**Lease IT Public Company Limited**

**Notes to financial statements**

**For the year ended 31 December 2017**

**1. General information**

Lease IT Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is SVOA Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in providing financial services in form of hire-purchase, leasing, factoring services and loans. The registered office of the Company is at 900/17, 21st Floor, IT Professional Tower, Rama III Road, Bang Pong Pang, Yannawa, Bangkok 10120.

**2. Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and its presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3 New financial reporting standards**

**3.1 Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal year beginning on or after 1 January 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.

**3.2 Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

a) Interest income on loans receivables and factoring

The Company recognised interest income from loan receivables and factoring on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interest are recognised on a cash basis.

b) Interest income from financial lease and hire-purchase contracts

Interest income from financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interest are recognised on a cash basis.

c) Fees and service income

Fees and service income are recognised on an accrual basis.

**4.2 Expense recognition**

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Direct expenses charged on loans

Initial direct expenses at the inception of contract i.e. commission expenses are to be deferred and amortised using the effective interest method.

**4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with original maturity of three months or less and not subject to withdrawal restrictions.

**4.4 Current investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of those securities are recorded as part of other income or other expenses in profit or loss.

Gain (loss) on investments are recognise as income/expenses on the transaction date.

**4.5 Receivables**

Receivables, which include trade receivables, loan receivables, factoring receivables, receivables under financial lease contracts and receivables under hire-purchase contracts are stated at net realisable value. Unearned financial lease and hire-purchase income are presented as a deduction from financial lease receivables and hire-purchase receivables, and deferred direct expenses are presented as a deduction from unearned interest income.

**4.6 Allowance for doubtful accounts**

Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Allowance for doubtful accounts is made for trade receivables, loan receivables and factoring receivables based on a percentage of the outstanding receivables balance, the number of months overdue and is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

Allowance for doubtful accounts is made for hire-purchase and financial lease receivables based on a percentage of the outstanding installment contract receivables and net of unearned income, based on the number of months overdue. Allowance is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income.

**4.7 Property foreclosed**

Property foreclosed represent assets repossessed from receivables and are stated at the lower of cost and estimated net realisable value.

**4.8 Equipment and depreciation**

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Office equipment - 5 years

Furniture - 5 years

Computers - 3 years

Motor vehicles - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the asset is derecognised.

**4.9 Intangible assets and amortisation**

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets are amortised as expenses in the profit or loss on a straight-line basis over the economic useful life, as follows:

Useful lives

Computer software 10 years

No amortisation is provided on computer software under installation.

**4.10 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

**4.11 Employee benefits**

**Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

**Post-employment benefits**

*Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund’s assets are held in a separate trust fund and the Company’s contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

**4.12 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**4.13 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company’s operations.

**4.14 Long-term leases**

Leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

**4.15 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**4.16 Fair value measurement**

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

**5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts for each type of receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profit.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

**6. Related party transactions**

During the years, the Company had significant business transactions with its related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The pricing policies for these related party transactions and list of related parties are summarised as follows:

1. Purchase of goods, service expenses and other services are charged at the agreed prices.

2. Fixed assets are sold and purchased at market price.

| Name of related parties | Relationship with the Company |
| --- | --- |
| SVOA Public Company Limited | Major shareholder |
| IT CITY Public Company Limited | Have common director and major shareholder |
| S P V I Public Company Limited | Have common director and major shareholder |
| DataOne Asia (Thailand) Company Limited | Have common director and major shareholder |
| ARIP Public Company Limited | Have common director |
| Advance Research Group Co., Ltd. | Have common director (Spouse) |
| Touch Printing Republic Co., Ltd. | Have common director (Spouse) |

During the years, significant transactions between the Company and related parties are summarised below.

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Transactions with a major shareholder  (SVOA Public Company Limited) |  |  |
| Other service charge expenses | 684 | 550 |
| Dividend paid | 7,298 | 14,364 |
| Purchases of fixed assets | - | 23 |
| Transactions with related companies |  |  |
| Other service charge expenses | 4,476 | 4,077 |
| Purchases of assets | 138 | - |

The balance of the accounts as at 31 December 2017 and 2016 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Trade and other payables |  |  |
| Major shareholder | 90 | 64 |
| Related companies | 439 | 2,367 |
| Total trade and other payables | 529 | 2,431 |

Directors and management’s benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to their directors and management as below.

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2017 | 2016 |
| Short-term employee benefits | 22,295 | 20,775 |
| Post-employment benefits | 1,076 | 844 |
| Total | 23,371 | 21,619 |

**7. Cash and cash equivalents**

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2017 | 2016 |
| Cash | 20 | 20 |
| Bank deposits | 63,538 | 78,701 |
| Total | 63,558 | 78,721 |

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests rate at 0.1 - 0.4 percent per annum (2016: 0.4 percent per annum).

**8. Current investments**

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | 2017 | | 2016 | |
|  | Cost/ Amortised cost | Fair value | Cost/ Amortised cost | Fair value |
| **Trading securities** |  |  |  |  |
| Unit trusts | 60,000 | 59,994 | - | - |
| Add: Change in fair value of securities | (6) |  | - |  |
| **Net trading securities** | 59,994 |  | - |  |

**9. Trade and other receivables**

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | 2017 | 2016 |
| Trade receivables - unrelated parties |  |  |
| Aged on the basis of due date |  |  |
| Not yet due | 9,304 | 18,489 |
| Past due |  |  |
| Up to 1 month | 3,064 | - |
| 1 - 3 months | 1,145 | 5,278 |
| 3 - 6 months | 1,855 | - |
| Over 12 months | 315 | 315 |
| Total | 15,683 | 24,082 |
| Less: Allowance for doubtful debts | (2,170) | (712) |
| Total trade receivables - unrelated parties - net | 13,513 | 23,370 |
| Other receivables |  |  |
| Other receivables - unrelated parties | 1,160 | 2,194 |
| Total other receivables - unrelated parties | 1,160 | 2,194 |
| Trade and other receivables - net | 14,673 | 25,564 |

**10. Loan receivables**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Current portion of loan receivables | | Long-term portion of loan receivables | | Total | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Loan receivables | 1,030,039 | 649,749 | 14,192 | - | 1,044,231 | 649,749 |
| Less: Allowance for doubtful debts | (40,294) | (8,987) | - | - | (40,294) | (8,987) |
| Loan receivables - net | 989,745 | 640,762 | 14,192 | - | 1,003,937 | 640,762 |

As at 31 December 2017 and 2016, the loan receivables classified by their aging counted from due date were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Aging counted from due date |  |  |
| Not yet due | 873,438 | 604,331 |
| Past due |  |  |
| Up to 1 month | 99,443 | 29,351 |
| 1 - 3 months | 31,056 | 12,835 |
| 3 - 6 months | 33,721 | 3,232 |
| 6 - 12 months | 6,573 | - |
| Total loan receivables | 1,044,231 | 649,749 |
| Less: Allowance for doubtful debts | (40,294) | (8,987) |
| Loan receivables - net | 1,003,937 | 640,762 |

As at 31 December 2017 and 2016, the rights on debt collection under loan agreements between loan receivables and their counterparties have been transferred to the Company as collateral against loans provided to receivables in full amount.

**11. Factoring receivables**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Current portion of factoring receivables *(1)* | | Long-term portion of factoring receivables | | Total | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Factoring receivables | 892,328 | 878,594 | - | 909 | 892,328 | 879,503 |
| Less: Allowance for doubtful debts *(2)* | (51,837) | (32,062) | - | - | (51,837) | (32,062) |
| Factoring receivables - net | 840,491 | 846,532 | - | 909 | 840,491 | 847,441 |

*(1) The current portion of factoring receivables included receivables for which revenue recognitions has ceased*

*(2)Total allowance for doubtful debts is presented net of current portion of factoring receivables*

The Company has the factoring policy by providing credit at approximate 70 to 95 percent of invoice amount. As at 31 December 2017 and 2016, the factoring receivables classified by their aging counted from due date were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Aging counted from due date |  |  |
| Not yet due | 700,028 | 762,500 |
| Past due |  |  |
| Up to 1 month | 110,719 | 44,873 |
| 1 - 3 months | 29,743 | 23,657 |
| 3 - 6 months | 4,110 | 26,337 |
| 6 - 12 months | 14,303 | 13,810 |
| Over 12 months | 33,425 | 8,326 |
| Total | 892,328 | 879,503 |
| Less: Allowance for doubtful debts | (51,837) | (32,062) |
| Factoring receivables - net | 840,491 | 847,441 |

**12. Financial lease receivables**

As at 31 December 2017 and 2016, financial lease receivables generally have 3 years terms and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of financial lease receivables are classified by due date per the contact, as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Current portion of financial lease receivables *(1)* | | Long-term portion of financial lease receivables | | Total | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Financial lease receivables | 122,082 | 130,367 | 91,999 | 125,209 | 214,081 | 255,576 |
| Less: Unearned financial income | (15,263) | (19,132) | (8,022) | (13,475) | (23,285) | (32,607) |
| Total | 106,819 | 111,235 | 83,977 | 111,734 | 190,796 | 222,969 |
| Less: Allowance for doubtful debts *(2)* | (155) | (46) | - | - | (155) | (46) |
| Financial lease receivables - net | 106,664 | 111,189 | 83,977 | 111,734 | 190,641 | 222,923 |

*(1) The current portion of financial lease receivables included receivables for which revenue recognition has ceased*

*(2) Total allowance for doubtful debts is presented net of current portion of financial lease receivables*

As at 31 December 2017 and 2016, financial lease receivables classified by their aging counted from due date (determined based on an individual contract basis, whereby if any installments is overdue, the whole contract balance is considered to be overdue) wereas follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Aging counted from due date |  |  |
| Not yet due | 180,041 | 219,629 |
| Past due |  |  |
| Up to 1 month | 5,981 | 2,079 |
| 1 - 3 months | 4,774 | 1,261 |
| Total | 190,796 | 222,969 |
| Less: Allowance for doubtful debts | (155) | (46) |
| Financial lease receivables - net | 190,641 | 222,923 |

The Company has transferred its collection rights under the finance lease agreements to a financial institution as collateral for short-term and long-term loans as discussed in Note 19 and Note 21 to the financial statements.

As at 31 December 2017, the balance of the above financial lease receivables that were placed as collateral for such short-term loans totaling Baht 22 million and Baht 70 million for long-term loans (2016: Baht 46 million and Baht 81 million, respectively).

**13. Hire-purchase receivables**

As at 31 December 2017 and 2016, hire-purchase receivables generally have 2 years terms and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of hire-purchase receivables are classified by due date per the contact, as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Current portion of hire-purchase receivables*(1)* | | Long-term portion of hire-purchase receivables | | Total | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Hire-purchase receivables | 73,694 | 97,723 | 33,593 | 31,894 | 107,287 | 129,617 |
| Less: Unearned financial income | (7,371) | (8,066) | (2,067) | (3,233) | (9,438) | (11,299) |
| Total | 66,323 | 89,657 | 31,526 | 28,661 | 97,849 | 118,318 |
| Less: Allowance for doubtful debts*(2)* | (14,128) | (9,059) | - | - | (14,128) | (9,059) |
| Hire-purchase receivables - net | 52,195 | 80,598 | 31,526 | 28,661 | 83,721 | 109,259 |

*(1) The current portion of hire-purchase receivables included receivables for which revenue recognition has ceased*

*(2)Total allowance for doubtful debts is presented net of current portion of hire-purchase receivables*

As at 31 December 2017 and 2016, hire-purchase receivables classified by their aging counted from due date (determined on an individual contract basis, whereby if any installments are overdue, the full balance under the contract is considered to be overdue) were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Aging counted from due date |  |  |
| Not yet due | 67,181 | 106,080 |
| Past due |  |  |
| Up to 1 month | 13,407 | 1,932 |
| 1 - 3 months | 2,978 | 1,293 |
| 6 - 12 months | 12,841 | - |
| Over 12 months | 1,442 | 9,013 |
| Total | 97,849 | 118,318 |
| Less: Allowance for doubtful debts | (14,128) | (9,059) |
| Hire-purchase receivables - net | 83,721 | 109,259 |

**14. Allowance for doubtful accounts**

Movements of allowance for doubtful accounts of trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables and accrued interest for the year ended 31 December 2017 and 2016 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the years ended 31 December | |
|  | 2017 | 2016 |
| Balance beginning of the year | 51,825 | 30,200 |
| Add: Bad debts and doubtful account increase  during the year | 58,469 | 23,751 |
| Less: Bad debts written-off | - | (2,126) |
| Balance end of the year | 110,294 | 51,825 |

**15. Restricted bank deposits**

As at 31 December 2017, the Company had bank deposits subject to withdrawal restrictions of Baht 41 million. Restricted bank deposits comprised bank deposits of Baht 1 million of which rights had been transferred to the Company by debtors and withdrawal restrictions were imposed by the bank granting credit facilities to the Company, and bank deposits of Baht 40 million that were used to secure bank guarantees issued by banks on behalf of the Company’s customers (2016: Baht 30 million, Baht 1 million and Baht 29 million, respectively).

**16. Equipment**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Building improvement | Furniture | Computers | Office equipment | Motor vehicles | Construction in progress | Total |
| **Cost** |  |  |  |  |  |  |  |
| 1 January 2016 | 3,307 | 676 | 1,885 | 1,906 | 6,493 | - | 14,267 |
| Additions | 218 | 26 | 405 | 1,031 | - | 920 | 2,600 |
| Disposals | - | - | (44) | - | - | - | (44) |
| 31 December 2016 | 3,525 | 702 | 2,246 | 2,937 | 6,493 | 920 | 16,823 |
| Additions | 786 | 16 | 965 | 240 | - | - | 2,007 |
| Transferred in (out) | 920 | - | - | - | - | (920) | - |
| Disposals | - | - | (44) | - | - | - | (44) |
| 31 December 2017 | 5,231 | 718 | 3,167 | 3,177 | 6,493 | - | 18,786 |
| **Accumulated depreciation** | |  |  |  |  |  |  |
| 1 January 2016 | 902 | 324 | 1,361 | 723 | 1,234 | - | 4,544 |
| Depreciation for the year | 662 | 114 | 349 | 369 | 649 | - | 2,143 |
| Depreciation for disposals | - | - | (29) | - | - | - | (29) |
| 31 December 2016 | 1,564 | 438 | 1,681 | 1,092 | 1,883 | - | 6,658 |
| Depreciation for the year | 1,011 | 121 | 481 | 565 | 649 | - | 2,827 |
| Depreciation for disposals | - | - | (38) | - | - | - | (38) |
| 31 December 2017 | 2,575 | 559 | 2,124 | 1,657 | 2,532 | - | 9,447 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2016 | 1,961 | 264 | 565 | 1,845 | 4,610 | 920 | 10,165 |
| 31 December 2017 | 2,656 | 159 | 1,043 | 1,520 | 3,961 | - | 9,339 |
| **Depreciation charge for the year** | | |  |  |  |  |  |
| 2016 (Included in administrative expenses) | | |  |  |  |  | 2,143 |
| 2017 (Included in administrative expenses) | |  |  |  |  |  | 2,827 |

As at 31 December 2017, the Company had motor vehicle, acquired under finance lease agreement, with net book value amounting to Baht 1.9 million (2016: Baht 2.2 million).

As at 31 December 2017, certain furniture, computer and office equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1.8 million (2016: Baht 1.2 million).

**17. Intangible assets**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | (Unit: Thousand Baht) | | |
|  | Computer software | | Computer software under installation | Total |
| **Cost** |  | |  |  |
| 1 January 2016 | 1,969 | | 95 | 2,064 |
| Additions | 90 | | 2,413 | 2,503 |
| Transferred in (out) | 48 | | (48) | - |
| 31 December 2016 | 2,107 | | 2,460 | 4,567 |
| Additions | 916 | | 1,795 | 2,711 |
| Transferred in (out) | 420 | | (420) | - |
| Disposals | - | | (2,040) | (2,040) |
| 31 December 2017 | 3,443 | | 1,795 | 5,238 |
| **Accumulated amortisation** |  | |  |  |
| 1 January 2016 | 736 | | - | 736 |
| Amortisation for the year | 198 | | - | 198 |
| 31 December 2016 | 934 | | - | 934 |
| Amortisation for the year | 224 | | - | 224 |
| 31 December 2017 | 1,158 | | - | 1,158 |
| **Net book value** |  | |  |  |
| 31 December 2016 | 1,173 | | 2,460 | 3,633 |
| 31 December 2017 | 2,285 | | 1,795 | 4,080 |

As at 31 December 2017, the remaining useful live of computer software are 0 - 9.9 years

**18. Deferred tax assets and Income tax expenses**

**18.1 Deferred tax assets**

As at 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2017 | 2016 |
| **Deferred tax assets** |  |  |
| Allowance for doubtful accounts | 22,059 | 10,365 |
| Provision for long-term employee benefits | 1,120 | 872 |
| Deferred initial fees income from financial lease and hire-purchase contracts | 49 | 57 |
| Difference of income recognised under financial leases contracts | - | 105 |
| Total | 23,228 | 11,399 |
| **Deferred tax liabilities** |  |  |
| Deferred commission expenses | (945) | (580) |
| Deferred expense on debentures issuance | (1,166) | (150) |
| Difference of income recognised under financial lease contracts | (72) | - |
| Total | (2,183) | (730) |
| **Deferred tax assets - net** | 21,045 | 10,669 |

**18.2 Income tax expenses**

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2017 | 2016 |
| **Current income tax:** |  |  |
| Current income tax charge for the year | 46,072 | 30,454 |
| **Deferred tax:** |  |  |
| Relating to origination and reversal of temporary differences | (10,232) | (4,361) |
| **Income tax expenses reported in the statement of comprehensive income** | 35,840 | 26,093 |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2017 | 2016 |
| Deferred tax relating to actuarial loss | 144 | - |

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2017 and 2016 is shown below.

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | 2017 | 2016 |
| Accounting profit before tax | 181,329 | 126,755 |
| Applicable tax rate | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 36,266 | 25,351 |
| Effects of: |  |  |
| Non-deductible expenses | 192 | 168 |
| Additional expense deductions allowed | (133) | (119) |
| Others | (485) | 693 |
| Total | (426) | 742 |
| Income tax expenses reported in the statement of comprehensive income | 35,840 | 26,093 |

**19. Bank overdrafts and short-term loans**

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Interest rate | 2017 | 2016 |
|  | (Percent per annum) |  |  |
| Bank overdrafts | MOR | 2,433 | 1,734 |
| Short-term loans | 5.45 - 6.00, MOR - 1, MOR - 1.75, MLR ± 0.25, MLR - 0.50 | 137,959 | 220,303 |
| Bills of exchange | 3.85 - 5.00 | 245,000 | 625,000 |
| Total |  | 385,392 | 847,037 |
| Less: Deferred interest on bill of exchange |  | (2,796) | (3,199) |
| Total |  | 382,596 | 843,838 |

As at 31 December 2017, short-term loan from a financial institution of Baht 43 million (2016: Baht 39 million) are secured by the transfer of collection rights under financial lease agreements to the bank as described in Note 12.

Short-term loan agreements contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio at the rate prescribed in the agreements, and the portion of the Company’s shares held by the major shareholders.

**20. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Other payables - related parties | 529 | 2,431 |
| Total trade and other payables | 529 | 2,431 |

**21. Long-term loans/Current portion of long-term loans**

As at 31 December 2017 and 2016, long-term loans from local banks consist of:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Outstanding loans (Thousand Baht) | | | | | | Significant conditions of the loan agreements | | | |
| No. | Agreement date | Credit facility | Current portion | | Long-term portion | | Total | | Loan period | Principal repayment | Interest payment | Interest rate |
|  |  | (Million Baht) | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. | 1 April 2014 | 7.3 | - | 196 | - | - | - | 196 | 2 years 9 months | Monthly | Monthly | At the rate of MLR per annum |
| 2. | 15 December 2014 | 7.2 | - | 1,115 | - | - | - | 1,115 | 2 years 11 months | Monthly | Monthly | At the rate of MLR - 0.75 per annum |
| 3. | 20 April 2016 | 18.7 | 6,600 | 6,600 | 1,650 | 8,250 | 8,250 | 14,850 | 2 years 10 months | Monthly | Monthly | At the rate of MLR - 0.75 per annum |
| 4. | 22 December 2016 | 36.0 | 12,348 | 12,348 | 10,275 | 23,652 | 22,623 | 36,000 | 2 years 11 months | Monthly | Monthly | At the rate of MLR - 1 per annum |
| 5. | 16 February 2017 | 3.7 | 2,113 | - | - | - | 2,113 | - | 1 year 10 months | 7 periods | Monthly | At the rate of MLR - 1 per annum |
| 6. | 16 February 2017 | 2.8 | 1,140 | - | 740 | - | 1,880 | - | 2 years 6 months | Monthly | Monthly | At the rate of MLR- 1 per annum |
| Total long-term loans | | | 22,201 | 20,259 | 12,665 | 31,902 | 34,866 | 52,161 |  |  |  |  |

Loan agreements with banks contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio, to maintain the shareholding percentage in the Company’s shares held by the major shareholders, the right transfer of bank deposit account and including transfer the right of collection under finance lease agreements as described in Note 12.

As at 31 December 2017, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 95 million (2016: Baht 78 million).

Movements in the long-term loans account for the year ended 31 December 2017 were summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
| Balance as at 1 January 2017 | 52,161 |
| Add: Loan increased during year | 6,530 |
| Less: Repayment during the year | (23,825) |
| Balance as at 31 December 2017 | 34,866 |

**22. Debentures**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Date of issuance | Conditions | 2017 | 2016 |
|  |  |  |  |  |
| 1. | 29 April 2015 | Issued name registered, unsecured and unsubordinated debentures without a debentureholders’ representative, 3-year debentures at a coupon rate of 5.25% per annum with interest payable every quarter | 150,000 | 150,000 |
| 2. | 9 July 2015 | Issued name registered, unsecured and unsubordinated debentures without a debentureholders’ representative, 2-year debentures at a coupon rate of 5.30% per annum with interest payable every quarter | - | 200,000 |
| 3. | 1 June 2016 | Issued name registered, unsecured and unsubordinated debentures without a debentureholders’ representative, 3-year debentures at a coupon rate of 5.25% per annum with interest payable every quarter | 150,000 | 150,000 |
| 4. | 2 May 2017 | Issued name registered, unsecured and unsubordinated debentures without a debentureholders’ representative, 3-year debentures at a coupon rate of 5.75% per annum with interest payable every quarter | 85,000 | - |
| 5. | 22 August 2017 | Issued name registered, unsecured and unsubordinated debentures without a debentureholders’ representative, 2.5-year debentures at a coupon rate of 6.00% per annum with interest payable every quarter | 300,000 | - |
| Total |  |  | 685,000 | 500,000 |
| Less: Deferred issuing expenses | | | (5,830) | (749) |
| Debentures | | | 679,170 | 499,251 |
| Less: Current portion due within 1 year | | | (149,952) | (199,784) |
| Debentures, net of current portion | | | 529,218 | 299,467 |

Such debentures contain certain covenants which the Company has to comply with, such as financial ratios, dividend payment and disposal of assets, etc.

**23. Liabilities under hire-purchase agreements**

As at 31 December 2017, the Company has loan from a company in the form of hire-purchase agreements, whereby it is committed to pay equal monthly installments throughout the terms of the agreements which cover 10 - 36 periods. The installment payments required under the hire-purchase agreements were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Liabilities under hire-purchase agreements | 66,542 | - |
| Less: Deferred interest | (1,556) | - |
| Total | 64,986 | - |
| Less: Current portion | (51,040) | - |
| Liabilities under hire-purchase agreements - net of current portion | 13,946 | - |

**24. Liabilities under financial lease agreement**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2017 | | 2016 | |
| Liabilities under financial lease agreement | | 711 | | 1,319 | |
| Less: Deferred interest expenses | | (46) | | (183) | |
| Total | | 665 | | 1,136 | |
| Less: Portion due within one year | | (566) | | (488) | |
| Liabilities under financial lease agreement - net of current portion | | 99 | | 648 | |

The Company has entered into the financial lease agreement with a leasing company for rental of motor vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of agreement is 5 years.

Future minimum lease payments required under the finance lease agreement was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | 2017 | | |
|  | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 609 | 102 | 711 |
| Deferred interest expenses | (43) | (3) | (46) |
| Present value of future minimum lease payments | 566 | 99 | 665 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | 2016 | | |
|  | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 609 | 710 | 1,319 |
| Deferred interest expenses | (121) | (62) | (183) |
| Present value of future minimum lease payments | 488 | 648 | 1,136 |

**25. Provision for long-term employee benefits**

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, are as follows:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | For the years ended 31 December | |
|  | 2017 | 2016 |
| Provision for long-term employee benefits at beginning of year | 4,360 | 3,886 |
| Amount included in profit or loss: |  |  |
| Current service cost | 394 | 361 |
| Interest cost | 126 | 113 |
| Amount included in other comprehensive income: |  |  |
| Actuarial loss arising from |  |  |
| Demographic assumptions changes | 60 | - |
| Financial assumptions changes | 195 | - |
| Experience adjustments | 464 | - |
| Provision for long-term employee benefits at end of year | 5,599 | 4,360 |

Long-term employee benefit expenses included in the profit or loss are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Current service cost | 394 | 361 |
| Interest cost | 126 | 113 |
| Total expense recognised in profit or loss | 520 | 474 |

The Company has no obligation relating to long-term employee benefits expected to be paid to its employees in the next one year.

As at 31 December 2017 and 2016, the weighted average duration of the liabilities for long-term employee benefit is 13.4 years and 14 years, respectively.

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Discount rate | 2.7528% | 2.9% |
| Future salary increase rate | 5.5% | 5.5% |
| Employee turnover rate (depending on age of employees) | 8.0 - 30.0% | 8.0% - 30.0% |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | |  | | | (Unit: Million Baht) | |
|  | 2017 | | | | | |
|  | Rate increase | | | Rate decrease | | |
|  | % | | Liability increase (decrease) | % | | Liability increase (decrease) |
| Discount rate | 1 | | (0.3) | 1 | | 0.4 |
| Salary increase rate | 1 | | 0.4 | 1 | | (0.3) |
| Turnover rate | 20 of based assumption | | (0.2) | 20 of based assumption | | 0.2 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | |  | | | (Unit: Million Baht) | |
|  | 2016 | | | | | |
|  | Rate increase | | | Rate decrease | | |
|  | % | | Liability increase (decrease) | % | | Liability increase (decrease) |
| Discount rate | 1 | | (0.3) | 1 | | 0.3 |
| Salary increase rate | 1 | | 0.4 | 1 | | (0.3) |
| Turnover rate | 20 of based assumption | | (0.2) | 20 of based assumption | | 0.3 |

**26. Share capital**

**26.1** On 20 March 2017, the Annual General Meeting of Shareholders approved an increase in the Company’s registered share capital of Baht 100 million (100 million ordinary shares of Baht 1 each), from Baht 200 million (200 million ordinary shares of Baht 1 each) to Baht 300 million (300 million ordinary shares of Baht 1 each), to support the payment of the stock dividend and warrant issue. The Company registered the increase of its capital with the Ministry of Commerce on 19 April 2017.

**26.2 Additional share subscription from stock dividend issuance**

On 20 March 2017, the Annual General Meeting of Shareholders approved the payment of a stock dividend at a rate of 1 dividend share for every 10 shares held. As the result of the stock dividend allocation on 19 April 2017, the Company paid-up share capital was increased from Baht 200,000,000 to Baht 219,999,532.

**26.3 Additional share subscription from the exercise of warrants**

During the year 2017, the Company received additional share subscriptions totaling Baht 0.3 million from the exercise of warrants, as detailed below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Warrants | Ordinary shares | Exercise price | Amount |
|  | (units) | (shares) | (Baht/share) | (Thousand Baht) |
| LIT-W1 | 153,048 | 76,524 | 4.00 | 306 |

As at 31 December 2017, the Company’s paid-up capital had increased from Baht 219,999,532 to Baht 220,076,056 and it had share premium amounting to Baht 612,192 as a result of the capital increase.

**26.4 Reconciliation of number of ordinary shares**

During the current year, the movements of registered capital, paid-up capital and premium on ordinary shares of the Company are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Registered capital | | Paid-up capital | |  |
|  | Number of ordinary shares | Amount | Number of ordinary shares | Amount | Share premium |
|  | (Thousand shares) | (Thousand Baht) | (Thousand shares) | (Thousand Baht) | (Thousand Baht) |
| As at 1 January 2017 | 200,000 | 200,000 | 200,000 | 200,000 | 70,718 |
| Increase from stock dividend issuance | 20,000 | 20,000 | 20,000 | 20,000 | - |
| Increase to support the conversion of warrants | 80,000 | 80,000 |  |  |  |
| Increase from exercising of the rights of the warrants |  |  | 76 | 76 | 612 |
| As at 31 December 2017 | 300,000 | 300,000 | 220,076 | 220,076 | 71,330 |

**27. Warrants**

On 26 April 2017, the Company issued and allocated 160,000,000 No. 1 warrants of the Company (LIT-W1) to the existing shareholders of the Company. Details are as follows:

|  |  |
| --- | --- |
| Type : | Name registered and transferrable |
| Offering price per unit : | Baht 2.50 |
| Maturity of warrants : | 5 years from the date of issue |
| Exercise price : | Baht 4.00 per share, subject to change in accordance with the conditions of rights adjustments |
| Conversion ratio : | 1 ordinary share per 2 warrants, subject to change in accordance with the conditions of rights adjustments |
| Conditions and period  of exercise : | 1. Exercises of the warrants can be made on the 25th of January, April, July and October of each year throughout the term of the warrants, with the first exercise date being 25 July 2017, and the warrant holders have to deliver notification of their intention to exercise the warrants at least 5 business days prior to each exercise date. The final exercise date is 25 April 2022 and warrant holders have to deliver notification of their intention to exercise the warrants at least 15 business days prior to this final exercise date. |
|  | 2) The warrant holders shall exercise rights to purchase at least 100 ordinary shares at a time, and at round numbers only. If warrant holders have rights to purchase fewer than 100 ordinary shares they are to exercise these rights on a single occasion. |
|  | 1. Unexercised warrants can be accumulated to exercise during the next exercise period, until the maturity of the warrants. |

During the year, 160,000,000 warrants had issued and allocated to its shareholders and a total of 153,048 warrants were exercised, and therefore as at 31 December 2017 there are 159,846,952 unexercised warrants outstanding, or a value of Baht 399.62 million.

**28. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

In 2017, the Company set aside a statutory reserve totaling Baht 7.3 million (2016: Baht 5.2 million).

**29. Interest income**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Interest income from |  |  |
| Loan contracts | 117,575 | 55,329 |
| Factoring contracts | 109,272 | 85,947 |
| Financial lease contracts | 25,165 | 19,842 |
| Hire-purchase contracts | 13,562 | 13,179 |
| Total interest income | 265,574 | 174,297 |

**30. Fee and service income**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Fee and service income from |  |  |
| Loan contracts | 78,057 | 38,203 |
| Factoring contracts | 44,534 | 43,743 |
| Financial lease contracts | 191 | 386 |
| Hire-purchase contracts | 115 | 122 |
| Letter of guarantees | 15,297 | 13,592 |
| Letter of credit | 1,402 | 932 |
| Others | 198 | 26 |
| Total fee and service income | 139,794 | 97,004 |

**31. Other income**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
|  |  |  |
| Revenues from sales | 9,333 | 50,914 |
| Cost of sales | (8,507) | (47,848) |
| Change in revenues and cost | 826 | 3,066 |
| Gain on sales of securities | 567 | - |
| Interest income from late payment | 9,657 | 10,715 |
| Others | 2,547 | 2,108 |
| Total other income | 13,597 | 15,889 |

The change in revenues and cost is service income from goods procurement and supply to its customers which is presented at net amount of sales and cost of sales, and is shown as other income in the statements of comprehensive income.

**32. Expenses by nature**

Significant expenses classified by nature are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2017 | 2016 |
| Salaries and wages and other employee benefits | 75,377 | 56,756 |
| Bad debts and doubtful accounts | 58,469 | 23,751 |
| Rental expenses from operating lease agreements and  services expenses | 4,327 | 3,127 |
| Insurance premium expenses | 2,215 | 7,369 |
| Legal advisor and financial management advisor fee | 3,536 | 4,457 |
| Special business tax | 11,888 | 7,534 |
| Bank fees | 3,172 | 2,410 |
| Depreciation and amortisation | 3,051 | 2,341 |

**33. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, and adjusted the number of ordinary shares with the proportionate change in the number of ordinary shares as a result of the issue of a stock dividend and exercise of warrants.

On 20 March 2017, the Annual General Meeting of Shareholders approved to pay cash dividend of Baht 0.0112 per share, and stock dividend of 20 million shares to the existing shareholders (to be allocated at a rate of 1 dividend share for every 10 shares held), which was paid in April 2017. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting periods.

|  |  |  |
| --- | --- | --- |
|  | For the years ended 31 December | |
|  | 2017 | 2016 |
|  |  | (Restate) |
| Number of ordinary shares issued during the year (Thousand shares) | 220,033 | 200,000 |
| Number of stock dividends issued in March 2017 (Thousand shares) | - | 20,000 |
| Total (Thousand shares) | 220,033 | 220,000 |

In addition, the Company issued warrants to the shareholders during the current year. As the result, diluted earnings per share had to be calculated by dividing profit for the year (excluding other comprehensive income) by the sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place at the date the potential ordinary shares were issued.

Basic earnings per share and diluted earning per share are calculated below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | For the years ended 31 December | | | | | |
|  |  | | Weighted average number | |  | |
|  | Profit for the year | | of ordinary shares | | Earnings per share | |
|  | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
|  | (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
|  |  |  |  | (Restated) |  | (Restated) |
| **Basic earnings per share** |  |  |  |  |  |  |
| Profit for the year | 145,489 | 100,662 | 220,033 | 220,000 | 0.66 | 0.46 |
| **Effect of dilutive potential ordinary shares** |  |  |  |  |  |  |
| Warrants (LIT-W1) | - | - | 51,958 | - |  |  |
| **Diluted earnings per share** |  |  |  |  |  |  |
| Profit for the year - assuming the conversion of dilutive potential ordinary shares | 145,489 | 100,662 | 271,991 | 220,000 | 0.53 | 0.46 |

**34. Dividend payment/Stock dividend**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Dividend | Approved by | Dividend per share | Amounts of dividend paid | Dividend payment period |
|  |  | (Baht per share) | (Thousand Baht) |  |
| Dividend for 2015 | Annual General Meeting of the shareholders on  7 April 2016 | 0.1800 | 35,999 | April 2016 |
|  |  |  |  |  |
| Dividend for 2016  (Cash dividend of Baht 0.0112 per share and stock dividend of 1 dividend share for every 10 existing shares) | Annual General Meeting of the shareholders on  20 March 2017 | 0.1112 | 22,240 | April 2017 |

**35. Provident fund**

The Company and its employees jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed to by the employees at the rate of 5 percent of their basic salaries and by the Company at the same rate. The fund is managed by SCB Asset Management Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund. The contributing for the year 2017 amounting to Baht 1.15 million were recognised as expenses (2016: Baht 0.76 million).

**36. Segment information**

The Company's principal operations involve a single operating segment in lending business in term of hire-purchase, financial leases, factoring from selling and service, and loans. The Company operates in the single geographical area in Thailand. Segment performance is measured based on operation profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues and operating profits as presented in the statement of comprehensive income and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity’s revenues.

**37. Commitments**

As at 31 December 2017 and 2016, the Company has commitments other than those disclosed in other notes as follows:

**37.1 Operating lease commitments and service agreements**

The Company has entered into several lease agreements in respect of the lease of office building and other service agreements. The terms of agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 2017 | 2016 |
| Payable within: |  |  |
| In up to 1 year | 2.0 | 3.4 |
| In over 1 and up to 3 years | - | 1.6 |

**37.2 Guarantees**

As at 31 December 2017, the Company had commitments of approximately Baht 73 million as a result of its provision of guarantees to banks on behalf of customers for whom the banks issued bank guarantees as bid bonds. The Company has pledged deposits of Baht 40 million to secure these bank guarantees (2016: Baht 98 million and Baht 29 million, respectively).

**37.3 Employee Joint Investment Program**

During 2015, the Company has an Employee Joint Investment Program (“the EJIP”), one of the Company’s staff welfare benefits, which offers staff of the Company who voluntarily join the EJIP a savings scheme under which for purchase shares of the Company. EJIP members pay monthly contributions in a certain amount and the Company pays contributions on behalf of EJIP members at the same amount at the rate of 5 percent of their basic salaries, but not over than Baht 100,000. The program is entitled for 3 years. During the year, the amount contributed by the Company to EJIP members was presented under the caption of personnel expenses.

**38. Financial instruments**

The Company’s financial instruments, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, current investments, trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables, restricted bank deposits, bank overdraft and short-term loans, trade and other payables, long-term loans, debentures, hire-purchase payables and financial lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

**38.1 Credit risk**

The Company is exposed to credit risk primarily with respect to trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables net of allowance for doubtful accounts as stated in the statement of financial position.

**38.2 Market risk**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial position of the Company. As the Company has no assets or liabilities in foreign currencies, market risk therefore consists of interest rate risk and securities price risk.

**Interest rate risk**

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

Significant financial assets and liabilities as at 31 December 2017 and 2016 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

|  | 2017 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Fixed interest rate | | Floating | Non- |  | |  |
|  | Within | Over 1- | interest | interest |  | | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 58 | 6 | 64 | | 0.1 - 0.4 |
| Current investments | - | - | - | 60 | 60 | | - |
| Trade and other receivables | - | - | - | 15 | 15 | | - |
| Loan receivables | 990 | 14 | - | - | 1,004 | | 15 |
| Factoring receivables | 840 | - | - | - | 840 | | 14 - 15 |
| Financial lease receivables | 107 | 84 | - | - | 191 | | 6 - 7.63 |
| Hire-purchase receivables | 52 | 32 | - | - | 84 | | 6.85 - 8.00 |
| Restricted bank deposits | - | 39 | 2 | - | 41 | | 0.85 - 1.05 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans | 242 | - | 140 | - | 382 | | 4.25 - 5.45,  MOR - 1.75,  MLR + 0.25 |
| Trade and other payables | - | - | - | 1 | 1 | | - |
| Long-term loans | - | - | 35 | - | 35 | | MLR - 0.75,  MLR - 1.00 |
| Debentures | 150 | 529 | - | - | 679 | | 5.25 - 6.00 |
| Liabilities under hire-purchase agreements | 51 | 14 | - | - | 65 | | 1.81 - 2.27 |
| Liabilities under financial lease agreement | 1 | - | - | - | 1 | | 14.20 |

(Unit: Million Baht)

|  | 2016 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Fixed interest rates | | Floating | Non- |  | |  |
|  | Within | Over | interest | interest |  | | Interest rate |
|  | 1 year | 1-5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 76 | 3 | 79 | | 0.4 |
| Trade and other receivables | - | - | - | 26 | 26 | | - |
| Loan receivables | 641 | - | - | - | 641 | | 15 |
| Factoring receivables | 846 | 1 | - | - | 847 | | 14 - 15 |
| Financial lease receivables | 111 | 112 | - | - | 223 | | 5.5 - 9.9 |
| Hire-purchase receivables | 80 | 29 | - | - | 109 | | 5.5 - 8.2 |
| Restricted bank deposits | - | 29 | 1 | - | 30 | | 0.85 - 1.35 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans | 622 | - | 222 | - | 844 | | 3.85 - 6.00,  MOR, MOR - 1.75,  MLR + 0.25 |
| Trade and other payables | - | - | - | 2 | 2 | | - |
| Long-term loans | - | - | 52 | - | 52 | | MLR, MLR - 0.75, MLR - 1.00 |
| Debentures | 200 | 299 | - | - | 499 | | 5.25 - 5.30 |
| Liabilities under financial lease agreement | - | 1 | - | - | 1 | | 14.20 |

**Equity position risk**

Equity position risk is the risk that changes in the market prices of equity securities or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The maximum equity position risk exposure is the carrying value of investments in equity securities as presented in the statements of financial position.

**38.3 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2017 and 2016 are as follows:

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2017 | | | | |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 64 | - | - | - | 64 |
| Current investments | 60 | - | - | - | 60 |
| Trade and other receivables | - | 15 | - | - | 15 |
| Loan receivables *(1)* | - | 990 | 14 | - | 1,004 |
| Factoring receivables *(1)* | - | 840 | - | - | 840 |
| Financial lease receivables *(1)* | - | 107 | 84 | - | 191 |
| Hire-purchase receivables *(1)* | - | 52 | 32 | - | 84 |
| Restricted bank deposits | - | - | 41 | - | 41 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 382 | - | - | 382 |
| Trade and other payables | - | 1 | - | - | 1 |
| Long-term loans | - | 22 | 13 | - | 35 |
| Debentures | - | 150 | 529 | - | 679 |
| Liabilities under hire-purchase agreements | - | 51 | 14 | - | 65 |
| Liabilities under financial lease agreement | - | 1 | - | - | 1 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2016 | | | | |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 79 | - | - | - | 79 |
| Trade and other receivables | - | 26 | - | - | 26 |
| Loan receivables *(1)* | - | 641 | - | - | 641 |
| Factoring receivables *(1)* | - | 846 | 1 | - | 847 |
| Financial lease receivables *(1)* | - | 111 | 112 | - | 223 |
| Hire-purchase receivables *(1)* | - | 80 | 29 | - | 109 |
| Restricted bank deposits | - | - | - | 30 | 30 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 844 | - | - | 844 |
| Trade and other payables | - | 2 | - | - | 2 |
| Long-term loans | - | 20 | 32 | - | 52 |
| Debentures | - | 200 | 299 | - | 499 |
| Liabilities under financial lease agreement | - | 1 | - | - | 1 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

**38.4 Fair value of financial instruments**

As of 31 December 2017, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | 2017 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |  |  |  |  |
| Current investments | 60 | - | - | 60 |

As at 31 December 2017 and 2016, the Company had financial assets and liabilities that measured at cost and have to be disclosed fair value, using different levels of inputs as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | | |
|  | 2017 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 64 | 64 | - | - | 64 |
| Trade and other receivables | 15 | - | 15 | - | 15 |
| Loan receivables | 1,004 | - | 1,004 | - | 1,004 |
| Factoring receivables | 840 | - | 840 | - | 840 |
| Financial lease receivables | 191 | - | - | 202 | 202 |
| Hire-purchase receivables | 84 | - | - | 87 | 87 |
| Restricted bank deposits | 41 | 2 | 39 | - | 41 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |
| Bank overdrafts and short-term loans | 382 | - | 382 | - | 382 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Long-term loans | 35 | - | 35 | - | 35 |
| Debentures | 679 | - | 685 | - | 685 |
| Liabilities under hire-purchase agreements | 65 | - | - | 59 | 59 |
| Liabilities under financial lease agreement | 1 | - | 1 | - | 1 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | | |
|  | 2016 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 79 | 79 | - | - | 79 |
| Trade and other receivables | 26 | - | 26 | - | 26 |
| Loan receivables | 641 | - | 641 | - | 641 |
| Factoring receivables | 847 | - | 847 | - | 847 |
| Financial lease receivables | 223 | - | - | 237 | 237 |
| Hire-purchase receivables | 109 | - | - | 114 | 114 |
| Restricted bank deposits | 30 | 2 | 28 | - | 30 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |
| Bank overdrafts and short-term loans | 844 | - | 844 | - | 844 |
| Trade and other payables | 2 | - | 2 | - | 2 |
| Long-term loans | 52 | - | 52 | - | 52 |
| Debentures | 499 | - | 501 | - | 501 |
| Liabilities under financial lease agreement | 1 | - | 1 | - | 1 |

Fair value hierarchy of financial assets and liabilities as at 31 December 2017 and 2016 has been prepared in accordance with Notes 4.16 to the financial statements.

As at 31 December 2017 and 2016, the methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

1. For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, trade and other payables, overdraft and short-term loans, restricted bank deposits, their carrying amounts in the statement of financial position is approximate their fair value.
2. Fair value of loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
3. Fair value of debentures, liabilities under hire-purchase agreements and liabilities under financial lease agreement is estimated by discounting expected future cash flow by the current market interest rate of the borrowings with similar terms and conditions.
4. Fair value of long-term loans with floating interest rate is assumed to approximate their book value.

**39. Capital management**

The primary objective of the Company’s capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Company's debt-to-equity ratio was 1.30:1 (2016: 3.19:1).

**40. Event after the reporting period**

On 9 February 2018, a meeting of the Company’s Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders to consider approving the payment of a cash dividend of Baht 0.32 per share to the shareholders from the net profit of 2017, after deduction of the statutory reserve.

**41. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 9 February 2018.