

**THITIKORN PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**Financial Statements  
For the Year Ended December 31, 2016  
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

### **Opinion**

I have audited the consolidated financial statements of Thitikorn Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders’ equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of Thitikorn Public Company Limited, which comprise the separate statement of financial position as at December 31, 2016, and the separate statement of comprehensive income, the separate statement of changes in shareholders’ equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements” section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King in connection with the audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

## Accuracy and Completeness of Interest Income on Hire Purchase and Related Hire Purchase Receivables

### *Risk Description*

The Company and its three subsidiaries operate in the hire purchase motorcycle and automobile and have large number of retail customers as hire purchase receivables. Income on hire purchase of the Company and its subsidiaries is interest on hire purchase whereby Thai Financial Reporting Standards specify that such interest shall be recognized as income in each installment period based on the effective interest rate method, which is complex and associated with the large number of transactions and accounting entries that initiate the significant risk in connection with accuracy and completeness interest income on hire purchase and hire purchase receivables which are material items in the consolidated financial statements and the separate financial statements. Accordingly, the Group has applied the information systems which are complex and specifically designed to serve the calculation and recognition of such income, together with the manual operating processes, in order to ensure the accuracy and completeness of the related accounting entries. Significant accounting policies and other information relating to interest income on hire purchase and hire purchase receivables were disclosed in Notes 3, 4, and 7 to the financial statements.

### *Responses to the Risk*

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to appropriate and acceptable level and enable the consolidated financial statements and separate financial statements to be free from material misstatement:

- Gather understanding and assess the Group's internal control elements with respect of revenue cycle.
- Test and conclude about the design and operating effectiveness of internal controls with respect of revenue cycle.
- Test of general controls and application controls of the information technology and systems used by the Group on processing of the accounting entries with respect of revenue cycle.
- Perform the substantive audit procedures in the areas of interest income on hire purchase and the related hire purchase receivables in order to obtain the assurance on accuracy and completeness of the related accounting entries as well as existence or occurrence, right and obligation, cut-off for proper accounting period, proper classification and fair presentation of entries in the consolidated financial statements and the separate financial statements.
- Perform the analytical review on information relating to changes in interest income on hire purchase and the related hire purchase receivables between periods, review of certain ratios and connectivity of information in the consolidated financial statements and the separate financial statements.

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

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

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

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the 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 financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this report of certified public accountant is Mr. Akadet Pliensakul.

(Akadet Pliensakul)  
Certified Public Accountant  
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 24, 2017

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016 AND 2015**

**ASSETS**

	Note	In Thousand Baht			
		Consolidated		The Company Only	
		2016	2015	2016	2015
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	103,579	252,151	32,554	164,001
Trade receivables					
- Current portion of hire-purchase contract receivables - net	7	3,585,799	3,637,916	3,238,288	3,269,556
- Current portion of loan receivables - net	7	95,935	149,728	95,935	149,728
- Nano finance receivables - net	7, 11	1,035	-	-	-
- Other trade receivables	8	66,787	57,521	65,037	55,334
Receivables from and short-term loans to related parties	5	-	-	537,534	667,077
Current portion of long-term loans to other parties	12	6,425	62,430	6,425	62,430
Merchandises		2,451	3,848	2,087	2,097
Asset foreclosed - net	9	195,814	160,784	195,814	160,635
Other current assets		27,169	31,177	25,875	26,839
<b>Total Current Assets</b>		<b>4,084,994</b>	<b>4,355,555</b>	<b>4,199,549</b>	<b>4,557,697</b>
<b>NON-CURRENT ASSETS</b>					
Restricted deposits at financial institutions	10	25,892	25,000	-	-
Hire-purchase contract receivables - net	7	4,033,317	3,438,733	3,618,476	2,966,616
Loan receivables - net	7	7,724	25,920	7,724	25,920
Investments in subsidiaries accounted for using the cost method	11	-	-	166,538	166,538
Long-term loans to other parties - net	12	56,709	5,860	56,709	5,860
Property, plant and equipment - net	5, 13, 25	180,358	214,593	161,124	194,931
Goodwill - net of allowance for impairment of Baht 83.64 million in 2015	11	-	-	-	-
Intangible assets - net	14, 25	9,636	10,007	9,390	9,775
Deferred tax assets	23	129,680	125,275	116,848	114,315
Property for lease - net	15	19,324	19,729	-	-
Assets not used in operations	15	14,282	14,282	5,708	5,708
Other non-current assets		49,510	48,772	13,091	13,668
<b>Total Non-Current Assets</b>		<b>4,526,432</b>	<b>3,928,171</b>	<b>4,155,608</b>	<b>3,503,331</b>
<b>TOTAL ASSETS</b>		<b>8,611,426</b>	<b>8,283,726</b>	<b>8,355,157</b>	<b>8,061,028</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, 2016 AND 2015**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	In Thousand Baht			
		Consolidated		The Company Only	
		2016	2015	2016	2015
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings from financial institutions	16	329,023	65,013	280,051	64,995
Trade payables	5	80,000	137,471	65,478	106,703
Current portion of long-term loans	17	15,301	510,842	-	500,000
Current portion of debentures	18, 26	1,120,000	1,620,000	1,120,000	1,620,000
Payables to and short-term loans from related parties	5	16,468	1,318	412,940	391,051
Income tax payable		52,830	6,483	48,878	-
Deposits and advances from customers		85,381	114,259	77,700	108,717
Accrued expenses and other current liabilities					
- Accrued sales promotions and rewards		86,558	75,525	81,209	68,992
- Others		38,809	64,373	31,043	59,784
<b>Total Current Liabilities</b>		<b>1,824,370</b>	<b>2,595,284</b>	<b>2,117,299</b>	<b>2,920,242</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans - net of current portion	17	3,600	8,132	-	-
Debentures - net of current portion	18, 26	2,200,000	1,320,000	2,200,000	1,320,000
Liability for post-employment benefits	19	27,287	31,039	20,919	25,164
Other non-current liabilities		6,248	7,968	2,712	4,432
<b>Total Non-Current Liabilities</b>		<b>2,237,135</b>	<b>1,367,139</b>	<b>2,223,631</b>	<b>1,349,596</b>
<b>Total Liabilities</b>		<b>4,061,505</b>	<b>3,962,423</b>	<b>4,340,930</b>	<b>4,269,838</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - common shares, Baht 1 par value					
Authorized share capital - 500,000,000 shares, Baht 1 par value		500,000	500,000	500,000	500,000
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		3,019,504	2,789,812	2,491,240	2,268,203
Other component of equity					
- Difference on financial statement conversion of subsidiaries		(180)	1,506	-	-
<b>Equity attributable to Owners of the Parent</b>		<b>4,542,311</b>	<b>4,314,305</b>	<b>4,014,227</b>	<b>3,791,190</b>
Non-controlling interests		7,610	6,998	-	-
<b>Total Shareholders' Equity</b>		<b>4,549,921</b>	<b>4,321,303</b>	<b>4,014,227</b>	<b>3,791,190</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,611,426</b>	<b>8,283,726</b>	<b>8,355,157</b>	<b>8,061,028</b>

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, 2016 AND 2015**

		In Thousand Baht			
		Consolidated		The Company Only	
Note		2016	2015	2016	2015
<b>REVENUES</b>					
	Interest income on hire purchase	2,517,399	2,553,360	2,449,384	2,500,174
	Interest income on loan	44,371	13,075	44,371	13,075
	Interest income on nano finance	209	-	-	-
	Sales of merchandises	20,133	31,111	20,133	31,111
	Other income	789,160	796,584	796,306	961,398
	<b>Total Revenues</b>	<b>3,371,272</b>	<b>3,394,130</b>	<b>3,310,194</b>	<b>3,505,758</b>
<b>EXPENSES</b>					
	Cost of sales	19,799	31,787	19,799	31,787
	Selling expenses	137	28	137	28
	Administrative expenses	1,901,371	1,800,846	1,853,703	1,914,841
	Bad debt and provision for doubtful accounts	794,787	891,776	780,286	877,988
	Loss on impairment of goodwill	-	83,640	-	-
	Finance costs	120,227	153,760	135,538	168,897
	<b>Total Expenses</b>	<b>2,836,321</b>	<b>2,961,837</b>	<b>2,789,463</b>	<b>2,993,541</b>
	<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>534,951</b>	<b>432,293</b>	<b>520,731</b>	<b>512,217</b>
	<b>Income Tax Expense</b>	<b>104,647</b>	<b>24,654</b>	<b>97,694</b>	<b>12,004</b>
	<b>PROFIT FOR THE YEAR</b>	<b>430,304</b>	<b>407,639</b>	<b>423,037</b>	<b>500,213</b>
	<b>Other Comprehensive Income (Loss)</b>				
	<i>Items that will be reclassified subsequently to profit or loss</i>				
	Difference on financial statement conversion of subsidiaries	(1,686)	1,051	-	-
	<b>Other Comprehensive Income for the Year</b>	<b>(1,686)</b>	<b>1,051</b>	<b>-</b>	<b>-</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>428,618</b>	<b>408,690</b>	<b>423,037</b>	<b>500,213</b>
	<b>Profit (Loss) Attributable to:</b>				
	Owners of the parent	429,692	408,253	423,037	500,213
	Non-controlling interests	612	(614)	-	-
	<b>Profit for the Year</b>	<b>430,304</b>	<b>407,639</b>	<b>423,037</b>	<b>500,213</b>
	<b>Total Comprehensive Income (Loss) Attributable to:</b>				
	Owners of the parent	428,006	409,304	423,037	500,213
	Non-controlling interests	612	(614)	-	-
	<b>Total Comprehensive Income for the Year</b>	<b>428,618</b>	<b>408,690</b>	<b>423,037</b>	<b>500,213</b>
	<b>Basic Earnings per Share (Baht)</b>	<b>0.859</b>	<b>0.817</b>	<b>0.846</b>	<b>1.000</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, 2016 AND 2015**

		Consolidated (In Thousand Baht)							
		Equity attributable to Owners of the Parent							
		Retained Earnings				Other Components of Equity			
		Issued and Fully Paid-up Share Capital		Premium on Common Shares		Appropriated for Legal Reserve		Unappropriated	
		Difference on Financial Statement Conversion of Subsidiary		Equity Attributable to Owners of the Parent		Non-Controlling Interests		Total Shareholders' Equity	
Note		Share Capital	Shares	Legal Reserve	Unappropriated	Subsidiary	the Parent	Interests	Equity
	<b>Beginning Balance as at January 1, 2015</b>	500,000	972,987	50,000	2,471,559	455	3,995,001	7,612	4,002,613
24	Payment of dividends	-	-	-	(90,000)	-	(90,000)	-	(90,000)
	Total comprehensive income for the year	-	-	-	408,253	1,051	409,304	(614)	408,690
	<b>Ending Balance as at December 31, 2015</b>	500,000	972,987	50,000	2,789,812	1,506	4,314,305	6,998	4,321,303
24	Payment of dividends	-	-	-	(200,000)	-	(200,000)	-	(200,000)
	Total comprehensive income for the year	-	-	-	429,692	(1,686)	428,006	612	428,618
	<b>Ending Balance as at December 31, 2016</b>	500,000	972,987	50,000	3,019,504	(180)	4,542,311	7,610	4,549,921

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, 2016 AND 2015**

The Company Only (In Thousand Baht)

	Note	Retained Earnings				Total
		Issued and Fully Paid-up Share Capital	Premium on Shares	Appropriated for Legal Reserve	Unappropriated	
<b>Beginning Balance as at January 1, 2015</b>		500,000	972,987	50,000	1,857,990	3,380,977
Dividends paid	24	-	-	-	(90,000)	(90,000)
Total comprehensive income for the year		-	-	-	500,213	500,213
<b>Ending Balance as at December 31, 2015</b>		500,000	972,987	50,000	2,268,203	3,791,190
Dividends paid	24	-	-	-	(200,000)	(200,000)
Total comprehensive income for the year		-	-	-	423,037	423,037
<b>Ending Balance as at December 31, 2016</b>		500,000	972,987	50,000	2,491,240	4,014,227

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, 2016 AND 2015**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expense	534,951	432,293	520,731	512,217
Adjustments				
Depreciation and amortization	70,091	65,980	64,633	60,504
Expenses for post-employment benefits	2,816	2,904	2,323	2,432
Unrealized loss (gain) on exchange rate	(220)	1,562	1,466	511
Bad debt and provision for doubtful accounts	794,787	891,776	780,286	877,988
Increase (decrease) in allowance for diminution in value of asset foreclosed	17,925	(27,636)	17,989	(27,955)
Gain on sales of equipment	(6,421)	(4,433)	(6,273)	(4,351)
Gain on decrease in share capital for returns of subsidiary (see Note 11)	-	-	-	(33,449)
Loss on impairment of goodwill (see Note 11)	-	83,640	-	-
Dividend income	-	-	-	(116,244)
Interest income	(6,581)	(7,164)	(31,526)	(37,209)
Interest expense	120,227	153,760	135,538	168,897
(Increase) Decrease in operating assets :				
Trade receivables - hire-purchase contract receivables	(1,315,776)	(188,876)	(1,379,432)	(336,106)
Trade receivables - loan receivables	60,240	(179,182)	60,240	(179,182)
Trade receivables - nano finance receivables	(1,067)	-	-	-
Trade receivables - other	(18,963)	6,493	(19,400)	5,340
Other receivables from related parties	-	755	1,670	(3,517)
Merchandises	1,397	(107)	10	1,644
Asset foreclosed	(52,955)	57,017	(53,168)	57,386
Other current assets	4,671	6,924	1,659	17,896
Other non-current assets	887	(4,206)	577	(1,053)
Increase (Decrease) in operating liabilities :				
Trade payables - other parties	(57,565)	90,705	(41,319)	60,074
Other payables to related parties	(50)	(69)	(2,781)	(234,808)
Deposits and advances from customers	(28,878)	5,514	(31,017)	3,108
Accrued expenses and other current liabilities	(8,936)	(19,263)	(10,843)	5,537
Liability for post-employment benefits	(6,568)	(6,408)	(6,568)	(5,888)
Other non-current liabilities	(1,720)	(2,568)	(1,720)	(2,569)
	102,292	1,359,411	3,075	791,203
Income tax paid	(64,330)	(7,611)	(51,349)	(878)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>37,962</b>	<b>1,351,800</b>	<b>(48,274)</b>	<b>790,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in restricted deposits at financial institutions	(892)	-	-	-
Increase in short-term loans to related party	-	-	(140,174)	(121,000)
Collections from short-term loans to related party	-	-	267,374	322,491
Increase in long-term loans to other parties	(77,604)	(23,200)	(77,604)	(23,200)
Collections from long-term loans to other parties	82,760	27,997	82,760	27,997
Purchases of fixed assets	(33,151)	(85,552)	(28,622)	(83,770)
Proceeds from sales of equipment	8,002	6,986	7,855	6,146
Purchases of intangible assets	(3,416)	(3,948)	(3,307)	(3,894)
Payment for investment in subsidiaries (see Note 11)	-	-	-	(64,377)
Proceeds from decrease in share capital for returns from subsidiary (see Note 11)	-	-	-	214,531
Dividends received	-	-	-	116,244
Interest received	5,918	7,983	31,504	38,831
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(18,383)</b>	<b>(69,734)</b>	<b>139,786</b>	<b>429,999</b>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in bank overdrafts and short-term borrowings from financial institutions	262,544	(616,106)	213,590	(614,154)
Increase in short-term loans from related parties	15,200	-	63,500	105,600
Repayments of short-term loans from related parties	-	-	(38,900)	(53,500)
Proceeds from long-term loans	14,040	21,692	-	-
Repayments of long-term loan	(514,113)	(302,718)	(500,000)	(300,000)
Issuances of debentures	2,000,000	320,000	2,000,000	320,000
Redemption of debentures	(1,620,000)	(300,000)	(1,620,000)	(300,000)
Interest paid	(125,822)	(153,776)	(141,149)	(168,747)
Dividends paid	(200,000)	(90,000)	(200,000)	(90,000)
<b>Net Cash Used in Financing Activities</b>	<b>(168,151)</b>	<b>(1,120,908)</b>	<b>(222,959)</b>	<b>(1,100,801)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(148,572)</b>	<b>161,158</b>	<b>(131,447)</b>	<b>119,523</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>252,151</b>	<b>90,993</b>	<b>164,001</b>	<b>44,478</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>103,579</b>	<b>252,151</b>	<b>32,554</b>	<b>164,001</b>
<b>Supplementary disclosures of cash flow information</b>				
<b>a. Cash and cash equivalents at end of year</b>				
Cash in hand	25,117	19,899	23,413	18,937
Current accounts at banks	21,764	39,555	8,141	8,813
Savings deposits at banks	56,698	192,697	1,000	136,251
<b>Total</b>	<b>103,579</b>	<b>252,151</b>	<b>32,554</b>	<b>164,001</b>
<b>b. Non-cash transactions</b>				
Receivable on decrease in share capital for returns from subsidiary (see Note 11)	-	-	-	8,144
Purchases of equipment by means of payables	94	3,311	94	3,311

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, 2016 and 2015**

**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 since 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 and related other service. 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, 2016	December 31, 2015	December 31, 2016	December 31, 2015
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 and vehicle modification services	700	700	99.99	99.99
TK Ngern Tan Jai Co., Ltd.	Nano finance business	50,000	50,000	99.99	99.99
Sabaidee Leasing Co., Ltd. (Lao PDR)	Hire-purchase motorcycle business	21,015*	21,015*	61.90	61.90
Suosdey Finance PLC. (Cambodia)	Hire-purchase motorcycle business	17,616**	17,616**	99.60	99.60

\* KIP 5,250 million

\*\* USD 500,000

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, which are the currency used in the operations of the Group 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, 2016 and 2015

Starting from January 1, 2016, the Group had adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC), revised and newly issued by FAP, which became effective from the accounting period starting on or after January 1, 2016. The aforesaid adoption of new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect on the Group.

Subsequently, FAP issued several Notifications which were announced in the Royal Gazette during 2016 regarding the revision of aforesaid TAS and TFRS as well as TSIC and TFRIC with effective from the accounting period starting on or after January 1, 2017 whereby the Group had not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before effective period. Such revised TAS and TFRS as well as TSIC and TFRIC are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Presentation and Disclosure
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 “Financial Reporting in Hyperinflationary Economies”
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

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

The Company and its subsidiaries disclosed information for the year ended December 31, 2015 for being the comparative information in the financial statements for the year ended December 31, 2016 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 comprise the financial statements of 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.



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

*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 as well as the variable returns from 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 policies of the subsidiaries were necessarily transformed for uniformity with the Company's policies.

*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.

*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.

**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.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**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 or collateralized deposits at banks were presented as a separate item under “Non-current assets” in the statements of financial position.

**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, loan receivables and nano finance receivables are stated at net realizable value which resulted from carrying book value less unearned interest income and allowance for doubtful accounts. The Group provides their allowance for doubtful accounts of hire-purchase receivables, loan receivables and nano finance receivables based on the age of the total amount of outstanding balance of each contract less unearned interest income and the value for collaterals of automobiles (if applicable). 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 the value for collaterals at 80%, outstanding balance past due 7-12 months less the value for collaterals at 50% and outstanding balance past due more than 12 months less no value for 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 receivables. The estimated losses are based on 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) net of allowance for diminution in value (if any) 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 diminution in value is estimated based on physical conditions of the deteriorated, damaged, obsolete, and slow-moving merchandises (if any).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Asset Foreclosed**

Asset foreclosed is stated at the receivable balance net of allowance for diminution in value.

The Company and subsidiaries estimate allowance for diminution in value of asset foreclosed as follows:

- Outstanding less than one year 30%
- Outstanding longer than one year 100%

**Investments in Subsidiaries**

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method and 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 values 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 (if any) are included as part of asset cost and subject to depreciation.

*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 lease)	20 years
Buildings and building improvements on rented land	10 years, 20 years, and over the lease terms
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.

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.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**Intangible Assets**

*Leasehold rights*

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

*Software licenses*

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

*Amortization*

Amortization is charged as part of administrative expenses in 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 fair value less costs to sell or value in use) shall be estimated and reviewed. The review is made for individual assets or for the cash-generating unit.

In case that the carrying amount of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying amount 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. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

**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, 2016 and 2015**

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, or at least every three years, by the qualified actuary. Expenses from the estimated liability for post-employment benefits, recognized as part of administrative expenses in the statements of comprehensive income, comprise current service cost, interest cost, past service cost (if any) which are presented as profit or loss items, and actuarial gain/loss on measurement which is presented as other comprehensive income item.

**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.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

**Revenue Recognition**

Interest income from hire-purchase receivable 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 Group ceases recognition of income when receivables are overdue more than 3 installments, unless there is an indication of inability to repay, where income recognition is ceased immediately.

Interest income from loan receivables and nano finance receivables is the unearned interest income and is recognized as income under the time proportion based on the effective interest rate method.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

Sales are recognized as revenue 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 investment in quoted securities is usually the ex-dividend date.

Other interest income is recognized on a time proportion basis that reflects 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.

*Current tax*

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates 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.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

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 preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for doubtful accounts of trade receivables and other receivables
- Allowance for losses on diminution in value of merchandises and asset foreclosed
- Useful lives and residual values of building and equipment, property for lease and intangible assets
- Assumptions used in calculation of liability for post-employment benefits
- Expected periods that deferred tax assets will be realized and benefits to be derived from accumulated tax losses
- Fair values and fair value measurements of financial assets, financial liabilities and financial instruments.

**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 the unearned interest income in each installment period based on the sum-of-digits method. Starting from January 1, 2008, the Group recognizes interest income on hire-purchase contract as the unearned interest income in each installment period based on the effective interest rate method for new hire-purchase contracts made from the year 2008 to conform to the change in the Thai Accounting Standard No. 17 “Leases” (revised 2007) which has been revised and currently is the Thai Accounting Standard No. 17 “Leases” (revised 2015).

**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
Sinthonglor Company Limited	Holding company	Major shareholder and Co-directors & Co-shareholders
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 and vehicle modification services	Subsidiary
TK Ngern Tan Jai Co., Ltd.	Nano finance business	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 of automobile and related services	Co-directors & Co-shareholders
SPSU Public Co., Ltd.	Sale of motorcycle	Co-directors & Co-shareholders
Lexus Bangkok Co., Ltd.	Sale of automobile	Co-directors & Co-shareholders
Toyota Pathumthani Toyota’s Dealer Co., Ltd.	Sale of automobile and related services	Co-directors & Co-shareholders
Napas Co., Ltd.	Transportation service for motorcycle	Co-shareholders
Thitiphol Co., Ltd.	Sale of spare parts of motorcycle	Co-shareholders

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

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

Type of Transaction	Pricing Policies
Interest income	MOR - 3%
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 - 3%
Key management's remunerations	Mutual agreement
Purchase for hire-purchases (vehicles)	Market price
Purchase of vehicles for use	Market price
Sales of asset foreclosed	Market price
Sales of vehicles for use	Mutual agreement

Significant transactions with related parties for the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b>Interest income</b>				
Subsidiaries	-	-	25,402	30,579
<b>Dividend income</b>				
Subsidiaries	-	-	-	116,244
<b>Other income</b>				
Subsidiaries	-	-	70	125
<b>Rental and services</b>				
Subsidiaries	-	-	864	-
Related companies	37,358	35,782	35,986	34,630
Total	37,358	35,782	36,850	34,630
<b>Management fee</b>				
Related companies	10,200	10,200	7,200	7,200
<b>Utility expenses</b>				
Related companies	3,872	4,380	3,872	4,357
<b>Stationery expense</b>				
Related companies	2,270	2,253	2,225	2,189
<b>Other expenses</b>				
Related companies	10,956	11,944	8,044	8,533
<b>Service expenses</b>				
Subsidiaries	-	-	106,278	235,393
<b>Interest expense</b>				
Subsidiaries	-	-	16,925	15,423
<b>Key management's remunerations</b>				
Short-term benefits	36,859	33,906	36,859	33,906
Post-employment benefits	350	3,503	350	3,503
Total	37,209	37,409	37,209	37,409



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b>Purchase for hire-purchases</b>				
Related companies	297,687	409,999	-	-
<b>Purchase of vehicles for use</b>				
Related companies	5,589	19,327	5,589	19,327
<b>Sales of asset foreclosed (repossessed vehicles)</b>				
Related companies	607	-	-	-
<b>Sales of vehicles for use</b>				
Related companies	561	205	561	205
Related person (director)	-	841	-	-
Total	561	1,046	561	205

Significant outstanding balances with related parties as at December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<b>Other receivables and short-term loans</b>				
<b>Receivables and accrued income - subsidiaries</b>				
Receivable on decrease in capital for returns (see Note 11)	-	-	8,144	8,144
Accrued interest and other income	-	-	2,076	4,138
Total	-	-	10,220	12,282
<b>Advances</b>				
Subsidiaries	-	-	3,005	3,286
<b>Short-term loans</b>				
Subsidiaries (Interest rate at 4.375% p.a. in 2016 and 4.375 - 4.5% p.a. in 2015)	-	-	524,309	651,509
Total	-	-	537,534	667,077
<b>Trade payables</b>				
Related companies	14,522	30,768	-	-
<b>Other payables and short-term loans</b>				
<b>Accrued expenses</b>				
Subsidiaries	-	-	11,885	14,460
Related companies	1,268	1,318	1,165	1,301
Total	1,268	1,318	13,050	15,761
<b>Advances</b>				
Related persons (directors)	15,200	-	-	-
<b>Short-term loans</b>				
Subsidiaries (Interest rate at 4.375% p.a. in 2016 and 4.375 - 4.5% p.a. in 2015)	-	-	399,890	375,290
Total	16,468	1,318	412,940	391,051

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

Movements of loans from and loans to related parties during the year are as follows:

	The Company Only (In Thousand Baht)			December 31, 2016
	December 31, 2015	Increase	Decrease	
<b>Short-term loans to subsidiaries</b>				
Suosdey Finance PLC.	9,509	374	374	9,509
Sabaidee Leasing Co., Ltd.	-	24,800	-	24,800
TK Debt Services Co., Ltd.	-	38,000	16,000	22,000
Chayapak Co., Ltd.	642,000	77,000	251,000	468,000
Total	<u>651,509</u>	<u>140,174</u>	<u>267,374</u>	<u>524,309</u>
<b>Short-term loans from subsidiary</b>				
C.V.A. Co., Ltd.	<u>375,290</u>	<u>63,500</u>	<u>38,900</u>	<u>399,890</u>

As at December 31, 2016 and 2015, the Company has been guarantor for (1) short-term loan credit facilities granted by a local commercial bank to Chayapak Co., Ltd. amounting to Baht 600 million and (2) short-term loan credit facilities granted by a commercial bank incorporated in Cambodia of Suosdey Finance PLC. amounting to USD 3 million (drawdown of approximately USD 1.33 million as at December 31, 2016 as presented in Note 16) and long-term loan credit facilities granted by another commercial bank incorporated in Cambodia of such subsidiary amounting to USD 1 million (fully drawdown as at December 31, 2016 as discussed in Note 17). There has been no intercompany charge on these guarantees.

During 2016, the Company gave short-term loans amounting to Baht 24.8 million to another foreign subsidiary, i.e. Sabaidee Leasing Co., Ltd., under the loan facility amount of Baht 30 million, which was approved by the Board of Directors in February 2016.

**6. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Cash	25,117	19,899	23,413	18,937
Current accounts and savings deposits at banks	78,462	232,252	9,141	145,064
Total	<u>103,579</u>	<u>252,151</u>	<u>32,554</u>	<u>164,001</u>

**7. HIRE-PURCHASE CONTRACT RECEIVABLES, LOAN RECEIVABLES AND NANO FINANCE RECEIVABLES - NET**

Hire-Purchase Contract Receivables

	Consolidated (In Thousand Baht)					
	2016			2015		
	Total	Current	Long-term	Total	Current	Long-term
Hire-purchase contract receivables	11,620,102	6,168,669	5,451,433	10,665,347	6,061,362	4,603,985
Less Unearned income	( 3,479,742)	(2,222,924)	(1,256,818)	( 3,073,750)	(2,058,236)	(1,015,514)
Net	8,140,360	3,945,745	4,194,615	7,591,597	4,003,126	3,588,471
Less Allowance for doubtful accounts	( 521,244)	( 359,946)	( 161,298)	( 514,948)	( 365,210)	( 149,738)
Net	<u>7,619,116</u>	<u>3,585,799</u>	<u>4,033,317</u>	<u>7,076,649</u>	<u>3,637,916</u>	<u>3,438,733</u>

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**December 31, 2016 and 2015**

	The Company Only (In Thousand Baht)					
	2016			2015		
	Total	Current	Long-term	Total	Current	Long-term
Hire-purchase contract receivables	10,680,370	5,697,299	4,983,071	9,687,494	5,603,928	4,083,566
Less Unearned income	(3,362,477)	(2,149,164)	(1,213,313)	(2,985,747)	(2,008,599)	( 977,148)
Net	7,317,893	3,548,135	3,769,758	6,701,747	3,595,329	3,106,418
Less Allowance for doubtful accounts	( 461,129)	( 309,847)	( 151,282)	( 465,575)	( 325,773)	( 139,802)
Net	6,856,764	3,238,288	3,618,476	6,236,172	3,269,556	2,966,616

Hire-purchase contract receivables at December 31, 2016 and 2015 (contract terms are 1.5 - 5 years) are aged by outstanding installment payments of each contract as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Current	5,437,263	4,919,873	4,801,377	4,238,587
Overdue 1 month	1,187,040	1,131,446	1,131,003	1,061,544
Overdue 2 - 3 months	1,125,918	1,136,640	1,077,415	1,079,678
Overdue 4 - 6 months	255,753	272,947	243,552	250,600
Overdue 7 - 12 months	67,367	78,528	48,991	61,136
Overdue longer than 12 months	67,019	52,163	15,555	10,202
Total	8,140,360	7,591,597	7,317,893	6,701,747
Less Allowance for doubtful accounts	( 521,244)	( 514,948)	( 461,129)	( 465,575)
Net	7,619,116	7,076,649	6,856,764	6,236,172

The Group determines allowance for doubtful accounts in line with the policy for the year 2015. Such policy is not in compliance with the accounting guidance for set-up 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”) at that time. However, based on statistic information for the past three years (2013 - 2015), the Group had average actual bad debts less than doubtful accounts based on such basis defined by the SEC and ICAAT. As at December 31, 2016, the Group had allowance for doubtful accounts at 6.40% (6.30% for the Company only) of total hire-purchase contract receivables before deducting allowance for doubtful accounts.

As at December 31, 2016, the Group had the outstanding hire-purchase contract receivables, classified by revenue recognition method, as follows:

	Consolidated (In Thousand Baht)		
	Sum-of-digits	Effective interest	Total
	method	rate method	
Hire-purchase contract receivables	6,429	11,613,673	11,620,102
Less Unearned income	(1,046)	( 3,478,696)	( 3,479,742)
Net	5,383	8,134,977	8,140,360

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**December 31, 2016 and 2015**

	The Company Only (In Thousand Baht)		
	Sum-of-digits	Effective interest	Total
	method	rate method	
Hire-purchase contract receivables	900	10,679,470	10,680,370
Less Unearned income	(186)	( 3,362,291)	(3,362,477)
Net	714	7,317,179	7,317,893

Loan Receivables

	Consolidated and The Company Only (In Thousand Baht)					
	2016			2015		
	Total	Current	Long-term	Total	Current	Long-term
Loan receivables	123,249	114,959	8,290	208,725	180,886	27,839
Less Unearned income	( 12,688)	( 12,219)	( 469)	( 29,543)	( 27,977)	( 1,566)
Net	110,561	102,740	7,821	179,182	152,909	26,273
Less Allowance for doubtful accounts	( 6,902)	( 6,805)	( 97)	( 3,534)	( 3,181)	( 353)
Net	103,659	95,935	7,724	175,648	149,728	25,920

Loan receivables as at December 31, 2016 and 2015 are aged by outstanding installment payments of each contract as follows:

	Consolidated and The Company Only (In Thousand Baht)	
	2016	2015
	Current	73,128
Overdue 1 month	17,967	18,917
Overdue 2 - 3 months	14,228	7,915
Overdue 4 - 6 months	4,185	486
Overdue 7 - 12 months	994	-
Overdue longer than 12 months	59	-
Total	110,561	179,182
Less Allowance for doubtful accounts	( 6,902)	( 3,534)
Net	103,659	174,658

The abovementioned loan receivables are receivables under loan agreements with terms between 1-2 years which are repayable monthly at the fixed equally amount per month. The characteristics of agreements or contracts of such receivables are relevant to the hire-purchase contract receivables.

Nano Finance Receivables

	Consolidated (In Thousand Baht)					
	2016			2015		
	Total	Current	Non-Current	Total	Current	Non-Current
Nano finance receivables	1,172	1,172	-	-	-	-
Less Unearned income	( 105)	( 105)	-	-	-	-
Net	1,067	1,067	-	-	-	-
Less Allowance for doubtful accounts	( 32)	( 32)	-	-	-	-
Net	1,035	1,035	-	-	-	-

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**December 31, 2016 and 2015**

Nano finance receivables as at December 31, 2016 and 2015 are aged by outstanding installment payments of each contract as follows:

	Consolidated (In Thousand Baht)	
	2016	2015
Current balance	952	-
Overdue 1 month	43	-
Overdue 2 - 3 months	48	-
Overdue 4 - 6 months	24	-
Total	1,067	-
Less Allowance for doubtful accounts	( 32)	-
Net	1,035	-

**8. OTHER TRADE RECEIVABLE - NET**

Other trade receivables aged by outstanding balances as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Current	66,787	57,521	65,037	55,334

**9. ASSET FORECLOSED - NET**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Balance outstanding within one year	279,734	229,692	279,734	229,479
Balance outstanding longer than one year	11,361	8,448	11,361	8,448
Total	291,095	238,140	291,095	237,927
Less Allowance for diminution in value	( 95,281)	( 77,356)	( 95,281)	( 77,292)
Net	195,814	160,784	195,814	160,635

**10. RESTRICTED DEPOSITS AT FINANCIAL INSTITUTIONS**

As at December 31, 2016 and 2015, two local subsidiaries have collateralized their fixed deposits totalling Baht 25 million with a local bank as guarantees for their overdraft lines with such bank.

As at December 31, 2016, the subsidiary in Cambodia has collateralized its deposits amounting to approximately Baht 0.9 million with National Bank of Cambodia as guarantees for establishing investment and doing business in Cambodia.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**11. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD IN SEPARATE FINANCIAL STATEMENTS AND GOODWILL IN CONSOLIDATED FINANCIAL STATEMENTS**

	The Company Only					
	Paid-up Share Capital (In Thousand Baht)		Percentage of Direct Shareholding		Cost of Investments (In Thousand Baht)	
	2016	2015	2016	2015	2016	2015
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.	700	700	99.99	99.99	-	-
TK Ngern Tan Jai Co., Ltd.	50,000	50,000	99.99	99.99	49,997	49,997
Sabaidee Leasing Co., Ltd. (Lao PDR)	21,015	21,015	23.81*	23.81*	5,003	5,003
Suosdey Finance PLC. (Cambodia)	17,616	17,616	99.60	99.60	17,552	17,552
Total					<u>166,538</u>	<u>166,538</u>

\* Total percentage of direct and indirect shareholding through two wholly-owned (99.99%) subsidiaries is 61.90%.

During 2015, TK Debt Services Co., Ltd. declared dividends to shareholders which was attributable to portion of the Company totalling approximately Baht 116.2 million.

On April 29, 2015, the Company has established the new subsidiary (the 6th subsidiary), i.e. TK Ngern Tan Jai Co., Ltd. (“TKN”), in order to engage in nano finance business whereby the authorized share capital of TKN amounting to Baht 50 million (divided in to 50,000 common shares at Baht 1,000 par value). The Company has the percentage of shareholding in TKN of 99.99% while the rest is held by three directors of the Company. TKN subsequently started its core activities, nano finance, and started having revenues from operations in February 2016.

At the Board of Directors’ meeting on April 21, 2015, the Board of Directors unanimously passed the resolution to approve the plan for decrease in authorized share capital of subsidiary (i.e. TK Debt Services Co., Ltd. “TKD”). The plan is to reduce in number of shares and par value totalling 5 times to be completed in November 2015 whereby the authorized share capital of TKD will be decreased from Baht 223,375,000 (divided into 8,935,000 common shares at Baht 25 par value) to Baht 700,000 (divided into 140,000 common shares at Baht 5 par value) at the 5th decrease in share capital. During 2015, TKD has decreased its share capital for such 5 times and total amount of the decrease in share capital attributable to portion of the Company amounting to approximately Baht 222.6 million. The Company accounted for the proceeds from such decrease for return of capital by deducting the carrying amount of investment in TKD and incurred gain on decrease for return of capital amounting to approximately Baht 33.4 million which was presented as part of “Other income” in the separate statement of comprehensive income for the year 2015. As at December 31, 2016 and 2015, TKD has been payable for return of capital to the Company amounting to approximately 8.1 million, which was presented as part of “Receivables from and short-term loans to related parties” in separate statement of financial position as at December 31, 2016 and 2015.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
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The abovementioned decrease in share capital of TKD as well as enforcement of certain notifications and regulations by the government has affected and cast the uncertainty in current and future operating activities of TKD with the decreasing trend. This matter triggered indicator of impairment of goodwill in TKD, accounted for in the consolidated financial statements of the Group. The Company's management has considered and assessed the relevant information as well as tested the impairment of goodwill and found that the recoverable amount of goodwill was none (assessed by the value in use with discount rate on estimation of 4% p.a., which was the average rate of borrowing costs). Accordingly, the Company recognized the carrying amount of such goodwill amounting to approximately Baht 83.6 million as "Loss on impairment of goodwill", separately presented in the consolidated statement of comprehensive income for the year 2015. Such recognition of loss on impairment of goodwill was approved by the Management Board's meeting on September 23, 2015. The Company wrote-off such goodwill from its accounts (consolidated financial statements) during 2016.

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

	Consolidated and The Company Only (In Thousand Baht)	
	2016	2015
Long-term loans to other parties	63,134	68,290
Less Current portion	( 6,425)	(62,430)
Net	<u>56,709</u>	<u>5,860</u>

This account represents the unsecured loans to 60 agents in 2016 and 61 agents in 2015. These loans bear interest rate at 9% p.a. in 2016 and 2015 and mature during the years 2016 to 2019.

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**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, 2014	12,617	24,221	221,897	106,501	103,188	6,189	9,383	483,996
Acquisitions	-	-	5,213	21,071	19,532	1,775	41,272	88,863
Disposals	-	-	( 161)	( 2,877)	( 11,005)	-	-	( 14,043)
Transfers in (out)	-	-	43,663	3,577	-	-	(47,240)	-
Balance as at December 31, 2015	12,617	24,221	270,612	128,272	111,715	7,964	3,415	558,816
Acquisitions	-	-	2,937	6,928	7,964	-	15,416	33,245
Disposals	-	-	-	( 4,516)	( 12,723)	-	-	( 17,239)
Transfers in (out)	-	-	15,384	3	-	-	(15,387)	-
Balance as at December 31, 2016	12,617	24,221	288,933	130,687	106,956	7,964	3,444	574,822
<b>Accumulated depreciation</b>								
Balance as at December 31, 2014	-	22,934	123,926	74,551	71,692	27	-	293,130
Depreciation for the year	-	727	34,586	11,672	14,180	1,418	-	62,583
Accumulated depreciation for assets disposed	-	-	( 132)	( 1,301)	( 10,057)	-	-	( 11,490)
Balance as at December 31, 2015	-	23,661	158,380	84,922	75,815	1,445	-	344,223
Depreciation for the year	-	348	36,295	13,528	14,131	1,597	-	65,899
Accumulated depreciation for assets disposed	-	-	-	( 3,101)	( 12,557)	-	-	( 15,658)
Balance as at December 31, 2016	-	24,009	194,675	95,349	77,389	3,042	-	394,464
<b>Net book value</b>								
December 31, 2015	12,617	560	112,232	43,350	35,900	6,519	3,415	214,593
December 31, 2016	12,617	212	94,258	35,338	29,567	4,922	3,444	180,358



**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	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, 2014	7,802	15,291	214,868	100,217	91,411	9,384	438,973
Acquisitions	-	-	5,213	21,063	19,533	41,272	87,081
Disposals	-	-	( 160)	( 2,877)	( 9,152)	-	( 12,189)
Transfers in (out)	-	-	43,663	3,577	-	(47,240)	-
Balance as at December 31, 2015	7,802	15,291	263,584	121,980	101,792	3,416	513,865
Acquisitions	-	-	1,330	6,381	5,589	15,416	28,716
Disposals	-	-	-	( 4,516)	( 12,418)	-	( 16,934)
Transfers in (out)	-	-	15,384	3	-	(15,387)	-
Balance as at December 31, 2016	7,802	15,291	280,298	123,848	94,963	3,445	525,647
<b>Accumulated depreciation</b>							
Balance as at December 31, 2014	-	14,512	122,703	69,785	64,718	-	271,718
Depreciation for the year	-	579	33,476	11,366	12,189	-	57,610
Accumulated depreciation for assets disposed	-	-	( 132)	( 1,301)	( 8,961)	-	( 10,394)
Balance as at December 31, 2015	-	15,091	156,047	79,850	67,946	-	318,934
Depreciation for the year	-	200	34,993	13,150	12,598	-	60,941
Accumulated depreciation for assets disposed	-	-	-	( 3,101)	( 12,251)	-	( 15,352)
Balance as at December 31, 2016	-	15,291	191,040	89,899	68,293	-	364,523
<b>Net book value</b>							
December 31, 2015	7,802	200	107,537	42,130	33,846	3,416	194,931
December 31, 2016	7,802	-	89,258	33,949	26,670	3,445	161,124

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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As at December 31, 2016 and 2015, cost of building and equipment of the Group that has been fully depreciated but still in use amounting to approximately Baht 250.1 million and Baht 203.2 million, respectively (Baht 229.9 million and Baht 190.5 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, 2014	8,701	51,417	60,118
Acquisitions	30	3,918	3,948
Balance as at December 31, 2015	8,731	55,335	64,066
Acquisitions	-	3,416	3,416
Balance as at December 31, 2016	8,731	58,751	67,482
<b>Accumulated amortization</b>			
Balance as at December 31, 2014	7,108	43,958	51,066
Amortization for the year	470	2,523	2,993
Balance as at December 31, 2015	7,578	46,481	54,059
Amortization for the year	471	3,316	3,787
Balance as at December 31, 2016	8,049	49,797	57,846
<b>Net book value</b>			
December 31, 2015	1,153	8,854	10,007
December 31, 2016	682	8,954	9,636
	The Company Only (In Thousand Baht)		
	Leasehold Rights	Software Licenses	Total
<b>Cost</b>			
Balance as at December 31, 2014	6,678	50,952	57,630
Acquisitions	30	3,864	3,894
Balance as at December 31, 2015	6,708	54,816	61,524
Acquisitions	-	3,307	3,307
Balance as at December 31, 2016	6,708	58,123	64,831
<b>Accumulated amortization</b>			
Balance as at December 31, 2014	5,085	43,770	48,855
Amortization for the year	470	2,424	2,894
Balance as at December 31, 2015	5,555	46,194	51,749
Amortization for the year	472	3,220	3,692
Balance as at December 31, 2016	6,027	49,414	55,441
<b>Net book value</b>			
December 31, 2015	1,153	8,622	9,775
December 31, 2016	681	8,709	9,390

As at December 31, 2016 and 2015, cost of intangible assets of the Group that have been fully amortized but still in use amounting to approximately Baht 65.5 million and Baht 44.6 million, respectively (Baht 45.3 million and Baht 44.6 million, respectively, for the Company only).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**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 amount. The details of such assets are as follows:

	Consolidated (In Thousand Baht)				Balance as at December 31, 2016
	Balance as at December 31, 2015	Movements during the Year			
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	12,800	-	-	-	12,800
Buildings and building improvements	8,075	-	-	-	8,075
Total cost	20,875	-	-	-	20,875
<b>Accumulated depreciation</b>					
Buildings and building improvements	1,146	405	-	-	1,551
<b>Net</b>	<u>19,729</u>				<u>19,324</u>

Depreciation for each of the years ended December 31, 2016 and 2015 amounted to approximately Baht 0.4 million.

The latest appraisal value of property for lease, appraised by The Valuation & Consultants Company Limited using comparative market price method (Market Approach) as per their 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, 2016 and 2015, 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) as per their reports in December 2015, amounted to totalling approximately Baht 69.6 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	
	2016	2015	2016	2015
Bank overdrafts	60,742	14,439	59,828	14,421
Short-term loans from banks	268,281	50,574	220,223	50,574
Total	<u>329,023</u>	<u>65,013</u>	<u>280,051</u>	<u>64,995</u>

As at December 31, 2016 and 2015, the Group had credit facilities with several financial institutions as follows:

	2016	2015
Bank overdrafts (million Baht)	192.00	192.00
Short-term loans (million Baht)	2,545.00	3,045.00
Short-term loans (million USD)	4.39	1.39

Such loans bear interest rates ranging between 1.385% - 7.675% p.a. in 2016 and 0.52% - 4.60% p.a. in 2015.

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A portion of overdraft lines discussed above is secured by certain directors of the Group.

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	
	2016	2015	2016	2015
Long-term loan - local	-	500,000	-	500,000
Long-term loan - foreign	18,901	18,974	-	-
Total	18,901	518,974	-	500,000
Less Current portion	(15,301)	(510,842)	-	(500,000)
Net	3,600	8,132	-	-

As at December 31, 2015, the Company had the unsecured long-term loan from a local financial institution amounting to Baht 500 million. This loan bears interest at 4.2% p.a. in 2016 and 2015. Interest was payable monthly whereas loan principal was repayable during 2016.

As at December 31, 2016 and 2015, the subsidiary in Cambodia had long-term loan with a foreign bank amounting to U.S. Dollar 0.525 million (drawdown amount before partial repayments was U.S. Dollar 1 million), which is guaranteed in full amount by the Company. This loan bears interest at LIBOR plus 4% p.a. and interest is payable quarterly whereas loan principal is repayable during 2015 to 2018.

Under the terms of the loan agreements with a local bank, 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**

Date of Issuance / Year of Redemption	Period of Interest Payment	Interest Rate Per Annum (%)	Number of Unit (Baht 1,000 Each)	In Thousand Baht	
				2016	2015
				January 28, 2011 / 2016	Semi-annually
May 27, 2011 / 2016	Quarterly	5.00	300,000	-	300,000
November 6, 2012 / 2016	Semi-annually	4.20	300,000	-	300,000
July 19, 2013 / 2016	Semi-annually	3.98	570,000	-	570,000
March 26, 2014 / 2017	Quarterly	4.00	900,000	900,000	900,000
April 30, 2014 / 2017	Semi-annually	4.00	100,000	100,000	100,000
May 9, 2014 / 2016	Quarterly	3.63	200,000	-	200,000
February 25, 2015 / 2017	Semi-annually	3.15	120,000	120,000	120,000
September 3, 2015 / 2018	Semi-annually	2.59	200,000	200,000	200,000
May 16, 2016 / 2019	Semi-annually	2.15	600,000	600,000	-
July 20, 2016 / 2019	Semi-annually	2.36	600,000	600,000	-
September 1, 2016 / 2019	Semi-annually	2.41	500,000	500,000	-
September 7, 2016 / 2019	Semi-annually	2.48	300,000	300,000	-
Total				3,320,000	2,940,000
Less Current portion				(1,120,000)	(1,620,000)
Net				2,200,000	1,320,000

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Under the conditions of the issuances of debentures, the Company has to comply with the specified 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.

As at December 31, 2016 and 2015, such debentures had fair values totalling approximately Baht 3,317.1 million and Baht 2,976.8 million, respectively.

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

Movements of liability for post-employment benefits for the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Liability for post-employment benefits as at January 1	31,039	34,543	25,164	28,620
Current service cost	1,532	1,603	1,277	1,353
Interest cost	1,284	1,301	1,046	1,079
Actuarial loss (gain) on measurement	-	-	-	-
Expense recognized in statement of comprehensive income	2,816	2,904	2,323	2,432
Employee benefits paid during the year	( 6,568)	( 6,408)	( 6,568)	( 5,888)
Liability for post-employment benefits as at December 31	<u>27,287</u>	<u>31,039</u>	<u>20,919</u>	<u>25,164</u>

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

- Discount rate 4.58% p.a.
- Salary escalation rate 4.89% p.a.
- Employee turnover rate 0% - 67% p.a.

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

*Premium on shares*

Section 51 of the Public Companies Act B.E. 2535, Section 51 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 requires the public company to appropriate 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 authorized share capital. The legal reserve is not available for dividend distribution.

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**21. OTHER INCOME**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Bad debt recovery	328,260	384,927	325,358	382,849
Service income	230,349	170,615	226,939	166,753
Engagement fee income	65,913	65,863	65,907	65,859
Delay payment fee income	52,998	54,895	49,931	51,450
Collection fee income	48,477	49,643	46,880	47,559
Service charge income	28,868	29,373	28,394	28,831
Interest income	6,581	7,164	31,526	37,209
Dividend income (see Notes 5 and 11)	-	-	-	116,244
Gain on decrease in share capital for returns of subsidiary (see Notes 5 and 11)	-	-	-	33,449
Others	27,714	34,104	21,371	31,195
<b>Total</b>	<b>789,160</b>	<b>796,584</b>	<b>796,306</b>	<b>961,398</b>

**22. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Bad debt and provision for doubtful accounts	794,787	891,776	780,286	877,988
Employee expenses	700,331	619,984	623,329	528,074
Finance costs	120,227	153,760	135,538	168,897
Depreciation and amortization	70,091	65,980	64,633	60,504
Cost of sales (merchandises)	19,799	31,787	19,799	31,787
Loss on impairment of goodwill	-	83,640	-	-

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

Corporate income tax rate announced in Thai, Cambodia and Lao PDR is the same rate i.e. 20%.

As at December 31, 2016, a local subsidiary had tax loss carryforward amounting to approximately Baht 22.3 million whereby such loss carryforward is able to be used as tax credit until 2021.

Corporate income tax recorded as expense (income) for the years ended December 31, 2016 and 2015 consists of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
Income tax computed from accounting profit	106,990	86,459	104,146	102,443
Effects from non-deductible expenses	13,602	13,372	6,925	10,436
Effects from benefit of tax loss carry forward	( 8,719)	( 76,486)	( 8,719)	( 76,486)
Effects from additional deductible expenses or non-taxable income	( 2,821)	( 8,550)	( 2,125)	( 36,393)
Current tax on taxable profit	109,052	14,795	100,227	-
Adjustment to tax payable in respect of previous periods	-	209	-	-
Decrease (Increase) in deferred tax assets	( 4,405)	9,650	( 2,533)	12,004
<b>Income tax presented in statement of comprehensive income</b>	<b>104,647</b>	<b>24,654</b>	<b>97,694</b>	<b>12,004</b>

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Deferred tax assets presented in statements of financial positions as at December 31, 2016 and 2015 consist of:

	In Thousand Baht			
	Consolidated		The Company Only	
	2016	2015	2016	2015
<i>Deferred tax assets</i>				
Effects from non-deductible items from				
- Allowance for doubtful accounts	105,166	103,596	93,608	93,824
- Allowance for diminution in value of asset foreclosed	19,056	15,471	19,056	15,458
- Liability for post-employment benefits	5,458	6,208	4,184	5,033
Total	<u>129,680</u>	<u>125,275</u>	<u>116,848</u>	<u>114,315</u>

**24. DIVIDENDS**

At the general shareholders' meeting held on April 26, 2016, the shareholders unanimously approved the Company to pay dividends for the 2015 operations at Baht 0.40 per share totalling Baht 200 million. The Company paid such dividends to the shareholders on May 18, 2016.

At the general shareholders' meeting held on April 21, 2015, the shareholders unanimously approved the Company to pay dividends for the 2014 operations at Baht 0.18 per share totalling Baht 90 million. The Company paid such dividends to the shareholders on May 12, 2015.

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

Statement of financial position and statement of income are significant financial and core information of the Group 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 Group has a single core operating segment (being internal reporting segment) by product which is hire-purchase on automobile and motorcycle for general retail customers whereby the business activities with respect of loans and nano finance to the general retail customers are insignificant portion as compared to the entire volumes and business activities of the Group. 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 insignificant portion as compared to the entire volumes and business activities of the Group, 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, 2016, the subsidiaries, incorporated in Cambodia and Lao PDR, had fixed assets and intangible assets of which the carrying amounts totalling approximately Baht 6.8 million and Baht 2.4 million, respectively, were presented in the consolidated statement of financial position as at December 31, 2016 (2015 : Baht 3.4 million and Baht 3.2 million, respectively).

**THITIKORN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2016 and 2015**

**26. FINANCIAL INSTRUMENTS**

The Group is exposed to the normal business risks relating to credit risk, interest rate risk, and foreign currency risk. The Group does not use derivative financial instruments for hedging or trading purposes and there was no significant change in risk management policy relating to financial instruments during 2016 and 2015.

*Credit risk*

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

*Interest rate risk*

Interest rate risk arises from the potential change in interest rates. However, the Group expects that the interest rate risk is not significant since a portion of deposits at banks are current accounts while saving deposits as well as loans receivables / payables and debentures carry interest at the rates approximate the current market rates. Significant information regarding interest rates and due dates were disclosed in each related areas in the accompanying financial statements.

*Foreign currency risk*

The Group has 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 not significant because of small volumes and insignificance of foreign currency transactions of the Group. Hence, no derivative financial instrument was used to mitigate this risk.

*Fair value measurements*

As at December 31, 2016, the Group had no any asset or liability that is measured and presented at fair value (both on a recurring or non-recurring basis) in the statements of financial position, accordingly, there was no disclosure relating to the valuation techniques and inputs used to develop measurements.

However, the Group has liabilities not measured and presented at fair value in the statements of financial position as at December 31, 2016 and 2015 but for which related quantitative information of fair value is disclosed in the financial statements as follows:

Item in the Financial Statements	Fair Value - Consolidated and the Company Only (In Million Baht)		Fair Value Hierarchy
	2016	2015	
Debentures	3,317.1	2,976.8	Level 1 inputs

Other than the abovementioned matters, the following assumptions were used by the Group in measuring the fair values of financial assets and financial liabilities:

Cash and cash equivalents, bank overdrafts, nano finance receivables, trade receivables and payables, other receivables and payables, current portions of loan receivables and payables, and restricted deposits at financial institutions have carrying values that did not materially differ from their fair values because these financial assets and liabilities will mature in a short-term period or bear interest at the rates approximate market rates.



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Long-term hire-purchase contract and loan receivables as well as long-term loan receivables and payables are not practicable to estimate the proper fair values without incurring excessive expenses and costs to the Group.

**27. COMMITMENTS**

As at December 31, 2016, the Group had commitments on lease and service agreements for office premises and branches whereby the related lease and service fees are committed to pay as follows:

• Due for payments within 1 year	47.3	Million Baht
• Due for payments between 2-5 years	<u>27.8</u>	
• Total	<u>75.1</u>	Million Baht

**28. CAPITAL MANAGEMENT**

Significant objectives of the Group's capital management are to ensure that it has appropriate financial and capital structures as well as maintaining the financial liquidity and ability to continue its businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2016 and 2015.

As at December 31, 2016 and 2015, the Group's Debt-to-Equity ratio was 0.89:1.00 and 0.92:1.00, respectively (1.08:1.00 and 1.13:1.00 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% of the employee basic salary 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 Group's contributions, which were recorded as part of the administrative expenses for each of the years ended December 31, 2016 and 2015, amounted to approximately Baht 0.6 million (approximately Baht 0.5 million for the Company only).

**30. EVENTS AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting on February 24, 2017, the Board of Directors passed the resolutions to approve the following significant matters:

- 1) Declaration of dividends for the 2016 operations at Baht 0.45 per share totalling Baht 225 million with the planned date for dividend payment on May 18, 2017 whereby this resolution will be proposed to the shareholders in the upcoming shareholders' meeting to be held in April 2017.
- 2) The budget for an increase in the authorized share capital of its subsidiary operating in Cambodia, i.e. Suosdey Finance PLC., for an additional amount of U.S. Dollar 0.5 million.

**31. APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying financial statements have been approved to be issued by the Company's Board of Directors' meeting on February 24, 2017.