



IFS Capital (Thailand)
Public Company Limited

IFS 218/ 2020

18st February 2020

Subject: Explanation of the Operating Results for the year ended 31st December 2019

To: The President
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Audited Financial Statements for the year ended 31st December 2019 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)

	For the year ended 31 st December			
	2019	2018	Increase / (decrease)	% Change
Revenues				
Factoring Income	289.51	286.89	2.62	1
Hire Purchase Income	0.50	1.30	(0.80)	61
Finance Lease Income	17.50	19.29	(1.79)	(9)
Factoring Commission and Service Fee	104.26	99.98	4.28	4
Other Income	61.16	44.03	17.13	39
Total Revenues	472.93	451.48	21.45	5
Expenses				
Selling Expenses	20.87	22.37	(1.50)	(7)
Administration Expenses	98.39	97.67	0.72	1
Management Benefit Expenses	39.02	39.88	(0.86)	(2)
Allowance (Reversal) for Doubtful Accounts	(49.12)	5.41	(54.53)	(1,007)
Finance Cost	67.89	73.93	(6.03)	(8)
Total Expenses	177.05	239.26	(62.21)	(26)
Profit before Income Tax Expenses	295.88	212.23	83.65	39
Income Tax Expenses	64.30	46.00	18.30	40
Net Profit	231.57	166.23	65.35	39

Quarterly to Quarterly Analysis

For the 4th quarter of 2019, the Company reported a Net Profit of Baht 51.06 million, an increase of Baht 12.33 million or 32% from the same period of last year. The main reasons for the increase in the Company's Net Profit were:

- 1) Lower interest expenses of Baht 3.28 million (4Q/2019: 14.63 MB vs 4Q/2018: 17.91 MB) or a decrease of 18% mainly due to the lower bank borrowings.
- 2) Lower operating expenses of Baht of 6.90 million (4Q/2019: 38.47 MB vs 4Q/2018: 45.37 MB) or a decrease of 15% due to lower staff cost & general and administration expenses.
- 3) Lower provision for doubtful debts of Baht 6.09 million (4Q/2019: (3.03 MB) vs 4Q/2018: 3.06 MB) or a decrease of 199% due to several recoveries of NPLs.

- 4) Partly offset by lower operating income of Baht 1.22 million and higher taxation of Baht 2.73 million due to higher profit before tax and higher deferred tax expenses.

For the year ended 31st December 2019, the Company reported Net Profit of Baht 231.57 million, an increase of Baht 65.35 million or 39% from the previous year. The main reason was because the Company successfully recovered 2 major NPLs of the total amount Baht 71.25 million resulting in higher other income of Baht 13.63 million and reversal for doubtful debts of Baht 49.12 million.

As a result, the Earnings Per Share (EPS) also showed an increase to Baht 0.47 per share (FY 2018: Baht 0.34 per share) or an increase of 38%.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)
Director and CEO

Headline: Audited Yearly financial performance (F45)
Security Symbol: IFS

Announcement Details

Financial Statement (F45)

Company name IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Quarter Yearly

(In thousands)

Financial Statement

Yearly

Status Audited

Ending 31 December

Year 2019 2018

Profit (loss) attributable to equity holders of the Company * 231,575 166,225

EPS (baht) 0.47 0.34

Type of report Unqualified opinion

*For consolidated financial statements

Please review financial statement (Full Version) before making investment decision

"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)."

Signature _____

(Mr. Tan Ley Yen)

Chief Executive Officer

Authorized Persons to Disclose Information

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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**

Opinion

We have audited the financial statements of IFS Capital (Thailand) Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2019, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IFS Capital (Thailand) Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Audit Responses
<p>Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts represent management's estimation of loss that would occur from the Company's account receivable portfolios as at the end of period.</p> <p>The Company provided the allowance for doubtful accounts for factoring, hire purchase, lease contract receivables and inventory finance receivables which have aging not over 3 months on a collective basis by using the default loss ratio which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio.</p> <p>In addition, the Company determined to set up specific reserve for receivables are defaulted 3-6 months and 6-12 months by 20% and 50%, respectively. The Company fully reserved for receivables which are defaulted for more than 12 months.</p> <p>The allowance for doubtful accounts is considered as a key audit matter as there are management's judgement and assumption applied to the calculation of allowance for doubtful accounts.</p> <p>Accounting policy of the allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in the Note 3.12, Note 5, Note 6, Note 7 and Note 8 to the financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's design and implementation of the key controls over significant source data using in the calculation of allowance for doubtful accounts, and calculation of allowance for doubtful accounts • Performed operating effectiveness testing of control over significant source data and calculation of allowance for doubtful account, accuracy of account receivable classification and allowance for doubtful accounts • Performed substantive audit procedures which consisted of: <ul style="list-style-type: none"> - Assessed the adequacy of allowance and appropriate of significant input data and assumption used in calculation of allowance for doubtful accounts to determine if they are in compliance with the accounting standards and have been consistently applied - Examined the supporting documents in relation to the management consideration as indicators to recognition of allowance for doubtful accounts - Tested calculation of allowance for doubtful accounts

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

BANGKOK

February 18, 2020

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 DECEMBER 31, 2019

UNIT : BAHT

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.2	364,123,985	362,988,332
Factoring receivables	5	3,271,358,391	3,411,563,939
Current portion of hire purchase receivables	6	2,854,404	7,829,491
Current portion of lease contract receivables	7	90,901,162	96,011,331
Inventory finance receivables	8	156,381,176	151,149,729
Amounts due from related companies	23	-	19,550
Other current assets		6,401,066	2,785,202
Total Current Assets		<u>3,892,020,184</u>	<u>4,032,347,574</u>
NON-CURRENT ASSETS			
Bank deposits held as collateral	9	161,183	159,447
Hire purchase receivables	6	-	562,475
Lease contract receivables	7	88,669,621	93,409,635
Plant and equipment	10	28,953,003	55,881,414
Investment property	11	67,338,041	49,848,686
Other intangible assets	12	920,369	1,157,006
Deferred tax assets	13	34,495,183	50,281,026
Other non-current assets		473,390	805,875
Total Non-current Assets		<u>221,010,790</u>	<u>252,105,564</u>
TOTAL ASSETS		<u><u>4,113,030,974</u></u>	<u><u>4,284,453,138</u></u>

Notes to the financial statements form an integral part of these statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

		UNIT : BAHT	
	Notes	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	14	2,210,000,000	2,585,000,000
Current portion of long-term borrowings	15	146,720,000	116,000,000
Other current liabilities		92,049,299	90,360,679
Total Current Liabilities		<u>2,448,769,299</u>	<u>2,791,360,679</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	15	120,260,000	92,000,000
Provisions for employee benefits	17	31,383,168	36,153,940
Other non-current liabilities		762,750	762,750
Total Non-current Liabilities		<u>152,405,918</u>	<u>128,916,690</u>
TOTAL LIABILITIES		<u>2,601,175,217</u>	<u>2,920,277,369</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
493,500,000 ordinary shares of Baht 1 each		<u>493,500,000</u>	<u>493,500,000</u>
Issued and paid-up share capital			
493,499,975 ordinary shares of Baht 1 each,		493,499,975	493,499,975
ADDITIONAL PAID-UP CAPITAL			
Premium on ordinary shares	18	31,746,399	31,746,399
RETAINED EARNINGS			
Appropriated			
Legal reserve	20	49,350,000	49,350,000
Unappropriated		937,259,383	789,579,395
TOTAL SHAREHOLDERS' EQUITY		<u>1,511,855,757</u>	<u>1,364,175,769</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>4,113,030,974</u>	<u>4,284,453,138</u>

Notes to the financial statements form an integral part of these statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	2019	2018
REVENUE			
Factoring income		289,506,799	286,888,098
Hire purchase income		503,735	1,299,743
Finance lease income		17,504,566	19,294,598
Factoring commission and service fees		104,255,305	99,976,612
Other income	5	61,159,735	44,025,516
Total Revenue		<u>472,930,140</u>	<u>451,484,567</u>
EXPENSES			
Selling expenses		20,868,171	22,368,194
Administrative expenses		98,391,439	97,673,413
Management benefit expenses	23	39,019,824	39,877,816
Doubtful accounts (reversal)	5	(49,119,993)	5,414,183
Finance cost		67,894,189	73,925,796
Total Expenses		<u>177,053,630</u>	<u>239,259,402</u>
INCOME BEFORE INCOME TAX EXPENSE		295,876,510	212,225,165
INCOME TAX EXPENSE	22	64,301,526	46,000,115
PROFIT FOR THE YEARS		<u>231,574,984</u>	<u>166,225,050</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEARS		<u><u>231,574,984</u></u>	<u><u>166,225,050</u></u>
BASIC EARNINGS PER SHARE	BAHT	0.47	0.34
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	493,499,975	493,499,975

Notes to the financial statements form an integral part of these statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Note	Issued and paid-up share capital	Premium on Ordinary Shares	Retained earnings Appropriated Legal reserve	Unappropriated	Total Shareholders' equity
Beginning balance as at January 1, 2018		493,499,975	31,746,399	49,350,000	698,366,341	1,272,962,715
Changes during the year						
Total comprehensive income		-	-	-	166,225,050	166,225,050
Dividend paid	19	-	-	-	(75,011,996)	(75,011,996)
Ending balance as at December 31, 2018		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>789,579,395</u>	<u>1,364,175,769</u>
Beginning balance as at January 1, 2019		493,499,975	31,746,399	49,350,000	789,579,395	1,364,175,769
Changes during the year						
Total comprehensive income		-	-	-	231,574,984	231,574,984
Dividend paid	19	-	-	-	(83,894,996)	(83,894,996)
Ending balance as at December 31, 2019		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>937,259,383</u>	<u>1,511,855,757</u>

Notes to the financial statements form an integral part of these statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expenses		295,876,510	212,225,165
Adjustments for :			
Doubtful accounts (reversal)		(71,897,433)	4,338,754
Loss on bad debts written-off		22,777,440	1,075,429
Gain on sales of fixed assets		-	(1,223,201)
Loss on fixed asset written-off	1	-	-
Interest expenses		67,269,509	73,464,803
Employee benefits expense		3,825,954	9,549,639
Depreciation and amortization		11,502,136	13,266,158
		<u>329,354,117</u>	<u>312,696,747</u>
Operating assets (increase) decrease			
Factoring receivables		180,907,193	(134,467,628)
Hire purchase receivables		5,546,099	11,105,924
Lease contract receivables		8,749,044	21,809,969
Inventory finance receivables		4,279,503	(9,943,389)
Amounts due from a related company		19,550	1,350
Other current assets		(3,615,864)	324,905
Bank deposits held as collateral		(1,736)	(1,718)
Other non-current assets		332,485	(180,275)
Operating liabilities increase (decrease)			
Other current liabilities		(1,287,466)	29,030,172
Non-other current liabilities		-	762,750
Cash received from operating activities		<u>524,282,925</u>	<u>231,138,807</u>
Interest paid		(68,154,318)	(73,189,318)
Employee benefits paid		(8,596,726)	-
Income tax paid		<u>(44,654,788)</u>	<u>(42,302,463)</u>
Net cash provided by operating activities		<u>402,877,093</u>	<u>115,647,026</u>

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of plant and equipment	4.1	(1,303,535)	(3,772,100)
Cash paid for purchases of other intangible assets		(522,909)	(395,419)
Cash received from sale of fixed assets		-	1,230,374
Net cash used in investing activities		<u>(1,826,444)</u>	<u>(2,937,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term borrowings			
to financial institutions	4.3	(18,860,000,000)	(13,280,000,000)
Cash received from short-term borrowings			
from financial institutions	4.3	18,485,000,000	13,320,000,000
Cash paid for long-term borrowings			
to financial institutions	4.3	(141,020,000)	(120,000,000)
Cash received for long-term borrowings			
from financial institutions	4.3	200,000,000	100,000,000
Cash paid for dividend	4.3	(83,894,996)	(75,011,996)
Net cash used in financing activities		<u>(399,914,996)</u>	<u>(55,011,996)</u>
Net increase in cash and cash equivalents		1,135,653	57,697,885
Cash and cash equivalents at beginning of the years		<u>362,988,332</u>	<u>305,290,447</u>
Cash and cash equivalents at end of the years	4.2	<u><u>364,123,985</u></u>	<u><u>362,988,332</u></u>

Notes to the financial statements form an integral part of these statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

IFS Capital (Thailand) Public Company Limited (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 Company's ultimate shareholder is Phillip Asset Pte. Ltd. (registered in Singapore).

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 OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. 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. In addition, the Company has first-time adopted TFRS 15 "Revenue from Contracts with Customers". The adoption of these financial reporting standards does not have any material impact on the Company's financial statements.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. 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 material impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follow:

Thai Accounting Standard No.12 “Income Taxes”

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

Thai Accounting Standard No.19 “Employee Benefits”

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

Group of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company’s management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Company in the period of initial application.

Thai Financial Reporting Standards No. 16 “Leases”

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company’s management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are summarized below:

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at bank and fixed deposits with original maturities of 3 months or less and excluding cash at banks used as collateral.

3.2 Revenue recognition

Factoring income is recognized over the period of contracts.

Hire purchase income is recognized using the effective interest rate method over the period of contracts.

Finance lease income is recognized using the direct financing method of accounting, based on effective interest rate over the period of contracts.

Interest on hire purchase and finance lease contract is recognized over the period of contracts, except when interest is in arrears for more than three months which is then recognized on a cash basis.

Factoring commission and service fees are recognized upon the transfer of rights.

Other income is recognized on an accrual basis.

3.3 Accounts receivable

Factoring receivable is shown net of allowance for doubtful accounts.

Hire purchase receivable and lease contract receivable are stated at the outstanding hire purchase contract price and lease contract price after deducting unearned financing income and allowance for doubtful accounts.

3.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated by using the straight-line method, based on the estimated useful lives of the assets as follows:

Condominium	40 years
Furniture and fixtures	5 years
Vehicles	5 years

When, premises and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment in the statements of comprehensive income.

3.5 Investment property

Investment property that is held to earn for rental or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The Company measured investment property initially at its cost, including related transaction costs and less impairment (if any).

Depreciation is calculated by the straight-line method, based on the estimated useful life of assets. For investment property, the estimate useful live is 40 years.

When investment property become impaired, the allowance for impairment is recorded to recognize loss on impairment in the statements of comprehensive income.

The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs.

3.6 Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets. For computer software, the estimated useful lives are 3 years.

When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment in the statements of comprehensive income.

3.7 Provisions for employee benefits

The Company provides provisions for employee benefits regarding the severance pay under the Thai Labor Protection Act and long service awards payable to employees. Provisions for employee benefits is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and others. Gains or losses on remeasurements of provisions for employee benefits will be recognized in the statements of comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned (see Note 17).

Past service cost related to the plan amendment is recognized as an expense in the statement of comprehensive income when the plan amendment has occurred.

3.8 Income tax expenses

Income tax expense is calculated based on the taxable profit multiplied by the tax rate that has been enacted at the statements of financial position date and adjusted by the effect of deferred income tax accounting.

Deferred tax assets and liabilities result from temporary differences between the carrying amounts of assets or liabilities in the statements of financial position and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax expenses are charged or credited in the statements of comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.9 Basic earnings per share

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.

3.10 Foreign currency transactions

Transactions occurred during the year denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the statements of financial position date are translated into Baht at the exchange rates prevailing at that date. Gains and losses on foreign exchange arising from settlements and translation are recognized as income or expense when incurred.

3.11 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.12 Use of Management's Judgements

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various 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 date of the financial statements 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.

Significant judgements in applying accounting policies is as follows:

Allowance for doubtful accounts

Allowance for doubtful accounts is an estimate of the debts which may prove to be uncollectible. Based on review of the current status of each receivable, the Company sets up the allowance for doubtful accounts as follows:

	Percentage of receivable
Overdue up to 3 months not over 6 months	20
Overdue up to 6 months not over 12 months	50
Overdue up to 12 months	100

In addition, the Company had determined to set up the allowance for doubtful accounts on a collective basis for factoring, hire purchase, lease contract receivables and inventory finance receivables which are classified as normal and overdue less than 3 months which have similar credit risk characteristics assessed based on the historical loss experience of each loan category (see Notes 5, 6, 7 and 8).

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Non-cash items for plant and equipment for the years ended December 31, 2019 and 2018 were as follows:

	2019 Baht	2018 Baht
Payable - plant and equipment, beginning balance (included in other current liabilities)	-	32,100
<u>Add</u> Purchases of plant and equipment	1,303,535	3,740,000
<u>Less</u> Cash paid for purchases of plant and equipment	<u>(1,303,535)</u>	<u>(3,772,100)</u>
Payable - plant and equipment, ending balance (included in other current liabilities)	<u>-</u>	<u>-</u>

4.2 Cash and cash equivalents as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Cash on hand	30,000	30,000
Cash at banks - current accounts	10,783,859	8,236,011
Cash at banks - savings accounts	353,310,126	354,722,321
	<u>364,123,985</u>	<u>362,988,332</u>

4.3 Change in liabilities from financing activities as at December 31, 2019, consist of the following:

	Balances as at January 1, 2019 Baht	Cash flows from financing activities		Balances as at December 31, 2019 Baht
		Cash received Baht	Cash paid Baht	
Short-term borrowings from financial institutions	2,585,000,000	18,485,000,000	(18,860,000,000)	2,210,000,000
Long-term borrowings from financial institutions	208,000,000	200,000,000	(141,020,000)	266,980,000
Total	2,793,000,000	18,685,000,000	(19,001,020,000)	2,476,980,000

5. FACTORING RECEIVABLES

Factoring receivables as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Factoring receivables	4,134,869,583	4,441,606,709
<u>Less</u> Allowance for doubtful accounts ^(*)	(72,100,704)	(126,489,537)
	4,062,768,879	4,315,117,172
<u>Less</u> Factoring payables	(791,410,488)	(903,553,233)
Factoring receivables, net	<u>3,271,358,391</u>	<u>3,411,563,939</u>

(*) As at December 31, 2019 and 2018, 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 3,700,817 and Baht 3,763,226, respectively.

Factoring receivables as at December 31, 2019 and 2018 were classified by aging as follows:

	2019 Baht	2018 Baht
Current	2,948,279,369	3,116,674,268
Overdue :		
Not more than 3 months	1,107,450,683	1,195,877,536
Over 3 months but not more than 6 months	11,113,260	1,310,545
Over 6 months but not more than 12 months	7,589,594	-
Over 12 months	-	15,825,348
Debtors subject to legal proceedings	60,436,677	111,919,012
<u>Less</u> Allowance for doubtful accounts	(72,100,704)	(126,489,537)
	<u>4,062,768,879</u>	<u>4,315,117,172</u>

In June 2019, the Supreme Court judged the Company to win the lawsuit against customers. The Company received cash from prosecution totaling by Baht 71.25 million. The Company reversed allowance for doubtful accounts for factoring receivables and inventory finance receivables amounted to Baht 45.05 million and Baht 10 million, respectively, and recognized the remaining balance amounted to Baht 16.20 million in other income in the statements of comprehensive income for the year ended December 31, 2019.

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Outstanding contract price	2,960,903	8,796,463
<u>Less</u> Unearned financing income	<u>(102,826)</u>	<u>(392,287)</u>
	2,858,077	8,404,176
<u>Less</u> Allowance for doubtful accounts ^(*)	<u>(3,673)</u>	<u>(12,210)</u>
	<u>2,854,404</u>	<u>8,391,966</u>
Due within one year	2,960,903	8,203,825
<u>Less</u> Unearned financing income	<u>(102,826)</u>	<u>(374,334)</u>
<u>Less</u> Allowance for doubtful accounts	<u>(3,673)</u>	<u>-</u>
Current portion of hire purchase receivables, net	<u>2,854,404</u>	<u>7,829,491</u>
Hire purchase receivables, net	<u>-</u>	<u>562,475</u>

(*) As at December 31, 2019 and 2018, 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 3,673 and Baht 12,210, respectively.

Hire purchase receivables as at December 31, 2019 and 2018 were classified by aging as follows:

	2019 Baht	2018 Baht
Current	574,684	8,404,176
Overdue :		
Not more than 3 months	2,283,393	-
<u>Less</u> Allowance for doubtful accounts	<u>(3,673)</u>	<u>(12,210)</u>
	<u>2,854,404</u>	<u>8,391,966</u>

7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Outstanding contract price	307,890,952	333,277,601
<u>Less</u> Deposits on lease contracts	<u>(106,065,859)</u>	<u>(112,236,477)</u>
<u>Less</u> Unearned financing income	<u>(20,651,983)</u>	<u>(22,028,718)</u>
	181,173,110	199,012,406
<u>Less</u> Allowance for doubtful accounts ^(*)	<u>(1,602,327)</u>	<u>(9,591,440)</u>
	<u>179,570,783</u>	<u>189,420,966</u>
Due within one year	135,828,211	142,090,534
<u>Less</u> Deposits on lease contracts	<u>(33,021,898)</u>	<u>(32,968,086)</u>
<u>Less</u> Unearned financing income	<u>(11,905,151)</u>	<u>(13,111,117)</u>
Current portion of lease contract receivables, net	<u>90,901,162</u>	<u>96,011,331</u>
Lease contract receivables, net	<u>88,669,621</u>	<u>93,409,635</u>

(*) As at December 31, 2019 and 2018, 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 231,084 and Baht 275,590, respectively.

Lease contract receivables as at December 31, 2019 and 2018 were classified by aging as follows:

	2019 Baht	2018 Baht
Current	158,893,422	177,151,734
Overdue :		
Not more than 3 months	16,140,524	6,044,127
Over 6 months but not more than 12 months	-	6,152,424
Over 12 months	6,139,164	581,276
Debtors subject to legal proceedings	-	9,082,845
<u>Less</u> Allowance for doubtful accounts	(1,602,327)	(9,591,440)
	<u>179,570,783</u>	<u>189,420,966</u>

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2019 and 2018 were as follows:

	2019 Baht	2018 Baht
Inventory finance receivables	160,211,622	164,491,125
<u>Less</u> Allowance for doubtful accounts ^(*)	(3,830,446)	(13,341,396)
Inventory finance receivables, net	<u>156,381,176</u>	<u>151,149,729</u>

(*) As at December 31, 2019 and December 31, 2018, 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 December 31, 2019 and 2018 were classified by aging as follows:

	2019 Baht	2018 Baht
Current	156,381,176	150,530,236
Overdue :		
Over 6 months but not more than 12 months	1,108,542	1,238,985
Debtors subject to legal proceedings	2,721,904	12,721,904
<u>Less</u> Allowance for doubtful accounts	(3,830,446)	(13,341,396)
	<u>156,381,176</u>	<u>151,149,729</u>

9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2019 and 2018, fixed deposit at bank of Baht 161,183 and Baht 159,447, respectively, have been pledged with a bank as collateral for issuing bank guarantees on behalf of the Company.

10. PLANT AND EQUIPMENT

Plant and equipment as at December 31, 2019 and 2018 consist of the following:

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2019 Baht
Cost					
Condominium	82,667,639	-	-	(25,506,324)	57,161,315
Furniture and fixtures	31,318,802	1,303,535	(47,300)	-	32,575,037
Vehicles	9,845,885	-	-	-	9,845,885
Total cost	<u>123,832,326</u>	<u>1,303,535</u>	<u>(47,300)</u>	<u>(25,506,324)</u>	<u>99,582,237</u>
Accumulated depreciation					
Condominium	(32,607,621)	(3,738,022)	-	3,589,277	(32,756,366)
Furniture and fixtures	(29,939,081)	(1,001,387)	47,299	-	(30,893,169)
Vehicles	(5,404,210)	(1,575,489)	-	-	(6,979,699)
Total accumulated depreciation	<u>(67,950,912)</u>	<u>(6,314,898)</u>	<u>47,299</u>	<u>3,589,277</u>	<u>(70,629,234)</u>
Plant and equipment	<u>55,881,414</u>				<u>28,953,003</u>
	Balance as at January 1, 2018 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2018 Baht
Cost					
Condominium	40,875,264	-	-	41,792,375	82,667,639
Furniture and fixtures	31,560,289	-	(241,487)	-	31,318,802
Vehicles	9,691,885	3,740,000	(3,586,000)	-	9,845,885
Total cost	<u>82,127,438</u>	<u>3,740,000</u>	<u>(3,827,487)</u>	<u>41,792,375</u>	<u>123,832,326</u>
Accumulated depreciation					
Condominium	(24,417,383)	(3,772,683)	-	(4,417,555)	(32,607,621)
Furniture and fixtures	(29,174,809)	(998,586)	234,314	-	(29,939,081)
Vehicles	(7,076,363)	(1,913,847)	3,586,000	-	(5,404,210)
Total accumulated depreciation	<u>(60,668,555)</u>	<u>(6,685,116)</u>	<u>3,820,314</u>	<u>(4,417,555)</u>	<u>(67,950,912)</u>
Plant and equipment	<u>21,458,883</u>				<u>55,881,414</u>
Depreciation for the years ended December 31,					
2019				Baht	<u>6,314,898</u>
2018				Baht	<u>6,685,116</u>

In March 2019, the Company transferred partial of condominium at cost and net book value of Baht 25.51 million and Baht 21.92 million, respectively, from plant and equipment to investment property because of change in purpose from owner-occupation to investing in the future (see Note 11).

As at December 31, 2019 and 2018, certain equipment at cost of Baht 30.23 million and Baht 31.94 million, respectively, were fully depreciated but still in use.

11. INVESTMENT PROPERTY

Investment property as at December 31, 2019 and 2018 consist of the following:

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2019 Baht
Cost					
Condominium	62,884,461	-	-	25,506,324	88,390,785
Total Costs	62,884,461	-	-	25,506,324	88,390,785
Accumulated depreciation					
Condominium	(13,035,775)	(4,427,692)	-	(3,589,277)	(21,052,744)
Total accumulated depreciation	(13,035,775)	(4,427,692)	-	(3,589,277)	(21,052,744)
Investment properties	49,848,686				67,338,041
	Balance as at January 1, 2018 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2018 Baht
Cost					
Condominium	104,676,836	-	-	(41,792,375)	62,884,461
Total Costs	104,676,836	-	-	(41,792,375)	62,884,461
Accumulated depreciation					
Condominium	(13,055,502)	(4,397,828)	-	4,417,555	(13,035,775)
Total accumulated depreciation	(13,055,502)	(4,397,828)	-	4,417,555	(13,035,775)
Investment properties	91,621,334				49,848,686
Depreciation for the years ended December 31,					
2019				Baht	4,427,692
2018				Baht	4,397,828

In March 2019, the Company transferred partial of condominium at cost and net book value of Baht 25.51 million and Baht 21.92 million, respectively, from plant and equipment to investment property because of change in purpose from owner-occupation to investing in the future (see Note 10).

As at December 31, 2019 and 2018, fair value of investment property of the Company which amounted to Baht 131.14 million and Baht 80.07 million, respectively.

12. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, 2019 and 2018 consist of the following:

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Balance as at December 31, 2019 Baht
Cost				
Golf membership fee	150,000	-	-	150,000
Computer software	9,552,040	522,909	-	10,074,949
Total cost	9,702,040	522,909	-	10,224,949
Accumulated amortization				
Computer software	(8,545,034)	(759,546)	-	(9,304,580)
Total accumulated amortization	(8,545,034)	(759,546)	-	(9,304,580)
Intangible assets	1,157,006			920,369
	Balance as at January 1, 2018 Baht	Additions Baht	(Disposals) Baht	Balance as at December 31, 2018 Baht
Cost				
Golf membership fee	150,000	-	-	150,000
Computer software	9,156,621	395,419	-	9,552,040
Total cost	9,306,621	395,419	-	9,702,040
Accumulated amortization				
Computer software	(6,361,820)	(2,183,214)	-	(8,545,034)
Total accumulated amortization	(6,361,820)	(2,183,214)	-	(8,545,034)
Intangible assets	2,944,801			1,157,006
Amortization for the years ended December 31,				
2019			Baht	759,546
2018			Baht	2,183,214

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2019 and 2018 were as follows:

	2019 Baht	2018 Baht
Deferred tax assets	34,495,183	50,281,026

Deferred tax assets as at December 31, 2019 and 2018 consist of tax effects from the following items:

	As at December 31, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2019
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	29,886,917	(14,379,487)	-	15,507,430
Bad debt in process of litigation	772,224	-	-	772,224
Assets from lease contract	12,391,097	(452,202)	-	11,938,895
Provisions for employee benefits	7,230,788	(954,154)	-	6,276,634
	<u>50,281,026</u>	<u>(15,785,843)</u>	<u>-</u>	<u>34,495,183</u>

	As at December 31, 2017	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2018
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	29,019,166	867,751	-	29,886,917
Bad debt in process of litigation	4,432,658	(3,660,434)	-	772,224
Assets from lease contract	12,580,804	(189,707)	-	12,391,097
Provisions for employee benefits	5,320,860	1,909,928	-	7,230,788
	<u>51,353,488</u>	<u>(1,072,462)</u>	<u>-</u>	<u>50,281,026</u>

14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Promissory notes	<u>2,210,000,000</u>	<u>2,585,000,000</u>

As at December 31, 2019 and 2018, the Company has short-term borrowings from financial institutions which bear interest rate at 2.10% to 3.10% per annum and 2.28% to 3.06% per annum, respectively.

15. LONG-TERM BORROWINGS

Long-term borrowings as at December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Long-term borrowings	266,980,000	208,000,000
Current portion of long-term borrowings	(146,720,000)	(116,000,000)
	<u>120,260,000</u>	<u>92,000,000</u>

As at December 31, 2019 and 2018, the Company entered into long-term borrowings with financial institutions at the floating interest rates 3.62% to 4.00% per annum and 3.42% to 4.28% per annum, respectively, and are repayable quarterly installments, the last installment of such borrowings fall due in October 2022.

16. PROVIDENT FUND

The Company has a contributory staff provident fund for its employees who apply to join after one year's service which was registered as the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2019 and 2018, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 4.52 million and Baht 4.08 million, respectively.

17. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits for the years ended December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Provisions for employee benefits for severance pay (see Note 17.1)	26,572,481	31,452,107
Provisions for employee benefits for long service awards (see Note 17.2)	4,810,687	4,701,833
	<u>31,383,168</u>	<u>36,153,940</u>

17.1 Provisions for employee benefits for severance pay

Change in the present value of provisions for employee benefits for severance pay for the years ended December 31, 2019 and 2018, is as follows:

	2019 Baht	2018 Baht
Present value of provisions for employee benefits for severance pay, beginning balance	31,452,107	22,042,623
Cost of service - current period	2,435,200	8,862,704
Interest cost	624,900	546,780
Benefits paid during the year	(7,939,726)	-
Actuarial (gains) loss	-	-
Present value of provisions for employee benefits for severance pay, ending balance	<u>26,572,481</u>	<u>31,452,107</u>

Provisions for employee benefits for severance pay expenses recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

	2019 Baht	2018 Baht
Cost of service - current period	2,435,200	8,862,704
Interest cost	624,900	546,780
Actuarial (gains) loss	-	-
- Change in financial assumptions	-	-
- Change in demographic assumptions	-	-
- Experience adjustments	-	-
	<u>-</u>	<u>-</u>

17.2 Provisions for employee benefits for long service awards

Change in the present value of provisions for employee benefits for long service awards for the years ended December 31, 2019 and 2018 were as follows:

	2019 Baht	2018 Baht
Present value of provisions for employee benefits for long service awards, beginning balance	4,701,833	4,561,678
Cost of service - current period	639,134	633,367
Interest cost	126,720	121,788
Benefits paid during the year	(657,000)	(615,000)
Actuarial (gains) loss	-	-
Present value of provisions for employee benefits for long service awards, ending balance	<u>4,810,687</u>	<u>4,701,833</u>

Provisions for employee benefits for long service awards expense recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 is as follows:

	2019 Baht	2018 Baht
Cost of service - current period	639,134	633,367
Interest Cost	126,720	121,788
Actuarial (gains) loss		
- Change in financial assumptions	-	-
- Change in demographic assumptions	-	-
- Experience adjustments	-	-
	<u>-</u>	<u>-</u>

The Company calculated provisions for employee benefits by using actuarial technique. The assumptions at December 31, consist of the following:

	2019	2018
Financial assumptions		
Discount rate (%)	2.67	2.67
Salary increase (%)	5.00	5.00
Demographic		
Resignation rate (%) depending on age group of employees	3, 4, 18	3, 4, 18
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of provisions for employee benefits as at December 31, 2019 and 2018 are as follows:

	2019 Baht	2018 Baht
Legal severance pay benefit		
Financial assumptions		
Discount rate		
- 1% increase	(2,762,864)	(2,574,839)
- 1% decrease	3,243,401	3,030,891
Expected rate of salary increase		
- 1% increase	3,701,721	3,178,560
- 1% decrease	(3,182,163)	(2,743,095)
Demographic assumptions		
Turnover Rate		
- 1% increase	(2,896,051)	(2,699,433)
- 1% decrease	1,101,821	1,048,460

	2019 Baht	2018 Baht
Long service year award		
Financial assumptions		
Discount rate		
- 1% increase	(327,242)	(315,937)
- 1% decrease	368,478	355,943
Demographic assumptions		
Turnover Rate		
- 1% increase	(347,096)	(335,262)
- 1% decrease	263,304	258,324

Maturity analysis of the benefit payments of provisions for employee benefits as at December 31, 2019 and 2018 is as follows:

	2019 Baht	2018 Baht
Legal severance pay benefit		
Within 1 year	1,169,973	8,047,987
Over 1 to 5 years	7,873,714	5,737,376
Over 5 year	17,528,794	17,666,744
Total	<u>26,572,481</u>	<u>31,452,107</u>
Long service year award		
Within 1 year	225,000	720,000
Over 1 to 5 years	3,165,000	2,520,000
Over 5 year	1,420,687	1,461,833
Total	<u>4,810,687</u>	<u>4,701,833</u>

18. PREMIUM ON ORDINARY SHARES

The share premium account is set up under the provisions of Section 51 of the Public Companies Act. B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued less expenses relating to the increase in share capital which is a reserve account and cannot be distributed as dividend.

19. DIVIDENDS PAID

On April 22, 2019, the Ordinary Shareholders' Meeting of the Company passed a resolution to pay dividend of Baht 0.17 per share on 493,499,975 shares, totaling Baht 83,894,996. Such dividend was paid to the shareholders on May 17, 2019.

On April 18, 2018, the Ordinary Shareholders' Meeting of the Company passed a resolution to pay dividend of Baht 0.152 per share on 493,499,975 shares, totaling Baht 75,011,996. Such dividend was paid to the shareholders on May 17, 2018.

20. LEGAL RESERVE

Pursuant to the Public Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, of not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital. The legal reserve could not be used for dividend payment.

As at December 31, 2019 and 2018, the Company has legal reserve by ten percent of the authorized capital.

21. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Moreover, on April 8, 2010, the Company had obtained the approval from the Department of Business Development to operate a business under annex 3 (21). However, the Company is required to have a minimum capital of the Company of not less than Baht 427,954,151 (see Note 1).

The Company has to comply with the conditions specified in the certificate of foreign business operations in that the total amount of loans used in the operation of the business permitted must not exceed seven times of the principal. As at December 31, 2019 and 2018, the Company is in compliance to the conditions as mentioned.

In addition, the Company also has to comply with financial covenants with a financial institution in that the Company should maintain its debt to equity ratio to not exceed eight times and with another financial institution in that the Company shall maintain its gearing ratio to not exceed 6.5 times and a minimum tangible net worth of not less than Baht 650 million. On December, 31, 2019 and 2018, the Company is in compliance to the conditions as mentioned.

22. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2019 and 2018 consist of the following:

	2019 Baht	2018 Baht
Income tax expense from taxable income per income tax return	48,515,683	44,927,653
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>15,785,843</u>	<u>1,072,462</u>
Income tax per the statements of comprehensive income	<u>64,301,526</u>	<u>46,000,115</u>

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2019 and 2018 were follows:

	2019 Baht	2018 Baht
Accounting income before tax	295,876,510	212,225,165
Income tax at 20%	59,175,302	42,445,033
Tax effect of non-deductible expenses	5,126,224	3,555,082
Income tax per the statements of comprehensive income	64,301,526	46,000,115
Deferred tax expense relating to the origination and reversal of temporary differences	(15,785,843)	(1,072,462)
Income tax expense from taxable income per income tax return	48,515,683	44,927,653

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2019 and 2018 and deferred tax as at December 31, 2019 and 2018.

23. 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.

Significant balance with related companies as at December 31, 2019 and 2018 consist of the following;

	Relationship	2019 Baht	2018 Baht
Amount due from related companies			
IFS Capital Limited	Major Shareholder Company	-	19,300
IFS Capital Holdings (Thailand) Limited	Related Company	-	250
		-	19,550

Significant transactions with related parties for the years ended December 31, 2019 and 2018 were as follow:

	2019 Baht	2018 Baht
Management benefit expenses		
Short-term benefits	38,166,315	36,499,945
Post-employment benefits	788,534	3,314,127
Other long-term benefits	64,975	63,744
	39,019,824	39,877,816

24. COMMITMENTS

As at December 31, 2019 and 2018, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	2019 Baht	2018 Baht
Total credit facilities	<u>5,197,000,000</u>	<u>5,558,000,000</u>

As at December 31, 2019 and 2018, the Company had utilized the letters of credit amounting to Baht 9.36 million, for factoring, hire purchase and leasing contracts. However, as at December 31, 2019 and 2018, the Company had unused such credit facilities with financial institutions totaling Baht 2,306 million and Baht 2,364 million, respectively.

25. EXPENSES BY NATURE

Net profit for the years ended December 31, 2019 and 2018 were arrived at after charging the following items:

	2019 Baht	2018 Baht
Directors and management benefit expenses	39,019,824	39,877,816
Employee benefit expenses	70,178,324	68,607,645
Depreciation and amortization	11,502,136	13,266,158
Doubtful accounts (reversal)	(49,119,993)	5,414,183
Business tax	14,922,631	14,065,116
Professional fee	3,518,167	4,236,640
Finance cost	67,894,189	73,925,796

26. DISCLOSURE OF FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk arises from the problem in adequately raising fund and in time to meet commitment as indicated in the financial instruments. The management, based on the Company's current financial position and result of operations, believes that the Company's liquidity risk is minimal.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy to prevent such risk by performing credit analysis on customers' information and follow-up on customer status consistently according to the Company's regulations. The maximum exposure to credit risk in the event the counter parties fail to perform their obligations is the carrying amount of the assets as recorded in the statements of financial position, net of a portion of allowance for doubtful account.

Interest Rate Risk

Interest rate risk of financial instruments in the statements of financial position arises from the potential of a change in interest rates having an adverse effect on the net interest earnings of the Company in the current reporting period, and in future years. Interest rate risk arises from the structure and characteristics of the Company's assets, liabilities and equity or in the mismatch in repricing dates of its assets and liabilities.

As at December 31, 2019 and 2018, financial assets and liabilities exposed to interest rate risk are as follows:

2019							
Outstanding balances of net financial instruments							
Repricing or maturity dates							
Depend on	Market	With in	1-5 years	No	Total	Interest rate	
	Rate	1 year		Interest		Floating	Fixed
	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
	Baht	Baht	Baht	Baht	Baht		
Financial assets							
Cash and cash equivalents	353,310	353,310	-	10,814	364,124	0.35	-
Bank deposits held as collateral	161	-	161	-	161	-	0.75
Factoring receivables	3,271,358	3,271,358	-	-	3,271,358	8.91	-
Hire purchase receivables	2,854	2,854	-	-	2,854	-	12.01
Lease contract receivables	179,571	90,901	88,670	-	179,571	9.02	-
Inventory finance receivables	156,381	156,381	-	-	156,381	9.53	-
Financial liabilities							
Short-term borrowings	2,210,000	2,210,000	-	-	2,210,000	2.37	-
Long-term borrowings	266,980	146,720	120,260	-	266,980	3.75	-
2018							
Outstanding balances of net financial instruments							
Repricing or maturity dates							
Depend on	Market	With in	1-5 years	No	Total	Interest rate	
	Rate	1 year		Interest		Floating	Fixed
	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
	Baht	Baht	Baht	Baht	Baht		
Financial assets							
Cash and cash equivalents	354,722	354,722	-	8,266	362,988	0.35	-
Bank deposits held as collateral	159	-	159	-	159	-	1.10
Factoring receivables	3,411,564	3,411,564	-	-	3,411,564	8.80	-
Hire purchase receivables	8,392	7,830	562	-	8,392	-	9.06
Lease contract receivables	189,421	96,011	93,410	-	189,421	9.16	-
Inventory finance receivables	151,150	151,150	-	-	151,150	9.36	-
Financial liabilities							
Short-term borrowings	2,585,000	2,585,000	-	-	2,585,000	2.70	-
Long-term borrowings	208,000	116,000	92,000	-	208,000	4.00	-

Fair value measurements

Considerable judgment is necessarily required in estimation of fair value of financial assets or financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

1. Financial assets or financial liabilities not measured at fair value

Cash and cash equivalents, other receivables, bank deposits held as collateral, short-term loans from financial institutions and other current liabilities; the fair values approximate their carrying amounts due to the relatively short period to maturity.

Factoring receivables, hire purchase receivables, lease contract receivables and inventory finance receivables, which carry a floating interest rate receivables. The fair value is approximated by the outstanding balance less allowance for doubtful accounts.

Long-term borrowings; the fair values approximate their carrying amount presented in the statement of financial position.

2. Non-financial assets measured at cost but their fair values are disclosed

Investment property has fair value as disclosed in Note 11 which fair value is determined based on the market price equivalent approach, fair value hierarchy level 3.

29. 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 years ended December 31, 2019 and 2018, 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 years ended December 31, 2019 and 2018 were as follow:

	For the year ended December 31, 2019				For the year ended December 31, 2018			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	393,762	18,008	-	411,770	386,865	20,594	-	407,459
Other income	58,439	2,721	-	61,160	40,566	3,459	-	44,025
Total income	452,201	20,729	-	472,930	427,431	24,053	-	451,484
Selling and Administrative expenses	151,342	6,938	-	158,280	151,399	8,520	-	159,919
Allowance for doubtful accounts (reversal)	(50,213)	1,093	-	(49,120)	5,476	(62)	-	5,414
Finance cost	64,918	2,976	-	67,894	69,987	3,939	-	73,926
Total operation expenses	166,047	11,007	-	177,054	226,862	12,397	-	239,259
Net profit before finance cost and income tax	286,154	9,722	-	295,876	200,569	11,656	-	212,225
Income tax expenses	60,863	3,438	-	64,301	39,797	6,203	-	46,000
Net profit for the years	225,291	6,284	-	231,575	160,772	5,453	-	166,225
Total assets	3,427,740	182,425	502,866	4,113,031	3,562,714	197,813	523,926	4,284,453

30. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on February 18, 2020.



IFS Capital (Thailand)
Public Company Limited

IFS 182/2020

18th February 2020

Subject: Resolutions of the Board of Directors' Meeting

To: The President
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to inform you that the Board of Directors' Meeting No. 1/2020 held on 18th February 2020 passed the resolutions as follows:

1. Approved the Audited Financial Statements for the year ended 31st December 2019 and this would be proposed to the 2020 Annual General Meeting of Shareholders for approval.
2. Approved the appropriation of the net profit and the dividend payment for the year 2019 as follows:
 - 2.1 There was no legal reserve to be appropriated from the Company's net profit in 2019 as the Company's legal reserve had reached the amount required by laws pursuant to Section 116 of the Public Limited Company Act B.E. 2535 (1992) (as amended) and Article 51 of the Company's Articles of Association;
 - 2.2 To distribute dividend for the year 2019 at the rate of Baht 0.235 per share, for 493,499,975 shares, totaling Baht 115,972,494. The Record Date for the right to receive the Dividend will be on 5th March 2020 and the Dividend shall be paid on 15th May 2020. This would be proposed to the 2020 Annual General Meeting of Shareholders for approval.

However, the right to receive dividend is not confirmed until approved by the 2020 Annual General Meeting of Shareholders.

3. Approved the re-election of 1 director who retired by rotation for another term and the election of a new director in place of the director who retired by rotation as follows:-
 - 1) Ms. Choinh Yi Chian the director who retired by rotation, shall be re-elected as the director for another term, and shall act as Director and Chairman of the Risk Management Committee.
 - 2) Mr. Chayut Vishchuprapha the new director, who shall be elected in place of Mr. Suvait Theeravachirakul, the director who retired by rotation and had no intention to resume his positions. Mr. Chayut Vishchuprapha shall also act as Independent Director, Member of the Audit Committee and Member of the Risk Management Committee.

In this regard, Mr. Chayut Vishchuprapha possesses the appropriate qualifications to give comments independently in line with the relevant criteria. In addition, this candidate did not hold any directorship or executive position in any business which may cause a conflict of interest with the Company.

This would be proposed to the 2020 Annual General Meeting of Shareholders for approval.

4. Approved the remuneration of directors for the year 2020 and this would be proposed to the 2020 Annual General Meeting of Shareholders for approval as follows:

4.1 Adoption of the existing remuneration structure of directors of the Company for the year 2020 as below:

Board of Directors' Meeting

	<u>Annual Basic Fee (Baht)</u>	<u>Attendance Fee (Baht)</u>
Chairman	100,000	25,000/meeting
Deputy Chairman	80,000	20,000/meeting
Other Director	50,000	20,000/meeting

Audit Committee's Meeting

	<u>Annual Basic Fee (Baht)</u>	<u>Attendance Fee (Baht)</u>
Chairman	80,000	25,000/meeting
Member	50,000	20,000/meeting

Compensation & Nomination Committee's Meeting

	<u>Annual Basic Fee (Baht)</u>	<u>Attendance Fee (Baht)</u>
Chairman	50,000	25,000/meeting
Member	30,000	20,000/meeting

Risk Management Committee's Meeting

	<u>Annual Basic Fee (Baht)</u>	<u>Attendance Fee (Baht)</u>
Chairman	50,000	25,000/meeting
Member	30,000	20,000/meeting

4.2 Approved the payment of bonus totaling Baht 2,142,000 to the following directors of the Company:

	<u>Baht</u>
1. Mr. Tan Hai Leng, Eugene	714,000.00
2. Mr. Singha Nikornpun	357,000.00
3. Mr. Suvait Theeravachirakul	357,000.00
4. Mrs. Churairat Panyarachun	357,000.00
5. Ms. Chionh Yi Chian	357,000.00
6. Mr. Tan Ley Yen	-
	<u>2,142,000.00</u>

5. Approved the appointment of Ms. Nisakorn Songmanee, Certified Public Accountant No. 5035 and/or Mr. Chavala Tienpasertkij, Certified Public Accountant No. 4301 and/or Dr. Suphamit Techamontrikul, Certified Public Accountant No. 3356 of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be Auditors of the Company for the year ended 31st December 2020 and fixed the total remuneration of Baht 2,201,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2020 Annual General Meeting of Shareholders for approval.

6. Approved the amendments of Articles 26, 27, 28 and 36 of the Company's Articles of Association ("AOA") and proposed to the 2020 Annual General Meeting of Shareholders for approval as follows:

Existing AOA	Proposing AOA to be Amended	Rationale
Article 26. A meeting of the board of directors must be held in the area where the Company's head office is located or at any adjacent provinces or any other places as designated by the Chairman or his assignee.	Article 26. A meeting of the board of directors must be held in the area where the Company's head office is located or at any adjacent provinces or any other places as designated by the Chairman or his assignee. <u>In conducting the meeting, the board of directors is entitled to conduct the meeting through electronic media.</u>	In order to be line with the Order of the Head of the National Council for Peace No. 74/2557 (2014) Re: Meeting through Electronic Media dated 27 June 2014 (the "Order No. 74/2557") and the Clarification of the Department of Business Development Re: A Teleconference through Electronic Devices of Registered Partnerships, Limited Companies, Public Limited Companies, Trade Associations and Chambers of Commerce under the Order No. 74/2557 dated 23 September 2016 (the "Clarification of the Department of Business Development")
Article 27. In calling a meeting of the board of directors, the chairman or the person assigned by him shall send out a notice of meeting to the directors not less than seven (7) days in advance of the date of the meeting, except in the case of urgency for the purpose of maintaining rights or benefits of the company, the notice of meeting may be served by other means and an earlier date may be fixed for the meeting. If two or more directors request a meeting of the board of directors, the chairman shall appoint a date for the meeting within fourteen (14) days from the date of receipt of such request.	Article 27. In calling a meeting of the board of directors, the chairman or the person assigned by him shall send out a notice of meeting to the directors not less than 7 (seven) days in advance of the date of the meeting, except in the case of urgency for the purpose of maintaining rights or benefits of the company, the notice of meeting may be served by other means and an earlier date may be fixed for the meeting. If two or more directors request a meeting of the board of directors, the chairman shall appoint a date for the meeting within fourteen (14) days from the date of receipt of such request. <u>In delivering an invitation to the board of directors' meeting through electronic media and meeting documents, the Company may send them via electronic mail (e-mail).</u>	In order to be in line with the Order No. 74/2557 and the Clarification of the Department of Business Development.
Article 28. At a meeting of the board of directors, at least one-half of the total number of directors attending the meeting shall constitute a quorum.	Article 28. At a meeting of the board of directors, at least one-half of the total number of directors attending the meeting shall constitute a quorum.	In order to be in line with the Order No. 74/2557 and the Clarification of the Department of Business Development.

Existing AOA	Proposing AOA to be Amended	Rationale
<p>In case the Chairman of the board of directors is not present at the meeting or cannot perform his duty, if there is a Vice-Chairman, the Vice-Chairman shall be the Chairman of the meeting. If there is no Vice-Chairman or if there is a Vice-Chairman but he cannot perform his duty, the directors present at the meeting shall elect one of the directors to be the Chairman of the meeting.</p>	<p>In case the Chairman of the board of directors is not present at the meeting or cannot perform his duty, if there is a Vice-Chairman, the Vice-Chairman shall be the Chairman of the meeting. If there is no Vice-Chairman or if there is a Vice-Chairman but he cannot perform his duty, the directors present at the meeting shall elect one of the directors to be the Chairman of the meeting.</p> <p><u>In each meeting of the board of directors, the Chairman may allow the directors to attend and participate in such meeting through electronic media provided that at least one-third (1/3) of the directors to form a quorum must be in the same meeting venue and all of them must be in Thailand during the meeting.</u></p> <p><u>Such electronic meeting under paragraph three must be held via a controlled electronic system applying IT security measures by voice, or voice and video recording (as the case may be) of all meeting attendants throughout the meeting period, including computer traffic data from such voice or video record. Such controlled electronic system must contain fundamental components according to the relevant law.</u></p> <p><u>Any director who attends a meeting of the board of directors through electronic media in accordance with procedures and criteria as aforementioned shall be deemed as part of the quorum and such electronic meeting shall be regarded as a meeting held in accordance with law and these Articles of Association.</u></p>	
<p>Article 36. The shareholders' meeting shall be convened at least once a year and shall be called the annual general meeting. Such annual general meeting of shareholders shall be convened within four (4) months of the last day of fiscal year of the Company.</p> <p>The shareholders' meetings other than those specified above shall be called the extraordinary general meetings of shareholders.</p> <p>The board of directors may call an extraordinary general meeting of shareholders at any time as it is deemed appropriate, or when shareholder(s) holding shares in aggregate of not less</p>	<p>Article 36. The shareholders' meeting shall be convened at least once a year and shall be called the annual general meeting. Such annual general meeting of shareholders shall be convened within four (4) months of the last day of fiscal year of the Company.</p> <p>The shareholders' meetings other than those specified above shall be called extraordinary general meetings of shareholders.</p> <p>The board of directors may call an extraordinary general meeting of shareholders at any time as it is deemed appropriate, or when <u>one or several</u> shareholder(s) holding shares in</p>	<p>In order to be in line with Section 100 of the Public Limited Companies Act B.E. 2535 which has been repealed by the Order of the Head of the National Council for Peace and Order No. 21/2560 (2017) Re: Amendments to the Laws for the Ease of Doing Business, dated 4 April 2017.</p>

Existing AOA	Proposing AOA to be Amended	Rationale
<p>than one-fifth (1/5) of the total issued shares or not less than twenty-five (25) shareholders holding shares in aggregate of not less than one-tenth (1/10) of the total issued shares jointly subscribe their names in the same written notice requesting the board of directors to call a meeting, provided that reasons for calling such meeting shall be clearly stated in the said notice. In this case, the board of directors shall convene a shareholders' meeting to be held within one (1) month from the date of the receipt of such notice from the shareholders.</p>	<p>aggregate of not less than <u>ten (10) percent</u> of the total issued shares <u>may</u> jointly subscribe their names requesting the board of directors to call an <u>extraordinary meeting at any time</u>, provided that <u>matters and reasons for calling</u> such meeting shall be clearly stated in <u>the said notice</u>. In <u>such</u> case, the board of directors shall convene a shareholders' meeting within <u>forty-five (45) days</u> from the date of the receipt of such notice from the shareholders.</p> <p><u>In the case where the board of directors does not convene the meeting within the period specified under paragraph three, the shareholders who have subscribed their names or other shareholders holding shares in the required aggregate number may themselves call the meeting within forty-five (45) days from the end of the period under paragraph three. In this case, such shareholders' meeting shall be deemed to be called by the board of directors, and the Company shall be responsible for necessary expenses incurred in the course of convening such meeting and shall provide reasonable facilitation.</u></p> <p><u>In the case where, at a shareholders' meeting called by the shareholders under paragraph four, the number of shareholders attending the meeting does not constitute a quorum as prescribed in Article 38. of these Articles of Association, the shareholders under paragraph four shall jointly be responsible to and compensate the Company for the expenses incurred from convening of such meeting.</u></p>	

Furthermore, the Meeting approved the authorization to the Chief Executive Officer and/or the person(s) assigned by the Chief Executive Officer to register the amendment of the aforementioned AOA with the Department of Business Development, Ministry of Commerce, and to proceed with the amendment and addition to the amended AOA in the case where the registrar of the public limited companies gives orders and/or recommendations to amend certain wordings in such document.

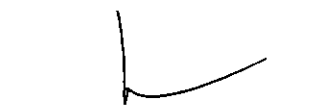
7. Approved the convocation of the 2020 Annual General Meeting of Shareholders as follows:

7.1 The 2020 Annual General Meeting of Shareholders would be held on Monday 20th April 2020 at 2.00 p.m. at the Infinity Room, 7th Floor the AETAS Lumpini Hotel, 1030/4 Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand to consider the following agenda:

1. To certify the Minutes of the 2019 Annual General Meeting of Shareholders;
 2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2019;
 3. To consider and approve the Financial Statements for the fiscal year ended 31st December 2019;
 4. To consider and approve the appropriation of the net profit and dividend payment for the year 2019;
 5. To consider and approve the election of directors to replace those who retire by rotation;
 6. To consider and approve the determination of the remuneration of the directors;
 7. To consider and approve the appointment of the auditors and the determination of the remuneration of the auditors for the year 2020;
 8. To consider and the amendments of Articles 26, 27, 28 and 36 of the Company's Articles of Association
 9. To consider other matters (if any).
- 7.2 The date on which the recorded shareholders have the right to attend the 2020 Annual General Meeting of Shareholders (Record Date) was determined on 5th March 2020.
- 7.3 Mr. Tan Ley Yen would be authorized to have the power under the limitation of law to amend and/or determine the date, time, place and agenda for the 2020 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,

A handwritten signature in black ink, consisting of a vertical line followed by a horizontal line and a diagonal stroke, positioned above a horizontal line.

(Mr. Tan Ley Yen)
Director and CEO