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

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	2018	2017
Net profit (loss)	166,225	151,443 (Update)
EPS (baht)	0.34	0.31

Type of report	Unqualified opinion

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

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

Signature _____

(Mr. Tan Ley Yen)
Director & 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, 2018, 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, 2018, 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 the 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
Allowance for doubtful accounts 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. The Company provided the allowance for doubtful accounts for factoring, hire purchase, lease contract receivables and inventory finance receivables which have aging not over 3 months on a collective basis by using the default loss ratio which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. 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. 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. 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.	Key audit procedures included; • Obtained an understanding of the Company's design and implementation of the key controls over significant source data using in the calculation of allowance for doubtful accounts, and calculation of allowance for doubtful accounts • Performed operating effectiveness testing of control over significant source data and calculation of allowance for doubtful account, accuracy of account receivable classification and allowance for doubtful accounts • Performed substantive audit procedures which consisted of: - Assessed the adequacy of allowance and appropriate of significant input data and assumption used in calculation of allowance for doubtful accounts to determine if they are in compliance with the accounting standards and have been consistently applied - Examined the supporting documents in relation to the management consideration as indicators to recognition of allowance for doubtful accounts - Tested calculation of allowance for doubtful accounts

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

BANGKOK
February 18, 2019

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.3	362,988,332	305,290,447
Factoring receivables	5	3,411,563,939	3,281,952,962
Current portion of hire purchase receivables	6	7,829,491	12,543,127
Current portion of lease contract receivables	7	96,011,331	98,037,396
Inventory finance receivables	8	151,149,729	141,825,832
Amounts due from related companies	25	19,550	20,900
Other current assets		2,785,202	3,110,107
Total Current Assets		4,032,347,574	3,842,780,771
NON-CURRENT ASSETS			
Bank deposits held as collateral	9	159,447	157,729
Hire purchase receivables	6	562,475	6,917,806
Lease contract receivables	7	93,409,635	113,168,536
Plant and equipment	10	55,881,414	21,458,883
Investment property	11	49,848,686	91,621,334
Other intangible assets	12	1,157,006	2,944,801
Deferred tax assets	13	50,281,026	51,353,488
Other non-current assets		805,875	625,600
Total Non-current Assets		252,105,564	288,248,177
TOTAL ASSETS		4,284,453,138	4,131,028,948

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, 2018

UNIT : BAHT

	Notes	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	14	2,585,000,000	2,545,000,000
Current portion of long-term borrowings	15	116,000,000	96,000,000
Other current liabilities		90,360,679	58,461,932
Total Current Liabilities		2,791,360,679	2,699,461,932
NON-CURRENT LIABILITIES			
Long-term borrowings	15	92,000,000	132,000,000
Provisions for employee benefits	17	36,153,940	26,604,301
Other non-current liabilities		762,750	-
Total Non-current Liabilities		128,916,690	158,604,301
TOTAL LIABILITIES		2,920,277,369	2,858,066,233
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
493,500,000 ordinary shares of Baht 1 each		493,500,000	493,500,000
Issued and paid-up share capital			
493,499,975 ordinary shares of Baht 1 each,		493,499,975	493,499,975
ADDITIONAL PAID-UP CAPITAL			
Premium on ordinary shares	18	31,746,399	31,746,399
RETAINED EARNINGS			
Appropriated			
Legal reserve	22	49,350,000	49,350,000
Unappropriated		789,579,395	698,366,341
TOTAL SHAREHOLDERS' EQUITY		1,364,175,769	1,272,962,715
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,284,453,138	4,131,028,948

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, 2018

UNIT : BAHT

	Notes		2018	2017
REVENUE				
Factoring income			286,888,098	262,043,109
Hire purchase income			1,299,743	1,000,284
Finance lease income			19,294,598	19,769,760
Factoring commission and service fees			99,976,612	87,492,777
Other income			44,025,516	40,602,157
Total Revenue			451,484,567	410,908,087
EXPENSES				
Selling expenses			22,368,194	18,253,425
Administrative expenses			97,673,413	91,491,238
Management benefit expenses	25		39,877,816	38,321,036
Doubtful accounts			5,414,183	4,968,647
Finance cost			73,925,796	68,641,329
Total Expenses			239,259,402	221,675,675
INCOME BEFORE INCOME TAX EXPENSE			212,225,165	189,232,412
INCOME TAX EXPENSE	24		46,000,115	37,789,440
PROFIT FOR THE YEARS			166,225,050	151,442,972
COMPONENTS OF OTHER COMPREHENSIVE INCOME				
THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:				
Gains on remeasurement of defined benefit plans			-	4,096,997
Income tax relating to components of other comprehensive income that will not be reclassifed to profit or loss			-	(819,399)
OTHER COMPREHENSIVE INCOME FOR THE YEARS, NET OF TAX			-	3,277,598
TOTAL COMPREHENSIVE INCOME FOR THE YEARS			166,225,050	154,720,570
BASIC EARNINGS PER SHARE	21	**BAHT**	0.34	0.31
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	21	**SHARES**	493,499,975	493,499,975

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Issued and paid-up share capital	Premium on Ordinary Shares	Retained earnings		Total Shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Beginning balance as at January 1, 2017		470,000,000	31,746,399	47,000,000	616,495,771	1,165,242,170
Changes during the 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)	-
Ending balance as at December 31, 2017		493,499,975	31,746,399	49,350,000	698,366,341	1,272,962,715
Beginning balance as at January 1, 2018		493,499,975	31,746,399	49,350,000	698,366,341	1,272,962,715
Changes during the year						
Total comprehensive income		-	-	-	166,225,050	166,225,050
Dividend paid	20	-	-	-	(75,011,996)	(75,011,996)
Ending balance as at December 31, 2018		493,499,975	31,746,399	49,350,000	789,579,395	1,364,175,769

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, 2018

UNIT : BAHT

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expenses		212,225,165	189,232,412
Adjustments for :			
Doubtful accounts		4,338,754	4,696,073
Loss from bad debts written-off		1,075,429	272,574
Gain from sales of fixed assets		(1,223,201)	(7,477)
Interest expenses		73,464,803	68,214,271
Employee benefits expense		9,549,639	5,336,688
Depreciation and amortization		13,266,158	13,406,095
		312,696,747	281,150,636
Operating assets (increase) decrease			
Factoring receivables		(134,467,628)	(362,669,935)
Hire purchase receivables		11,105,924	(18,340,866)
Lease contract receivables		21,809,969	10,146,943
Inventory finance receivables		(9,943,389)	(16,394,519)
Amounts due from a related company		1,350	29,857
Properties foreclosed		-	3,671,152
Other current assets		324,905	(1,299,531)
Bank deposits held as collateral		(1,718)	(1,700)
Other non-current assets		(180,275)	(274,368)
Operating liabilities increase (decrease)			
Other current liabilities		29,030,172	4,248,999
Non-other current liabilities		762,750	(1,525,950)
Cash received from (paid for) operating activities		231,138,807	(101,259,282)
Interest paid		(73,189,318)	(67,930,697)
Income tax paid		(42,302,463)	(36,146,428)
Net cash provided by (used in) operating activities		115,647,026	(205,336,407)

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of plant and equipment	4.1	(3,772,100)	(827,730)
Cash paid for purchases of other intangible assets	4.2	(395,419)	(412,160)
Cash received from sale of fixed assets		1,230,374	7,477
Net cash used in investing activities		(2,937,145)	(1,232,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term borrowings to financial institutions		(13,280,000,000)	(13,373,000,000)
Cash received from short-term borrowings from financial institutions		13,320,000,000	13,638,000,000
Cash paid for long-term borrowings to financial institutions		(120,000,000)	(159,500,000)
Cash received for long-term borrowings from financial institutions		100,000,000	200,000,000
Cash paid for dividend		(75,011,996)	(47,000,025)
Net cash provided by (use in) financing activities		(55,011,996)	258,499,975
Net increase in cash and cash equivalents		57,697,885	51,931,155
Cash and cash equivalents at beginning of the years		305,290,447	253,359,292
Cash and cash equivalents at end of the years	4.3	362,988,332	305,290,447

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, 2018

1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

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

The major shareholders are IFS Capital Holdings (Thailand) Limited with 36.64% and IFS Capital Limited (registered in Singapore) with 36.49% shareholdings. The 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 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 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, 2018. 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.

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

2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

<u>New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation</u>

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards ("TFRS")

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation ("TFRIC")

TFRIC 12	Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures” clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property” clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment” adds the requirements, which require prospective method for the amendment as follows:

1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction

2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations

3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) "Insurance Contracts" determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 "Financial Instruments" ("TFRS 9"). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 32	Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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 is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are summarized below:

3.1 Cash and cash equivalents

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

3.2 Revenue recognition

Factoring income is recognized on an accrual basis.

Hire purchase income is recognized using the effective interest rate method.

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 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.

3.5 Investment property

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

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

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

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

3.6 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.

3.7 Provisions for employee benefits

The Company provides provisions for employee benefits regarding the severance pay under the Thai Labor Protection Act and long service awards payable to employees. Provisions for employee benefits is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and others. Gains or losses on remeasurements of provisions for employee benefits will be recognized in the statements of 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).

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment has occurred. The management of the Company judgmentally considered that an obligation arises only when the legislation is virtually certain to be enacted as drafted.

3.8 Income tax expenses

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

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

Deferred tax expenses are charged or credited in the statements of 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.

3.9 Basic earnings per share

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

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

3.10 Foreign currency transactions

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

3.11 Fair value measurements

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

3.12 Use of Management's Judgements

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

Significant judgements in applying accounting policies is as follows:

Allowance for doubtful accounts

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

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

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

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Non-cash items for plant and equipment for the years ended December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Payable - plant and equipment, beginning balance (included in other current liabilities)	32,100	-
Add Purchases of plant and equipment	3,740,000	859,830
Less Cash paid for purchases of plant and equipment	(3,772,100)	(827,730)
Payable - plant and equipment, ending balance (included in other current liabilities)	-	32,100

4.2 Non-cash items for intangible assets for the years ended December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Payable - intangible assets, beginning balance (included in other current liabilities)	-	44,298
Add Purchases of intangible assets	395,419	367,862
Less Cash paid for purchases of intangible assets	(395,419)	(412,160)
Payable - intangible asset, ending balance (included in other current liabilities)	-	-

4.3 Cash and cash equivalents as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Cash on hand	30,000	30,000
Cash at banks - current accounts	8,236,011	10,086,646
Cash at banks - savings accounts	354,722,321	295,173,801
	362,988,332	305,290,447

5. FACTORING RECEIVABLES

Factoring receivables as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Factoring receivables	4,441,606,709	4,186,348,383
Less Allowance for doubtful accounts (*)	(126,489,537)	(122,708,315)
	4,315,117,172	4,063,640,068
Less Factoring payables	(903,553,233)	(781,687,106)
Factoring receivables, net	3,411,563,939	3,281,952,962

(*) As at December 31, 2018 and 2017, 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 3,763,226 and Baht 4,008,873, respectively.

Factoring receivables as at December 31, 2018 and 2017 were classified by aging as follows:

	2018 Baht	2017 Baht
Current	3,116,674,268	2,947,564,818
Overdue :		
Not more than 3 months	1,195,877,536	1,108,595,424
Over 3 months but not more than 6 months	1,310,545	18,273,225
Over 12 months	15,825,348	-
Debtors subject to legal proceedings	111,919,012	111,914,916
	4,441,606,709	4,186,348,383

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Outstanding contract price	8,796,463	21,058,425
Less Unearned financing income	(392,287)	(1,548,325)
	8,404,176	19,510,100
Less Allowance for doubtful accounts (*)	(12,210)	(49,167)
	8,391,966	19,460,933
Due within one year	8,203,825	13,823,070
Less Unearned financing income	(374,334)	(1,279,943)
Current portion of hire purchase receivables, net	7,829,491	12,543,127
Hire purchase receivables, net	562,475	6,917,806

(*) As at December 31, 2018 and 2017, 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 12,210 and Baht 49,167, respectively.

Hire purchase receivables as at December 31, 2018 and 2017 were classified by aging as follows:

	2018 Baht	2017 Baht
Current	8,404,176	19,510,100

7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Outstanding contract price	333,277,601	369,104,004
Less Deposits on lease contracts	(112,236,477)	(122,867,910)
Less Unearned financing income	(22,028,718)	(25,413,719)
	199,012,406	220,822,375
Less Allowance for doubtful accounts (*)	(9,591,440)	(9,616,443)
	189,420,966	211,205,932
Due within one year	142,090,534	146,469,668
Less Deposits on lease contracts	(32,968,086)	(34,266,479)
Less Unearned financing income	(13,111,117)	(14,165,793)
Current portion of lease contract receivables, net	96,011,331	98,037,396
Lease contract receivables, net	93,409,635	113,168,536

(*) As at December 31, 2018 and 2017, 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 275,590 and Baht 533,598, respectively.

Lease contract receivables as at December 31, 2018 and 2017 were classified by aging as follows:

	2018 Baht	2017 Baht
Current	177,151,734	202,646,167
Overdue :		
Not more than 3 months	6,044,127	7,537,709
Over 6 months but not more than 12 months	6,152,424	548,191
Over 12 months	581,276	1,007,463
Debtors subject to legal proceedings	9,082,845	9,082,845
	199,012,406	220,822,375

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Inventory finance receivables	164,491,125	154,547,736
Less Allowance for doubtful accounts (*)	(13,341,396)	(12,721,904)
Inventory finance receivables, net	151,149,729	141,825,832

(*) As at December 31, 2018 and December 31, 2017, 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, 2018 and 2017 were classified by aging as follows:

	2018 Baht	2017 Baht
Current	150,530,236	141,825,832
Overdue :		
Over 6 months but not more than 12 months	1,238,985	-
Debtors subject to legal proceedings	12,721,904	12,721,904
	164,491,125	154,547,736

9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2018 and 2017, fixed deposit at bank of Baht 159,447 and Baht 157,729, respectively, have been pledged with a bank as collateral for issuing bank guarantees on behalf of the Company.

10. PLANT AND EQUIPMENT

Plant and equipment as at December 31, 2018 and 2017 consist of the following:

	Balance as at January 1, 2018 Baht	Additions Baht	Disposals Baht	Transfer between account Baht	Balance as at December 31, 2018 Baht
Cost					
Condominium	40,875,264	-	-	41,792,375	82,667,639
Furniture and fixtures	31,560,289	-	(241,487)	-	31,318,802
Vehicles	9,691,885	3,740,000	(3,586,000)	-	9,845,885
Total cost	82,127,438	3,740,000	(3,827,487)	41,792,375	123,832,326
Accumulated depreciation					
Condominium	(24,417,383)	(3,772,683)	-	(4,417,555)	(32,607,621)
Furniture and fixtures	(29,174,809)	(998,586)	234,314	-	(29,939,081)
Vehicles	(7,076,363)	(1,913,847)	3,586,000	-	(5,404,210)
Total accumulated depreciation	(60,668,555)	(6,685,116)	3,820,314	(4,417,555)	(67,950,912)
Plant and equipment	21,458,883				55,881,414

	Balance as at January 1, 2017 Baht	Additions Baht	Disposals Baht	Transfer between account Baht	Balance as at December 31, 2017 Baht
Cost					
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
Accumulated depreciation					
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

Depreciation for the years ended December 31,

2018	**Baht**	6,685,116
2017	**Baht**	5,068,688

In May 2018, the Company transferred partial of condominium at cost and net book value of Baht 41.79 million and Baht 37.37 million, respectively, from investment property to plant and equipment because of change in purpose from investing to owner-occupation in order to using space to support business expansion in the future. (see Note 11)

As at December 31, 2018 and 2017, certain equipment at cost of Baht 31.94 million and Baht 30.51 million, respectively, were fully depreciated but still in use.

11. INVESTMENT PROPERTY

Investment property as at December 31, 2018 and 2017 consist of the following:

	Balance as at January 1, 2018 Baht	Additions Baht	Transfer Baht	(Decrease) Baht	Balance as at December 31, 2018 Baht
Cost					
Condominium	104,676,836	-	(41,792,375)	-	62,884,461
Total Costs	104,676,836	-	(41,792,375)	-	62,884,461
Accumulated depreciation					
Condominium	(13,055,502)	(4,397,828)	4,417,555	-	(13,035,775)
Total accumulated depreciation	(13,055,502)	(4,397,828)	4,417,555	-	(13,035,775)
Investment properties	91,621,334				49,848,686

	Balance as at January 1, 2017	Additions	Transfer	(Decrease)	Balance as at December 31, 2017
	Baht	Baht	Baht	Baht	Baht
Cost					
Condominium	104,676,836	-	-	-	104,676,836
Total Costs	104,676,836	-	-	-	104,676,836
Accumulated depreciation					
Condominium	(7,549,500)	(5,506,002)	-	-	(13,055,502)
Total accumulated depreciation	(7,549,500)	(5,506,002)	-	-	(13,055,502)
Investment properties	97,127,336				91,621,334

Depreciation for the years ended December 31,

2018	**Baht**	4,397,828
2017	**Baht**	5,506,002

In May 2018, the Company transferred partial of condominium at cost and net book value of Baht 41.79 million and Baht 37.37 million, respectively, from investment property to plant and equipment because of change in purposed from investing to owner-occupation in order to using space to support business expansion in the future. (see Note 10)

As at December 31, 2018 and 2017, fair value of investment property of the Company which amounted to Baht 80.07 million and Baht 132.01 million, respectively.

12. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, 2018 and 2017 consist of the following:

	Balance as at January 1, 2018	Additions	Disposals	Balance as at December 31, 2018
	Baht	Baht	Baht	Baht
Cost				
Golf membership fee	150,000	-	-	150,000
Computer software	9,156,621	395,419	-	9,552,040
Total cost	9,306,621	395,419	-	9,702,040
Accumulated amortization				
Computer software	(6,361,820)	(2,183,214)	-	(8,545,034)
Total accumulated amortization	(6,361,820)	(2,183,214)	-	(8,545,034)
Intangible assets	2,944,801			1,157,006

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

Amortization for the years ended December 31,		
2018	**Baht**	2,183,214
2017	**Baht**	2,831,405

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Deferred tax assets	50,281,026	51,353,488

Deferred tax assets as at December 31, 2018 and 2017 consist of tax effects from the following items:

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

	As at December 31, 2016	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2017
	Baht	Baht	Baht	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

14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Promissory notes	2,585,000,000	2,545,000,000

As at December 31, 2018 and 2017, the Company has short-term borrowings from financial institutions which bear interest rate at 2.28% to 3.06% per annum and 2.28% to 3.30% per annum, respectively.

15. LONG-TERM BORROWINGS

Long-term borrowings as at December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Long-term borrowings	208,000,000	228,000,000
Current portion of long-term borrowings	(116,000,000)	(96,000,000)
	92,000,000	132,000,000

As at December 31, 2018 and 2017, the Company entered into long-term borrowings with financial institutions at the floating interest rates 4.00% per annum and 3.42% to 4.28% per annum, respectively, and are repayable quarterly installments, the last installment of such borrowings fall due in March 2021.

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, 2018 and 2017, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 4.30 million and Baht 4.08 million, respectively.

17. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits for the years ended December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Provisions for employee benefits for severance pay (see Note 17.1)	31,452,107	22,042,623
Provisions for employee benefits for long service awards (see Note 17.2)	4,701,833	4,561,678
	36,153,940	26,604,301

17.1 Provisions for employee benefits for severance pay

Change in the present value of provisions for employee benefits for severance pay for the years ended December 31, 2018 and 2017, is as follows:

	2018 Baht	2017 Baht
Present value of provisions for employee benefits for severance pay, beginning balance	22,042,623	23,491,196
Cost of service - current period	8,862,704	2,235,733
Interest cost	546,780	622,524
Actuarial gains	-	(4,306,830)
Present value of provisions for employee benefits for severance pay, ending balance	31,452,107	22,042,623

Provisions for employee benefits for severance pay expenses recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Cost of service - current period	8,862,704	2,235,733
Interest cost	546,780	622,524
Actuarial (gains) loss		
- Change in financial assumptions	-	(6,868,379)
- Change in demographic assumptions	-	1,446,310
- Experience adjustments	-	1,115,239
	-	(4,306,830)

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, 2018 and 2017 were as follows:

	2018 Baht	2017 Baht
Present value of provisions for employee benefits for long service awards, beginning balance	4,561,678	1,873,414
Cost of service - current period	633,367	2,758,799
Interest cost	121,788	49,632
Benefits paid during the year	(615,000)	(330,000)
Actuarial loss	-	209,833
Present value of provisions for employee benefits for long service awards, ending balance	4,701,833	4,561,678

Provisions for employee benefits for long service awards expense recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 is as follows:

	2018 Baht	2017 Baht
Cost of service - current period	633,367	2,758,799
Interest Cost	121,788	49,632
Actuarial loss		
- Change in financial assumptions	-	(2,652)
- Change in demographic assumptions	-	130,718
- Experience adjustments	-	81,767
	-	209,833

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

	2018	2017
Financial assumptions		
Discount rate (%)	2.67	2.67
Salary increase (%)	5.00	5.00
Demographic		
Resignation rate (%) depending on age group of employees	3, 4, 18	3, 4, 18
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of provisions for employee benefits as at December 31, 2018 and 2017 are as follows:

	2018 Baht	2017 Baht
Financial assumptions		
Discount rate		
- 1% increase	(2,574,839)	(1,823,995)
- 1% decrease	3,030,891	2,149,070
Expected rate of salary increase		
- 1% increase	3,178,560	2,075,938
- 1% decrease	(2,743,095)	(1,802,467)
Demographic assumptions		
Turnover Rate		
- 1% increase	(2,699,433)	(1,912,260)
- 1% decrease	1,048,460	741,190
Life expectancy		
- 1 year increase	122,155	87,562
- 1 year decrease	(121,419)	(87,021)

Maturity analysis of the benefit payments of provisions for employee benefits as at December 31, 2018 and 2017 is as follows:

	2018 Baht	2017 Baht
Legal severance pay benefit		
Within 1 year	8,047,987	6,037,500
Over 1 to 5 years	5,737,376	1,169,973
Over 5 year	17,666,744	14,835,150
Total	31,452,107	22,042,623
Long service year award		
Within 1 year	720,000	570,000
Over 1 to 5 years	2,520,000	2,235,000
Over 5 year	1,461,833	1,756,678
Total	4,701,833	4,561,678

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management of the Company judgmentally considered that the plan amendment has occurred and recognized past service cost as an expense when the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. The Company have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 6.58 million in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

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

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 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.

21. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2018 and 2017 were as follows:

	2018	**2017**
Net profit (Baht '000)	166,225	151,443
Issued and paid-up share capital (shares)	493,499,975	470,000,000
Additional stock dividend in 2017 (shares) (see Notes 19 and 20)	-	23,499,975
Number of shares after stock dividend (shares)	493,499,975	493,499,975
Basic earnings per share (Baht)	0.34	0.31

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, the Company is in compliance to the conditions as mentioned.

24. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2018 and 2017 consist of the following:

	2018 Baht	2017 Baht
Income tax expense from taxable income per income tax return	44,927,653	41,516,474
Deferred tax expenses relating to the origination and reversal of temporary differences	1,072,462	(3,727,034)
Income tax per the statements of profit or loss and other comprehensive income	46,000,115	37,789,440

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2018 and 2017 were follows:

	2018 Baht	2017 Baht
Accounting income before tax	212,225,165	189,232,412
Income tax at 20%	42,445,033	37,846,482
Tax effect of non-deductible expenses	3,555,082	(57,042)
Income tax per the statements of profit or loss and other comprehensive income	46,000,115	37,789,440
Deferred tax income (expense) relating to the origination and reversal of temporary differences	(1,072,462)	3,727,034
Income tax expense from taxable income per income tax return	44,927,653	41,516,474

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2018 and 2017 and deferred tax as at December 31, 2018 and 2017.

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.

Significant balance with related companies as at December 31, 2018 and 2017 consist of the following;

	Relationship	2018 Baht	2017 Baht
Amount due from related companies			
IFS Capital Limited	Major Shareholder Company	19,300	20,900
IFS Capital Holdings (Thailand) Limited	Related Company	250	-
		19,550	20,900

Significant transactions with related parties for the years ended December 31, 2018 and 2017 were as follow:

	2018 Baht	2017 Baht
Management benefit expenses		
Short-term benefits	36,499,945	36,630,860
Post-employment benefits	3,314,127	1,279,632
Other long-term benefits	63,744	410,544
	39,877,816	38,321,036

26. COMMITMENTS

As at December 31, 2018 and 2017, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	2018 Baht	2017 Baht
Total credit facilities	5,558,000,000	4,954,000,000

As at December 31, 2018 and 2017, the Company had utilized the letters of credit amounting to Baht 9.36 million and Baht 6.72 million, respectively, for factoring, hire purchase and leasing contracts. However, as at December 31, 2018 and 2017, the Company had unused such credit facilities with financial institutions totaling Baht 2,364 million and Baht 1,753 million, respectively.

27. EXPENSES BY NATURE

Net profit for the years ended December 31, 2018 and 2017 were arrived at after charging the following items:

	2018 Baht	2017 Baht
Directors and management benefit expenses	39,877,816	38,321,036
Employee benefit expenses	68,607,645	60,625,598
Depreciation and amortization	13,266,158	13,406,095
Bad debts and doubtful accounts	5,414,183	4,968,647
Business tax	14,065,116	12,708,741
Professional fee	4,236,640	3,639,095
Finance cost	73,925,796	68,641,329

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 doubtful account.

Interest Rate Risk

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

As at December 31, 2018 and 2017, financial assets and liabilities exposed to interest rate risk are as follows:

	2018						
	Outstanding balances of net financial instruments						
	Reprising or maturity dates						
	Depend on Market Rate	With in 1 year	1-5 years	No Interest	Total	Interest rate	
						Floating	Fixed
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	%	%
Financial assets							
Cash and cash equivalents	354,722	354,722	-	8,266	362,988	0.35	-
Bank deposits held as collateral	159	-	159	-	159	-	1.10
Factoring receivables	3,411,564	3,411,564	-	-	3,411,564	8.80	-
Hire purchase receivables	8,392	7,830	562	-	8,392	-	9.06
Lease contract receivables	189,421	96,011	93,410	-	189,421	9.16	-
Inventory finance receivables	151,150	151,150	-	-	151,150	9.36	-
Financial liabilities							
Short-term borrowings	2,585,000	2,585,000	-	-	2,585,000	2.70	-
Long-term borrowings	208,000	116,000	92,000	-	208,000	4.00	-

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

Fair value measurements

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

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

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

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

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

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

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

29. FINANCIAL INFORMATION BY SEGMENT

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

The business segments are described below:

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

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

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

For the years ended December 31, 2018 and 2017, 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, 2018 and 2017 were as follow:

Unit : Baht'000

	For the year ended December 31, 2018				For the year ended December 31, 2017			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	386,865	20,594	-	407,459	349,536	20,770	-	370,306
Other income	40,566	3,459	-	44,025	35,585	5,017	-	40,602
Total income	427,431	24,053	-	451,484	385,121	25,787	-	410,908
Selling and Administrative expenses	151,399	8,520	-	159,919	138,773	9,292	-	148,065
Allowance for doubtful accounts (reversal)	5,476	(62)	-	5,414	7,163	(2,194)	-	4,969
Finance cost	69,987	3,939	-	73,926	64,334	4,307	-	68,641
Total operation expenses	226,862	12,397	-	239,259	210,270	11,405	-	221,675
Net profit before finance cost and income tax	200,569	11,656	-	212,225	174,851	14,382	-	189,233
Income tax expenses	39,797	6,203	-	46,000	33,871	3,919	-	37,790
Net profit for the years	160,772	5,453	-	166,225	140,980	10,463	-	151,443
Total assets	3,562,714	197,813	523,926	4,284,453	3,423,779	230,667	476,583	4,131,029

30. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the authorized director of the Company on February 18, 2019.

IFS Capital (Thailand)
Public Company Limited

IFS 182/2019 18th February 2019

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. 1/2019 held on 18th February 2019 passed the resolutions as follows:

1. Approved the Audited Financial Statements for the year ended 31st December 2018 and this would be proposed to the 2019 Annual General Meeting of Shareholders for approval.

2. Approved the appropriation of the net profit and the dividend payment for the year 2018 as follows:

   2.1 There was no legal reserve to be appropriated from the Company's net profit in 2018 as the Company's legal reserve had reached the amount required by laws pursuant to Section 116 of the Public Limited Company Act B.E. 2535 (1992) (as amended) and Article 51 of the Company's Articles of Association;

   2.2 To distribute dividend for the year 2018 at the rate of Baht 0.17 per share, for 493,499,975 shares, totaling Baht 83,894,995.75. The Record Date for the right to receive the Dividend will be on 6th March 2019 and the Dividend shall be paid on 17th May 2019. This would be proposed to the 2019 Annual General Meeting of Shareholders for approval.

   However, the right to receive dividend is not confirmed until approved by the 2019 Annual General Meeting of Shareholders.

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

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

   This would be proposed to the 2019 Annual General Meeting of Shareholders for approval.

4. Approved the remuneration of directors for the year 2019 and this would be proposed to the 2019 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 2019 as below:

   Board of Directors' Meeting

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

Audit Committee's Meeting

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

Compensation & Nomination Committee's Meeting

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

Risk Management Committee's Meeting

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

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

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

5. Approved the appointment of Ms. Nisakorn Songmanee, Certified Public Accountant No. 5035 and/or Mr. Chavala Tienpasertkij, Certified Public Accountant No. 4301 and/or Dr. Suphamit Techamontrikul, Certified Public Accountant No. 3356 of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be Auditors of the Company for the year ended 31st December 2019 and fixed the total remuneration of Baht 2,015,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2019 Annual General Meeting of Shareholders for approval.

6. Approved the convocation of the 2019 Annual General Meeting of Shareholders as follows:

6.1 The 2019 Annual General Meeting of Shareholders would be held on Monday 22nd April 2019 at 2.00 p.m. at the Infinity Room, 7th Floor the AETAS Lumpini Hotel, 1030/4 Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand to consider the following agenda:

1. To certify the Minutes of the 2018 Annual General Meeting of Shareholders;
2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2018;
3. To consider and approve the Financial Statements for the fiscal year ended 31st December 2018;
4. To consider and approve the appropriation of the net profit and dividend payment for the year 2018;
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 2019;
8. To consider other matters (if any).

6.2 The date on which the recorded shareholders have the right to attend the 2019 Annual General Meeting of Shareholders (Record Date) was determined on 6th 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 2019 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)
Director and CEO