

**THITIKORN PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**Financial Statements**

**For the Year Ended December 31, 2014**

**and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.***

***Certified Public Accountants***

## **REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders and the Board of Directors of Thitikorn Public Company Limited

I have audited the accompanying consolidated financial statements of Thitikorn Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. I have also audited the accompanying separate financial statements of Thitikorn Public Company Limited, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate 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 consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thitikorn Public Company Limited and its subsidiaries as at December 31, 2014, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of Thitikorn Public Company Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Other Matter**

The consolidated financial statements of Thitikorn Public Company Limited and its subsidiaries and the separate financial statements of Thitikorn Public Company Limited for the year ended December 31, 2013 were audited by another auditor in my office who expressed an unmodified opinion on those financial statements on February 20, 2014.

(Mr. Akadet Pliensakul )  
Certified Public Accountant  
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 24, 2015

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014 AND 2013**

**ASSETS**

	Note	In Thousand Baht			
		Consolidated		The Company Only	
		2014	2013	2014	2013
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	90,993	100,427	44,478	78,191
Trade receivables					
- Current portion of hire-purchase contract receivables - net	7	3,971,167	4,367,260	3,536,096	3,834,142
- Other trade receivables	8	72,254	83,668	68,777	78,448
Receivables from and short-term loan to related parties	5	755	-	857,827	1,382,862
Current portion of long-term loans to other parties	12	3,800	5,000	3,800	5,000
Merchandises		3,741	17,008	3,741	17,008
Asset foreclosed - net	9	190,165	314,868	190,066	314,868
Other current assets		40,093	81,967	46,610	81,495
<b>Total Current Assets</b>		<b>4,372,968</b>	<b>4,970,198</b>	<b>4,751,395</b>	<b>5,792,014</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits at financial institutions	10	25,000	25,000	-	-
Hire-purchase contract receivables - net	7	3,796,608	4,691,563	3,230,321	3,873,795
Investments in subsidiaries accounted for using the cost method	1, 11	-	-	291,387	283,212
Long-term loans to other parties - net	12	69,287	90,697	69,287	90,697
Property, plant and equipment - net	5, 13, 25	190,866	161,650	167,255	150,208
Goodwill	11	83,640	83,640	-	-
Intangible assets - net	14, 25	9,052	8,216	8,775	8,094
Deferred tax assets	23	134,925	150,274	126,319	138,798
Property for lease - net	15	20,133	20,537	-	-
Assets not used in operations	15	14,282	14,282	5,708	5,708
Other non-current assets		50,420	51,376	11,737	9,712
<b>Total Non-Current Assets</b>		<b>4,394,213</b>	<b>5,297,235</b>	<b>3,910,789</b>	<b>4,560,224</b>
<b>TOTAL ASSETS</b>		<b>8,767,181</b>	<b>10,267,433</b>	<b>8,662,184</b>	<b>10,352,238</b>

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

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2014 AND 2013**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Thousand Baht				
		Consolidated		The Company Only		
Note		2014	2013	2014	2013	
<b>CURRENT LIABILITIES</b>						
	Bank overdrafts and short-term borrowings from financial institutions	16	680,608	1,218,669	678,638	1,210,915
	Trade payables - other parties		46,766	94,055	46,629	94,055
	Current portion of long-term loans	17	300,000	1,600,000	300,000	1,600,000
	Current portion of debentures	18, 30	300,000	500,000	300,000	500,000
	Payables to and short-term loans from related parties	5	1,387	1,258	573,593	730,057
	Income tax payable		4,944	4,156	-	-
	Deposits and advances from customers		108,745	107,075	105,609	104,571
	Accrued expenses and other current liabilities					
	- Accrued sales promotions and rewards		70,697	75,338	64,062	69,494
	- Others		86,342	91,093	57,055	56,813
	<b>Total Current Liabilities</b>		<u>1,599,489</u>	<u>3,691,644</u>	<u>2,125,586</u>	<u>4,365,905</u>
<b>NON-CURRENT LIABILITIES</b>						
	Long-term loans - net of current portion	17	500,000	800,000	500,000	800,000
	Debentures	18, 30	2,620,000	1,720,000	2,620,000	1,720,000
	Liability for post-employment benefits	19	34,543	28,566	28,620	22,722
	Other non-current liabilities		10,536	13,305	7,001	9,057
	<b>Total Non-Current Liabilities</b>		<u>3,165,079</u>	<u>2,561,871</u>	<u>3,155,621</u>	<u>2,551,779</u>
	<b>Total Liabilities</b>		<u>4,764,568</u>	<u>6,253,515</u>	<u>5,281,207</u>	<u>6,917,684</u>
<b>SHAREHOLDERS' EQUITY</b>						
	Share capital - common shares, Baht 1 par value					
	Authorized share capital - 500,000,000 shares, Baht 1 par value		<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	Issued and fully paid-up share capital - 500,000,000 shares,					
	Baht 1 par value		500,000	500,000	500,000	500,000
	Premium on shares	20	972,987	972,987	972,987	972,987
	Retained earnings					
	- Appropriated for legal reserve	20	50,000	50,000	50,000	50,000
	- Unappropriated		2,471,559	2,490,931	1,857,990	1,911,567
	Other component of equity					
	- Difference on financial statement conversion of subsidiaries	1, 11	455	-	-	-
	<b>Equity attributable to Owners of the Parent</b>		<u>3,995,001</u>	<u>4,013,918</u>	<u>3,380,977</u>	<u>3,434,554</u>
	Non-controlling interests	1, 11	7,612	-	-	-
	<b>Total Shareholders' Equity</b>		<u>4,002,613</u>	<u>4,013,918</u>	<u>3,380,977</u>	<u>3,434,554</u>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>8,767,181</u>	<u>10,267,433</u>	<u>8,662,184</u>	<u>10,352,238</u>

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

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

		In Thousand Baht			
		Consolidated		The Company Only	
Note		2014	2013	2014	2013
<b>REVENUES</b>					
	Hire-purchase income	2,824,523	3,026,991	2,758,244	2,944,537
	Sales of merchandises	20,973	33,387	20,973	33,387
	Other income	833,629	823,100	1,267,058	1,571,384
	<b>Total Revenues</b>	<b>3,679,125</b>	<b>3,883,478</b>	<b>4,046,275</b>	<b>4,549,308</b>
<b>EXPENSES</b>					
	Cost of sales	21,052	32,244	21,052	32,244
	Selling expenses	816	1,139	816	1,139
	Administrative expenses	1,938,911	2,017,223	2,358,805	2,744,321
	Bad debt and provision for doubtful accounts	1,279,854	1,203,941	1,266,869	1,195,872
	Finance costs	211,618	221,833	224,836	233,272
	<b>Total Expenses</b>	<b>3,452,251</b>	<b>3,476,380</b>	<b>3,872,378</b>	<b>4,206,848</b>
	<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>226,874</b>	<b>407,098</b>	<b>173,897</b>	<b>342,460</b>
	<b>Income Tax Expense (Tax Income)</b>	<b>31,645</b>	<b>(21,580)</b>	<b>12,479</b>	<b>(31,523)</b>
	<b>PROFIT FOR THE YEAR</b>	<b>195,229</b>	<b>428,678</b>	<b>161,418</b>	<b>373,983</b>
	<b>Other Comprehensive Income</b>				
	Difference on financial statement conversion of subsidiaries	455	-	-	-
	<b>Other Comprehensive Income for the Year</b>	<b>455</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>195,684</b>	<b>428,678</b>	<b>161,418</b>	<b>373,983</b>
	<b>Profit (Loss) Attributable to:</b>				
	Owners of the parent	195,623	428,678	161,418	373,983
	Non-controlling interests	(394)	-	-	-
	<b>Profit for the Year</b>	<b>195,229</b>	<b>428,678</b>	<b>161,418</b>	<b>373,983</b>
	<b>Total Comprehensive Income (Loss) Attributable to:</b>				
	Owners of the parent	196,078	428,678	161,418	373,983
	Non-controlling interests	(394)	-	-	-
	<b>Total Comprehensive Income for the Year</b>	<b>195,684</b>	<b>428,678</b>	<b>161,418</b>	<b>373,983</b>
	<b>Basic Earnings per Share (Baht)</b>	<b>0.39</b>	<b>0.86</b>	<b>0.32</b>	<b>0.75</b>
	<b>Weighted average number of common shares</b>	<b>500,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>

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

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

In Thousand Baht									
Consolidated									
	Note	Issued and Fully Paid-up Share Capital	Premium on Common Shares	Retained Earnings		Other Component of Equity	Equity attributable to Owners of the Parent	Non-Controlling Interests	Total Shareholders' Equity
				Appropriated for Legal Reserve	Unappropriated				
<b>Beginning Balance as at January 1, 2013</b>		500,000	972,987	50,000	2,277,253	-	3,800,240	-	3,800,240
Payment of dividends	24	-	-	-	(215,000)	-	(215,000)	-	(215,000)
Total comprehensive income for the year		-	-	-	428,678	-	428,678	-	428,678
<b>Ending Balance as at December 31, 2013</b>		500,000	972,987	50,000	2,490,931	-	4,013,918	-	4,013,918
Increase in non-controlling interests	1, 11	-	-	-	-	-	-	8,006	8,006
Payment of dividends	24	-	-	-	(214,995)	-	(214,995)	-	(214,995)
Total comprehensive income for the year	1, 11	-	-	-	195,623	455	196,078	(394)	195,684
<b>Ending Balance as at December 31, 2014</b>		500,000	972,987	50,000	2,471,559	455	3,995,001	7,612	4,002,613

The accompanying notes are an integral part of these financial statements

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

		In Thousand Baht					
		The Company Only					
		Retained Earnings					
		Issued and			Appropriated		
		Fully Paid-up	Premium on	for Legal			
		Share Capital	Shares	Reserve	Unappropriated	Total	
		Note					
<b>Beginning Balance as at January 1, 2013</b>			500,000	972,987	50,000	1,752,584	3,275,571
Dividends paid	24		-	-	-	(215,000)	(215,000)
Total comprehensive income for the year			-	-	-	373,983	373,983
<b>Ending Balance as at December 31, 2013</b>			500,000	972,987	50,000	1,911,567	3,434,554
Dividends paid	24		-	-	-	(214,995)	(214,995)
Total comprehensive income for the year			-	-	-	161,418	161,418
<b>Ending Balance as at December 31, 2014</b>			500,000	972,987	50,000	1,857,990	3,380,977

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



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expense	226,874	407,098	173,897	342,460
Adjustments				
Depreciation and amortization	50,364	42,092	47,386	39,497
Expenses for post-employment benefits	7,024	2,795	6,681	2,238
Unrealized loss on exchange rate	1,464	2,482	1,009	2,482
Bad debt and provision for doubtful accounts	1,279,854	1,203,941	1,266,869	1,195,872
Increase (Decrease) in allowance for diminution in value of asset foreclosed	(50,704)	54,467	(49,608)	54,467
Gain on sales of current investment	(1,058)	-	(1,058)	-
Loss (Gain) on sales of equipment	329	(2,741)	329	(2,433)
Dividend income	-	-	(403,951)	(712,745)
Interest income	(9,686)	(9,329)	(54,839)	(66,256)
Interest expense	211,618	221,833	224,836	233,272
(Increase) Decrease in operating assets :				
Trade receivables - hire-purchase contract receivables	22,320	(1,604,076)	(314,371)	(1,742,251)
Trade receivables - other	288	(20,113)	(1,307)	(19,186)
Other receivables from related parties	(755)	-	(1,517)	6
Merchandises	13,267	(3,408)	13,267	(3,408)
Asset foreclosed	175,407	(181,985)	174,410	(181,985)
Other current assets	40,364	1,678	33,483	(902)
Other non-current assets	(1,515)	(2,595)	(826)	(2,594)
Increase (Decrease) in operating liabilities :				
Trade payables - other parties	(47,289)	53,371	(47,426)	53,371
Other payables to related parties	129	(671)	(192,578)	195,112
Deposits and advances from customers	1,670	(39,143)	1,038	(37,353)
Accrued expenses and other current liabilities	(996)	4,471	3,258	3,600
Liability for post-employment benefits	(1,047)	(1,997)	(783)	(1,291)
Other non-current liabilities	(2,769)	(2,617)	(2,056)	(1,326)
	1,915,153	125,553	876,143	(649,353)
Income tax paid	(13,037)	(32,697)	(1,199)	(16,016)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,902,116</b>	<b>92,856</b>	<b>874,944</b>	<b>(665,369)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in investments in subsidiaries	-	-	(8,175)	-
Increase in short-term loans to related party	-	-	(104,500)	(279,000)
Collections from short-term loans to related party	-	-	447,500	386,500
Increase in long-term loans to other parties	(30,740)	(128,433)	(30,740)	(128,433)
Collections from long-term loans to other parties	53,350	101,263	53,350	101,263
Purchases of current investment	(620,000)	-	(620,000)	-
Proceeds from sales of current investment	621,058	-	621,058	-
Purchases of fixed assets	(78,612)	(64,384)	(63,984)	(64,342)
Proceeds from sales of equipment	1,677	5,060	1,678	4,751
Purchases of intangible assets	(3,258)	(4,069)	(3,041)	(4,070)
Dividends received	-	-	586,314	530,381
Interest received	9,893	9,345	56,127	66,617
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(46,632)</b>	<b>(81,218)</b>	<b>935,587</b>	<b>613,667</b>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in non-controlling interests	8,006	-	-	-
Increase (Decrease) in bank overdrafts and short-term borrowings from financial institutions	(539,070)	356,317	(533,286)	404,246
Increase in short-term loans from related party	-	-	90,600	86,800
Repayments of short-term loans from related party	-	-	(54,650)	(46,670)
Proceeds from long-term loans	160,000	500,000	160,000	500,000
Repayment of long-term loans	(1,760,000)	(200,000)	(1,760,000)	(200,000)
Issuances of debentures	1,200,000	570,000	1,200,000	570,000
Redemption of debentures	(500,000)	(800,000)	(500,000)	(800,000)
Dividends paid	(214,995)	(215,000)	(214,995)	(215,000)
Interest paid	(218,859)	(222,551)	(231,913)	(233,849)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(1,864,918)</b>	<b>(11,234)</b>	<b>(1,844,244)</b>	<b>65,527</b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 <b>(9,434)</b>	 <b>404</b>	 <b>(33,713)</b>	 <b>13,825</b>
 <b>Cash and Cash Equivalents at Beginning of Year</b>	 <b>100,427</b>	 <b>100,023</b>	 <b>78,191</b>	 <b>64,366</b>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <b>90,993</b>	 <b>100,427</b>	 <b>44,478</b>	 <b>78,191</b>
 <b>Supplementary disclosures of cash flow information</b>				
<b>a. Cash and cash equivalents at end of year</b>				
Cash in hand	10,002	19,420	8,744	18,097
Current accounts at banks	40,648	16,830	16,291	9,917
Savings deposits at banks	35,943	64,177	19,443	50,177
Investment in bills of exchange (not exceeding 3 months)	4,400	-	-	-
Total	<b>90,993</b>	<b>100,427</b>	<b>44,478</b>	<b>78,191</b>
 <b>b. Non-cash transactions</b>				
Transfer of assets not used in operations to property for lease	-	20,875	-	-
Accrued dividend income	-	-	-	182,364
Purchases of equipment by means of payables	148	-	96	-

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

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**1. GENERAL INFORMATION**

Thitikorn Public Company Limited (“the Company”) was incorporated in Thailand on August 4, 1972 and has its registered office at 69 Ramkhamhaeng Road, Huamark, Bangkok, Bangkok 10240, Thailand.

The Company has been listed on the Stock Exchange of Thailand in 2003.

The major shareholder is Sinthonglor Company Limited (incorporated in Thailand which holds 42.36% of the Company’s shares).

The Company and its subsidiaries principally engage in vehicle hire-purchase business. Details of the Company’s subsidiaries are as follows:

Name of Companies	Type of Business	Paid-up Share Capital (In Thousand Baht)		Percentage of Direct and Indirect Holdings (%)	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
C. V. A. Co., Ltd.	Hire-purchase motorcycle business and related services	50,000	50,000	99.99	99.99
Chayapak Co., Ltd.	Hire-purchase automobile business	40,000	40,000	99.99	99.99
TK Debt Services Co., Ltd.	Debt collection and forfeiture services	223,375	223,375	99.99	99.99
Sabaidee Leasing Co., Ltd. (Lao PDR)	Hire-purchase motorcycle business	21,015*	-	61.90	-
Suosdey Finance PLC. (Cambodia)	Hire-purchase motorcycle business	3,236**	-	98.00	-

\* KIP 5,250 million

\*\* USD 100,000

During 2014, the Company established two more subsidiaries, i.e. (1) Sousdey Finance PLC. (“SSD”), which was registered as a juristic company under the laws of Cambodia on August 5, 2014, whereby SSD has been granted the business license from the National Bank of Cambodia on August 13, 2014 in order to engage in the hire-purchase motorcycle business, and (2) Sabaidee Leasing Co., Ltd. (“SBD”), which was registered as a juristic company under the laws of Lao PDR on October 21, 2014, whereby SBD was approved to do the permanent business by the Government of Lao PDR on November 20, 2014 in order to engage in the hire-purchase motorcycle business. Both subsidiaries started their business activities near the end of 2014.

Significant intercompany transactions between the Company and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

**2. BASIS OF FINANCIAL STATEMENT PREPARATION**

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

*Revision and issuance of new accounting standards, financial reporting standards, and interpretations*

FAP issued several Notifications which were announced in the Royal Gazette during 2013 and 2014, regarding the revision and issuance of new Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective periods as follows:

a) Effective for the accounting period beginning on or after January 1, 2014:

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investment in Associates
TAS 31 (revised 2012)	Interest in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

b) Effective for the accounting period beginning on or after January 1, 2016:

TFRS 4	Insurance Contracts
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Adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Company and its subsidiaries.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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However, FAP has additionally issued several Notifications which were announced in the Royal Gazette during 2014 and 2015, regarding the revision and issuance of new TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2015 whereby the Company and its subsidiaries have not yet adopted in the preparation of the accompanying financial statements and have no policy to early adopt before the effective period, which are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 4 (revised 2014)	Insurance Contracts
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 “Financial Reporting in Hyperinflationary Economies”
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Management of the Company and its subsidiaries has preliminarily assessed and believed that there will be no material effect to the financial statements of the Company and its subsidiaries upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC.

The Company and its subsidiary disclosed information for the year ended December 31, 2013 for being the comparative information in the financial statement for the year ended December 31, 2014 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Significant intercompany transactions between the Company and its subsidiaries included in the consolidated financial statements have been eliminated.

#### *Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Accounting for acquisitions of non-controlling interests*

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, investment retained in the former subsidiary is measured at its fair value while any gain or loss is recognized in the statement of comprehensive income.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

*Goodwill*

The excess of business combination cost over the fair values of assets and liabilities of the acquired subsidiary is accounted for as goodwill from business combination in the consolidated financial statements. Goodwill is presented as non-current asset in the consolidated statement of financial position at cost net of allowance for impairment (if any)

**Foreign Currencies**

*Transactions in foreign currencies*

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

*Foreign entity*

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period.

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the investment is disposed.

**Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at bank were presented as a separate item under “Non-current assets” in the statements of financial position.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**Trade Receivables**

Trade receivables are stated at their invoice values less allowance for doubtful accounts. The allowance for doubtful accounts is an estimate of those amounts which may prove to be uncollectible based on a review of the current status of the existing receivables. Bad debts are written off when incurred.

Hire-purchase receivables are stated at net realizable value which resulted from carrying book value less unearned income and allowance for doubtful accounts. The Company and its subsidiaries provide their allowance for doubtful accounts of hire-purchase receivables based on the age of the total amount of outstanding balance of each contract less unearned income and collaterals of automobiles. The percentages of allowance for doubtful accounts are described as follows:

Period	Allowance for doubtful accounts (%)	
	Automobile	Motorcycle
Not yet due	1	1
Past due 1 month	1	1
Past due 2 - 3 months	2	20
Past due 4 - 6 months	20	50
Past due 7 - 12 months	50	100
Past due over 12 months	100	100

The allowance for doubtful accounts of hire-purchase receivables - automobile is calculated based on outstanding balance past due not over 6 months less collaterals at 80%, outstanding balance past due 7-12 months less collaterals at 50% and outstanding balance past due more than 12 months less no collaterals.

**Other Trade Receivables**

Other trade receivables are stated at their invoice values less allowance for doubtful accounts. (if any)

Allowance for doubtful accounts equals to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on the historical collection experience coupled with a review of the current status of existing receivables.

**Merchandises**

Merchandises, featuring motorcycles are stated at the lower of cost (specific method) and net realizable value. Net realized value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

Allowance for losses on diminution in value is made for all deteriorated, damaged, obsolete, and slow-moving merchandises.

**Asset Foreclosed**

Asset foreclosed is stated at the lower of net receivable balance and net realizable value from proceeds to be received from the sale of the foreclosed asset.

Net realized value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

The Company and subsidiaries estimate loss of the outstanding vehicles at the percentages as follows:

Aging less than one year	30%
Aging more than one year	100%



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**Investments**

*Current investment*

Current investment is current investment in mutual fund whereby the Company has intention to hold not exceeding 1 year as investment in available-for-sale securities. The Company states this investment at fair value which is computed based on net asset value of the mutual fund and recognizes the change in value of such investment as other comprehensive income or loss in the statement of comprehensive income and as a separate item in shareholders' in equity. When investment is sold or disposed, the cumulative gain or loss previously recognized in shareholders' equity is recognized as profit or loss in statement of comprehensive income. The Company uses the weighted average method in computation of the cost of investment sold. However, the Company purchased and entirely sold such investment during the year 2014.

**Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method which are stated at cost less allowance for impairment (if any).

**Property, Plant and Equipment, Property for Lease, and Depreciation**

*Owned assets*

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying value are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

*Depreciation*

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each part of an item separately for each significant part of plant and equipment. The useful lives of the assets are as follows:

Buildings and building improvements for use and for lease	20 years
Buildings and building improvements on rented land	10 years, 20 years, and over the period of lease contracts
Furniture, fixtures and office equipment	5 years and 10 years
Vehicles for use and for lease	5 years

No depreciation has been charged for land and construction in progress.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

Depreciation methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life.

**Intangible Assets**

*Leasehold rights*

Leasehold rights are stated at cost less accumulated amortization and impairment losses (if any), which are amortized on a straight-line method over the useful lives which are the periods of lease contracts.

*Software licenses*

Software licenses are stated at cost less accumulated amortization and impairment losses (if any), which are amortized on a straight-line method over the useful lives of 5 years.

*Amortization*

Amortization is charged to the part of administrative expenses of the statement of comprehensive income on a straight-line method over the useful lives of particular intangible assets. Intangible assets with an indefinite useful life are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at each financial year-end and adjusted if appropriate.

**Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's net selling price or value in use). The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**Employee Benefits**

*Short-term benefits*

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

*Post-employment benefits*

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, interest cost, past service cost, and actuarial gain/loss.

**Provisions**

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Revenue Recognition**

Interest income from hire-purchase is the unearned interest income and is recognized as income in each installment period based on the effective interest rate method for new hire-purchase agreements made starting from 2008 and the sum-of-digits method for hire-purchase agreements made before 2008. Income from each installment is recognized on an accrual basis (based on the due date of the installment irrespective of actual collection). The Company and its subsidiaries cease recognition of income when the receivables are overdue more than 3 installments, unless there is an indication of inability to repay, where income recognition is ceased immediately.

Sales are recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income is recognized on a straight-line basis over the lease term.

Dividend income is recognized on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized on an accrual basis.

**Expense Recognition**

Payments made under operating leases are recognized in the statement of comprehensive income on a straight line basis over the lease term.

Other expenses are recognized on an accrual basis.

**Income Tax**

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current tax and deferred tax.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized (see Note 23).

**Use of Estimates**

In order to prepare financial statements in conformity with the accounting standard and the financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates and underlying assumptions used in the preparation of these financial statements which may be affected by uncertainty are information relating to the estimates and assumptions as disclosed in the summary of significant accounting policies in respect of trade and other receivables, merchandises, asset foreclosed, investments, property, plant and equipment, property for lease, intangible assets, employee benefits, provisions, income tax, and the estimates and assumptions as disclosed in Notes 19 23 and 26.

**Basic Earnings per Share**

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of common shares outstanding during the year

**4. INTEREST INCOME FROM HIRE-PURCHASE CONTRACT**

Prior to 2008, the Company and its subsidiaries recognize interest income on hire-purchase contract as unearned interest income in each installment period based on the sum-of-digits method. Starting from January 1, 2008, the Company and its subsidiaries recognize interest income on hire-purchase contract as unearned interest income in each installment period based on the effective interest rate method for new hire-purchase agreements made starting from 2008 to conform to the change in the Thai Accounting Standard No. 17 “Leases (Revised 2007)” which currently is the Revised 2012.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**5. TRANSACTIONS WITH RELATED PARTIES**

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of a company.

Types of relationship of related parties are as follows:

Name of Companies	Type of Business	Type of Relationship
C. V. A. Company Limited	Hire-purchase motorcycle and related services	Subsidiary
Chayapak Company Limited	Hire-purchase automobile	Subsidiary
TK Debt Services Co., Ltd.	Debt collection and forfeiture services	Subsidiary
Sabaidee Leasing Co.,Ltd. (Lao PDR)	Hire-purchase motorcycle business	Subsidiary through direct and indirect shareholding
Suosdey Finance PLC. (Cambodia)	Hire-purchase motorcycle business	Subsidiary
S. P. International Co., Ltd.	Sale automobile and related services	Co-directors & shareholders
SPSU Public Co., Ltd.	Sale motorcycle	Co-directors & shareholders
Lexus Bangkok Co., Ltd.	Sale automobile	Co-directors & shareholders
Toyota Pathumthani Toyota's Dealer Co., Ltd.	Sale automobile and related services	Co-directors & shareholders
Napas Co., Ltd.	Transport motorcycle	Co-shareholders
Thitiphol Co., Ltd.	Sale spare parts of motorcycle	Co-shareholders

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

Pricing policies for each transaction with related parties are as follows:

Type of Transaction	Pricing Policies
Interest income	MOR
Dividend income	At amount approved for declaration
Other income	Cost
Rental and services	Contract price
Management fee	Contract price
Utility expenses	Cost
Stationery expense	Cost
Other expenses	Mutual agreement
Service expenses	Mutual agreement
Interest expense	MOR
Key management's remunerations	Mutual agreement
Purchase for hire-purchases	Market price
Purchase of fixed assets	Market price

Significant transactions with related parties for the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<b>Interest income</b>				
Subsidiaries	-	-	45,722	57,605
<b>Dividend income</b>				
Subsidiaries	-	-	403,951	712,745
<b>Other income</b>				
Subsidiaries	-	-	169	20
<b>Rental and services</b>				
Related companies	33,809	30,728	30,614	27,124
<b>Management fee</b>				
Related companies	10,200	10,200	7,200	7,200
<b>Utility expenses</b>				
Related companies	4,797	4,846	4,355	4,428
<b>Stationery expense</b>				
Related companies	2,300	2,715	2,212	2,694
<b>Other expenses</b>				
Related companies	11,200	13,003	8,382	6,961
<b>Service expenses</b>				
Subsidiaries	-	-	534,734	845,767
<b>Interest expense</b>				
Subsidiaries	-	-	13,227	11,474
<b>Key management's remunerations</b>				
Short-term benefits	28,219	27,873	28,219	27,873
Post-employment benefits	1,184	478	1,184	478
<b>Total</b>	<b>29,403</b>	<b>28,351</b>	<b>29,403</b>	<b>28,351</b>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<b>Purchase for hire-purchases</b>				
Related companies	354,214	765,982	-	-
<b>Purchase of fixed assets</b>				
Related companies	-	17,681	-	17,681

During the three-month period ended June 30, 2014, the Company sold its hire-purchase contract receivables to a subsidiary at price equivalent to carrying amount whereby the outstanding balance of such receivables amounted to approximately Baht 25.2 million which was fully provided allowance for doubtful accounts as of the sales date. However, during the three-month period ended September 30, 2014, the Company decided to own-manage the collections from such receivables and, therefore, recalled and was transferred such hire-purchase contract receivables from the subsidiary at price equivalent to carrying amount whereby the outstanding balance amounted to approximately Baht 25.0 million which was fully provided allowance for doubtful accounts.

Significant outstanding balances with related parties as at December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<b>Receivables and short-term loan</b>				
<b>Accrued income - Subsidiaries</b>				
Accrued dividend income	-	-	-	182,364
Accrued interest income	-	-	3,317	4,498
Total	-	-	3,317	186,862
<b>Advances</b>				
Subsidiaries	-	-	755	-
Related persons (directors)	755	-	755	-
Total	755	-	1,510	-
<b>Short-term loans</b>				
Subsidiaries (Interest rate at 4.25 - 4.375% p.a. in 2014 and 4.375% p.a. in 2013)	-	-	853,000	1,196,000
Total	755	-	857,827	1,382,862
<b>Payables and short-term loans</b>				
<b>Accrued expenses</b>				
Subsidiaries	-	-	249,041	441,615
Related companies	1,387	1,258	1,362	1,202
Total	1,387	1,258	250,403	442,817
<b>Short-term loans</b>				
Subsidiaries (Interest rate at 4.25 - 4.375% p.a. in 2014 and 4.375% p.a. in 2013)	-	-	323,190	287,240
Total	1,387	1,258	573,593	730,057

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

The significant movements of loans from and loans to related parties during the year are as follows:

	The Company Only (In Thousand Baht)			December 31, 2014
	December 31, 2013	Increase	Decrease	
<b>Short-term loans to subsidiary</b>				
Chayapak Company Limited	1,196,000	104,500	(447,500)	853,000
<b>Short-term loans from subsidiary</b>				
C.V.A. Company Limited	287,240	90,600	( 54,650)	323,190

As at December 31, 2014 and 2013, the Company has been guarantor for the short-term loan credit facilities granted by a local bank to Chayapak Co., Ltd. amounting to Baht 600 million.

**6. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Cash	10,002	19,420	8,744	18,097
Current accounts and savings deposits at banks	76,591	81,007	35,734	60,094
Investment in bills of exchange	4,400	-	-	-
Total	90,993	100,427	44,478	78,191

**7. HIRE-PURCHASE CONTRACT RECEIVABLES - NET**

	Consolidated (In Thousand Baht)					
	Total	2014		Total	2013	
		Current	Long-term		Current	Long-term
Hire-purchase contract receivables	11,564,141	6,520,319	5,043,822	13,554,343	7,322,807	6,231,536
Less Unearned income	(3,261,566)	(2,179,065)	(1,082,501)	(3,930,807)	(2,570,982)	(1,359,825)
Net	8,302,575	4,341,254	3,961,321	9,623,536	4,751,825	4,871,711
Less Allowance for doubtful accounts	( 534,800)	( 370,087)	( 164,713)	( 564,713)	( 384,565)	( 180,148)
Net	7,767,775	3,971,167	3,796,608	9,058,823	4,367,260	4,691,563

	The Company Only (In Thousand Baht)					
	Total	2014		Total	2013	
		Current	Long-term		Current	Long-term
Hire-purchase contract receivables	10,442,933	6,008,065	4,434,868	12,031,231	6,681,693	5,349,538
Less Unearned income	( 3,178,796)	(2,132,365)	(1,046,431)	( 3,808,975)	( 2,505,464)	(1,303,511)
Net	7,264,137	3,875,700	3,388,437	8,222,256	4,176,229	4,046,027
Less Allowance for doubtful accounts	( 497,720)	( 339,604)	( 158,116)	( 514,319)	( 342,087)	( 172,232)
Net	6,766,417	3,536,096	3,230,321	7,707,937	3,834,142	3,873,795



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

Hire-purchase contract receivables at December 31, 2014 and 2013 are aged by outstanding installment payments of each contract as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Current	5,332,408	6,489,723	4,543,286	5,359,454
Overdue 1 month	1,282,454	1,414,393	1,188,468	1,302,278
Overdue 2 - 3 months	1,275,094	1,297,761	1,185,874	1,223,963
Overdue 4 - 6 months	310,485	292,897	286,562	267,305
Overdue 7 - 12 months	66,324	74,529	55,388	57,308
Overdue longer than 12 months	35,810	54,233	4,559	11,948
Total	8,302,575	9,623,536	7,264,137	8,222,256
Less Allowance for doubtful accounts	( 534,800)	( 564,713)	( 497,720)	( 514,319)
Net	7,767,775	9,058,823	6,766,417	7,707,937

The Company and its subsidiaries determine their allowance for doubtful accounts in line with the 2013 policy. Such policy is not compliance with the accounting guidance for making of allowance of doubtful accounts for consumer finance business which was mutually defined by the Securities and Exchange Commission (SEC) and the Institute of Certified Accountants and Auditors of Thailand (“ICAAT”). However, based on the statistic information for the past three years (2011 - 2013), the Company and its subsidiaries had an average actual bad debt less than doubtful accounts based on such basis defined by the SEC and ICAAT. As at December 31, 2014, the Company and its subsidiaries had allowance for doubtful accounts at 6.44% (6.85% for the Company only) of total hire-purchase contract receivables before deducting allowance for doubtful accounts.

As at December 31, 2014, the Company and its subsidiaries have the outstanding hire-purchase contract receivables, classified by income recognition method, as follows:

	Consolidated (In Thousand Baht)		
	Sum-of-digits method	Effective interest rate method	Total
	Hire-purchase contract receivables	7,566	11,556,575
Less Unearned income	(1,216)	( 3,260,350)	( 3,261,566)
Net	6,350	8,296,225	8,302,575

  

	The Company Only (In Thousand Baht)		
	Sum-of-digits method	Effective interest rate method	Total
	Hire-purchase contract receivables	900	10,442,033
Less Unearned income	(186)	( 3,178,610)	( 3,178,796)
Net	714	7,263,423	7,264,137

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**8. OTHER TRADE RECEIVABLE - NET**

Other trade receivables are aged by outstanding balances as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Current	72,254	83,668	68,777	78,448
Overdue within 3 months	-	-	-	-
Overdue 3 - 6 months	-	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue longer than 12 months	-	-	-	-
<b>Total</b>	<b>72,254</b>	<b>83,668</b>	<b>68,777</b>	<b>78,448</b>

**9. ASSET FORECLOSED - NET**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Balance outstanding within one year	271,664	449,811	271,522	449,811
Balance outstanding longer than one year	23,791	21,051	23,791	19,912
<b>Total</b>	<b>295,455</b>	<b>470,862</b>	<b>295,313</b>	<b>469,723</b>
Less Allowance for diminution in value	(105,290)	( 155,994)	(105,247)	( 154,855)
<b>Net</b>	<b>190,165</b>	<b>314,868</b>	<b>190,066</b>	<b>314,868</b>

**10. RESTRICTED DEPOSITS AT FINANCIAL INSTITUTIONS**

As at December 31, 2014 and 2013, two subsidiaries have collateralized their fixed deposits with a local bank totalling Baht 25 million as guarantees for their overdraft lines with such bank.

**11. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD**

	The Company Only					
	Paid-up Share Capital (In Thousand Baht)		Percentage of Holding		Cost of Investments (In Thousand Baht)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
C.V.A. Company Limited	50,000	50,000	99.99	99.99	49,993	49,993
Chayapak Company Limited	40,000	40,000	99.99	99.99	43,993	43,993
TK Debt Services Co., Ltd.	223,375	223,375	99.99	99.99	189,226	189,226
Sabaidee Leasing Co., Ltd. (Lao PDR)	21,015	-	23.81*	-	5,003	-
Suosdey Finance PLC. (Cambodia)	3,236	-	98.00	-	3,172	-
<b>Total</b>					<b>291,387</b>	<b>283,212</b>

\* Percentage of direct or indirect shareholding is 61.90%

During 2014 and 2013, TK Debt Services Co., Ltd. declared dividends to shareholders which was attributable to the Company totalling approximately Baht 404.0 million and Baht 712.7 million, respectively.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**12. LONG-TERM LOANS TO OTHER PARTIES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Long-term loans to other parties	73,087	95,697	73,087	95,697
Less Current portion	( 3,800)	( 5,000)	( 3,800)	( 5,000)
Net	<u>69,287</u>	<u>90,697</u>	<u>69,287</u>	<u>90,697</u>

This account represents the unsecured loans to 68 agents in 2014 and 90 agents in 2013, bearing interest rate at 9% p.a. in 2014 and 2013. These loans mature during the years 2014 to 2017.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**13. PROPERTY, PLANT AND EQUIPMENT - NET**

	Consolidated (In Thousand Baht)							
	Land	Buildings and building improvements	Buildings and building improvements on rented land	Furniture, fixtures and office equipment	Vehicles for use	Vehicles for lease	Construction in progress	Total
<b>Cost</b>								
Balance as at December 31, 2012	12,617	24,221	133,245	78,053	92,646	-	16,737	357,519
Acquisitions	-	-	4,118	14,988	18,230	-	27,047	64,383
Disposals	-	-	( 413)	( 4,421)	( 6,740)	-	-	( 11,574)
Transfers in (out)	-	-	34,103	2,327	-	-	( 36,430)	-
Balance as at December 31, 2013	12,617	24,221	171,053	90,947	104,136	-	7,354	410,328
Acquisitions	-	-	6,759	11,703	990	6,189	53,119	78,760
Disposals	-	-	( 770)	( 2,384)	( 1,938)	-	-	( 5,092)
Transfers in (out)	-	-	44,855	6,235	-	-	( 51,090)	-
Balance as at December 31, 2014	12,617	24,221	221,897	106,501	103,188	6,189	9,383	483,996
<b>Accumulated depreciation</b>								
Balance as at December 31, 2012	-	21,147	85,014	61,522	50,240	-	-	217,923
Depreciation for the year	-	894	16,061	7,585	15,471	-	-	40,011
Depreciation for assets disposed	-	-	( 319)	( 3,156)	( 5,781)	-	-	( 9,256)
Balance as at December 31, 2013	-	22,041	100,756	65,951	59,930	-	-	248,678
Depreciation for the year	-	893	23,723	9,238	13,657	27	-	47,538
Depreciation for assets disposed	-	-	( 553)	( 638)	( 1,895)	-	-	( 3,086)
Balance as at December 31, 2014	-	22,934	123,926	74,551	71,692	27	-	293,130
<b>Net book value</b>								
December 31, 2013	12,617	2,180	70,297	24,996	44,206	-	7,354	161,650
December 31, 2014	12,617	1,287	97,971	31,950	31,496	6,162	9,383	190,866

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

	The Company Only (In Thousand Baht)						
	Land	Buildings and building improvements	Buildings and building improvements on rented land	Furniture, fixtures and office equipment	Vehicles for use	Construction in progress	Total
<b>Cost</b>							
Balance as at December 31, 2012	7,802	15,291	132,236	73,257	81,245	16,737	326,568
Acquisitions	-	-	4,118	14,946	18,230	27,047	64,341
Disposals	-	-	( 412)	( 4,418)	( 6,125)	-	( 10,955)
Transfers in (out)	-	-	34,103	2,327	-	( 36,430)	-
Balance as at December 31, 2013	7,802	15,291	170,045	86,112	93,350	7,354	379,954
Acquisitions	-	-	6,547	10,587	-	46,946	64,080
Disposals	-	-	( 770)	( 2,352)	( 1,939)	-	( 5,061)
Transfers in (out)	-	-	39,046	5,870	-	( 44,916)	-
Balance as at December 31, 2014	7,802	15,291	214,868	100,217	91,411	9,384	438,973
<b>Accumulated depreciation</b>							
Balance as at December 31, 2012	-	13,020	84,010	56,803	46,747	-	200,580
Depreciation for the year	-	746	16,058	7,584	13,416	-	37,804
Depreciation for assets disposed	-	-	( 319)	( 3,153)	( 5,166)	-	( 8,638)
Balance as at December 31, 2013	-	13,766	99,749	61,234	54,997	-	229,746
Depreciation for the year	-	746	23,507	9,157	11,616	-	45,026
Depreciation for assets disposed	-	-	( 553)	( 606)	( 1,895)	-	( 3,054)
Balance as at December 31, 2014	-	14,512	122,703	69,785	64,718	-	271,718
<b>Net book value</b>							
December 31, 2013	7,802	1,525	70,296	24,878	38,353	7,354	150,208
December 31, 2014	7,802	779	92,165	30,432	26,693	9,384	167,255

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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As at December 31, 2014 and 2013, cost of building and equipment of the Company and its subsidiaries that have been fully depreciated but still in use amounting to approximately Baht 177.8 million and Baht 138.6 million, respectively (Baht 165.1 million and Baht 125.9 million, respectively, for the Company only).

**14. INTANGIBLE ASSETS - NET**

	Consolidated (In Thousand Baht)		
	Leasehold Rights	Software Licenses	Total
<b>Cost</b>			
Balance as at December 31, 2012	27,459	45,330	72,789
Acquisitions	350	3,719	4,069
Balance as at December 31, 2013	27,809	49,049	76,858
Acquisitions	890	2,368	3,258
Written off	(19,998)	-	(19,998)
Balance as at December 31, 2014	8,701	51,417	60,118
<b>Accumulated amortization</b>			
Balance as at December 31, 2012	26,243	40,656	66,899
Amortization for the year	417	1,326	1,743
Balance as at December 31, 2013	26,660	41,982	68,642
Amortization for the year	446	1,976	2,422
Written off	(19,998)	-	(19,998)
Balance as at December 31, 2014	7,108	43,958	51,066
<b>Net book value</b>			
December 31, 2013	1,149	7,067	8,216
December 31, 2014	1,593	7,459	9,052
	The Company Only (In Thousand Baht)		
	Leasehold Rights	Software Licenses	Total
<b>Cost</b>			
Balance as at December 31, 2012	5,438	45,081	50,519
Acquisitions	350	3,720	4,070
Balance as at December 31, 2013	5,788	48,801	54,589
Acquisitions	890	2,151	3,041
Balance as at December 31, 2014	6,678	50,952	57,630
<b>Accumulated amortization</b>			
Balance as at December 31, 2012	4,222	40,580	44,802
Amortization for the year	417	1,276	1,693
Balance as at December 31, 2013	4,639	41,856	46,495
Amortization for the year	446	1,914	2,360
Balance as at December 31, 2014	5,085	43,770	48,855
<b>Net book value</b>			
December 31, 2013	1,148	6,946	8,094
December 31, 2014	1,593	7,182	8,775

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

The Company and its subsidiaries had amortization for the years ended December 31, 2014 and 2013 amounting to approximately Baht 2.4 million and Baht 1.7 million, respectively (the same amount for the Company only) which was presented as part of “Administrative expenses” in the statements of comprehensive income.

As at December 31, 2014 and 2013, cost of intangible assets of the Company and its subsidiaries that have been fully amortized but still in use amounting to approximately Baht 42.6 million and Baht 42.3 million, respectively (Baht 42.6 million and Baht 40.3 million, respectively, for the Company only).

**15. PROPERTY FOR LEASE AND ASSETS NOT USED IN OPERATIONS**

A subsidiary has property for lease, comprising land and buildings, which were transferred from assets not used in operations in March 2013 at the carrying value. The details of such assets are as follows:

	Consolidated (In Thousand Baht)				Balance as at December 31, 2014
	Balance as at December 31, 2013	Movements during the Year			
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	12,800	-	-	-	12,800
Buildings and building improvements	8,075	-	-	-	8,075
<b>Total cost</b>	<b>20,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,875</b>
<b>Accumulated depreciation</b>					
Buildings and building improvements	338	404	-	-	742
<b>Net</b>	<b>20,537</b>				<b>20,133</b>

Depreciation for the years ended December 31, 2014 and 2013 amounted to approximately Baht 0.4 million and Baht 0.3 million, respectively.

The latest appraisal value of property for lease, appraised by The Valuation & Consultants Company Limited using comparative market price method (market approach) per reports in August 2012, amounted to approximately Baht 33.9 million

Assets not used in operations consists of land and commercial buildings of the Company and a subsidiary which are temporarily not used in operations as at December 31, 2014, totalling approximately Baht 14.3 million (Baht 5.7 million for the Company only). The latest appraisal value of such assets, appraised by The Valuation & Consultants Company Limited using comparative market price method (market approach) per reports in August 2012, amounted to totalling approximately Baht 59.7 million (Baht 30.2 million for the Company only).

**16. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Bank overdrafts	24,415	72,705	22,445	64,951
Short-term loans from banks	656,193	1,145,964	656,193	1,145,964
<b>Total</b>	<b>680,608</b>	<b>1,218,669</b>	<b>678,638</b>	<b>1,210,915</b>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

As at December 31, 2014, the Company and its subsidiaries had credit facilities with several financial institutions as follows:

	Unit : Million	
	2014	2013
Bank overdrafts (Baht)	192.00	192.00
Short-term loans (Baht)	3,545.00	5,205.00
Short-term loan (USD)	1.39	1.39

Such loans bear interest rates ranging between 0.50% - 2.80% p.a. in 2014 and 0.50% - 3.20% p.a. in 2013.

Partial overdraft lines mentioned above are secured by certain directors of the Company and its subsidiaries.

Overdraft lines of two subsidiaries are secured by the fixed deposits as discussed in Note 10.

**17. LONG -TERM LOANS - NET**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Long-term loans	800,000	2,400,000	800,000	2,400,000
Less Current portion	( 300,000)	(1,600,000)	(300,000)	(1,600,000)
Net	<u>500,000</u>	<u>800,000</u>	<u>500,000</u>	<u>800,000</u>

As at December 31, 2014 and 2013, the Company had the unsecured long-term loans from a local financial institution and two local financial institutions totalling Baht 800 million and Baht 2,400 million, respectively. These loans bear interest at fixed rates and interest is payable monthly whereas loan principals are repayable during the years 2014 to 2016.

Under the terms of the loan agreements, the Company has to comply with specific conditions as follows:

1. To maintain debt to equity ratio at the rate not exceeding 7:1;
2. To maintain dividend payment ratio not exceeding 60% of net profit; and
3. To maintain ratio of hire-purchase contract receivables overdue longer than 3 months not exceeding 5% of total hire-purchase contract receivables.

**18. DEBENTURES**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Debentures	2,920,000	2,220,000	2,920,000	2,220,000
Less Current portion	( 300,000)	( 500,000)	( 300,000)	( 500,000)
Net	<u>2,620,000</u>	<u>1,720,000</u>	<u>2,620,000</u>	<u>1,720,000</u>

On August 27, 2010, the Company issued a series of debentures to specific investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 3.9% p.a. with maturity in 2015. Interest is payable semi-annually.



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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On January 28, 2011, the Company issued another series of debentures to specific investors amounting to Baht 250 million (divided into 250,000 units at Baht 1,000 per unit) and bears interest at 4.04% p.a. with maturity in 2016. Interest is payable semi-annually.

On May 27, 2011, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 3.92% p.a. in 1<sup>st</sup> - 3<sup>rd</sup> year and interest at 5.00% p.a. in 4<sup>th</sup> - 5<sup>th</sup> year with maturity in 2016. Interest is payable quarterly.

On June 30, 2011, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 500 million (divided into 500,000 units at Baht 1,000 per unit) and bears interest at 4.35% p.a. with maturity in 2014. Interest is payable semi-annually.

On November 6, 2012, the Company issued another series of debentures to specific investors amounting to Baht 300 million (divided into 300,000 units at Baht 1,000 per unit) and bears interest at 4.2% p.a. with maturity in 2016. Interest is payable semi-annually.

On July 19, 2013, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 570 million (divided into 570,000 units at Baht 1,000 per unit) and bears interest at 3.98% p.a. with maturity in 2016. Interest is payable semi-annually.

On March 26, 2014, the Company issued another series of debentures to institutional investors and/or large investors amounting to Baht 900 million (divided into 900,000 units at Baht 1,000 per unit) and bears interest at 4% p.a. with maturity in 2017. Interest is payable semi-annually.

On April 30, 2014, the Company issued another series of debentures to specific investors amounting to Baht 100 million (divided into 100,000 units at Baht 1,000 per unit) and bears interest at 4% p.a. with maturity in 2017. Interest is payable semi-annually.

On May 9, 2014, the Company issued another series of debentures to specific investors amounting to Baht 200 million (divided into 200,000 units at Baht 1,000 per unit) and bears interest at 3.63% p.a. with maturity in 2016. Interest is payable quarterly.

Under the conditions of the issuances of debentures, the Company has to comply with the specified conditions as shown below:

1. To maintain Debt-to-Equity ratio at the rate not exceeding 7:1
2. To maintain dividend payment ratio not exceeding 60% of net profit.

As at December 31, 2014, such debentures had fair values totalling approximately Baht 2,973.9 million.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**19. LIABILITY FOR POST-EMPLOYMENT BENEFITS**

Movements of liability for post-employment benefits for the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Liability for post-employment benefits as at January 1	28,566	27,768	22,722	21,775
Current service cost	2,357	1,579	2,068	1,262
Interest cost	1,559	1,216	1,288	976
Past service cost	-	-	-	-
Actuarial loss (gain)	3,108	-	3,325	-
Expense recognized in statement of comprehensive income	7,024	2,795	6,681	2,238
Employee benefits paid during the year	( 1,047)	( 1,997)	( 783)	( 1,291)
Liability for post-employment benefits as at December 31	<u>34,543</u>	<u>28,566</u>	<u>28,620</u>	<u>22,722</u>

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 4.58% p.a. (4.41% p.a. in 2013)
- Salary escalation rate 4.89% p.a. (4.13% p.a. in 2013)
- Employee turnover rate 0% - 67% p.a. (0% - 16% p.a. in 2013)
- Mortality rate 100% of Thai Mortality Table (2008) (50% in 2013)
- Disability rate 10% of Thai Mortality Table (2008) (not changed from 2013)

**20. PREMIUM ON SHARES AND LEGAL RESERVE**

*Premium on shares*

Section 51 of the Public Companies Act B.E. 2535 requires the public company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“premium on shares”). Premium on shares is not available for dividend distribution.

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires the company to allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**21. OTHER INCOME**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Bad debt recovery	422,995	366,931	420,795	364,464
Service income	185,154	212,151	181,440	205,969
Engagement fee income	59,469	71,567	59,455	71,552
Collection income	54,249	53,040	51,917	50,725
Delay payment fee income	51,005	45,974	47,301	42,745
Service charge income	31,487	31,660	30,763	30,798
Interest income	9,686	9,329	54,839	66,256
Dividend income (see Notes 5 and 11)	-	-	403,951	712,745
Others	19,584	32,448	16,597	26,130
<b>Total</b>	<b>833,629</b>	<b>823,100</b>	<b>1,267,058</b>	<b>1,571,384</b>

**22. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Bad debt and provision for doubtful accounts	1,279,854	1,203,941	1,266,869	1,195,872
Employee expenses	564,721	548,201	477,311	461,857
Finance costs	211,618	221,833	224,836	233,272
Depreciation and amortization	50,364	42,092	47,386	39,497
Cost of sales	21,052	32,244	21,052	32,244

**23. INCOME TAX AND DEFERRED TAX ASSETS / LIABILITIES**

The Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 530 B.E. 2554 (2011) dated December 21, 2011 has provided the temporary reduction in income tax rate applied to juristic company or partnership for a three consecutive accounting periods from 30% to 23% for the first accounting period and from 30% to 20% for the following two accounting periods. Such reduction in tax rate is effective from the accounting period starting on or after January 1, 2012. Accordingly, the Company and its subsidiaries used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2014 and 2013, respectively.

In addition, the Royal Decree Issued Under the Revenue Code Regarding Reduction and Exemption in Tax Rate No. 577 B.E. 2557 (2014) dated November 10, 2014 has provided the reduction in income tax and maintained at the rate 20% applied to juristic company or partnership for an accounting period starting on or after January 1, 2015 but not later than December 31, 2015. Management of the Company believes that the income tax rate to be announced after the year 2015 will be maintained at 20%.

As at December 31, 2014, the Company and a subsidiary had tax loss carryforward amounting to approximately Baht 529.4 million (Baht 426.0 million for the Company only).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

Corporate income tax recorded as (income) expense for the years ended December 31, 2014 and 2013 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
Income tax computed from accounting profit	45,374	81,420	34,779	68,492
Effects from non-deductible expenses	18,709	35,961	13,409	34,851
Effects from additional deductible expenses or non-taxable income	(50,928)	(106,814)	(48,188)	(103,343)
Income tax on taxable profit	13,155	10,567	-	-
Adjustment to tax payable in respect of previous periods	3,141	-	-	-
Decrease (Increase) in deferred tax assets	15,349	( 32,147)	12,479	( 31,523)
Income tax presented in statement of comprehensive income	<u>31,645</u>	<u>( 21,580)</u>	<u>12,479</u>	<u>( 31,523)</u>

Deferred tax assets and liabilities presented in statements of financial positions as at December 31, 2014 and 2013 consist of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2014	2013	2014	2013
<i>Deferred tax assets</i>				
Effects from non-deductible items from				
- Allowance for doubtful accounts	106,958	113,362	99,546	103,283
- Allowance for diminution in value of asset foreclosed	21,058	31,199	21,049	30,971
- Liability for post-employment benefits	6,909	5,713	5,724	4,544
Total	134,925	150,274	126,319	138,798
<i>Deferred tax liabilities</i>				
Net	<u>134,925</u>	<u>150,274</u>	<u>126,319</u>	<u>138,798</u>

## 24. DIVIDENDS

At the general shareholders' meeting held on April 24, 2014, the shareholders unanimously approved the Company to pay dividends for the 2013 operations at Baht 0.43 per share totalling Baht 215 million. The Company paid such dividends to the shareholders on May 15, 2014.

At the general shareholders' meeting held on April 23, 2013, the shareholders unanimously approved the Company to pay the final dividends for the 2012 operations at Baht 0.43 per share totalling Baht 215 million. The Company paid such dividends to the shareholders on May 9, 2013.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**25. SIGNIFICANT FINANCIAL INFORMATION CLASSIFIED BY OPERATING SEGMENT**

Statement of financial position and statement of income are significant financial and core information of the Company and its subsidiaries that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. However, the Company and its subsidiaries have a single core operating segment (being internal reporting segment also) by product which is hire-purchase on automobile and motorcycle for general retail customers. Accordingly, the accompanying financial statements do not include the operational information relating to information on products and key customers.

*Information on Geographic Areas*

The Company's subsidiaries in Cambodia and Lao PDR started their business activities near the end of 2014. Accordingly, their operations are an insignificant portion as compared to the entire operations of the Group and, therefore, the accompanying financial statements do not include the operational information relating to information on geographic areas.

The Company and its subsidiaries incorporated in Thailand have no any non-current asset located in the countries other than Thailand. However, as at December 31, 2014, the subsidiaries incorporated in Cambodia and Lao PDR had fixed assets, i.e. building improvement on rented land, furniture, fixtures and office equipment and vehicles, and intangible assets of which the carrying amounts totalling approximately Baht 8.1 million and Baht 0.1 million, respectively, were presented in the consolidated statement of financial position as at December 31, 2014.

**26. FINANCIAL INSTRUMENTS**

*Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company and its subsidiaries. To control the risk, the Company and its subsidiaries have a prudent credit control policy, constant follow up of account receivables, various numbers of customer base, as well as deposits, advances, and leased vehicles as collateral. Therefore, the management of the Company and subsidiaries do not anticipate losses from debt collection in excess of the allowance for doubtful accounts which is already accounted for in the financial statements.

*Interest rate risk*

Interest rate risk arises from the potential change in interest rates. However, the Company and its subsidiaries expect that the interest rate risk is not significant since partial deposits at banks are current accounts while saving deposits and short-term investments as well as loans receivables / payables carry interest at the rates approximate the current market rates. Significant information regarding interest rates and due dates are disclosed in the financial statements.

*Foreign currency risk*

The Company and its subsidiaries have certain foreign currency transactions that give rise to exposure to risk from fluctuations in foreign exchange rates. However, the management believes that the foreign exchange rate risk is insignificant. Hence, no derivative financial instruments are used to mitigate this risk.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

*Fair value of financial instruments*

The following method and assumptions were used by the Company and its subsidiaries in estimating fair value of financial assets and financial liabilities and it is believed that the fair values of financial assets and financial liabilities do not materially differ from their carrying values.

Cash and cash equivalents, restricted deposits at financial institutions, trade and other receivables, short-term loans to related party, bank overdrafts, short-term borrowings from financial institutions, trade and other payables, short-term loans from related party and liability for post-employment benefits have carrying values approximate their fair values because majority of these monetary assets and monetary liabilities will mature in a short period.

Long-term hire-purchase contract receivables, long-term loans to other parties, long-term loans are not practicable to estimate the proper fair values without incurring excessive costs.

**27. COMMITMENTS**

As at December 31, 2014,

- a. The Company and its subsidiaries had commitments on lease and service agreements for office premises and branches for periods of 1 to 10 years. Under the terms of such agreements, the Company and its subsidiaries are committed to pay annual rental and service fees totalling approximately Baht 53.2 million.
- b. The Company had commitments on improvements of the leased buildings amounting to approximately Baht 11.5 million.

**28. CAPITAL MANAGEMENT**

Significant objectives of the Group's capital management are to ensure that it has an appropriate financial structure and maintain the ability to continue its business as a going concern.

As at December 31, 2014 and 2013, the Group's Debt-to-Equity ratio was 1.19:1.00 and 1.56:1.00, respectively (1.56:1.00 and 2.01:1.00 for the Company only, respectively).

**29. REGISTERED EMPLOYEES' PROVIDENT FUND**

The Company and a subsidiary have contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company, subsidiary, and employees contribute an amount equivalent to 3% to the fund. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's and subsidiary's contributions, which were charged to operations for each of the years ended December 31, 2014 and 2013, amounted to approximately Baht 0.6 million (approximately Baht 0.6 million for the Company only).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2014 and 2013**

**30. EVENTS AFTER THE REPORTING PERIOD**

- a. In February 2015, the Company's Management Board has released the plan to issue and sell debentures on February 25, 2015 to the specific investors in total amount of Baht 120 million (divided into 120,000 units at Baht 1,000 per unit). Such debentures will mature on February 27, 2017 and bear interest at 3.15% p.a.
- b. At the Board of Director s' meeting held on February 24, 2015, the Board of Directors passed the resolutions for significant matters that will be proposed and subject to the final approval in the upcoming shareholders' meeting as follows:
- Payment of dividends from the 2014 operations to the shareholders at Baht 0.18 per share totalling Baht 90 million;
  - Plan for issuance and sales of debentures in the total amount not exceeding Baht 2,000 million with duration not exceeding 10 years from the date of each issuance of debentures; and
  - Plan to reduce the authorized share capital of subsidiary (TK Debt Services Co., Ltd.) by the decrease in number of shares and the decrease in par value totalling 4 times whereby the authorized share capital of such company will be reduced from Baht 223,375 thousand (divided into 8,935,000 common shares at Baht 25 par value) at present to Baht 880 thousand (divided into 563,200 common shares at Baht 1.5625 par value) at the last decrease (the 4<sup>th</sup> time).
- c. In addition, at the Board of Directors' meeting held on February 24, 2015, the Board of Directors also passed the resolutions for significant matters as follows:
- Advances for use in operations of two subsidiaries in abroad (Suosdey Finance PLC. and Sabaidee Leasing Co., Ltd.) that are able to be approved by the Company's Management Board in amount of not exceeding Baht 30 million for each company;
  - Loans for such two subsidiaries in amount not exceeding Baht 500 million for each company; and
  - Guarantee of the loan facilities of such two subsidiaries in amount not exceeding Baht 1,000 million for each company.
- Advances, loans, and guarantee of the loan facilities of Sabaidee Leasing Co., Ltd. will be proceed at the amount in respect of the investment proportion of the Group.

**31. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved to be issued by the Company's Audit Committee's meeting on February 24, 2015.