

**Headline:** Audited Yearly F/S (F45-1)

**Security Symbol:** IFS

Announcement Details

**The Company Financial Statement (F45-1)**

Company name IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Quarter Yearly

(In thousands)

The Company Financial Statement

Yearly

Status Audited

Ending 31 December

Year 2015 2014

Net profit (loss) 118,115 138,117

EPS (baht) 0.25 0.29

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 \_\_\_\_\_

(Tan Ley Yen)

Director and CEO

Authorized to sign on behalf of the company

This announcement was prepared and disseminated by listed company or issuer through the electronic system which is provided for the purpose of dissemination of the information and related documents of listed company or issuer to the Stock Exchange of Thailand only. The Stock Exchange of Thailand has no responsibility for the correctness and completeness of any statements, figures, reports or opinions contained in this announcement, and has no liability for any losses and damages in any cases. In case you have any inquiries or clarification regarding this announcement, please directly contact listed company or issuer who made this announcement.

## **REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**

#### **IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**

We have audited the financial statements of IFS Capital (Thailand) Company Limited, which comprise the statement of financial position as at December 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of IFS Capital (Thailand) Company Limited as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**BANGKOK**  
February 16, 2016

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, 2015**

**UNIT : BAHT**

	Notes	2015	2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.3	227,228,991	172,565,524
Factoring receivables	5	2,745,463,284	2,636,437,389
Current portion of hire purchase receivables	6	3,671,467	5,867,013
Current portion of lease contract receivables	7	117,089,833	168,157,726
Inventory finance receivables	8	74,376,817	33,212,643
Amounts due from related companies	23	43,991	19,500
Other current assets		1,605,079	3,253,168
Total Current Assets		<u>3,169,479,462</u>	<u>3,019,512,963</u>
<b>NON-CURRENT ASSETS</b>			
Bank deposits held as collateral	9	154,168	151,687
Hire purchase receivables	6	259,267	2,100,819
Lease contract receivables	7	127,156,719	148,450,507
Plant and equipment	10	56,438,093	27,403,283
Investment property	11	32,104,981	-
Intangible assets	12	4,406,770	2,738,606
Deferred tax assets	13	55,315,275	55,279,514
Other non-current assets		466,670	333,150
Total Non-current Assets		<u>276,301,943</u>	<u>236,457,566</u>
<b>TOTAL ASSETS</b>		<u><u>3,445,781,405</u></u>	<u><u>3,255,970,529</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, 2015**

**UNIT : BAHT**

	<b>Notes</b>	<b>2015</b>	<b>2014</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term loans from financial institutions	14	2,010,000,000	1,570,000,000
Current portion of long-term loans	15	172,100,000	285,240,000
Amounts due to a related company	23	50,041	-
Other current liabilities		43,396,270	62,504,528
Total Current Liabilities		<u>2,225,546,311</u>	<u>1,917,744,528</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	15	103,500,000	275,600,000
Employee benefits obligation	17	27,319,067	23,175,442
Total Non-current Liabilities		<u>130,819,067</u>	<u>298,775,442</u>
<b>TOTAL LIABILITIES</b>		<u>2,356,365,378</u>	<u>2,216,519,970</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
470,000,000 ordinary shares of Baht 1 each		<u>470,000,000</u>	<u>470,000,000</u>
Issued and paid-up share capital			
470,000,000 ordinary shares of Baht 1 each, fully paid-up		470,000,000	470,000,000
<b>ADDITIONAL PAID-UP CAPITAL</b>			
Premium on ordinary shares	18	31,746,399	31,746,399
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	20	47,000,000	44,362,189
Unappropriated		540,669,628	493,341,971
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,089,416,027</u>	<u>1,039,450,559</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>3,445,781,405</u>	<u>3,255,970,529</u>

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

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

UNIT : BAHT

	Notes	2015	2014
<b>REVENUE</b>			
Factoring income		235,411,223	234,676,845
Hire purchase income		694,747	1,083,410
Finance lease income		24,809,359	38,755,308
Factoring commission and service fees		79,249,683	81,002,250
Other income		17,660,650	17,121,630
Total Revenue		<u>357,825,662</u>	<u>372,639,443</u>
<b>EXPENSES</b>			
Selling expenses		14,707,470	15,671,679
Administrative expenses		74,045,066	70,545,481
Management benefit expenses	23	31,008,336	32,016,169
Allowance for doubtful accounts		25,801,566	2,011,089
Total Expenses		<u>145,562,438</u>	<u>120,244,418</u>
<b>INCOME BEFORE FINANCE COST AND</b>			
INCOME TAX EXPENSE		212,263,224	252,395,025
FINANCE COST		<u>64,861,654</u>	<u>75,861,293</u>
INCOME BEFORE INCOME TAX EXPENSE		147,401,570	176,533,732
INCOME TAX EXPENSE	22	<u>29,286,102</u>	<u>38,416,981</u>
<b>PROFIT FOR THE YEARS</b>		<u><u>118,115,468</u></u>	<u><u>138,116,751</u></u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	0.25	0.29
<b>WEIGHTED AVERAGE NUMBER OF</b>			
<b>ORDINARY SHARES</b>	<b>SHARES</b>	470,000,000	470,000,000

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, 2015**

UNIT : BAHT

	Notes	Issued and paid-up share capital	Premium on Ordinary Shares	Retained earnings Appropriated Legal reserve	Unappropriated	Total Shareholders' equity
<b>Beginning balance as at January 1, 2014</b>		470,000,000	31,746,399	37,456,352	425,581,057	964,783,808
Changes during the year						
Total comprehensive income		-	-	-	138,116,751	138,116,751
Dividend paid	19	-	-	-	(63,450,000)	(63,450,000)
Legal reserve	20	-	-	6,905,837	(6,905,837)	-
<b>Ending balance as at December 31, 2014</b>		<u>470,000,000</u>	<u>31,746,399</u>	<u>44,362,189</u>	<u>493,341,971</u>	<u>1,039,450,559</u>
<b>Beginning balance as at January 1, 2015</b>		470,000,000	31,746,399	44,362,189	493,341,971	1,039,450,559
Changes during the year						
Total comprehensive income		-	-	-	118,115,468	118,115,468
Dividend paid	19	-	-	-	(68,150,000)	(68,150,000)
Legal reserve	20	-	-	2,637,811	(2,637,811)	-
<b>Ending balance as at December 31, 2015</b>		<u>470,000,000</u>	<u>31,746,399</u>	<u>47,000,000</u>	<u>540,669,628</u>	<u>1,089,416,027</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, 2015

UNIT : BAHT

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax expenses		147,401,570	176,533,732
Adjustments for :			
Allowance for doubtful accounts (reversal)		25,801,566	(14,830,374)
Bad debts written off		-	16,841,463
Gain from sales of fixed assets		(397,172)	(154,203)
Interest expenses		64,006,624	74,548,343
Employee benefits expense		4,143,625	3,386,150
Depreciation and amortization		7,941,929	4,614,791
		<u>248,898,142</u>	<u>260,939,902</u>
Operating assets (increase) decrease			
Factoring receivables		(135,621,108)	104,670,038
Hire purchase receivables		4,069,204	5,316,591
Lease contract receivables		73,166,737	146,849,067
Inventory finance receivables		(41,207,689)	(3,409,071)
Amounts due from a related company		(24,491)	(500)
Other current assets		1,648,089	14,774,525
Fixed deposits pledged as collateral		(2,481)	(3,308)
Non-other current assets		(133,520)	40,000
Operating liabilities increase (decrease)			
Amounts due to a related company		50,041	(19,326)
Other current liabilities		(12,122,777)	(2,467,730)
Cash paid for operations		138,720,147	526,690,188
Interest expenses paid		(64,704,806)	(73,976,188)
Income tax paid		(33,214,128)	(44,756,650)
Net cash provided by operating activities		<u>40,801,213</u>	<u>407,957,350</u>



IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	2015	2014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of fixed assets	4.1	(68,281,121)	(3,896,868)
Cash paid for purchases of intangible assets	4.2	(4,879,709)	(88,799)
Cash received from sale of fixed assets		413,084	154,206
Net cash used in investing activities		<u>(72,747,746)</u>	<u>(3,831,461)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash paid for short-term loans			
to financial institutions		(12,705,000,000)	(2,749,000,000)
Cash received from short-term loans			
from financial institutions		13,145,000,000	2,164,000,000
Cash paid for long-term loans			
to financial institutions		(285,240,000)	(289,580,000)
Cash received for long-term loans			
to financial institutions		-	400,000,000
Cash paid for dividend		(68,150,000)	(63,450,000)
Net cash received from (used in) financing activities		<u>86,610,000</u>	<u>(538,030,000)</u>
Net increase (decrease) in cash and cash equivalents		54,663,467	(133,904,111)
Cash and cash equivalents at beginning of the years		<u>172,565,524</u>	<u>306,469,635</u>
<b>Cash and cash equivalents at end of the years</b>	4.3	<u><u>227,228,991</u></u>	<u><u>172,565,524</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, 2015**

**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 20<sup>th</sup> floor Lumpini Tower, 1168/55 Rama IV Road, Tungmahamek, Sathorn, Bangkok. The principal business activities of the Company are factoring, hire purchase and leasing businesses.

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 40.78% 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, 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, 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 2014) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".
- 2.3 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2015 onwards, as follow:

### **Thai Accounting Standards ("TAS")**

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2014)	Share - Based Payments
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

**Thai Accounting Standards Interpretations (“TSI”)**

TSI 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSI 15 (Revised 2014)	Operating Leases - Incentives
TSI 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSI 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSI 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSI 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSI 32 (Revised 2014)	Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRI”)**

TFRI 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRI 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRI 12 (Revised 2014)	Service Concession Arrangements
TFRI 13 (Revised 2014)	Customer Loyalty Programmes
TFRI 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRI 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRI 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRI 18 (Revised 2014)	Transfers of Assets from Customers
TFRI 20	Stripping Costs in the Production Phase of a Surface Mine

**Conceptual Framework for Financial Reporting (Revised 2014)**

Above TFRSs have no material impact on these financial statements, except TFRS 13 which has resulted in more extensive disclosures (see Note 26).

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the accounting period beginning on or after January 1, 2016 onwards as follows:

### **Thai Accounting Standards (“TAS”)**

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41 (Revised 2015)	Agriculture

### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2015)	Share - Based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

### **Thai Accounting Standards Interpretations (“TSI”)**

TSI 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSI 15 (Revised 2015)	Operating Leases - Incentives
TSI 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSI 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSI 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSI 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services

TSI 32 (Revised 2015)     Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (“TFRI”)**

TFRI 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRI 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRI 12 (Revised 2015)	Service Concession Arrangements
TFRI 13 (Revised 2015)	Customer Loyalty Programmes
TFRI 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRI 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRI 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRI 18 (Revised 2015)	Transfers of Assets from Customers
TFRI 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRI 21 (Revised 2015)	Levies

**Conceptual Framework for Financial Reporting (Revised 2015)**

**Guideline on Accounting regarding Recognition and Measurement of Bearer Plants**

The Company’s management will adopt the above TFRSs relevant to the Company in the preparation of the Company’s financial statements when they become effective.

The Company’s management has assessed the effects of these TFRSs and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention except as disclosed in the 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 Income recognition**

Factoring income is recognized on an accrual basis.

The hire purchase income is recognized using the effective interest rate method.

The finance lease income is recognized using the direct financing method of accounting, based on effective interest rate.

Interest on hire purchase and finance lease contract is recognized on an accrual basis, 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.

Rental 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 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 receivable 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).

### 3.5 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 profit or loss and other comprehensive income.



### 3.6 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 profit or loss and other 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.

### 3.7 Intangible assets and amortization

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 profit or loss and other comprehensive income.

### 3.8 Employee benefits obligation

The Company provides provision regarding the severance pay under the Thai Labor Protection Act and long service awards payable to employees. The liability in respect of 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. Actuarial gains or losses will be recognized in the statements of profit or loss and other comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of profit or loss and other comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned (see Note 17).

### 3.9 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 profit or loss and other 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.

### 3.10 Basic earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted average ordinary shares outstanding during the year. In case of a capital increase, the number of ordinary shares is weighted according to the time of subscription was received. The Company did not have any common share equivalents outstanding which would have a dilutive effect on basic earnings per share.

### 3.11 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.

### 3.12 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, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014), leasing transactions that are within the scope of TAS 17 (Revised 2014), and

measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2014) or value in use in TAS 36 (Revised 2014).

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.

### 3.13 Accounting estimates

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

## 4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Plant and equipment for the years ended December 31, 2015 and 2014 are as follows:

	<b>2015</b> <b>Baht</b>	<b>2014</b> <b>Baht</b>
Other payable - plant and equipment, beginning balance (included in other current liabilities)	-	30,603
<u>Add</u> Purchases of plant and equipment	68,281,121	3,866,265
<u>Less</u> Cash paid for purchases of plant and equipment	<u>(68,281,121)</u>	<u>(3,896,868)</u>
Other payable - plant and equipment, ending balance (included in other current liabilities)	<u>-</u>	<u>-</u>

4.2 Intangible assets for the years ended December 31, 2015 and 2014 were as follows:

	<b>2015</b> <b>Baht</b>	<b>2014</b> <b>Baht</b>
Other payable - intangible assets, beginning balance (included in other current liabilities)	2,439,600	-
<u>Add</u> Purchases of intangible assets	2,484,675	2,528,399
<u>Less</u> Cash paid for purchases of intangible assets	<u>(4,879,709)</u>	<u>(88,799)</u>
Other payable - intangible asset, ending balance (included in other current liabilities)	<u>44,566</u>	<u>2,439,600</u>

4.3 Cash and cash equivalents as at December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Cash on hand	30,000	30,000
Cash at banks - current accounts	22,524,816	15,374,549
Cash at banks - savings accounts	204,674,175	157,160,975
	<u>227,228,991</u>	<u>172,565,524</u>

4.4 In May 2015, the Company transferred certain of condominium amounting to Baht 33.28 million to investment property according to the Company's operations objective (see Note 10).

## 5. FACTORING RECEIVABLES

Factoring receivables as at December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Factoring receivables	3,545,848,422	3,401,975,949
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(118,692,367)</u>	<u>(92,097,154)</u>
	3,427,156,055	3,309,878,795
<u>Less</u> Factoring payables	<u>(681,692,771)</u>	<u>(673,441,406)</u>
Factoring receivables, net	<u>2,745,463,284</u>	<u>2,636,437,389</u>

(\*) As at December 31, 2015 and 2014, 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 5,639,761 and Baht 1,873,201, respectively.

Factoring receivables as at December 31, 2015 and 2014 were classified by aging as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Current	2,528,118,337	2,060,922,617
Overdue :		
Not more than 3 months	879,756,207	1,244,029,902
Over 3 months but not more than 6 months	8,704,262	6,769,378
Over 6 months but not more than 12 months	1,337,008	2,231,089
More than 12 months	33,169,902	-
Restructuring	-	6,616,133
Debtors subject to legal proceedings	94,762,706	81,406,830
	<u>3,545,848,422</u>	<u>3,401,975,949</u>



## 6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Outstanding contract price	4,158,664	8,606,130
<u>Less</u> Unearned financing income	<u>(196,364)</u>	<u>(574,626)</u>
	3,962,300	8,031,504
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(31,566)</u>	<u>(63,672)</u>
	3,930,734	7,967,832
Due within one year	3,861,491	6,362,641
<u>Less</u> Unearned financing income	<u>(190,024)</u>	<u>(495,628)</u>
Current portion of hire purchase receivables, net	<u>3,671,467</u>	<u>5,867,013</u>
Hire purchase receivables, net	<u>259,267</u>	<u>2,100,819</u>

(\*) As at December 31, 2015 and 2014, 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 31,566 and Baht 63,672, respectively.

Hire purchase receivables as at December 31, 2015 and 2014 were classified by aging as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Current	<u>3,962,300</u>	<u>8,031,504</u>
	<u>3,962,300</u>	<u>8,031,504</u>

## 7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at December 31, 2015 and 2014 consist of the following:

	2015 Baht	2014 Baht
Outstanding contract price	443,016,887	565,536,642
<u>Less</u> Deposits on long-term lease contracts	(163,373,667)	(205,285,040)
<u>Less</u> Unearned financing income	(28,429,323)	(35,870,968)
	251,213,897	324,380,634
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	(6,967,345)	(7,772,401)
	244,246,552	316,608,233
Due within one year	197,561,354	258,951,955
<u>Less</u> Deposits on long-term lease contracts	(64,500,949)	(68,342,576)
<u>Less</u> Unearned financing income	(15,970,572)	(22,451,653)
Current portion of lease contract receivables, net	117,089,833	168,157,726
Lease contract receivables, net	127,156,719	148,450,507

(\*) As at December 31, 2015 and 2014, 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 1,961,457 and Baht 2,530,070, respectively.

Lease contract receivables as at December 31, 2015 and 2014 were classified by aging as follows:

	2015 Baht	2014 Baht
Current	224,800,532	294,560,937
Overdue :		
Not more than 3 months	4,206,030	19,005,398
Over 3 months but not more than 6 months	11,604,599	1,466,271
Over 6 months but not more than 12 months	4,685,598	540,304
Debtors subject to legal proceedings	5,917,138	8,807,724
	251,213,897	324,380,634



## 8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2015 and 2014 were as follows:

	2015 Baht	2014 Baht
Inventory finance receivables	87,199,153	45,991,464
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(12,822,336)</u>	<u>(12,778,821)</u>
Inventory finance receivables, net	<u>74,376,817</u>	<u>33,212,643</u>

(\*) As at December 31, 2015 and 2014, the Company has 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 which amounted to Baht 100,432 and Baht 56,917, respectively.

Inventory finance receivables as at December 31, 2015 and 2014 were classified by aging as follows:

	2015 Baht	2014 Baht
Current	74,477,249	33,269,560
Debtors subject to legal proceedings	<u>12,721,904</u>	<u>12,721,904</u>
	<u>87,199,153</u>	<u>45,991,464</u>

## 9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2015 and 2014, fixed deposit at bank of Baht 154,168 and Baht 151,687, respectively, have been pledged with a bank as security for issuing bank guarantees on behalf of the Company.

## 10. PLANT AND EQUIPMENT

Plant and equipment as at December 31, 2015 and 2014 consist of the following:

	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer Between account Baht	Balance as at December 31, 2015 Baht
<b>Cost</b>					
Condominium	40,875,264	62,884,461	-	(33,279,993)	70,479,732
Furniture and fixtures	37,902,266	3,965,721	(940,428)	-	40,927,559
Vehicles	8,166,439	1,430,939	(1,251,939)	-	8,345,439
Total cost	<u>86,943,969</u>	<u>68,281,121</u>	<u>(2,192,367)</u>	<u>(33,279,993)</u>	<u>119,752,730</u>
<b>Accumulated depreciation</b>					
Condominium	(19,545,818)	(4,215,667)	-	1,175,012	(22,586,473)
Furniture and fixtures	(36,331,119)	(1,310,409)	924,516	-	(36,717,012)
Vehicles	(3,663,749)	(1,599,342)	1,251,939	-	(4,011,152)
Total accumulated depreciation	<u>(59,540,686)</u>	<u>(7,125,418)</u>	<u>2,176,455</u>	<u>1,175,012</u>	<u>(63,314,637)</u>

Plant and equipment	<u>27,403,283</u>			<u>56,438,093</u>
	Balance as at	Additions	Disposals	Balance as at
	January 1,			December 31,
	2014			2014
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Condominium	40,875,264	-	-	40,875,264
Furniture and fixtures	37,368,257	577,265	(43,256)	37,902,266
Vehicles	5,391,439	3,289,000	(514,000)	8,166,439
Total cost	<u>83,634,960</u>	<u>3,866,265</u>	<u>(557,256)</u>	<u>86,943,969</u>
<b>Accumulated depreciation</b>				
Condominium	(18,609,368)	(936,450)	-	(19,545,818)
Furniture and fixtures	(34,172,516)	(2,201,856)	43,253	(36,331,119)
Vehicles	(2,816,477)	(1,361,272)	514,000	(3,663,749)
Total accumulated depreciation	<u>(55,598,361)</u>	<u>(4,499,578)</u>	<u>557,253</u>	<u>(59,540,686)</u>
Plant and equipment	<u>28,036,599</u>			<u>27,403,283</u>
<b>Depreciation for the years ended December 31,</b>				
2015			Baht	<u>5,950,406</u>
2014			Baht	<u>4,499,578</u>

On January 16, 2015, the Company entered into purchase agreement of condominium amounting to Baht 62.88 million as a part of office space to support business expansion in the future. The condominium has been transferred rights of ownership in January 2015. Subsequently, during in 2015, the Company has entered into a lease agreement with other company for unused space of condominium amounting Baht 33.28 million and transferred such rental condominium from plant and equipment to investment property (see Notes 4.4 and 11).

# 11. INVESTMENT PROPERTY

Investment property as at December 31, 2015 consisted of the following:

	<b>2015</b>
	<b>Baht</b>
Condominium as at January 1,	-
<u>Add</u> Transfer during the year	33,279,993
<u>Less</u> Accumulated depreciation	(1,175,012)
Condominium as at December 31,	<u>32,104,981</u>
<b>Depreciation for the years ended December 31,</b>	
2015	Baht <u>1,175,012</u>

During in 2015, the Company has entered into a lease agreement with other company for unused space of condominium amounting to Baht 33.28 million and transferred such rental condominium from plant and equipment to investment property. Lease period for such agreement is 3 years (see Note 10).

As at December 31, 2015, fair value of investment property of the Company amounted of Baht 45.20 million.

## 12. INTANGIBLE ASSETS

Intangible assets as at December 31, 2015 and 2014 were as following:

	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer between account Baht	Balance as at December 31, 2015 Baht
<b>Cost</b>					
Golf membership fee	150,000	-	-	-	150,000
Computer software	3,763,063	2,484,675	-	2,439,600	8,687,338
Computer software installation	2,439,600	-	-	(2,439,600)	-
Total cost	<u>6,352,663</u>	<u>2,484,675</u>	<u>-</u>	<u>-</u>	<u>8,837,338</u>
<b>Accumulated amortization</b>					
Computer software	<u>(3,614,057)</u>	<u>(816,511)</u>	<u>-</u>	<u>-</u>	<u>(4,430,568)</u>
Total accumulated amortization	<u>(3,614,057)</u>	<u>(816,511)</u>	<u>-</u>	<u>-</u>	<u>(4,430,568)</u>
Intangible assets	<u>2,738,606</u>				<u>4,406,770</u>
	<b>Balance as at January 1, 2014 Baht</b>	<b>Additions Baht</b>	<b>Disposals Baht</b>		<b>Balance as at December 31, 2014 Baht</b>
<b>Cost</b>					
Golf membership fee	150,000	-	-	-	150,000
Computer software	3,674,264	88,799	-	-	3,763,063
Computer software installation	-	2,439,600	-	-	2,439,600
Total cost	<u>3,824,264</u>	<u>2,528,399</u>	<u>-</u>	<u>-</u>	<u>6,352,663</u>
<b>Accumulated amortization</b>					
Computer software	<u>(3,498,844)</u>	<u>(115,213)</u>	<u>-</u>	<u>-</u>	<u>(3,614,057)</u>
Total accumulated amortization	<u>(3,498,844)</u>	<u>(115,213)</u>	<u>-</u>	<u>-</u>	<u>(3,614,057)</u>
Intangible assets	<u>325,420</u>				<u>2,738,606</u>
<b>Amortization for the years ended December 31,</b>					
2015				<b>Baht</b>	<u>816,511</u>
2014				<b>Baht</b>	<u>115,213</u>

### 13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2015 and 2014 were as follows:

	2015 Baht	2014 Baht
Deferred tax assets	<u>55,315,275</u>	<u>55,279,514</u>

Deferred tax assets as at December 31, 2015 and 2014 consist of tax effects from the following items:

	As at December 31, 2014  Baht	Transactions recognized in profit or loss  Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2015  Baht
Allowance for doubtful accounts	22,542,410	5,160,313	-	27,702,723
Bad debt in process of litigation	4,699,559	-	-	4,699,559
Assets from lease contract	23,402,456	(5,953,276)	-	17,449,180
Employment benefits obligation	4,635,089	828,724	-	5,463,813
	<u>55,279,514</u>	<u>35,761</u>	<u>-</u>	<u>55,315,275</u>

  

	As at December 31, 2013  Baht	Transactions recognized in profit or loss  Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2014  Baht
Allowance for doubtful accounts	25,508,485	(2,966,075)	-	22,542,410
Bad debt in process of litigation	4,432,658	266,901	-	4,699,559
Assets from lease contract	21,861,710	1,540,746	-	23,402,456
Employment benefits obligation	3,957,859	677,230	-	4,635,089
	<u>55,760,712</u>	<u>(481,198)</u>	<u>-</u>	<u>55,279,514</u>

#### 14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Promissory notes	<u>2,010,000,000</u>	<u>1,570,000,000</u>

As at December 31, 2015 and 2014, the Company has short-term loans from financial institutions which bear interest rate at 2.62% - 3.35% per annum and 3.17% - 3.85% per annum, respectively.

#### 15. LONG-TERM LOANS

Long-term loans as at December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Long-term loans	275,600,000	560,840,000
Current portion of long-term loans	<u>(172,100,000)</u>	<u>(285,240,000)</u>
	<u>103,500,000</u>	<u>275,600,000</u>

As at December 31, 2015 and 2014, the Company entered into long-term loans with financial institutions at the floating interest rates 3.48% to 4.63% p.a. and 4.03% to 4.88% p.a. respectively, and are repayable quarterly installments, the last installment of such loans fall due in December 2017.

#### 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, 2015 and 2014, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 3.5 million and Baht 3.2 million, respectively.

# 17. EMPLOYEE BENEFITS OBLIGATION

The Company calculated employee benefits obligation by using actuarial technique. The assumptions at the reporting date consist of the following:

Discount rate (%)	4.18
Resignation rate (%) depending on age group of employees	4, 6, 9
Salary increase (%)	10
Retirement age (years)	60

Employee benefits obligation for the years ended December 31, 2015 and 2014 consist of the following:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Provision for severance pay (see Note 17.1)	25,456,592	21,592,705
Provision for long service awards (see Note 17.2)	<u>1,862,475</u>	<u>1,582,737</u>
	<u>27,319,067</u>	<u>23,175,442</u>

## 17.1 Provision for severance pay

Change in the present value of provision for severance pay as at December 31, 2015 and 2014, is as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Present value of obligation, beginning balance	21,592,705	18,128,863
Cost of service - current period	2,961,319	2,706,082
Finance cost	<u>902,568</u>	<u>757,760</u>
Present value of obligation, ending balance	<u>25,456,592</u>	<u>21,592,705</u>

Provision for severance pay expenses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 were as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Cost of service - current period	2,961,319	2,706,082
Finance cost	<u>902,568</u>	<u>757,760</u>
	<u>3,863,887</u>	<u>3,463,842</u>

## 17.2 Provision for long service awards

Change in the present value of provision for long service awards for the years ended December 31, 2015 and 2014 were as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Present value of obligation, beginning balance	1,582,737	1,660,429
Cost of service - current period	332,749	348,709
Finance cost	66,989	68,599
Benefits paid during the period	(120,000)	(495,000)
Present value of obligation, ending balance	<u>1,862,475</u>	<u>1,582,737</u>

Provision for long service awards expense recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 is as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Cost of service - current period	332,749	348,709
Finance Cost	66,989	68,599
	<u>399,738</u>	<u>417,308</u>

Significant actuarial assumption - impact on increase (decrease) in defined benefit obligation as at December 31, 2015 and 2014 are as follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Discount rate - 1% increase	(2,655,268)	(2,356,067)
Discount rate - 1% decrease	3,139,949	2,787,268
Salary increase rate - 1% increase	2,829,717	2,509,345
Salary increase rate - 1% decrease	(2,452,460)	(2,173,906)
Life expectancy - 1% increase	198,770	180,415
Life expectancy - 1% decrease	(197,079)	(178,857)

## 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 20, 2015, the ordinary Shareholder's meeting passed a resolution to pay dividend of Baht 0.145 per share on 470,000,000 shares, totaling Baht 68.15 million. Such dividend was paid on May 18, 2015.

On April 8, 2014, the Ordinary Shareholder's Meeting passed a resolution to pay dividend of Baht 0.135 per share on 470,000,000 shares, totaling Baht 63.45 million. Such dividend was paid on May 6, 2014.

**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, 2015, 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. On December 31, 2015 and 2014, the Company's financial statements show of 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, 2015 and 2014, the Company's financial statements showed compliance to the conditions as mentioned.



## 22. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2015 and 2014 consist of the following;

	<b>2015 Baht</b>	<b>2014 Baht</b>
Income tax expense from taxable income per income tax return	29,321,863	37,935,783
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>(35,761)</u>	<u>481,198</u>
Income tax per the statements of profit or loss and other comprehensive income	<u>29,286,102</u>	<u>38,416,981</u>

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2015 and 2014 were follows:

	<b>2015 Baht</b>	<b>2014 Baht</b>
Accounting income before tax	<u>147,401,570</u>	<u>176,533,732</u>
Income tax at 20%	<u>29,480,314</u>	<u>35,306,747</u>
Tax effect of non-deductible expenses	<u>(194,212)</u>	<u>3,110,234</u>
Income tax per the statements of profit or loss and other comprehensive income	29,286,102	38,416,981
Deferred tax income (expense) relating to the origination and reversal of temporary differences	<u>35,761</u>	<u>(481,198)</u>
Income tax expense from taxable income per income tax return	<u>29,321,863</u>	<u>37,935,783</u>

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2015 and 2014 and deferred tax as at December 31, 2015 and 2014.

## 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.

Balance with related companies as at December 31, 2015 and 2014 consist of the following;

	Relationship	2015 Baht	2014 Baht
Amount due from related companies			
IFS Capital Limited	Major Shareholder company	43,791	19,500
IFS Capital Holdings (Thailand) Limited	Related company	200	-
		<u>43,991</u>	<u>19,500</u>
Amount due to a related company			
IFS Capital Limited	Major Shareholder company	<u>50,041</u>	<u>-</u>

Significant transactions with related parties for the years ended December 31, 2015 and 2014 were as follow:

	2015 Baht	2014 Baht
Management benefit expenses		
Short-term benefits	29,433,560	30,526,460
Post-employment benefits	1,540,201	1,451,768
Other long-term benefits	34,575	37,941
	<u>31,008,336</u>	<u>32,016,169</u>

## 24. COMMITMENTS

As at December 31, 2015 and 2014, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	As at December 31, 2015 Baht	As at December 31, 2014 Baht
Total credit facilities	<u>4,721,000,000</u>	<u>4,556,000,000</u>

As at December 31, 2015 and 2014, the Company had utilized the letters of credit amounting to Baht 17.60 million and Baht 7.98 million, respectively, for factoring, hire purchase and leasing contracts. However, as at December 31, 2015 and 2014, the Company had unused

such credit facilities with banks totaling Baht 1,877 million and Baht 2,078 million, respectively.

## 25. EXPENSES BY NATURE

Net profit for the years ended December 31, 2015 and 2014 were arrived at after charging the following items:

	2015 Baht	2014 Baht
Directors and management benefit expenses	31,008,336	32,016,169
Employee benefit expenses	48,723,249	49,218,898
Depreciation and amortization	7,941,929	4,614,791
Bad debts and doubtful accounts	25,801,566	2,011,089
Business tax	10,895,880	10,956,523
Professional fee	3,771,242	6,339,279
Finance cost	64,861,654	75,861,293

## 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 impairment.

### 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, 2015 and 2014, financial assets and liabilities exposed to interest rate risk are as follows:

2015							
Outstanding balances of net financial instruments							
Reprising or maturity dates							
	Depend on				Total	Average	
	Market	With in	1-5 years	No		interest rate	
	Rate	1 year		Interest		Floating	Fixed
	Thousand	Thousand	Thousand	Thousand	Thousand		
	Baht	Baht	Baht	Baht	Baht	%	%
<b>Financial assets</b>							
Cash and cash equivalents	227,229	203,958	-	23,271	227,229	0.35	-
Bank deposits held as collateral	154	-	154	-	154	-	1.32
Factoring receivable	2,745,463	2,745,463	-	-	2,745,463	9.10	-
Hire purchase receivable	3,931	3,672	259	-	3,931	-	9.19
Lease contract receivable	244,247	117,090	127,157	-	244,247	10.77	-
Inventory finance receivable	74,377	74,377	-	-	74,377	9.29	-
<b>Financial liabilities</b>							
Short-term loans	2,010,000	2,010,000	-	-	2,010,000	2.77	-
Long-term loans	275,600	172,100	103,500	-	275,600	3.86	-
2014							
Outstanding balances of net financial instruments							
Reprising or maturity dates							
	Depend on				Total	Average	
	Market	With in	1-5 years	No		interest rate	
	Rate	1 year		Interest		Floating	Fixed
	Thousand	Thousand	Thousand	Thousand	Thousand		
	Baht	Baht	Baht	Baht	Baht	%	%
<b>Financial assets</b>							
Cash and cash equivalents	172,566	157,161	-	15,405	172,566	0.37	-
Bank deposits held as collateral	152	-	152	-	152	-	1.50
Factoring receivable	2,636,437	2,636,437	-	-	2,636,437	9.29	-
Hire purchase receivable	7,968	5,867	2,101	-	7,968	-	10.43
Lease contract receivable	316,608	168,158	148,450	-	316,608	9.76	-
Inventory finance receivable	33,213	33,213	-	-	33,213	9.16	-
<b>Financial liabilities</b>							
Short-term loans	1,570,000	1,570,000	-	-	1,570,000	3.27	-
Long-term loans	560,840	285,240	275,600	-	560,840	4.24	-

## Fair value

Considerable judgment is necessarily required in estimation of fair value of financial instruments. 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.

### Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

	<u>As at December 31, 2015</u>		Fair value hierarchy	Valuation techniques and key inputs
	Carrying Amount	Fair Value		
	Thousand Baht	Thousand Baht		
<u>Financial assets</u>				
Cash and cash equivalents	227,229	227,229	3	Net present value of expected cash inflow
Bank deposits held as collateral	154	154	3	Net present value of expected cash inflow
Factoring receivable	2,745,463	2,745,463	3	Net present value of expected cash inflow
Hire purchase receivable	3,931	3,931	3	Net present value of expected cash inflow
Lease contract receivable	244,247	244,247	3	Net present value of expected cash inflow
Inventory finance receivable	74,377	74,377	3	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Short-term loans	2,010,000	2,010,000	3	Net present value of expected cash outflow
Long-term loans	275,600	275,600	3	Net present value of expected cash outflow

	<u>As at December 31, 2014</u>		Fair value hierarchy	Valuation techniques and key inputs
	Carrying Amount	Fair Value		
	Thousand Baht	Thousand Baht		
<u>Financial assets</u>				
Cash and cash equivalents	172,566	172,566	3	Net present value of expected cash inflow
Bank deposits held as collateral	152	152	3	Net present value of expected cash inflow
Factoring receivable	2,636,437	2,636,437	3	Net present value of expected cash inflow
Hire purchase receivable	7,968	7,968	3	Net present value of expected cash inflow
Lease contract receivable	316,608	316,608	3	Net present value of expected cash inflow
Inventory finance receivable	33,213	33,213	3	Net present value of expected cash inflow
<u>Financial liabilities</u>				
Short-term loans	1,570,000	1,570,000	3	Net present value of expected cash outflow
Long-term loans	560,840	560,840	3	Net present value of expected cash outflow

## 27. 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, 2015 and 2014, 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, 2015 and 2014 were as follow:

	For the year ended December 31, 2015				For the year ended December 31, 2014			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	314,661	25,504	-	340,165	315,679	39,838	-	355,517
Other income	15,909	1,752	-	17,661	16,483	639	-	17,122
Total income	330,570	27,256	-	357,826	332,162	40,477	-	372,639
Allowance for doubtful accounts (reversal)	26,639	(837)	-	25,802	2,952	(941)	-	2,011
Selling and Administrative expenses	110,638	9,123	-	119,761	105,390	12,843	-	118,233
Total operation expenses	137,277	8,286	-	145,563	108,342	11,902	-	120,244
Net income before finance cost and income tax	193,293	18,970	-	212,263	223,820	28,575	-	252,395
Finance cost	59,921	4,941	-	64,862	67,621	8,240	-	75,861
Income tax expenses	25,758	3,528	-	29,286	33,623	4,794	-	38,417
Net income for the years	107,614	10,501	-	118,115	122,576	15,541	-	138,117
Total assets	2,819,840	248,177	377,764	3,445,781	2,669,650	324,576	261,745	3,255,971

## 28. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on February 16, 2016.





IFS Capital (Thailand)  
Public Company Limited

IFS 163/2016

16<sup>th</sup> February 2016

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. 2/2016 held on 16<sup>th</sup> February 2016 passed the resolutions as follows:

1. Approved the Audited Balance Sheet and the Profit and Loss Statements for the year ended 31<sup>st</sup> December 2015 and this would be proposed to the 2016 Annual General Meeting of Shareholders for approval.
2. Approved the appropriation of the net profit in the amount of Baht 2,637,811 as the legal reserve of the Company, approved the transfer of the net profit of the fiscal year ended 31<sup>st</sup> December 2015 after deducting the legal reserve to the unappropriated retained earnings and approved the payment of the dividend for the year 2015 at the rate of Baht 0.1383 per share, for 470,000,000 shares, totaling Baht 65,001,000, to the Shareholders whose names appear in the Share Register Book by complying under Section 225 of the Securities and Exchange Act B.E. 2535 by closing the Share Register Book to suspend share transfers on 4<sup>th</sup> March 2016. The Record Date for the right to receive the Dividend will be on 3<sup>rd</sup> March 2016 and the Dividend shall be paid on 19<sup>th</sup> May 2016. The Dividend Payment will be appropriated from the Retained Earnings of the Company which are subject to Corporate Income Tax of 30% therefore, Individual Shareholders will be entitled to a tax credit pursuant to Section 47 bis of the Revenue Code. This would be proposed to the 2016 Annual General Meeting of Shareholders for approval.

However, the right to receive dividend is not confirmed until approved by the 2016 Annual General Meeting of Shareholders.

3. Approved the re-election of 2 directors who retired by rotation this year for another term as follows:-

- 1) Mr. Tan Hai Leng, Eugene Director, Chairman of the Board of Directors and the Compensation and Nomination Committee Member
- 2) Mr. Tan Ley Yen Director and the Risk Management Committee Member

This would be proposed to the 2016 Annual General Meeting of Shareholders for approval.

4. Approved the remuneration of directors for the year 2016 and this would be proposed to the 2016 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 2016 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

30th Floor Lumpini Tower, 1108/35 Rama IV Road, Tungmahamek, Sathorn, Bangkok 10120 www.ifs-capital.com โทรศัพท์ 010755000033

โทร 20 ต่อ 5000-5000 1108/35 ถนนสีลม 4 แขวงตลิ่งชัน เขตตลิ่งชัน กรุงเทพมหานคร 10120 โทรสาร 66 (2) 285-6326-32, (2) 679-9140 4 โทรสาร 66 (2) 285-6336, (2) 679-9159

IFS - 001

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 1,562,500 to the following directors of the Company:

	<u>Baht</u>
1. Mr. Tan Hai Leng, Eugene	-
2. Dr. Thamnoon Ananthothai	312,500.00
3. Mr. Niphat Chamroonrat	312,500.00
4. Mr. Suvait Theeravachirakul	312,500.00
5. Mr. Singha Nikornpun	312,500.00
6. Mr. Heng Hock Kiong	312,500.00
7. Mr. Tan Ley Yen	-
	<u>1,562,500.00</u>

5. Approved the appointment of Ms. Nisakorn Songmanee, Certified Public Accountant No. 5035 and/or Mr. Permsak Wongpatcharapakorn, Certified Public Accountant No. 3427 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 31<sup>st</sup> December 2016 and fixed the total remuneration of Baht 1,955,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2016 Annual General Meeting of Shareholders for approval.

6. Approved the convocation of the 2016 Annual General Meeting of Shareholders as follows:

7.1 The 2016 Annual General Meeting of Shareholders would be held on Friday 22<sup>nd</sup> April 2016 at 2.00 p.m. at the Infinity I Room, 7<sup>th</sup> 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 2015 Annual General Meeting of Shareholders;
2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2015;
3. To consider and approve the Balance Sheet and the Profit and Loss Statements for the fiscal year ended 31<sup>st</sup> December 2015;
4. To consider and approve the appropriation of the net profit and dividend payment for the year 2015;

5. To consider and approve the election of the directors to replace the directors 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 2016;
  8. To consider other matters (if any).
- 7.2 The date on which the recorded shareholders have the right to attend the 2016 Annual General Meeting of Shareholders (Record Date) was determined on 3<sup>rd</sup> March 2016, and the closing date on which name list of shareholders was complied under Section 225 of the Securities and Exchange Act B.E. 2535 by closing the Share Register Book to suspend share transfer would be determined on 4<sup>th</sup> March 2016.
- 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 2016 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)  
Director and CEO