



IFS Capital (Thailand)
Public Company Limited

IFS 711/2017

7th November 2017

Subject: Explanation of the Operating Results for Quarter 3/2017

To: The President
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Reviewed Financial Statements for the Quarter 3/2017 ended 30th September 2017 as certified by our auditor, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., and to clarify the significant variance of the operating results as follows:-

(Unit : Million Baht)

| | Quarter 3 ended 30 th September | | | | For Nine-Month Period ended 30 th September | | | |
|---|--|--------------|--------------------------|---------------|--|---------------|--------------------------|--------------|
| | 2017 | 2016 | Increase / (decrease) | % Change | 2017 | 2016 | Increase / (decrease) | % Change |
| Revenues | | | | | | | | |
| Factoring Income | 67.01 | 59.52 | 7.49 | 12.59 | 195.38 | 178.18 | 17.20 | 9.65 |
| Hire Purchase Income | 0.33 | 0.03 | 0.30 | 1,042.06 | 0.71 | 0.18 | 0.53 | 301.51 |
| Finance Lease Income | 5.18 | 5.35 | (0.16) | (3.07) | 14.90 | 16.67 | (1.77) | (10.63) |
| Factoring Commission and Service Fee | 22.17 | 20.24 | 1.93 | 9.53 | 64.56 | 60.44 | 4.12 | 6.82 |
| Other Income | 10.09 | 6.87 | 3.22 | 46.87 | 30.17 | 18.61 | 11.55 | 62.06 |
| Total Revenues | 104.78 | 92.01 | 12.78 | 13.89 | 305.71 | 274.08 | 31.63 | 11.54 |
| Expenses | | | | | | | | |
| Selling Expenses | 4.42 | 4.53 | (0.11) | (2.48) | 12.89 | 11.46 | 1.42 | 12.41 |
| Administrative Expenses | 24.71 | 22.34 | 2.37 | 10.59 | 69.82 | 65.23 | 4.60 | 7.05 |
| Management Benefit Expenses | 8.18 | 7.58 | 0.60 | 7.90 | 26.94 | 24.55 | 2.39 | 9.72 |
| Allowance Made (Reversal) for Doubtful Accounts | (2.54) | 1.03 | (3.57) | (348.07) | (1.18) | 0.25 | (1.43) | (564.60) |
| Total Expenses | 34.77 | 35.48 | (0.72) | (2.02) | 108.47 | 101.50 | 6.97 | 6.87 |
| Profit before Finance Cost and Income Tax Expenses | 70.02 | 56.52 | 13.49 | 23.87 | 197.24 | 172.59 | 24.66 | 14.29 |
| Finance cost | 17.93 | 15.30 | 2.63 | 17.17 | 51.48 | 45.15 | 6.33 | 14.02 |
| Profit before Income Tax Expenses | 52.09 | 41.22 | 10.86 | 26.36 | 145.76 | 127.43 | 18.33 | 14.38 |
| Income Tax | 10.32 | 7.96 | 2.36 | 29.68 | 29.39 | 26.17 | 3.22 | 12.32 |
| Net Profit | 41.77 | 33.27 | 8.50 | 25.56 | 116.37 | 101.27 | 15.10 | 14.92 |

Quarterly to Quarterly Analysis

For the 3th quarter of 2017, the Company reported Net Profit of Baht 41.77 million, an increase of Baht 8.50 million or 25.56% from the same period last year. The main reasons for the increase in the Company's Net Profit were:

- 1) Higher total revenues of Baht 12.78 million due mainly to i) higher income from factoring as a result of the increase in factoring volume of about 10% and ii) higher other income of Baht 3.22 million as a result of higher commitment fee and rental income of office space.
- 2) Lower total expenses of Baht 0.72 million due mainly to lower provision for doubtful debts of Baht 3.57 million. This was because there was a write-back of specific provision for NPL of about Baht 3.5 million in 3Q/2017.

20th Floor Lumpini Tower, 1168/55 Rama IV Road, Tungmahamek, Sathorn, Bangkok 10120 www.ifscapthai.com โทรศัพท์ 010755000033

ชั้น 20 อาคารลุมพินีทาวเวอร์ 1168/55 ถนนพระราม 4 แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพฯ 10120 โทรศัพท์ 66 (2) 285-6326-32, (2) 679-9140-4 โทรสาร 66 (2) 285-6335, (2) 679-9159

For the year-to-date ended 30th September 2017, the Company reported Net Profit of Baht 116.37 million, an increase of Baht 15.10 million or 14.92% from the same period last year, and Earnings Per Share (EPS) also showed an increase to Baht 0.24 per share (YTD Q3/2016: Baht 0.21 per share) or an increase of 14.92%.

Please be informed accordingly.

Sincerely yours,

A handwritten signature in blue ink, consisting of a vertical line followed by a horizontal stroke that curves upwards and to the right.

(Mr. Tan Ley Yen)
Director and CEO

Headline: Reviewed Quarter 3 F/S (F45-1)

Security Symbol: IFS

Announcement Details

The Company Financial Statement (F45-1)

Company name IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Quarter Quarter 3

(In thousands)

The Company Financial Statement

| | Quarter 3 | | For 9 Months | |
|-------------------|--------------|--------|--------------|---------|
| Status | Reviewed | | Reviewed | |
| Ending | 30 September | | 30 September | |
| Year | 2017 | 2016 | 2017 | 2016 |
| Net profit (loss) | 41,769 | 33,266 | 116,371 | 101,267 |
| EPS (baht) | 0.08 | 0.07 | 0.24 | 0.21 |

Type of report Unqualified opinion

Please see details in financial statements, auditor's report and remarks from SET SMART

"The company hereby certifies that the information above is correct and complete. In addition, the company has already reported and disseminated its financial statements in full via the SET Electronic Listed Company Information Disclosure (SET Portal), and has also submitted the original report to the Securities and Exchange Commission."

Signature _____

(Mr. Tan Ley Yen)

Director and CEO

Authorized to sign on behalf of the company

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

TO THE BOARD OF DIRECTORS

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of IFS Capital (Thailand) Public Company Limited as at September 30, 2017 and the related statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2017, the statements of changes in shareholders' equity and cash flows for the nine-month period then ended, 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".

BANGKOK
November 7, 2017

Nisakorn Songmanee
Certified Public Accountant (Thailand)
Registration No. 5035
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

UNIT : BAHT

| | | "Unaudited" | |
|---|-------|--------------------------------|-------------------------------|
| | Notes | As at September 30, 2017 | As at December 31, 2016 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 330,064,905 | 253,359,292 |
| Factoring receivables | 5 | 3,124,070,617 | 2,926,445,857 |
| Current portion of hire purchase receivables | 6 | 7,885,327 | 707,688 |
| Current portion of lease contract receivables | 7 | 97,008,629 | 100,311,112 |
| Inventory finance receivables | 8 | 141,038,403 | 125,431,313 |
| Amounts due from related company | 14 | - | 50,757 |
| Properties foreclosed | | - | 3,671,152 |
| Other current assets | | 3,158,977 | 1,810,576 |
| Total Current Assets | | <u>3,703,226,858</u> | <u>3,411,787,747</u> |
| NON-CURRENT ASSETS | | | |
| Bank deposits held as collateral | | 156,625 | 156,029 |
| Hire purchase receivables | 6 | 3,903,189 | 458,727 |
| Lease contract receivables | 7 | 125,732,735 | 118,801,232 |
| Plant and equipment | | 22,644,030 | 25,667,741 |
| Investment properties | | 93,009,148 | 97,127,336 |
| Intangible assets | | 3,535,336 | 5,408,344 |
| Deferred tax assets | | 49,347,650 | 48,445,854 |
| Other non-current assets | | 871,576 | 351,232 |
| Total Non-current Assets | | <u>299,200,289</u> | <u>296,416,495</u> |
| TOTAL ASSETS | | <u><u>4,002,427,147</u></u> | <u><u>3,708,204,242</u></u> |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2017

UNIT : BAHT

| | | "Unaudited" | |
|--|--------------|-----------------------------|-----------------------------|
| | Notes | As at | As at |
| | | September 30, | December 31, |
| | | 2017 | 2016 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short-term loans from financial institutions | 9 | 2,415,000,000 | 2,280,000,000 |
| Current portion of long-term loans | 10 | 114,500,000 | 135,500,000 |
| Other current liabilities | | 54,162,216 | 48,571,512 |
| Total Current Liabilities | | <u>2,583,662,216</u> | <u>2,464,071,512</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | 10 | 156,000,000 | 52,000,000 |
| Employee benefit obligations | | 28,151,298 | 25,364,610 |
| Other non-current liabilities | | - | 1,525,950 |
| Total Non-current Liabilities | | <u>184,151,298</u> | <u>78,890,560</u> |
| TOTAL LIABILITIES | | <u>2,767,813,514</u> | <u>2,542,962,072</u> |

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2017

UNIT : BAHT

| | Notes | "Unaudited" As at September 30, 2017 | As at December 31, 2016 |
|---|--------------|---|--|
| LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED) | | | |
| SHAREHOLDERS' EQUITY | | | |
| SHARE CAPITAL | 11 | | |
| Authorized share capital | | | |
| 493,500,000 ordinary shares of Baht 1 each | | 493,500,000 | |
| 470,000,000 ordinary shares of Baht 1 each | | | 470,000,000 |
| Issued and paid-up share capital | | | |
| 493,499,975 ordinary shares of Baht 1 each, | | 493,499,975 | |
| 470,000,000 ordinary shares of Baht 1 each, | | | 470,000,000 |
| ADDITIONAL PAID-UP CAPITAL | | | |
| Premium on ordinary shares | | 31,746,399 | 31,746,399 |
| RETAINED EARNINGS | | | |
| Appropriated | | | |
| Legal reserve | | 47,000,000 | 47,000,000 |
| Unappropriated | | 662,367,259 | 616,495,771 |
| TOTAL SHAREHOLDERS' EQUITY | | 1,234,613,633 | 1,165,242,170 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 4,002,427,147 | 3,708,204,242 |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
"UNAUDITED"

| | | UNIT : BAHT | |
|---|------------------|--------------------------|--------------------------|
| | Notes | 2017 | 2016 |
| REVENUES | | | |
| Factoring income | | 67,011,969 | 59,518,737 |
| Hire purchase income | | 326,664 | 28,603 |
| Finance lease income | | 5,183,926 | 5,347,919 |
| Factoring commission and service fees | | 22,172,692 | 20,243,182 |
| Other income | | 10,088,458 | 6,869,115 |
| Total Revenues | | <u>104,783,709</u> | <u>92,007,556</u> |
| EXPENSES | | | |
| Selling expenses | | 4,421,712 | 4,534,131 |
| Administrative expenses | | 24,708,014 | 22,342,775 |
| Management benefit expenses | 14 | 8,181,223 | 7,582,017 |
| Allowance for doubtful accounts (reverse) | | (2,543,304) | 1,025,225 |
| Total Expenses | | <u>34,767,645</u> | <u>35,484,148</u> |
| INCOME BEFORE FINANCE COST AND | | | |
| INCOME TAX EXPENSE | | 70,016,064 | 56,523,408 |
| FINANCE COST | | <u>17,929,549</u> | <u>15,301,776</u> |
| INCOME BEFORE INCOME TAX EXPENSE | | 52,086,515 | 41,221,632 |
| INCOME TAX EXPENSE | | <u>10,317,206</u> | <u>7,956,118</u> |
| PROFIT FOR THE PERIODS | | <u><u>41,769,309</u></u> | <u><u>33,265,514</u></u> |
| BASIC EARNINGS PER SHARE | BAHT | 0.08 | 0.07 |
| WEIGHTED AVERAGE NUMBER OF | | | |
| ORDINARY SHARES | 13 SHARES | 493,499,975 | 493,499,975 |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
"UNAUDITED"

| | | UNIT : BAHT | |
|---|------------------|---------------------------|---------------------------|
| | Notes | 2017 | 2016 |
| REVENUES | | | |
| Factoring income | | 195,379,199 | 178,183,885 |
| Hire purchase income | | 709,597 | 176,731 |
| Finance lease income | | 14,902,823 | 16,674,532 |
| Factoring commission and service fees | | 64,556,622 | 60,435,136 |
| Other income | | 30,165,327 | 18,613,716 |
| Total Revenues | | <u>305,713,568</u> | <u>274,084,000</u> |
| EXPENSES | | | |
| Selling expenses | | 12,887,255 | 11,464,439 |
| Administrative expenses | | 69,823,884 | 65,225,865 |
| Management benefit expenses | 14 | 26,939,767 | 24,553,618 |
| Allowance for doubtful accounts (reverse) | | (1,180,720) | 254,137 |
| Total Expenses | | <u>108,470,186</u> | <u>101,498,059</u> |
| INCOME BEFORE FINANCE COST AND | | | |
| INCOME TAX EXPENSE | | 197,243,382 | 172,585,941 |
| FINANCE COST | | <u>51,480,103</u> | <u>45,151,401</u> |
| INCOME BEFORE INCOME TAX EXPENSE | | 145,763,279 | 127,434,540 |
| INCOME TAX EXPENSE | | <u>29,391,791</u> | <u>26,167,299</u> |
| PROFIT FOR THE PERIODS | | <u><u>116,371,488</u></u> | <u><u>101,267,241</u></u> |
| BASIC EARNINGS PER SHARE | BAHT | 0.24 | 0.21 |
| WEIGHTED AVERAGE NUMBER OF | | | |
| ORDINARY SHARES | 13 SHARES | 493,499,975 | 493,499,975 |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
"UNAUDITED"

UNIT : BAHT

| | Notes | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Retained Earnings Appropriated Unappropriated Legal Reserve | Total Shareholders' Equity |
|--------------------------------|-------|--|----------------------------------|---|----------------------------------|
| Beginning balance as at | | | | | |
| January 1, 2016 | | 470,000,000 | 31,746,399 | 47,000,000 540,669,628 | 1,089,416,027 |
| Changes during the period | | | | | |
| Total comprehensive income | | - | - | - 101,267,241 | 101,267,241 |
| Dividends paid | 12.2 | - | - | - (65,001,000) | (65,001,000) |
| Ending balance as at | | | | | |
| September 30, 2016 | | <u>470,000,000</u> | <u>31,746,399</u> | <u>47,000,000</u> <u>576,935,869</u> | <u>1,125,682,268</u> |
| Beginning balance as at | | | | | |
| January 1, 2017 | | 470,000,000 | 31,746,399 | 47,000,000 616,495,771 | 1,165,242,170 |
| Changes during the period | | | | | |
| Increase capital | 11 | 23,499,975 | - | - - | 23,499,975 |
| Total comprehensive income | | - | - | - 116,371,488 | 116,371,488 |
| Dividends paid | 12.1 | - | - | - (70,500,000) | (70,500,000) |
| Ending balance as at | | | | | |
| September 30, 2017 | | <u>493,499,975</u> | <u>31,746,399</u> | <u>47,000,000</u> <u>662,367,259</u> | <u>1,234,613,633</u> |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
"UNAUDITED"

| | | UNIT : BAHT |
|---|---------------------|--------------------|
| | Notes | 2017 |
| | | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax expense | | 145,763,279 |
| Adjustments for : | | 127,434,540 |
| Allowance for doubtful accounts (reverse) | (1,180,720) | 254,137 |
| Gain from sales of fixed assets | (7,477) | - |
| Interest expenses | 51,173,889 | 44,840,532 |
| Employee benefit expenses | 2,786,688 | 3,552,098 |
| Depreciation and amortization | 10,058,991 | 7,659,616 |
| | <u>208,594,650</u> | <u>183,740,923</u> |
| Operating assets (increase) decrease | | |
| Factoring receivables | (198,628,464) | 123,929,382 |
| Hire purchase receivables | (10,649,065) | 3,391,740 |
| Lease contract receivables | (1,417,632) | 12,105,791 |
| Inventory finance receivables | (15,607,090) | (23,970,838) |
| Amount due from a related company | 50,757 | 14,703 |
| Properties foreclosed | 3,671,152 | (2,894,600) |
| Other current assets | (1,348,401) | (2,062,350) |
| Bank deposits held as collateral | (596) | (1,861) |
| Non-other current assets | (520,344) | (318,147) |
| Operating liabilities increase (decrease) | | |
| Amount due to a related company | - | 10,787 |
| Other current liabilities | 9,635,521 | 15,855,073 |
| Other non-current liabilities | (1,525,950) | - |
| Cash received from (paid for) operating activities | (7,745,462) | 309,800,603 |
| Interest expense paid | (50,482,382) | (45,655,300) |
| Income tax paid | (34,985,613) | (27,327,498) |
| Net cash provided by (used in) operating activities | <u>(93,213,457)</u> | <u>236,817,805</u> |

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
"UNAUDITED"

UNIT : BAHT

| | Notes | 2017 | 2016 |
|---|--------------|---------------------------|---------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash paid for purchases of plant and equipment | | (806,865) | (832,371) |
| Cash paid for purchases of investment property | | - | (41,792,375) |
| Cash paid for purchases of intangible assets | 4.1 | (281,517) | (3,326,713) |
| Cash received from sale of fixed assets | | 7,477 | - |
| Net cash used in investing activities | | <u>(1,080,905)</u> | <u>(45,951,459)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash paid for short-term loans | | | |
| to financial institutions | | (9,913,000,000) | (8,355,000,000) |
| Cash received from short-term loans | | | |
| from financial institutions | | 10,048,000,000 | 8,320,000,000 |
| Cash paid for long-term loans to financial institutions | | (117,000,000) | (147,100,000) |
| Cash received from long-term loans | | | |
| from financial institutions | | 200,000,000 | 100,000,000 |
| Cash paid for dividend | | (47,000,025) | (65,001,000) |
| Net cash provided by (used in) financing activities | | <u>170,999,975</u> | <u>(147,101,000)</u> |
| Net increase in cash and cash equivalents | | 76,705,613 | 43,765,346 |
| Cash and cash equivalents at beginning of the periods | | <u>253,359,292</u> | <u>227,228,991</u> |
| Cash and cash equivalents at end of the periods | 4.2 | <u><u>330,064,905</u></u> | <u><u>270,994,337</u></u> |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017
“UNAUDITED”

1. GENERAL INFORMATION AND THE COMPANY’S OPERATION

The Company was incorporated in March 1991, under the laws of Thailand and registered as a Public Company Limited with the Ministry of Commerce on April 18, 2007. The Company’s office is located at 20th floor Lumpini Tower, 1168/55 Rama IV Road, Tungmahamek, Sathorn, Bangkok. The business activities of the Company are factoring, hire purchase, leasing businesses and office rental.

The major shareholders are IFS Capital Holdings (Thailand) Limited with 36.64% and IFS Capital Limited (registered in Singapore) with 36.49% shareholdings. The major shareholder of IFS Capital Limited is Phillip Asset Pte. Ltd. (registered in Singapore) with 59.85% shareholding.

The Company has been foreign and submitted the request to do business under Section 17 of the Foreign Business Act B.E. 2542 and obtained the license of foreign business operations dated July 3, 2009 from the Department of Business Development to do business in category 3 (21) service business as follows:

- 1) Factoring
- 2) Leasing and hire purchase businesses only to the existing customers committed under the leasing and hire purchase agreements

Thus, the Company has to comply with the conditions specified in the certificate of foreign business operations.

On November 27, 2009, the Company had reapplied for a permission to operate a business under annex 3 (21): service businesses of leasing and hire purchase of vehicles and machineries used in industry, tools used in transport of goods, vessels and carriages used in agriculture to new clients and on April 8, 2010, the Company had obtained the approval from the Department of Business Development.

Subsequently, on June 18, 2015 and June 26, 2016, the Company had applied for a permission to operate a business under annex 3 (21): service businesses of office rental including utility and facility with other company and on September 23, 2015 and July 22, 2016, respectively, the Company had obtained the approval from the Department of Business Development.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 The interim financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2016) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company present the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.
- 2.2 The statements of financial position as at December 31, 2016, presented herein for comparison, have been derived from the consolidated and separate financial statements of the Company for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the three-month and nine-month periods ended September 30, 2017 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2017 should be read in conjunction with the audited financial statements for the year ended December 31, 2016.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 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. The adoption of these financial reporting standards does not have any significant impact on the Company’s interim financial statements.

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

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be 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.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of these TFRSs and considered that the adoption

of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

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, 2016. Moreover, the Company paid stock dividend during this period so there is additional associate accounting policy as follow:

Basic earnings per share from stock dividend payment

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase in and paid-up share capital.

In case of stock dividend payment, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Intangible assets for the nine-month periods ended September 30, 2017 and 2016 are as follows:

| | 2017 Baht | 2016 Baht |
|---|----------------------|----------------------|
| Other payable - intangible assets, beginning balance (included in other current liabilities) | 44,298 | 44,566 |
| <u>Add</u> Purchases of intangible assets | 237,219 | 3,282,147 |
| <u>Less</u> Cash paid for purchases of intangible assets | <u>(281,517)</u> | <u>(3,326,713)</u> |
| Other payable - intangible asset, ending balance (included in other current liabilities) | <u>-</u> | <u>-</u> |

4.2 Cash and cash equivalents as at September 30, 2017 and 2016 consist of the following:

| | 2017 Baht | 2016 Baht |
|----------------------------------|----------------------|----------------------|
| Cash on hands | 30,000 | 30,000 |
| Cash at banks - current accounts | 18,855,273 | 11,720,413 |
| Cash at banks - savings accounts | <u>311,179,632</u> | <u>259,243,924</u> |
| | <u>330,064,905</u> | <u>270,994,337</u> |

5. FACTORING RECEIVABLES

Factoring receivables as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|---|--|---|
| Factoring receivables | 3,980,968,111 | 3,692,674,349 |
| <u>Less</u> Allowance for doubtful accounts (*) | <u>(116,549,189)</u> | <u>(115,545,485)</u> |
| | 3,864,418,922 | 3,577,128,864 |
| <u>Less</u> Factoring payables | <u>(740,348,305)</u> | <u>(650,683,007)</u> |
| Factoring receivables, net | <u><u>3,124,070,617</u></u> | <u><u>2,926,445,857</u></u> |

(*) As at September 30, 2017 and December 31, 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for factoring receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 3,816,022 and Baht 3,897,356, respectively.

Factoring receivables as at September 30, 2017 and December 31, 2016 were classified by aging as follows:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|--|--|---|
| Current | 2,926,822,703 | 2,711,217,102 |
| Overdue : | | |
| Not more than 3 months | 938,342,920 | 868,478,828 |
| Over 3 months but not more than 6 months | 3,751,572 | 1,662,863 |
| Debtors subject to legal proceedings | <u>112,050,916</u> | <u>111,315,556</u> |
| | <u><u>3,980,968,111</u></u> | <u><u>3,692,674,349</u></u> |

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|---|--|---|
| Outstanding contract price | 12,793,605 | 1,272,198 |
| <u>Less</u> Unearned financing income | <u>(975,306)</u> | <u>(102,964)</u> |
| | 11,818,299 | 1,169,234 |
| <u>Less</u> Allowance for doubtful accounts (*) | <u>(29,783)</u> | <u>(2,819)</u> |
| | <u>11,788,516</u> | <u>1,166,415</u> |
| Due within one year | 8,735,078 | 784,685 |
| <u>Less</u> Unearned financing income | <u>(849,751)</u> | <u>(76,997)</u> |
| Current portion of hire purchase receivables, net | <u>7,885,327</u> | <u>707,688</u> |
| Hire purchase receivables, net | <u>3,903,189</u> | <u>458,727</u> |

(*) As at September 30, 2017 and December 31, 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for hire purchase receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 29,783 and Baht 2,819, respectively.

Hire purchase receivables as at September 30, 2017 and December 31, 2016 were classified by aging as follows:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|---------|--|---|
| Current | <u>11,818,299</u> | <u>1,169,234</u> |
| | <u>11,818,299</u> | <u>1,169,234</u> |

7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|--|--|---------------------------------------|
| Outstanding contract price | 377,611,188 | 387,951,038 |
| <u>Less</u> Deposits on long-term lease contracts | (117,074,221) | (129,835,262) |
| <u>Less</u> Unearned financing income | (28,150,017) | (26,873,884) |
| | 232,386,950 | 231,241,892 |
| <u>Less</u> Allowance for doubtful accounts (*) | (9,645,586) | (12,129,548) |
| | <u>222,741,364</u> | <u>219,112,344</u> |
| Due within one year | 135,359,085 | 148,787,517 |
| <u>Less</u> Deposits on long-term lease contracts | (23,085,772) | (33,036,964) |
| <u>Less</u> Unearned financing income | (15,264,684) | (15,439,441) |
| Current portion of lease contract receivables, net | <u>97,008,629</u> | <u>100,311,112</u> |
| Lease contract receivables, net | <u>125,732,735</u> | <u>118,801,232</u> |

(*) As at September 30, 2017 and December 31, 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for lease contract receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 562,741 and Baht 529,512, respectively.

Lease contract receivables as at September 30, 2017 and December 31, 2016 were classified by aging as follows:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|--|--|---------------------------------------|
| Current | 209,660,790 | 209,018,771 |
| Overdue : | | |
| Not more than 3 months | 11,922,367 | 8,032,020 |
| Over 3 months but not more than 6 months | 357,987 | - |
| More than 12 months | 1,362,961 | 2,981,004 |
| Debtors subject to legal proceedings | <u>9,082,845</u> | <u>11,210,097</u> |
| | <u>232,386,950</u> | <u>231,241,892</u> |

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|---|--|---|
| Inventory finance receivables | 153,760,307 | 138,153,217 |
| <u>Less</u> Allowance for doubtful accounts (*) | <u>(12,721,904)</u> | <u>(12,721,904)</u> |
| Inventory finance receivables, net | <u>141,038,403</u> | <u>125,431,313</u> |

(*) As at September 30, 2017 and December 31, 2016, the Company has not provided for the allowance for doubtful accounts on a collective basis for inventory finance receivables which were classified as normal and overdue for less than 3 months.

Inventory finance receivables as at September 30, 2017 and December 31, 2016 were classified by aging as follows:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|--------------------------------------|--|---|
| Current | 141,038,403 | 125,431,313 |
| Debtors subject to legal proceedings | <u>12,721,904</u> | <u>12,721,904</u> |
| | <u>153,760,307</u> | <u>138,153,217</u> |

9. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|------------------|--|---|
| Promissory notes | <u>2,415,000,000</u> | <u>2,280,000,000</u> |

As at September 30, 2017 and December 31, 2016, the company have short-term loans from financial institutions bearing interest rates at 2.28% to 3.30% per annum and 2.60% to 2.89% per annum, respectively.

10. LONG-TERM LOANS

Long-term loans from financial institutions as at September 30, 2017 and December 31, 2016 consist of the following:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|------------------------------------|--|---|
| Long-term loans | 270,500,000 | 187,500,000 |
| Current portion of long-term loans | (114,500,000) | (135,500,000) |
| | <u>156,000,000</u> | <u>52,000,000</u> |

As at September 30, 2017 and December 31, 2016, the company entered into long-term loans with financial institutions at the floating interest rates 3.44% to 4.28% p.a. and 3.44% to 4.40% p.a. respectively, and are repayable quarterly installments, the last installment of such loans fall due in May 2020.

11. SHARE CAPITAL

On April 19, 2017, the ordinary shareholders' meeting passed a resolution to increase the share capital from Baht 470,000,000 (470,000,000 ordinary shares of Baht 1 each) to Baht 493,500,000 (493,500,000 ordinary shares of Baht 1 each) by issuing 23,500,000 new ordinary shares with a par value of Baht 1 each, to be stock dividend to the existing shareholders. The Company totally paid stock dividend 23,499,975 ordinary shares of Baht 23,499,975 (see Note 12). The Company has registered increase in share capital with the Department of Business Development on May 18, 2017.

12. DIVIDENDS PAID

- 12.1 On April 19, 2017, the ordinary shareholders' meeting of the Company passed a resolution to pay the dividend of Baht 0.15 per share for 470,000,000 shares, totaling Baht 70,500,000. Dividends will be paid by ordinary shares, when registration of increase in share capital is made, at 20 existing shares to 1 new share, representing stock dividend of Baht 0.05 per share and payment by cash of Baht 0.10 per share. The Company totally paid stock dividend 23,499,975 shares of Baht 23,499,975 (see Note 11) and the remaining amount of Baht 25 was paid by cash and also paid dividend of Baht 47,000,000. Dividends were paid to shareholders on May 18, 2017.
- 12.2 On April 22, 2016, the ordinary Shareholder's meeting passed a resolution to pay dividend of Baht 0.1383 per share on 470,000,000 shares, totaling Baht 65.00 million. Such dividend was paid on May 19, 2016.

13. BASIC EARNINGS PER SHARE

Basic earnings per share for the three-month and nine-month periods ended September 30, 2017 and 2016 were as follows:

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|---|-------------|--|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net profit (Baht '000) | 41,769 | 33,266 | 116,371 | 101,267 |
| Issued and paid-up share capital (shares) | 470,000,000 | 470,000,000 | 470,000,000 | 470,000,000 |
| Additional stock dividend in 2017 (shares) (see Notes 11 and 12) | 23,499,975 | 23,499,975 | 23,499,975 | 23,499,975 |
| Number of shares after stock dividend (shares) | 493,499,975 | 493,499,975 | 493,499,975 | 493,499,975 |
| Basic earnings per share (Baht) | 0.08 | 0.07 | 0.24 | 0.21 |

14. RELATED PARTY TRANSACTIONS

The accompanying financial statements include certain transactions with related companies. The relationship may be that of shareholding or the companies may have the same group of shareholders or directors. The financial statements reflect the effects of these transactions in the normal business practice, and the price rates, interest rates, terms and conditions are considered to be at arms length, for related party as at the date received by the Board or the shareholders approved.

Balance with related companies as at September 30, 2017 and December 31, 2016 consist of the following:

| | Relationship | 2017 Baht | 2016 Baht |
|---------------------------------|---------------------------|--------------|--------------|
| Amount due from related company | | | |
| IFS Capital Limited | Major Shareholder company | - | 50,757 |

Significant transactions with related parties for the three-month and nine-month periods ended September 30, 2017 and 2016 are as follows:

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|---|--------------|--|--------------|
| | 2017 Baht | 2016 Baht | 2017 Baht | 2016 Baht |
| Management benefit expenses | | | | |
| Short-term benefits | 7,844,095 | 7,163,470 | 25,939,785 | 23,263,370 |
| Post-employment benefits | 327,160 | 411,397 | 969,289 | 1,258,083 |
| Other long-term benefits | 9,968 | 7,150 | 30,693 | 32,165 |
| | 8,181,223 | 7,582,017 | 26,939,767 | 24,553,618 |

15. COMMITMENTS

As at September 30, 2017 and December 31, 2016, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

| | As at September 30, 2017 Baht | As at December 31, 2016 Baht |
|-------------------------|--|---|
| Total credit facilities | <u>5,058,000,000</u> | <u>4,970,000,000</u> |

As at September 30, 2017 and December 31, 2016, the Company has utilized the letter of credit amounting to Baht 7.41 million and Baht 5.82 million, respectively, for factoring, hire purchase and leasing contract. However, as at September 30, 2017 and December 31, 2016, the Company has unused such credit facilities with banks totaling Baht 1,885 million and Baht 1,934 million, respectively.

16. FINANCIAL INFORMATION BY SEGMENT

The business segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard.

The business segments are described below:

Factoring business: is a short term loan that provides liquidity to the business immediately and enables the business to increase its turnover in the form of buying accounts receivable. The factoring facility is applicable to both domestic and international sales.

Hire purchase and Leasing business: are long-term loans for invested in business industry.

Others: encompasses a range of activities from corporate decisions, income and expenses not attributed to the business segments described.

For the three-month and nine-month periods ended September 30, 2017 and 2016, there is no revenue from a single external customer contributed 10% or more to the Company's total revenue.

The financial statements by business segment for the three-month and nine-month periods ended September 30, 2017 and 2016 were as follows:

| Unit : Baht '000 | | | | | | | | |
|---|--|------------------------------------|--------|---------|--------------------|------------------------------------|--------|--------|
| | For the three-month periods ended September 30, 2017 | | | | 2016 | | | |
| | Factoring business | Hire purchase and Leasing business | Others | Total | Factoring business | Hire purchase and Leasing business | Others | Total |
| Income from operations | 89,185 | 5,510 | - | 94,695 | 79,762 | 5,376 | - | 85,138 |
| Other income | 8,890 | 1,199 | - | 10,089 | 5,874 | 996 | - | 6,870 |
| Total income | 98,075 | 6,709 | - | 104,784 | 85,636 | 6,372 | - | 92,008 |
| Allowance for doubtful accounts (reverse) | (2,495) | (48) | - | (2,543) | (1,104) | 2,129 | - | 1,025 |
| Selling and administrative expenses | 34,922 | 2,389 | - | 37,311 | 32,073 | 2,386 | - | 34,459 |
| Total operation expenses | 32,427 | 2,341 | - | 34,768 | 30,969 | 4,515 | - | 35,484 |
| Net income before finance cost and income tax | 65,648 | 4,368 | - | 70,016 | 54,667 | 1,857 | - | 56,524 |
| Finance cost | 16,782 | 1,148 | - | 17,930 | 14,243 | 1,059 | - | 15,302 |
| Income tax expenses | 9,601 | 716 | - | 10,317 | 7,867 | 89 | - | 7,956 |
| Net income for the periods | 39,265 | 2,504 | - | 41,769 | 32,557 | 709 | - | 33,266 |

| Unit : Baht '000 | | | | | | | | |
|---|--|------------------------------------|--------|---------|--------------------|------------------------------------|--------|---------|
| | For the nine-month periods ended September 30, 2017, | | | | 2016 | | | |
| | Factoring business | Hire purchase and Leasing business | Others | Total | Factoring business | Hire purchase and Leasing business | Others | Total |
| Income from operations | 259,936 | 15,612 | - | 275,548 | 238,619 | 16,851 | - | 255,470 |
| Other income | 26,395 | 3,770 | - | 30,165 | 16,572 | 2,042 | - | 18,614 |
| Total income | 286,331 | 19,382 | - | 305,713 | 255,191 | 18,893 | - | 274,084 |
| Allowance for doubtful accounts (reverse) | 1,003 | (2,184) | - | (1,181) | (2,570) | 2,824 | - | 254 |
| Selling and administrative expenses | 102,699 | 6,952 | - | 109,651 | 94,265 | 6,979 | - | 101,244 |
| Total operation expenses | 103,702 | 4,768 | - | 108,470 | 91,695 | 9,803 | - | 101,498 |
| Net income before finance cost and income tax | 182,629 | 14,614 | - | 197,243 | 163,496 | 9,090 | - | 172,586 |
| Finance cost | 48,216 | 3,264 | - | 51,480 | 42,040 | 3,112 | - | 45,152 |
| Income tax expenses | 26,265 | 3,127 | - | 29,392 | 23,592 | 2,575 | - | 26,167 |
| Net income for the periods | 108,148 | 8,223 | - | 116,371 | 97,864 | 3,403 | - | 101,267 |

| Unit : Baht '000 | | | | | | | | |
|------------------|--------------------------|------------------------------------|---------|-----------|-------------------------|------------------------------------|---------|-----------|
| | As at September 30, 2017 | | | | As at December 31, 2016 | | | |
| | Factoring business | Hire purchase and Leasing business | Others | Total | Factoring business | Hire purchase and Leasing business | Others | Total |
| Total assets | 3,265,109 | 234,530 | 502,788 | 4,002,427 | 3,051,877 | 220,279 | 436,048 | 3,708,204 |

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issue by the authorized director of the Company on November 7, 2017.