



AIRA Factoring Public Company Limited
บริษัท ไอระา แฟคตอริง จำกัด (มหาชน)
 เลขที่ปมจ. 0107547000141

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Summary of AIRA Factoring Public Company Limited

Information of connected transaction

Regarding the notification of related transaction No.20

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1. Company Background and Business

1.1 Company Background

Aira Factoring Plc. ("AF" or "the Company"), formerly known as Dhaanmitr Factoring Plc. was incorporated on January 6, 1997 with a registered capital of Bt. 20 million through a joint venture between Central Retail Corporation Ltd., holding 50%; the Siam Commercial Bank Plc. group, holding 38% and another 12% to minor shareholders. The objective of the Company is to provide factoring services focusing on suppliers of Modern Trade businesses since Central Retail Corporation Ltd. is a leader in retailing business and accordingly has a large supplier base which is the key target group for the factoring business. Meanwhile, the Siam Commercial Bank group would financially support the Company.

1.2 Changing importance during three years

- Year 2011
- February: Two of the major shareholders; the Chirathivat group and the Siam Commercial Bank Plc. group had disposed of its shares to AIRA Capital Plc. in the total amount of 11,470,200 shares or 57.35% of total issued and paid-up shares of the Company or 57.35%, the SUMMIT Corporation Company Limited in total amount of 4,543,400 shares or 22.72% of total issued and paid-up shares. According to this transaction, the former shareholders made a commitment to provide a business support for the undertaking between the Company and the trade counterpart of the companies of the Group of the Existing Shareholders within the period of the first 3 years from the date of the share sale and purchase under the agreement.
- September: The Company had raised its registered capital from Bt. 100 million to Bt. 200 million and registered the change of the Company name from "Dhanamitr Factoring PLC." to "Aira Factoring PLC."
- Year 2013
- February: The major shareholder structure has been changed by the distribution of Company share in total number of 6,420,000 shares equivalent to 16.05% of its registered shares to Aira Capital Public Company Limited. As the result of this transaction, the Aira Capital Plc has held the total shares of 29,607,617 shares or 74.019% of total registered shares.
- April: The Company's head office has been moved from No. 444 Olympia Thai Tower 6th floor, Ratchadapisek Road, Samsennok Sub-District, Huaykwang District, Bangkok 10320 to No.319 Chamchuri Square Building. 20th floor, Phayathai Road, Patthuwan Sub-District, Patthuwan District, Bangkok 10330

1.3 Company Business

AIRA Factoring Plc. performs factoring service or a domestic financing service provided by transferring and receiving right to collect debt. The company is a provider short-term financing service provided by means of discounting of receivables and transferring right to receive debt. The core clients groups of the company are the enterprises of which their businesses are in the range of high - growth or rapid expansion in each sector. Our clients conduct various types of business such as production and distributor of modern trade business. At present, the Company considers policy to expand our target group of client into high potential industries especially in automotive manufacturing industry due to the fact that these are the major industry of country that continuously generate higher growth. Besides, the industry condition remain favorable, many firm are involved in industry as well as the character of transaction is obvious that help the Company can manage risk with efficiency. The Company expects that it is a value opportunity to increase our factoring volume.

The advantage of our business operation is that the Company has engaged in factoring business for more than 17 years with widely acceptable knowledge, proficiency and experience in the industries. Besides, the Company also gets a support from the major shareholder to verify the remaining debt of which related to the companies of the shareholder. That help the Company reduces risk from providing credit by transferring right which liken to the heart of factoring businesses. Furthermore, for the purpose of providing constant growth of the Company operation as well as our client businesses, the Company utilizes the strategies to provide sufficient information about the management of client's business, to give a beneficial advice to our client such as how to management inventory and material, how to choose the appropriation of source of material, how to manage and negotiate with their customer. In addition we also take care of our clients on increasing the line of factoring credit in order to offer an opportunity to expand their business.

The overall business operation, throughout year 2013, is considered to be another successful year of business operation. The Company has the total operating income for the year ended 2013 in the total amount of Baht 214.43 million, an increase of Baht 39.67 million or 22.70% when compared to the same period of past year. The key factor of increasing in revenues is due to the Company engage more proactive market strategy. In consequence, the Company gains the net profit of year 2013 in total amount of Baht 64.73 million which results from the Company determine business plan and business strategy as well as risk management plan conforming to changing environment.

1.4 Revenue Structure

“AF” source of revenue can be divided into the following:

Type of service	Type of revenue	Source of revenue
Domestic Factoring	Revenue from factoring service	Interest revenue
	Fees and services	Fee for open credit line Fee for purchasing right

“AF” revenue structure based on its audited financial statement for year ended 2013 to 2011 is as follow:

(Unit: Thousand Baht)

Revenue	2013		2012		2011	
	Baht	%	Baht	%	Baht	%
Factoring income	171,448	79.95	139,644	79.90	128,842	80.75
Fees and services	33,405	15.58	29,907	17.12	26,046	16.32
Other income	9,577	4.47	5,210	2.98	4,666	2.93
Total revenues	241,430	100.00	174,761	100.00	159,554	100.00

1.5 Business Outlook

The Company aims to be a leading factoring company in Thailand in order to encourage the new investment and increase the in-house consumption by strengthening and supporting the entrepreneurs to have alternatives approach to source of funds: apart from other financial institutions. The Company shall focus on the target group that it has a good understanding in their business directions and intends to support the Small and Medium entrepreneurs under the efficient risk management system. It has a credit scoring system to closely evaluate the credit quality of its clients and debtors with the understanding in the nature of their business like a business partner.

Besides the above mentioned business goal, the Company intends to operate with good corporate governance in order to generate profits and compensation to the shareholders as well as a sustainable growth in long term.

2. List of Management team and top 10 largest shareholders as of booked closing date

Major shareholders (top 10 shareholders as of January 6, 2014)

No.	Name	Number of Shares	% of Total
1.	Aira Capital Public Company Limited	29,607,617	74.019
2.	Mr. Wiwat Kongkasai	1,600,000	4.000
3.	Mrs. Piyaporn Vichitpun	1,565,700	3.914
4.	Mr. Kulawut Wiratmalee	1,255,000	3.138
5.	Summit Corporation Company Limited	1,166,800	2.917
6.	Mr Nares Chutijiravong	765,100	1.913
7.	Mr. Kunakorn Makchaidee	500,000	1.250
8.	Mr. Rungkarn Paisitpanitrakool	300,000	0.750
9.	Mrs. Nida Sae-Lee	291,000	0.728
10.	Mr. Poonsak Thiapairat	286,000	0.715

As of 31 December, 2013, Board of Director comprised of 10 members as follows:

	Name	Position
1.	Mr. Chatchaval Bhanalarp	Chairman and Independent Director
2.	Mrs. Jantima Sirisaengtaksin	Director, Chief of Audit Committee and Independent Director
3.	Mrs. Ladavan Tanatanit	Director, Chief of Executive Committee and Authorized Director
4.	Mrs. Nalinee Ngamsettam	Director, Nomination and Remuneration Committee, Executive Committee and Authorized Director
5.	Mr. Wutthiphum Jurangkool	Director, Executive Committee and Authorized Director
6.	Mr. Suwat Lauparadorachai	Director, Audit Committee, Chief of Nomination and Remuneration Committee and Independent Director
7.	Mr. Poonsak Thiapairat	Director, Audit Committee, Nomination and Remuneration Committee and Independent Director
8.	Mr. Kunakorn Makchaidee	Director
9.	Mr. Visit Wongrumlap	Director
10.	Mr. Wiwat Kongkasai	Director, Executive Committee, Authorized Director, Chief of Credit Committee, Chief Executive Officer and Act on behalf of Managing Director

Miss Kittakarn Pacom: Secretary to the Board of Directors

Directors with Authority to Sign on Behalf of the Company

Two of the following four; namely, Mrs. Ladavan Tanatanit or Mrs. Nalinee Ngamsetthamas or Mr. Wutthiphum Jurangkool and Mr. Wiwat Kongkasai shall jointly two of five sign a document together with the Company's seal.

As of 31 December, 2013, Management team comprised of 8 members as follows:

	Name		Position
1.	Mr. Wiwat	Kongkasai	Chief Executive Officer and Act on behalf of Managing Director
2.	Mr. Kanokkit	Navasiri	Assistant Managing Director - Credit and Marketing Group
3.	Mrs. Pornpilai	Burasai	Assistant Managing Director - Credit and Marketing Group
4.	Mr. Jirasak	Arkawat	Assistant Managing Director - Operations Group
5.	Mrs. Paisri	Fakcharoenphol	Senior Vice President of Accounting and Finance Department
6.	Mr. Somkiat	Vachanasate	Vice President of General Administrator Department
7.	Miss. Somjai Amornchainoppakun		Head of Internal Audit and Compliance
8.	Mrs. Permsak	Poonperm	Head of Risk Management

3. Connected Transaction

Company has the transaction between company and person who may have conflict of interest in year 2012 and 2013 which the characteristics and value of transaction can be summarized as follow;

Unit : million Baht

Individual / Juristic Person which may be in conflict	Relationship	Transaction Type	Transaction Value		Net Balance as at 31 Dec 2013	Audit Committee's opinion
			2012	2013		
AIRA Securities Public Company Limited	AIRA Securities Public Company Limited is a subsidiary of AIRA Capital Public Company, the same parent company as the Company. AIRA Capital Public Company Limited holds 74.019% of total shares of AIRA Factoring Public Company Limited and 100% of total shares of AIRA Securities Public Company Limited	<p>Fund as working capital in credit line of Baht 800 millions</p> <p>Interests are paid to connected persons as follows:</p> <p>On 13 and 20 December 2012, the Company requests for financial support from AIRA Securities Public Company Limited and issued 2 bills of exchange (B/E) as the evidence. The B/E No. 1/2012 has a value of 500 million baht and No.2/2012 has a value of 300 million baht respectively. Interest rate is 3.65 % per annum and the loan term is 60 days which will be matured on 11 February 2013 and 18 February 2013 respectively.</p> <p>On 11 February 2013, the Company issued bill of exchange (B/E) No. 1/2013 with the value of 500 million baht and interest rate of 3.65% per annum. The maturity date is within 58 days which will be on 10 April 2013.</p> <p>On 10 April 2013, the Company issued bill of exchange (B/E) No. 2/2013 with the value of 500 million baht and the interest rate of 3.85</p>	796.53	2,204.83	619.67	<p>Such connected transaction is a beneficial transaction for the Company by enhancing the financial liquidity of the Company.</p> <p>As for the interest rate, it is the same rate as the Company has with other financial institutions.</p> <p>Reason and necessity of the transaction is to manage the liquidity of the Company.</p>
			4.77	2.93		
				4.75		

Individual / Juristic Person which may be in conflict	Relationship	Transaction Type	Transaction Value		Net Balance as at 31 Dec 2013	Audit Committee's opinion
			2012	2013		
		<p>% per annum. The maturity date is within 92 days which will be on 11 July 2013.</p> <p>On 6 June 2013, the Company issued bill of exchange (B/E) No. 3/2013 with the value of 285 million baht and the B/E No. 4/2013 with the value of 15 million baht. The interest rate is 3.60 % per annum. The maturity date is within 56 days which will be on 1 August 2013.</p> <p>On 11 July 2013, the Company issued bill of exchange (B/E) No. 5/2013 with the value of 300 million baht and the interest rate of 3.60 % per annum. The maturity date is within 62 days which will be on 11 September 2013.</p> <p>On 11 September 2013, the Company issued bill of exchange (B/E) No. 6/2013 with the value of 200 million baht and the interest rate of 3.70 % per annum. The maturity date is within 114 days which will be on 3 January 2014.</p> <p>On 18 November 2013, the Company issued bill of exchange (B/E) No. 7/2013 with the value of 300 million baht and the interest rate of 3.60 % per annum. The maturity date is within 53 days which will be on 3 January 2014.</p> <p>On 19 December 2013, the Company issued bill of exchange (B/E) No. 8/2013 with the value of 120 million baht and the interest rate of 3.40 % per annum. The</p>		<p>1.65</p> <p>1.82</p> <p>2.28</p> <p>1.56</p>		

Individual / Juristic Person which may be in conflict	Relationship	Transaction Type	Transaction Value		Net Balance as at 31 Dec 2013	Audit Committee's opinion
			2012	2013		
		maturity date is within 15 days which will be on 3 January 2014.		0.17		

4. Summary financial as at 31 December 2013, 31 December 2012 and 31 December 2011

Table: Statement of financial position as at 31 December 2013, 31 December 2012 and 31 December 2011

Unit: Thousand Baht

Item	2013	2012 (Restated)	2011 *
Assets			
Cash and cash equivalents	87,426	61,752	23,376
Factoring receivables	2,662,276	2,409,204	1,538,723
Current portion of loans receivable	34,567	102,338	21,616
Other receivables	117	475	11
Other current assets	1,452	206	248
Loans receivable	73,547	22,980	-
Equipment	13,743	4,996	4,902
Deposits and guarantees	1,193	1,941	995
Deferred tax assets	5,725	5,270	-
Total Assets	2,880,046	2,609,162	1,589,871
Liabilities			
Short-term loans from financial institutions	2,356,673	2,116,531	1,151,000
Retentions from factoring	52,840	50,830	54,324
Other payables	6,401	5,312	6,379
Income tax payable	7,276	8,443	3,323
Other current liabilities	87,408	73,725	34,297
Non-current liabilities	15,041	12,747	8,280
Total liabilities	2,525,639	2,267,588	1,257,603
Shareholders' equity			
Issued and fully paid-up	200,000	200,000	200,000
Share premium	35,845	35,845	35,845
Capital contribution from parent company	103	-	-
Retained earnings – Appropriated – statutory reserve	18,200	14,900	12,600
Retained earnings – unappropriated	100,259	90,829	83,823
Total shareholders' equity	354,407	341,574	332,268
Total liabilities and shareholders' equity	2,880,046	2,609,162	1,589,871

* Present original (before restatement due to TAS 12)

Table: Statement of comprehensive income for the year ended 31 December 2013, 31 December 2012 and 31 December 2011

Unit: Thousand Baht

Item	2013	2012 (Restated)	2011
Revenues			
Interest income from factoring	171,448	139,644	128,842
Fees and services income	33,405	29,907	26,046
Other income	9,577	5,210	4,666
Total revenues	214,430	174,761	159,554
Expenses			
Financial cost	65,663	48,546	41,195
Administrative expenses	70,975	62,440	52,418
Bad debt and doubtful accounts (reversal)	(2,605)	4,041	10,325
Total expenses	134,033	115,027	103,938
Income tax expenses	15,667	14,488	4,302
Total comprehensive income for the year	64,730	45,246	51,314
Earnings per share (baht/share)	1.62	1.13	2.00
Factoring volumes (Million Baht)	20,291	16,246	13,052

Table: Cash flow statement for the year ended 31 December 2013, 31 December 2012 and 31 December 2011

Unit: Thousand Baht

Item	2013	2012	2011
Cash flows from operating activities			
Profit before tax	80,397	59,734	55,616
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities	68,860	58,756	54,673
Profit from operating activities before changes in operating assets and liabilities	149,257	118,490	110,289
Operating assets (increase) decrease	(233,402)	(979,594)	332,575
Operating liabilities increase (decrease)	16,301	35,399	(32,040)
Cash paid for corporate income tax	(17,289)	(10,577)	(10,695)
Net cash flows used in operating activities	(85,133)	(836,282)	400,129
Cash flows from investing activities			
Net cash flows received (used) from investing activities	(12,279)	(1,795)	(2,977)
Cash flows from financing activities			
Net cash flows received (used) from financing activities	123,085	876,453	(415,322)
Net increase in cash and cash equivalents	25,674	38,376	(18,170)
Cash and cash equivalents at beginning of year	61,752	23,376	41,546
Cash and cash equivalents at end of year	87,426	61,752	23,376

Financial Highlight

Item	2013	2012 (Restated)	2011
Profitability Ratio			
Gross Profit Margin (%)	61.70	65.24	68.03
Net profit margin (%)	37.72	32.40	39.83
Return on equity : ROE(%)	18.26	13.25	15.44
Efficiency Ratio			
Return on asset : ROA (%)	2.25	1.73	3.23
Total asset turnover (Times)	0.06	0.05	0.08
Current ration (Times)	1.11	1.14	1.27
Financial Ratio			
Debt to asset (Times)	0.88	0.87	0.79
Debt to equity (Times)	7.13	6.64	3.78
Interest coverage ration (Times)	2.22	2.23	2.35
Dividend payout (%)	61.80	88.41	56.00

5. Management Discussion and Analysis

Operating Results

In 2013, the operating result indicates that “AF” had an operating profit (before allowance for doubtful debt and income tax) of Baht 77.79 million, an increase of Baht 14.01 million or 3.28% compared to the last year. The major factor of this increase results from the client tends to continue using factoring credit as compared to year 2012. These leads to the increasing in factoring income, factoring fee and service income in the same way of rising of the interest rate. For year 2013, the Company has interest expense of Baht 65.66 million, an increase of 17.11 million or 35.24% compared to the previous year.

For year 2013, “AF” gained the net profit of Baht 64.73 million, a increase of Baht 19.48 million or 14.17% compared to year 2012. Beside the Return on Assets Ratio increase from year 2012 in the number of 0.52 points or 30.06% and the return on equity ratio increase from year 2012 equivalent to 5.01 points or 37.81% consecutively.

Revenue and Expenses

Revenue

In 2013, “AF” total revenue was Baht 214.43 million, an increase of Baht 39.67 million or 22.70% from year 2012. A majority of increasing in the total was due to the increasing in revenue factoring income and factoring fees and services income as the result from increasing of factoring volume and rising of interest rate Revenue generated from factoring income totaled to Baht 171.45 million, an increase of Baht 31.81 million or 22.78%. Fees and other services income amounted to Baht 33.41 million, an increase of Baht 3.50 million or 11.70%. The Company factoring’s volume for year 2013 was Baht 20,291 million, an increase of Baht 4,045 million or 24.90% from year 2012. Besides, the increase in other revenue; mostly from the interest of loan receivables, in total of Baht 9.10 million, increase of Baht 4.69 million or 106.11%.

Operating Expenses

In 2013, “AF” had the total expense of Baht 149.70 million, an increase of Baht 20.22 million or 15.62%, the details can be summarized as follow:

- Interest expense in 2013 amounted of Baht 65.66 million, an increase of Baht 17.12 million or 35.26% compared to year 2012. This resulted from the market interest rate higher tend to become so that the cost of interest of the Company also increased.
- Selling and Administrative expense in 2013 amounted of Baht 70.98 million, an increase of Baht 8.54 million or 13.67%. The major factor of this increasing was due to the increase of number of company staff, office rental fee as well as the depreciation of fix asset because of the relocation of the head office to support business expansion in long term.
- Reversed the doubtful debt in 2013 amounted of Baht 2.61 million, a decrease of Baht 6.65 million or 164.46%.

Unit: Thousand Baht

Revenues and Expenses	2013	2012 (Restated)	Change	
			Amount	%
Revenues	214,430	174,762	39,668	22.70
Interest income from factoring	171,448	139,644	31,804	22.77
Fees and services income	33,405	29,907	3,498	11.70
Other income	9,577	5,211	4,366	83.78
Expenses	149,700	129,475	20,225	15.62
Financial cost	65,663	48,546	17,117	35.26
Administrative expenses	70,975	62,440	8,535	13.67
Bad debt and doubtful accounts (reversal)	(2,605)	4,041	(6,646)	(164.46)
Income tax expenses	15,667	14,448	1,219	8.44
Total comprehensive income for the year	64,730	45,246	19,484	43.06

Financial Status

As of December 31, 2013, “AF” total asset was Baht 2,880.05 million, an increase of Baht 270.89 million or 10.38 %. This resulted from:-

- Factoring receivable – net as at December 31, 2013 was Baht 2,662.28 million, an increase of Baht 253.08 million or 10.50%. This result from the expanding its customer base. Allow customer to used factoring increase. Additionally the loan receivable as at December 31, 2013, was 108.12 million, a decrease of Baht 17.20 million or 13.72%. This result from the payment during the year.

- Equipment – net as at December 31, 2013, was Baht 13.74 million, a increase of Baht 8.74 million or 174.80%. The increase was due to the company had disposed the equipment during the year.

As of December 31,2013, “AF” total liabilities was Baht 2,525.64 million, an increase of Baht 258.05 million or 11.38% higher than year 2012. The increase was due to the short-term loans from financial institutions as increase of 240.14 million or 11.35% because the company increased transactions.

As of December 31, 2013, “AF” total shareholders’ equity was Baht 354.41 million, an increase of Baht 12.84 million or 3.76%. This was due to the company had set increase the allowance for doubtful account.

Unit: Thousand Baht

Assets and Liabilities	2013	2012 (Restated)	Change	
			Amount	%
Total Assets	2,880,046	2,609,162	270,884	10.38
Cash and cash equivalents	87,426	61,752	25,674	41.57
Factoring receivables	2,662,276	2,409,204	253,072	10.50
Current portion of loans receivable	34,567	102,338	(67,771)	(66.22)
Other receivables	117	475	(358)	(75.37)
Other current assets	1,452	206	1,246	604.85
Loans receivable	73,547	22,980	50,567	220.05
Equipment	13,743	4,996	8,747	175.08
Deposits and guarantees	1,193	1,941	(748)	(38.54)
Deferred tax assets	5,725	5,270	455	8.63
Total Liabilities	2,525,639	2,267,588	258,051	11.38
Short-term loans from financial institutions	2,356,673	2,116,531	240,142	11.35
Retentions from factoring	52,840	50,830	2,010	3.95
Other payables	6,401	5,312	1,089	20.50
Income tax payable	7,276	8,443	(1,167)	(13.82)
Other current liabilities	87,408	73,725	13,683	18.56
Non-current liabilities	15,041	12,747	2,294	17.80
Shareholders' equity	354,407	341,574	12,833	3.75
Issued and fully paid-up	200,000	200,000	-	-
Share premium	35,845	35,845	-	-
Capital contribution from parent company	103	-	103	-
Retained earnings – Appropriated – statutory reserve	18,200	14,900	3,300	22.15
Retained earnings – unappropriated	100,259	90,829	9,430	10.38
Total Liabilities and Shareholders' equity	2,880,046	2,609,162	270,884	10.38

6. Name and number of shares of connected person and/or shareholder who have conflict of interest and shall refrain from voting

The shareholders who have no right to vote for approval of the connected transaction as of book closing date, January 6, 2014 are as follow

Name	Number of Shares	% of Total
Aira Capital Public Company Limited	29,607,617	74.019
Mr. Wiwat Kongkasai	1,600,000	4.000
Summit Corporation Company Limited	1,166,800	2.917
Total	32,374,417	80.94