

ANNUAL REPORT 2017

รายงานประจำปี 2560

บริษัท เอสจีเอฟ แคปปิตอล จำกัด (มหาชน)

CONTENTS

Report from the Board of Directors	1
Financial Highlight	3
Report from management	
- Company Profile	4
- Type of Business Operation	5
- Industries and Competition Circumstances	6
- Risk factors	8
Corporate Governance Report	
- Corporate Governance	10
- Internal Control and Risk Management	21
Structures	
- Shareholders Structure	22
- Board of Directors	23
- Management Structure	24
- Organization Chart	29
- Board of Directors and Executive Officers	30
Financial Report	
- Management Discussion and Analysis	36
- Related Parties & Connected Transaction	41
- Audit Committee's Report	44
- Auditor's Report	46
- Financial Statements	50
Corporate Social Responsibility	108
Branch and Reference	111



Report from the Board of Directors

To All Shareholders

This year was the first year that the Company has fully started hire purchase for small business while continuing to operate its original business which includes credit loans (SME), personal loans, and factoring. It was the year the Company laid down an important foundation to become a full service financing company after trading in MAI since 1 February 2017.

We offer small business loans, both automobile and motorcycle hire purchase, to people with vehicle or motorcycle registration who are free of loan burden (or customers who have already paid for a large portion of their hire purchase debts and want to use the asset with higher value than the debt value to refinance). This type of loans is called registration loan by other business operators and can generate high returns while loan guarantee can lower the risk of bad debts. Because informal debts are a serious problem that prevents one out of three of Thai people from accessing loans from commercial banks and because of the fact that very few of the 36 million registered cars and motorcycles has entered into the registration loan business, the Company believes that this business has more opportunities to grow.

Such hire purchase service that the Company started to offer in March 2017 under the service name “Check In Ngen Duan” has continued to grow, with new loans of 396.70 million baht and outstanding hire purchase loans of 370.50 million baht at 2017 year end. The Company had hire purchase revenue of 39.77 million baht or 27.81% of the Company’s total interest income. Furthermore, the Company had loan receivables from purchased receivables of 8.54 million baht, which decreased from the late 2016, and from collected receivables of 13.90 million baht, thus generating a profit of 12.29 million baht from such loan receivables from purchased receivables.

This year, shareholders also saw many changes in the Company’s operations. The Company recruited nearly 250 new employees who were experienced in the field of business from other leading organizations (increase from 34 employees at the end of 2016 to 279 employees), expanded branches from 2 to 59 branches across the country, and developed a system of representatives to find new customers, with more than 500 representatives working in these branches. The Company also invested in IT system and loan and debt management system and made many structural improvements to ensure the Company’s stable growth over the next 3-5 years. In terms of organizational size and business network, it can be said that we has grown multifold in one year.

In terms of operating results, the Company had a debtor portfolio valued at 1,266.14 million baht at 2017 year end, consisting of original loans valued at 747.94 million baht, decreased from 892.15 million baht or by 16.16%, which is in line with the policy that focuses more on small business loans; debtor factoring came from reversed 147.70 million baht allowance for doubtful accounts; and outstanding hire purchase 370.50 million baht. In terms of revenue, the Company generated revenue of 153.79 million baht in 2017, increased by 32.91% from 115.71 baht million in 2016, while expenses from sales and management was at 135.15 million baht in 2017, increased by 167.62% from 50.50 million baht in 2016. Such increase in expenses occurred to accommodate the growth of small business loans. If the outstanding loans at 2017 year end is fully recognized and new loans in 2018 generate income, we believe that this year’s loan size will derive from the economies of scale and generate profitable returns for shareholders.

Other important events that took place in 2017 are the setting up of a debtors reserve for one SME for 109.36 million baht in Q2/2017 which is a loan that was lent in 2015 because the Civil Court has ruled to revoke the juristic act of land purchase of this customer, resulting in the nullification of land ownership of this customer and mortgaging that land for loan with the Company in 2015. The Company thus set up a full reserve with due care and decided to appeal the decision. Another event is the reverse of 147.70 million baht allowance for doubtful accounts after the Company won the case at the Supreme Court and is currently in a judgment execution process. With regard to debt reserves and management, the new management team that started working in February 2017 has adopted a policy to resolve past bad debts quickly and transparently and set up debt reserves with due care to allow financial statements to reflect, as fully as possible, the Company's foundation.

In 2018, the Company has a policy to focus on small business loans, including new and used motorcycle hire purchase loans, automobile and motorcycle registration loans, and real estate mortgage and consignment. The personnel, networks, and systems created and invested in 2017 will be relied upon to generate incomes and contribution margins under professional risk management.



Mr. Wisait Panutat
Vice Chairman of the Board



Mr. Vivat Vithoontien
Chief Executive Officer



Financial Highlights

		2558	2559	2560
		2015	2016	2017
รายได้จากสินเชื่อเช่าซื้อรายย่อย	Hire purchase Income	-	-	39.77
รายได้จากสินเชื่อเงินให้กู้ยืม	Pre-finance Income	48.97	95.97	86.53
รายได้จากการซื้อสิทธิเรียกร้อง	Factoring Income	3.65	3.52	2.30
รายได้จากสินเชื่อเงินให้กู้ยืมจากการซื้อลูกหนี้	Purchase of receivable Income	-	-	12.29
รายได้รวม	Total Income	60.15	115.71	153.79
กำไรขั้นต้น	Gross Profit	58.51	114.67	152.87
กำไร(ขาดทุน)สุทธิ	Net Profit (Loss)	17.42	92.41	32.60
ฐานะการเงิน ณ 31 ธันวาคม (ล้านบาท)		Financial Status as at 31 December (Million Baht)		
ลูกหนี้สินเชื่อเงินให้กู้ยืม (สุทธิ)	Pre-finance Receivables (net)	500.23	839.10	735.41
ลูกหนี้จากการซื้อสิทธิเรียกร้อง (สุทธิ)	Factoring Receivables (net)	13.47	45.23	154.87
ลูกหนี้สินเชื่อรวม	Total Receivables (net)	522.44	892.15	1,274.68
สินทรัพย์หมุนเวียน	Current Assets	1,433.81	1,302.99	619.60
สินทรัพย์รวม	Total Assets	1,449.60	1,553.06	1,614.72
หนี้สินหมุนเวียน	Currents Liabilities	35.61	42.49	65.66
หนี้สินรวม	Total Liabilities	42.65	48.84	77.80
ส่วนของผู้ถือหุ้น	Shareholders' Equity	1,406.94	1,504.22	1,536.93
เทียบเป็นรายหุ้น (บาท)		Per Share (Baht)		
กำไรสุทธิต่อหุ้น	Net Profit per share	0.0007	0.0071	0.0025
เงินปันผลต่อหุ้น	Dividend per share	-	-	-
มูลค่าหุ้นตามบัญชี	Book valued per share	0.054	0.115	0.117
อัตราส่วนทางการเงิน		Financial Ratio		
อัตราส่วนระหว่างสินทรัพย์หมุนเวียนกับหนี้สินหมุนเวียน	Current Ratio	39.72	30.67	9.44
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.03	0.03	0.05
อัตราส่วนกำไรจากการดำเนินงาน	Net Profit Margin	37.89%	55.46%	11.52%
อัตราส่วนผลตอบแทนของส่วนผู้ถือหุ้นสามัญ	Return on Equity	1.24%	6.14%	2.12%
อัตราผลตอบแทนจากสินทรัพย์รวม	Return on Assets	1.20%	5.95%	2.02%

Investors can find additional information of the Company from “Form 56-1”
in the www.sec.or.th
and the Company website www.sgfcap.com



Company Profile

Name	SGF Capital Public Company Limited Old name “Siam General Factoring Public Company Limited”
Initial	SGF
Registration No	0107536001699
Type of business	Hire purchase, Personal Loan, Nano Finance, Loan and short term loan – Factoring
Head Office	121, 4 th Floors, WTH Holding Building, Vibhavadi-Rangsit Road, Samsen – Nai, Phyathai, Bangkok 10400 Telephone : 0-2232-1789 Fax : 0-2232-1790
Date of Establishment	7 August 1985
Registered in SET	10 February 1988
Registered Capital	6,550,000,020 baht
Issue and Paid-up Capital	6,550,000,020 baht
Par Value	0.50 baht per share
Website	www.sgfcap.com

1988

Registered in SET

2000

The Company made debt restructuring agreement and the creditor agree to settled Loan of US\$ 11.55 million (Baht 452 million) by issuing preferred shares

1997

The Company increase The Letter of guarantee service to support customer for bidding by the governmental agency

2005

The Company has permitted to operate personal loan business from BOT

1999

The Company increase service as following:

- The service for Pre-financial.
- L/C providing and Purchase service, L/C Opening service.
- The Service for the financial support guarantee

2015

The Company has permitted to operate Nano finance from BOT



Type of Business Operation

1. Hire purchase

The Company has offered automobile and motorcycle hire purchase loans since late February 2017. This is a loan service offered to general customers who own vehicles or refinance from other financing institutions by entering into a hire purchase agreement and transferring the ownership of the vehicles to the Company while still being able to use the vehicles in order to take out a loan to use for their careers or daily life.

2. Loan Credit

Loan Credit is divided into 2 types:

- a.) Pre-financing, a short term loan approximately 3 months. This loan is given to a customer for starting his work according to the service contract or sale-purchase contract which has been signed. The contract must be transferred to the company and the customer receives the short-term pre-financing to start and complete his work within the schedule.
- b.) Loan, a long term loan 1-3 years. This loan is given to a customer to improve or develop there business and gradually repayment as agreement. The Company will set the credit amount depends on each work project and the value of collateral.

3. Factoring

Factoring is a financial service that allows a business to sell its outstanding receivables and receive immediate cash funding to manipulate its cash flow. The factoring companies receive the invoice and collect the full amount from the commercial invoice such as invoice, statement, receipt, etc.

The customer's debtors comprise of debtors which are governments, state enterprises and other authorities concerned, arising from the purchasing/procurement/service agreements made with the customer. These accounts receivables of governments and state enterprises are equivalent to 100.00% of total accounts receivables.

The accepted commercial documents are work order, delivery order, inspection slip, statement, invoice, cheque and promissory note where the purchasing proportion of each document shall depend on the level of its compulsory performance.

4. Personal Loan

The Company granted a license to operate, personal loans under supervision of the Bank of Thailand, from the Ministry of Finance on 21 October 2005. The company will define the credit line according to the Company's policies, set the application rate and fee in accordance with the regulations of the Bank of Thailand.

5. Nano Finance Credit

The Company granted a license to operate, nano finance under supervision of the Bank of Thailand, from the Ministry of Finance on 26 December 2015. The company started this service from December 2016 to provide credit lines for working capital to small business entrepreneurs. The duration of loan is approximately 1-4 years. The company will define the credit line and application rate in accordance with the regulations of the Bank of Thailand.



Industrial and Competition Circumstances

Retail Credit (Individual)

Customers for automobile and motorcycle registration loans lack liquidity and are mostly unable to access loans from commercial banks. Since this group of customers is large and the competition is not severe, the Company is able to vie for market share.

Other companies that are engaged in registration loan business include MTLs, SAWAD, and Money on Wheels.

Thailand Economic Outlook for 2018

The NESDB expects the economy to grow by 3.6 – 4.6 percent, with significant continuous supports from 2017 including: (1) favorable global economic growth, (2) driving force from the accelerated growth of public investment following the progress of major investment projects and the increase in the investment budget, (3) improvement of private investment; (4) continuous good growth prospects of major economic branches, and (5) improving employment and income base of the people in the economy. It's expected that export value will grow by 5.0 percent, private investment and overall investment will expand by 3.1 and 5.5 percent, respectively. The average headline inflation will be in the range of 0.9 – 1.9 percent, and the current account will have a surplus of 8.1 percent of the GDP.

Thai automobile market and the growth of hire purchase in 2018 will continuously expand by 2 to 5 percent, with many choices and innovations, stimulating the domestic car market in 2017, recovering strongly after a continuous contraction for 4 years. The major support should come from the resurgent purchasing power of the people and the constant launches of new vehicles that meet the demands of consumers. The car sales this year will close at around 860,000 units, or an increase of 11.6% from the previous year.

In 2018, the car market will continue to grow, especially in the passenger car segment which will release several new models and consumer purchasing power is not affected. It is expected that the total car market in 2018 should be able to reach sales of more than 880,000 to 900,000 units, or to grow by 2 to 5 percent compared to 2017.

New car registration statistics by the Department of Land Transport from 2012 – 2017

Type	2017	2016	2015	2014	2013	2012	Total
Passenger Car (Sedan, Pickup)	919,820	811,518	796,089	904,969	1,299,508	1,274,026	6,005,930
Motorcycle	2,001,130	1,914,131	1,815,000	1,819,371	2,121,977	2,257,376	11,928,985
Total	2,725,649	2,920,950	2,611,089	2,724,340	3,421,485	3,531,402	17,934,915

In 2018, the Company has a policy to provide the following types of loan:

- **Hire purchase of cars and motorcycles:** Provide title pawn to small customers. Customer uses a debt-free car or motorcycle or a car that is still under payment with a financial institution as collateral. The loan will be provided according to the Company's terms which will not exceed the Company's central appraised price and will be lower than the price of the second-hand car market to protect against the risk of depreciation of collateral value.
- **Mortgage loans and consignment sale of retail real estate:** Provide loans to retail customers. Customer uses real estate as collateral for the loan with a mortgage loan or consignment sale contract. The amount of loan provided will not be more than half of the market value of the collateral value.
- **Personal Loan:** Provide a loan to employees in companies that has been approved a support of personal loans. Loans are determined by the income, ability to pay, credit score, and credit history from the credit bureau under the rules of the Bank of Thailand.
- **Nano Finance:** Provide an easily accessible and suitable amount of loan for business operation both for the production of goods and services to small entrepreneurs who need a loan systematically through a financial institution licensed by the Bank of Thailand. (The Company began offering Nano Finance services in December 2016.)

Corporate Credit (Juristic Person)

Small and Medium Enterprises (SMEs) still have continuous demand for credit to use as working capital, inventory re-stocking, and investment in fixed assets. However, lending to the business sector is still based on a caution in view of the ongoing economic slowdown.

For the year 2018, credit growth is likely to remain similar to the year 2017, still with caution. The positive factor of economic growth will come from government investment. This will help clearly push private investment growth and export growth as well as tourism. However, risk factors to follow are: the slowing down of purchasing power, especially because of the declining income in agricultural sector and high household debt. There is still a risk of private consumption continuing in 2018.

SME loan growth is still a risky sector. Most SMEs in Thailand are trading SMEs, which are still affected by slow recovery of domestic demand, but growth has been seen in some businesses. For example, SMEs in the export sector may be better in line with the recovery in the global economy, or SMEs in tourism have also been driven by foreign arrivals and SMEs in the construction sector and construction material traders are likely to benefit from large government investment projects.

For the SME loan business, the Company has focused on providing loans to customers to increase liquidity in the business for customers to improve and develop competitiveness, using land as collateral to reduce the risk of non-performing loans. Even though there are several providers for this kind of loan, the demand is still very high. The Company is able to continuously find customers, especially small to medium customers whom large financial institutions may not support.

For factoring, the Company continues to focus on providing services to small and medium enterprises (SMEs) that are contracting parties to government debtors and state enterprises that can transfer the right to receive money. For this group of debtors, the Company has a lot of experience and expertise, having provide continuous services for a long time including the debt collection process. This is beneficial for efficient debt collection management in order to protect the damages that may arise from the transfer of non-performing loans. Last year, the Company had very low ratio of new NPL.



Risk Factors

The company is aware that risk management is the important part for making business of the company so that the company considers to determine the method of risk management in each aspect for effectively control. Moreover, the company has also analyzed the key risk factors which may have an effect on making business and brought them to improve process of risk management in each aspect continuously.

Risk management has many key processes including identification of the most important risk factor that might have an effect on making business, risk assessment, procedure of risk monitoring and control the risk to be in an appropriate level under policy specified by the company, and risk report to all concerned people in order to manage and/or deal with risk in time.

The most important risk factors that may have an effect on making business as follows:

- **Credit Risk**
- **Market Risk**
- **Interest rate Risk**
- **Risk on concentration of debtors and customers**

The Company has specified method of risk management in each aspect as follows:

1. Credit Risk

Credit Risk is the risk that arises from the inability of customer to perform their obligations under contractual agreements in relation to the company's lending- for example, the customer's failure to repay principle or interest as agreed with the company, including some factors which may affect the ability of customers to fully repay loans, etc.

Thai economy has been affected by the country's instability, the high level of household debt that is putting strong pressure on private consumption. Moreover, it's affecting on capital flows, liquidity and interest rates, so the company has to closely monitor the risks that might adversely affect on power of purchasing in customers. This is because the repayment ability of some customers might be lessened due to tighter liquidity, especially customers who have weaker financial status than the past or high level of sensitivity to the risk factors.

In managing credit risk as mentioned above, the company has established the credit policy that the company will provide credit line only to the customer who has collateral asset and proper amount of loan comparing with collateral value. In term of Factoring customer, the company will provide credit line only to government agencies. Furthermore, the company has credit operations department which monitoring; and controlling loan services to assure that loan services procedure abides by specified condition, and law team to manage credit problem.

For car and motorcycle loan hire purchase, the company considers credit line base on portion of evaluated value of collateral and ability of repayment loan of customers. Furthermore, there are branch officers, liability management department to manipulate repayment of customers to abide by specified conditions, and law team to execute with the customers who don't follow contractual terms.

2. Market Risk

For the part of loan business, the competition rate of financial institution is still continuously higher and higher, both commercial bank and non-bank. The market leader is still the group of commercial bank which has advantage over the others, both in the matter of large volume of customer base who uses the other line of financial service so it is quite easy to offer the continuous line of service and very low bank's financial cost. However, the company uses professionally operation by developing and delivering a better quality and service. Granting service facility that is corresponding and meeting customer's need which building satisfaction in using service continuously.

In term of providing loan, the company has much collateral including cash, land, and Factoring. The

company will consider proper credit line rely on the value of collateral and repayment liability in order to protect risk.

Nowadays, new and used motorcycle; and vehicle loans have fierce competition both remaining and new comer entrepreneur. Nevertheless, the competition in registration loans isn't fierce and has quite high level of customers' demand, the company can increase competition ability and market share in this business by expanding the branch office to cover overall regions in Thailand, understanding target group of customer, quick servicing, sudden responding customers' need, and providing service to diverse target customers who demanding the money and can't approach to commercial bank's services.

3. Interest rate Risk

The interest rate is the major factors which affect on the income and expenses. The main source of income is the interests earning on financing, which are calculated at fixed rates, while funding costs from financial institutions are float rates which base on the market rate. Therefore, the fluctuation of the market interest rate can affect on the company's interest margin. However, since that the buy-in duration of company loans regarding factoring or Pre-finance business are the short-term loan, the company can be flexible to adjust the interest rate used with customers to keep the spread. Since, the company still has cash to expand credit, doesn't has any loan from financial institute, and interest rate of registration loan in each financial institution quite in similar rate, so the Company has no interest risk.

Nonetheless, motorcycle and vehicle hire purchase loan is high return product. Earning interest rate still be sufficient, and cover the cost including other expenses. In addition, the company defines interest rate and fee in accordance with financial cost.

4. Risk on concentration of debtors and customers

In 2017, the company had expanded loan business to retail hire purchase business as a result of risk diversification and the company's policy which emphasize on expanding business to retail hire purchase loan market. The company has customers which have a variety of ages, incomes, and provincial part so as to decrease customer concentration.

Loan : Business in 2015, 2016 and 2017, the first 10 of the total buying of the accommodation credit customer is 92.01%, 73.03%, and 59.79% of the total loan outstanding orderly. All loan customers must have collateral, and now we have not expanded this business, so we have a few customers.

Factoring : In 2015, 2016 and 2017, the first 10 buy-in factoring customers of the company valued 100.00%, 83.00%, and 100.00% of total factoring outstanding respectively, since the Company reduced this business, so we have a few customers.



Corporate Governance

Corporate Governance Policy

Boards of directors have placed importance on follow the principle of good corporate governance by realizing role and responsibility of boards of directors in supporting to create good corporate governance in order to increase competitive capacity of business as well as confidence for stockholder, investor, and all concerned people by efficient and above-board management. In 2017, the Board of directors has the policy detail in each group as follows:-

Shareholders' right

The Company takes into account all group of shareholder's rights, particularly minority shareholders, foreign shareholders, and institutional shareholders, without limitation to the rights provided by laws only, as well as promoting and supporting all groups of shareholders to participate in the shareholders' meeting.

The Board of Directors shall promote shareholders to exercise their rights, and the shareholders shall have the right to decide on significant changes. In this regard, the Company encourages such exercise of their rights by way of sufficient access to the Company's information, participation in the shareholders' meeting to vote for appointment of directors, determination of remuneration for directors, appointment of auditor and determination of audit fee, including voting on any important matters of the Company, etc.

Proceeding prior to Meeting : The Board of Directors allows shareholders to exercise the right to ask questions in advance, the criteria of which has been posted on the Company's website. In convening the shareholders' meeting, the Company shall arrange for the meeting date which shall not fall on any long holidays; and the appropriate meeting time which shall not be too early in the morning; including the meeting venue which shall be convenient for commuting and with sufficient parking area, together with route map of the meeting venue.

In 2017, the Company held an Annual General Meeting of Shareholder, the notice of the meeting, together with details and reason of each item of the agenda, was prepared both in Thai and English versions, for the benefit of the foreign shareholders, and posted on its website in advance one month prior to the meeting date, as well as submitting notice of the meeting to Thailand Securities Depository Company Limited, as share registrar of the Company, for delivery to shareholders in advance 14 days prior to the meeting date so as to allow shareholders to have time to consider details of each agenda item. When any shareholders are unable to attend that meeting themselves, the letter of attorney will be delivered by registered postal service and published in newspaper no less than 3 days prior to such meeting corresponding to regulations of the Company or regulated by laws. In addition, the Company also arranged duty stamps, free of charge, for shareholders wishing to appoint proxy to attend the meeting.

Proceeding during the Meeting : The Board, Executives board, secretary and auditors will present in the meeting and answer any doubts to shareholders. Prior to the meeting, the chairman assigns the secretary to demonstrate number of shareholders participating by themselves and whom given the authorizations as well as rights according to exercise how to enquire or comment and procedures to vote, disclose the results of voting to the meeting. In 2017, the Company held 1 shareholders' meeting which only Mrs. Rachaneekorn Chintakanon absent the said meeting.

The meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting available on the Company's website for shareholders one month in advance, and shareholders are allowed to directly express their opinions and make inquires in each agenda. During the meeting, the voting result was show in each agenda.

Proceeding after the Meeting : The Company disseminates the resolutions of shareholders' meeting on each agenda item on its website within the business day following the meeting date in order for the shareholder's to promptly acknowledge and inspect the voting results. In regards to the minutes of the shareholders' meeting, the Company has clearly recorded information relating to the list of directors attending the meeting, material clarifications, questions and answers or opinions in brief, the meeting resolutions, whereby votes were divided into agree, disagree or abstain, which shall be available on the Company's website within 14 days from the shareholders' meeting date rather than having the

shareholders wait until the next meeting.

The Company sends the annual reports with copy of balance sheet and income statement; which are audited by the auditors and approved by shareholders, plus copy of minutes of the meetings to the registrar of public company limited.

In 2017, the Company still not offered the shareholders opportunity to propose the meeting agenda in advance before the meeting.

Equitable Treatment towards Shareholders

The Company has policy to ensure treatment towards all shareholders on an equal, whether they are major shareholders, minor shareholders or institute investors to create the true fairness, as follows:

- The shareholders' meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting without any material changing or adding any agenda immediately so that the shareholders' have opportunity to study information in support of consideration of each agenda.
- Facilitate to the shareholders who cannot attend the meeting to appoint any person or independent director or CEO of the Company to attend and vote on his/her behalf. The Company will deliver Proxy Form B which is general model and specific model for shareholders to assign their own votes, Proxy Form A and C for foreign shareholders who have custodian in Thailand published on Company's website.
- The Chairman of the meeting governs and proposes opportunities to shareholders' comment and enquiry sufficiently and appropriately prior to each resolution.
- Correctly and completely prepares and records the minutes of the meeting and disseminates the same to all shareholders via the Company's website within 14 days after the end of the meeting, for the shareholders absent from the meeting or for any persons interested in the Company's information to acknowledge details and information of the meeting.
- The Company has established measures to prevent inside information usage for seeking interest of directors and executives by informing all persons of their roles and duties to report their own securities holding, and on securities holding by their respective spouses or minor children who hold securities of the Company; and to report every change in such securities holding from purchase, sale, transfer or acceptance of transfer of securities, to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 days from the date of purchase, sale, transfer or acceptance of transfer of securities.

In 2017, the Company still not offered the shareholders opportunity to propose director's name in advance.

Roles of the Stakeholders

The company had realized to the supports of the stakeholders which promoted competitive potentiality and profit to the company, so the Company realizes the significance of rights of every group of all stakeholders, whether inside, such as, staff and executives of the Company, or outside, such as, customers, competitors, lender and other relevant authorities by set role of stakeholders in the governance policy. (Details as appeared in company's website). The Company has continued to take care of stakeholders in accordance with the policies, as follows:

1. Customer relations policy

The Company is engrossed in providing good quality and reliable service by emphasizing on satisfy customer's need. There is continuous framework of improving service to be able to provide to customer immediately in order that customer can obtain good quality service at fair price. The aim is to achieve customer successful.

2. Business partner policy

As the Company has policy of up to par product and service acquisition so that comes to provide an equitable and fair purchase and procurement that not taking advantage of business partner and is conforming to the process explicitly.

3. Creditor policy

The Company has policy of dealing with every creditor fairly by realizing of the optimum benefit of company and based upon fair gain. Problem solving negotiation is based on business relationship.

4. Competitor policy

The Company has policy that shall treat business competitor fairly by not elicit trade secret of competitor by means of deceptive method and acts under the convention of good competition.

5. Employee policy

The Company realizes that employee is the primary source of business driver and also the factor of success to achieve company's goal so that specify policy that give a fair treatment to employee with care and fair to continually promote and constantly support in self-develop and training in diversified program; determine fair and appropriate compensations by employee knowledge and comply with the business of the Company, provide health check-up annually, group insurance, provident fund etc.

6. Stockholder policy

As the Company is subject to build added value to stockholder in long term so that has policy to work honestly and also makes decision sincerely, carefully, cautiously, and fairly to the stockholder, both major and minor ones, for the optimum benefit of stockholder on the whole as well as access necessary, correct and appropriate information in timely manner.

7. Social and environment policy

The Company intends to take part in development of company together with development of society and environment to a sustainable progress by promoting employee's conscious mind and contribute to society and environment by promoting campaign of energy saving and nature conservation efficiently; apply ethics and moral; transparently, fairly and equally operate business; do not take advantages over community society, environment and do not make any on the contrary, illegal.

Notifying the Information and Complaints

The Company has provided measures and reporting channels to the complaint, opinion and to report the offense of stakeholders from all sectors. This can be through various channel as follows:

Postal service	: Company Secretary / Internal Audit / Audit Committee SGF Capital Public Company Limited 121 4 th Floor, WTH Holding Building, Vibhavadi-Rangsit Rd. Samsen-nai, Phyathai, Bangkok 10400
Telephone	: 02-232-1789 ext. 1744 internal audit or 1771 company secretary
Fax	: 02-232-1790
Email	: internal_audit@sgfcap.com or apinya.b@sgfcap.com

Employees are able to notify complaints or propose opinions to Executives or Internal audit directly. The Company to ensure fairness and protect the whistleblower act. The confidentiality of those involved in the investigation of acts of corruption.

Information Disclosure and Transparency

The Board of Directors establishes the policy that the Company shall undertake activities with transparency and open for inspection with sufficient financial and non-financial information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely, reliable and thorough information, and all parties shall be able to easily access such information on an equal basis to ensure compliance with the good corporate governance principles. The Company will disclose

information to the shareholders and the public via Stock Exchange of Thailand data dissemination channels and the company's website www.sgfcap.com

The Board of Directors is aware of its responsibilities and firmly committed to strictly overseeing compliance with the laws and regulations related to information disclosure and transparency, the company publishes information in line with the set criteria such as Annual Disclosure Form (Form 56-1), Annual Report (Form 56-2), reports corporate governance compliance results through Form 56-1 and Form 56-2, and the Board of directors' responsibilities for financial transactions displayed together with the auditor's report in the Form 56-2.

The first four directors and executives counted from the Chief Executive Officer are under obligation to submit a report to disclosure the connected transaction to prevent the conflicts of interest in line with the Securities and Exchange Act of 2008, to ensure that the Board has sufficient information for consideration and approval by transparent and compliance with relevant regulations.

Investor Relations Activities

Opportunity day by SET with the objectives to clarify the information about the business and operations of the Company to securities analysts, investors, the media and interested persons joining the activity. The SET organizes this opportunity day after the announcement of quarterly financial statements; then the Company start to join this activity in quarter 3 year 2017 as well as reveals such information to shareholders and investors for a video retrospective from website of SET (www.set.or.th).

Activities to publish information through different channels by the Company about its introductions, performances and interviews to shareholders, investors, all stakeholders and interested persons to continually receive correct information i.e. newspapers, magazine, TV broadcast etc.



Directors' Responsibilities

The Board realizes the importance of role and responsibility of the board in determines corporate governance policy as well as monitor and follow-up the compliance of management on approved policies and plans and accountability for the board of director and shareholders. The Board of Directors comprise of directors who have diversity skills, knowledge, experience and agility sufficient as well as performed the duties with care, dedication and responsibilities. The Board must have leadership, vision, and freedom of decision-making in order to maximize the company's benefits and the overall shareholders.

The structure of the Board of Directors consists of 9 qualified members, comprising 4 executive directors, and 5 independent directors, which represent 55% of all directors. The Chairman of the Board of Directors is not the Chief Executive Director, so as to separate between the policy making and supervisory duty and the regular managerial duty.

The Company determines qualifications of "independent directors" as the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Terms of director

According to the Public Company Act B.E.2535, term of director member is 3 years. However, the retired members are eligible to be re-elected for another term.

Board of Directors' Meeting

The Company's director plans the meeting every month in the third week of the month by set its meeting schedule in advance all the year as well as arranges the special meeting as necessary. At each meeting, both acknowledge and consideration agenda are clearly set, the document is well-prepared and delivered to the directors 5 days prior to the meeting so that the director can study the information before the meeting. In the meeting, everybody can freely discuss. The Board of Directors will be invited the executives to attend the meeting to provide further details as directly related, and acknowledge the policies directly so they can be effectively implemented.

The Company secretary will collect the meeting documents from management and send to the board in advance, minute of the meeting is recorded by the secretary. After the approval from the meeting, the documents will be stored in the shelf on HR department, head office. In addition, the Company secretary has the duty to keep the director important document, such as directors' registration, stakeholder report; directs and supervises in compliance with the law, regulations and laws. In 2017, there were 15 Company's director meetings, 4 Audit Committee meetings, 3 Executive Committee meeting and 1 Nomination and remuneration committee meeting.

Positions in other companies

The Board of Directors has no policy to limit the number of companies in which each director may hold directorship since, after considering the matter; it deems that all directors devote their time to regularly attend meetings. However, no director was take the position in the listed company director exceed 5 companies. The Board of Directors has no policy to limit the term of directorship since directors who insight into the Company's business can provide useful suggestions to the Company and shareholders.

Corporate Governance Policy

The Company has established a corporate governance policy, Business ethics policy to be the guideline of directors, management and employees to implement the practices, by published on the Company website and encourage employees to follow such policies regularly.

Directors and executives of the company must to be a good practice to follow CG policy. Management is responsible for the dissemination of knowledge, understanding and encourages all employees to abide by the policy of corporate governance and continuously create as part of the corporate culture in practice.

Furthermore, The Company also conducting on the rule and duties of the Board of Directors in following matters:

1. The Company's director together with the management team creates the vision, mission, strategy, goal, business plan and budget. The opinion can be expressed freely.
2. The Company's director creates the effective investigation mechanism and balance internal control system to protect the assets. The Company also initiates the internal control section which reporting directly both audit committee and Chief executive officer.
3. The Company's director appointed the sub-committee namely; Nomination and Remuneration Committee and Audit Committee. The responsibility of each committee has been clearly specified.
4. The Company supports the directors and top executives to participate in the seminar that will benefit their function as well as exchange the idea with the Company's directors, and participate in the courses provided by Thai Directors Institute to apply those experiences to their function.
5. Recruitment of directors and executives: to be in line with good governance policy, the Company's Board of Directors, consequently, stipulates policy, regulation and method to recruit the Company's directors and high ranking executives by assigning Nomination and Remuneration Committee to recruit suitable persons to enter into screening process. The suitable persons will be chosen by the Nomination and Remuneration Committee who will work out screening regulation and method, depending on situation and the Company's situation during that very period.

Sub-committee

- ◆ **The Board of Directors** as of 31 December 2017 consists of 9 directors:

	<u>Position</u>	<u>Date appointed</u>
1. Mr. Vijit Supinit	Chairman of the Board	14 February 2017-11 February 2018
2. Mr. Wisait Panutat	Vice Chairman of the Board	27 May 2010
3. Mr. Chavalit Saleepol	Chairman of the Executive Board	19 January 2011
4. Mr. Vivat Vithoontien	Chief Executive Officer	14 February 2017
5. Mrs. Rachaneekorn Chintakanon	Director	3 August 2015
6. Mr. Pinit Wuthipand	Independent Director	19 January 2011
7. Mrs. Supanut Pongserm	Independent Director	27 May 2010
8. Mr. Piphat Inphongphant	Independent Director	19 January 2011
9. Mr. Yanyong Siripun	Director	9 May 2016
10. Mr. Pongsak Piboonsak	Director	9 May 2016-9 April 2017
11. Ms. Noranuch Paikaew	Director	9 May 2016-9 April 2017

Remarks ! On 31 December 2017, Mr. Wisait Panutat was Chairman of the Board and Mr.Chavalit Saleepol was Chief Executive Officer and on 9 February 2017, Mr.Pongsak Piboonsak and Ms.Noranuch Paikaew were resigned from director. Mr. Vijit Supinit has passed away on 11 February 2018.

Miss Apinya Borivachanon has been appointed as the secretary of board of directors. She was responsible for duties as prescribed by the Securities and Exchange Act (Book No. 4), B.E. 2551, and coordination to be in compliance with the resolution of board of directors according to the corporate governance policy.

Powers and Duties of the Company's Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval.

- The Company's policies, business strategies, business plans and annual budget.
- Appointment and termination of directors and the secretary of the Board of Directors.
- Appointment and determination of authority of the Sub-committee.
- Execution of any report pertaining to transaction with related persons that small or medium sized which is not the normal business but does not require a resolution of shareholders' meeting.

- ◆ **Executive Committee** as of 31 December 2017 consists of

1. Mr. Chavalit Saleepol	Chairman of the Executive Committee
2. Mr. Wisait Panutat	Vice Chairman of the Executive Committee
3. Mrs. Rachaneekorn Chintakanon	Director
4. Mr. Vivat Vithoontien	Director
Ms. Apinya Borivachanon	The Company Secretary be the secretary of the meeting

Powers and Duties of the Executive Committee

1. Having duties to carry out the management of Company business in compliance with the Company business objectives provided that in accordance with any policy, regulations or orders prescribed by the Company Board of Directors.
2. Having a plan, policies and strategic direction to do business and set the management structure in line with economics and competition, propose to the Board of approval.
3. Having the power to approve and/or assent on any Company normal business operations and general business management.
4. Credit approval, debt adjustment, bad debt write-off as assign by the Board.
5. Considering and screening the Company annual policy, target, work plan, budget and any other recommendations to be proposed to the Company Board of Directors for approval or assent provided as prescribed in the regulations and orders of the Company Board of Directors.
6. Oversee the operation of the Company to comply with the policy, strategy, business plan and budget as approved by the Board.
7. Report of operating result in the matters and within the following times to the Board of Directors:-
 - 7.1 Report of operating result of the company on quarterly basis.
 - 7.2 Auditor's report related to the Financial Statements of the company including annual budget and review budget.
 - 7.3 Other reports as deemed appropriate by the Board.
8. Performing any other tasks as assigned by the Company Board of Directors.

◆ **Nomination and Remuneration Committee** as of 31 December 2017 consists of

- | | |
|----------------------------------|-------------------------------------------------------|
| 1. Mr. Wisait Panutat | Chairman of the Board |
| 2. Mr. Chavalit Saleepol | Director |
| 3. Mrs. Rachaneekorn Chintakanon | Director |
| Ms. Apinya Borivachanon | The Company Secretary be the secretary of the meeting |

Powers and Duties of the Nomination and Remuneration Committee

1. To recommend the remuneration payment method paid to the Board of Directors in various areas appointed by the Board of Directors.
2. To review the directors' remuneration based on duties and responsibilities, financial status of company, remuneration rate paid by similar types of businesses and propose to the shareholders for approval.
3. To consider and propose policy relating to the remuneration and benefit in order to keep and motivate employees who possess required qualifications.
4. To review adjustment of wage and bonus annually and propose to the Board of Management and Board of Directors.
5. To help the Board of Management and Board of Directors assess the operating result and ability of managing director based on the short-term and long-term objectives and business plans.
6. To recruit qualified persons to be directors of company and report to the Board of Directors to propose to the Shareholders' Meeting, or report to the Board of Directors for consideration and appointment.
7. To recruit qualified persons to be managing director and report to the Board of Directors for consideration and appointment.
8. To conduct any activities assigned by the Company Board of Directors.

◆ **Audit Committee** as of 31 December 2017 consists of all independent directors

- | | |
|----------------------------|----------------------------------------------------|
| 1. Mr. Pinit Wuthipand | Chairman of Audit Committee / Independent Director |
| 2. Mrs. Supanut Pongserm | Audit Committee Member / Independent Director |
| 3. Mr. Piphat Inphongphant | Audit Committee Member / Independent Director |
| Mrs. Sugunya Chunthep | Internal Audit be secretary of the meeting |

Audit Committee member who have financial statement review knowledge

Mr.Pinit Wuthipand is the director who has the knowledge and experiences to review the financial statement. All of the Audit Committee Members are not the employee of the company.

Powers and Duties of Audit Committee

1. To ensure that the financial statements of the Company have adequate accuracy.
2. To ensure that the internal control and internal audit systems of the Company are appropriate and effective and to consider the independence of the internal audit department including the approval of any appointment, allocation, or dismissal of the head of internal audit department or any other department relating to the internal audit responsibilities.
3. To ensure that the Company complies with the laws on the Securities and Exchange, the regulations of the Stock Exchange and other laws in connection with the businesses of the Company.
4. To consider, select and propose for election of any independent person to act as the Company's auditor and propose the remuneration for such person and meet privately with the auditor without any member of the management team present.
5. To ensure that in conducting all the connected transactions or transactions that may lead to conflict of interests, the Company complies with all the laws and regulations of the Stock Exchange and ensure that such transactions are reasonable and give the most benefits to the Company.
6. To prepare a report of the Audit Committee to be included in the annual Report of the Company. Such Report shall be signed by the Chairman of the Audit Committee and shall consist of at least the following information:
 - (a) Comments on the accurateness, completeness and credibility of the financial statements of the Company.
 - (b) Comments on the adequacy of the internal control system of the Company.
 - (c) Comments on the compliance to the laws on Securities and Exchange, regulations of the Stock Exchange or any other laws in connection with the businesses of the Company
 - (d) Comments on the suitability of the auditor.
 - (e) Comments on the transactions that may lead to conflict of interests
 - (f) The number of meetings held by the Audit Committee and the attendance of each member of the Audit Committee.
 - (g) Comments on other concerns that have arisen as the Audit Committee perform its duties as defined in the Committee's charter.
 - (h) Any other matters that the shareholders and general investors should be informed within the scope of duties and responsibilities assigned by the Board of Directors of the Company.
7. To perform any tasks assigned by the Board of Directors with the approval from the Audit Committee.
8. While undertaking their duties, if the Audit Committee found out or have doubts over any of the following transactions or actions, which would have an adverse affect to the financial status and the operational outcome of the Company, the Audit Committee shall report to the Board of Directors of the Company so the Board could resolve the matter within the time frame deemed appropriate by the Audit Committee.
 - (a) Any transaction that may lead to conflict of interests.
 - (b) Any fraud, unusual matter or critical failure in the internal control system.

- (c) Any violation of Securities and Exchange laws, Regulations of the Stock Exchange or any laws in connection with the businesses of the Company.

◆ **Chief Executive Officer**

Powers and Duties of Managing Director

Chief Executive Officer has power and duty to supervise, execute, operate and perform on behalf of the company in accordance with purpose and regulations of the company as well as with principles, resolutions, policy, strategy and budget submitted by the Board of Directors within legal lines and power restriction defined by the Board of Directors of the company who transfers the power of attorney to Directors to perform on behalf of the company as well as delegation power to executives and/or employees, and/or other persons as appropriate, except the following case on which Directors have to be granted the approval from the Board of Executive Directors or the Board of Directors of the company (case by case) to perform:

1. The investment of any project development exclusive from the annual policy of the company.
2. The procurement, purchase or land or real property transfer for the use of the company operation, including any requirement on permission or procedure with concerned government sectors in order to achieve the aforesaid tasks.
3. The guaranty by rights or land or real property ownership which are assets of the company, for individual and/or individual group and/or juristic person and/or government sector and/or public organization for the use of the company operation.
4. The different types of account opening, the overdraft loan application and other service application with commercial banks including the account opening or cancellation of the aforesaid service.
5. The approval on organization structure, salary structure, operation plans and annual budget.

However, such appointment does not include the authority to approve the transactions that such Managing Director and/or their attorney have the conflict of interests (as the announcement of the Office of the Securities and Exchange Commission) with the Company or its subsidiary, except the approval in accordance with policy and within the Board of Directors approve criteria.

Nominating of Directors and Executives

◆ ***Independent Directors and definition***

The number of Board members should fit the size of the business. Currently, there are 9 directors, 4 of which are executive directors and the remaining 5 are independent directors. Independent Director is 55% of the Board of Directors, consists of;

- | | |
|----------------------------|----------------------|
| 1. Mr. Vijit Supinit | Independent Director |
| 2. Mr. Pinit Wuthipand | Independent Director |
| 3. Mrs. Supanut Pongserm | Independent Director |
| 4. Mr. Piphat Inphongphant | Independent Director |
| 5. Mr. Yanyong Siripun | Independent Director |

Definition of Independent Director as following:-

1. To hold the company shares not exceeding 1% of number of total shares entitled to vote in the company, affiliated companies, joint companies or person who may have conflict (are considered as related person pursuant to Article 258 according to the Security Law)
2. Not being or used to be the director who takes part in the management of the company, or an employee, staff member or advisor who receives a regular salary or is a controlling person of the company, holding company, subsidiary company, associated company, subsidiary company of the same level or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
3. Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary

company.

4. Not having or used to have business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict in a way which may prevent independent judgment, as well as not being or used to be the major shareholder, non-independent director or management member of the entity having business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.

The business relationship stated in the first paragraph shall include normal commercial transactions for business operation, rent or rent out of real estate, transactions concerning the property or service, giving or receiving financial support, receiving or giving loan, standing security, giving property as collateral security or other similar actions, which make the applicant or party in the contract pay debt obligation to the other party from 3% of net tangible asset of the applicant or from twenty million baht, whichever is lower. In this respect, the calculation of such debt obligation shall be in compliance with the method to calculate the value of related transactions as prescribed by the notification of the Commission of Stock Exchange of Thailand relating to the data presentation and operation of registered company for related transactions, mutatis mutandis. However, in consideration of such debt obligation, it shall include debt obligation incurred one year prior to the date of business relationship with the same person.

5. Not being or used to be the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict and not being the major shareholder, non- non-independent director or management member or managing partner of the audit firm with staff being the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
6. Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht 2 million per year from the company, holding company, subsidiary company, associated company or corporate with possible conflict. Nevertheless, in the case of the professional service provider being a corporate, the consideration shall extend to the major shareholder, non-independent director, management member or managing partner of such professional service provider, except having been out of the above position for at least two years prior to the appointment.
7. Not being the director who has been appointed as the representative of the company, major shareholder or shareholder whom is related to the major shareholder of the company.
8. Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the company.

◆ *Nominating Directors and Executives*

For appointment of director, The Nomination and Compensation Committee is responsible for consider to select and screen the person with qualification appropriate to articles of association and is the one who nominates the qualified person to obtain professional and diversified committee by considering from structure, size, and component of committee whereas the number nominated should be equal to the number of committee that sees out its term or vacant for the other reason and propose against Boards of Directors asking for permission, then shall present name of such committee to shareholder's meeting and select committee in a sense of criterion further.

The election a director has rules and methods as following:

- a) Each shareholder has 1 vote per share, the number of his/her votes corresponds therefore to the number of shares held by him/her.
- b) Each shareholder can exercise his/her right according to the number of his/her votes as specified in (a) electing one or many directors, but cannot give his/her votes to any person particularly.
- c) The persons gaining the highest votes shall be respectively elected directors in the proper number for such election. In case the number of the persons gaining less but equal votes exceeds the appropriate level for such election, the Chairman of the meeting shall make a final decision.

If the position of director is vacant by the other reason in addition to see out its term, committee shall select the qualified person and no legally prohibited quality in replacing to the previous one in the next committee meeting except only that leftover term of committee shall be less than 2 months. The new person takes place with former committee shall take a position of committee only equal to the leftover terms of the former committee. The resolution of committee in such matter should be comprised of votes at least 3 of 4 of the remaining number of committee.

The supervision of the internal information application

The Company has an organized internal control system which set to be a rule, practice for all systems and clearly defined authority since the credit approve process, payment approve process, debt reduction process, purchasing approve process, expenses approve process, and selling company asset. The Company has set the credit approve policy for each business in the Annual report Form 56-1 in the part credit approve policy.

Furthermore, the Company has the internal audit section that moderates operations and business performances, ensuring consistent operational effectiveness all year. The control system has a high degree of independence and directly reports to the Managing Director and the Audit Committee, supporting the defensive policy to improve the performance of the inspection team. The Company also invests efforts to improve the internal control system by keeping it up-to-date.

The Company has the policy in supervising and controlling not to allow the executives to use the Company's internal information for their personal benefits including for the advantage of their security purchasing by permitting each unit to be able to look into the information specifically in their own area of activities only, leaving only few concerned executives to obtain the information in general. However, the concerned executives have been informed by the Company of their obligation to disclose reports on their respective holding of securities and the holding of securities by their spouses and underage offspring as well as the penalty pursuant to the Securities and Exchange Act B.E. 2535 (1992).

Moreover, the work rules of the Company prohibit staff from disclosing Company secrets. Any violation of this is deemed to be a disciplinary wrongdoing resulting in employment termination. In the past, there has never been any occurrence of the use of inside information for personal interests.

Auditor' Fee

Auditor's Fee can separate as following:

1. Audit Fee
 - The Company audit fee in accounting year 2017 is amount of Baht 3,400,000.
 - An auditing office where an auditor belongs to person or affiliated company and auditing office where an auditor belongs to, in the accounting year 2017 is Baht 0.
2. Non-audit Fee
 - None -



Internal Control and Risk Management

At the Board of Directors Meeting No.4/2018 held on 15 March 2018, all three members of the Audit Committee / Independent Directors attended the meeting and commented on adequacy and suitability of the internal control system by referring to "Adequacy Assessment Form of the Internal Control System" of the Securities and Exchange Commission.

The Company attaches great importance to continuous internal control as the good internal control process will support the Company to operate effectively and achieve a goal, including preventing any damage that may occur from operation and undue exploitation of executives and employees, in addition to the importance of the internal control system to be more effective, to ensure that the Company is meeting the objectives defined under the supervision and effective internal control based on COSO (The Committee of Sponsoring Organizations of the Treadway Commission) consisting the five main components as follows:

1. Control environment

The Company determines an organizational structure and authority of officers and executives, with policies, procedures, and the operating manual with penalties clearly in writing. Duties of officers, approvers, overseers, and evaluators are separated to prevent conflict of interest and balances power of one another, including the appointment of the Audit Committee to determine adequacy of the internal control system and set up sub-committees to effectively consider and make a decision on various matters of the Company. The Company has also developed Business Ethics, Code of Conduct for Directors, Executives, and Employees, and Good Workplace Practices to be used as guidelines by all employees to ensure that they perform their duties with quality, standard, and integrity.

In terms of personnel care, appropriate compensations and welfares for personnel of the organization are provided in order to attract and maintain quality personnel in the Company.

2. Risk assessment

The Company regularly assesses risks associated with its business and changes in external factors affecting business operations of the Company significantly, including following up. There are suggestions for measures of risk reduction to adapt to the Company's business and it is constantly improving.

3. Control activities

The Company has clearly defined a policy and procedures. The process control and use of the Company's assets to maximize benefits and comply with the Company's policy, including duty separation and operation review to investigate one another in order to prevent fraud. Employees must not ignore when seeing or knowing that there are actions or operations that commit acts of corruption related to the Company. They must inform via the channels determined by the Company.

4. Information and Communication

The Company is constantly promoting this system to provide current and accurate information along with data security from collecting data, processing data, storage and tracking in order to support business expansion appropriately. The information required to carry out the duties of the Board is also presented for making a decision, including providing communication channels for individuals in the Company and external agencies can provide useful information relating fraud or corruption through the channels determined by the Company.

5. Monitoring Activities

The Company provides a follow-up process and reports results of operations and revenue comparison of each business type to the Board of Directors on a monthly basis. The inspection body directly under the audit committee is responsible for inspecting and reviewing work and processes to evaluate performances and the effectiveness of the internal control system and the Company's risk management system, reporting defects and progress of solutions in each type of business and departments to the Audit Committee on a quarterly basis to ensure that the Company's operations consist of adequate, effective and efficient internal control along with risk management to be in a system acceptable to the Company and the Company effective supervision to achieve the Company policy.

The Company regularly provides the monitoring compliance with the internal control system by the responsible parties, and the internal audit unit who monitors the operation and reports the result independently to the Audit Committee. In 2017, the Audit Company has 4 meetings.

The Board considered and agreed that The Company has sufficient and appropriate internal control system. The Company's Board of Directors was satisfied with the existing internal control system. The results of the audit, as appears from the evidence that can be examined, did not appear to have a practice that was illegal or against the rules in any ways. Mistaken practices are not significant. The internal audit unit has informed the management department and the relevant authorities and already solved the issues.



Shareholders Structure

As of 31 December 2017, the company has a registered capital of 6,550,000,020 baht with 6,550,000,020 baht paid up capital, divided into

1. a common shares per value Baht 0.50 totaling 6,550,000,000 baht with paid up capital 13,100,000,000 share.
2. a preferred shares per value Baht 0.50 totaling 40 shares (in the form of unaccumulated dividend right at the rate 3 percent per annum, the Company shall firstly pay dividend only when the Company earn profits after provisioning for legal reserves and other required reserves and there is no accumulated loss)

รายชื่อผู้ถือหุ้นรายใหญ่ 10 อันดับแรก (ณ. วันที่ 4 เมษายน 2560) List of Major Shareholders (as of 4 April 2017)	จำนวนหุ้น (พาร์ 0.50 บาท) Share (Par 0.5 Baht)	ร้อยละ (%)
1. นายวิวัฒน์ วิฑูรย์เอียร Mr. Vivat Vithoontien	850,633,000	6.49
2. นายชวลิต เศรษฐเมธีกุล Mr. Chavalit Sethameteekul	800,000,000	6.11
3. นายกำพล ตติยกวี Mr. Kampol Tatiyakavee	800,000,000	6.11
4. นายพิสุทธิ เดชะไคศยะ Mr. Phisud Dejakaisaya	600,200,000	4.58
5. นส. กนกวรรณ เล็กวิจิตร Ms. Kanokwan Lekvijit	599,324,000	4.57
6. นายสมพงษ์ ชลคดีดำรงกุล Mr. Sompong Chonecadeedumrongkul	429,000,000	3.27
7. นายไชยกร บุญลพาทย์ Mr. Chaiyakorn Boonlapapat	400,000,000	3.05
8. นายอัฐ ทองแดง Mr. Art Thongtang	369,453,000	2.82
9. นส. วีร ทองแดง Ms. Vion Thongtang	369,453,000	2.82
10. นายอิทธิ ทองแดง Mr. Itti Thongtang	369,453,000	2.82
11. นายอดิคุณ ทองแดง Mr. Atikhun Thongtang	369,453,000	2.82

- **The dividend payment policy**

Normally, the Company has the policy to pay its dividend to the shareholders about 60% of the net profit. However, the Company still has retained loss this year, so the Company will not pay its dividend.



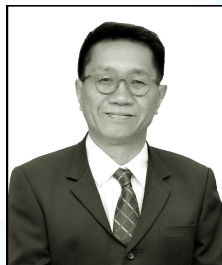
Board of Directors



(Mr. Vijit Supinit)
Chairman of the Board



(Mr. Wisait Panutat)
Vice Chairman of the Board



(Mr. Vivat Vithoontien)
Chief executive officer



(Mr. Chavalit Saleepol)
Chairman of the Executive Board



(Mrs. Supanut Pongserm)
Audit Committee Member



(Mr. Pinit Wuthipand)
Chairman of Audit Committee



(Mr. Piphat Inphongphant)
Audit Committee Member



(Mrs. Rachaneekorn Chintakanon)
Director



(Mr. Yanyong Siripun)
Director



Management Structure

The Board of Directors as of 31 December 2017 consists of

1. Mr. Vijit Supinit Chairman of the Board Independent Director
(To be director since 14 February 2017 replaces Mr. Pongsak Piboonsak, Passed away on 11 February 2018)
2. Mr. Wisait Panutat Vice Chairman of the Board Executive Director
(He was Chairman of the Board until 14 February 2017, Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
3. Mr. Chavalit Saleepol Chairman of Executive Committee Executive Director
(He was Chief Executive Officer until 14 February 2017, Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
4. Mr. Vivat Vithoontien Chief Executive Officer Executive Director
(To be director since 14 February 2017 replaces Ms. Norranuch Paikaew, Term of office is until the 2019 Annual General Meeting of Shareholders)
5. Mrs. Rachaneekorn Chintakanon Director Executive Director
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
6. Mr. Pinit Wuthipand Director Independent Director
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
7. Mrs. Supanut Pongserm Director Independent Director
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
8. Mr. Piphat Inphongphant Director Independent Director
(Term of office from 27 April 2015 until the 2018 Annual General Meeting of Shareholders)
9. Mr. Yanyong Siripun Director Independent Director
(Term of office from 9 May 2016 until the 2019 Annual General Meeting of Shareholders)
10. Mr. Pongsak Piboonsak Director Independent Director
(To be director on 9 May 2016, resigned on 9 February 2017)
11. Ms. Norranuch Paikaew Director Independent Director
(To be director on 9 May 2016, resigned on 9 February 2017)

Authorized Directors

As of 31 December 2017, Directors authorized to sign in binding the company consist of Mr. Wisait Panutat, Mrs. Rachaneekorn Chintakanon, Mr. Chavalit Saleepol and Mr. Vivat Vithoontien. Any two out of these four Directors shall commonly sign and affix the company common seal.

Board of Directors' Meetings

In 2017, The Company had 23 total meeting, detail as follows:

Director's Name	Position	Attend / Total Meeting (Times)			
		Board of Director	Executive Committee	Audit Committee	Nomination & Remuneration Committee
1. Mr. Vijit Supinit	Chairman of the Board	9 / 12	-	-	-
2. Mr. Wisait Panutat	Vice Chairman of the Board	15 / 15	3 / 3	-	1 / 1
3. Mr. Chavalit Saleepol	Chairman of the Executive Board	11 / 15	2/3	-	1 / 1
4. Mr. Vivat Vithoontien	Chief Executive Officer	12 / 12	3 / 3	-	-
5. Mr. Pinit Wuthipand	Chairman of Audit Committee / Independent Director	13 / 15	-	3 / 4	-
6. Mrs. Supanut Pongserm	Audit Committee member / Independent Director	15 / 15	-	4 / 4	-
7. Mr. Piphat Inphongphant	Audit Committee member / Independent Director	13 / 15	-	4/4	-
8. Mrs. Rachaneekorn Chintakanon	Director	13 / 15	3 / 3	-	1 / 1
9. Mr. Yanyong Siripun	Independent Director	15 / 15	-	-	-
10. Mr. Pongsak Piboonsak (Resigned 9 February 2017)	Independent Director	2 / 2	-	-	-
11. Ms. Norranuch Paikaew (Resigned 9 February 2017)	Independent Director	1 / 2	-	-	-

For all meetings, minutes will be taken and kept, after approved by the directors, for future reference by the directors and relevant parties.

Executive as of 31 December 2017 consists of

- | | |
|--------------------------------|------------------------------------------------------------------|
| 1. Mr. Vivat Vithoontien | Chief Executive Officer |
| 2. Mr. Kerekkiat Kukiattinun | Managing Director – Business |
| 3. Mr. Kannanat Boonsunanondha | Managing Director – Credit Operation |
| 4. Mr. Pornsak Kiranasopon | Senior Vice President, Debt management Dept. |
| 5. Ms. Apinya Borivachanon | Senior Vice President, HR Dept./ Admin Dept. / Company Secretary |
| 6. Ms. Wipajaree Tanusate | Vice President, Accounting Department |
| 7. Mrs. Rossukhon Yamkasikorn | Vice President, Accounting Department |

Company Secretary

The Board of Directors appointed Miss Apinya Borivachanon to be the company secretary since 28 July 2008. The company secretary qualification as report in Board of Directors and Executive Officers Profiles.

Directors and Executive remuneration

Remuneration of Directors

The Board of Directors shall designate a Nomination and Remuneration Committee to recommend guidelines for setting directors' remuneration. The levels of remuneration shall be comparable to those of companies in the same industry taking into consideration the duties and responsibilities of the directors concerned. Directors' remuneration is approved at a shareholders' meeting. The 2017 Annual General Meeting of shareholders has the resolution to fix the remuneration of director detail as following:

(1) Remuneration (Per month)

Chairman of the Board	Baht 15,000
Director	Baht 10,000

(2) Meeting Allowance (Per time)

Chairman of the Board	Baht 14,000
Board Member	Baht 8,000
Chairman of the Executive Board	Baht 14,000
Executive Director	Baht 10,000
Chairman of the Audit Committee	Baht 24,000
Audit Committee Member	Baht 18,000
Chairman of the Remuneration Committee	Baht 12,000
Remuneration Committee Member	Baht 10,000

All of directors will receive the remuneration per month as above, meeting allowance will pay only for attendance director. The Board of directors will pay meeting allowance not more than 1 time per month. Audit Committee will pay meeting allowance not more than 4 times per year. The Remuneration and Compensation Committee will pay meeting allowance not more than 1 time per year and the Executive Committee will pay meeting allowance not more than 4 times per year.

The directors' remuneration in 2017 is as following:

Director's Name	Remuneration (per month)	Attendance payment				Directors Bonus	Total
		Board	Executive Committee	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Vijit Supinit (Chairman of the Board)	165,000	112,000	-	-	-	-	277,000
2. Mr. Wisait Panutat (Vice Chairman of the Board)	125,000	102,000	30,000	-	12,000	200,000	469,000
3. Mr. Chavalit Saleepol (Chairman of the Executive Board)	120,000	64,000	28,000	-	10,000	200,000	422,000
4. Mr. Vivat Vithontien (Chief Executive Officer)	110,000	88,000	30,000	-	-	-	228,000
5. Mr. Pinit Wuthipand (Chairman of Audit Committee / Independent Director)	120,000	88,000	-	72,000	-	200,000	480,000
6. Mrs. Supanut Pongserm (Audit Committee member / Independent Director)	120,000	96,000	-	72,000	-	200,000	488,000
7. Mr. Piphat Inphongphant (Audit Committee member / Independent Director)	120,000	80,000	-	72,000	-	200,000	472,000
8. Mrs. Rachaneekorn Chintakanon (Director)	120,000	88,000	30,000	-	10,000	200,000	448,000
9. Mr. Yanyong Siripun (Independent Director) (Appointed 9 May 2016)	120,000	96,000	-	-	-	133,333	349,333
10. Mr. Pongsak Piboonsak (Independent Director) (Resigned 9 February 2017)	10,000	8,000	-	-	-	133,333	151,333
11. Ms. Norranuch Paikaew (Independent Director) (Resigned 9 February 2017)	10,000	8,000	-	-	-	133,333	151,333
Total	1,140,000	830,000	118,000	216,000	32,000	1,599,999	3,935,999

Remark ! Director bonus was records in the operation expenses.

Remuneration of Company's executives

The remuneration of Company's executives as defined by the SEC in the form of salary, provident fund and bonus as following:

	2015	2016	2017
Management (person)	6	6 (one resign during the year)	7
Total Salary and Bonus (Baht)	9,439,385.00	9,272,100.00	14,577,434.62
Provident fund	403,619.25	415,860.00	493,140.00
Total remuneration	9,843,004.25	9,687,960.00	15,070,574.62

Personnel

As of 31 December 2014, 2015, 2016 and 2017 there were 19, 19, 34 and 279 employees working with the Company respectively (not include 7, 6, 5 and 7 executive officers defined by the SEC respectively). The Company paid remuneration for employees total 7,484,677.82 baht, 7,929,009.81 baht, 15,479,408.20 baht and 57,282,032.98 baht respectively. The remunerations were salaries, overtime, bonus, social security and provident fund etc. Detail of employees are as following:

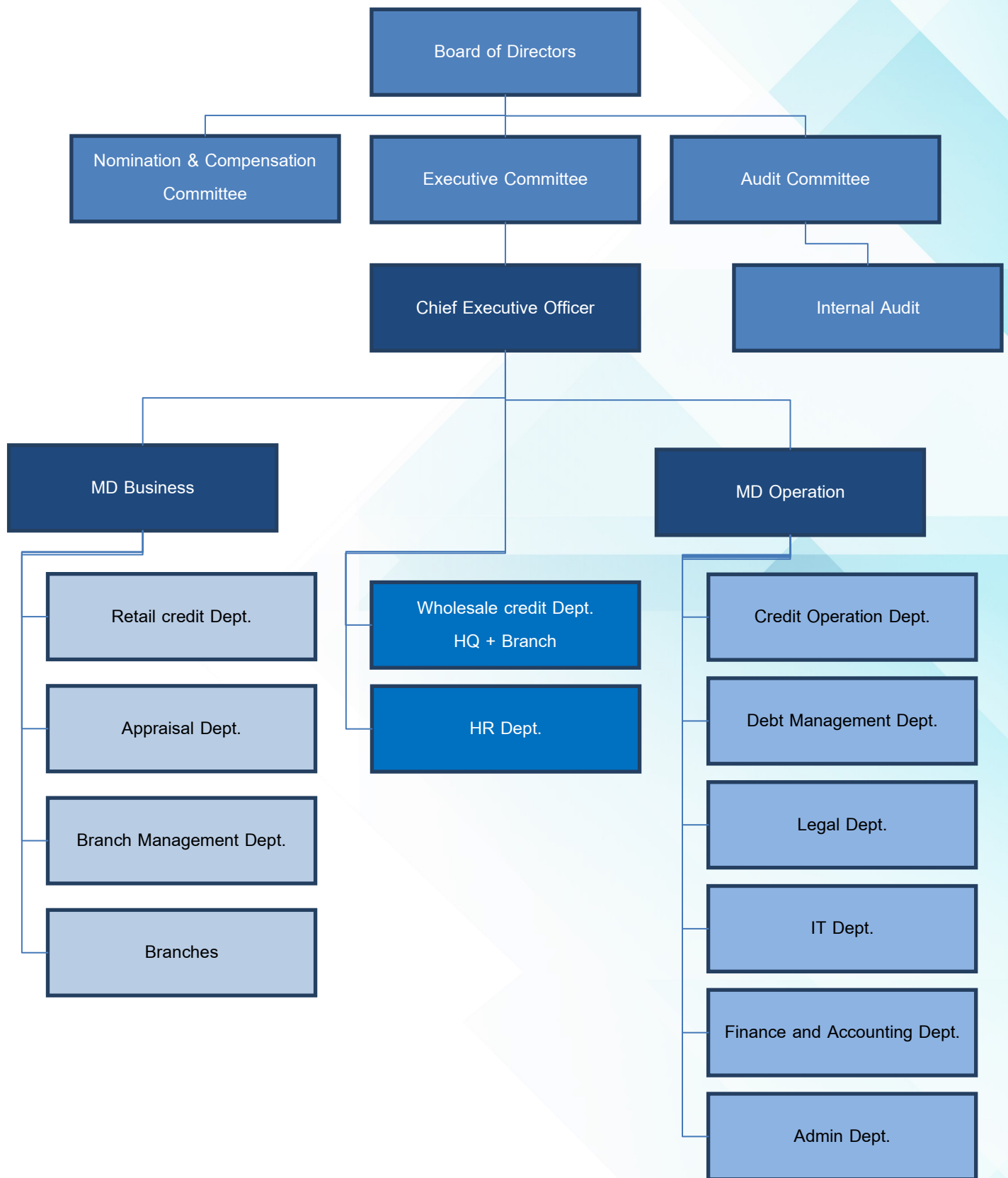
Department	Employee (person)			
	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017
Wholesale Credit	2	3	7	2
Retail Credit	-	-	-	3
Personal Loan	3	1	1	1
Appraisal	-	-	-	5
Branch Office	-	-	-	5
Law	2	2	2	5
Operation	1	1	2	16
Debt Management	-	-	-	20
Business Development	-	-	3	-
Financial and Accounting	3	3	4	7
Administration	2	2	2	4
Human Resource	1	1	1	1
I.T.	1	1	3	5
Internal Audit Section	1	1	2	2
All Branch	3	4	7	203
Total	19	19	34	279

Remuneration of Company's executives

1. The Company has the policy in giving the employees the proper training and developing both from inside and outside of the organization by considering their educational qualifications, experiences and positions.
2. The Company has equal and fair treatment towards staff in compliance with the provisions of law, and provision of appropriate remuneration.
3. The Company has provides yearly general medical examination and specific medical examination based on age and gender to ensure the good quality of living for staff.



Organization Chart





Board of Directors and Executive Officers

Mr. Vijit Supinit

Position	: Chairman of the Board / Independent Director
Age	: 76 years
Appointed Date	: 14 February 2017 - 11 February 2018
Education	: M.A. Yale University, U.S.A. B.A. (Econ.) Hons. The University of Manchester, England G.C.E. (Advanced Level), Southend College of Technology, England Certificate : DAP, RCP, ACP, CGI from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – 2018 Chairman of the Board, SGF Capital Plc. 2015 – 2018 Chairman of Consultant, K-Tech Construction Plc. 2015 – 2018 Chairman of the Board, Apple Wealth Holding Plc. 2013 – 2018 Chairman of the Board, Apple Wealth Securities Plc. 2007 – 2018 Dean, Graduate School, Business Administration, Siam University. 2008 – 2013 Director and Chairman of the Audit Committee, TMB Bank Plc. 2008 – 2011 Chairman of the Board, the Securities and Exchange Commission, Thailand 2006 – 2015 Chairman of the Board, G Steel Plc. 2003 – 2007 Chairman, the Stock Exchange of Thailand 2003 – 2007 Chairman, Financial Institution Asset Management Corporation, Ministry of Finance. 1993 – 1996 Chairman, Export-Import Bank of Thailand 1990 – 1996 Chairman and the Governor of the Bank of Thailand

Mr. Wisait Panutat

Position	: Vice Chairman of the Board
Age	: 75 years
Appointed Date	: 12 December 2003
Education	: Master of Management, Sasin, Chulalongkorn University Mini M.B.A, Thammasat University B.A. in Political Science, Thammasat University Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Director, Bliss-tel Plc. 2017 – Present Vice Chairman of the Board, SGF Capital Plc. 2016 – Present Chairman of Audit Committee, Masda Cholburi Co.,Ltd. 2014 – Present Chairman of Audit Committee, Independent Director, Stone One Plc. 1999 – 2560 Audit Committee member, Independent Director, Sin Mun Kong Insurance Plc. 2010 – 2017 Chairman of the Board, Siam General Factoring Plc. 2003 – 2011 Nomination and Remuneration Committee member / Independent Director, Prasit Pattana Plc., Phyathai Hospital Group.

Mr. Chavalit Saleepol

Position	: Chairman of the Executive Board
Age	: 70 years
Appointed Date	: 12 December 2003
Education	: M.B.A, Rangsit University B.A. in Law, Thammasat University B.A (Accounting), Thammasat University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Chairman of the Executive Board, SGF Capital Plc. 2015 – Present Director, Bliss Thai Asset Co.,Ltd. 2001 – Present Director, SGB Associates Co.,Ltd. 2011 – 2017 Chief executive officer, Siam General Factoring Plc. 2012 – 2014 Chairman, Solution Conner (1998) Plc. 2011 – 2013 Chairman of Audit Committee, Prasit Pattana Plc. 2006 – 2013 Director, Phyathai Hospital 1, 2 and 3 Co.,Ltd. 2008 – 2011 Subcommittee, The Board of Investment of Thailand 2007 – 2011 Audit Committee Member, Sriracha-nakorn Hospital Co.,Ltd. 2003 – 2011 Chairman of Audit Committee, Siam General Factoring Plc.

Mr. Vivat Vithoontien

Position	: Chief Executive Officer
Age	: 57 years
Appointed Date	: 14 February 2017
Education	: Ph.D. International Economics, New York University, U.S.A MA. Economics, New York University, USA BA. Economics, New York University, USA. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 850,633,000 shares
Experiences	: 2017 – Present Chief Executive Officer, SGF Capital Plc. 2014 – 2015 Director, ACAP Corporate Service Co.,Ltd. 2014 – 2015 Director, ACAP Consulting Co.,Ltd. 2014 – 2015 Director, Global Service Center Co.,Ltd. 2014 – 2015 Director, Professional Collection Co.,Ltd. 2014 – 2015 Director, ACAP (Asia) AMC Co.,Ltd. 2007 – 2015 Director, Capital OK Co.,Ltd. 2000 – 2015 Chairman of the Board, CEO, ACAP Advisory Plc. 2007 – 2013 Director, ACAP (Malaysia) Sdn. Bhd.

Mr. Pinit Wuthipand

Position	: Chairman of Audit Committee / Independent Director
Age	: 70 years
Appointed Date	: 24 March 2004
Education	: B.A. in Account, Thammasat University Certified Public Accountant Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2013 – Present Chairman of Audit Committee / Independent director, News Network Corporation Plc. 2011 – Present Chairman of Audit Committee / Independent director, SGF Capital Plc. 2003 – Present Internal Audit, Rungsit University. 2010 – 2011 Chairman of Audit Committee / Independent director, Paolo Medic Co.,Ltd. 2009 – 2011 Chairman of Audit Committee / Independent director, Health Network Co.,Ltd. 2004 – 2011 Audit Committee member / Independent director, Siam General Factoring Plc. 2009 – 2010 Examine and Evaluation Subcommittee, Software Industry Promotion Agency

Mrs. Rachaneekorn Chintakanon

Position	: Director
Age	: 47 years
Appointed Date	: 3 August 2015
Education	: Master's degree in Business Administration (MBA) with a major in Finance San Francisco State University, CA, U.S.A Bachelor of Education with Specialization in Business (2nd Class Honors), Chulalongkorn University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 291,650,000 shares
Experiences	: 2015 – Present Director, SGF Capital Plc. 2014 – 2015 Independent Director / Audit Committee Member, RPCG Plc. 2011 – 2013 Director, Solution Corner (1998) Plc. 2002 – 2003 Senior Assistant Vice President for Investment and Business Development Department, Asset Plus Securities Public Co.,Ltd. 2001 – 2002 Senior Assistant Vice President and MD Assistant Business Development Department, Bualuang Securities Co.,Ltd.

Mrs. Supanut Pongserm

Position	: Audit Committee Member / Independent Director
Age	: 57 years
Appointed Date	: 24 March 2004
Education	: Barrister-at-law, The Thai Barrister LLB., Thammasat University Certificate : DAP, DCP, CSP, FND from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2004 – Present Director, Office of the CEO and legal Department, Prasit Pattana Plc., Phyathai Hospital Group. 2004 – Present Audit Committee Member, SGF Capital Plc. 2007 – 2009 Director, Sriracha-nakorn Hospital Co.,Ltd.. 2005 – 2007 Director, Paolo Medic Co.,Ltd.. 2003 – 2004 Director, Big Development Planner Co.,Ltd.

Mr. Piphat Inphongphant

Position	: Audit Committee Member / Independent Director
Age	: 58 years
Appointed Date	: 6 September 2010
Education	: Barrister-at-law, The Thai Barrister in 1981 LLB. in 1980. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Audit Committee Member, SGF Capital Plc. 2005 – 2011 Director, Didomon Group Plc. 2005 – 2011 Director, Thai Doctor Center Plc. 2010 – 2011 Director, Siam General Factoring Plc.

Mr. Yanyong Siripun

Position	: Director / Independent Director
Age	: 73 years
Appointed Date	: 28 April 2016
Education	: Master of Law (LLM), Kieo University, Tokyo, Japan. Bachelor of Laws, Thammasat University Diploma of English Language and Administration Management of Canberra University, Australia.
% of shareholding	: - None -
Experiences	: 2016 – Present Director / Independent Director, SGF Capital Plc. 2011 – 2012 Director, Paolo Medic Co.,Ltd.

Mr. Kerekkiat Kukiattinun

Position	: Managing Director - Business
Age	: 58 years
Education	: Mini M.B.A, National Institute of Development Administration Bachelor Degree of Economics, Ramkhamhaeng University
% of shareholding	: - None -
Experiences	: 2017 – Present Managing Director - business, SGF Capital Plc. 2014 – 2016 EVP. Head of Marketing & Branch Operating, Amanah Leasing Plc. 2011 – 2014 EVP. (Chief Credit Officer), Amanah Leasing Plc.

Mr. Kannanat Boonsunanondha

Position	: Managing Director – Credit Operation
Age	: 49 years
Education	: Master of Science in Administration, Boston, Massachusetts, U.S.A. B.A. in Business Administration, International Business and Management, the University of the Thai Chamber of Commerce, Bangkok
% of shareholding	: 8,600,000 shares
Experiences	: 2017 – Present Managing Director – Credit Operation, SGF Capital Plc. 2015 – 2016 Managing Director, Capital OK Co.,Ltd. and Global Service Center Co.,Ltd. 2003 – 2015 Head of Personal Loan and Motorcycle Loan, Marketing & Sale Department, Capital OK Co.,Ltd. and Global Service Center Co.,Ltd.

Mr. Pornsak Kiranasopon

Position	: Senior Vice President, Debt Management Department.
Age	: 58 years
Education	: Bachelor Degree of Law, Ramkhamhaeng University
% of shareholding	: - None -
Experiences	: 2017 – Present Senior Vice President, Debt Management Dept., SGF Capital Plc 2014 – 2017 Manager, Special Liabilities management 1 Dept., Thitikorn Plc. 2013 – 2014 Manager, Operation 1 Dept., Thitikorn Plc. 2010 – 2013 Manager, Region Special Liabilities management Dept., Thitikorn Plc. 2008 – 2010 Manager, Central Special Liabilities management Dept., Thitikorn Plc.

Ms. Apinya Borivachanon

Position	: Senior Vice President, HR Dept, Admin Dept. / Company Secretary
Age	: 49 years
Education	: B.B.A. Commerce (Hon.), Chulalongkorn University Certificate : DAP, CSP, EMT from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Senior Vice President, HR Dept. and Admin Dept., SGF Capital Plc. 2008 – Present Company Secretary, SGF Capital Plc. 2008 – 2017 Senior Manager, M.I.S Dept, Admin Dept., Siam General Factoring Plc. 2004 – 2010 Director, Siam General Factoring Plc. 1997 – 2008 Manager, M.I.S. Department, Siam General Factoring Plc. 2000 – 2008 Acting Manager, Administration Department, Siam General Factoring Plc.

Ms.Wipajaree Tanusate

Position	: Vice President, Accounting Dept.
Age	: 49 years
Education	: B.B.A. (Accounting) Suansunandha Rajabhat University
% of shareholding	: - None –
Experiences	: 2017 – Present Vice President, Accounting Dept., SGF Capital Plc. 2002 – 2017 Manager, Finance & Accounting Dept., Siam General Factoring Plc. 1999 – 2001 Assistant Manager, Finance & Accounting Dept., Siam General Factoring Plc.

Mrs. Rossukhon Yamkasikorn

Position	: Vice President, Accounting Dept.
Age	: 46 years
Education	: Master's Degree in MBA Finance and Banking, Ramkamhaeng University Bachelor Degree of Accounting, Suansunandha Rajabhat University
% of shareholding	: 100,000 shares
Experiences	: 2017 – Present Vice President, Accounting Dept., SGF Capital Plc. 2004 – 2016 Assistant Vice President , Accounting Dept., Capital OK Co.,Ltd 2002 – 2004 Manager, Accounting Dept., SAM Consulting Group Co., Ltd. 1993 – 2002 Senior Accounting, Accounting Dept., Teleinfo media Co.,Ltd.

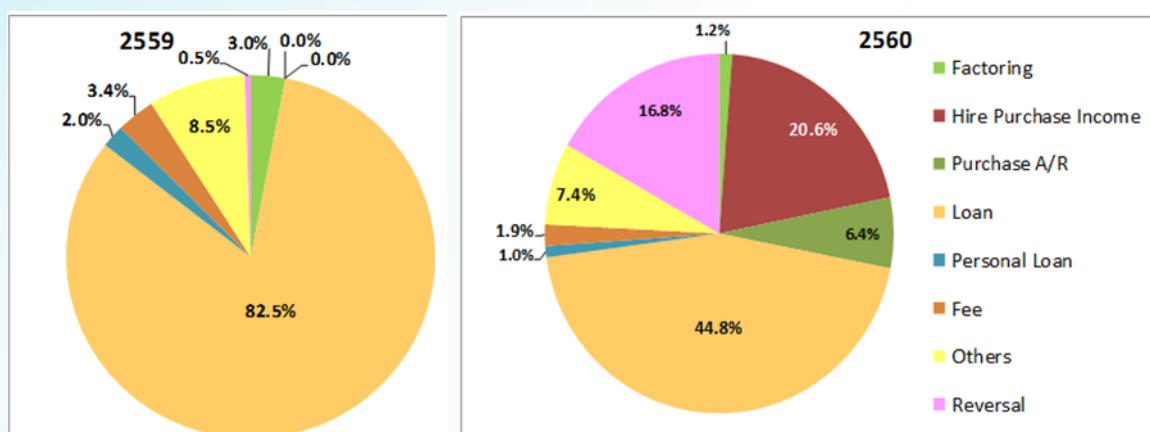


Management Discussion and Analysis

Unit : Million Baht

	2014	2015	2016	2017	Change 2016 - 2017	
					Increase (Decrease)	%
Revenue from credit	42.79	58.32	115.71	153.79	38.08	32.91
Reverse from doubtful account	22.25	4.44	0.54	32.51	31.96	5810.91
Total Revenue	72.59	64.60	116.25	186.30	70.04	60.24
Interest Expenses	(1.62)	(1.65)	(1.00)	(0.93)	(0.07)	-7.00
Administrative and operating expenses	(32.60)	(36.41)	(50.50)	(135.15)	84.65	167.62
Bad debt & doubtful account	(2.37)	(0.84)	-	-	-	-
Net Profit before tax	36.00	25.70	64.76	50.22	(14.54)	-22.45
Deferred Tax assets	10.79	(8.28)	27.65	(17.62)	(45.27)	-163.73
Net Profit	46.79	17.42	92.41	32.60	(59.80)	-64.72

2017 Executive Summary: Statements of Comprehensive Income



Total revenue 153.79 million baht, a 32.9% growth from 115.71 million baht (2016). The growth contributed to new retail finance business (40.3% growth from credit interest, 101.8 million baht to 142.8 million baht, fee decrease 5.4%, 3.9 million baht to 3.7 million baht from retail financing) which commences its operation since March 2017, and reduction in revenue from loan (SME) (interest from factoring, personal loan, and loans decrease 10.8% from 101.8 million baht remaining 90.8 million baht). Revenue from interest are as following:

	Y2016	Y2017	change	change %
Existing product				
Factoring	3,516.5	2,297.8	(1,218.6)	-34.7%
Personal loan	2,335.7	1,960.6	(375.1)	-16.1%
Loan (SME)	95,972.7	86,529.6	(9,443.1)	-9.8%
Total	101,824.9	90,788.1	(11,036.9)	-10.8%
New product (Retail financing)				
Receivable purchased	-	12,289.2	12,289.2	100.0%
Hire Purchase	-	39,767.9	39,767.9	100.0%
Total	-	52,057.1	52,057.1	100.0%
Credit Interest	101,824.9	142,845.2	41,020.3	40.3%
Fee Receive (mostly from retail business)	3,957.3	3,744.2	(213.1)	-5.4%
Other interest income	257.8	185.3	(72.6)	-28.1%
Other income	9,670.1	7,020.8	(2,649.3)	-27.4%

SG&A 114.9 million baht, a 33.6% growth from 38.65 million baht (2016). SG&A in Q4/2017 is 31.01 million baht, a 10.8% decrease from 34.76 million baht (Q3/2017). The growth is contributed to retail finance business expansion. The Company has increased its operational branch from 2 branches to 59 branches and increase total employees from 26 to 286 personnel (from 2016). More employees increase in Q2 and Q3, and slightly increase in Q4.

Bad debts and doubtful account reversal in 2017 is 32.50 million baht, growth from 0.54 million baht in 2016.

- The Company booked special allowance this quarter amounted 109 million baht for one of its customer. The Civil court sentenced to revoke the mortgage which collateralized the loan of this customer so the company booked full provision for such loan without collateral. The Company already submitted a petition to extend the time to appeal to the Civil Court to secure the mortgage back to guarantee the debt as it was.
- In the same time, the company record the reversal of allowance for its Supreme Court case winning (factoring receivable amounted of 147.66 million baht). The court has rendered its judgment and given the Company won the case of lawsuit. As a result, the Company will get the repayment of 200.6 million baht, together with interest at 7.5% per annum of the outstanding amount of 197.3 million baht since the next day to the filing date (Filed 4 April 2003) until the debt is fully paid. As of 22 February 2018, there was an event after the financial statement, the debtor has requested to pay cash for its obligation and a debt reduction (from the principal + interest totaling 421 million baht) reduce to remaining 378 million baht (a 43 million baht or 10.21% reduction). The debtor has paid a deposit of 200 million baht on 22 February 2018 and promise to pay another 150 million baht within 45 days from the first deposit date if the shareholder approve such proposal, the remaining 28 million baht will be paid within 25 July 2018.

- The Company book bad debts and doubtful account for others receivable 6.19 million baht.

Directors and management remuneration amounting to 19.0 million baht, increase 7.15% from 2016 which amounted to 11.85 million baht and decreased from quarter 3 year 2016 mainly because in 2017 there are new management teams employed.

The Company had net profit before deferred tax is 50.22 million baht, decrease 22.4% from 2016 which amounted to 64.76 million baht due to the expansion in retail business which the Company must to invest in equipment, technology and personnel.

2017 Executive Summary: Statement of Financial Position

	Q1/2017	%Asset	Q2/2017	%Asset	Q3/2017	%Asset	Q4/2017	%Asset
Cash and cash equivalents	31.8	2.0%	51.8	3.5%	56.2	3.5%	28.4	1.8%
Short Term Investment	491.6	31.3%	333.2	22.4%	210.0	13.0%	215.7	13.4%
Receivable	959.7	61.1%	994.3	66.9%	1,262.8	78.3%	1,274.6	78.9%
Loan (SME)	892.3	56.8%	759.2	51.1%	763.2	47.3%	735.4	45.5%
Hire Purchase (Retail)	19.0	1.2%	202.8	13.6%	323.6	20.1%	370.5	22.9%
Purchase of receivable (Retail)	18.1	1.1%	14.3	1.0%	11.3	0.7%	8.5	0.5%
Factoring	23.2	1.5%	11.2	0.8%	11.2	0.7%	7.2	0.4%
Personal loan	7.1	0.5%	6.8	0.5%	5.8	0.4%	5.4	0.3%
Factoring (Court case)					147.7	9.2%	147.7	9.1%
PP&E	17.9	1.1%	33.7	2.3%	34.7	2.1%	42.4	2.6%
Deferred Tax asset	51.5	3.3%	61.4	4.1%	32.2	2.0%	30.9	1.9%
Others	18.5	1.2%	12.8	0.9%	16.7	1.0%	22.8	1.4%
Total Assets	1,571.0		1,487.2		1,613.6		1,614.7	
Total Liabilities	51.5	3.3%	68.2	4.6%	70.9	4.4%	77.8	4.8%
Total shareholder equity	1,519.5	96.7%	1,419.0	95.4%	1,542.7	95.6%	1,536.9	95.2%

- Hire Purchase (retail) amount 370.5 million baht, a 14.5% growth from 323.6 million (Q3/2017) due to the retail business expansion, branch expansion and increased in agents.
- Loan (SME) amounted to 735.4 million slightly decrease from 763.2 million baht (Q3/2017), which in line with the company direction to focus on retail lending
- Cash and short term investment decreased from 267.3 million baht (Q3/2017) to 244.0 million baht resulted from retail finance business expansion.
- Total Liabilities 77.8 million baht (D/E ratio 0.051) mostly non-interest bearing debt. Equity is 1,536.9 million baht decrease by 5.80 million baht resulted from operation.

Retail Business

- The Company started car title loan (hire purchase) in March 2017, targeted to open 60 branches and having 1,200 agents in this year. The Company has hired experience and hire caliber professional as well as implement IT system to support credit and debt collection.
- The Company had increase employees from 39 persons in 2016 to 286 persons at the ended of the year 2017 of which 207 employees operated at our 59 branches around Thailand and 504 agents (agent is not included in our payroll). The administrative and operating expenses was increased from the expansion in head office and branch employees to accommodate the growth in the forthcoming quarter, our payroll expansion according to our business plan this is nearly done in this quarter.
- Loan quality: The company focus on maintaining loan quality to have lowest level of NPL, at the ended of 2017 the company has loan pass due over 3 month equal to 3.5% of the portfolio (retail hire purchase only)

Aging	Million baht	%
Current of less than 1 month over due	209.50	56.3%
1 to 3 month overdue	149.30	40.2%
3 to 6 month overdue	10.60	2.9%
More than 6 month overdue	2.40	0.6%
	371.80	

Remark ! This aging not deduct the allowance for doubtful account

Financial Ratio

	2016	2017
Gross Profit Margin (%) (Total credit revenue – interest exp.) / Total credit	99.10%	99.40%
Net Profit Margin (%)	79.86%	21.20%
Current Ratio (x)	30.67	9.44
Debt to Equity Ratio (x)	0.03	0.05
EPS (THB/SHARE) (par 0.50 baht / share)	0.0071	0.0025
BVPS (THB/SHARE) (par 0.50 baht / share)	0.115	0.117

Remark ! The Company had change par from 0.25 baht per share to 0.50 baht per share on 12 July 2016

The financial Statement ended 31 December 2017, the company has the gross profit margin and net profit margin as 98.64% and 82.05% orderly, which is better than 2016. The gross profit margin is high because the Company don't have loan from the financial institute, and low interest expenses. The liquidity is 9.44 times in 2017 and 30.67 times in 2016, because in 2016, a new classification of receivables which due

over 1 year to be non-current asset cause the current assets decreased and the liquidity ratio decreased too. Debt to equity ratio in 2017 is 0.05 times nearly by 2016.

Unit : Million Baht

Activities	2014	2015	2016	2017
Cash and cash equivalents at beginning of year	14.58	43.98	57.37	23.86
Net cash provided by (used in) operating activities	19.82	(256.18)	(293.98)	(330.41)
Net cash provided by (used in) investing activities	11.15	(850.40)	267.11	340.35
Net cash provided by (used in) financing activities	(1.57)	1,119.97	(6.65)	(5.44)
Cash and cash equivalents at end of year	43.98	57.37	23.86	28.36

In 2017, there is a cash flow spent in operation activities 330.41 million baht, and in 2016, there is a cash flow spent in operation activities 303.67 million baht due to the expansion of credit which is a normal status of the company.

Share Capital

At 31 December 2017, the Company total equity is 1,536.93 million baht, increased 32.70 million baht from net profit. The company had retaining deficit 415.68 million baht and 448.28 million baht, respectively. Board has the resolution to have a policy to implement the capital reduction to offset discount on share capital and the deficit finished within 6 months after the ended of the dispute with registered company, according to the Company must have period to invitation for meeting, period for creditor to challenge within 2 months prior to the registration of the capital reduction at the Ministry of Commerce.



Related Parties and Connected Transaction

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is held 18.08% of shares by Thongtang family who is the majority shareholder.

The followings are relationships of the Company and related parties.

Name of entities	Country of incorporation/ nationality	Business	Nature of relationships
SGF Asset Management Company Limited	Thailand	Purchase or transfer of loan receivables	Subsidiary
SGF Service Management Company Limited	Thailand	Providing financial advice service	Subsidiary
SGF Capital (Nakhon Ratchasima) Company Limited	Thailand	Providing short-term loan in Nakhon Ratchasima	Subsidiary
SGF Capital (Chiangmai) Company Limited	Thailand	Providing short-term loan in Chiangmai	Subsidiary
SGF Capital (Chonburi) Company Limited	Thailand	Providing short-term loan in Chonburi	Subsidiary
WTH Holdings Company Limited	Thailand	Providing services related to building and place	Same shareholder
Wichaithongtang Law Office Company Limited	Thailand	Providing legal counsel	Same shareholder

The following transactions were carried out with related parties:

Outstanding balances

	Consolidated financial state- ments	Separate financial statements	
	2017	2017	2016
	Baht	Baht	Baht
<u>Subsidiaries</u>			
SGF Asset Management Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	140,197	-
SGF Service Management Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	6,400	-
SGF Capital (Nakhon Ratchasima) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	28,830	-
SGF Capital (Chiangmai) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	29,005	-
SGF Capital (Chonburi) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	29,005	-

The following transactions were carried out with related parties:

Expenses to related parties

		Consolidated	Separate	
		financial statements	financial statements	
Pricing		2017	2017	2016
policies		Baht	Baht	Baht
For the year ended				
31 December				
<u>Same shareholder companies</u>				
Wichaithongtang law office Co., Ltd	Agreed price, as discussed on the agreement			
The legal advisor fees	50,000 per month.	600,000	600,000	600,000
WTH Holding Limited	Agreed price, as discussed on the agreement			
Building rental and expenses	120,000 per month.	1,440,000	1,440,000	-

Necessities and reasons of transactions

For transactions between the company and related companies, we apply the criteria of credit line, interest rate and important conditions accordance with the credit standards approval which are also applied to other customers in general by presenting a process to determine the size of credit line, the related person had to declare the fact to the meeting and did not involved in consideration of such matter.

The audit committee was of the opinion regarding the above transaction that it was a normal credit approval, like for other customers. The legal advisor expenses are less than the others company legal advisor, therefore, the audit committee had no observations in this matter.

Future transaction measures

We developed the criteria for related transactions in the future. The related transactions shall require the approval from the credit committee, board of management or board of directors, as the case may be, and the audit committee shall express the opinion on such related transactions. (as per the details of policy of related transactions on the company's website : www.sgfcap.com)



Audit Committee's Report

The Audit Committee of SGF Capital Public Company Limited has been appointed from Board of Directors of Siam General Factoring Public Company Limited. The Audit Committee has comprised 3 independent directors as follow:

Audit Committee Member	Position
Mr. Pinit Wuthipand	Chairman of Audit Committee
Mrs. Supanut Pongserm	Audit Committee Member
Mr. Piphat Inphongphant	Audit Committee Member

Mrs. Sugunya Chunthep Assistant Vice President, Internal Audit Department be secretary of the meeting, and notes meeting report.

The Audit Committee has performed the duties which delegated by the Board of Directors in accordance with Securities and Exchange Act, announcement of the Stock Exchange of Thailand which specified in the charter of the company's committee.

In 2017, the Audit Committee held the meeting; 4 times totally, with management team, internal control team, and auditor on the agenda. There is the summary meeting report which proposed to Board of Directors for acknowledgement in every time of meeting. One of the meetings was held exclusively for auditor, without management team. We can summarize substantial affair during the past year as follow:

1. Financial Reports

The Audit Committee has reviewed preparation of quarterly financial statements and the company's annual financial statements, the company's consolidated financial statement, and the company's subsidiary with auditor, management team, and internal control team. Auditor gives unqualified opinion to the company's financial report because of adequate information disclosure, timeliness, advantage for user of the company's financial report. Auditor also provides the suggestion, and the helpful opinion for accurate; and reliable of the company's financial statement, and ensures that financial information is in accordance with the law and accounting standards. The Audit Committee held the exclusive meeting for auditor only, without management team in order to the auditor can consult about independent working, and give auditor's opinion.

2. Internal Control System and Internal Audit

The Audit Committee has reviewed adequacy of the internal control system and the risk management of the company and the company's subsidiary by considering operations, property care, prevention of mistakes, damages or corruption, including compliance with laws and regulations, and review of reports of internal audit and the auditor, as well as results of critical issue improvement to assess appropriateness, effectiveness of the internal control system and the risk management of the company, the management department's compliance with policy and the authorized power defined.

The Audit Committee considers the planning and approves the annual audit plan, scope of work by following up the monitoring plan in accordance with the audit plan in a quarter basis along with provision of advice on how to improve performances of auditing.

3. Compliance

The Audit Committee has reviewed the company's operations in accordance with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and the law related to the business of the company; and acknowledged changes of the rules affecting the business of the company.

4. Risk Management

The Audit Committee has placed special attention to the risk management as they recognize that changes in the economy, politics and society will contribute a significant impact on the company's risk management framework. The company has disclosed significant risks under the topic of Risk Factors in the Annual Report of 2017.

5. Connected Transactions or Potential Conflict of Interest

In 2017, the Audit Committee had reviewed the connected transactions of the company. Normal business transactions or conditional transactions of the company have been formally approved by the Board

of Directors. For other transactions, the Audit Committee has considered that the transactions were necessary and reasonably; and provided the maximum benefit to the company. The company has disclosed the information as prescribed by the Office of the Securities and Exchange Commission.

6. Selection of Auditors and Remuneration

In 2017, the company has higher transaction than the previous year as a result of expanding hire purchase into retail market, and purchasing of receivable from the other corporate causing insufficiency in already existing auditor who specialize in retail hire purchase.

The Audit Committee has selected and considered remuneration of the auditor company, PricewaterhouseCoopers ABAS Co., Ltd., based on of the auditor's qualifications, knowledge, ability, experience, and independence as requiring by the SET, including each proposed audit fee.

Therefore, PricewaterhouseCoopers ABAS Co., Ltd. should be appointed as the company's auditor. It has been approved by the Board of Directors and by the shareholders meeting to appoint PricewaterhouseCoopers ABAS Co., Ltd. as the company's auditor at the Annual General Meeting of Shareholders of 2017 and determined the annual audit fee of 3,400,000.00 baht (three million and four hundred thousand baht only) in 2017.

List of auditors are as following:

Auditor Name	CPA No.	The person who audited the Company's financial statement
Mr. Boonlert Kamolchanokkul	5339	signature
Mr. Paiboon Tunkul	4298	-
Ms.Sakuna Yamsakul	4906	-
Ms. Busaba Kulsirithum	6515	-

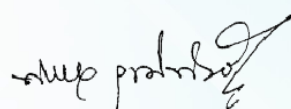
7. Corporate Governance

The Audit Committee has reviewed and evaluated corporate governance so that the company manages in accordance with the Principles of Good Corporate Governance of Listed Companies on the Stock Exchange of Thailand to build confidence and reliability to the stakeholders.

8. Self Assessment

The Audit Committee has self-assessed by comparing with good practices. Based on the results of the assessment in 2017, the Audit Committee performed its duties as specification in the Audit Committee Charter and performances consistent with the good practices of the Stock Exchange of Thailand. This has contributed to strengthen good corporate governance effectively.

The Audit Committee has performed its duty assigned from Board of Directors by using knowledge, ability, and carefulness for highest benefit of the company and all group of stakeholders. The Audit Committee expressed their opinion that in accounting period which ending at 31 December 2017, the company had fairness in preparing financial statement, abide by accounting standards, and disclose adequate information.



Mr. Pinit Wutipphan
Chairman of Audit Committee



Independent Auditor's Report

Independent Auditor's Report

To the shareholders and the Board of Directors of SGF Capital Public Company Limited
(Former name "Siam General Factoring Public Company Limited")

My opinion

In my opinion, the consolidated financial statements of SGF Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance, and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><i>Allowance for factoring receivables, loans, personal loan receivables, and hire purchase receivables</i></p> <p>Referring to Note 11 to the financial statements for factoring receivables, Note 12 to the financial statements for hire purchase receivables, Note 13 to the financial statements for loans, and Note 14 to the financial statements for personal loans receivables.</p> <p>1. Factoring receivables and loans respectively contributed 9.59% and 45.54% to the Group's total assets. They consisted of borrowers with high loan values per customer. The Group set a full allowance for doubtful accounts after offsetting any collateral value when receivables became overdue longer than the Group's policy period, or when the Group determined borrowers did not have the ability to repay their loans.</p> <p>2. Personal loan receivables contributed 0.33% to Group's total assets and consisted of retail customers with no collateral. The Group set a full allowance for doubtful accounts when the receivables became overdue longer than the Group's policy period, or when the Group determined borrowers did not have the ability to repay their loans.</p> <p>3. Hire purchase receivables contributed 22.95% of the Group's total assets and consisted of car hire purchase receivables. The Group set an allowance for doubtful accounts based on the outstanding receivables aging after netting off unearned interest income and the value of the cars using the allowance rate of the Group's accounting policy.</p> <p>I focussed on the allowance for doubtful accounts for factoring receivables, loans, personal loan receivables, and hire purchase receivables that are material to the financial statements and required management's judgement and assumptions to value collateral.</p>	<p>I understood the principle management used in considering the allowance for doubtful accounts for factoring receivables, loans, personal loan receivables, and hire purchase receivables. I assessed the appropriateness of the principle with the business environment and against other companies in the same industry.</p> <p>For the collateral values of factoring receivables and loans, I inquired about and assessed the appropriateness of the method that the independent valuers used. I assessed the reliability of the independent valuers, and sample tested the correctness of the collateral data to assess the reasonableness of the collateral values.</p> <p>For the collateral values of hire purchase receivables, I understood the method management used for collecting public data to represent the appraisal value of each car model. I also sample inspected online offer prices to assess the reasonableness of the collateral values.</p> <p>I sample tested the accuracy of individual receivables aging against supporting documents, such as loan agreements, invoices and receipts.</p> <p>I recalculated the allowance for doubtful factoring receivables, loans, personal loan receivables, and hire purchase receivables.</p> <p>From my work performed above, I found no material error.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 my 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 my 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 Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I 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 my independence, and where applicable, related safeguards.

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

PricewaterhouseCoopers ABAS Ltd.



Boonlert Kamolchanokkul
 Certified Public Accountant (Thailand) No. 5339
 Bangkok
 26 February 2018

SGF Capital Public Company Limited

(Former “Siam General Factoring Public Company Limited”)

Statements of Financial Position

As at 31 December 2017

	Notes	Consolidated	Separate		
		financial statements	financial statements		
		31 December	31 December	Restated	Restated
		2017	2017	31 December	1 January
		Baht	Baht	2016	2016
				Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	9	28,363,913	28,322,058	23,855,779	57,371,589
Short term investments	10	215,657,195	174,583,655	579,819,404	850,515,379
Current portion of factoring receivables, net	4, 11	2,520,337	2,520,337	38,728,363	11,330,614
Current portion of hire purchase receivables, net	12	62,577,048	62,577,048	-	-
Current portion of personal loans receivables, net	4, 13	3,760,617	3,760,617	4,621,310	5,033,129
Current portion of loans, net	4, 14	299,900,360	299,900,360	651,471,707	486,870,563
Other current assets, net		6,821,443	7,054,880	4,497,921	3,480,809
Total Current assets		619,600,913	578,718,955	1,302,994,484	1,414,602,083

_____ Director

_____ Director

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited

(Former name “Siam General Factoring Public Company Limited”)

Statements of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated	Separate		
		financial statements	financial statements		
		31 December	31 December	Restated	Restated
		2017	2017	31 December	1 January
		Baht	Baht	2016	2016
				Baht	Baht
Assets (Cont'd)					
Non-current assets					
Restricted cash		1,000,000	1,000,000	150	-
Factoring receivables, net	4, 11	152,354,116	152,354,116	6,500,708	7,016,830
Finance lease receivables, net	15	-	-	-	-
Hire purchase receivables, net	12	307,923,339	307,923,339	-	-
Personal loans receivables, net	4, 13	1,596,856	1,596,856	3,198,297	3,708,863
Loans, net	4, 14	435,508,915	435,508,915	187,629,203	13,356,944
Investments in subsidiaries	16	-	40,997,700	-	-
Loan receivables from					
purchase of receivables, net	17	8,537,156	8,537,156	-	-
Investment property		1,705,899	1,705,899	-	-
Foreclosed assets, net	18	5,783,881	5,783,881	958,000	1,258,000
Property, plant and equipment, net	19	42,391,693	42,391,693	12,414,404	9,979,316
Intangible assets, net	20	4,864,032	4,864,032	-	-
Deferred tax asset	4, 21	30,860,013	30,860,013	38,836,233	4,161,543
Other non-current assets		2,598,518	2,598,518	529,508	388,029
Total non-current assets		995,124,418	1,036,122,118	250,066,503	39,869,525
Total assets		1,614,725,331	1,614,841,073	1,553,060,987	1,454,471,608

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited

(Former name “Siam General Factoring Public Company Limited”)

Statements of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated	Separate		
		financial statements	financial statements		
		31 December	31 December	Restated	Restated
		2017	2017	31 December	1 January
		Baht	Baht	2016	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts	22	231	231	2,359,194	8,075,437
Short-term borrowings					
from other company	22	9,452,383	9,452,383	9,452,383	9,452,383
Current portion of finance lease					
liabilities due within one year, net		1,413,093	1,413,093	1,559,578	952,183
Deposit payables	23	21,742,772	21,742,772	10,058,869	7,197,057
Accrued interest expenses		4,260,564	4,260,564	3,691,868	3,124,725
Other current liabilities	4, 24	28,793,684	28,736,384	15,366,950	6,811,472
Total current liabilities		65,662,727	65,605,427	42,488,842	35,613,257
Non-current liabilities					
Finance lease liabilities, net		6,353,588	6,353,588	930,715	2,047,040
Employee benefit obligations	25	5,781,694	5,781,694	5,418,222	4,995,466
Total non-current liabilities		12,135,282	12,135,282	6,348,937	7,042,506
Total liabilities		77,798,009	77,740,709	48,837,779	42,655,763

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited

(Former name “Siam General Factoring Public Company Limited”)

Statements of Financial Position (Cont'd)

As at 31 December 2017

	Notes	Consolidated	Separate		
		financial statements	financial statements		
		31 December	31 December	Restated	Restated
		2017	2017	31 December	1 January
		Baht	Baht	2016	2016
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital					
Preference shares, 40 shares					
at par value of Baht 0.50 each		20	20	20	20
Ordinary shares,					
13,100,000,000 shares					
at par value Baht 0.50 each		6,550,000,000	6,550,000,000	6,550,000,000	6,550,000,000
Issued and paid-up share capital					
Preference shares, 40 shares					
paid-up at Baht 0.50 each	26	20	20	20	20
Ordinary shares,					
13,100,000,000 shares					
paid-up at Baht 0.50 each	26	6,550,000,000	6,550,000,000	6,550,000,000	6,550,000,000
Discount on paid-up capital of					
ordinary shares		(4,647,066,423)	(4,647,066,423)	(4,647,066,423)	(4,647,066,423)
Expired Warrants		49,572,422	49,572,422	49,572,422	49,572,422
Deficits	4	(415,680,540)	(415,507,498)	(448,282,811)	(540,690,174)
Other components of equity		101,843	101,843	-	-
Total equity		1,536,927,322	1,537,100,364	1,504,223,208	1,411,815,845
Total liabilities and equity		1,614,725,331	1,614,841,073	1,553,060,987	1,454,471,608

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited
(Former “Siam General Factoring Public Company Limited”)
Statements of Comprehensive Income
For the year ended 31 December 2017

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2017	2017	Restated
		Baht	Baht	2016
				Baht
Revenues				
Interest income	4, 27	143,030,461	142,988,183	102,082,760
Fees and services income		3,744,197	3,744,197	3,957,287
Other income	4	7,020,840	6,947,300	9,670,120
Total revenues		153,795,498	153,679,680	115,710,167
Expenses				
Administrative expenses	28	114,900,067	114,611,207	38,646,994
Reversal on bad debts and doubtful debts expenses	11, 14	(32,507,795)	(32,507,795)	(545,689)
Directors remuneration		3,935,999	3,935,999	2,166,000
Management remuneration	28	15,070,575	15,070,575	9,687,960
Other expense		1,245,266	1,245,266	-
Total expenses		102,644,112	102,355,252	49,955,265
Profit before finance cost and income tax expense		51,151,386	51,324,428	65,754,902
Finance costs		929,666	929,666	995,506
Profit before income tax expense		50,221,720	50,394,762	64,759,396
Income tax	4, 29	17,619,449	17,619,449	(27,647,967)
Profit for the year		32,602,271	32,775,313	92,407,363

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2017

		Consolidated	Separate	
		financial statements	financial statements	Restated
		2017	2017	2016
Notes		Baht	Baht	Baht
Other comprehensive income				
for the period, net of tax				
Items that will not be reclassified to profit or loss				
Remeasurements of employee benefit obligations		127,304	127,304	-
Income tax on items that will not be reclassified to profit or loss		(25,461)	(25,461)	-
		<u>101,843</u>	<u>101,843</u>	<u>-</u>
Total items that will not be reclassified to profit or loss		<u>101,843</u>	<u>101,843</u>	<u>-</u>
Total comprehensive income for the year		<u><u>32,704,114</u></u>	<u><u>32,877,156</u></u>	<u><u>92,407,363</u></u>
Net profit attributable to:				
Equity of the parent		32,602,271	32,775,313	92,407,363
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>32,602,271</u></u>	<u><u>32,775,313</u></u>	<u><u>92,407,363</u></u>
Total comprehensive income attributable to:				
Equity of the parent		32,704,114	32,877,156	92,407,363
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>32,704,114</u></u>	<u><u>32,877,156</u></u>	<u><u>92,407,363</u></u>
Earnings per share				
Basic earnings per share (Baht)	4, 30	0.0025	0.0025	0.0071

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited

(Former “Siam General Factoring Public Company Limited”)

Statements of Changes in Equity

For the year ended 31 December 2017

	Consolidated financial statements						
	Attributable to owners of the parent						
	Share capital	Discount on paid-up capital of ordinary shares	Expired warrants	Deficits	Other components of equity	Total owners of the parent	Non-controlling interests
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balances at 1 January 2017	6,550,000,020	(4,647,066,423)	49,572,422	(448,282,811)	-	1,504,223,208	-
Total comprehensive expense for the year	-	-	-	32,602,271	101,843	32,704,114	-
Balances at 31 December 2017	<u>6,550,000,020</u>	<u>(4,647,066,423)</u>	<u>49,572,422</u>	<u>(415,680,540)</u>	<u>101,843</u>	<u>1,536,927,322</u>	<u>-</u>

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited
(Former “Siam General Factoring Public Company Limited”)
Statements of Changes in Equity (Cont’d)
For the year ended 31 December 2017

Separate financial statements						
Note	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Deficits Baht	Other components of equity Baht	Total equity Baht
Balances at 1 January 2017	6,550,000,020	(4,647,066,423)	49,572,422	(439,948,399)	-	1,512,557,620
Retrospective adjustments from errors	4	-	-	(8,334,412)	-	(8,334,412)
Balance after adjustment	6,550,000,020	(4,647,066,423)	49,572,422	(448,282,811)	-	1,504,223,208
Total comprehensive expense for the year	-	-	-	32,775,313	101,843	32,877,156
Balances at 31 December 2017	6,550,000,020	(4,647,066,423)	49,572,422	(415,507,498)	101,843	1,537,100,364

Separate financial statements						
Note	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Deficits Baht	Other components of equity Baht	Total equity Baht
Balances at 1 January 2016	6,550,000,020	(4,647,066,423)	49,572,422	(545,566,035)	-	1,406,939,984
Retrospective adjustments from errors	4	-	-	4,875,861	-	4,875,861
Balance after adjustment	6,550,000,020	(4,647,066,423)	49,572,422	(540,690,174)	-	1,411,815,845
Total comprehensive income for the year	-	-	-	92,407,363	-	92,407,363
Balances at 31 December 2016	6,550,000,020	(4,647,066,423)	49,572,422	(448,282,811)	-	1,504,223,208

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited
(Former “Siam General Factoring Public Company Limited”)
Statements of Cash Flows
For the year ended 31 December 2017

	Notes	Consolidated	Separate	
		financial statements	financial statements	
		2017	2017	Restated
		Baht	Baht	2016
				Baht
Cash flows from operating activities				
Profit before income tax		50,221,720	50,394,762	64,759,396
Adjustments to reconcile profit to net cash generated from (used in) operating activities				
Depreciation and amortisation	19, 20	4,405,041	4,405,041	1,445,016
Reversal bad debts and doubtful accounts		(32,507,795)	(32,507,795)	545,689
Fair value gain on trading investments		(4,837,791)	(4,764,251)	(9,269,025)
Loss on sales of properties for sale		382,735	382,735	-
Allowance for impairment of foreclosed assets		862,531	862,531	-
Gain from disposals of property, plant and equipment		(1,851,726)	(1,851,726)	-
Employee benefit expenses		490,776	490,776	422,756
Interest income		(143,030,461)	(142,988,183)	(102,082,760)
Finance costs		929,666	929,666	995,506
Profit from operations before changes in operating assets and liabilities		(124,935,304)	(124,646,444)	(43,183,422)
Decrease/(Increase) in operating assets				
Factoring receivables		33,708,570	33,477,515	(28,886,885)
Hire purchase receivables		(417,496,012)	(417,496,012)	-
Personal loans receivables		1,515,329	1,515,329	832,206
Loans		1,673,205	1,673,205	(301,027,922)
Other current assets		(2,919,767)	(3,153,204)	(1,390,569)
Loan receivables from purchase of receivables		(8,537,672)	(8,537,672)	-
Foreclosed assets		(6,071,147)	(6,071,147)	-
Other non-current assets		(2,069,010)	(2,069,010)	(141,479)
Increase/(decrease) in operating liabilities				
Deposit payables		11,683,903	11,683,903	2,861,812
Other current liabilities		16,279,620	16,222,320	5,217,806
Cash flows used in operating activities		(497,168,285)	(497,401,217)	(365,718,453)
Interest received		183,201,496	183,390,273	65,787,027
Interest paid		(360,970)	(360,970)	(428,363)
Income tax paid		(16,084,829)	(16,084,829)	(3,315,594)
Net cash used in operating activities		(330,412,588)	(330,456,743)	(303,675,383)

The accompanying notes are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited

(Former name “Siam General Factoring Public Company Limited”)

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2017

	Consolidated	Separate	
	financial statements	financial statements	Restated
	2017	2017	2016
	Baht	Baht	Baht
Cash flows from investing activities			
Cash paid for investing in restricted cash	(999,850)	(999,850)	(150)
Proceeds from disposals of short-term investments	369,000,000	410,000,000	279,965,000
Cash paid for purchase of plant, property and equipment	(24,845,229)	(24,845,229)	(3,880,104)
Cash paid for investments in subsidiaries	-	(40,997,700)	-
Proceeds from disposals of property, plant and equipment	2,248,424	2,248,424	300,000
Cash paid for purchase of intangible assets	(5,049,503)	(5,049,503)	-
Net cash used in investing activities	340,353,842	340,356,142	276,384,746
Cash flows from financing activities			
Cash paid for bank overdrafts	(2,358,963)	(2,358,963)	(5,716,243)
Cash paid for finance lease	(3,074,157)	(3,074,157)	(508,930)
Net cash used in financing activities	(5,433,120)	(5,433,120)	(6,225,173)
Net increase (decrease) in cash and cash equivalents	4,508,134	4,466,279	(33,515,810)
Cash and cash equivalents at the beginning of the year	23,855,779	23,855,779	57,371,589
Cash and cash equivalents at the end of the year	28,363,913	28,322,058	23,855,779
Non-cash items			
Account payables from purchase of property, plant and equipment	3,103,681	3,103,681	-
Transfer of property, plant, and equipment to investment properties	1,705,899	1,705,899	-
Purchase property, plant and equipment by leasing contract	8,350,545	8,350,545	-

The accompanying notes are an integral part of these consolidated and separate financial statements.

1 General information

SGF Capital Public Company is a public company and is incorporated and resident in Thailand. The address of the Company's registered office is as follows:

The Company's head office
121 4th floor WTH Building, Vibhavadi Rangsit Road, Sam sen Nai, Payathai District, Bangkok 10400

The Company registered with Department of Business Development, Ministry of Commerce on 16 May 2017 to change the Company's name from Siam General Factoring Public Company Limited to SGF Capital Public Company Limited.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operation of the Group is providing factoring, loans, personal loans, hire-purchase and leasing.

These consolidated and separate financial statements were authorised by the board of directors on 26 February 2018

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

Comparative figures have been reclassified and adjusted to conform with changes in presentation in the current year are disclosed in note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017, which are relevant and have a significant impact to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

Management has assessed and considered that the above revised standards do not have significant impact to the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018, which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

The Group’s management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2.3 Group accounting - investments in subsidiaries

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates

(‘the functional currency’). The financial statements are presented in Baht, which is the Company’s functional and the Group’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statements of financial position, bank overdrafts are shown in current liabilities.

2.6 Investments

Investments other than investments in subsidiaries are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and included in non-current assets unless they are matured within 12 months which are included as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale and included in non-current assets, except management intends to hold less than 12 months from the end of reporting period or management needs to sell in order to increase its operating cashflow which included in current assets
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.7 Factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables, and loans

Factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loans would initially be recognised at an amount equal to the net investment in the contract. Subsequently, they are stated at net realisable value from the contract value net of unearned interest income and allowance for doubtful accounts.

Factoring receivables, finance lease receivables and loans, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any) when the aging period of outstanding receivables are overdue more than 6 months or the Group recognise that there is no chance of debt collectability.

Personal loan receivables, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any) when the aging period of outstanding receivables are overdue more than 3 months or the Group recognise that there is no chance of debt collectability.

Hire purchase receivables, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any). The basis of allowance for doubtful is as follows:

Aging months	Percentage of allowance for doubtful accounts (%)
Current or overdue less than 30 days	1
Overdue between 31 days and 60 days	1
Overdue between 61 days and 90 days	2
Overdue between 91 days and 120 days	80
Overdue more than 121 days	100

2.8 Loan receivables from purchase of receivables

The Group acquired secured assets from credit facility companies. The Group has no rights to claim the repayment from the seller when the debts cannot be collected.

The loan receivables from purchase of receivables are classified as non-current assets unless management has expressed the intention of holding the loans for less than 12

months from the statement of financial position date, in which case they are included in current assets, except management has intention to sell the loans for financing cash in the operation, in which case they are included in current assets.

The loan receivables from purchase of receivables are presented at their acquisition cost less amortised costs using the effective interest rate less allowance for impairment (if any).

The Group recognised loss on impairment of loan receivables from purchase of receivables are when it anticipates discounted cash flows to the present values of receivables are lower than carrying value.

2.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
-----------	----------

2.10 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Building improvement	10 years
Furniture, fixture and equipment	5 years
Vehicles	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset’s carrying amount is written-down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘other (losses)/gains - net’ in profit or loss.

2.11 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped

at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Leases

Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Troubled debt restructuring where the Group/company is the creditor

The Group records assets or equities received in settlement of debts at the lower of the fair values of the assets or equities, less estimated selling expenses (if any), and the amount of investment in receivables (including accrued interest income).

Where the debt restructuring involves modification of the terms of receivables, the fair value of investment in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by effective interest rate prevailing at the restructuring date.

Losses arising from restructuring, less recorded allowance for doubtful accounts, are recognised in profit or loss when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

2.15 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of

the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds] that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in other components of equity of changes in equity.

Past-service costs are recognised immediately in profit or loss.

2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Revenue recognition

The Group recognises revenues and expenses on an accrual basis.

- a) Interest income from factoring, personal loan, loan, finance lease and hire purchase.
The Group records unearned interest income from factoring, personal loan, loan, finance lease and hire purchase, and recognises interest income using the effective interest rate method.

Hire purchase and personal loan, recognition of interest income is discontinued hire purchase is overdue by more than 3 installments except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

Factoring, loan and finance lease, recognition of interest income is discontinued when factoring, loan and finance lease are more than 6 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. Thus, recognition of interest income for personal loan and hire purchase is discontinued when hire purchase and loan receivables are more than 3 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

- b) Interest income from purchase of receivables
Interest income from purchase of receivables is recognised using effective interest rates method which is based on the expected future cash flows from collateral disposal or expected debt collection from receivables. When the receivables from purchase of receivables has already made full payment but the Group still has right to demand performance by debtor according to agreement, the Group will recognise such difference when payment is made by debtor as interest income in statement of comprehensive income
- c) Fee and service income
Fee and service income are recognised when services have been rendered on an accrual basis.
- e) Other income
Dividend income is recognised when the right to receive payment is established. Other income are recognised on an accrual basis.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors those make strategic decisions.

3 Financial risk management

Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including exchange rate risk, fair value risk resulting from change in interest rate, cash flow risk resulting from change in interest rate, and price risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the fluctuation of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Operation risk management is carried out by management by identifying, evaluating and hedging the overall financial risks that is described in Note 31 to the financial statements.

4 Reclassifications and correction of errors

Correction of errors

The Company restated prior year financial statements due to

1. The Company did not recognise factoring interest income and loan interest income when the Company received repayment more than factoring receivables, loan receivables and accrued interest that the Company recorded. This resulted an overstated factoring receivables and loan receivables, and an overstated brought forward deficits.
2. The Company over recorded allowance for doubtful accounts of factoring receivables by recording more than total balance of doubtful debt that the Company expected that would not receive repayment. This resulted an overstated allowance for doubtful accounts of factoring receivables and an overstated brought forward deficits.
3. The Company records deferred tax asset more than total amount that expected to be used. This resulted an overstated deferred tax assets and an understated brought forward deficits.
4. The Company under recorded accrued income tax expense. This resulted an understated accrued income tax expense and brought forward deficits.

Reclassifications

The Group reclassified factoring receivables, personal loans receivables and loans in order to reflect the period that the Group expected to receive repayment.

Certain figures in the comparatives have been restated or reclassified in order to be comparable to the presentation of the current period and to comply with the nature of transaction as follows:

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

	Separate financial statements			
	As previously reported Baht	Adjustment Baht	Reclassifications Baht	As restate/ reclassified Baht
Statements of Financial Position as at 31 December 2016				
Current assets				
Factoring receivables, net	40,353,210	4,875,861	(45,229,071)	-
Personal loans receivables, net	7,819,607	-	(7,819,607)	-
Loans, net	838,466,196	634,714	(839,100,910)	-
Current portion of factoring receivables, net	-	-	38,728,363	38,728,363
Current portion of personal loans receivables, net	-	-	4,621,310	4,621,310
Current portion of loans, net	-	-	651,471,707	651,471,707
Non-current assets				
Factoring receivables, net	-	-	6,500,708	6,500,708
Personal loans receivables, net	-	-	3,198,297	3,198,297
Loans, net	-	-	187,629,203	187,629,203
Deferred tax asset	51,018,492	(12,182,259)	-	38,836,233
Current liabilities				
Other current liabilities	13,704,222	1,662,728	-	15,366,950
Equity				
Deficits	(439,948,399)	(8,334,412)	-	(448,282,811)

	Separate financial statements			
	As previously reported Baht	Adjustment Baht	Reclassifications Baht	As restate/reclassified Baht
Statements of Financial Position as at 1 January 2016				
Current assets				
Factoring receivables, net	13,471,583	4,875,861	(18,347,444)	-
Personal loans receivables, net	8,741,992	-	(8,741,992)	-
Loans, net	500,227,507	-	(500,227,507)	-
Current portion of factoring receivables, net	-	-	11,330,614	11,330,614
Current portion of personal loans receivables, net	-	-	5,033,129	5,033,129
Current portion of loans, net	-	-	486,870,563	486,870,563
Non-current assets				
Factoring receivables, net	-	-	7,016,830	7,016,830
Personal loans receivables, net	-	-	3,708,863	3,708,863
Loans, net	-	-	13,356,944	13,365,944
Equity				
Deficits	(545,566,035)	4,875,861	-	(540,690,174)
Statements of Comprehensive Income for the year ended 31 December 2016				
Interest income	-	-	102,082,760	102,082,760
Factoring interest income	3,516,497	-	(3,516,497)	-
Personal loans interest income	2,335,734	-	(2,335,734)	-
Loans interest income	95,337,992	634,714	(95,972,706)	-
Other income	9,927,943	-	(257,823)	9,670,120
Income tax	41,492,954	(12,182,259)	-	29,310,695
Basic earnings per share	0.0081	(0.0010)	-	0.0071

5 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowance for doubtful accounts of factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loan receivables.

The Group maintains an allowance for doubtful accounts to reflect impairment of factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loan receivables. Management uses judgment in estimating the allowance for doubtful accounts by considering overdue period of receivables and type of collateral. The assessment is based on historical debt collection experiences, historical default, and future market trends.

(b) Allowance for impairment of foreclosed assets and investment property

The Group assesses allowance for impairment of foreclosed assets and investment property when net realisable value falls below the book value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets, and the latest sales price of assets (if any). However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

(c) Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations. The Group determines the appropriate discount rate at the end of each year.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 25 to the financial statements.

6 Capital risk management

The objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the financial assets that are measured at fair value at 31 December 2017 and 2016.

Consolidated financial statements				
31 December 2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Financial assets				
Trading securities (Note 10)	-	215,657,195	-	215,657,195
Total	-	215,657,195	-	215,657,195

Separate financial statements				
31 December 2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Financial assets				
Trading securities (Note 10)	-	174,584,655	-	174,584,655
Total	-	174,584,655	-	174,584,655

Separate financial statements				
31 December 2016				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Financial assets				
Trading securities (Note 10)	-	579,819,404	-	579,819,404
Total	-	579,819,404	-	579,819,404

The following table presents fair value of the Group’s financial assets and liabilities that are not measured at fair value as at 31 December 2017 and 2016.

Consolidated financial statements				
31 December 2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Cash and cash equivalents	28,363,913	-	-	28,363,913
Factoring receivables, net	-	137,718,302	-	137,718,302
Hire purchase receivables, net	-	378,666,514	-	378,666,514
Personal loans receivables, net	-	4,281,537	-	4,281,537
Loans, net	-	814,013,243	-	814,013,243
Restricted cash	1,000,000	-	-	1,000,000
Loan receivables from purchase of receivables, net	-	-	24,888,110	24,888,110
Total assets	29,363,913	1,334,679,596	24,888,110	1,388,931,619
Liabilities				
Bank overdrafts	231	-	-	231
Short-term borrowings from other company	-	9,452,383	-	9,452,383
Finance lease liabilities, net	-	7,766,681	-	7,766,681
Deposit payables	-	21,742,772	-	21,742,772
Accrued interest expenses	-	4,260,564	-	4,260,564
Total liabilities	231	43,222,400	-	43,222,631

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

Separate financial statements				
31 December 2017				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Cash and cash equivalents	28,322,058	-	-	28,322,058
Factoring receivables, net	-	137,718,302	-	137,718,302
Hire purchase receivables, net	-	378,666,514	-	378,666,514
Personal loans receivables, net	-	4,281,537	-	4,281,537
Loans, net	-	814,013,243	-	814,013,243
Restricted cash	1,000,000	-	-	1,000,000
Loan receivables from purchase of receivables, net	-	-	24,888,110	24,888,110
Total assets	29,322,058	-	24,888,110	1,388,889,764
Liabilities				
Bank overdrafts	231	-	-	231
Short-term borrowings from other company	-	9,452,383	-	9,452,383
Finance lease liabilities, net	-	7,766,681	-	7,766,681
Deposit payables	-	21,742,772	-	21,742,772
Accrued interest expenses	-	4,260,564	-	4,260,564
Total liabilities	231	43,222,400	-	43,222,631

Separate financial statements				
31 December 2016				
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Assets				
Cash and cash equivalents	23,855,779	-	-	23,856
Factoring receivables, net	-	37,841,958	-	37,841,958
Personal loans receivables, net	-	6,472,508	-	6,472,508
Loans, net	-	715,654,497	-	715,654,497
Restricted cash	150	-	-	150
Total assets	23,855,929	759,968,963	-	783,824,892
Liabilities				
Bank overdrafts	2,359,194	-	-	2,359,194
Short-term borrowings from other company	-	9,452,383	-	9,452,383
Finance lease liabilities, net	-	2,490,293	-	2,490,293
Deposit payables	-	10,058,869	-	10,058,869
Accrued interest expenses	-	3,691,868	-	3,691,868
Total liabilities	2,359,194	25,693,413	-	28,052,607

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for

financial assets held by the group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include the following:

- The fair value of short-term investments is net assets value per share which was quoted by the Asset Management Company at the last business day of financial position date;
- The fair value of factoring receivables, hire purchase receivables, personal loan receivables, and loans are estimated future cash flows under agreements discounted by using the market interest rate reflects the quality of receivables or estimated future cash flows from disposal of collateral discounted by using the market interest rate reflects the quality of receivables;
- The fair value of financial assets and liabilities with short-term maturity and high liquidity, including short-term borrowings from other company, finance lease liabilities, deposit payables and accrued interest expenses is their carrying amounts in the statements of financial position.

(c) Financial instruments in level 3

The fair value of loans to non-performing assets is calculated by estimating cash flows to be received from debtors or disposal of collateral in the future discounted at the default rate. The estimated cash flows to be received from debtors used significant unobservable inputs such that the Company classified the fair value measurement as Level 3 of fair value hierarchy.

Appraisal departments of the Group

The Group's valuation department includes a team that performs the valuations of financial assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Managing Director of Retail Customers. Discussions of valuation processes and results are held between a team at least three times per quarter, in line with the Group's quarterly reporting dates.

The main level 3 input used by the Group pertains to estimated future cash flow discounted by average default rate of 5 largest commercial banks and values of collateral discounted by market interest rate.

8. Segment information

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

The Group presents segment information by presenting business segment as the primary reporting format based on the type of business in determining business segment.

The main operation of the Group are financial service specifically purchase of account receivable, leasing and hire purchase and loan segment.

For the year ended 31 December 2017, the Group has only one segment, which is loan segment, that are the same as that present in the financial statements.

Income from business segment operation is from domestic customers.

The consolidated financial statement by segments for the year ended 31 December 2017 are as follows:

Consolidated financial statements				
	Purchase of accounts receivable segment Baht 000'	Leasing and hire purchase segment Baht 000'	Loan segment Baht 000'	Total Baht 000'
As at 31 December 2017				
Asset				
Factoring receivables, net	-	-	154,874	154,874
Hire purchase receivable, net	-	370,500	-	370,500
Personal loans receivables, net	-	-	5,357	5,357
Loans, net	-	-	735,409	735,409
Loan receivables from purchase of receivables, net	8,537	-	-	8,537
Foreclosed assets, net	263	4,563	958	5,784
Deferred tax asset	894	428	28,407	29,729
Other current assets	-	1,460	-	1,460
Non correlated assets allocation				303,075
Total assets				1,614,725
Liabilities				
Short-term borrowings from other company	-	-	9,452	9,452
Deposit payables	-	-	21,743	21,743
Accrued interest expenses	-	-	4,261	4,261
Other current liabilities	1,001	4,506	222	5,729
Non correlated liabilities allocation				36,613
Total liabilities				77,798

Consolidated financial statements				
	Purchase of account receivable segment Baht 000'	Leasing and hire purchase segment Baht 000'	Loan segment Baht 000'	Total Baht 000'
As at 31 December 2017				
Revenues				
Interest income	12,289	39,768	90,788	142,845
Fees and services income	-	3,190	554	3,744
	12,289	42,958	91,342	146,589
Expenses				
(Reversal on) bad debts and doubtful accounts	(6)	(1,286)	33,794	32,502
Other expenses	-	(1,239)	-	(1,239)
Unallocated income and expenses:				
Other interest income				185
Other income				7,021
Administrative expenses				(114,900)
Directors remuneration				(3,936)
Management remuneration				(15,070)
Finance costs				(930)
Profit before corporate income tax				50,222
Income tax				(17,620)
Profit for the year				32,602

9 Cash and cash equivalents

	Consolidated financial statements	Separate financial statements	
	31 December 2017 Baht	31 December 2017 Baht	31 December 2016 Baht
Cash on hand	394,705	394,705	50,000
Current accounts	9,477,897	9,477,897	1,075,783
Saving accounts	18,491,311	18,449,456	22,729,996
Total cash and cash equivalents	28,363,913	28,322,058	23,855,779

The effective interest rate on saving accounts was 0.10% - 1.75% (2016: 0.10% - 1.75%).

10 Short-term investments

As of 31 December 2017 and 2016, information relating to short-term investments is as follows:

	Consolidated financial statements	Separate financial statements
	Baht	Baht
As at 31 December 2017		
Trading securities - unit trust	201,035,000	160,035,000
<u>Add</u> Gains on fair value adjustment	14,622,195	14,548,655
Fair value	<u>215,657,195</u>	<u>174,583,655</u>
		Separate financial statements
		Baht
As at 31 December 2016		
Trading securities - unit trust		570,000,000
<u>Add</u> Gains on fair value adjustment		9,819,404
Fair value		<u>579,819,404</u>

The movements in short-term investments during the years are as follows:

	Consolidated financial statements	Separate financial statements
	Trading securities - unit trust Baht	Trading securities - unit trust Baht
At 1 January 2017	579,819,404	579,819,404
Additions	41,000,000	-
Disposals	(410,000,000)	(410,000,000)
Gains on fair value measurement during the year	4,837,791	4,764,251
At 31 December 2017	<u>215,657,195</u>	<u>174,583,655</u>
		Separate financial statements
		Trading securities - unit trust Baht
At 1 January 2016		850,515,379
Additions		290,035,000
Disposals		(570,000,000)
Losses on fair value measurement during the year		9,269,025
At 31 December 2016		<u>579,819,404</u>

11 Factoring receivables, net

	Consolidated and Separate financial statements			Separate financial statements		
	31 December 2017			31 December 2016		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Factoring receivables	2,596,147	444,366,283	446,962,430	38,082,791	443,936,293	482,019,084
<u>Less</u> Unearned discount income	(80,343)	-	(80,343)	(311,398)	-	(311,398)
Accrued interest	4,533	55,912,876	55,917,409	956,970	55,120,080	56,077,050
Factoring receivables	2,520,337	500,279,159	502,799,496	38,728,363	499,056,373	537,784,736
<u>Less</u> Allowance for doubtful accounts	-	(347,925,043)	(347,925,043)	-	(492,555,665)	(492,555,665)
Factoring receivables, net	<u>2,520,337</u>	<u>152,354,116</u>	<u>154,874,453</u>	<u>38,728,363</u>	<u>6,500,708</u>	<u>45,229,071</u>

Outstanding factoring receivables as at 31 December 2017 and 2016 can be analysed as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Not overdue	2,261,600	25,743,553
Overdue less than 3 months	-	6,193,238
Overdue over 3 months - 6 months	334,548	6,146,000
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	444,366,282	443,936,293
Total	<u>446,962,430</u>	<u>482,019,084</u>

As at 31 December 2017, the Group and the Company had outstanding factoring receivables for which installment payments are more than 3 installments overdue but revenue is still being recognised in the consolidated and separate statements of comprehensive income amounting to Baht 2.48 million (2016: Baht 3.73 million).

If the Group and the Company discontinue to recognise of interest income for outstanding factoring receivables which installment payments are more than 3 installments overdue, the amount of interest from factoring recognised in the consolidated and separate statements of

comprehensive income for the year ended 31 December 2017 was reduced by Baht 152,811 (2016: Baht 32,399).

On 4 April 2003, the Company sued a customer (the Seller) who sold its debt to the Company, its guarantor and its debtor (the Debtor) since the Debtor defaulted on a total loan outstanding of Baht 147.66 million, including the principle and interest. At that time, the Company set a full allowance for the debt because the Debtor had no collateral.

On 5 October 2016, the Supreme Court ruled in favour of the Company and granted a settlement of the debt as the following steps:

- Receiving from the Debtor including, an initial settlement of Baht 200.64 million, plus 7.5% annual interest on a principle of Baht 197.34 million from the prosecution date until the total due was received in full, if not, then
- Receiving from the Seller and its guarantor, an initial settlement of Baht 135.32 million, plus 10.5% annual interest on a principle of Baht 135.32 million and a 0.5% annual penalty from 5 June 2004 until the total due was received in full.

The Company requested the court to instruct an auction of the collateral which the Debtor had placed with the Court of First Instance to postpone execution of the court decision. An independent appraiser's valuation of the collateral, which comprises six plots of land and premises, is Baht 345.91 million, which is more than the total debt due. The Legal Execution Department is now in process of bringing the collateral to auction.

In quarter 3/2017, the Company reversed the Baht 147.66 million allowance for this debt because it reasonably believes that the debt will be recovered in full.

12 Hire purchase receivables, net

	Consolidated and Separate financial statements 31 December 2017			Separate financial statements 31 December 2016		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Hire purchase receivables	62,631,170	309,155,090	371,786,260	-	-	-
<u>Less</u> Allowance for doubtful debt	(54,122)	(1,231,751)	(1,285,873)	-	-	-
Hire purchase receivables, net	62,577,048	307,923,339	370,500,387	-	-	-

Outstanding hire purchase receivables as at 31 December 2017 and 2016 can be analysed as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Not overdue	209,492,293	-
Overdue more than 1 month to 3 months	149,278,114	-
Overdue more than 3 month to 6 months	10,579,456	-
Overdue more than 6 months	2,436,397	-
Total	371,786,260	-
<u>Less</u> Allowance for doubtful debt	(1,285,873)	-
Hire purchase receivables, net	370,500,387	-

13 Personal loans, net

	Consolidated and Separate financial statements			Separate financial statements		
	31 December 2017			31 December 2016		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Personal loans	3,737,239	13,145,713	16,882,952	4,607,640	15,131,835	19,739,475
Accrued interest income	23,378	574,182	597,560	13,670	603,526	617,196
	3,760,617	13,719,895	17,480,512	4,621,310	15,735,361	20,356,671
<u>Less</u> Allowance for doubtful accounts	-	(12,123,039)	(12,123,039)	-	(12,537,064)	(12,537,064)
Personal loans, net	3,760,617	1,596,856	5,357,473	4,621,310	3,198,297	7,819,607

Outstanding personal loans as at 31 December 2017 and 2016 can be analysed as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Not overdue	5,079,604	8,422,793
Overdue less than 3 months	339,649	666,235
Overdue over 3 months - 6 months	61,539	988,912
Overdue over 6 months - 12 months	808,146	1,912,064
Overdue over 12 months	10,594,014	7,749,471
Total	16,882,952	19,739,475

14 Loans, net

	Consolidated and Separate financial statements			Separate financial information		
	31 December 2017			31 December 2016		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Loans	299,095,521	610,372,093	909,467,614	596,672,922	314,646,404	911,319,326
Accrued interest income	804,839	67,596,966	68,401,805	54,798,785	6,767,995	61,566,780
	299,900,360	677,969,059	977,869,419	651,471,707	321,414,399	972,886,106
Less						
Allowance for doubtful accounts	-	(242,460,144)	(242,460,144)	-	(133,785,196)	(133,785,196)
Loans, net	299,900,360	435,508,915	735,409,275	651,471,707	187,629,203	839,100,910

Outstanding loans as at 31 December 2017 and 2016 can be analysed as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Not overdue	547,702,140	746,121,822
Overdue less than 3 months	47,503,000	12,500,000
Overdue over 3 months - 6 months	24,684,349	-
Overdue over 6 months - 12 months	136,880,623	1,100,000
Overdue over 12 months	152,697,502	151,597,504
Total	909,467,614	911,319,326

Loans will be classified as non-current assets except management expecting that this loan will be repay within 12 month, which will be classified as current assets.

As at 31 December 2017, the Group and the Company had outstanding loans for which installment payments are more than 3 installments overdue but revenue is still being recognised in the consolidated and separate statements of comprehensive income amounting to Baht 64.95 million (2016: Baht 201.90 million).

If the Group and the Company discontinued to recognise of interest income for outstanding loans which installment payments are more than 3 installments overdue, the amount of interest from loans recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2017 was reduced by Baht 7.46 million (2016: Baht 2.18 million).

The Company was sued as the 4th defendant in a lawsuit in which other person sued a customer of the Company regarding a claim on commission fees from sale of lands. Subsequently, the customer mortgaged such lands as collaterals with the Company. The plaintiff filed a lawsuit which would result to void the ownership of that customer to the lands and resulted the

mortgage with the Company was also void. On 26 August 2016, the Company filed a petition to defend the case and also refused all allegations. On 4 July 2017, the Civil court sentenced to revoke the customer’s land purchasing juristic acts that resulted to void the customer’s ownership on land and mortgage. The Company set up full allowance amounting to Baht 109 million for loan net value of other collaterals. On 1 September 2017, the Company filed an appeal for stay of execution and filed an additional amendment of court appeal on 12 October 2017.

15 Finance lease receivables, net

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Finance lease receivables	46,463,065	46,463,065
<u>Less</u> Unearned interest income	(5,861,096)	(5,861,096)
	40,601,969	40,601,969
<u>Less</u> Allowance for doubtful accounts	(40,601,969)	(40,601,969)
Finance lease receivables, net	-	-

Outstanding finance lease receivables as at 31 December 2017 and 2016 can be analysed as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Not overdue	-	-
Overdue less than 3 months	-	-
Overdue over 3 months - 6 months	-	-
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	46,463,065	46,463,065
Finance lease receivables, net	46,463,065	46,463,065

Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

Subsidiary undertakings are included in consolidation financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held as at 31 December 2017 as below:

[illegible]

SGF Capital Public Company Limited**(Former name “Siam General Factoring Public Company Limited”)****Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017**

On 26 February 2017, the meeting approved to establish SGF Asset Management Company Limited by issuance of authorised ordinary share capital of 250,000 with a par value of Baht 100 per share and calling for paid-up capital 25% of total registered capital. SGF Asset Management Company Limited registered the issuance of ordinary shares with the Ministry of Commerce on 20 March 2017.

On 17 August 2017, the shareholders at extraordinary meeting no.1/2017 passed a resolution to approve the 75 percent of issued share capital at Baht 18,750,000. SGF Asset Management Company Limited registered the issuance of ordinary shares with the Ministry of Commerce on 24 August 2017.

On 15 March 2017, the meeting approved to establish SGF Service Management Company Limited by issuance of authorised ordinary share capital of 10,000 with a par value of Baht 100 per share and calling for paid-up capital 100% of total registered capital. SGF Service Management Company Limited registered the issuance of ordinary shares with the Ministry of Commerce on 20 April 2017.

On 2 May 2017, the meeting approved to establish SGF Capital (Nakhon Ratchasima) Company Limited by issuance of authorised ordinary share capital of 50,000 with a par value of Baht 100 per share and calling for paid-up capital 100% of total registered capital. SGF Capital (Nakhon Ratchasima) Company registered the issuance of ordinary shares with the Ministry of Commerce on 29 May 2017.

On 5 May 2017, the meeting approved to establish SGF Capital (Chiangmai) Company Limited by issuance of authorised ordinary share capital of 100 with a par value of Baht 50,000 per share and calling for paid-up capital 100% of total registered capital. SGF Capital (Chiangmai) Company Limited registered the issuance of ordinary shares with the Ministry of Commerce on 7 June 2017.

On 12 May 2017, the meeting approved to establish SGF Capital (Chonburi) Company Limited by issuance of authorised ordinary share capital of 50,000 with a par value of Baht 100 per share and calling for paid-up capital 100% of total registered capital. SGF Capital (Chonburi) Company Limited registered the issuance of ordinary shares with the Ministry of Commerce on 7 June 2017.

17 Loans receivable from purchase of receivables, net

The movements of loans receivable from purchase of loans as at 31 December 2017 and 2016 are as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Loans receivable from purchase of receivables	8,537,156	-
<u>Less</u> Allowance for doubtful accounts	-	-
Loans receivable from purchase of receivables, net	<u>8,537,156</u>	<u>-</u>

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Loans receivable from purchase of receivables as at 1 January		
Additions	22,442,559	-
Collection	(13,636,100)	-
Transferred to foreclosed assets	(263,271)	-
Write off doubtful debt	(6,032)	-
Loans receivable from purchase of receivables as at 31 December	8,537,156	-

18 Foreclosed assets, net

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Foreclosed assets	6,637,094	958,000
<u>Less</u> Allowance for impairment	(853,213)	-
Foreclosed assets, net	5,783,881	958,000

19 Land building and equipment, net

	Consolidated and Separate financial statements						
	Land Baht	Building Baht	Building Improvement Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction In progress Baht	Total Baht
At 1 January 2017							
Cost	6,585,898	9,714,264	-	9,667,303	8,383,877	2,186,916	36,538,258
<u>Less</u> Accumulated depreciation	-	(9,714,257)	-	(8,347,635)	(6,061,962)	-	(24,123,854)
Net book amount	6,585,898	7	-	1,319,668	2,321,915	2,186,916	12,414,404
For the year ended 31 December 2017							
Opening net book amount	6,585,898	7	-	1,319,668	2,321,915	2,186,916	12,414,404
Additions	-	-	-	8,579,533	10,957,642	16,771,280	36,299,455
Transferred in (out)	-	-	10,168,628	6,381,637	-	16,550,265	-
Disposals	-	-	-	(276,071)	(120,627)	-	(396,698)
Depreciation charge	-	-	(445,262)	(1,940,431)	(1,833,876)	-	(4,219,569)
Transferred to investment in property	(1,705,898)	(1)	-	-	-	-	(1,705,889)
Closing net book amount	4,880,000	6	9,723,366	14,055,336	11,325,054	2,407,931	42,391,693
At 31 December 2017							
Cost	4,880,000	8,557,264	10,168,628	20,422,765	14,449,399	2,407,931	60,885,987
<u>Less</u> Accumulated depreciation	-	(8,557,258)	(445,262)	(6,367,429)	(3,124,345)	-	(18,494,294)
Net book amount	4,880,000	6	9,723,366	14,055,336	11,325,054	2,407,931	42,391,693

Separate financial statements						
	Land Baht	Building Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction In progress Baht	Total Baht
At 31 January 2016						
Cost	6,585,898	9,714,264	9,127,477	7,772,662	-	33,200,301
<u>Less</u> Accumulated depreciation	-	(9,714,257)	(8,670,471)	(4,836,257)	-	(23,220,985)
Net book amount	<u>6,585,898</u>	<u>7</u>	<u>457,006</u>	<u>2,936,405</u>	<u>-</u>	<u>9,979,316</u>
For the year ended 31 December 2016						
Opening net book amount	6,585,898	7	457,006	2,936,405	-	9,979,316
Additions	-	-	1,082,010	611,214	2,186,916	3,880,140
Disposals	-	-	(37)	-	-	(37)
Depreciation charge	-	-	(219,311)	(1,225,704)	-	(1,445,015)
Closing net book amount	<u>6,585,898</u>	<u>7</u>	<u>1,319,668</u>	<u>2,321,915</u>	<u>2,186,916</u>	<u>12,414,404</u>
At 31 December 2016						
Cost	6,585,898	9,714,264	9,667,303	8,383,877	2,186,916	36,538,258
<u>Less</u> Accumulated depreciation	-	(9,714,257)	(8,347,635)	(6,061,962)	-	(24,123,854)
Net book amount	<u>6,585,898</u>	<u>7</u>	<u>1,319,668</u>	<u>2,321,915</u>	<u>2,186,916</u>	<u>12,414,404</u>

Leased assets included above, where the Group is a lessee under a finance lease, comprise vehicles

Consolidated and Separate financial statement		
	2017 Baht	2016 Baht
Cost - capitalised finance leases	13,030,539	5,929,748
<u>Less</u> Accumulated depreciation	(3,163,463)	(4,219,052)
Net book amount	<u>9,867,076</u>	<u>1,710,696</u>

20 Intangible assets

	Consolidated and Separate financial statement		
	Software Baht	Software under installation Baht	Total Baht
At 1 January 2017			
Cost	-	-	-
Less Accumulated amortisation	-	-	-
Net book amount	-	-	-

	Consolidated and Separate financial statement		
	Software Baht	Software under installation Baht	Total Baht
For the year ended 31 December 2017			
Opening net book amount	-	-	-
Additions	3,940,549	1,108,955	5,049,504
Amortisation charge	(185,472)	-	(185,472)
Closing net book amount	<u>3,755,077</u>	<u>1,108,955</u>	<u>4,864,032</u>
At 31 December 2017			
Cost	3,940,549	1,108,955	5,049,504
Less Accumulated amortisation	(185,472)	-	(185,472)
Net book amount	<u>3,755,077</u>	<u>1,108,955</u>	<u>4,864,032</u>

21 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017 Baht	2016 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	170,643	-
Deferred tax asset to be recovered after more than 12 months	30,714,831	38,836,233
	<u>30,885,474</u>	<u>38,836,233</u>
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liability to be settled after more than 12 months	25,461	-
Deferred tax asset, net	<u>30,860,013</u>	<u>38,836,233</u>

The movements of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017 Baht	2016 Baht
At 1 January	38,836,233	4,161,543
Charged/(credited) to profit or loss (Note 29)	(7,950,759)	34,674,690
Tax credited directly to other comprehensive income	(25,461)	-
At 31 December	<u>30,860,013</u>	<u>38,836,233</u>

The movement in deferred tax assets during the year is as follows:

Consolidated and Separate financial statements					
	Allowance for doubtful accounts on non performing loans & leasing Baht	Allowance for doubtful accounts on non-performing assets Baht	Employee benefit obligations Baht	Loan receivables from purchase of receivables Baht	Total Baht
Deferred tax assets					
At 1 January 2017	37,752,589	-	1,083,644	-	38,836,233
Charged to total comprehensive income	(9,087,982)	170,643	72,694	893,886	(7,950,759)
Charged directly to equity	-	-	(25,461)	-	(25,461)
At 31 December 2017	<u>28,664,607</u>	<u>170,643</u>	<u>1,130,877</u>	<u>893,886</u>	<u>30,860,013</u>
Separate financial statements					
	Allowance for doubtful accounts on non performing loans & leasing Baht	Allowance for doubtful accounts on non-performing assets Baht	Employee benefit obligations Baht	Loan receivables from purchase of receivables Baht	Total Baht
Deferred tax assets					
At 1 January 2016	3,162,450	-	999,093	-	4,161,543
Charged to total comprehensive income	34,590,139	-	84,551	-	34,674,690
At 31 December 2016	<u>37,752,589</u>	<u>-</u>	<u>1,083,644</u>	<u>-</u>	<u>38,836,233</u>

22 Borrowings

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Current		
Bank overdrafts	231	2,359,194
Short-term borrowings from other company	9,452,383	9,452,383
Total borrowings	<u>9,452,614</u>	<u>11,811,577</u>

Bank overdrafts

As at 31 December 2017 and 2016, land and buildings (Note 19) and foreclosed assets consisting of building (Note 18) have been mortgaged as collateral for bank overdrafts.

Short-term borrowings from other company

On 30 December 2010, the payable of short-term borrowings from other listed company filed a petition appealed to the Court to issue a legal execution for seizing the Company’s assets to auction and settle debt which the payable - other listed company claimed that the value of land transferred by the Company for debt payment is less than the agreed amount by Baht 5,576,272. On 13 January 2011, the Court ordered an appointment of the legal execution officer to seize of the Company’s assets to settle debt.

On 29 November 2011, the legal execution officer sent letters to three banks requesting them to seize the Company’s deposit accounts totaling amount of Baht 5,576,272 and send the money to the legal execution officer. The banks transferred the Company’s deposit accounts to the legal execution officer amounting to Baht 4,800,000 on 2 and 6 December 2011, Baht 730,272 on 29 December 2011 and Baht 46,000 on 30 December 2011, respectively.

In December 2011 and February 2012, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company’s deposit accounts amounting to Baht 5,576,272 by the legal execution officer. The trials by the Court were held on 27 February 2012, 15 and 19 June 2012. On 31 July 2012, the Court has ordered to withdrawn the lawsuit enforcement with the reason that the order is not compliance with the law and effected to the sequester of deposit in three banks accounts has withdrawn also. However, the plaintiff in that case filed an appeal against the court order, and the Court of Appeal reached a judgment on 31 October 2013 that “not revoke a writ of execution dated 13 January 2011”. As a result of the judgment, the Company had offset restricted cash accounts and the short-term provisions of Baht 5,576,272 from the account in 2013 and the Company has not filed the petition on the advice of the Company’s lawyer which has the opinion that the Court’s execution will have only one per case, so if the court issued a writ of execution, the Court will not allow for any amendment plaintiff cannot file a petition to amend the writ of execution. It is useful for the Company to action on the remaining debt further.

On 6 October 2016, the legal execution officer sent letters to bank requesting them to seize the Company’s deposit accounts totaling amount of Baht 9,564,903 and send the money to the legal execution officer within 30 days from the date in the letter. On 25 October 2016, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company’s deposit accounts.

On 16 January 2017, the court inquired and considered that the petition is duplicate. Therefore, the court revoked the petition. On 23 March 2017, a listed company filed a court appeal and the Company has already file a court appeal and on process of court’s trial.

As at 31 December 2017, the Company has outstanding debt in term of promissory notes with a listed company in the amount of Baht 9.45 million which was occurred in December 2005. The Company obtained loans amounting to Baht 500 million in a form of negotiable promissory notes, which the Company is in process of negotiation to settle debt. Through 31 December 2013 the Company repaid the debt with totaling amount of Baht 562.94 million which separated to principal amount of Baht 490.55 million and interest expenses amount of Baht 72.39 million which the Company has receipts issued by the listed company as supporting evidence.

22.1) The movements of bank over drafts for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017	2016
	Baht	Baht
Opening amount	2,359,194	8,075,437
Additions of borrowings	108,618,483	283,757
Repayments of borrowings	(110,977,446)	(6,000,000)
Closing amount	231	2,359,194

Short-term borrowings from financial institutions are charged interest 8.96% per annum (2016: 9.18% per annum)

22.2) The movements of short-term borrowings from other for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017	2016
	Baht	Baht
Opening amount	9,452,383	9,452,383
Additions of borrowings	-	-
Repayments of borrowings	-	-
Closing amount	9,452,383	9,452,383

Short-term borrowings from other are charged interest 6% per annum (2016: 6% per annum).

23 Deposit payables

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017	31 December 2016
	Baht	Baht
Deposit payables on factoring	6,206,033	9,522,130
Deposit payables on loans	15,536,739	536,739
Total deposit payables	21,742,772	10,058,869

24 Other current liabilities

	Consolidated financial statements	Separate financial statements	
	31 December 2017 Baht	31 December 2017 Baht	31 December 2016 Baht
Accrued personnel expenses	4,913,614	4,913,614	4,708,700
Accrued expenses	10,130,629	10,130,629	379,749
Dividend payable	373,537	373,537	373,537
Income tax payable	5,956,568	5,956,568	6,652,179
Insurance premium waite for submitting to insurance companies	4,090,194	4,090,194	-
Loan payable from purchase of receivables	1,001,354	1,001,354	-
Specific business tax payable	304,426	304,426	364,172
Output vat payable	998,030	998,030	309
Withholding tax payable	325,858	325,858	292,226
Others	699,474	642,174	2,596,078
Total	28,793,684	28,736,384	15,366,950

25 Employee benefit obligations

	Consolidated and Separate financial statements	Separate financial statements
	2017 Baht	2016 Baht
Statement of financial position:		
Retirement benefits	5,781,694	5,418,222
Loss charge included in operating profit for:		
Retirement benefits	363,472	422,756
Remeasurement for:		
Retirement benefits	(127,304)	-

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017 Baht	2016 Baht
At 1 January	5,418,222	4,995,466
Current service cost	373,497	317,316
Interest expense	117,279	105,440
Remeasurements:		
Gain from change in demographic assumptions	(2,274,253)	-
Loss from change in financial assumptions	1,139,884	-
Experience loss	1,007,065	-
At 31 December	5,781,694	5,418,222

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

Expense (Revenue) for employee benefits were recognised in the statements of comprehensive income as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017	2016
	Baht	Baht
Current service costs	373,497	317,316
Interest costs	117,279	105,440
Remeasurement for employee benefit obligations	(127,304)	-
	363,472	422,756

The principal actuarial assumptions used were as follows:

	Consolidated and Separate financial statements	Separate financial statements
	2017	2016
Discount rate	3.90%	2.8%
Salary increase rate	9.38%	6%
Mortality rate	100% of TMO2017	50% of TMO2008
Turnover rate	9%	0.00% - 25.00%
Retirement age	Aged 60 year	Aged 60 year

Sensitivity analysis

Increase (decrease) in provisions for post-employment benefits
Consolidated and Separate financial statements
2017
%

Financial Assumptions

Discount rate	
Increase 0.05%	-4.53%
Decrease 0.05%	4.85%
Salary increase rate	
Increase 0.05%	4.56%
Decrease 0.05%	-4.26%

Demographic Assumptions

Turnover rate	
Increase 0.05%	-5.15%
Decrease 0.05%	5.52%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the

assumptions may be correlated. When calculating the sensitivity of the employee benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation are 18 years (2016: 10 years).

Analysis of the maturity of the payment of retirement benefits is as follows:

	Consolidated and Separate financial statements				Total
	Less than a year Baht	Between 2-5 years Baht	Between 6-10 years Baht	Over 11 years Baht	
At 31 December 2017					
Pension benefits	349,919	4,843,660	6,097,806	12,046,689	23,338,074
Total	349,919	4,843,660	6,097,806	12,046,689	23,338,074

26 Share capital and premium on share capital

The total number of authorised preference shares is 40 shares (2016: 40 shares) with a par value of Baht 0.50 per share (2016: Baht 0.50 per share). All issued shares are fully paid

The total number of authorised ordinary shares is 13,100,000,000 shares (2016: 13,100,000,000 shares) with a par value of Baht 0.50 per share (2016: Baht 0.50 per share). All issued shares are fully paid

27 Interest income

	Consolidated financial statements	Separate financial statements	
	2017 Baht	2017 Baht	2016 Baht
For the year ended 31 December			
Factoring interest income	2,297,849	2,297,849	3,516,497
Personal loans interest income	1,960,617	1,960,617	2,335,734
Loans interest income	86,529,620	86,529,620	95,972,706
Interest income from purchase of receivables	12,289,221	12,289,221	-
Hire purchase interest income	39,767,890	39,767,890	-
Other interest income	185,264	142,986	257,823
Total interest income	143,030,461	142,988,183	102,082,760

28 Expenses by nature

For the year ended 31 December	Consolidated and Separate financial statements	Separate financial statements	
	2017 Baht	2017 Baht	2016 Baht
Marketing expenses	9,066,421	9,064,024	4,407,805
Marketing incentives	1,912,993	1,912,993	-
Advisory and professional fee	9,870,115	9,815,115	4,780,860
Personnel expenses	76,385,269	76,385,269	26,236,974
Depreciation and amortisation expenses	4,405,042	4,405,042	1,445,016
Rental and services expenses	9,873,644	9,873,644	3,660,932
Specific business tax and other taxes	5,638,993	5,638,993	5,632,998
Utilities expenses	2,618,026	2,618,026	577,147
Fuel expenses	6,405,566	6,405,566	502,311
Losses on disposals of foreclosed assets	-	-	19,663
Other expenses	3,794,573	3,563,110	1,071,248
Total expenses by nature	129,970,642	129,681,782	48,334,954

29 Income tax expenses

	Consolidated financial statements	Separate financial statements	
	2017 Baht	2017 Baht	2016 Baht
Current tax	9,668,690	9,668,690	7,026,724
Deferred tax (Note 21)			
Decrease (Increase) in deferred tax assets	7,950,759	7,950,759	(34,674,691)
Total	17,619,449	17,619,449	(27,647,967)

The income tax expenses on profit before tax differ from the theoretical amount that would arise using the basic tax rate of as follows:

	Consolidated financial statements	Separate financial statements	
	2017 Baht	2017 Baht	2016 Baht
Profit before tax	50,221,720	50,394,762	64,759,396
Tax calculated at a tax rate of 20% (2016: 20%)	10,044,344	10,078,952	12,951,879
Tax effect of:			
Addition income subject to tax	7,814,073	7,814,073	87,376
Expenses not deductible for tax purpose	660,824	660,824	421,886
Additional deductible expenses	(934,400)	(934,400)	(6,434,417)
Realised of deferred tax asset from temporary differpat in prior year	-	-	(34,674,691)
Tax losses for which no deferred income tax asset was recognised	34,608	-	-
Income tax expenses	17,619,449	17,619,449	(27,647,967)

30 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Consolidated financial statements	Separate financial statements	
For the year ended 31 December	2017	2017	2016
Net profit attributable to shareholders (Baht)	32,602,271	32,775,313	92,407,363
Weighted average number of		13,100,000.00	
ordinary shares in issue (Shares)	13,100,000,000	0	13,100,000,000
Basic earnings (loss) per share (Baht)	0.0025	0.0025	0.0071

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2017 and 2016.

31 Financial instruments

Financial instruments are any contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major financial assets and liabilities which bear market interest rate and fixed interest rate that potentially subject the Group to the change of interest rate risk.

Credit risk

Financial assets that potentially subject the Group to credit risk consist principally of hire purchase and loan receivables.

Management manages the risk by adopting appropriate credit control policies and procedures and therefore, the Group does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and loan receivables as stated in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash timely, or because of its failure to procure enough funds.

Management is responsible for liquidity management, including procurement of both short-term and long-term sources of funds.

Fair value

SGF Capital Public Company Limited
(Former name “Siam General Factoring Public Company Limited”)
Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2017

The Group estimated fair values of financial instruments as presentation in Note to Financial Statements no. 7 Fair value estimation

Interest rate risk

Interest Rate Risk

Consolidated financial statements							
2017							
Floating Interest rate Baht 000'	Earlier of remaining maturity date or contractual repricing					No interest 000'	Total 000'
	At Call Baht 000'	< 1 year Baht 000'	1 - 5 years Baht 000'	> 5 years Baht 000'			
Financial assets							
Cash and cash equivalents	18,491	-	-	-	-	9,873	28,364
Short-term investment	-	-	-	-	-	215,657	215,657
Factoring receivables, net	-	-	2,596	444,366	-	-	446,962
Hire purchase receivables, net	-	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	-	3,737	13,146	-	-	16,883
Loans, net	-	-	299,096	610,372	-	-	909,468
Restricted cash	-	-	1,000	-	-	-	1,000
Finance lease receivables, net	-	-	-	40,602	-	-	40,602
Loan receivables from purchase of receivables, net	-	-	-	8,537	-	-	8,537
	<u>18,491</u>	<u>-</u>	<u>368,060</u>	<u>1,426,102</u>	<u>76</u>	<u>225,530</u>	<u>2,039,259</u>
Financial liabilities							
Short-term borrowings from other company	-	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	-	1,413	6,354	-	-	7,767
	<u>-</u>	<u>-</u>	<u>10,865</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>17,219</u>

Separate financial statements

2017

	Floating Interest rate Baht 000'	Earlier of remaining maturity date or contractual repricing					Interest rate Baht 000'
		At Call Baht 000'	< 1 year Baht 000'	Interest rate Baht 000'	At Call Baht 000'	< 1 year Baht 000'	
Financial assets							
Cash and cash equivalents	18,449	-	-	-	-	9,873	28,322
Short-term investment	-	-	-	-	-	174,584	174,584
Factoring receivables, net	-	-	2,596	444,366	-	-	446,962
Hire purchase receivables, net	-	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	-	3,737	13,146	-	-	16,883
Loans, net	-	-	299,096	610,372	-	-	909,468
Restricted cash	-	-	1,000	-	-	-	1,000
Finance lease receivables, net	-	-	-	40,602	-	-	40,602
Loan receivables from purchase of receivables, net	-	-	-	8,537	-	-	8,537
	<u>18,449</u>	<u>-</u>	<u>368,060</u>	<u>1,426,102</u>	<u>76</u>	<u>184,457</u>	<u>1,998,144</u>
Financial liabilities							
Short-term borrowings from other company	-	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	-	1,413	6,354	-	-	7,767
	<u>-</u>	<u>-</u>	<u>10,865</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>17,219</u>

Separate financial statements							
2016							
	Floating Interest rate Baht 000'	Earlier of remaining maturity date or contractual repricing					Interest rate Baht 000'
		At Call Baht 000'	< 1 year Baht 000'	Interest rate Baht 000'	At Call Baht 000'	< 1 year Baht 000'	
Financial assets							
Cash and cash equivalents	22,730	-	-	-	-	1,126	23,856
Short-term investment	-	-	-	-	-	579,819	579,819
Factoring receivables, net	-	-	38,083	443,936	-	-	482,019
Personal loans receivables, net	-	-	4,608	15,132	-	-	19,740
Loans, net	-	-	596,736	314,646	-	-	911,319
Finance lease receivables, net	-	-	-	40,602	-	-	40,602
	<u>22,730</u>	<u>-</u>	<u>639,427</u>	<u>814,316</u>	<u>-</u>	<u>580,945</u>	<u>2,057,355</u>
Financial liabilities							
Bank overdrafts	2,359	-	-	-	-	-	2,359
Short-term borrowings from other company	-	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	-	1,560	931	-	-	2,491
	<u>2,359</u>	<u>-</u>	<u>11,012</u>	<u>931</u>	<u>-</u>	<u>-</u>	<u>14,302</u>

Liquidity risk

Consolidated financial statements						
2017						
	Within			Over than 5 years	Unspecified	Total
	At call Baht 000'	1 year Baht 000'	1 - 5 years Baht 000'	Baht 000'	Baht 000'	Baht 000'
Financial assets						
Cash and cash equivalents	28,364	-	-	-	-	28,364
Short-term investment	215,657	-	-	-	-	215,657
Factoring receivables, net	-	2,520	500,279	-	-	502,799
Hire purchase receivables, net	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	3,761	13,720	-	-	17,481
Loans, net	-	299,900	677,969	-	-	977,869
Restricted cash	-	-	1,000	-	-	1,000
Finance lease receivables, net	-	-	40,602	-	-	40,602
Loan receivables from purchase of receivables, net	-	-	8,537	-	-	8,537
	<u>244,021</u>	<u>368,812</u>	<u>1,551,186</u>	<u>76</u>	<u>-</u>	<u>2,164,095</u>

Consolidated financial statements

2017

	Within			Over than 5 years	Unspecifie d	Total
	At call Baht 000’	1 year Baht 000’	1 - 5 years Baht 000’	Baht 000’	Baht 000’	Baht 000’
Financial liabilities						
Short-term borrowings from other company	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	1,413	6,354	-	-	7,767
Accrued interest expenses	-	4,261	-	-	-	4,261
	-	15,126	6,354	-	-	21,480

Separate financial statements

2017

	Within			Over than 5 years	Unspecifie d	Total
	At call Baht 000’	1 year Baht 000’	1 - 5 years Baht 000’	Baht 000’	Baht 000’	Baht 000’
Financial assets						
Cash and cash equivalents	28,322	-	-	-	-	28,322
Short-term investment	174,584	-	-	-	-	174,584
Factoring receivables, net	-	2,520	500,279	-	-	502,799
Hire purchase receivables, net	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	3,761	13,720	-	-	17,481
Loans, net	-	299,900	677,969	-	-	977,869
Restricted cash	-	-	1,000	-	-	1,000
Finance lease receivables, net	-	-	40,602	-	-	40,602
Loan receivables from purchase of receivables, net	-	-	8,537	-	-	8,537
	203,906	368,812	1,551,186	76	-	2,122,980

Financial liabilities

Short-term borrowings from other company	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	1,413	6,354	-	-	7,767
Accrued interest expenses	-	4,261	-	-	-	4,261
	-	15,126	6,354	-	-	21,480

	Separate financial statements					
	2016					
	Within			Over than	Unspecifie	
	At call	1 year	1 - 5 years	5 years	d	Total
	Baht	Baht	Baht	Baht	Baht	Baht
	000'	000'	000'	000'	000'	000'
<u>Financial assets</u>						
Cash and cash equivalents	23,856	-	-	-	-	23,856
Short-term investment	579,819	-	-	-	-	579,819
Factoring receivables, net	-	38,728	499,056	-	-	537,784
Personal loans receivables, net	-	4,621	15,735	-	-	20,356
Loans, net	-	651,472	321,414	-	-	972,886
Finance lease receivables, net	-	-	40,602	-	-	40,602
	<u>603,675</u>	<u>694,821</u>	<u>876,807</u>	<u>-</u>	<u>-</u>	<u>2,175,303</u>
<u>Financial liabilities</u>						
Bank overdrafts	2,359	-	-	-	-	2,359
Short-term borrowings from other company		9,452	-	-	-	9,452
Finance lease liabilities, net	-	1,560	931	-	-	2,491
Accrued interest expenses	-	3,692	-	-	-	3,692
	<u>2,359</u>	<u>14,704</u>	<u>931</u>	<u>-</u>	<u>-</u>	<u>17,994</u>

32 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is held 18.08% of shares by Thongtang family who is the majority shareholder.

The followings are relationships of the Company and related parties.

Name of entities	Country of incorporation/ nationality	Business	Nature of relationships
SGF Asset Management Company Limited	Thailand	Purchase or transfer of loan receivables	Subsidiary
SGF Service Management Company Limited	Thailand	Providing financial advice service	Subsidiary
SGF Capital (Nakhon Ratchasima) Company Limited	Thailand	Providing short-term loan in Nakhon Ratchasima	Subsidiary
SGF Capital (Chiangmai) Company Limited	Thailand	Providing short-term loan in Chiangmai	Subsidiary
SGF Capital (Chonburi) Company Limited	Thailand	Providing short-term loan in Chonburi	Subsidiary
WTH Holdings Company Limited	Thailand	Providing services related to building and place	Same shareholder
Wichaithongtang Law Office Company Limited	Thailand	Providing legal counsel	Same shareholder

The following transactions were carried out with related parties:

32.1 Outstanding balances

	Consolidated financial statements	Separate financial statements	
	2017 Baht	2017 Baht	2016 Baht
<u>Subsidiaries</u>			
SGF Asset Management Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	140,197	-
SGF Service Management Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	6,400	-
SGF Capital (Nakhon Ratchasima) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	28,830	-
SGF Capital (Chiangmai) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	29,005	-
SGF Capital (Chonburi) Company Limited			
<u>Asset</u>			
Advance payment for company establishment	-	29,005	-

The following transactions were carried out with related parties:

32.2 Expenses to related parties

	Pricing policies	Consolidated	Separate	
		financial statements	financial statements	
For the year ended 31 December		2017	2017	2016
		Baht	Baht	Baht
<u>Same shareholder companies</u>				
Wichaithongtang law office Co., Ltd	Agreed price, as discussed			
The legal advisor fees	on the agreement			
	50,000 per month.	600,000	600,000	600,000
WTH Holding Limited	Agreed price, as discussed			
Building rental and expenses	on the agreement			
	120,000 per month.	1,440,000	1,440,000	-

32.3 Remuneration of Directors and Executives

Remuneration of Directors and Executives for the Group and the Company for the year are as follows:

For the year ended 31 December	Consolidated and Separate financial statements	Separate financial statements
	2017 Baht	2016 Baht
Short-term benefits		
- Directors remuneration	3,935,999	2,166,000
- Management remuneration	15,070,575	9,687,960
Post-employment benefits	2,902,126	230,427
Total	21,908,700	12,084,387

33 Commitments

33.1 Capital commitments

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Renovation and Decorative Building	1,063,995	
Software installation contract	278,495	-
Total	1,342,490	-

33 Commitments (Cont'd)

33.2 Operating lease commitments - where the Company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases is as follows:

	Consolidated and Separate financial statements	Separate financial statements
	31 December 2017 Baht	31 December 2016 Baht
Not later than 1 year	13,162,881	2,122,920
Later than 1 year but not later than 5 years	19,551,467	1,996,950
Total	32,714,348	4,119,870

34 Contingent liabilities

As at 31 December 2017, the Company has the following significant lawsuits;

- 34.1 The Company has been sued about the claim right transferring acts. The Company has gotten the claim right transferring following an agreements and performed account receivable for the right transferring and collectable follow the performing right transferred. The Company has been sued for the repayment amounting to Baht 4,319,249. The Company has not recognised the estimated liability in the financial statement due to the Company's lawyer has an opinion that the Court will dismiss the lawsuit case, as the Company also follows with the correct process. At present, the lawsuit is still in the Court.
- 34.2 The Company has been sued by a third party to cancel the mortgage of land and building, which was executed between the Company and the client. That third party argued that it had entered into the agreement to buy a piece of land and building with the client. However, the client created the mortgage encumbrance with the Company. Therefore, such mortgage breached to The Land Development Act and the announcement of the Land Development Central Committee. This case is in the court process of the mediation/defending/hearing. The Company will submit the defending answer by the due date. Management believes that this case is groundless and will not have impact to the Company.



Corporate Social Responsibility

The company has good corporate governance and operating policy under principle of ethics, sets efficient management system, strictly abides by regulations and law, operates under transparency; fairness; and verifiable working process, and takes responsibilities for social to bring the company to be a sustainable developed company. The company determines business ethics to build understanding and consciousness of participation in order to cause concrete performance in every stage of working process, and operating business. We can summarize the substantial as follows.

1. To design Corporate governance policy, the Company has prescribed policies and practice guidelines for Directors, Executives and employees to follow in order to comply with laws and the Company's regulations and abide by the business ethics in performing duties and decision making with honesty.

2. To determine Code of Conduct, the Company has established the code of conduct and communicated to all employees, including new employees, to ensure mutual knowledge and understanding on business ethics in order to create confidence among shareholders; and all stakeholders, and provide competitiveness and long term success to the Company

Corporate Social Responsibility – in Employee's Perspective

The Company has designated an employ policy holding equal equality; stability; and professional advancement principles. Management and staff are obligated to comply with human rights principles and mustn't support any violation of human right. The Company prohibits the use of child labour; and human trafficking, and discourages engaging in or accepting any form of bribery or corruption. Employees are treated fairly and appropriate welfare such as:

1. The company provides fair remunerations appropriate to the responsibilities and work performance of each employee. Various benefits are also provided to employee in addition to those governed by laws. The benefits which rely on performance are performance bonus, employee rewards program, commission, etc. Other benefits which we can exemplify are provident fund, and annual physical check-up arrangements, etc.
2. The Company provides competency development continuously. The Company is confident that personnel development is important to encourage people with potential and performance to maximize their knowledge and skills that will strengthen the competitiveness of the organization
3. The Company has a number of projects to enhance employees' health and employees' working stability. The Company provides health care project such as Annual medical check-up with check-up program that suitable for each staff. Medical assistance benefit to relieve employee's financial burden which related to medical treatment fees for both cases of in-patients and out patients. Moreover, there are various employee wellness program to relief employees from work and join the activities together, such as employees' sport activities, new year party etc.
4. The company has some projects for employee who affected from natural disaster both flood and storm which causing unexpected loss in employee's assets. At 2 August 2017, management team had offered totally 21,000 Baht to assist them consisting of 4 employees who affected by flood in Sakon Nakhon province, and others who affected by these natural disaster. At 14 December 2017, management team had offered 5,000 to Pattani administrator who affected by flash flood in lower south region.
5. The company has the project to enhance well-being of employees by setting up employees' loan and motor cycle hire purchase welfare for the company's employees etc.

Corporate Social Responsibility – in Business Partner's Perspective and Shareholder's Perspective

The company has operating policy under principle of ethics; transparency; and verifiable working process under good corporate governance so that the company is able to disclose entirely information to stockholders, and investors. However, the company has channel that stakeholders can inform in case of

imperfect services or fraud trace by sending E-mail to “internal_audit@sgfcap.com” or “apinya.b@sgfcap.com”

The company has fair procedure of selection business partner and deals with business partner neutrally based on obtaining fair return in both the company and our partners.

The company holds policy that the company will act to the creditor according to condition or trading agreement. The company abides by loan condition, and doesn't intend to conceal information which causing any damage to creditor or financial institution.

Corporate Social Responsibility – in Society's Perspective

The company has social responsibility policy, as follows.

1. In August, 2017, the company had rescued people who affected by flood in Sakonnakhon province. The company's employees entered into this area to donate pure water, and dried food to the employee, and the people who affected by flood. These donated foods have total value equal to 20,000 Baht. Moreover, the company had suspended repayment for 2 tranches.



2. The company had donated the money to Foundation of Phramongkutklao Hospital to purchase some medical equipment.
3. The company had donated the money to create “Red Cross Fair” in 2017
4. The company had donated the money to participate in “Royal Kathin” ceremony at Wat Sao Thong Tong (royal monastery), Tha-Hin Sub-district, Muang Lop Buri, Lop Buri.
5. On 19 January 2018, the company gave scholarship (5,000 Baht) and sport equipment (5,000 Baht) to students in Banmeakhamei school, Kaeng Krachan District, Phetchaburi Province.



6. Because flood disaster in Sakon Nakhon affected on company's customers, the company had some policy to relieve affliction of these customers by suspending repayment for 2 tranches in customers who affected by flood not much and suspending repayment for 3 tranches in customers who severely affected by flood.

Corporate Social Responsibility – in Environment's Perspective

The company emphasizes on worthy usage of resource and energy. In the previous time, the company has a plenty of projects which maximize worthy usage of resource and energy as follows.

1. The company has the project to reduce paper usage. The company boosts the employees to file important documents in electronic format in order to reduce paper usage and conveniently use.
2. The company encourages reuse the paper which only used in one side in order to reduce paper usage.
3. The company has the campaign for using ladder instead of using lift in case of lift up or down only 1 stage so as to save the energy and exercise.

Against Corruption and fraud

The company emphasizes on resisting any corruption and fraud in all methods. The company cultivates consciousness in management team and all level of employees, instructs right core value as mentioned below.

1. All employees mustn't propose returns, demands, agreements, or take a bribe from others in every form, both direct and indirect way, in order to sub serve benefit of each other or take an exploit of company's working.
2. Fraud employee will be punished in every cases, the company won't consider that how much value of the fraud has occurred.
3. If the company finds any fraud, the company won't consider that what the position of the fraud employee is being. Judgement; and punishment will be equal.
4. The company has repeatedly cultivated honesty working value, non-taking an exploit in the position value or non-sub serving the others value in all employees. The company allows employee to acknowledge punishment, as well as distress; and loss which the employee will be received from fraud.
5. All employees have to inspect circumstance in the company. If there is fraud event occurring in department, the employees have to report to the company immediately through commander or other channels which determined by the company or internal control department.



Branch and Reference

Head Office : 121 4th Floors, WTH Holding Building, Vibhavadi-Rangsit Road, Samsen – Nai,
Phyathai, Bangkok 10400
Telephone : 0-2232-1789 **Fax** : 0-2232-1790

Now, the company had 45 branch offices, separate to region as follow:

North Region

Chiangmai : 38/7-8 Chaingmai-Lampang Rd., (Opposite Wat Jed Yod), Tambon Changpuek, Amphoe
Muang, Chiangmai 50300
Telephone : 063-832-2908

Phitsanulok : 8/18 Moo 5, Tambon Samo Khae, Amphoe Muang, Phitsanulok 65000
Telephone : 064-585-3510

Petchaboon : 52/175 Thepha Phatthana Rd, Tambon Naimuang, Amphoe Muang, Petchaboon 67000
Telephone : -

Payao : 167/5 Moo 3, Tambon Tawangthong, Amphoe Muang, Payao 56000
Telephone : -

North-East Region

Nakhon Ratchasima : 143/8 Sapasit Rd., Tambon Naimuang, Amphoe Muang, Nakhon Ratchasima 30000
Telephone : 064-585-3543

Pimai : 553/4 Moo 14, Tambon Nai Muang, Amphoe Pimai, Nakorn Ratchasima 30110
Telephone : 064-585-3526

Loei : 87/4-5 Maliwan Rd., Tambon Kudpong, Amphoe Muang, Loei 42000
Telephone : 064-585-3527

Mukdahan : 39/2 Muangmai Rd., Tambon Mukdahan, Amphoe Muang, Mukdahan 49000
Telephone : 064-585-3517

U-don Thani : 844/5 Tahan (Dongwat) Rd., Tambon Makkang, Amphoe Muang, U-don Thani 41000
Telephone : 064-585-3529

Khonkaen : 588/41-42 Moo 5, Tambon Muang kao, Amphoe Muang, Khonkaen 40000
Telephone : 064-585-3524

Sakon Nakorn : 85/33 Nitayo, Tambon That Choeng Chum, Amphoe Muang, Sakon Nakorn 47000
Telephone : 064-585-3519

Surin : 147 Moo 22, Tambon Nok Muang, Amphoe Muang, Surin 32000
Telephone : 064-585-3520

Sikhio : 246 Moo 2 Chumka Rd., Tambon Mitraphab, Amphoe Sikhio, Nakorn Ratchasima 30140
Telephone : 064-585-3525

Buriram : 690/11 Moo 1, Tambon E-san, Amphoe Muang, Buriram 31000
Telephone : 064-585-3516

Ubon Ratchathani : 569 Moo 18, Chayangkul Rd., Tambon Kamyai, Amphoe Muang, Ubon Ratchathani 34000
Telephone : 064-585-3518

Chaiyaphum Telephone	: 90/6 Moo 9, Tambon Nai Muang, Amphoe Muang, Chaiyaphum 36000 : 064-585-3528
Srakaew Telephone	: 47/3 Suwannasorn Rd., Tambon Srakaew, Amphoe Muang, Srakaew 27000 : 063-832-2049
Kalasin Telephone	: 1/10 Kut Yang Samakkhi Rd., Tambon Kalasin, Amphoe Muang, Kalasin 46000 : 093-395-4396

Central Region

Mahachai Telephone	: 1240/3-4 Ekachai Rd., Tambon Mahachai, Amphoe Muang, Samutsakorn 74000 : 064-585-3548
Ban Phae Telephone	: 303/9 Moo 1, Tambon Lak Sam, Amphoe Ban Phae, Samutsakorn 74120 : 064-585-3547
Samut Songkram Telephone	: 104/26 Moo 12, Ekachai Rd., Tambon Ladyai, Amphoe Muang, Samut Songkram 75000 : 064-585-3549
Krathum Baen Telephone	: 93/10 Moo 1, Tambon Krongmaduea, Amphoe Krathum Baen, Samut Sakorn 74110 : 064-585-3546
Ayudhaya Telephone	: 199/354 Moo 3, Tambon Klongsuanpru, Amphoe Pranakorn Sriyudhaya, Ayudhaya 13000 : 064-585-3545
Chainat Telephone	: 88/7 Promprasert Rd., Tambon Ban Kluai, Amphoe Muang, Chainat 17000 : 063-832-2040
Suphanburi Telephone	: 36/14 Nang wankaew Rd., Tambon Ruayai, Amphoe Muang, Suphanburi 72000 : 063-832-2143
Pratumthani Telephone	: 56/3 Moo 7, Tambon Klong Sam, Amphoe Klong Luang, Pratumthani 12120 : -

East Region

Chachoengsao Telephone	: 93/4 Moo 13, Tambon Bang Tin Pet, Amphoe Muang, Chachoengsao 24000 : 064-585-3509
Rayong Telephone	: 327/15 Sukhumvit Rd., Tambon Noen Phra, Amphoe Muang, Rayong 21000 : 064-585-3515

West Region

Petchaburi Telephone	: 1/11 Moo 1, Tambon Raisom, Amphoe Muang, Petchaburi 76000 : 064-585-3562
Kanchanaburi Telephone	: 4/32, Saeng Chuto Rd., Tambon Bantai, Amphoe Muang, Kanchanaburi 71000 : 064-585-3560
Ratchaburi Telephone	: 3/11 Maen Ramluek Rd, Tambon Namuang, Amphoe Muang, Ratchaburi 70000 : 064-585-3561

South Region

Surat Thani Telephone	: 88/15 Moo 5 Kanchanavithi Rd., Tambon Bangkung, Amphoe Muang, Surat Thani 84000 : 064-585-3512
---------------------------------	-----------------------------------------------------------------------------------------------------

Nakorn Srithamarat	: 61/8-9 Nakorn-pakpanang Rd., Tambon Naimuang, Amphoe Muang, Nakorn Srithamarat 80000
Telephone	: 064-585-3513
Chumporn	: 252/4 Moo 1, Chumporn-Ranong Rd., Tambon Wangpai, Amphoe Muang, Chumporn 86000
Telephone	: 064-585-3514
Narathiwat	: 143/12 Suriyapradit Rd., Tambon Bangnak, Amphoe Muang, Narathiwat 96000
Telephone	: 064-585-3508
Pattani	: 109/6 Moo 5, Tambon Rusamilae, Amphoe Muang, Pattani 94000
Telephone	: 064-585-3506
Yala	: 102/6 Sirorot Rd., Tambon Sateng, Amphoe Muang, Yala 95000
Telephone	: 064-585-3507
Hadyai	: 84/49 Lopburi Ramet Rd., Tambon Khlong Hae, Amphoe Hadyai, Songkla 90110
Telephone	: 064-585-3505
Phatthalung	: 230 Moo 2, Tambon Khao Chiak, Amphoe Muang, Phatthalung 93000
Telephone	: 064-585-3504
Surat Thani (Wiang Sra)	: 999/9 Moo 4, Tambon Bansong, Amphoe Wiang Sra, Surat Thani 84190
Telephone	: 064-585-3521
Krabi	: 134/5 Moo 2, Sri trang Rd., Tambon Krabiyai, Amphoe Muang, Krabi 81000
Telephone	: 064-585-3523
Satun	: 778 Moo 6, Tambon Khlong Khut, Amphoe Muang, Satun 91000
Telephone	: 063-832-2047
Thung Song	: 170/1 Moo 2, Tambon Nong Hong, Amphoe Thung Song, Nakorn Srithamarat 80000
Telephone	: 063-832-2671
Phuket	: 100/5 Moo 5, Tambon Ratsada, Amphoe Muang, Phuket 83000
Telephone	: 063-832-2712
Trang	: 2/17 Wat Klong Nam 7 Rd., Tambon Tabtiang, Amphoe Muang, Trang 92000
Telephont	: 063-832-2780

Other References

Shares Registrar	: Thailand Securities Depository Company Limited 93 Rachadapisek Road, Dindang, Dindang, 10400 Tel. 0-2009-9000 Fax. 0-2009-9991
Auditor	: Mr. Boonlert Kamolchanokkul No.5339 Pricewaterhouse Coopers ABAS Limited 179/74-80 15 th Floor, Bangkok City Tower Building, South Sathorn Road, Khwaeng Thung Maha Mek, Sathorn, Bangkok 10120 Tel. 0-2824-5000
Legal Advisor	: Wichai Thongtang Law Office 408/67 16 th Floor, Phaholyothin Place Building, Phaholyothin Rd., Samsen-nai, Phayathai, Bangkok 10400 Tel. 0-2619-0918 Fax. 0-2619-0111
Financial Advisor	: None



www.sgfcap.com

บริษัท เอสจีเอฟ แคปปิตอล จำกัด (มหาชน)

121 ชั้น 4 อาคารดับบลิวทีเอสโฮลดิ้งส์ ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพฯ 10400
โทร. 02-232-1789 โทรสาร. 02-232-1790

SGF Capital Public Company Limited

121, 4th Floor, WTH Holding Building, Vibhavadi Rangsit Road, Samsen-nai, Phayathai, Bangkok 10400
Tel. 02-232-1789 Fax. 02-232-1790