
EASY BUY PUBLIC COMPANY LIMITED

Interim Financial Statements

***Three-month and six-month period ended
June 30, 2018***

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
EASY BUY PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of EASY BUY Public Company Limited as at June 30, 2018 and the related statements of profit or loss and other comprehensive income for the three-month and six-month periods ended June 30, 2018, and the related statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2018, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information has not been prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK
August 9, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

Unit : Thousand Baht

		“Unaudited”	
	Notes	As at June 30, 2018	As at December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		527,551	677,233
Loan receivables due within one year	6	48,449,460	48,100,449
Other receivables		249,486	333,584
Total Current Assets		<u>49,226,497</u>	<u>49,111,266</u>
NON-CURRENT ASSETS			
Loan receivables	6	29,948	34,555
Leasehold improvements and equipment	7	219,590	260,000
Intangible assets		125,272	144,323
Deferred tax assets	8	854,054	882,243
Other non-current assets		79,118	78,659
Total Non-current Assets		<u>1,307,982</u>	<u>1,399,780</u>
TOTAL ASSETS		<u><u>50,534,479</u></u>	<u><u>50,511,046</u></u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2018

Unit : Thousand Baht

		“Unaudited”	
	Notes	As at	As at
		June 30,	December 31,
		2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	5 and 9	2,792,515	3,152,128
Trade accounts payable		2,087	3,009
Other payables	5	555,464	685,182
Current portion of long-term borrowings from financial institutions	5 and 9	4,638,164	2,803,289
Current portion of debentures	9	3,498,801	2,998,951
Current income tax payable		547,432	673,953
Total Current Liabilities		12,034,463	10,316,512
NON-CURRENT LIABILITIES			
Long-term borrowings from financial institutions	5 and 9	6,639,143	8,891,309
Debentures	9	12,074,028	13,066,064
Provisions for employee benefits		103,025	96,988
Decommissioning obligations for leasehold improvement		68,757	68,867
Total Non-current Liabilities		18,884,953	22,123,228
TOTAL LIABILITIES		30,919,416	32,439,740

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2018

Unit : Thousand Baht

	Notes	“Unaudited” As at June 30, 2018	As at December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
(CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
600,000,000 ordinary shares of Baht 10 each		6,000,000	6,000,000
Issued and paid-up share capital			
600,000,000 ordinary shares of Baht 10 each, fully paid		6,000,000	6,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve		600,000	600,000
Unappropriated		13,015,063	11,471,306
TOTAL SHAREHOLDERS' EQUITY		19,615,063	18,071,306
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		50,534,479	50,511,046

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018
“Unaudited”

Unit : Thousand Baht

	Notes	2018	2017
INCOME			
Income from personal loans		3,290,542	3,035,287
Income from installment loans		4,865	5,776
Other income	10	277,143	237,867
Total Income		<u>3,572,550</u>	<u>3,278,930</u>
EXPENSES			
Operating expenses		216,594	205,078
Administrative expenses		694,187	690,410
Bad debts and doubtful accounts expenses		942,833	1,005,375
Finance costs		236,315	239,262
Total Expenses		<u>2,089,929</u>	<u>2,140,125</u>
PROFIT BEFORE TAX EXPENSE		1,482,621	1,138,805
TAX EXPENSE	14	<u>(300,173)</u>	<u>(231,936)</u>
PROFIT FOR THE PERIOD		1,182,448	906,869
OTHER COMPREHENSIVE INCOME			
FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD		<u><u>1,182,448</u></u>	<u><u>906,869</u></u>
BASIC EARNINGS PER SHARE	BAHT	1.97	1.73
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES (See Note 12)	SHARES	600,000,000	524,175,824

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
“Unaudited”

Unit : Thousand Baht

	Notes	2018	2017
INCOME			
Income from personal loans		6,521,681	6,007,175
Income from installment loans		10,135	11,408
Other income	10	554,483	471,481
Total Income		<u>7,086,299</u>	<u>6,490,064</u>
EXPENSES			
Operating expenses		418,806	407,277
Administrative expenses		1,389,308	1,377,403
Bad debts and doubtful accounts expenses		1,882,414	2,045,656
Finance costs		482,993	474,830
Total Expenses		<u>4,173,521</u>	<u>4,305,166</u>
PROFIT BEFORE TAX EXPENSE		2,912,778	2,184,898
TAX EXPENSE	14	<u>(577,021)</u>	<u>(436,425)</u>
PROFIT FOR THE PERIOD		2,335,757	1,748,473
OTHER COMPREHENSIVE INCOME			
FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD		<u><u>2,335,757</u></u>	<u><u>1,748,473</u></u>
BASIC EARNINGS PER SHARE	BAHT	3.89	3.59
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES (See Note 12)	SHARES	600,000,000	487,292,818

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
“Unaudited”

Unit : Thousand Baht

		Share capital	Retained earnings		Total
			Appropriated	Unappropriated	
		Issued and paid-up	Legal reserve		shareholders' equity
Balance as at January 1, 2017		4,500,000	450,000	9,656,840	14,606,840
Total comprehensive					
income for the period		-	-	1,748,473	1,748,473
Stock dividend	13.1	1,500,000	-	(1,500,000)	-
Dividends paid	13.1	-	-	(513,000)	(513,000)
Balance as at June 30, 2017		<u>6,000,000</u>	<u>450,000</u>	<u>9,392,313</u>	<u>15,842,313</u>
Balance as at January 1, 2018		6,000,000	600,000	11,471,306	18,071,306
Total comprehensive					
income for the period		-	-	2,335,757	2,335,757
Dividends Paid	13.2	-	-	(792,000)	(792,000)
Balance as at June 30, 2018		<u>6,000,000</u>	<u>600,000</u>	<u>13,015,063</u>	<u>19,615,063</u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
“Unaudited”

Unit : Thousand Baht

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	2,912,778	2,184,898
Adjustments for:		
Depreciation and amortization expenses	80,763	90,518
Interest income	(6,531,816)	(6,018,583)
Finance costs	482,993	474,830
Bad debts and doubtful accounts expenses	1,882,414	2,045,656
Employee benefits expense	6,037	5,217
Loss (gain) on disposal of equipment and intangible assets	685	(1,310)
	<u>(1,166,146)</u>	<u>(1,218,774)</u>
Changes in operating assets and liabilities		
Loan receivables	(2,155,973)	(3,806,079)
Other receivables	84,273	81,788
Other non-current assets	(459)	346
Trade accounts payable	(922)	(1,977)
Other payables	(87,282)	(45,508)
Cash paid for operating activities	(3,326,509)	(4,990,204)
Cash received from interest income	6,460,845	5,931,800
Interest paid	(519,736)	(506,121)
Income tax paid	(675,237)	(468,108)
Net cash provided by (used in) operating activities	<u>1,939,363</u>	<u>(32,633)</u>

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
“Unaudited”

	Unit : Thousand Baht	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of leasehold improvements and equipment	(15,514)	(14,206)
Proceeds from sale of equipment	101	1,521
Cash paid for purchase of intangible assets	(5,107)	(1,120)
Net cash used in investing activities	<u>(20,520)</u>	<u>(13,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings from financial institutions	16,430,000	14,122,048
Repayment of short-term borrowings from financial institutions	(16,787,816)	(15,240,000)
Proceeds from long-term borrowings from financial institutions	1,084,095	905,800
Repayment of long-term borrowings from financial institutions	(1,502,804)	(2,002,001)
Proceeds from issuing debentures	1,000,000	2,500,000
Repayment of debentures	(1,500,000)	-
Dividends paid to owners of the Company	(792,000)	(513,000)
Net cash used in financing activities	<u>(2,068,525)</u>	<u>(227,153)</u>
Net decrease in cash and cash equivalents	(149,682)	(273,591)
Cash and cash equivalents as at January 1,	<u>677,233</u>	<u>750,906</u>
Cash and cash equivalents as at June 30,	<u><u>527,551</u></u>	<u><u>477,315</u></u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2018
“Unaudited”

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EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2018
“Unaudited”

1. GENERAL INFORMATION

EASY BUY Public Company Limited, (the “Company”), was incorporated in Thailand. Its registered office is at 5th Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok.

The immediate parent of the Company is ACOM CO., LTD. which was incorporated in Japan.

The principal business of the Company is consumer finance business representing personal loans and installment loans.

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2017) “Interim Financial Reporting”, guidelines promulgated by the Federation of Accounting Professions (“FAP”), and applicable rules and regulations of the Thai Securities and Exchange Commission.

The statement of financial position as at December 31, 2017, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.

The results of operations for the three-month and six-month periods ended June 30, 2018 are not necessarily indicative of the operating results anticipated for the full year.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017.

2.2 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current period financial statements

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (“TFRSs”) that have been effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (“TFRS”) No.15 “Revenue from Contracts with Customers” which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Company’s management will adopt such TFRS in the preparation of the Company’s financial statements when it becomes effective. The Company’s management is in the process to assess the impact of this TFRS on the financial statements of the Group in the period of initial application.

2.4 Functional and presentation currency

The interim financial statements are presented in Baht, which is the Company's functional currency. All financial information presented in Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

2.5 Use of estimates and judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2017.

4. ADDITIONAL CASH FLOW INFORMATION

Significant non-cash items in the interim financial statements for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Thousand Baht "Unaudited"	
	For the six-month periods ended June 30,	
	2018	2017
Leasehold improvements and equipment		
Liabilities recorded at beginning of period	578	1,507
Purchase of leasehold improvements and equipment	15,584	28,349
	<u>16,162</u>	<u>29,856</u>
<u>Less</u> Cash paid for purchase of leasehold improvements and equipment	<u>(15,514)</u>	<u>(14,206)</u>
Liabilities recorded at ending of period	<u>648</u>	<u>15,650</u>

For the six-month periods ended June 30, 2018 and 2017, the Company recorded leasehold improvements related to provision for restoration cost of Baht 0.99 million and Baht 0.91 million, respectively.

	Unit : Thousand Baht "Unaudited"	
	For the six-month periods ended June 30,	
	2018	2017
Intangible assets		
Liabilities recorded at beginning of period	597	655
Purchase of intangible assets	5,206	1,087
	<u>5,803</u>	<u>1,741</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>(5,107)</u>	<u>(1,120)</u>
Liabilities recorded at ending of period	<u>696</u>	<u>621</u>

Reconciliation of liabilities arising from financing activities for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Thousand Baht			
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Total
As at January 1, 2018	3,152,128	11,694,598	16,065,015	30,911,741
Changes in cash flow				
Cash proceeds	16,430,000	1,084,095	1,000,000	18,514,095
Cash repayment	(16,787,816)	(1,502,804)	(1,500,000)	(19,790,620)
Non-cash changes				
Maturity	(1,000,000)	-	-	(1,000,000)
Renewal	1,000,000	-	-	1,000,000
Deferred issuance costs				
on debentures and borrowings	(1,797)	1,418	7,814	7,435
As at June 30, 2018	2,792,515	11,277,307	15,572,829	29,642,651

	Unit : Thousand Baht			
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Total
As at January 1, 2017	3,588,616	13,528,866	12,552,143	29,669,625
Changes in cash flow				
Cash proceeds	14,122,048	905,800	2,500,000	17,527,848
Cash repayment	(15,240,000)	(2,002,001)	-	(17,242,001)
Non-cash changes				
Maturity	(800,000)	-	-	(800,000)
Renewal	800,000	-	-	800,000
Deferred issuance costs				
on debentures and borrowings	(806)	229	4,853	4,276
As at June 30, 2017	2,469,858	12,432,894	15,056,996	29,959,748

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these interim financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties are as follows:

Related Parties	Type of Business	Country of incorporation/ Nationality	Nature of relationships
ACOM CO., LTD.	Consumer Finance Business	Japan	Parent company, 71.00% shareholding
Bank of Ayudhya Public Company Limited	Banking Business	Thailand	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.18% shareholding in parent company
MUFG Bank, Ltd.	Banking Business	Japan	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.18% shareholding in parent company
Bangkok Mitsubishi UFJ Lease Co., Ltd.	Leasing Business	Thailand	Related party in group of Mitsubishi UFJ Financial Group (MUFG), 40.18% shareholding in parent company
GCT Management (Thailand) Ltd.	Investment Company	Thailand	Shareholder, 25.00% shareholding
Key management personnel	-	Japanese, Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company (whether executive or otherwise)

The Bank of Tokyo - Mitsubishi UFJ (“BTMU”) has changed its legal name to “MUFG Bank, Ltd.” effective on April 1, 2018.

Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) and MUFG Bank, Ltd. are wholly-owned subsidiaries of Mitsubishi UFJ Financial Group (“MUFG”). On April 16, 2018, some businesses of MUTB have been transferred to MUFG Bank, Ltd. On the same date, all transactions under the agreements between the Company and MUTB have been transferred to MUFG Bank, Ltd.

Significant transactions with related parties for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit :Thousand Baht “Unaudited” For the three-month periods ended June 30, 2018 2017	
Finance costs		
Parent company		
Guarantee fee	-	654
Other related parties		
Interest expense	44,687	43,987
Guarantee fee	264	286
Debenture arrangement fee	3,035	3,004
Upfront fee	714	814
Termination fee on cross currency and interest rate swap agreement	19,600	-
Administrative expenses		
Key management personnel		
Key management personnel’s compensation	22,844	20,055
	Unit :Thousand Baht “Unaudited” For the six-month periods ended June 30, 2018 2017	
Finance costs		
Parent company		
Guarantee fee	-	1,822
Other related parties		
Interest expense	92,539	92,334
Guarantee fee	536	572
Debenture arrangement fee	6,023	5,962
Upfront fee	1,419	1,830
Termination fee on cross currency and interest rate swap agreement	42,649	-
Administrative expenses		
Key management personnel		
Key management personnel’s compensation	45,492	43,033

Balances with related parties as at June 30, 2018 and December 31, 2017 are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Short-term borrowings from financial institutions		
Other related parties		
Bank of Ayudhya Public Company Limited	50,000	50,000
MUFG Bank, Ltd., Singapore branch		
- Nil (as at December 31, 2017 : USD 16.00 million)	-	532,816
Total	50,000	582,816

As at June 30, 2018, short-term borrowings from financial institutions from other related parties bear interest at a rate of 2.06% per annum (as at December 31, 2017 : 2.06% - 2.40% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Current portion of long-term borrowings from financial institutions		
Other related parties		
MUFG Bank, Ltd., Singapore branch		
- USD 16.00 million (as at December 31, 2017 : USD 8.00 million)	567,680	284,960
Bank of Ayudhya Public Company Limited	800,000	500,000
Bangkok Mitsubishi UFJ Lease Co., Ltd.	300,000	300,000
Long-term borrowings from financial institutions		
Other related parties		
MUFG Bank, Ltd., Singapore branch		
- USD 33.00 million (as at December 31, 2017 : USD 41.00 million)	1,141,825	1,424,545
Bank of Ayudhya Public Company Limited	2,384,094	1,600,000
Bank of Ayudhya Public Company Limited		
- Nil (as at December 31, 2017 : USD 30.80 million)	-	1,084,094
Total	5,193,599	5,193,599

As at June 30, 2018, long-term borrowings from financial institutions from other related parties bear interest at rates ranging from 2.58 - 5.33% per annum (as at December 31, 2017 : 2.87% - 5.33% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Other payables		
Accrued interest expense		
Other related parties		
Bank of Ayudhya Public Company Limited	21,998	25,554
MUFG Bank, Ltd., Singapore branch	1,131	4,552
Bangkok Mitsubishi UFJ Lease Co., Ltd.	2,637	2,665
Total	25,766	32,771
Accrued guarantee fee		
Parent company		
ACOM CO., LTD.	-	34
Total	-	34
Deferred issuance cost (presented net from long-term borrowings and debentures)		
Other related parties		
MUFG Bank, Ltd.	21,765	29,114
Bank of Ayudhya Public Company Limited	108	63
Total	21,873	29,177

Significant agreements with related parties

Guarantee fee agreements

The Company entered into agreements with ACOM CO., LTD., the parent company, which has guaranteed the financial institutions due performance of obligations by the Company under loan agreements with financial institutions (if any). In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of loans as stipulated in the agreements unless the Company gives prior written notice to terminate the agreements.

The Company entered into agreements with MUFG Bank, Ltd., a financial institution in the group of Mitsubishi UFJ Financial Group, which has guaranteed the debentures due performance of obligations by the Company under conditions of debentures. In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of debentures as stipulated in the agreements.

Cross currency and interest rate swap agreements

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in foreign currencies with volatility of interest rate by swapping foreign currencies and interest rates as specified in the agreements (see Note 9).

Interest rate swap agreements

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in Thai Baht currency with floating interest rates by paying interest in Baht in fixed rates as specified in the agreements (see Note 9).

6. LOAN RECEIVABLES

	Unit : Thousand Baht			
	“Unaudited”		As at December 31, 2017	
	As at June 30, 2018			
	Personal Loan Receivables	Installment Loan Receivables	Personal Loan Receivables	Installment Loan Receivables
	Total	Total	Total	Total
Due within one year				
Loan receivables	51,554,239	127,930	51,272,454	132,870
Less Unearned interest income	-	(11,057)	-	(13,166)
Allowance for doubtful accounts	(3,219,404)	(2,248)	(3,288,936)	(2,773)
Net	48,334,835	114,625	47,983,518	116,931
				48,100,449
Due over one year				
Loan receivables	-	31,760	-	37,659
Less Unearned interest income	-	(1,273)	-	(2,415)
Allowance for doubtful accounts	-	(539)	-	(689)
Net	-	29,948	-	34,555
Total	48,334,835	144,573	47,983,518	151,486
				48,135,004
Bad debts and doubtful accounts expenses for the three-month periods ended June 30,				2017
- Bad debts	970,164	1,399	959,375	1,271
- Doubtful accounts (reversal)	(28,157)	(965)	45,628	232
Total	942,007	434	1,005,003	1,503
				1,006,506
Bad debts and doubtful accounts expenses for the six-month periods Ended June 30,				
- Bad debts	1,950,575	2,171	1,887,298	2,854
- Doubtful accounts (reversal)	(69,532)	(675)	157,281	464
Total	1,881,043	1,496	2,044,579	3,318
				2,047,897

Aging analysis for loan receivables is as follows:

	Unit : Thousand Baht				
	“Unaudited”		As at December 31, 2017		
	As at June 30, 2018		Personal Loan	Installment Loan	Total
	Receivables	Receivables	Receivables	Receivables	
Current	48,690,761	157,086	48,399,002	167,432	48,566,434
Overdue payment					
Less than and equal to 3 months	1,865,636	1,904	1,750,828	2,181	1,753,009
More than 3 months	997,842	700	1,122,624	916	1,123,540
	51,554,239	159,690	51,272,454	170,529	51,442,983
Less Unearned interest income	-	(12,330)	-	(15,581)	(15,581)
Total	51,554,239	147,360	51,272,454	154,948	51,427,402
Less Allowance for doubtful accounts	(3,219,404)	(2,787)	(3,288,936)	(3,462)	(3,292,398)
Net	48,334,835	144,573	47,983,518	151,486	48,135,004

As at June 30, 2018 and December 31, 2017, personal loan receivables comprise the following:

	Unit : Thousand Baht	
	“Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Revolving loan receivables	49,711,780	49,404,675
Minimum payment loan receivables	1,842,459	1,867,779
Total	51,554,239	51,272,454

Revolving loans are repayable at any time subject to a minimum monthly payment of 3% of the outstanding balances, as specified in the loan agreements. The Company classifies the total balance of revolving loan receivables within current assets.

Minimum payment loans are loans which the borrowers have the option to repay in full at any time or by monthly installments of not less than the minimum payment of from 3% to 8% of the total loan amount, as specified in the loan agreements. The Company classifies the total balance of minimum payment loan receivables within current assets.

As at June 30, 2018 the Company had loan receivables which were overdue for over three payment periods of Baht 998.54 million (as at December 31, 2017 : Baht 1,123.54 million) on which the Company has continued to recognize the interest income. The Company recognized income on such loan receivables for the three-month and six-month periods ended June 30, 2018 amounting to Baht 46.99 million and Baht 100.23 million, respectively (2017 : Baht 47.79 million and Baht 99.06 million, respectively) of which full allowance for doubtful accounts has been made.

Loan receivables of the Company as at June 30, 2018 and December 31, 2017 were denominated entirely in Baht currency.

7. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

During the six-month period ended June 30, 2018, the Company acquired additional leasehold improvements and equipment at the total cost of Baht 15.58 million (December 31, 2017 : Baht 60.23 million). In addition, the Company had depreciation expense of leasehold improvements and equipment for the three-month and six-month periods ended June 30, 2018 totaling Baht 26.33 million and Baht 56.19 million, respectively (2017 : Baht 33.96 million and 68.60 million, respectively).

Additionally, in the current period, the Company acquired additional leasehold improvements with assets retirement obligation in the amount of Baht 0.99 million and had depreciation expenses of assets retirement obligation for the three-month and six-month periods ended June 30, 2018 totaling Baht 0.91 million and Baht 2.17 million, respectively (2017 : Baht 2.15 million and 4.44 million, respectively).

8. DEFERRED TAX

Deferred tax assets consist of:

	Unit : Thousand Baht “Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Deferred tax assets		
Loan receivables		
(allowance for doubtful accounts)	644,438	658,607
Loan receivables (bad debt written-off)	155,127	130,897
Provisions for employee benefits	20,605	19,397
Decommissioning obligation for leasehold improvements	12,637	12,403
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	26,382	67,321
Others	2,204	2,431
Total	<u>861,393</u>	<u>891,056</u>
Deferred tax liabilities		
Debentures and borrowings issuance cost	(7,339)	(8,813)
Total	<u>(7,339)</u>	<u>(8,813)</u>
Net	<u>854,054</u>	<u>882,243</u>

The movements of deferred tax assets and liabilities for the three-month periods ended June 30, 2018 and 2017 consist of tax effects from the following items:

	Unit : Thousand Baht “Unaudited”		
	Balance as at April 1, 2018	Item as recognized into profit (loss)	Balance as at June 30, 2018
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	650,263	(5,825)	644,438
Loan receivables (bad debt written-off)	143,682	11,445	155,127
Provisions for employee benefits	20,001	604	20,605
Decommissioning obligation for leasehold improvements	12,481	156	12,637
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	105,776	(79,394)	26,382
Others	2,265	(61)	2,204
	<u>934,468</u>	<u>(73,075)</u>	<u>861,393</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(8,203)	864	(7,339)
	<u>(8,203)</u>	<u>864</u>	<u>(7,339)</u>
Deferred tax assets	<u>926,265</u>	<u>(72,211)</u>	<u>854,054</u>

	Unit : Thousand Baht		
	Balance as at April 1, 2017	“Unaudited” Item as recognized into profit (loss)	Balance as at June 30, 2017
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	629,290	8,947	638,237
Loan receivables (bad debt written-off)	103,483	6,467	109,950
Provisions for employee benefits	17,370	522	17,892
Decommissioning obligation for leasehold improvements	11,372	500	11,872
Others	2,712	(17)	2,695
	<u>764,227</u>	<u>16,419</u>	<u>780,646</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(11,533)	793	(10,740)
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	(27,879)	25,662	(2,217)
	<u>(39,412)</u>	<u>26,455</u>	<u>(12,957)</u>
Deferred tax assets	<u>724,815</u>	<u>42,874</u>	<u>767,689</u>

The movements of deferred tax assets and liabilities for the six-month periods ended June 30, 2018 and 2017 consist of tax effects from the following items:

	Unit : Thousand Baht		
	Balance as at January 1, 2018	“Unaudited” Item as recognized into profit (loss)	Balance as at June 30, 2018
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	658,607	(14,169)	644,438
Loan receivables (bad debt written-off)	130,897	24,230	155,127
Provisions for employee benefits	19,397	1,208	20,605
Decommissioning obligation for leasehold improvements	12,403	234	12,637
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	67,321	(40,939)	26,382
Others	2,431	(227)	2,204
	<u>891,056</u>	<u>(29,663)</u>	<u>861,393</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(8,813)	1,474	(7,339)
	<u>(8,813)</u>	<u>1,474</u>	<u>(7,339)</u>
Deferred tax assets	<u>882,243</u>	<u>(28,189)</u>	<u>854,054</u>

	Unit : Thousand Baht		
	Balance as at January 1, 2017	“Unaudited” Item as recognized into profit (loss)	Balance as at June 30, 2017
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	607,136	31,101	638,237
Loan receivables (bad debt written-off)	94,322	15,628	109,950
Provisions for employee benefits	16,849	1,043	17,892
Decommissioning obligation for leasehold improvements	10,881	991	11,872
Others	2,818	(123)	2,695
	<u>732,006</u>	<u>48,640</u>	<u>780,646</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(11,767)	1,027	(10,740)
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	(116,717)	114,500	(2,217)
	<u>(128,484)</u>	<u>115,527</u>	<u>(12,957)</u>
Deferred tax assets	<u><u>603,522</u></u>	<u><u>164,167</u></u>	<u><u>767,689</u></u>

9. INTEREST - BEARING LIABILITIES

Unit : Thousand Baht

	“Unaudited”				As at December 31, 2017		
	As at June 30, 2018		Total	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debtentures	Total
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions					
Current							
Principal	2,795,000	4,638,680	10,933,680	3,152,816	2,803,669	3,000,000	8,956,485
Less Deferred issuance cost on debtentures and borrowings	(2,485)	(516)	(4,200)	(688)	(380)	(1,049)	(2,117)
Net	2,792,515	4,638,164	10,929,480	3,152,128	2,803,289	2,998,951	8,954,368
Non-current							
Principal	-	6,642,359	18,746,759	-	8,896,079	13,104,400	22,000,479
Less Deferred issuance cost on debtentures and borrowings	-	(3,216)	(33,588)	-	(4,770)	(38,336)	(43,106)
Net	-	6,639,143	18,713,171	-	8,891,309	13,066,064	21,957,373
Total	2,792,515	11,277,307	29,642,651	3,152,128	11,694,598	16,065,015	30,911,741
- Secured*							
- Unsecured	2,792,515	11,277,307	27,556,509	3,152,128	11,694,598	13,984,883	28,831,609
Total	2,792,515	11,277,307	29,642,651	3,152,128	11,694,598	16,065,015	30,911,741

* The Company has letter of guarantees issued by the parent company and a related foreign financial institution for guarantee payment of the Company under the conditions of long-term borrowings and debtentures, respectively.

Interest-bearing liabilities as at June 30, 2018 and December 31, 2017 classified by currencies are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Baht Currency	23,163,296	22,403,887
United States Dollars Currency	5,882,155	7,910,654
Yen Currency	597,200	597,200
Total	<u>29,642,651</u>	<u>30,911,741</u>

As at June 30, 2018, above liabilities bear interest at the rates ranging from 1.54% - 5.33% per annum (as at December 31, 2017 : 1.53% - 5.33% per annum).

Cross currency and interest rate swap, interest rate swap and forward foreign exchange agreements

Baht Currency

As at June 30, 2018, the Company has interest rate swap agreements with a related local bank and a local bank totaling Baht 1,900.00 million (as at December 31, 2017 : Baht 1,900.00 million) to hedge the volatility of interest rate by paying interest in fixed rates as specified in the agreements.

United States Dollars Currency

As at June 30, 2018, the Company has cross currency and interest rate swap agreements to hedge financial liabilities denominated in foreign currencies and the volatility of interest rate by paying interest in Baht in fixed rates as specified in the agreements in exchange for interest payable in USD monthly, quarterly and semi-annually. The cross currency and interest rate swap agreements are as follows:

- With a related local bank and local banks totaling USD 114.00 million by swapping to Baht 3,813.91 million (as at December 31, 2017 : totaling USD 144.80 million by swapping to Baht 4,898.00 million).
- With a local branch of foreign banks totaling USD 59.50 million by swapping to Baht 2,090.24 million. (as at December 31, 2017 : totaling USD 71.83 million by swapping to Baht 2,508.95 million).

As at December 31, 2017, the Company had a forward foreign exchange agreement with a local bank totaling USD 16.00 million or equivalent to Baht 532.82 million to hedge financial liabilities denominated in foreign currencies. As at June 30, 2018, such financial liabilities had been fully repaid by the Company.

Yen Currency

As at June 30, 2018, the Company has cross currency and interest rate swap agreements with a related local bank and a local bank totaling JPY 2,000.00 million by swapping to Baht 597.20 million (as at December 31, 2017 : totaling JPY 2,000.00 million by swapping to Baht 597.20 million) to hedge financial liabilities denominated in foreign currencies and the volatility of interest rate by paying interest in Baht in fixed rates as specified in the agreements in exchange for interest payable in JPY quarterly and semi-annually.

Debentures

Debentures as at June 30, 2018 and December 31, 2017 are as follows:

	Issuance Date	Maturity Date	Tranche Number	Secured/Unsecured	Unit	Par value	“Unaudited”	
							As at June 30, 2018 (Thousand Baht)	As at December 31, 2017 (Thousand Baht)
1	September 26, 2014	September 26, 2019	1 st	Secured	30	USD 1,000,000	964,800	964,800
2	February 24, 2015	February 24, 2020	1 st	Secured	35	USD 1,000,000	1,139,600	1,139,600
3	March 12, 2015	March 12, 2018	1 st	Unsecured	1,500,000	Baht 1,000	-	1,500,000
		March 12, 2020	2 nd	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
4	September 30, 2015	September 30, 2018	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
		September 30, 2020	2 nd	Unsecured	500,000	Baht 1,000	500,000	500,000
5	February 25, 2016	February 25, 2019	1 st	Unsecured	2,000,000	Baht 1,000	2,000,000	2,000,000
		February 25, 2021	2 nd	Unsecured	2,000,000	Baht 1,000	2,000,000	2,000,000
6	September 15, 2016	September 15, 2019	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
		September 15, 2023	2 nd	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
7	March 30, 2017	March 30, 2022	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
8	June 7, 2017	June 7, 2024	2 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
9	November 24, 2017	November 24, 2021	3 rd	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
10	April 27, 2018	April 27, 2021	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	-
							15,604,400	16,104,400
Less Debenture deferred issuance cost							(31,571)	(39,385)
							15,572,829	16,065,015
Less Current portion of debentures							(3,498,801)	(2,998,951)
Debentures- net							12,074,028	13,066,064

As at June 30, 2018, debentures bear interest at rates ranging from 1.99% - 4.10% per annum (as at December 31, 2017: 2.07% - 4.10% per annum).

10. OTHER INCOME

Other income for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Thousand Baht "Unaudited"	
	For the three-month periods ended June 30,	
	2018	2017
Recovery of bad debts	249,827	213,440
Others	27,316	24,427
Total	277,143	237,867

	Unit : Thousand Baht "Unaudited"	
	For the six-month periods ended June 30,	
	2018	2017
Recovery of bad debts	502,021	423,442
Others	52,462	48,039
Total	554,483	471,481

11. SEGMENT INFORMATION

The Company's operations are consumer finance business representing personal loans and installment loans as integrated and complementary activities that constitute one line of business. Consequently, management considers that it has only one business segment. Moreover, the Company operates in a domestic market; consequently, management determines that it has only one geographical segment.

12. SHARE CAPITAL

At the Annual General Meeting of Shareholders, the shareholders approved to increase Company's authorized share capital from the existing authorized share capital of Baht 4,500.00 million to the authorized share capital of Baht 6,000.00 million for the stock dividend payment of Baht 1,500.00 million to the Company's shareholders. The Company has registered such increase of its authorized share capital with the Ministry of Commerce on April 27, 2017 and the Company paid stock dividend to shareholders on May 17, 2017 (see Note 13.1).

For the three-month and six-month periods ended June 30, the Company calculated weighted average number of ordinary shares as follows:

	“Unaudited”		Unit: Shares	
	For the three-month periods ended June 30,		“Unaudited”	
	2018	2017	For the six-month periods ended June 30,	2017
Beginning balance	600,000,000	450,000,000	600,000,000	450,000,000
Increase during the period	-	74,175,824	-	37,292,818
Weighted average number of ordinary shares	<u>600,000,000</u>	<u>524,175,824</u>	<u>600,000,000</u>	<u>487,292,818</u>

13. DIVIDEND PAID

13.1 At the Annual General Meeting of the Shareholders of the Company held on April 20, 2017, the shareholders approved the appropriation of cash dividend payment of Baht 1.14 per share, amounting to Baht 513.00 million and approved stock dividend payment of 150 million shares, with par value of Baht 10.00 per share, to the shareholders of the Company at the ratio of 15 existing shares for 5 dividend stocks totaling Baht 1,500.00 million. The Company paid the cash dividend to the shareholders on May 9, 2017 and paid stock dividend to the shareholders on May 17, 2017 (see Note 12).

13.2 At the Annual General Meeting of the Shareholders of the Company held on April 19, 2018, the shareholder approved the appropriation of dividends of Baht 1.32 per share, amounting to Baht 792.00 million. The dividends were paid to the shareholders on May 9, 2018.

14. TAX EXPENSE

Tax expense for the three-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	For the three-month periods ended June 30,	
	2018	2017
Current tax expense		
Current year	227,962	274,810
	<u>227,962</u>	<u>274,810</u>
Deferred tax expense		
Movements in temporary differences	72,211	(42,874)
	<u>72,211</u>	<u>(42,874)</u>
Total	<u>300,173</u>	<u>231,936</u>

Reconciliations of effective tax rates for the three-month periods ended June 30, 2018 and 2017 are as follows:

		2018	Unit : Thousand Baht 2017
	Tax Rate (%)		Tax Rate (%)
Accounting profit before tax expense		<u>1,482,621</u>	<u>1,138,805</u>
Tax expense at domestic tax rate	20.0	296,525	227,761
Tax effect of non-deductible expenses (income)		<u>(68,563)</u>	<u>47,049</u>
Tax expense per income tax return		227,962	274,810
Adjustment for deferred tax relating to the origination and reversal of temporary differences		<u>72,211</u>	<u>(42,874)</u>
Tax expense	20.3	<u>300,173</u>	<u>231,936</u>

Tax expense for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Thousand Baht "Unaudited" For the six-month periods ended June 30, 2018	2017
Current tax expense		
Current year	<u>548,832</u>	<u>600,592</u>
	548,832	600,592
Deferred tax expense		
Movements in temporary differences	<u>28,189</u>	<u>(164,167)</u>
	28,189	(164,167)
Total	<u>577,021</u>	<u>436,425</u>

Reconciliations of effective tax rates for the six-month periods ended June 30, 2018 and 2017 are as follows:

		2018	Unit : Thousand Baht 2017
	Tax Rate (%)		Tax Rate (%)
Accounting profit before tax expense		<u>2,912,778</u>	<u>2,184,898</u>
Tax expense at domestic tax rate	20.0	582,556	436,980
Tax effect of non-deductible expenses (income)		<u>(33,724)</u>	<u>163,612</u>
Tax expense per income tax return		548,832	600,592
Adjustment for deferred tax relating to the origination and reversal of temporary differences		<u>28,189</u>	<u>(164,167)</u>
Tax expense	19.8	<u>577,021</u>	<u>436,425</u>

15. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at June 30, 2018 and December 31, 2017 are as follows:

	Unit : Thousand Baht “Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Capital commitments		
Software	316	1,956
Trademark	696	-
Total	1,012	1,956

	Unit : Thousand Baht “Unaudited”	
	As at June 30, 2018	As at December 31, 2017
Non-cancellable operating lease commitments		
Within one year	210,285	233,792
After one year but within five years	128,328	179,334
Total	338,613	413,126

The Company entered into several lease agreements covering office premises, vehicles and computer equipment for periods of from one to four years. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuing by the Board of Directors of the Company on August 9, 2018.