

**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	2017	2016
Net profit (loss)	151,443	136,831
EPS (baht)	0.31	0.28

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

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

Signature \_\_\_\_\_

(Mr. Tan Ley Yen)

Director and CEO

Authorized Persons to Disclose Information

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**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

**Opinion**

We have audited the financial statements of IFS Capital (Thailand) Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2017, 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, 2017, 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’ 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><b>Allowance for doubtful accounts</b></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 3.13, 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"> <li>• 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</li> <li>• 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</li> <li>• Performed substantive audit procedures consisted of: <ul style="list-style-type: none"> <li>- 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</li> <li>- Examine the supporting documents in relation to the management consideration as indicators to recognition of allowance for doubtful accounts.</li> <li>- Tested calculation of allowance for doubtful accounts</li> </ul> </li> </ul>

### **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.

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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 21, 2018

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, 2017**

**UNIT : BAHT**

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.3	305,290,447	253,359,292
Factoring receivables	5	3,281,952,962	2,926,445,857
Current portion of hire purchase receivables	6	12,543,127	707,688
Current portion of lease contract receivables	7	98,037,396	100,311,112
Inventory finance receivables	8	141,825,832	125,431,313
Amounts due from related company	25	20,900	50,757
Properties foreclosed		-	3,671,152
Other current assets		3,110,107	1,810,576
Total Current Assets		<u>3,842,780,771</u>	<u>3,411,787,747</u>
<b>NON-CURRENT ASSETS</b>			
Bank deposits held as collateral	9	157,729	156,029
Hire purchase receivables	6	6,917,806	458,727
Lease contract receivables	7	113,168,536	118,801,232
Plant and equipment	10	21,458,883	25,667,741
Investment property	11	91,621,334	97,127,336
Other intangible assets	12	2,944,801	5,408,344
Deferred tax assets	13	51,353,488	48,445,854
Other non-current assets		625,600	351,232
Total Non-current Assets		<u>288,248,177</u>	<u>296,416,495</u>
<b>TOTAL ASSETS</b>		<u><u>4,131,028,948</u></u>	<u><u>3,708,204,242</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, 2017**

UNIT : BAHT

	Notes	2017	2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term loans from financial institutions	14	2,545,000,000	2,280,000,000
Current portion of long-term liabilities	15	96,000,000	135,500,000
Other current liabilities		58,461,932	48,571,512
Total Current Liabilities		<u>2,699,461,932</u>	<u>2,464,071,512</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	15	132,000,000	52,000,000
Provisions for employee benefits	17	26,604,301	25,364,610
Other non-current liabilities		-	1,525,950
Total Non-current Liabilities		<u>158,604,301</u>	<u>78,890,560</u>
<b>TOTAL LIABILITIES</b>		<u>2,858,066,233</u>	<u>2,542,962,072</u>
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital	19		
493,500,000 ordinary shares of Baht 1 each		<u>493,500,000</u>	
470,000,000 ordinary shares of Baht 1 each			<u>470,000,000</u>
Issued and paid-up share capital			
493,499,975 ordinary shares of Baht 1 each,		493,499,975	
470,000,000 ordinary shares of Baht 1 each,			470,000,000
<b>ADDITIONAL PAID-UP CAPITAL</b>			
Premium on ordinary shares	18	31,746,399	31,746,399
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	22	49,350,000	47,000,000
Unappropriated		698,366,341	616,495,771
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,272,962,715</u>	<u>1,165,242,170</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>4,131,028,948</u>	<u>3,708,204,242</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, 2017**

UNIT : BAHT

	Notes	2017	2016
<b>REVENUE</b>			
Factoring income		262,043,109	237,290,237
Hire purchase income		1,000,284	190,024
Finance lease income		19,769,760	21,669,512
Factoring commission and service fees		87,492,777	81,265,858
Other income		40,602,157	26,407,226
Total Revenue		<u>410,908,087</u>	<u>366,822,857</u>
<b>EXPENSES</b>			
Selling expenses		18,253,425	14,458,514
Administrative expenses		91,491,238	83,366,468
Management benefit expenses	25	38,321,036	35,010,591
Allowance for doubtful accounts		4,968,647	2,045,791
Total Expenses		<u>153,034,346</u>	<u>134,881,364</u>
<b>INCOME BEFORE FINANCE COST AND</b>			
INCOME TAX EXPENSE		257,873,741	231,941,493
FINANCE COST		<u>68,641,329</u>	<u>60,264,923</u>
INCOME BEFORE INCOME TAX EXPENSE		189,232,412	171,676,570
INCOME TAX EXPENSE	24	37,789,440	34,845,948
<b>PROFIT FOR THE YEARS</b>		<u>151,442,972</u>	<u>136,830,622</u>
<b>COMPONENTS OF OTHER COMPREHENSIVE INCOME</b>			
THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Gains on remeasurement of defined benefit plans		4,096,997	4,995,651
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		<u>(819,399)</u>	<u>(999,130)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
FOR THE YEARS, NET OF TAX		<u>3,277,598</u>	<u>3,996,521</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEARS</b>		<u>154,720,570</u>	<u>140,827,143</u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	0.31	0.28
<b>WEIGHTED AVERAGE NUMBER OF</b>			
<b>ORDINARY SHARES</b>	21 SHARE	493,499,975	493,499,975

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

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2016</b>		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	20	-	-	-	(65,001,000)	(65,001,000)
<b>Ending balance as at December 31, 2016</b>		<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>
<b>Beginning balance as at January 1, 2017</b>		470,000,000	31,746,399	47,000,000	616,495,771	1,165,242,170
Changes during the year						
Increase capital	19	23,499,975	-	-	-	23,499,975
Total comprehensive income		-	-	-	154,720,570	154,720,570
Dividend paid	20	-	-	-	(70,500,000)	(70,500,000)
Legal reserve		-	-	2,350,000	(2,350,000)	-
<b>Ending balance as at December 31, 2017</b>		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>698,366,341</u>	<u>1,272,962,715</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, 2017**

**UNIT : BAHT**

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax expenses		189,232,412	171,676,570
Adjustments for :			
Allowance for doubtful accounts		4,696,073	1,886,142
Loss from bad debts written off		272,574	159,649
Gain from sales of fixed assets		(7,477)	-
Loss from write-off fixed assets		-	75
Interest expenses		68,214,271	59,749,649
Employee benefits expense		5,336,688	3,041,194
Depreciation and amortization		13,406,095	10,751,346
		<u>281,150,636</u>	<u>247,264,625</u>
Operating assets (increase) decrease			
Factoring receivables		(362,669,935)	(177,843,513)
Hire purchase receivables		(18,340,866)	2,793,066
Lease contract receivables		10,146,943	19,820,178
Inventory finance receivables		(16,394,519)	(50,954,064)
Amounts due from a related company		29,857	(6,766)
Properties foreclosed		3,671,152	(3,671,152)
Other current assets		(1,299,531)	(205,497)
Non-other current assets		(274,368)	(1,861)
Fixed deposits pledged as collateral		(1,700)	115,438
Operating liabilities increase (decrease)			
Amounts due to a related company		-	(50,041)
Other current liabilities		4,248,999	6,978,317
Non-other current liabilities		(1,525,950)	831,000
Cash received from (paid for) operating activities		<u>(101,259,282)</u>	<u>45,069,730</u>
Interest expenses paid		(67,930,697)	(60,401,363)
Income tax paid		<u>(36,146,428)</u>	<u>(29,431,801)</u>
Net cash operating activities		<u>(205,336,407)</u>	<u>(44,763,434)</u>

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

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**UNIT : BAHT**

	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of plant and equipment	4.1	(827,730)	(886,177)
Cash paid for purchases of investment property		-	(41,792,375)
Cash paid for purchases of intangible assets	4.2	(412,160)	(3,326,713)
Cash received from sale of fixed assets		7,477	-
Net cash used in investing activities		<u>(1,232,413)</u>	<u>(46,005,265)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash paid for short-term loans			
to financial institutions		(13,373,000,000)	(11,420,000,000)
Cash received from short-term loans			
from financial institutions		13,638,000,000	11,690,000,000
Cash paid for long-term loans to financial institutions		(159,500,000)	(188,100,000)
Cash received for long-term loans			
to financial institutions		200,000,000	100,000,000
Cash paid for dividend		(47,000,025)	(65,001,000)
Net cash provided by financing activities		<u>258,499,975</u>	<u>116,899,000</u>
Net increase in cash and cash equivalents		51,931,155	26,130,301
Cash and cash equivalents at beginning of the years		253,359,292	227,228,991
<b>Cash and cash equivalents at end of the years</b>	4.3	<u><u>305,290,447</u></u>	<u><u>253,359,292</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, 2017**

**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 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 60.13% 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 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

During the year, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

- 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 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statement for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of this TFRS and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statement of the Company in the period of initial application.

### **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.

Other income is recognized on an accrual basis.

#### **3.3 Accounts receivable**

Factoring receivable is shown net of allowance for doubtful accounts.

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

#### **3.4 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.

### 3.5 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 Other intangible assets and amortization

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

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

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



### 3.8 Provisions for employee benefits

The Company provides provisions for employee benefits regarding the severance pay under the Thai Labor Protection Act and long service awards payable to employees. Provisions for employee benefits is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and others. Gains or losses on remeasurements of provisions for employee benefits will be recognized in the statements of 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 at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase in and paid-up share capital.

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

### 3.11 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.

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 Use of Management's Judgements

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

Significant judgements in applying accounting policies is as follows;

#### Allowance for doubtful accounts

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

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

In addition, the Company had determined to set up the allowance for doubtful accounts on a collective basis for factoring, hire purchase, lease contract receivables and inventory finance 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).

#### 4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Plant and equipment for the years ended December 31, 2017 and 2016 were as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Other payable - plant and equipment, beginning balance (included in other current liabilities)	-	-
<u>Add</u> Purchases of plant and equipment	859,830	886,177
<u>Less</u> Cash paid for purchases of plant and equipment	<u>(827,730)</u>	<u>(886,177)</u>
Other payable - plant and equipment, ending balance (included in other current liabilities)	<u>32,100</u>	<u>-</u>

4.2 Intangible assets for the years ended December 31, 2017 and 2016 were as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Other payable - intangible assets, beginning balance (included in other current liabilities)	44,298	44,566
<u>Add</u> Purchases of intangible assets	367,862	3,326,445
<u>Less</u> Cash paid for purchases of intangible assets	<u>(412,160)</u>	<u>(3,326,713)</u>
Other payable - intangible asset, ending balance (included in other current liabilities)	<u>-</u>	<u>44,298</u>

4.3 Cash and cash equivalents as at December 31, 2017 and 2016 consist of the following:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Cash on hand	30,000	30,000
Cash at banks - current accounts	10,086,646	24,508,657
Cash at banks - savings accounts	295,173,801	228,820,635
	<u>305,290,447</u>	<u>253,359,292</u>

## 5. FACTORING RECEIVABLES

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Factoring receivables	4,186,348,383	3,692,674,349
<u>Less</u> Allowance for doubtful accounts (*)	<u>(122,708,315)</u>	<u>(115,545,485)</u>
	4,063,640,068	3,577,128,864
<u>Less</u> Factoring payables	<u>(781,687,106)</u>	<u>(650,683,007)</u>
Factoring receivables, net	<u>3,281,952,962</u>	<u>2,926,445,857</u>

(\*) As at December 31, 2017 and 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for factoring receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 4,008,873 and Baht 3,897,356, respectively.

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Current	2,947,564,818	2,711,217,102
Overdue :		
Not more than 3 months	1,108,595,424	868,478,828
Over 3 months but not more than 6 months	18,273,225	1,662,863
Debtors subject to legal proceedings	111,914,916	111,315,556
	<u>4,186,348,383</u>	<u>3,692,674,349</u>

## 6. HIRE PURCHASE RECEIVABLES

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Outstanding contract price	21,058,425	1,272,198
<u>Less</u> Unearned financing income	<u>(1,548,325)</u>	<u>(102,964)</u>
	19,510,100	1,169,234
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(49,167)</u>	<u>(2,819)</u>
	19,460,933	1,166,415
Due within one year	13,823,070	784,685
<u>Less</u> Unearned financing income	<u>(1,279,943)</u>	<u>(76,997)</u>
Current portion of hire purchase receivables, net	12,543,127	707,688
Hire purchase receivables, net	<u>6,917,806</u>	<u>458,727</u>

(\*) As at December 31, 2017 and 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for hire purchase receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 49,167 and Baht 2,819, respectively.

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Current	<u>19,510,100</u>	<u>1,169,234</u>

## 7. LEASE CONTRACT RECEIVABLES

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Outstanding contract price	369,104,004	387,951,038
<u>Less</u> Deposits on long-term lease contracts	<u>(122,867,910)</u>	<u>(129,835,262)</u>
<u>Less</u> Unearned financing income	<u>(25,413,719)</u>	<u>(26,873,884)</u>
	220,822,375	231,241,892
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(9,616,443)</u>	<u>(12,129,548)</u>
	211,205,932	219,112,344
Due within one year	146,469,668	148,787,517
<u>Less</u> Deposits on long-term lease contracts	<u>(34,266,479)</u>	<u>(33,036,964)</u>
<u>Less</u> Unearned financing income	<u>(14,165,793)</u>	<u>(15,439,441)</u>
Current portion of lease contract receivables, net	98,037,396	100,311,112
Lease contract receivables, net	<u>113,168,536</u>	<u>118,801,232</u>

(\*) As at December 31, 2017 and 2016, the Company has provided for the allowance for doubtful accounts on a collective basis for lease contract receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 533,598 and Baht 529,512, respectively.

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Current	202,646,167	209,018,771
Overdue :		
Not more than 3 months	7,537,709	8,032,020
Over 6 months but not more than 12 months	548,191	-
More than 12 months	1,007,463	2,981,004
Debtors subject to legal proceedings	9,082,845	11,210,097
	<u>220,822,375</u>	<u>231,241,892</u>

#### 8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2017 and 2016 were as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Inventory finance receivables	154,547,736	138,153,217
<u>Less</u> Allowance for doubtful accounts <sup>(*)</sup>	<u>(12,721,904)</u>	<u>(12,721,904)</u>
Inventory finance receivables, net	<u>141,825,832</u>	<u>125,431,313</u>

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

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Current	141,825,832	125,431,313
Debtors subject to legal proceedings	<u>12,721,904</u>	<u>12,721,904</u>
	<u>154,547,736</u>	<u>138,153,217</u>

#### 9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2017 and 2016, fixed deposit at bank of Baht 157,729 and Baht 156,029, 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, 2017 and 2016 consist of the following:

	Balance as at January 1, 2017 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2017 Baht	
<b>Cost</b>					
Condominium	40,875,264	-	-	40,875,264	
Furniture and fixtures	31,432,959	127,330	-	31,560,289	
Vehicles	8,998,885	732,500	(39,500)	9,691,885	
Total cost	81,307,108	859,830	(39,500)	82,127,438	
<b>Accumulated depreciation</b>					
Condominium	(21,760,445)	(2,656,938)	-	(24,417,383)	
Furniture and fixtures	(28,118,385)	(1,056,424)	-	(29,174,809)	
Vehicles	(5,760,537)	(1,355,326)	39,500	(7,076,363)	
Total accumulated depreciation	(55,639,367)	(5,068,688)	39,500	(60,668,555)	
Plant and equipment	25,667,741			21,458,883	
	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Transfer Between account Baht	Balance as at December 31, 2016 Baht
<b>Cost</b>					
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	119,752,730	886,177	(9,727,331)	(29,604,468)	81,307,108
<b>Accumulated depreciation</b>					
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	(4,011,152)	(1,749,385)	-	-	(5,760,537)
Total accumulated depreciation	(63,314,637)	(5,219,176)	9,727,262	3,167,184	(55,639,367)
Plant and equipment	56,438,093				25,667,741
<b>Depreciation for the years ended December 31,</b>					
2017				<b>Baht</b>	5,068,688
2016				<b>Baht</b>	5,219,176

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).

As at December 31, 2017 and 2016, certain equipment at cost of Baht 30.51 million and Baht 29.30 million, respectively, were fully depreciated but still in use.

## 11. INVESTMENT PROPERTY

Investment property as at December 31, 2017 and 2016 consisted of the following:

	2017 Baht	2016 Baht
Condominium as at January 1,	104,676,836	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
<u>Less</u> Accumulated depreciation	(13,055,502)	(4,382,316)
<u>Less</u> Accumulated depreciation transfer during year (see Note 10)	-	(3,167,184)
Condominium as at December 31,	<u>91,621,334</u>	<u>97,127,336</u>

### Depreciation for the years ended December 31,

2017	<b>Baht</b>	<u>5,506,002</u>
2016	<b>Baht</b>	<u>3,207,304</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, 2017 and 2016, fair value of investment properties of the Company which amounted to Baht 132.01 million and Baht 123.21 million, respectively.

## 12. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, 2017 and 2016 were as following:

	Balance as at January 1, 2017 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2017 Baht
<b>Cost</b>				
Golf membership fee	150,000	-	-	150,000
Computer software	8,788,759	367,862	-	9,156,621
Total cost	<u>8,938,759</u>	<u>367,862</u>	<u>-</u>	<u>9,306,621</u>
<b>Accumulated amortization</b>				
Computer software	(3,530,415)	(2,831,405)	-	(6,361,820)
Total accumulated amortization	<u>(3,530,415)</u>	<u>(2,831,405)</u>	<u>-</u>	<u>(6,361,820)</u>
Intangible assets	<u>5,408,344</u>			<u>2,944,801</u>



	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2016 Baht
<b>Cost</b>				
Golf membership fee	150,000	-	-	150,000
Computer software	8,687,338	3,326,445	(3,225,024)	8,788,759
Total cost	8,837,338	3,326,445	(3,225,024)	8,938,759
<b>Accumulated amortization</b>				
Computer software	(4,430,568)	(2,324,866)	3,225,019	(3,530,415)
Total accumulated amortization	(4,430,568)	(2,324,866)	3,225,019	(3,530,415)
Intangible assets	4,406,770			5,408,344
<b>Amortization for the years ended December 31,</b>				
2017			<b>Baht</b>	2,831,405
2016			<b>Baht</b>	2,324,866

### 13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2017 and 2016 were as follows:

	2017 Baht	2016 Baht
Deferred tax assets	51,353,488	48,445,854

Deferred tax assets as at December 31, 2017 and 2016 consist of tax effects from the following items:

	As at December 31, 2016 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2017 Baht
Allowance for doubtful accounts	28,079,951	939,215	-	29,019,166
Bad debt in process of litigation	4,432,658	-	-	4,432,658
Assets from lease contract	10,860,323	1,720,481	-	12,580,804
Provisions for employee benefits	5,072,922	1,067,337	(819,399)	5,320,860
	48,445,854	3,727,033	(819,399)	51,353,488
	As at December 31, 2015 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2016 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
Provisions for employee benefits	5,463,813	608,239	(999,130)	5,072,922
	55,315,275	(5,870,291)	(999,130)	48,445,854

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

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

	<b>2017 Baht</b>	<b>2016 Baht</b>
Promissory notes	<u>2,545,000,000</u>	<u>2,280,000,000</u>

As at December 31, 2017 and 2016, the Company has short-term loans from financial institutions which bear interest rate at 2.28% to 3.30% per annum and 2.60% to 2.89% per annum, respectively.

#### 15. LONG-TERM LOANS

Long-term loans as at December 31, 2017 and 2016 consist of the following:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Long-term loans	228,000,000	187,500,000
Current portion of long-term liabilities	<u>(96,000,000)</u>	<u>(135,500,000)</u>
	<u>132,000,000</u>	<u>52,000,000</u>

As at December 31, 2017 and 2016, the Company entered into long-term loans with financial institutions at the floating interest rates 3.42% to 4.28% p.a. and 3.44% to 4.40% p.a., respectively, and are repayable quarterly installments, the last installment of such loans fall due in August 2020.

#### 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, 2017 and 2016, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 4.08 million and Baht 3.70 million, respectively.

## 17. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits for the years ended December 31, 2017 and 2016 consist of the following:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Provisions for employee benefits for severance pay (see Note 17.1)	22,042,623	23,491,196
Provisions for employee benefits for long service awards (see Note 17.2)	<u>4,561,678</u>	<u>1,873,414</u>
	<u>26,604,301</u>	<u>25,364,610</u>

### 17.1 Provisions for employee benefits for severance pay

Change in the present value of provisions for employee benefits for severance pay as at December 31, 2017 and 2016, is as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Present value of provisions for employee benefits for severance pay, beginning balance	23,491,196	25,456,592
Cost of service - current period	2,235,733	2,504,664
Finance cost	622,524	541,788
Actuarial gains	<u>(4,306,830)</u>	<u>(5,011,848)</u>
Present value of provisions for employee benefits for severance pay, ending balance	<u>22,042,623</u>	<u>23,491,196</u>

Provisions for employee benefits for severance pay expenses recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Cost of service - current period	2,235,733	2,504,664
Finance cost	622,524	541,788
Actuarial gains		
- Change in financial assumptions	(6,868,379)	(1,480,459)
- Change in demographic assumptions	1,446,310	151,929
- Experience adjustments	<u>1,115,239</u>	<u>(3,683,318)</u>
	<u>(4,306,830)</u>	<u>(5,011,848)</u>

## 17.2 Provisions for employee benefits for long service awards

Change in the present value of provisions for employee benefits for long service awards for the years ended December 31, 2017 and 2016 were as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Present value of provisions for employee benefits for long service awards, beginning balance	1,873,414	1,862,475
Cost of service - current period	2,758,799	364,946
Finance cost	49,632	49,796
Benefits paid during the period	(330,000)	(420,000)
Actuarial loss	209,833	16,197
Present value of provisions for employee benefits for long service awards, ending balance	<u>4,561,678</u>	<u>1,873,414</u>

Provisions for employee benefits for long service awards expense recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2017 and 2016 is as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Cost of service - current period	2,758,799	364,946
Finance Cost	49,632	49,796
Actuarial loss		
- Change in financial assumptions	(2,652)	151,735
- Change in demographic assumptions	130,718	27,496
- Experience adjustments	81,767	(163,034)
	<u>209,833</u>	<u>16,197</u>

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

	<b>2017</b>	<b>2016</b>
Financial assumptions		
Discount rate (%)	2.67	2.65
Salary increase (%)	5.00	7.50
Demographic		
Resignation rate (%) depending on age group of employees	3, 4, 18	4, 5, 24
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of provisions for employee benefits as at December 31, 2017 and 2016 are as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Financial assumptions		
Discount rate		
- 1% increase	(1,823,995)	(2,223,137)
- 1% decrease	2,149,070	2,629,915
Expected rate of salary increase		
- 1% increase	2,075,938	2,476,296
- 1% decrease	(1,802,467)	(2,148,963)
Demographic assumptions		
Turnover Rate		
- 1% increase	(1,912,260)	(2,343,718)
- 1% decrease	741,190	952,115
Life expectancy		
- 1 year increase	87,562	165,459
- 1 year decrease	(87,021)	(164,005)

Maturity analysis of the benefit payments of provisions for employee benefits as at December 31, 2017 and 2016 is as follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Legal Severance Pay Benefit		
Within 1 year	6,037,500	6,490,312
Over 1 to 5 years	1,169,973	972,222
Over 5 year	14,835,150	16,028,662
Total	<u>22,042,623</u>	<u>23,491,196</u>
Long service year award		
Within 1 year	570,000	255,000
Over 1 to 5 years	2,235,000	1,155,000
Over 5 year	1,756,678	463,414
Total	<u>4,561,678</u>	<u>1,873,414</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. SHARE CAPITAL

On April 19, 2017, the ordinary shareholders' meeting passed a resolution to increase the share capital from Baht 470,000,000 (470,000,000 ordinary shares of Baht 1 each) to Baht 493,500,000 (493,500,000 ordinary shares of Baht 1 each) by issuing 23,500,000 new ordinary shares with a par value of Baht 1 each, to be stock dividend to the existing shareholders. The Company totally paid stock dividend 23,499,975 ordinary shares of Baht 23,499,975 (see Note 20). The Company has registered increase in share capital with the Department of Business Development on May 18, 2017.

## 20. DIVIDENDS PAID

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

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 65,000,000. Such dividend was paid on May 19, 2016.

## 21. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Net profit (Baht '000)	151,443	136,831
Issued and paid-up share capital (shares)	470,000,000	470,000,000
Additional stock dividend in 2017 (shares) (see Notes 19 and 20)	23,499,975	23,499,975
Number of shares after stock dividend (shares)	493,499,975	493,499,975
Basic earnings per share (Baht)	0.31	0.28

## 22. 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, 2017 and 2016, the Company has legal reserve by ten percent of the authorized capital.

## 23. CAPITAL MANAGEMENT

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

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

The Company has to comply with the conditions specified in the certificate of foreign business operations in that the total amount of loans used in the operation of the business permitted must not exceed seven times of the principal. As at December 31, 2017 and 2016, the Company is in compliance to the conditions as mentioned.

In addition, the Company also has to comply with financial covenants with a financial institution in that the Company should maintain its debt to equity ratio to not exceed eight times and with another financial institution in that the Company shall maintain its gearing ratio to not exceed 6.5 times and a minimum tangible net worth of not less than Baht 650 million. On December, 31, 2017 and 2016, the Company is in compliance to the conditions as mentioned.

## 24. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2017 and 2016 consist of the following:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Income tax expense from taxable income per income tax return	41,516,474	28,975,657
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>(3,727,034)</u>	<u>5,870,291</u>
Income tax per the statements of profit or loss and other comprehensive income	<u><u>37,789,440</u></u>	<u><u>34,845,948</u></u>

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2017 and 2016 were follows:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Accounting income before tax	189,232,412	171,676,570
Income tax at 20%	37,846,482	34,335,314
Tax effect of non-deductible expenses	(57,042)	510,634
Income tax per the statements of profit or loss and other comprehensive income	37,789,440	34,845,948
Deferred tax income (expense) relating to the origination and reversal of temporary differences	3,727,034	(5,870,291)
Income tax expense from taxable income per income tax return	<u>41,516,474</u>	<u>28,975,657</u>

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2017 and 2016 and deferred tax as at December 31, 2017 and 2016.

## 25. 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, 2017 and 2016 consist of the following;

	<b>Relationship</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Amount due from related companies			
IFS Capital Limited	Major Shareholder company	<u>20,900</u>	<u>50,757</u>

Significant transactions with related parties for the years ended December 31, 2017 and 2016 were as follow:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Management benefit expenses		
Short-term benefits	36,630,860	33,738,075
Post-employment benefits	1,279,632	1,227,344
Other long-term benefits	410,544	45,172
	<u>38,321,036</u>	<u>35,010,591</u>



## 26. COMMITMENTS

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

	<b>As at December 31, 2017 Baht</b>	<b>As at December 31, 2016 Baht</b>
Total credit facilities	<u>4,954,000,000</u>	<u>4,970,000,000</u>

As at December 31, 2017 and 2016, the Company had utilized the letters of credit amounting to Baht 6.72 million and Baht 5.82 million, respectively, for factoring, hire purchase and leasing contracts. However, as at December 31, 2017 and 2016, the Company had unused such credit facilities with banks totaling Baht 1,753 million and Baht 1,934 million, respectively.

## 27. EXPENSES BY NATURE

Net profit for the years ended December 31, 2017 and 2016 were arrived at after charging the following items:

	<b>2017 Baht</b>	<b>2016 Baht</b>
Directors and management benefit expenses	38,321,036	35,010,591
Employee benefit expenses	60,625,598	51,645,772
Depreciation and amortization	13,406,095	10,751,346
Bad debts and doubtful accounts	4,968,647	2,045,791
Business tax	12,708,741	11,255,948
Professional fee	3,639,095	4,222,784
Finance cost	68,641,329	60,264,923

## 28. 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, 2017 and 2016, financial assets and liabilities exposed to interest rate risk are as follows:

2017							
Outstanding balances of net financial instruments							
Repricing or maturity dates							
	Depend on Market Rate	With in 1 year	1-5 years	No Interest	Total	interest rate	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Floating %	Fixed %
<b>Financial assets</b>							
Cash and cash equivalents	305,290	295,174	-	10,116	305,290	0.36	-
Bank deposits held as collateral	158	-	158	-	158	-	1.10
Factoring receivable	3,281,953	3,281,953	-	-	3,281,953	8.71	-
Hire purchase receivable	19,461	12,543	6,918	-	19,461	-	9.40
Lease contract receivable	211,206	98,037	113,169	-	211,206	8.90	-
Inventory finance receivable	141,826	141,826	-	-	141,826	9.18	-
<b>Financial liabilities</b>							
Short-term loans	2,545,000	2,545,000	-	-	2,545,000	2.68	-
Long-term loans	228,000	96,000	132,000	-	228,000	4.00	-
2016							
Outstanding balances of net financial instruments							
Repricing or maturity dates							
	Depend on Market Rate	With in 1 year	1-5 years	No Interest	Total	interest rate	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Floating %	Fixed %
<b>Financial assets</b>							
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	-
<b>Financial liabilities</b>							
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	-

## **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.

## **29. FINANCIAL INFORMATION BY SEGMENT**

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

The business segments are described below:

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

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

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

For the years ended December 31, 2017 and 2016, there is no revenue from a single external customer contributed 10% or more to the Company's total revenue.

The financial statements by business segment for the years ended December 31, 2017 and 2016 were as follow:

	For the year ended December 31, 2017				For the year ended December 31, 2016			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	349,536	20,770	-	370,306	318,556	21,860	-	340,416
Other income	35,585	5,017	-	40,602	23,032	3,375	-	26,407
Total income	385,121	25,787	-	410,908	341,588	25,235	-	366,823
Allowance for doubtful accounts (reversal)	7,163	(2,194)	-	4,969	(3,239)	5,285	-	2,046
Selling and Administrative expenses	138,773	9,292	-	148,065	123,697	9,138	-	132,835
Total operation expenses	145,936	7,098	-	153,034	120,458	14,423	-	134,881
Net income before finance cost and income tax	239,185	18,689	-	257,874	221,130	10,812	-	231,942
Finance cost	64,334	4,307	-	68,641	56,120	4,145	-	60,265
Income tax expenses	33,871	3,919	-	37,790	32,397	2,449	-	34,846
Net income for the years	140,980	10,463	-	151,443	132,613	4,218	-	136,831
Total assets	3,423,779	230,667	476,583	4,131,029	3,051,877	220,279	436,048	3,708,204

### 30. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on February 21, 2018.



IFS Capital (Thailand)  
Public Company Limited

IFS 212/2017

21<sup>st</sup> February 2018

Subject: Resolutions of the Board of Directors' Meeting

To: The President  
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited would like to inform you that the Board of Directors' Meeting No. 1/2017 held on 21<sup>st</sup> February 2018 passed the resolutions as follows:

1. Approved the Audited Financial Statements for the year ended 31<sup>st</sup> December 2017 and this would be proposed to the 2018 Annual General Meeting of Shareholders for approval.
2. Approved the appropriation of the net profit and the dividend payment for the year 2017 as follows:
  - 2.1 To appropriate from Baht 2,350,000 from the Company's net profit in 2017 as the legal reserve of the Company.
  - 2.2 To transfer the net profit of the fiscal year ended 31<sup>st</sup> December 2017 after deducting the legal reserve to the unappropriated retained earnings.
  - 2.3 To distribute dividend from the unappropriated retained earnings at the rate of Baht 0.152 per share, for 493,499,975 shares, totaling Baht 75,011,996.20. The Record Date for the right to receive the Dividend will be on 9<sup>th</sup> March 2017 and the Dividend shall be paid on 17<sup>th</sup> May 2018. This would be proposed to the 2018 Annual General Meeting of Shareholders for approval.

However, the right to receive dividend is not confirmed until approved by the 2018 Annual General Meeting of Shareholders.

3. Approved to re-appoint a director who retired by rotation for another term, and appoint a new director in place of the director who retired by rotation as follows:

1) Mr. Singha Nikornpun

the director who retired by rotation, shall be re-appointed his duty for another term, which shall act as Independent Director, Deputy Chairman, Chairman of the Audit Committee, Member of the Compensation and Nomination Committee, and Member of the Risk Management Committee.

2) Mrs. Churairat Panyarachun

the new director, shall be appointed in place of Dr. Thamnoon Ananthothai, the director who retired by rotation and had no intention to resume his positions. Mrs. Jurairat Panyarachun shall also act as Independent Director, Member of the Audit Committee, Chairman of the Compensation and Nomination Committee, and Member of the Risk Management Committee.

In this regard, Mr. Singha Nikornpun and Mrs. Jurairat Panyarachun possess the appropriate qualifications to give comments independently in line with the relevant criteria. In addition, such two candidates do not hold any directorship or executive position in any business which may cause a conflict of interest with the Company.

Since the appointment of the two directors as per the aforementioned details, provided that Mr. Niphat Chamroonrat was also the director who retired by rotation and had no intention to resume his positions, the Board of Director then approved the restructuring the Company's Board of Directors from 7 directors to 6 directors. This would be proposed to the 2018 Annual General Meeting of Shareholders for approval.

4. Approved the remuneration of directors for the year 2018 and this would be proposed to the 2018 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 2018 as below:

Board of Directors' Meeting

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

Audit Committee's Meeting

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

Compensation & Nomination Committee's Meeting

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

Risk Management Committee's Meeting

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

- 4.2 Approved the payment of bonus totaling Baht 2,187,500 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. Ms. Chionh Yi Chian	312,500.00
7. Mr. Tan Ley Yen	-
	<u>2,187,500.00</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 2018 and fixed the total remuneration of Baht 2,015,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2018 Annual General Meeting of Shareholders for approval.
6. Approved the convocation of the 2018 Annual General Meeting of Shareholders as follows:
  - 6.1 The 2018 Annual General Meeting of Shareholders would be held on Wednesday 18<sup>th</sup> April 2018 at 2.00 p.m. at the Infinity 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 2017 Annual General Meeting of Shareholders;
    2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2017;
    3. To consider and approve the Financial Statements for the fiscal year ended 31<sup>st</sup> December 2017;
    4. To consider and approve the appropriation of the net profit and dividend payment for the year 2017;
    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 2018;
    8. To consider other matters (if any).
  - 6.2 The date on which the recorded shareholders have the right to attend the 2018 Annual General Meeting of Shareholders (Record Date) was determined on 9<sup>th</sup> March 2018.
  - 6.3 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 2018 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)  
Director and CEO