

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	2016		2015
Net profit (loss)		136,831	118,115
EPS (baht)		0.29	0.25

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

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

Signature 

(Mr. Tan Ley Yen)

Director and the CEO

Authorized to sign on behalf of the company

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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, 2016, and the related statements of profit or loss and other 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, 2016, and financial performance and 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 under the Royal Patronage of his Majesty the King’s 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 and lease contract 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 3.4, 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 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 - Examine 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 16, 2017

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

UNIT : BAHT

	Notes	2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.2	253,359,292	227,228,991
Factoring receivables	5	2,926,445,857	2,745,463,284
Current portion of hire purchase receivables	6	707,688	3,671,467
Current portion of lease contract receivables	7	100,311,112	117,089,833
Inventory finance receivables	8	125,431,313	74,376,817
Amounts due from related companies	23	50,757	43,991
Properties foreclosed		3,671,152	-
Other current assets		1,810,576	1,605,079
Total Current Assets		<u>3,411,787,747</u>	<u>3,169,479,462</u>
NON-CURRENT ASSETS			
Bank deposits held as collateral	9	156,029	154,168
Hire purchase receivables	6	458,727	259,267
Lease contract receivables	7	118,801,232	127,156,719
Plant and equipment	10	25,667,741	56,438,093
Investment property	11	97,127,336	32,104,981
Intangible assets	12	5,408,344	4,406,770
Deferred tax assets	13	48,445,854	55,315,275
Other non-current assets		351,232	466,670
Total Non-current Assets		<u>296,416,495</u>	<u>276,301,943</u>
TOTAL ASSETS		<u><u>3,708,204,242</u></u>	<u><u>3,445,781,405</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, 2016

UNIT : BAHT

	Notes	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans from financial institutions	14	2,280,000,000	2,010,000,000
Current portion of long-term loans	15	135,500,000	172,100,000
Amounts due to a related company	23	-	50,041
Other current liabilities		48,571,512	42,701,320
Total Current Liabilities		<u>2,464,071,512</u>	<u>2,224,851,361</u>
NON-CURRENT LIABILITIES			
Long-term loans	15	52,000,000	103,500,000
Employee benefits obligation	17	25,364,610	27,319,067
Other non-current liabilities		1,525,950	694,950
Total Non-current Liabilities		<u>78,890,560</u>	<u>131,514,017</u>
TOTAL LIABILITIES		<u>2,542,962,072</u>	<u>2,356,365,378</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
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
ADDITIONAL PAID-UP CAPITAL			
Premium on ordinary shares	18	31,746,399	31,746,399
RETAINED EARNINGS			
Appropriated			
Legal reserve	20	47,000,000	47,000,000
Unappropriated		616,495,771	540,669,628
TOTAL SHAREHOLDERS' EQUITY		<u>1,165,242,170</u>	<u>1,089,416,027</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>3,708,204,242</u></u>	<u><u>3,445,781,405</u></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, 2016

		UNIT : BAHT	
	Notes	2016	2015
REVENUE			
Factoring income		237,290,237	235,411,223
Hire purchase income		190,024	694,747
Finance lease income		21,669,512	24,809,359
Factoring commission and service fees		81,265,858	79,249,683
Other income		26,407,226	17,660,650
Total Revenue		<u>366,822,857</u>	<u>357,825,662</u>
EXPENSES			
Selling expenses		14,458,514	14,707,470
Administrative expenses		83,366,468	74,045,066
Management benefit expenses	23	35,010,591	31,008,336
Allowance for doubtful accounts		2,045,791	25,801,566
Total Expenses		<u>134,881,364</u>	<u>145,562,438</u>
INCOME BEFORE FINANCE COST AND			
INCOME TAX EXPENSE		231,941,493	212,263,224
FINANCE COST		<u>60,264,923</u>	<u>64,861,654</u>
INCOME BEFORE INCOME TAX EXPENSE		171,676,570	147,401,570
INCOME TAX EXPENSE	22	<u>34,845,948</u>	<u>29,286,102</u>
PROFIT FOR THE YEARS		<u><u>136,830,622</u></u>	<u><u>118,115,468</u></u>
OTHER COMPREHENSIVE GAIN			
ITEMS THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS			
ACTUARIAL GAIN ON DEFINED EMPLOYEE			
BENEFIT PLANS		4,995,651	-
INCOME TAX RELATING TO ITEMS THAT			
WILL NOT BE RECLASSIFIED SUBSEQUENTLY		<u>(999,130)</u>	<u>-</u>
OTHER COMPREHENSIVE GAIN			
FOR THE YEARS, NET OF TAX		<u>3,996,521</u>	<u>-</u>
NET COMPREHENSIVE INCOME FOR THE YEARS		<u><u>140,827,143</u></u>	<u><u>118,115,468</u></u>
BASIC EARNINGS PER SHARE	BAHT	0.29	0.25
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	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, 2016

UNIT : BAHT

	Notes	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, 2015		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)	-
Ending balance as at December 31, 2015		<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>
Beginning balance as at January 1, 2016		470,000,000	31,746,399	47,000,000	540,669,628	1,089,416,027
Changes during the year						
Total comprehensive income		-	-	-	140,827,143	140,827,143
Dividend paid	19	-	-	-	(65,001,000)	(65,001,000)
Ending balance as at December 31, 2016		<u>470,000,000</u>	<u>31,746,399</u>	<u>47,000,000</u>	<u>616,495,771</u>	<u>1,165,242,170</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, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expenses		171,676,570	147,401,570
Adjustments for :			
Allowance for doubtful accounts		2,045,791	25,801,566
Gain from sales of fixed assets		-	(397,172)
Loss from write-off fixed assets		75	-
Interest expenses		59,749,649	64,006,624
Employee benefits expense		3,041,194	4,143,625
Depreciation and amortization		10,751,346	7,941,929
		<u>247,264,625</u>	<u>248,898,142</u>
Operating assets (increase) decrease			
Factoring receivables		(177,843,513)	(135,621,108)
Hire purchase receivables		2,793,066	4,069,204
Lease contract receivables		19,820,178	73,166,737
Inventory finance receivables		(50,954,064)	(41,207,689)
Amounts due from a related company		(6,766)	(24,491)
Properties foreclosed		(3,671,152)	-
Other current assets		(205,497)	1,648,089
Non-other current assets		(1,861)	(2,481)
Fixed deposits pledged as collateral		115,438	(133,520)
Operating liabilities increase (decrease)			
Amounts due to a related company		(50,041)	50,041
Other current liabilities		6,978,317	(12,817,727)
Non-other current liabilities		831,000	694,950
Cash paid for operations		<u>45,069,730</u>	<u>138,720,147</u>
Interest expenses paid		(60,401,363)	(64,704,806)
Income tax paid		(29,431,801)	(33,214,128)
Net cash provided by (used in) operating activities		<u>(44,763,434)</u>	<u>40,801,213</u>

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of fixed assets		(886,177)	(35,001,128)
Cash paid for purchases of investment property		(41,792,375)	(33,279,993)
Cash paid for purchases of intangible assets	4.1	(3,326,713)	(4,879,709)
Cash received from sale of fixed assets		-	413,084
Net cash used in investing activities		<u>(46,005,265)</u>	<u>(72,747,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term loans			
to financial institutions		(11,420,000,000)	(12,705,000,000)
Cash received from short-term loans			
from financial institutions		11,690,000,000	13,145,000,000
Cash paid for long-term loans			
to financial institutions		(188,100,000)	(285,240,000)
Cash received for long-term loans			
to financial institutions		100,000,000	-
Cash paid for dividend		(65,001,000)	(68,150,000)
Net cash received from financing activities		<u>116,899,000</u>	<u>86,610,000</u>
Net increase in cash and cash equivalents		26,130,301	54,663,467
Cash and cash equivalents at beginning of the years		<u>227,228,991</u>	<u>172,565,524</u>
Cash and cash equivalents at end of the years	4.2	<u><u>253,359,292</u></u>	<u><u>227,228,991</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, 2016

1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

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

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

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

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

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

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

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

2. BASIS 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 2015) "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, 2016 onwards, as follow:

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 Rates
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
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

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 Resources
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

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, 2017 onwards as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings per Share
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible assets
TAS 40 (Revised 2016)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share - Based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSI”)

TSI 10 (Revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSI 15 (Revised 2016)	Operating Leases - Incentives
TSI 25 (Revised 2016)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSI 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSI 29 (Revised 2016)	Disclosure - Service Concession Arrangements
TSI 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSI 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRI”)

TFRI 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRI 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7 (Revised 2016)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRI 12 (Revised 2016)	Service Concession Arrangements
TFRI 13 (Revised 2016)	Customer Loyalty Programmes
TFRI 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRI 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRI 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRI 18 (Revised 2016)	Transfers of Assets from Customers
TFRI 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRI 21	Levies

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 this TFRS and believes that it will not have material impact on the financial statements for the period in which it is 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 Properties foreclosed

Properties foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realizable value, which is determined with reference to the latest appraisal value less estimated selling expenses and taking into consideration the type and the nature of the assets.

Gains on disposal of properties foreclosed are recognized as income in part of profit or loss in the statement of comprehensive income on the disposal date.

3.6 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.

3.7 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.

3.8 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.

3.9 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).

3.10 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.

3.11 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.

3.12 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.

3.13 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 2015), leasing transactions that are within the scope of TAS 17 (Revised 2015), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2015) or value in use in TAS 36 (Revised 2015).

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.

3.14 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.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Intangible assets for the years ended December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Other payable - intangible assets, beginning balance (included in other current liabilities)	44,566	2,439,600
<u>Add</u> Purchases of intangible assets	3,326,445	2,484,675
<u>Less</u> Cash paid for purchases of intangible assets	<u>(3,326,713)</u>	<u>(4,879,709)</u>
Other payable - intangible asset, ending balance (included in other current liabilities)	<u>44,298</u>	<u>44,566</u>

4.2 Cash and cash equivalents as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Cash on hand	30,000	30,000
Cash at banks - current accounts	24,508,657	22,524,816
Cash at banks - savings accounts	228,820,635	204,674,175
	<u>253,359,292</u>	<u>227,228,991</u>

5. FACTORING RECEIVABLES

Factoring receivables as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Factoring receivables	3,692,674,349	3,545,848,422
<u>Less</u> Allowance for doubtful accounts (*)	<u>(115,545,485)</u>	<u>(118,692,367)</u>
	3,577,128,864	3,427,156,055
<u>Less</u> Factoring payables	<u>(650,683,007)</u>	<u>(681,692,771)</u>
Factoring receivables, net	<u>2,926,445,857</u>	<u>2,745,463,284</u>

(*) As at December 31, 2016 and 2015, 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 3,897,356 and Baht 5,639,761, respectively.

Factoring receivables as at December 31, 2016 and 2015 were classified by aging as follows:

	2016 Baht	2015 Baht
Current	2,711,217,102	2,528,118,337
Overdue :		
Not more than 3 months	868,478,828	879,756,207
Over 3 months but not more than 6 months	1,662,863	8,704,262
Over 6 months but not more than 12 months	-	1,337,008
More than 12 months	-	33,169,902
Debtors subject to legal proceedings	111,315,556	94,762,706
	<u>3,692,674,349</u>	<u>3,545,848,422</u>

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Outstanding contract price	1,272,198	4,158,664
<u>Less</u> Unearned financing income	<u>(102,964)</u>	<u>(196,364)</u>
	1,169,234	3,962,300
<u>Less</u> Allowance for doubtful accounts (*)	<u>(2,819)</u>	<u>(31,566)</u>
	1,166,415	3,930,734
Due within one year	784,685	3,861,491
<u>Less</u> Unearned financing income	<u>(76,997)</u>	<u>(190,024)</u>
Current portion of hire purchase receivables, net	707,688	3,671,467
Hire purchase receivables, net	<u>458,727</u>	<u>259,267</u>

(*) As at December 31, 2016 and 2015, 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 2,819 and Baht 31,566, respectively.

Hire purchase receivables as at December 31, 2016 and 2015 were classified by aging as follows:

	2016 Baht	2015 Baht
Current	<u>1,169,234</u>	<u>3,962,300</u>
	<u>1,169,234</u>	<u>3,962,300</u>

7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Outstanding contract price	387,951,038	443,016,887
<u>Less</u> Deposits on long-term lease contracts	(129,835,262)	(163,373,667)
<u>Less</u> Unearned financing income	<u>(26,873,884)</u>	<u>(28,429,323)</u>
	231,241,892	251,213,897
<u>Less</u> Allowance for doubtful accounts ^(*)	<u>(12,129,548)</u>	<u>(6,967,345)</u>
	<u>219,112,344</u>	<u>244,246,552</u>
Due within one year	148,787,517	197,561,354
<u>Less</u> Deposits on long-term lease contracts	(33,036,964)	(64,500,949)
<u>Less</u> Unearned financing income	<u>(15,439,441)</u>	<u>(15,970,572)</u>
Current portion of lease contract receivables, net	<u>100,311,112</u>	<u>117,089,833</u>
Lease contract receivables, net	<u>118,801,232</u>	<u>127,156,719</u>

(*) As at December 31, 2016 and 2015, 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 529,512 and Baht 1,961,457, respectively.

Lease contract receivables as at December 31, 2016 and 2015 were classified by aging as follows:

	2016 Baht	2015 Baht
Current	209,018,771	224,800,532
Overdue :		
Not more than 3 months	8,032,020	4,206,030
Over 3 months but not more than 6 months	-	11,604,599
Over 6 months but not more than 12 months	-	4,685,598
More than 12 months	2,981,004	-
Debtors subject to legal proceedings	<u>11,210,097</u>	<u>5,917,138</u>
	<u>231,241,892</u>	<u>251,213,897</u>

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Inventory finance receivables	138,153,217	87,199,153
<u>Less</u> Allowance for doubtful accounts ^(*)	<u>(12,721,904)</u>	<u>(12,822,336)</u>
Inventory finance receivables, net	<u>125,431,313</u>	<u>74,376,817</u>

(*) As at December 31, 2015, 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 (as at December 31, 2016: Nil).

Inventory finance receivables as at December 31, 2016 and 2015 were classified by aging as follows:

	2016 Baht	2015 Baht
Current	125,431,313	74,477,249
Debtors subject to legal proceedings	<u>12,721,904</u>	<u>12,721,904</u>
	<u>138,153,217</u>	<u>87,199,153</u>

9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2016 and 2015, fixed deposit at bank of Baht 156,029 and Baht 154,168, 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, 2016 and 2015 consist of the following:

	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Transfer Between account Baht	Balance as at December 31, 2016 Baht
Cost					
Condominium	70,479,732	-	-	(29,604,468)	40,875,264
Furniture and fixtures	40,927,559	232,731	(9,727,331)	-	31,432,959
Vehicles	8,345,439	653,446	-	-	8,998,885
Total cost	<u>119,752,730</u>	<u>886,177</u>	<u>(9,727,331)</u>	<u>(29,604,468)</u>	<u>81,307,108</u>
Accumulated depreciation					
Condominium	(22,586,473)	(2,341,156)	-	3,167,184	(21,760,445)
Furniture and fixtures	(36,717,012)	(1,128,635)	9,727,262	-	(28,118,385)
Vehicles	<u>(4,011,152)</u>	<u>(1,749,385)</u>	<u>-</u>	<u>-</u>	<u>(5,760,537)</u>
Total accumulated depreciation	<u>(63,314,637)</u>	<u>(5,219,176)</u>	<u>9,727,262</u>	<u>3,167,184</u>	<u>(55,639,367)</u>
Plant and equipment	<u>56,438,093</u>				<u>25,667,741</u>

	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer Between account Baht	Balance as at December 31, 2015 Baht
Cost					
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>
Accumulated depreciation					
Condominium	(19,545,818)	(3,393,159)	-	352,504	(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>(6,302,910)</u>	<u>2,176,455</u>	<u>352,504</u>	<u>(63,314,637)</u>
Plant and equipment	<u>27,403,283</u>				<u>56,438,093</u>
Depreciation for the years ended December 31,					
2016				Baht	<u>5,219,176</u>
2015				Baht	<u>6,302,910</u>

In October 2016, the Company transferred partial of condominium amounting to Baht 29.60 million from plant and equipment to investment property because of change in purposed from owner-occupation to investing (see Note 11)

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 Note 11).

11. INVESTMENT PROPERTY

Investment property as at December 31, 2016 consisted of the following:

	2016 Baht	2015 Baht
Condominium as at January 1,	33,279,993	-
<u>Add</u> Purchase during the year	41,792,375	-
<u>Add</u> Transfer during the year (see Note 10)	29,604,468	33,279,993
<u>Less</u> Accumulated depreciation	(4,382,316)	(822,508)
<u>Less</u> Accumulated depreciation transfer during year (see Note 10)	<u>(3,167,184)</u>	<u>(352,504)</u>
Condominium as at December 31,	<u>97,127,336</u>	<u>32,104,981</u>
Depreciation for the years ended December 31,		
2016	Baht	<u>3,207,304</u>
2015	Baht	<u>822,508</u>

On June 27, 2016, The Company entered into purchase agreement of condominium with another company amounting to Baht 41.79 million. The condominium has been transferred rights of ownership in June 2016 include was transferred an existing lease agreement from other company in the same month. The company recognized such condominium as a part of investment property.

As at December 31, 2016 and 2015, fair value of investment properties of the Company amounted of Baht 123.21 million and Baht 45.20 million, respectively.

As at December 31, 2016 and 2015, certain equipment at cost of Baht 29.30 million and Baht 39.36 million, respectively, were fully depreciated but still in use.

12. INTANGIBLE ASSETS

Intangible assets as at December 31, 2016 and 2015 were as following:

	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Transfer between account Baht	Balance as at December 31, 2016 Baht
Cost					
Golf membership fee	150,000	-	-	-	150,000
Computer software	8,687,338	3,326,445	(3,225,024)	-	8,788,759
Total cost	<u>8,837,338</u>	<u>3,326,445</u>	<u>(3,225,024)</u>	<u>-</u>	<u>8,938,759</u>
Accumulated amortization					
Computer software	(4,430,568)	(2,324,866)	3,225,019	-	(3,530,415)
Total accumulated Amortization	<u>(4,430,568)</u>	<u>(2,324,866)</u>	<u>3,225,019</u>	<u>-</u>	<u>(3,530,415)</u>
Intangible assets	<u>4,406,770</u>				<u>5,408,344</u>
	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer between account Baht	Balance as at December 31, 2015 Baht
Cost					
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>
Accumulated amortization					
Computer software	(3,614,057)	(816,511)	-	-	(4,430,568)
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>
Amortization for the years ended December 31,					
2016				Baht	<u>2,324,866</u>
2015				Baht	<u>816,511</u>

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Deferred tax assets	<u>48,445,854</u>	<u>55,315,275</u>

Deferred tax assets as at December 31, 2016 and 2015 consist of tax effects from the following items:

	As at December 31, 2015	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2016
	Baht	Baht	Baht	Baht
Allowance for doubtful accounts	27,702,723	377,228	-	28,079,951
Bad debt in process of litigation	4,699,559	(266,901)	-	4,432,658
Assets from lease contract	17,449,180	(6,588,857)	-	10,860,323
Employment benefits obligation	5,463,813	608,239	(999,130)	5,072,922
	<u>55,315,275</u>	<u>(5,870,291)</u>	<u>(999,130)</u>	<u>48,445,854</u>

	As at December 31, 2014	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2015
	Baht	Baht	Baht	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>

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Promissory notes	<u>2,280,000,000</u>	<u>2,010,000,000</u>

As at December 31, 2016 and 2015, the Company has short-term loans from financial institutions which bear interest rate at 2.60% to 2.89% per annum and 2.62% to 3.35% per annum, respectively.

15. LONG-TERM LOANS

Long-term loans as at December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Long-term loans	187,500,000	275,600,000
Current portion of long-term loans	<u>(135,500,000)</u>	<u>(172,100,000)</u>
	<u>52,000,000</u>	<u>103,500,000</u>

As at December 31, 2016 and 2015, the Company entered into long-term loans with financial institutions at the floating interest rates 3.44% to 4.40% p.a. and 3.48% to 4.63% p.a. respectively, and are repayable quarterly installments, the last installment of such loans fall due in June 2019.

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, 2016 and 2015, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 3.70 million and Baht 3.50 million, respectively.

17. EMPLOYEE BENEFITS OBLIGATION

Employee benefits obligation for the years ended December 31, 2016 and 2015 consist of the following:

	2016 Baht	2015 Baht
Provision for severance pay (see Note 17.1)	23,491,196	25,456,592
Provision for long service awards (see Note 17.2)	1,873,414	1,862,475
	<u>25,364,610</u>	<u>27,319,067</u>

17.1 Provision for severance pay

Change in the present value of provision for severance pay as at December 31, 2016 and 2015, is as follows:

	2016 Baht	2015 Baht
Present value of obligation, beginning balance	25,456,592	21,592,705
Cost of service – current period	2,504,664	2,961,319
Finance cost	541,788	902,568
Actuarial gains	(5,011,848)	-
Present value of obligation, ending balance	<u>23,491,196</u>	<u>25,456,592</u>

Provision for severance pay expenses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Cost of service - current period	2,504,664	2,961,319
Finance cost	541,788	902,568
Actuarial gains		
- From financial assumptions changes	(1,480,459)	-
- From demographic assumptions changes	151,929	-
- From experience adjustments	(3,683,318)	-
	<u>(1,965,396)</u>	<u>3,863,887</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, 2016 and 2015 were as follows:

	2016 Baht	2015 Baht
Present value of obligation, beginning balance	1,862,475	1,582,737
Cost of service - current period	364,946	332,749
Finance cost	49,796	66,989
Benefits paid during the period	(420,000)	(120,000)
Actuarial loss	16,197	-
Present value of obligation, ending balance	<u>1,873,414</u>	<u>1,862,475</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, 2016 and 2015 is as follows:

	2016 Baht	2015 Baht
Cost of service - current period	364,946	332,749
Finance Cost	49,796	66,989
Actuarial loss		
- From financial assumptions changes	151,735	-
- From demographic assumptions changes	27,496	-
- From experience adjustments	(163,034)	-
	<u>430,939</u>	<u>399,738</u>

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

	2016	2015
Financial assumptions		
Discount rate (%)	2.65	4.18
Salary increase (%)	7.50	10
Demographic		
Resignation rate (%) depending on age group of employees	4, 5, 24	4, 6, 9
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of the post-employment benefits obligation as at December 31, 2016 and 2015 are as follows:

	2016 Baht	2015 Baht
Financial assumptions		
Discount rate		
- 1% increase	(2,223,137)	(2,655,268)
- 1% decrease	2,629,915	3,139,949
Expected rate of salary increase		
- 1% increase	2,476,296	2,829,717
- 1% decrease	(2,148,963)	(2,452,460)
Demographic assumptions		
Turnover Rate		
- 1% increase	(2,343,718)	(2,148,197)
- 1% decrease	952,115	878,860
Life expectancy		
- 1 year increase	165,459	198,770
- 1 year decrease	(164,005)	(197,079)

Maturity analysis of the benefit payments of the post-employment benefits obligation as at December 31, 2016 and 2015 is as follows:

	2016 Baht	2015 Baht
Legal Severance Pay Benefit		
Within 1 year	6,490,312	-
Over 1 to 5 years	972,222	8,198,960
Over 5 year	16,028,662	17,257,632
Total	<u>23,491,196</u>	<u>25,456,592</u>
Long service year award		
Within 1 year	255,000	120,000
Over 1 to 5 years	1,155,000	1,020,000
Over 5 year	463,414	722,475
Total	<u>1,873,414</u>	<u>1,862,475</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, 2016, the ordinary Shareholder's meeting passed a resolution to pay dividend of Baht 0.1383 per share on 470,000,000 shares, totaling Baht 65.00 million. Such dividend was paid on May 19, 2016.

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.

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, 2016 and 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015 consist of the following;

	2016 Baht	2015 Baht
Income tax expense from taxable income per income tax return	28,975,657	29,321,863
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>5,870,291</u>	<u>(35,761)</u>
Income tax per the statements of profit or loss and other comprehensive income	<u>34,845,948</u>	<u>29,286,102</u>

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2016 and 2015 were follows:

	2016 Baht	2015 Baht
Accounting income before tax	171,676,571	147,401,570
Income tax at 20%	<u>34,335,314</u>	<u>29,480,314</u>
Tax effect of non-deductible expenses	<u>510,634</u>	<u>(194,212)</u>
Income tax per the statements of profit or loss and other comprehensive income	34,845,948	29,286,102
Deferred tax income (expense) relating to the origination and reversal of temporary differences	<u>(5,870,291)</u>	<u>35,761</u>
Income tax expense from taxable income per income tax return	<u>28,975,657</u>	<u>29,321,863</u>

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2016 and 2015 and deferred tax as at December 31, 2016 and 2015.

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, 2016 and 2015 consist of the following;

	Relationship	2016 Baht	2015 Baht
Amount due from related companies			
IFS Capital Limited	Major Shareholder company	50,757	43,791
IFS Capital Holdings (Thailand) Limited	Related company	<u>-</u>	<u>200</u>
		<u>50,757</u>	<u>43,991</u>
Amount due to a related company			
IFS Capital Limited	Major Shareholder company	<u>-</u>	<u>50,041</u>

Significant transactions with related parties for the years ended December 31, 2016 and 2015 were as follow:

	2016 Baht	2015 Baht
Management benefit expenses		
Short-term benefits	33,738,075	29,433,560
Post-employment benefits	1,227,344	1,540,201
Other long-term benefits	45,172	34,575
	<u>35,010,591</u>	<u>31,008,336</u>

24. COMMITMENTS

As at December 31, 2016 and 2015, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Total credit facilities	<u>4,970,000,000</u>	<u>4,721,000,000</u>

As at December 31, 2016 and 2015, the Company had utilized the letters of credit amounting to Baht 5.82 million and Baht 17.60 million, respectively, for factoring, hire purchase and leasing contracts. However, as at December 31, 2016 and 2015, the Company had unused such credit facilities with banks totaling Baht 1,934 million and Baht 1,877 million, respectively.

25. EXPENSES BY NATURE

Net profit for the years ended December 31, 2016 and 2015 were arrived at after charging the following items:

	2016 Baht	2015 Baht
Directors and management benefit expenses	35,010,591	31,008,336
Employee benefit expenses	51,645,772	48,723,249
Depreciation and amortization	10,751,346	7,941,929
Bad debts and doubtful accounts	2,045,791	25,801,566
Business tax	11,255,948	10,895,880
Professional fee	4,222,784	3,771,242
Finance cost	60,264,923	64,861,654

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, 2016 and 2015, financial assets and liabilities exposed to interest rate risk are as follows:

	2016						
	Outstanding balances of net financial instruments						
	Repricing or maturity dates					interest rate	
	Depend on						
	Market Rate Thousand Baht	With in 1 year Thousand Baht	1-5 years Thousand Baht	No Interest Thousand Baht	Total Thousand Baht	Floating %	Fixed %
Financial assets							
Cash and cash equivalents	253,359	228,820	-	24,539	253,359	0.35	-
Bank deposits held as collateral	156	-	156	-	156	-	1.10
Factoring receivable	2,926,446	2,926,446	-	-	2,926,446	8.73	-
Hire purchase receivable	1,166	707	459	-	1,166	-	10.44
Lease contract receivable	219,112	100,567	118,545	-	219,112	8.91	-
Inventory finance receivable	125,431	125,431	-	-	125,431	9.36	-
Financial liabilities							
Short-term loans	2,280,000	2,280,000	-	-	2,280,000	2.70	-
Long-term loans	187,500	135,500	52,000	-	187,500	3.91	-

2015							
Outstanding balances of net financial instruments							
Reprising 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	227,229	204,674	-	22,555	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	-
Financial liabilities							
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	-

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 payables; 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.

Properties foreclosed; the fair values approximate their carrying amount presented in the statement of financial position.

Long-term loans; 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.

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, 2016 and 2015, 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, 2016 and 2015 were as follow:

	For the year ended December 31, 2016				For the year ended December 31, 2015			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	318,556	21,860	-	340,416	314,661	25,504	-	340,165
Other income	23,032	3,375	-	26,407	15,909	1,752	-	17,661
Total income	341,588	25,235	-	366,823	330,570	27,256	-	357,826
Allowance for doubtful accounts (reversal)	(3,239)	5,285	-	2,046	26,639	(837)	-	25,802
Selling and Administrative expenses	123,697	9,138	-	132,835	110,638	9,123	-	119,761
Total operation expenses	120,458	14,423	-	134,881	137,277	8,286	-	145,563
Net income before finance cost and income tax	221,130	10,812	-	231,942	193,293	18,970	-	212,263
Finance cost	56,120	4,145	-	60,265	59,921	4,941	-	64,862
Income tax expenses	32,397	2,449	-	34,846	25,758	3,528	-	29,286
Net income for the years	132,613	4,218	-	136,831	107,614	10,501	-	118,115
Total assets	3,051,877	220,279	436,577	3,708,733	2,819,840	248,177	377,764	3,445,781

Unit : Baht'000

28. EVENTS AFTER THE REPORTING PERIOD

On 16 February 2017, the Board of Directors' meeting passed the resolutions to propose to the 2017 Annual General Meeting of Shareholders for approval as follows:

- 28.1 To approve the Company's dividend payment to shareholders of the year 2016 as follows:
- Cash dividend to be paid to shareholders at the rate of Baht 0.10 per share, for 470,000,000 shares, totaling Baht 47 million.
 - Stock dividend to be paid in the number of not exceeding 23,500,000 ordinary shares with the par value of Baht 1 each to the existing shareholders at the ratio of 20 existing shares per 1 new share, totaling Baht 23.50 million, being the dividend pay-out ratio rate of Baht 0.05 per share. In case any shareholders hold indivisible share remaining after the allocation of dividend stock, the Company will pay cash at the rate of Baht 0.05 per share.
- 28.2 To increase the registered capital from the previous registered capital of Baht 470,000,000 to be the new registered capital of Baht 493,500,000 by issuing an additional 23,500,000 ordinary shares at the par value of Baht 1 each to support stock dividend payment.

29. 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, 2017.



IFS Capital (Thailand)
Public Company Limited

IFS 003/2017

16th February 2017

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. 2/2017 held on 16th February 2017 passed the resolutions as follows:

1. Approved the Audited Financial Statements for the year ended 31st December 2016 and this would be proposed to the 2017 Annual General Meeting of Shareholders for approval.
2. Approved the appropriation of the net profit and the dividend payment for the year 2016 as follows;
 - 2.1 There was no legal reserve to be appropriated from the Company's net profit in 2016 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 transfer the net profit of the fiscal year ended 31st December 2016 to the unappropriated retained earnings.
 - 2.3 To distribute dividend from the unappropriated retained earnings in the forms of cash and stock dividend as follows:
 - 2.3.1 Cash dividend to be paid at the rate of Baht 0.10 per share, for 470,000,000 shares, totaling Baht 47,000,000.
 - 2.3.2 Stock dividend to be paid in the number of not exceeding 23,500,000 ordinary shares with the par value of Baht 1 each to the existing shareholders at the ratio of 20 (twenty) existing shares per 1 (one) new share (stock dividend), totaling Baht 23,500,000, being the dividend pay-out ratio rate of Baht 0.05 per share. In case any shareholder holds indivisible share remaining after the allocation of dividend stock, the Company will pay cash at the rate of Baht 0.05 per share instead.

In total, cash dividend and stock dividend payable to the shareholders will not exceed Baht 70,500,000. The total dividend will be subject to withholding tax at the rate as required by law. Such cash dividend will be used to pay for the required withholding tax. The dividend payment will be appropriated from the retained earnings of the Company which are subject to the corporate income tax of 23 percent. Therefore, individual shareholders will be entitled to a tax credit pursuant to Section 47 bis of the Revenue Code.

Such dividend payment will be made to the shareholders whose names appear on the date on which the recorded shareholders are entitled to receive the dividend on 3rd March 2017 (Record Date), and the closing date on which the name list of shareholders is compiled under Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) by closing the share register book to suspend share transfers was fixed to be on 6th March 2017. The dividend shall be paid on 18th May 2017.

However, the right to receive dividend is not confirmed until approved by the 2017 Annual General Meeting of Shareholders.

3. Approved the increase of the Company's registered capital by issuing 23,500,000 new ordinary shares to support stock dividend payment and to amend Clause 4. of the Company's Memorandum of Association to be in line with the increase of registered capital. This would be proposed to the 2017 Annual General Meeting of Shareholders for approval.
4. Approved the allocation of not exceeding 23,500,000 new ordinary shares at the par value of Baht 1 as the stock dividend to the existing shareholders. This would be proposed to the 2017 Annual General Meeting of Shareholders for approval.
5. Approved the election of Mr. Suvait Theeravachirakul who retired by rotation to be selected as Director, Independent Director, Audit Committee Member and Chairman of the Risk Management Committee for another term, and approved the appointment of Ms. Chionh Yi Chian to act as new Director in place of Mr. Heng Hock Kiong, who retired by rotation and did not wish to resume his position as the Company's Director. This would be proposed and subject to the 2017 Annual General Meeting of Shareholders for approval.
6. Approved the remuneration of directors for the year 2017 and this would be proposed to the 2017 Annual General Meeting of Shareholders for approval as follows:

6.1 Adoption of the existing remuneration structure of directors of the Company for the year 2017 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

6.2 Approved the payment of bonus totaling Baht 2,187,500 to the following directors of the Company:

	<u>Baht</u>
1. Mr. Tan Hai Leng, Eugene	625,000.00
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>2,187,500.00</u>

7. 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 31st December 2017 and fixed the total remuneration of Baht 1,955,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2017 Annual General Meeting of Shareholders for approval.

8. Approved the convocation of the 2017 Annual General Meeting of Shareholders as follows:

8.1 The 2016 Annual General Meeting of Shareholders would be held on Wednesday 19th April 2017 at 2.00 p.m. at the Infinity I 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 2016 Annual General Meeting of Shareholders;
2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2016;
3. To consider and approve the Financial Statements for the fiscal year ended 31st December 2016;
4. To consider and approve the appropriation of the net profit and dividend payment for the year 2016;
5. To consider and approve the increase of the Company's registered capital by issuing 23,500,000 new ordinary shares to support stock dividend payment and to amend Clause 4. of the Company's Memorandum of Association to be in line with the increase of registered capital;
6. To consider and approve the allocation of new ordinary shares;
7. To consider and approve the election of the directors to replace the directors who retire by rotation;
8. To consider and approve the determination of the remuneration of the directors;
9. To consider and approve the appointment of the auditors and the determination of the remuneration of the auditors for the year 2017;
10. To consider other matters (if any).

- 8.2 The date on which the recorded shareholders have the right to attend the 2017 Annual General Meeting of Shareholders (Record Date) was determined on 3rd March 2017, and the closing date on which name list of shareholders was complied under Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) by closing the Share Register Book to suspend share transfer would be determined on 6th March 2017.
- 8.3 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 2017 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)
Director and CEO

Capital Increase Report Form**IFS Capital (Thailand) Public Company Limited****16th February 2017**

IFS Capital (Thailand) Public Company Limited (“the Company”) would like to report of the resolution of the Board of Directors no.2/2017 held on 16th February 2017 consequently in respect of a capital increase/share allotment as follows: -

1. Capital increase:

The Board of Directors Meeting had the resolution to approve the increase of the Company’s registered capital from Baht 470,000,000 to Baht 493,500,000 by issuing 23,500,000 new ordinary shares with a par value of Baht 1 per share, totaling Baht 23,500,000.

Type of Capital Increase	Type of share	Number of shares (shares)	Par Value (THB/Share)	Total (THB million)
Specifying the purpose of utilizing proceeds	Ordinary Shares	23,500,000	1.00	23,500,000

2. Allotment of new shares:

The Board of Directors Meeting had the resolution to approve the allocation of not exceeding 23,500,000 new ordinary shares, with a par value of Baht 1 per share, totaling Baht 23,500,000 the details of which are as follows:

2.1 The detail of the share allotment:

Allotted to	Number (shares)	Ratio (old : new)	Sale price per share (Baht)	Subscription and payment period	Note
Existing Shareholders	23,500,000	20:1	-	To reserve for the stock dividend	As note 1

Note 1: Such dividend will be made to the Shareholders whose names appear on the date on which the recorded shareholders are entitled to receive the dividend on 3rd March 2017 (Record Date), and the closing date on which the name list of shareholders is compiled under Section 225 of the Securities and Exchange Act B.E.2535 (1992) (as amended) by closing the share register book to suspend share transfers was fixed to be on 6th March 2017 and

the dividend shall be paid on 18th May 2017. However, the right to receive dividend is not confirmed until approved by the 2017 Annual General Meeting of Shareholders.

2.2 The Company's plan in case where there is a fraction of shares remaining

In case any shareholder holds indivisible share remaining after the allocation of dividend stock, the Company will pay cash at the rate of Baht 0.05 per share instead.

2.3 The number of shares remaining from the allotment

- None -

3. Schedule for shareholders meeting to approve the capital increase/allotment

The 2017 Annual General of Shareholders will be held on 19th April 2017 at 2.00 p.m. at the Infinity I Room, The AETAS Lumpini Hotel, 1030/4 Rama IV Road, Thungmahamek, Sathorn, Bangkok.

The date on which the recorded shareholders are entitled to attend the 2017 Annual General Meeting of Shareholders (Record Date) on 3rd March 2017, and the closing date on which the name list of shareholders is complied under Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) by closing the share register book to suspend share transfer is fixed on 6th March 2017.

4. Approval of the capital increase/share allotment by relevant governmental agency and conditions thereto (if any)

1. The registration of the capital increase with the Ministry of Commerce and amendment of Clause 4 of the Memorandum of Association of the Company.
2. The approval from the Stock Exchange of Thailand to list the new ordinary shares in the Stock Exchange of Thailand.

5. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase

- 5.1 To provide shareholders return in form of share dividend by issuing stock dividend instead of paying cash dividend.

6. Benefits which the Company will receive from the capital increase/share allotment:

- 6.1 To increase the Company's stock liquidity.
- 6.2 To retain the working capital for company's operation.

7. Benefits which the shareholders will receive from the capital increase/share allotment:

7.1 Dividend Policy

The Company has a dividend policy of paying dividends at a rate of not less than 50 percent of the net profit available after payment of the Company's corporate income tax and allocation of legal reserve. However, subject to the operating results, financial conditions and the Company's working capital requirements, the dividend rate could be less than such rate.

7.2 The Shareholders' right

The shareholders who will be allocated the stock dividend are entitled to receive dividends in the future.

8. Other details necessary for shareholders to approve the capital increase/share allotment:

-None-

9. Schedule of action where the board of directors of the Company passes a resolution approving the capital increase or allotment of new shares:

- The Board of Directors' Meeting No. 2/2017	16 th February 2017
- Specifying the name list of shareholders who are eligible to attend the shareholders' meeting. (Record Date)	3 rd March 2017
- Collecting the name list, according to Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended), by way of closing the registration book to suspend the transfer of share for the shareholders' meeting.	6 th March 2017
- Specifying the date for the 2017 Annual General Meeting of Shareholders.	19 th April 2017
- Specifying the name list of Shareholders who are eligible to receive dividend.	3 rd March 2017
- Collecting the name list, according to Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended), by way of closing the registration book to suspend the transfer of share for the receiving of dividend.	6 th March 2017
- The date of dividend payment	18 th May 2017

The Company hereby certifies that the information contained in this report form is true and complete in all respects.



(Mr. Tan Ley Yen)

Chief Executive Officer

IFS Capital (Thailand) Public Company Limited