775,048,004

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

Statements of comprehensive income

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Profit or loss:					
Revenues					
Interest and fee income from loans receivables		2,225,093,667	1,567,417,556	2,225,093,667	1,567,417,556
Fee and service income		317,292,135	279,322,829	295,897,823	262,021,618
Dividend income from subsidiary		-	-	-	4,399,560
Other income		16,555,693	9,341,806	30,783,945	20,890,393
Total revenues		2,558,941,495	1,856,082,191	2,551,775,435	1,854,729,127
Expenses					
Selling and administrative expenses		1,268,595,093	882,560,106	1,267,610,877	881,643,699
Loss on disposals of assets foreclosed		6,274,070	13,484,342	6,274,070	13,484,342
Bad debts and doubtful accounts	9	24,732,598	14,203,271	24,732,598	14,203,271
Total expenses		1,299,601,761	910,247,719	1,298,617,545	909,331,312
Profit before finance cost and income tax expenses					
Finance cost		(227,579,933)	(265,982,870)	(227,575,870)	(265,982,870)
Profit before income tax expenses		1,031,759,801	679,851,602	1,025,582,020	679,414,945
Income tax expenses	14	(206,758,104)	(135,733,083)	(205,717,548)	(134,860,752)
Profit for the year		825,001,697	544,118,519	819,864,472	544,554,193
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss on defined benefit plan		(4,142,173)	-	(4,142,173)	-
Income tax relating to defined benefit plan		828,435	-	828,435	-
Total other comprehensive income (loss)		(3,313,738)	-	(3,313,738)	-
Total comprehensive income for the year		821,687,959	544,118,519	816,550,734	544,554,193
Earning per share					
Basic earning per share	27	0.39	0.33	0.39	0.33
Weighted average number of ordinary shares (shares)		2,120,000,000	1,630,246,575	2,120,000,000	1,630,246,575

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



Statements of changes in shareholders' equity

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2014	1,575,000,000	-	24,400,000	337,693,687	1,937,093,687
Net profit for the year	-	-	-	544,118,519	544,118,519
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	544,118,519	544,118,519
Increase in share capital issuance (Note 22)	545,000,000	2,379,843,362	-	-	2,924,843,362
Appropriated to statutory reserve	-	-	44,000,000	(44,000,000)	-
Dividend paid (Note 24)	-	-	-	(300,000,000)	(300,000,000)
Balance as at 31 December 2014	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>68,400,000</u>	<u>537,812,206</u>	<u>5,106,055,568</u>
Balance as at 1 January 2015	2,120,000,000	2,379,843,362	68,400,000	537,812,206	5,106,055,568
Net profit for the year	-	-	-	825,001,697	825,001,697
Other comprehensive income for the year (loss)	-	-	-	(3,313,738)	(3,313,738)
Total comprehensive income for the year	-	-	-	821,687,959	821,687,959
Appropriated to statutory reserve	-	-	41,000,000	(41,000,000)	-
Dividend paid (Note 24)	-	-	-	(275,600,000)	(275,600,000)
Balance as at 31 December 2015	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>109,400,000</u>	<u>1,042,900,165</u>	<u>5,652,143,527</u>

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

Statements of changes in shareholders' equity (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2014	1,575,000,000	-	24,400,000	331,535,913	1,930,935,913
Net profit for the year	-	-	-	544,554,193	544,554,193
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	544,554,193	544,554,193
Increase in share capital issuance (Note 22)	545,000,000	2,379,843,362	-	-	2,924,843,362
Appropriated to statutory reserve	-	-	44,000,000	(44,000,000)	-
Dividend paid (Note 24)	-	-	-	(300,000,000)	(300,000,000)
Balance as at 31 December 2014	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>68,400,000</u>	<u>532,090,106</u>	<u>5,100,333,468</u>
Balance as at 1 January 2015	2,120,000,000	2,379,843,362	68,400,000	532,090,106	5,100,333,468
Net profit for the year	-	-	-	819,864,472	819,864,472
Other comprehensive income for the year (loss)	-	-	-	(3,313,738)	(3,313,738)
Total comprehensive income for the year	-	-	-	816,550,734	816,550,734
Appropriated to statutory reserve	-	-	41,000,000	(41,000,000)	-
Dividend paid (Note 24)	-	-	-	(275,600,000)	(275,600,000)
Balance as at 31 December 2015	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>109,400,000</u>	<u>1,032,040,840</u>	<u>5,641,284,202</u>

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



Statements of cash flow

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax	1,031,759,801	679,851,602	1,025,582,020	679,414,945
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	48,307,277	28,711,624	48,290,384	28,701,928
Bad debts and doubtful accounts	24,732,598	14,203,271	24,732,598	14,203,271
Reversal impairment loss on assets foreclosed	(200,000)	(800,000)	(200,000)	(800,000)
Gain on disposals of equipment	(218,270)	(627,558)	(218,270)	(627,558)
Provision for long-term employee benefits	2,478,409	2,439,729	2,458,899	2,423,603
Dividend income	-	-	-	(4,399,560)
Interest and fee income from loan receivables	(2,225,093,667)	(1,567,417,556)	(2,225,093,667)	(1,567,417,556)
Other interest income	(8,931,033)	(2,688,631)	(8,871,432)	(2,608,779)
Finance cost	227,579,933	265,982,870	227,575,870	265,982,870
Loss from operating activities before changes in operating assets and liabilities	(899,584,952)	(580,344,649)	(905,743,598)	(585,126,836)
Decrease (increase) in operating assets				
Short-term investments	500,000,000	(500,000,000)	500,000,000	(500,000,000)
Loan receivables	(5,102,295,441)	(1,586,737,519)	(5,102,295,441)	(1,586,737,519)
Other receivables - subsidiary	-	-	(234,436)	2,860,705
Short-term loans	400,057	(4,660,246)	400,057	(4,660,246)
Other current assets	(14,178,495)	(2,205,788)	(14,071,007)	(2,106,211)
Other non-current assets	(32,666,714)	(12,984,902)	(32,666,714)	(12,981,661)
Increase (decrease) in operating liabilities				
Other payables	19,529,934	7,175,638	17,983,287	6,275,151
Other current liabilities	4,920,634	1,961,560	4,410,885	3,935,765
Cash used in operating activities	(5,523,874,977)	(2,677,795,906)	(5,532,216,967)	(2,678,540,852)
Cash received from interest and fee from loan receivables	2,139,714,740	1,533,200,888	2,139,642,872	1,533,121,388
Cash paid for income tax	(134,989,577)	(118,079,100)	(133,987,954)	(117,193,871)
Net cash flows used in operating activities	(3,519,149,814)	(1,262,674,118)	(3,526,562,049)	(1,262,613,335)

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

Statements of cash flow (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Decrease in restricted bank deposits	-	(1,000,000)	-	-
Cash paid for acquisitions of land, building and equipment	(203,426,702)	(53,136,509)	(203,426,702)	(53,072,280)
Proceeds from disposals of equipment	1,161,874	1,656,858	1,161,874	1,656,858
Dividend income	-	-	-	4,399,560
Net cash flows used in investing activities	(202,264,828)	(52,479,651)	(202,264,828)	(47,015,862)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	2,351,617,945	271,548,407	2,351,617,945	271,548,407
Increase in short-term loans	332,752,708	-	332,752,708	-
Cash receipt from long-term loans	3,595,000,000	3,727,500,000	3,595,000,000	3,727,500,000
Repayment of long-term loans	(2,917,935,688)	(4,429,019,866)	(2,917,935,688)	(4,429,019,866)
Cash receipt from debenture issuance	250,000,000	-	250,000,000	-
Increase in liabilities under hire purchase and financial lease payable	11,549,730	496,129	11,549,730	496,129
Proceed from share capital issuance	-	2,924,843,362	-	2,924,843,362
Cash paid on interest	(179,274,724)	(268,160,184)	(179,270,662)	(268,160,184)
Cash paid for dividends	(275,600,000)	(300,000,000)	(275,600,000)	(300,000,000)
Net cash flows from financing activities	3,168,109,971	1,927,207,848	3,168,114,033	1,927,207,848
Net increase (decrease) in cash and cash equivalents	(553,304,671)	612,054,079	(560,712,844)	617,578,651
Cash and cash equivalents at beginning of year	705,878,350	93,824,271	705,309,241	87,730,590
Cash and cash equivalents at end of year	152,573,679	705,878,350	144,596,397	705,309,241
Supplement cash flow information				
Non-cash items				
Account payable on purchase of assets	6,528,744	4,296,280	6,528,744	4,296,280

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



Notes to consolidated financial statements

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2015

1. Corporate information

Muangthai Leasing Public Company Limited (“the Company”) was incorporated as a public company limited and domiciled in Thailand. The Company is principally engaged in providing loans secured against vehicle registrations and land title deeds, and personal loans without collateral. Its registered address is 32/1 Chransanitwong Road, Bangor, Bangplad, Bangkok. As at 31 December 2015, the Company has totalled 940 branches and service centers.

On 26 May 2015, the Company received a permit from Ministry of Finance to operate an Nano Finance Business, and during the period the Company started offering this type of loan.

2. Basis for the preparation of financial statements

2.1 Basis of preparation of financial statements

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

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

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

2.2 Basis for the preparation of the consolidated financial statements

- a) The consolidated financial statements include the financial statements of Muangthai Leasing Public Company Limited and Muangthai Leasing Insurance Broker Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in insurance brokerage. The Company holds 100% of the subsidiary’s shares.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

- c) Subsidiary is fully consolidated, being the date on which the Company obtains control.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

2.3 Separate financial statements

The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Financial reporting standards that became effective in the current accounting year

The Company and its subsidiary applied revised financial reporting standards (revised 2014) and new financial reporting standards which issued by the Federation of Accounting Professions that become effective for fiscal year beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, provision of interpretations and accounting guidance to users of accounting standards. These financial reporting standards do not have any significant impact on the consolidated financial statements. However, some of these financial reporting standards involve changes to key principles, the following are the standards that directly relevant to the Company and its subsidiary:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gain and loss immediately in other comprehensive income while the previous standard allows the entity to recognise such gain and loss immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At the present, the Company and its subsidiary have changed the recognition of actuarial gain and loss immediately from profit or loss to other comprehensive income and adjusted the current year's transaction. Moreover, the Company and its subsidiary did not restated prior year's financial statement, presented as comparative information, as if the Company and its subsidiary had always applied this accounting policy because there would be no significant impact on the financial statements.



TFRS 10 Consolidated Financial Statements

This financial reporting standard established principles for the preparation of consolidated financial statements instead of previous Thai Accounting Standard no. 27 Consolidated and separate financial statements. This standard has changed principle related to assess whether an investor have a power control or not. Under this standard, the investor determine it control one or more investees when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through it power over the investee even though it holds proportion of rights less than half of them. The critical changes affect to management's judgment to review that the Company whether it control the investee or not and which entities have to include in the consolidated financial statement.

This change does not have any significant impact on the financial statements of the Company and its subsidiary.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard has no significant financial impact on the financial statements of the Company and its subsidiary.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

This standard does not have any significant impact on the financial statements of the Company and its subsidiary.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and fee income from loan receivables

The Company recognises interest and fee income from loan receivables on an accrual basis, based on the outstanding principal balance, using the effective interest rate method.

The Company ceases accruing income and fee income from loan receivables which have defaulted on more than three installments from the due date. Interest and fee income is then recognised as income on a cash basis.

b) Insurance commission income

Insurance commission income is recognised when provision of services is complete.

c) Fee and service income

Fee and service income are recognised when services have been rendered, while fee income from late payment is recognised when received.

4.2 Expense recognition - Interest expenses

Interest expenses are charged to expenses on an accrual basis.

4.3 Cash and cash equivalents

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

4.4 Short-term investments

Short-term investments consist of cash at banks and short-term investments with an original maturity of more than three months but not more than 1 year, which are not subject to withdrawal restrictions.

4.5 Loan receivables

Loan receivables are stated at the contract value net of unearned income.



4.6 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for loan receivables based on the estimated losses that may be incurred in the collection of the debts, determined taking into account the current status of the receivables. Allowance for doubtful accounts is calculated on the basis of the outstanding receivable balance before deducting collateral values, except in the case of loan receivables that are secured against car registrations, agricultural vehicles and mortgaged land and are past due not more than 90 days, where it is calculated on the basis of the outstanding receivable balances net of unearned income and collateral value. (Before 2015, allowance for doubtful accounts for all types of loan receivables was calculated on the basis of the outstanding receivable balance net of unearned income before deducting collateral value). The rates of allowance for doubtful accounts are as follows:

	<u>Provisioning rate</u>
Normal loans and not more than 30 days past due	1
31 - 90 days past due	2
More than 90 days past due	100
Litigation receivables	100

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recorded in profit or loss in the statements of comprehensive income. The Company has a policy to write-off receivables when the Company has made appropriate efforts at recovery for which there is clear evidence, and debts remain unsettled.

4.7 Assets foreclosed

Assets foreclosed are stated at the lower of cost or net realisable value.

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

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

4.8 Investments in a subsidiary

Investments in a subsidiary as stated in the separate financial statements is accounted for using the cost method, net of allowance for impairment (if any). Loss on impairment of investments is recorded as expenses in profit or loss in the statements of comprehensive income.

4.9 Land, buildings and equipment/Depreciation

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

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

Buildings	- 20 years
Building improvements	- 20 years
Furniture, fixtures, equipment and computers	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income. No depreciation is provided on land.

Items of land, buildings and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of an asset is recognised in profit or loss when the assets are derecognised.

4.10 Impairment of assets

The Company and its subsidiary assess at each reporting date whether there are any indications that land, buildings and equipment may be impaired. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount. An assets recoverable amount is the higher of its fair value less costs to sell and its value in use.

Impairment loss (if any) is recognised in profit or loss.

4.11 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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



c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

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

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

4.12 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

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

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

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

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 Related party transactions

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

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

4.14 Long-term leases

Leases which transfer substantially all the risks and rewards of ownership to the Company and its subsidiary are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period.

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

4.15 Provisions

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

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities, except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

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

5.1 Allowance for doubtful accounts on loan receivables

In determining allowance for doubtful accounts for loan receivables, the management needs to exercise judgment in order to estimate the probable loss on each receivable based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions.

5.2 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the Company's management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instrument. The change in assumption that related inputs might affect to the amount of fair value and disclosure of fair value hierarchy.

5.3 Land, buildings and equipment/Depreciation

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

5.4 Post-employment benefits under defined benefit plans

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

5.5 Deferred tax assets

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

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	11,715	7,196	11,708	7,195
Bank deposits	140,859	698,682	132,888	698,114
Cash and cash equivalents	152,574	705,878	144,596	705,309

As at 31 December 2015, bank deposits in savings accounts carried interest at rates between 0.50 and 1.30 percent per annum (2014: between 0.50 and 0.63 percent per annum).

7. Short-term investments

As at 31 December 2015, short-term investments are 1-year fixed deposits that mature in September 2016, and carry interest at rates between 1.10 and 1.30 percent per annum (2014: 4 months and 1-year fixed deposits that matured in March and September 2015, respectively, and carried interest at rates between 2.05 and 2.95 percent per annum)



8. Loan receivables

8.1 As at 31 December 2015 and 2014, loan receivables consist of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2015		
	Amounts due		
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	10,867,671	3,873,216	14,740,887
Less: Unearned finance income	(1,540,175)	(570,510)	(2,110,685)
	9,327,496	3,302,706	12,630,202
Less: Allowance for doubtful accounts ⁽²⁾	(317,083)	(18,490)	(335,573)
Loan receivables, net	9,010,413	3,284,216	12,294,629

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days

(2) The balance of allowance for doubtful accounts due within 1 year includes additional provision for uncollectible receivables

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2014		
	Amounts due		
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	6,962,124	1,570,437	8,532,561
Less: Unearned finance income	(888,648)	(196,180)	(1,084,828)
	6,073,476	1,374,257	7,447,733
Less: Allowance for doubtful accounts ⁽²⁾	(310,369)	(14,620)	(324,989)
Loan receivables, net	5,763,107	1,359,637	7,122,744

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days

(2) The balance of allowance for doubtful accounts due within 1 year includes additional provision for uncollectible receivables

8.2 As at 31 December 2015 and 2014, the balances of loan receivables classified by aging and allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements								
Aging	Loan receivables - net				Rate of allowance for		Allowance for doubtful	
	Loan receivables - net		of unearned financial		doubtful accounts		accounts	
	of unearned	financial income	income and	collateral value ⁽¹⁾				
	2015	2014	2015	2014	2015	2014	2015	2014
Not yet due	9,923,657	5,559,820	7,193,333	5,559,820	1	1	71,934	55,598
Past due not more than 30 days	1,682,533	1,110,883	1,298,584	1,110,883	1	1	12,986	11,109
Past due 31 - 90 days	907,334	674,845	718,760	674,845	2	2	14,375	13,497
Past due 91 - 180 days	28,658	22,436	28,658	22,436	100	100	28,658	22,436
Past due 181 - 365 days	25,410	22,558	25,410	22,558	100	100	25,410	22,558
Past due more than 365 days	14,636	18,835	14,636	18,835	100	100	14,636	18,835
Litigation receivables	47,974	38,356	47,974	38,356	100	100	47,974	38,356
Total	12,630,202	7,447,733	9,327,355	7,447,733			215,973	182,389
Allowance for doubtful accounts - additional provision for uncollectible receivables							119,600	142,600
Total							335,573	324,989

⁽¹⁾ Loan receivables secured against car registrations, agricultural vehicles and mortgaged lands that are past due not more than 90 days are presented net of collateral.

During year 2016, the Company changed the estimation of allowance for doubtful accounts for loan receivables secured against car registrations, agricultural vehicles that are past due not more than 90 days. From formerly setting aside allowance for doubtful accounts based on the balance of outstanding loan receivables net of unearned income, without deduction of collateral value, the Company changed to setting aside allowance for doubtful accounts based on the balance of outstanding loan receivables net of unearned income and after deducting collateral value. This change does not have any significant impact on overall allowance for doubtful accounts as at the end of the period.

8.3 As at 31 December 2015, the Company had loan receivables (net of deferred finance income) amounting to approximately Baht 130 million, for which revenue recognition has been ceased (2014: Baht 112 million).



8.4 A notification of the Institute of Certified Accountants and Auditors of Thailand, in concurrent with the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and stop recognition of interest income in case that accounts receivables are overdue by more than three installments, and that general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or using an alternative method where a company believes that this would be more appropriate. The Company therefore estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, and historical loss experience, and believes that the rates currently used to set allowance for doubtful accounts are appropriate.

8.5 As at 31 December 2015 and 2014, the Company had transferred certain rights of claim under loan agreements in order to secure credit facilities granted by commercial banks, as discussed in Notes 15 and 18 to the financial statements.

9. Allowance for doubtful accounts

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

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2015	2014
Balance at beginning of the year	324,989	322,122
Add: Increase in doubtful accounts during the year	24,733	14,203
Less: Bad debt written-off	(14,149)	(11,336)
Balance at end of the year	335,573	324,989

10. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Assets foreclosed	20,151	16,898	20,151	16,898
Prepaid expenses	10,567	6,251	10,567	6,251
Other current assets	11,284	4,687	11,043	4,542
Total	42,002	27,836	41,761	27,691
Less: Allowance for impairment/allowance for doubtful accounts	(3,609)	(3,810)	(3,609)	(3,810)
Other current assets - net	38,393	24,026	38,152	23,881

11. Restricted bank deposits

This represents fixed deposits of the subsidiary pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the subsidiary.

12. Investments in a subsidiary

Investments in a subsidiary in the separate financial statements is an investment in Muangthai Leasing Insurance Broker Company Limited, which is principally engaged in insurance brokerage. The cost of the investment was Baht 2 million, which represented a 100 percent shareholding in the subsidiary.

13. Land, buildings and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
				Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	Total
	Land	Buildings	Building improvements				
Cost							
1 January 2014	250,258	3,494	3,225	101,072	51,137	-	409,186
Additions	-	-	8,157	38,878	9,851	-	56,886
Disposals/written off	-	-	-	(2,500)	(3,413)	-	(5,913)
31 December 2014	250,258	3,494	11,382	137,450	57,575	-	460,159
Additions	6,232	1,400	28,449	141,863	27,085	650	205,679
Disposals/written off	-	-	-	(2,794)	(1,807)	-	(4,601)
31 December 2015	256,490	4,894	39,831	276,519	82,853	650	661,237
Accumulated depreciation							
1 January 2014	-	231	672	52,180	21,064	-	74,147
Depreciation for the year	-	175	234	18,238	9,830	-	28,477
Depreciation for disposals/written off	-	-	-	(1,843)	(3,014)	-	(4,857)
31 December 2014	-	406	906	68,575	27,880	-	97,767
Depreciation for the year	-	203	1,194	34,104	11,896	-	47,397
Depreciation for disposals/written off	-	-	-	(1,944)	(1,692)	-	(3,636)
31 December 2015	-	609	2,100	100,735	38,084	-	141,528
Net book value							
31 December 2014	250,258	3,088	10,476	68,875	29,695	-	362,392
31 December 2015	256,490	4,285	37,731	175,784	44,769	650	519,709
Depreciation charge for the years							
2014							28,477
2015							47,397



(Unit: Thousand Baht)

Separate financial statements							
	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	Total
Cost							
1 January 2014	250,258	3,494	3,225	101,055	51,137	-	409,169
Additions	-	-	8,157	38,810	9,851	-	56,818
Disposals/written off	-	-	-	(2,500)	(3,413)	-	(5,913)
31 December 2014	250,258	3,494	11,382	137,365	57,575	-	460,074
Additions	6,232	1,400	28,449	141,863	27,085	650	205,679
Disposals/written off	-	-	-	(2,794)	(1,807)	-	(4,601)
31 December 2015	256,490	4,894	39,831	276,434	82,853	650	661,152
Accumulated depreciation							
1 January 2014	-	231	672	52,172	21,064	-	74,139
Depreciation for the year	-	175	234	18,228	9,830	-	28,467
Depreciation for disposals/written off	-	-	-	(1,843)	(3,014)	-	(4,857)
31 December 2014	-	406	906	68,557	27,880	-	97,749
Depreciation for the year	-	203	1,194	34,087	11,896	-	47,380
Depreciation for disposals/written off	-	-	-	(1,944)	(1,692)	-	(3,636)
31 December 2015	-	609	2,100	100,700	38,084	-	141,493
Net book value							
31 December 2014	250,258	3,088	10,476	68,808	29,695	-	362,325
31 December 2015	256,490	4,285	37,731	175,734	44,769	650	519,659
Depreciation charge for the years							
2014							28,467
2015							47,380

As at 31 December 2015, the Company had vehicles under hire purchase and finance lease agreements with net book value amounting to Baht 45 million. In addition, the Company had certain equipment and vehicles that have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation amounted to approximately Baht 41 million (2014: Baht 27 million and Baht 30 million, respectively).

As at 31 December 2014, the Company had pledged land with a net book value of Baht 250 million as collateral against long-term credit facilities, as mentioned in Note 18 to the financial statements.

14. Deferred tax assets and income tax expenses

14.1 Deferred tax assets/ deferred tax liabilities

As at 31 December 2015 and 2014, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	67,115	64,998	67,115	64,998
Allowance for impairment of assets foreclosed	600	640	600	640
Provision for long-term employee benefits	4,600	3,276	4,585	3,265
Others	358	439	358	439
Deferred tax assets	72,673	69,353	72,658	69,342
Deferred tax liabilities				
Differences in income recognition for accounting and tax purposes	75,864	49,194	75,864	49,194
Others	1,946	4,517	1,946	4,517
Deferred tax liabilities	77,810	53,711	77,810	53,711
Deferred tax liabilities / Deferred tax assets				
- net	(5,137)	15,642	(5,152)	15,631
Presented in the statement of financial position as follows:				
Deferred tax assets	15	15,642	-	15,631
Deferred tax liabilities	(5,152)	-	(5,152)	-
	(5,137)	15,642	(5,152)	15,631



14.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge for the year	185,150	108,031	184,106	107,156
Effects of income tax related to the expenses				
from share offering (Note 22)	-	18,164	-	18,164
Deferred tax:				
Relating to origination and reversal of				
temporary differences	21,608	9,538	21,612	9,541
Income tax expenses reported in the				
 statements of comprehensive income	206,758	135,733	205,718	134,861

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax relating to actuarial loss	829	-	829	-

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	1,031,760	679,852	1,025,582	679,415
Applicable tax rates	0-20%	0-20%	20%	20%
Accounting profit before tax multiplied by				
applicable tax rates	206,157	136,756	205,117	135,884
Effects of non-deductible expenses and				
non-taxable income	601	(1,023)	601	(1,023)
Income tax expenses reported in the statements				
of comprehensive income	206,758	135,733	205,718	134,861

15. Short-term loans from financial institutions

As at 31 December 2015 and 2014, these are short-term loan in the form of promissory notes and bill of exchanges from local financial institutions as follow:

(Unit: Thousand Baht)		
Loan facility/Repayment schedule	Consolidated and separate financial statements	
	2015	2014
a) Promissory notes with principal repayable within 12 months from the date of loan drawdown, and interest charged at MLR less a fixed percentage per annum, payable monthly		
- Facility amounting to Baht 148.7 million	-	1,740
- Facility amounting to Baht 480 million	-	250,150
b) Promissory notes under credit facilities amounting to Baht 3,500 million, with principal repayable within 4 months from the date of loan drawdown, and interest charged at a fixed rate, payable monthly	-	250,000
c) Promissory notes under credit facilities amounting to Baht 2,000 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	640,000	-
d) Promissory notes under credit facilities amounting to Baht 1,000 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	565,000	-
e) Bill of exchange, with principal repayment at the date specified on each bill of exchange	1,682,265	-
Total	2,887,265	501,890
Less: Deferred issuing costs	(2,245)	(1,796)
Short-term loans from financial institutions	2,885,020	500,094



Under the loan agreements of loans c) and d) above, the loans are unsecured but the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity, interest coverage ratio, and also the portion of the Company's shares held by the major shareholders. (2014: loans a) was secured by the right transfer of ordinary shares of the Company held by directors, and personnel guarantees provided by directors of the Company and the right transfer of bank deposit account of directors).

As at 31 December 2015, the Company has Baht 1,955 million bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (2014: Baht 1,861 million).

16. Short-term loans

As at 31 December 2015, these short-term loans are in form of bill of exchange, with principal are payable as stipulated in each bill of exchange.

17. Other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Employee accrued expenses	91,497	80,032	91,494	80,030
Accrued special business tax expenses	15,616	11,270	15,616	11,270
Accrued expenses	4,034	2,067	3,854	1,857
Accrued interest expenses	4,078	2,382	4,078	2,382
Other account payables	13,498	9,514	9,244	6,835
Total other payables	128,723	105,265	124,286	102,374

18. Long-term loans

As at 31 December 2015 and 2014, these are loans from local financial institutions in Thailand. Details are as follow:

		(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
Facility no.	Loan facility /Repayment schedule	2015	2014
1	Syndicated credit facility amounting to Baht 1,125 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	53,333
2	Credit facility amounting to Baht 37.2 million, repayable principal in 72 monthly installments after a grace period of 12 months, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	31,547
3	Syndicated credit facility amounting to Baht 1,700 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	636,111
4	Syndicated credit facility amounting to Baht 1,410 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	83,333	991,667
5	Syndicated credit facility amounting to Baht 300 million, repayable principal within March 2015, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	300,000
6	Syndicated credit facility amounting to Baht 300 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	66,667	266,667
7	Syndicated credit facility amounting to Baht 995 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	303,611	708,333
8	Syndicated credit facility amounting to Baht 1,500 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	111,111	-
9	Credit facility amounting to Baht 800 million, with principal repayable within October 2017, and interest charged at a fixed rate, payable monthly	350,000	-
10	Credit facility amounting to Baht 1,000 million, with principal repayable within November 2017 and November 2018, and interest charged at a fixed rate, payable monthly	1,000,000	-



		(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
Facility			
no.	Loan facility /Repayment schedule	2015	2014
11	Credit facility amounting to Baht 1,500 million, with principal repayable within November 2017, and interest charged at a fixed rate, payable monthly	870,000	-
12	Credit facility amounting to Baht 500 million, repayable principal within June 2018, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	500,000	-
13	Bill of exchange, repayable principal in March 2017 with interest charged at a fixed rate, payable every 3 months	180,000	-
14	Bill of exchange, repayable principal in November 2017 with interest charged at a fixed rate, payable every 3 months	200,000	-
Total		3,664,722	2,987,658
Less: Deferred issuing costs		(7,486)	(20,786)
Long-term loans		3,657,236	2,966,872
Less: Current portion due within 1 year		(557,973)	(2,610,223)
Long-term loans, net of current portion		3,099,263	356,649

The loans 1) to 8) are secured by the transfer of rights and the assignment of collection rights over loans secured against motorcycle registrations and/or car registrations, and/or personal loans with specific conditions, and the transfer of rights in bank deposit accounts of the Company under specific conditions. Moreover for loan 1) to 12), the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity and interest coverage ratio, and the proportionate shareholdings of the major shareholders, depending on the conditions in each agreement.

As at 31 December 2015, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 2,330 million (2014: Baht 1,745 million).

As at 31 December 2015, the Company has an outstanding interest rate swap agreement with a bank for a loan of Baht 500 million under which the floating interest rate was changed to a fixed interest rate throughout the contract period. The agreement matures in June 2018.

Movements in the long-term loans account during the year ended 31 December 2015 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2015	2,987,658
Add: Drawdown during the year	3,595,000
Less: Repayment during the year	(2,917,936)
Balance as at 31 December 2015	3,664,722

19. Long - term debentures

On 26 October 2015, the Company issued Baht 250 million of registered, unsubordinated, unsecured debentures without any trustees. The debentures have a tenor of 1 year 11 months 15 days, with principal maturing on 10 October 2017, and interest charged at a fixed interest rate, payable every 6 months throughout the life of the debentures.

20. Liabilities under hire purchase and finance lease payable

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2015	2014
Liabilities under hire purchase and finance lease payable	31,547	19,269
Less: Deferred interest expenses	(1,879)	(1,151)
Total	29,668	18,118
Less: Portion due within one year	(11,134)	(7,133)
Liabilities under hire purchase and finance lease payable - net of current portion	18,534	10,985

The Company has entered into hire purchase and finance lease agreements with a commercial bank and leasing companies in order to lease motor vehicles for use in its operations, whereby it is committed to pay rental fees on a monthly basis. The terms of the agreements are generally 4 years. The Company's minimum lease payment commitments under the hire purchase and finance lease agreements are as follows:



(Unit: Thousand Baht)

Consolidated and separate financial statements			
2015			
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	12,125	19,422	31,547
Less: Deferred interest expenses	(991)	(888)	(1,879)
Present value of minimum lease payments	11,134	18,534	29,668

(Unit: Thousand Baht)

Consolidated and separate financial statements			
2014			
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	7,809	11,460	19,269
Less: Deferred interest expenses	(676)	(475)	(1,151)
Present value of minimum lease payments	7,133	10,985	18,118

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is the compensation payable to employees upon retirement, can be summarised as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Provision for long-term employee benefits				
at beginning of year	16,379	13,940	16,323	13,900
Current service cost	1,889	1,441	1,871	1,424
Interest cost	590	572	588	570
Actuarial (gain) loss				
Arising from financial assumptions	2,008	1,411	2,008	1,408
Arising from demographic assumptions	-	(2,258)	-	(2,254)
Arising from plan experience	2,134	1,273	2,134	1,275
Provision for long-term employee benefits				
at end of year	23,000	16,379	22,924	16,323

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current service cost	1,889	1,441	1,871	1,424
Interest cost	590	572	588	570
Actuarial loss	-	426	-	429
Total expenses recognised in profit or loss	2,479	2,439	2,459	2,423

As at 31 December 2015, weighted average duration for payment long-term employee benefits of the Company and its subsidiary is 19 years, and the Company and its subsidiary expected to pay long-term employee benefits within next 1 year amounting to Baht 0.09 million (separate financial statements: 19 years and Baht 0.09 million, respectively)

The principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.10, 3.60	3.60	3.10	3.60
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age of employee)	2.00 - 20.00	2.00 - 20.00	2.00 - 20.00	2.00 - 20.00

The effect of changes in the actuarial assumption to present value of defined benefit obligation as of 31 December 2015 as follows:

	(Unit: Million Baht)					
	Consolidated financial statements					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(2.01)	2.26	2.21	(1.99)	(1.64)	1.87

	(Unit: Million Baht)					
	Separate financial statements					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(2.00)	2.26	2.20	(1.98)	(1.64)	1.86



22. Share capital

On 28 April 2014, the Annual General Meeting of Shareholders of the Company approved the change of the Company's status from a company limited to a public company limited, and approved the change of the par value of the ordinary shares from Baht 100 to Baht 1, resulting in a change in the number of ordinary shares from 15.75 million shares to 1,575 million shares. The meeting also approved an increase in the Company's registered share capital from Baht 1,575 million to Baht 2,120 million, through the issue of 545 million new ordinary shares with a par value of Baht 1, with 502.5 million new ordinary shares allocated to the Initial Public Offering and 42.5 million new ordinary shares allocated to the directors, management and employees of the Company and/or its subsidiary. The Company registered the increase of its share registered capital with the Ministry of Commerce on 16 May 2014.

During 19-21 November 2014, the Company made an initial public offering of 502.5 million new ordinary shares, and 42.5 million new ordinary shares allocated to the directors, management and employees of the Company and/or its subsidiary with a par value of Baht 1 each, at a price of Baht 5.5 per share, for total proceeds of Baht 2,997.50 million. As a result there was share premium amounting to Baht 2,379.84 million (net of incurred expenses and income tax relating to the share offering of Baht 72.66 million). The Company registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 24 November 2014, and shares of the Company began trading on the Stock Exchange of Thailand on 26 November 2014.

23. Statutory reserve

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

24. Dividend

On 14 May 2014, the Board of Directors Meeting of the Company passed resolutions to pay an interim dividend of Baht 19.05 per share from a total of 15.75 million shares at (par value of Baht 100 each) to the shareholders of the Company, or a total of Baht 300 million, with Baht 18 million to be paid from the 2013 brought forward retained earnings and Baht 282 million from the net profit for the year 2013.

On 21 April 2015, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.13 per share from the 2014 operating results to the holders of the Company's 2,120 million shares (at par value of Baht 1 each), or total of Baht 275.60 million.

25. Capital Management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern.

As at 31 December 2015, the Company's debt to equity ratio is 1.32:1 (2014: 0.72:1).

26. Expenses by nature

For the years ended 31 December 2015 and 2014, significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Salary, wages and other employee benefits	710,157	514,136	709,821	513,802
Rental expenses	164,458	97,120	164,458	97,120
Special business tax	78,420	59,133	78,420	59,133
Travelling expenses	49,059	40,748	49,054	40,742
Depreciation	48,301	28,712	48,290	28,702
Utilities expenses	27,816	18,751	27,816	18,751
Telecommunication expenses	17,627	13,246	17,627	13,246

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares proportionately to the change in the par value of the ordinary shares.

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary, depending on year of service. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 7.18 million (2014: Baht 5.29 million) were recognised as expense.



29. Segment information

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

The Company's principal operations involve a single operating segment in lending business, and its subsidiary is principally engaged in insurance brokerage. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

Financial information of the Company and its subsidiary presented by segment for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2015			
	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	2,225,094	-	-	2,225,094
Fee and service income	295,898	21,394	-	317,292
Other income	30,784	60	(14,288)	16,556
Total income	2,551,776	21,454	(14,288)	2,558,942
Selling and administrative expenses	1,267,611	15,272	(14,288)	1,268,595
Loss from disposals assets foreclosed	6,274	-	-	6,274
Bad debts and doubtful accounts	24,733	-	-	24,733
Profit by segment	1,253,158	6,182	-	1,259,340
Less: Finance cost	(227,576)	(4)	-	(227,580)
Profit before income tax	1,025,582	6,178	-	1,031,760
Less: Income tax expenses	(205,717)	(1,041)	-	(206,758)
Profit for the year	819,865	5,137	-	825,002

(Unit: Thousand Baht)

For the year ended 31 December 2014

	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	1,567,417	-	-	1,567,417
Fee and service income	262,022	17,301	-	279,323
Dividend income	4,399	-	(4,399)	-
Other income	20,891	82	(11,631)	9,342
Total income	1,854,729	17,383	(16,030)	1,856,082
Selling and administrative expenses	881,644	12,547	(11,631)	882,560
Loss from disposals assets foreclosed	13,484	-	-	13,484
Bad debts and doubtful accounts	14,203	-	-	14,203
Profit by segment	945,398	4,836	(4,399)	945,835
Less: Finance cost	(265,983)	-	-	(265,983)
Profit before income tax	679,415	4,836	(4,399)	679,852
Less: Income taxes expenses	(134,861)	(872)	-	(135,733)
Profit for the year	544,554	3,964	(4,399)	544,119

(Unit: Thousand Baht)

As at 31 December 2015

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents and short-term investments	144,596	8,978	-	153,574
Loan receivables	12,294,629	-	-	12,294,629
Short-term loans	15,280	-	-	15,280
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	519,659	50	-	519,709
Other assets	97,623	9,905	(7,918)	99,610
Total assets	13,073,787	18,933	(9,918)	13,082,802

(Unit: Thousand Baht)

As at 31 December 2014

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents and short-term investments	1,205,309	1,569	-	1,206,878
Loan receivables	7,122,744	-	-	7,122,744
Short-term loans	15,680	-	-	15,680
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	362,325	67	-	362,392
Other assets	66,990	10,308	(8,185)	69,113
Total assets	8,775,048	11,944	(10,185)	8,776,807



Major customers

For the years 2015 and 2014, the Company has no major customers with revenues equal to 10 percent or more of their revenues.

Geographic information

The Company and its subsidiary are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

30. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

Name of related parties	Relationship with the Company				
Muangthai Leasing Insurance Broker Company Limited	Subsidiary company				
	(Unit: Thousand Baht)				
	Consolidated		Separate		Transfer Pricing Policy (For the year 2015)
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>For the year ended 31 December</u>					
<u>Transactions with subsidiary company</u>					
Fee income on support service	-	-	13,902	11,245	As stipulated in agreements
Rental income	-	-	386	386	As stipulated in agreements
Dividend income	-	-	-	4,400	As the subsidiary's announcement payment
<u>Transactions with related parties</u>					
Interest income - loan to management	15	5	15	5	At the rate of 8.0 percent per annum
Rental expense - directors	6,590	6,074	6,590	6,074	As stipulated in agreements
Purchase assets - directors	2,000	-	2,000	-	Based on sale agreements
Commission expense - shareholder	933	591	933	591	Same rate that the Company paid to other agents

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Subsidiary</u>				
Other receivables	-	-	1,267	1,033
Other current liabilities	-	-	6,650	7,152
<u>Managements</u>				
Short-term loans - management	178	223	178	223
Other current liabilities - shareholder	85	49	85	49

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiary had the following employee benefit expenses payable to their directors and management.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	27,870	26,133	27,726	25,989
Post-employment benefits	674	616	661	602
Total	28,544	26,749	28,387	26,591

31. Operating lease commitments

The Company has entered into several lease agreements in respect of office building space. The terms of the agreements are generally between 3 and 5 years. As at 31 December 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

Payable:	(Unit: Thousand Baht)		
	Consolidated and separate financial statements		
	Related	Other parties	Total
Within 1 year	6,029	156,022	162,051
1 to 5 years	5,665	109,823	115,488



32. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, loan receivables, loans, restricted bank deposits, borrowings, debentures and liabilities under hire purchase and finance lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

32.1 Credit risk

The Company is exposed to credit risk primarily with respect to loan receivables, consist of loans secured against vehicle registrations and land title deeds and personal loans without collateral. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial loss. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loan and receivables less allowance for doubtful debts as stated in the statements of financial position.

32.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial positions of the Company and its subsidiary. As the Company and its subsidiary have no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

Interest rate risk

Significant financial assets and liabilities as at 31 December 2015 and 2014, classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	2015					
	Fixed interest rate					
	Repricing or maturity date					
Transactions	Within 1 year	Over 1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	129	24	153	0.50 - 1.30
Short-term investments	1	-	-	-	1	1.10 - 1.30
Loan receivables ⁽¹⁾	5,582	6,931	-	117	12,630	19.62 - 29.50
Short-term loans	15	-	-	-	15	8.00
Restricted bank deposits	3	-	-	-	3	1.00 - 1.30
Financial liabilities						
Short-term loans from financial institutions	2,885	-	-	-	2,885	2.30 - 3.15
Short-term loans	333	-	-	-	333	2.70 - 2.92
Long-term loans	-	3,098	559	-	3,657	3.50 - 6.25
Long-term debentures	-	250	-	-	250	3.78
Liabilities under hire purchase and financial lease payables	1	29	-	-	30	2.67 - 7.45

(1) The outstanding balances of loan receivables that are non-interest bearing are receivables past due more than 90 days for which revenue recognition has ceased

(Unit: Million Baht)

	Consolidated financial statements					
	2014					
	Fixed interest rate					
	Repricing or maturity date					
Transactions	Within 1 year	Over 1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	678	28	706	0.50 - 0.63
Short-term investments	501	-	-	-	501	2.05 - 2.95
Loan receivables ⁽¹⁾	3,949	3,397	-	102	7,448	21.00 - 27.80
Short-term loans	16	-	-	-	16	8.00
Restricted bank deposits	3	-	-	-	3	2.05 - 2.20
Financial liabilities						
Short-term loans from financial institutions	-	-	500	-	500	6.25
Long-term loans	-	-	2,967	-	2,967	6.25
Liabilities under hire purchase and financial lease payables	1	17	-	-	18	3.36 - 7.45

(1) The outstanding balances of loan receivables that are non-interest bearing are receivables past due more than 90 days for which revenue recognition has ceased



(Unit: Million Baht)

Separate financial statements						
2015						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	121	24	145	0.50 - 1.30
Loan receivables ⁽¹⁾	5,582	6,931	-	117	12,630	19.62 - 29.50
Short-term loans	15	-	-	-	15	8.00
Investments in subsidiary	-	-	-	2	2	
Financial liabilities						
Short-term loans from financial institutions	2,885	-	-	-	2,885	2.30 - 3.15
Short-term loans	333	-	-	-	333	2.70 - 2.92
Long-term loans	-	3,098	559	-	3,657	3.50 - 6.25
Long-term debentures	-	250	-	-	250	3.78
Liabilities under hire purchase and financial lease payables	1	29	-	-	30	2.67 - 7.45

(1) The outstanding balances of loan receivables that are non-interest bearing are receivables past due more than 90 days for which revenue recognition has ceased

(Unit: Million Baht)

Separate financial statements						
2014						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	677	28	705	0.50 - 0.63
Short-term investments	500	-	-	-	500	2.95
Loan receivables ⁽¹⁾	3,949	3,397	-	102	7,448	21.00 - 27.80
Short-term loans	16	-	-	-	16	8.00
Investments in subsidiary	-	-	-	2	2	
Financial liabilities						
Short-term loans from financial institutions	-	-	500	-	500	6.25
Long-term loans	-	-	2,967	-	2,967	6.25
Liabilities under hire purchase and financial lease payables	1	17	-	-	18	3.36 - 7.45

(1) The outstanding balances of loan receivables that are non-interest bearing are receivables past due more than 90 days for which revenue recognition has ceased

As at 31 December 2015, the Company has an outstanding interest rate swap agreement with a bank for a loan of Baht 500 million, under which the floating interest rate was changed to a fixed interest rate throughout the contract period. The agreement matures in June 2018.

32.3 Liquidity risk

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

Counting from the statements of financial position date, the periods to maturity of financial instruments held as at 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2015				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	153	-	-	-	153
Short-term investments	-	1	-	-	1
Loan receivables ⁽¹⁾	-	9,210	3,303	117	12,630
Short-term loans	-	15	-	-	15
Restricted bank deposits	-	3	-	-	3
Financial liabilities					
Short-term loans from financial institutions	-	2,885	-	-	2,885
Short-term loans	-	333	-	-	333
Long-term loans	-	558	3,099	-	3,657
Long-term debentures	-	-	250	-	250
Liabilities under hire purchase and financial lease payables	-	11	19	-	30

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2014				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	706	-	-	-	706
Short-term investments	-	501	-	-	501
Loan receivables ⁽¹⁾	-	5,972	1,374	102	7,448
Short-term loans	-	16	-	-	16
Restricted bank deposits	-	3	-	-	3
Financial liabilities					
Short-term loan from financial institutions	-	500	-	-	500
Long-term loans	-	2,610	357	-	2,967
Liabilities under hire purchase and financial lease payables	-	7	11	-	18

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days



(Unit: Million Baht)

Separate financial statements					
2015					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	145	-	-	-	145
Loan receivables ⁽¹⁾	-	9,210	3,303	117	12,630
Short-term loans	-	15	-	-	15
Investments in subsidiary	-	-	-	2	2
Financial liabilities					
Short-term loans from financial institutions	-	2,885	-	-	2,885
Short-term loans	-	333	-	-	333
Long-term loans	-	558	3,099	-	3,657
Long-term debentures	-	-	250	-	250
Liabilities under hire purchase and financial lease payables	-	11	19	-	30

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days

(Unit: Million Baht)

Separate financial statements					
2014					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	705	-	-	-	705
Short-term investments	-	500	-	-	500
Loan receivables ⁽¹⁾	-	5,972	1,374	102	7,448
Short-term loans	-	16	-	-	16
Investments in subsidiary	-	-	-	2	2
Financial liabilities					
Short-term loans from financial institutions	-	500	-	-	500
Long-term loans	-	2,610	357	-	2,967
Liabilities under hire purchase and financial lease payables	-	7	11	-	18

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days

32.4 Fair values

As at 31 December 2015, the Company and its subsidiary had no assets and liabilities that were measured at fair value. However, the Company and its subsidiary had financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial asset disclosed at fair value</u>					
Cash and cash equivalents	153	153	153	-	-
Short-term investments	1	1	-	-	1
Loan receivables	12,295	12,302	-	-	12,302
Short-term loans	15	15	-	15	-
Restricted bank deposits	3	3	3	-	-
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	2,885	2,885	-	2,885	-
Short-term loans	333	333	-	333	-
Long-term loans	3,657	3,461	-	3,461	-
Long-term debentures	250	235	-	235	-
Liabilities under hire purchase and financial lease payables	30	30	-	30	-
Loss on interest rate swap contract	-	4	-	4	-

(Unit: Million Baht)

	Separate financial statements				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial asset disclosed at fair value</u>					
Cash and cash equivalents	145	145	145	-	-
Loan receivables	12,295	12,302	-	-	12,302
Short-term loans	15	15	-	15	-
Investments in subsidiary	2	2	-	-	2
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	2,885	2,885	-	2,885	-
Short-term loans	333	333	-	333	-
Long-term loans	3,657	3,461	-	3,461	-
Long-term debentures	250	235	-	235	-
Liabilities under hire purchase and financial lease payables	30	30	-	30	-
Loss on interest rate swap contract	-	4	-	4	-



Fair value hierarchy for assets and liabilities as at 31 December 2015 is stipulated in notes 4.16 to the financial statement.

As at 31 December 2014, there are no material difference between the book value of financial assets and financial liabilities and their fair value.

The Company and its subsidiary have estimated the fair value of financial instruments as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents and short-term loans to, restricted bank deposit and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For loan receivables, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans carrying interest at floating rate with interest approximate to the market rate, their carrying amounts in the statements of financial position approximate their fair value.
- d) For fixed rate debentures and long-term loans, liabilities under hire purchase and financial lease payables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) The fair value of derivatives has been determined using a discounted future cash flow model, applying current market yield rates.

33. Event after the reporting period

On 18 February 2016, a meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders for approval a cash dividend payment of Baht 0.2 per share to the shareholders from the net profit for the year 2015, or a total of Baht 424 million.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2016.



MUANGTHAI LEASING PUBLIC COMPANY LIMITED
Nationwide Motorcycle Title Loan Leader

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