



Krungthai Car Rent and Lease Public Company Limited



Annual Report 2018

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**“For further information on the company issuing the securities.
The annual information form (56-1) of a company that is listed in.
www.sec.or.th or website : www.krungthai.co.th”**

Message from Chairman of the Board

The automobile rental industry saw a bright and well-responsive year in 2018 and enjoyed a continuous growth following the previous year's results. The increase in demands are well welcomed from both Thai and overseas clients who took into consideration the fair benefits of leasing, cost control, budget control, and reduction of operational costs. In the past year, the considerable expansion of online businesses and logistics made themselves a grand factor for car rental business to grow continuously. It is also expected that the car rental business will continue to grow in the future.

As for the fierce competition in car rental fees during the past year due to low interest rate, large-scale car rental businesses focused on expanding their portfolio of vehicles to bring down rental fees. The company, therefore, realised the importance of growth as well as business stability, by pushing further in the rental fee race, all under real pricing system and market mechanism. This smart move gave the company certain good opportunities to finalise more leasing contracts from both government and private sector clients.

During the first half of 2018, the second-hand automobile business grew to a satisfactory extent thanks to supports of more loan grants from financial institutions. However, the second-hand automobile business in the second half of the year was just slightly affected from the wave of new-model cars in terms of both sales volume and car prices. In 2019, the second-hand automobile business is expected to grow back to the normal state thanks to more support from financial institutions and online second-hand automobile marketing campaigns. This has shown that clients started to turn to see the value for money in second-hand automobiles for they will be able to save their money from the price difference between new cars and second-hand cars.

The company remains true in expanding our portfolio of cars and most importantly our rendering of the best service possible to our clients. Certain groups of clients who see the importance of good service rendering rather than low rental fees are still loyal to the company. The company has prepared for a fiercer competition by pushing more campaigns into the online markets, which is in line with the actual clients' norms of technology use.

The company adheres to the basis of responsibility towards society, community, and environment, so as to grow under the shadowy tree of good governance and sustainable growth. On behalf of the board of directors, I would like to express my sincere gratitude to all executives and members of staff for their diligence and dedication for the company for the past year. I now promise that the company will maintain its results, operate the business in a true and professional manner, and strengthen its foundation, continuously improving its services in running to the goal.



(Pithep Chantarasereekul)

The Chairman of the Board of Directors

Overview of Business

1.1 History and Important Development

Krungthai Car Rent and Lease Public Company Limited registered since January 29, 1992 under the name of “Krungthai Car Rent International Co., Ltd.” by Mr. Paitoon Chantarasereekul with registered capital of Baht 4 million which belonged to Chantarasereekul group for 100%. The Company operated car leasing business both short term (daily-weekly-monthly basis) and long term (operating lease 1-5 years) to corporate customer both government agencies and private companies including individual customers together with the policies of excellent service and customer satisfaction orientation. The Company also worked as partnership and focused on excellent result for all business partners including the improvement of working system to enhance the service quality enabling the solid and continuous growth of the Company.

In August 2004, the Company became a Public Company namely “Krungthai Car Rent and Lease Public Company Limited” and changed in the par value of Baht 1,000 per share to Baht 1 per share. In November 2005, the Company sold 50 million common shares to the public so that the new Company paid-up capital is as of Baht 250 million. The Company was listed on the Stock Exchange of Thailand by December 2005.

In June 2005, the Company invested in Krungthai Automobile Co., Ltd., a subsidiary company, whose nature of business is the sales of used cars and leased cars that have exceeded its lease ability period under the front name of “Toyota Sure”. In which the Company held 37,999,300 baht (accounted to 95% of total shares). As a development, the Company in January 2013 increased its proportion of investment in the subsidiary company to 100% of the total shares.

For the current moment, the subsidiary company owns four branches of used car outlet

1. Headquarters on Kanchanabhisek road
2. Srinagarindra road branch
3. Kaset branch
4. Kanchanaphisek-Baromarachachonani Branch



In October 2017, the company's credit rating was upgraded from BBB+ to A- by Tris Rating.

In 2018, the company was rated as "Very Good" rating from an assessment of corporate governance from the corporate governance survey of listed company conducted by the Thai Institute of Directors Association (IOD)

In October 2018, the company was certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC)



1.2 Overview of Business

Krunghthai Car Rent and Lease Public Company Limited operates the rented car as operating lease with the agreement of not more than 5 years and short term rent of not more than 1 year. In addition the Company also sell the expired leasing car via distribution channels which are subsidiary companies that bring the profit of selling expired leasing car as well.

The rented cars are mainly be Japanese brand which has high turnover and can be classified as small car, medium car, big car, van and pickup which are Toyota, Honda, Isuzu, Nissan and etc.

Moreover, the Company also provides European rented car to serve all customer need and to create value added for our service. The company provides first class insurance for all cars and the Company responsible for the expense related to the vehicle i.e. expense for registration and vehicle tax, inspection expense, maintenance expense

บริษัท กรุงไทยการเช่าและปล่อยสินค้า (มหาชน)



including 24 hour-call center to support the customer in case of emergency and car replacement in case of accident.



The Company established service center at Head Office located on Rama III road and Asoke branch including the contract service centers more than 800 centers in order to ensure the good care of customers all times and also protected against risks that may have happened to the assets of the company. In addition, the service center on Rama III also open for any individual who requires the maintenance service for Nissan cars.



Presently, the other subsidiary company, Krungthai Automobile Co., Ltd., which the Company holds 100% of total shares operates the business of buying, selling and exchange the variety of used cars in any brands and types. The Company business has been integrated because the Company able to sell the expired leasing car through this channel directly to the customer and gain higher price together with less selling administration cost. Moreover the subsidiary company can also make a return to the Group from selling of used cars that purchased from others. As a result, the company gains higher car sales and higher revenue.

1.3 Vision & Corporate Policy

Vision

“Service and Quality Excellence”

Mission

The company recognises the importance of bringing the organisation to sustainable growth. Therefore, it has been defined as the company's policy so that everyone in the organisation can contribute to the organisation so as to be progressive and stable, including realising organisational values.

Corporate Policy

“The Leading Car Rental company focusing on distinguished services, underlining the business growth in sustainability way, emphasizing on the business partners collaboration and customer-value creation philosophy, developing staff skills to progress and professional-like while nourishing them the morality, community, social and environment responsibilities under the good corporate governance practices.”



KCARway
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Professionalism: proficiency and responsibility to ensure the excellence of quality

Partnership: service and relationship which bring about customers' top satisfaction

Dynamism: determination, dedication, and continual amelioration to secure the standpoint of car rental business on a sustainable basis

1.4 Strategy and Competitiveness

1. The company is known as a competitive car rent business as the company has been providing car rental service for a considerable period of time. It is known in a broadened scale that the company is a big player in the business types of operating lease and short-term lease.

2. The management has a good relationship with customers. Thanks to a long history of the operations of business, the company enjoys a large base of customers, thus increasing the opportunity of service provision and risk diversification by depending not on one group of customers on an exceedingly large proportion.

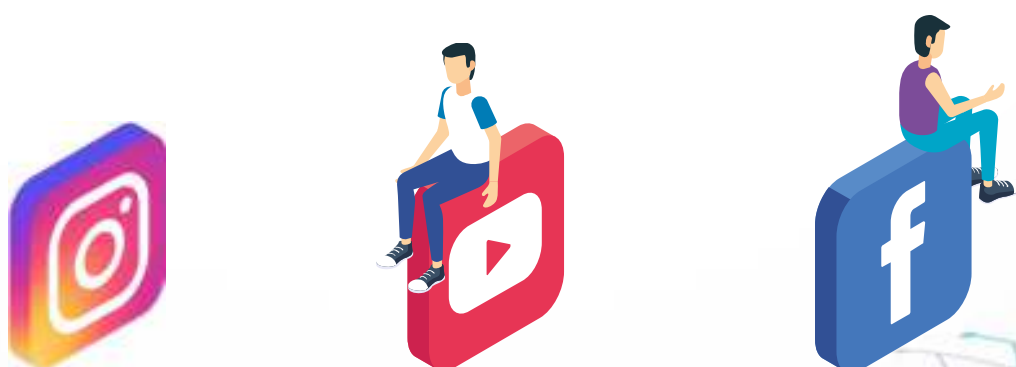
3. The company offers a full-scale service with premium quality by focusing on customers' satisfaction on every level of service. The company purchases the right vehicles according to each customer's requirements. As an added value to the service, the company also purchases first-class car insurance policies from some of the reputable insurance companies in the market and takes responsibility in the maintenance cost, e.g. reparation and annual registration renewal. In addition, the company also provides a full-scale after-sales service e.g. repair service with replacement cars, all by more than 800 branches of check-up and repair bays across the country. The company also offers value-added services and other activities to inform customers and keep them educated on benefits from the rental service, e.g. safe driving activity and study visits to car manufacturers.





4. As the company currently has more than 8,300 cars for lease. It enjoys the benefits of the economy of scale, with some of the advantages being the considerably high power of bargaining and reduced cost of procurement of cars, spare parts, and interest rates. In addition, the company also enjoys a reduction of a part of operational costs, one of which is the cost of manpower per car.

5. The company operates its own service centre with highly skilled mechanics and technicians to render service to the customers. The company also estimates the cost of maintenance in a more efficient way, which can reduce the company's cost of operations.



6. The company has increased the earmarked marketing budget to focus more on advertisements in various media, including organising of promotional events on the company's web site in a bid to boost and publicise the company's image for the wider audience.

7. The company encourages the learning of knowledge and information on the benefits of car operating lease by providing training session for the employees on a regular basis, for they will successfully educate potential customers about cost management, tax and operational benefits that customers are entitled to, e.g. maintenance control, budget control, and so on.

Nature of Business

2. Structure of Income

The revenue structure of the Company's consolidated financial statements for the year 2016 - 2018 can be summarized as follows:

Source of Income	By	% Shares of the Company	2016		2017		2018	
			Million Bath	%	Million Bath	%	Million Bath	%
1. Rental Cars	Company		1,132.80	56.56	1,146.92	54.81	1,199.37	57.62
2. Sale of Used Cars	Company		628.66	31.39	694.56	33.19	553.64	26.60
3. Sale of Used Cars	subsidiary	100	178.85	8.93	191.70	9.16	271.11	13.03
4. Other sources ^{1/}	Company /Subsidiary		62.65	3.12	59.21	2.83	57.31	2.75
Total			2,002.96	100	2,092.39	100	2,081.43	100

Note: ^{1/} Income from other sources e.g. service centres, received interests, termination fee, and sales promotion.

2.1 Nature of services

The Company operates and provides services for operating lease with a lease term of from one year to five years to the corporate customers and also provides short-term rental car services (from daily to monthly basis) for corporate and individual customers. It also provides one- stop service through more than 8,300 standard cars in various models and sizes.

Operating Lease



Short Term Rental

The customer's objective to exploit operating lease is different from purchase, hire purchase and financial lease. For operating lease, customers would like to utilize that asset temporarily without ownership so that they could cut back maintenance expenses and other involved expenses such as taxes, car insurance and etc. Also, they can reduce financial obligation because they neither need to pay a large amount of money to acquire a vehicle nor need to procure loan and guarantees. Moreover, as a corporate identity they can get corporate tax benefit on operating lease. As a result, operating lease becomes more popular among customers. The Company believes that operating lease business is still in the growth state and thus, only operating lease and short-term rental are underlined.

2.1.1 Nature of services

1. Operating Lease

The operating lease covers a lease term from one year to five years. The target groups include medium and large corporations, multinational corporations, government agencies and state enterprises having demand for vehicle services together with comprehensive supplementary services to reduce their unnecessary expenses relating to vehicle operation and management. The customers can choose the brand name and models of the cars including options and accessories as required.

The Company will be responsible for car checking and making a first class insurance which the Company will be the beneficiaries. Moreover, the customers have many choices for after-sales service such as maintenance and repair program and temporary replacement cars. Ownership over the cars still belongs to the Company after the lease agreement becomes expired.

The Company has a policy to collect a car rental deposit at the average rate about three months of the rental fee. Nonetheless, the deposit can be waived, depending on the financial status and creditability of the customers. If the customers default on leasing fee for more than 3 months consecutive, the Company will confiscate the rented car and call for all payments as indicated in the agreement.

2. Short Term Rental

The Company provides a short-term rental service on a daily, weekly and monthly basis, focusing on the existing operating lease customers who additionally require a short-term rental and other individual and corporate customers. The customers are able to choose from various options classified by size of engines and variety of models.

The Company will collect the full rental fee in advance plus deposit. Collection of the said deposit is subject to the qualification of the customers and the model of car to be rent. In case the customers do not want to pay the deposit, they must provide a guarantor and pay the deposit on their behalf.

In addition to providing such services, the company recognizes the value of the customer. The service is another factor which is of particular importance. This is to increase the value of providing comprehensive services and to provide our customers with the best service as following:



Customer Service

Customer Service Officer provides counseling services and gets feedback from the customers to find the appropriate solution in accordance with the requirements of the customer under cost effectiveness including knowledge providing on financial and tax management that customers can be obtained from Operating Lease. Moreover, the officers also establish the customer satisfaction surveys to improve the service to maximize the customer satisfaction.

24 hour-Call Center

The company set up a team that will coordinate and make recommendations together with emergency technicians and vehicle movement which is ready to daily assist at the scene with a car towing service for Bangkok and metropolitan area.

Service for Maintenance and Inspection Intervals

The Company provides the service for maintenance and inspects the car over the lease with the Preventive Maintenance Program that able to service the customer quickly and accurately so that the customer can use the car with the most effective and safety. The company has a policy to inspect the car prior to customer delivery and after the repair of the car's body. The Company also establishes the policy on maintenance and inspection of the car according to the manufacturer standard. The service centers for maintenance and inspection intervals spreads around the country i.e. Headquarters on Rama 3 Road, Asoke branch and other spot centers including the contract center with more than 800 locations.



Service of third party insurance and car insurance

The company will undertake to provide third party insurance and deliver to the customer. The Company also provides the first class car insurance with a reputation insurance company for every car.

Service for Car Replacement in case of accident or loss

In case of accident and loss, the Company provides car replacement to the customer under the condition specified in leasing agreement.

2.1.2 Purchase and Sale of Used Cars

The company has 2 main incomes from operations, namely car rental income, and income from the sales of lease-expired cars. The income from car rental will be derived from fixed rental rates throughout the lease term. The determination of the rental rate will be based on the value derived from the sale of cars that are expected to be received in the future for the rental calculation as well.

The company has a policy to sell cars when lease contract expires by retailing to direct car buyers under the sale of a subsidiary which will get a better selling price than wholesale. As for the decision whether or not to sell a car that has expired, the company shall consider various factors together, such as the amount of car remaining of the company, car condition, use life, repair value, and repair time. If the company decides to sell, it will proceed to adjust the condition of the car before selling to get a higher price. By setting the selling price, the company will consider from the used car prices in the market.

The Company conducts its business support services for car leasing is the purchase and sale of used cars operated by a subsidiary company, KrungThai Automobile Co., Ltd. ("Krungthai Automobile") under the commercial name "Toyota's Krungthai Used Car" which has 4 branches on the Kanchanapisek Road, Khet Bangkhuae, Bangkok, the second branch located on Srinakarindra Road, Khet Praveet, Bangkok, the third branch located on Phahon Yothin Road, Khet Bangkok, and the fourth branch located on Kanchanaphisek-Baromarachachonani Road.

Krungthai Automobile has joined with Toyota Motor Thailand Co., Ltd ("Toyota Thailand"), a manufacturer and distributor of Toyota in Thailand for the project of Toyota Sure Program, which sold Toyota used cars under the framework and management advice and assistance activities from Toyota Thailand such as the warranty for used cars sold by Toyota Thailand for 1 year or in a distance of 20,000 kilometers, the supply of inventory and sales channels, assisting in the marketing budget and applied for the support systems and technologies.

The project was successful in many countries around the world such as USA, Japan and etc. In addition to the car in the Toyota Sure, Krungthai Automobile also able to sell or buy used cars every brand not limited to only Toyota brand.



2.2 Market Situation and Competitiveness

Car Rental Business

Now, the car leasing companies in Thailand can be divided into 2 types of service. The first one is Financial Lease and Hire Purchase. The second one is the company which mainly is Operating Lease including one-stop service with rental cars.

The Financial Lease and Hire Purchase operation is the loan to customers who sign the lease agreement and pay the installment to the lessor. The customers can occupy and use the assets and there is the purchase option or in the agreement identified that the ownership is transferred to the customers when the customers has paid all the installments required by agreement. These operators are mostly financial institutions, subsidiaries of the manufacturers and distributors and other leasing companies. These operators are not the direct competitors even the business operation is similar but the target customers are different as well as the different market strategy especially for pricing and interest strategy.

The Operating Lease is the rental agreement which allow customer to use the assets as well as the agreement can be cancellable. The lessee will be responsible for maintenance cost and at the end of the lease, the lessor can re-lease these assets with others. The market strategy will be focused on the service quality which the Company operates this operating lease as the main business. Currently there are many operation lease companies and mainly they focus on the daily or weekly rental however these companies also are considered not our main competitors.



Competitiveness in Car Rental Business and Used Cars over the Past Year

In the past year of 2018, the car rental business gained considerably satisfactory growth especially in the logistics sector following expansion in online markets. Demands from the corporate client group was also increased as many organisations have turned their vision to raise their own competitiveness in believing that leasing cars would lead to better cost management than purchasing cars.

At the same time, the competition in car rental prices continues to occur with concentration on expanding portfolios to increase market share, thus resulting in fiercer competition in the rental fees which do not reflect the actual cost. It is anticipated that this fashion will remain in the market, corresponding with the positive forecasts for the used car market business.



The company continues to focus on expanding its car rental portfolio and increasing cost management efficiency. At the same time, the company also prioritises to service quality that can meet the needs of customers, such as providing mobile service to enhance the service for clients' convenience.

As for the used car market in 2018, the overall picture is in line with the economic slowdown. Credit approval from financial institutions was seen to be more stringent, coupled with the promotion of new cars, which affected the prices and sales of used cars. However, the company has expanded its channels online, and offline at Kanchanaphisek-Boromarajonani branch in 2018 to maximise clients' access.

Risk Factors

3.1 Interest rate risk

In the operating lease business, there is the fixed interest rate throughout the life of the agreement making the Company has the fixed income from rental car. While cost of its operation comes from the interest loan with 2 types; fixed rate and floating rate subject to the market rate of interest. Therefore a risk of the spread of the income received and interest expense will impact directly on the cost and profit of the Company.

Therefore the Company has the policy to reduce this risk by finding the cost of fund which complies with the nature of business. The Company has managed risk with 2 aspects;

1. *Duration:* In term of duration management, the Company will set the loan period matching with the lease period.
2. *Interest rate:* The Company will try to obtain loans at a fixed cost to match with the car rental nature by keeping the difference between interest rate and rental income at the levels of profitability and consistence.

The proportion of fixed rate and floating rate is as follows:

Type of Interest	December 31, 2016		December 31, 2017		December 31, 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
- Fixed	1,845.38	73.14	2,286.39	80.63	2,384.45	94.58
- Floated	677.55	26.86	549.13	19.37	134.48	5.42
Total	2,522.93	100	2,835.52	100	2,482.93	100



3.2 Salvage Value Management Risks

The Company operates operating lease business with the period from 1 year to 5 years. After the expiration of agreement, the company may consider to keep the car for short rental with period from 1 year to 2 years. In case of ineffective management, the company may encounter a risk of purchasing too many cars. However, the company's subsidiary named Krungthai Automobile Co., Ltd. centralises the sales of used cars under the brand "Toyota Sure" from Toyota Motors (Thailand) Co., Ltd. Thus, the trust from the customers on used cars helps to secure confidence from potential customers, hence the increased opportunity of selling cars. For the current moment, the subsidiary company owns four branches of used car outlet 1. Headquarters on Kanchanabhisek road 2. Srinagarindra road branch 3. Kaset branch 4. Kanchanaphisek-Baromarachachonani Branch



The Company is focusing on maximising the capability of selling lease-expired cars. Therefore, the management has deployed the policy of asset management as follow:

- 1) Establish its own service centres and the network of over 800 establishments with expertise in vehicle maintenance. The company's service centre will provide useful advice and ensure that customers are able to keep the leased cars timely and in accordance to the maintenance programme in order to be entitled to as good quality as market requirement and in order to facilitate the sales of used cars at a higher price.

- 2) Conduct its own selling activity by negotiate sales directly with buyers through KrungThai Automobile Co., Ltd., a subsidiary of the company. This policy enables the company to manage the existing cars with more efficiency. In 2017 and 2016 the company had sold away a total of 1,655 lease-expired cars, and 1,460 lease-expired cars, respectively. The profit of lease-expired car sales in 2017 totalled 271.74 million baht, and in 2016 totalling 245.06 million baht, respectively.

3.3 Risks in Financial Liquidity

The Company has source of fund from shareholders and borrowing with a proportion as follows:

Consolidated financial statments	December 31					
	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Shareholders' equity	1,982.22	44.00	2,013.91	41.53	2,027.36	44.95
Loans from hire purchase						
- Current portion	329.78	7.32	231.17	4.77	62.32	1.38
- Over 1 years	348.53	7.74	114.91	2.37	51.63	1.14
Loans from financial institutions and Bill of Exchange/Debentures						
• Short-term loans	671.95	14.92	799.84	16.49	133.59	2.96
• Long-term loans	276.98	6.15	359.34	7.41	384.18	8.52
- Total Short-term loans	948.93	21.06	1,159.18	23.90	517.77	11.48
- Debentures	-	-	549.21	11.33	1,148.38	25.46
- Total Long-term loans	895.7	19.88	781.06	16.11	702.84	15.58
Total loans	2,522.93	56.00	2,835.52	58.47	2,482.93	55.05
Total	4,505.16	100	4,849.44	100	4,510.30	100

Taking into consideration the source of funds, the company may be considered at risk in financial liquidity as it is restricted by loan payments caused by certain loan contracts made by the company and financial institutions. However, taking into consideration the structure of debt from the company's financial report, the company's source of funds is divided into two categories, 1) 580.08 million of short-term capital, and 2) 3,930.21 million baht of long-term capital (comprising 1,902.85 million baht of long-term debt and 2,027.36 million baht of shareholders' part) or to put it in simple terms, the company's debt structure is 13.87 the ratio of short-term against long-term capital. Taking into consideration the payable debt within one year of 580.08 million baht in fixed short-term securities, financial institution-fed long-term debt, and debt from purchase contracts, the company is confident in its strict management of cash flow by rushing to liquidate its pool of used cars in the waiting-to-sell list in return for sufficient cash flow for normal business operation.

Moreover, when taking into consideration the minimum income from future rental under interminable operating lease contracts that fall in the categories of less than one year and more than one year of validity period, as of the end of 2018, they were 1,060.58 million baht and 1,624.00 million baht respectively, while the current portion of liabilities of 580.08 million baht is due to be paid back within one year; and of the long-term liabilities of 1,902.85 million baht. In 2019, the Company will have approximately 1,500 cars exceeding the leasability period, expected to receive cash from sales of approximately 670 million baht which is considered sufficient to maintain the liquidity of the Company. Apart from the measures described, the Company also follows other policies to ensure better control of the collection of rental income, and more effective marketing of the sales of used cars.

3.4 Operating risk

The Company is likely to not be able to collect the rent and call back the cars if the selecting customers can not be done carefully, including the lack of effective collection follow up and lack of proper internal control system.

In order to reduce the risk, the Company measures the customers selected carefully by consideration in the ability of customers to pay the rent from the operation results and financial positions from the past to the present as well as the reliability of the customers. In addition, the Company has the policy to protect risk from customers individually. For the short-term lease agreement, customers must provide a guarantor or pay the high rental deposit for full advance payment according to the lease period which can protect the risk from its operation in a certain level. For the operation lease agreement, the Company has policy to collect the deposit average 3 months of rental fee. Although the Company still has some risk on uncollectible money after deducting the deposit, the Company's experience and customer selection process including the effectiveness on debt collection equipped with proper internal control, the Company is tracing these accounts on time and the adequate provide the allowance for doubtful accounts.



3.5 Marketing risk and Competition

Due to the rental cars business has a small legal restriction combined with low capital investment to start a business, result in many entrepreneurs in the car rental market which creates high competition of this business as well. The main competition is the pricing which may affect sales and profits of the Company.

In order to reduce this risk, the Company, as the big player, has the clear policy focusing on the Premium Quality and One Stop Service. The Company has implemented a modern and efficient computer system for its operation in order to monitor the service closely and thoroughly. As the big player would result in Economy of Scale leading to save costs and compete in pricing as well. However, the Company does not focus only on pricing strategy.

As well as, the Company has selected the clear target group in comply with the long-term leasing policy. The main customers are medium and large corporation including government agencies and state enterprises, etc. These target groups prefer the long-term car leasing with good after-sales service rather than focusing on price only.

3.6 Economic Risks

In the year 2018, the used car market price is overall stable despite being affected by new car sales promotion. However, in the overall picture, it has only a short-term impact because if considering the difference in the price of a new car, used cars are still considered worth the value for money.

3.7 Risks to the Society and the Community

The Company recognizes the principle of working by joining together the main work with the care for the society and the community, with a focus on the potential impact of the rental car business operation.

The Company established a project to promote road safety to give advice to car users which are the Company's customers.

The project aims at promoting road safety among motorists, with consideration to pedestrians, including items on the roads.

3.8 Risks to the Environment

Although the Company is not directly involved in the utilization of environmental resources, it also takes into account the environmental impact that may emerge, indirectly, from the waste generated by car maintenance.

The Company has written up a protocol to take care of the waste management in the company to help reduce the pollution made by the Company.



General Information



Company Name	:Krungthai Car Rent and Lease Public Company Limited
Stock Code	:KCAR
Nature of Business	:Operating lease services and short-term car rental
Registered Capital	:Paid-up capital of 250,000,000 shares, with a par value of Baht 1.00 per share
Head Office	:455/1 Rama 3 Road, Bangkhlo, Bang Kho Laem Bangkok 10120
Asoke Branch	:288/9 Asok-Din Daeng Road, Bangkok, Huai Khwang, Bangkok
Registration No.	:Bor. Mor. Jor. 0107547000761
Telephone	:66 (0) 2291-8888
Fax	:66 (0) 2291-4488
Website	:www.krungthai.co.th
Registrar	:Thailand Securities Depository Company Limited. 93 Ratchadaphisek Road Din Daeng , Bangkok Thailand. Tel: 66 (0) 2009-9000 Fax: 66 (0) 2009-9991
Auditor	: Miss Soraya Tintasuwan, Certified Public Accountant No. 8658
Audit Firm Name	:Dharmniti Auditing Company Limited
Audit Firm Location	:178 Soi Permsap (Prachachuen 20), Prachachuen Rd., Bangsue, Bangkok 10800 Tel: 66 (0) 2596-0500, 02-555-0600 Fax: 66 (0) 2596-0539

General Information



Subsidiary Name	:Krunghthai Automobile Co., Ltd.
Shareholding Status	:100 percent of paid-up registered capital
Nature of Business	:Purchase, sell, exchange, repair and distribution of new & used cars and equipment
Registered Capital	:Paid-up capital of 400,000 shares, with a par value of Baht 100 per share
Head Office	:1625 Bangphai, Bangkhuae, Bangkok
Srinakarindra Branch	: 41/2 Srinakarindra Road, Pravet, Bangkok
Kaset Branch	: 2368 Phahon Yothin Road, Bangkhen, Bangkok
Kanchanaphisek	
-Baromarachachonani Branch:	64 Kanchanaphisek Road,Banglamad,Talingchan, Bangkok
Telephone	:66 (0) 2455-4455
Fax	:66 (0) 2455-4441
Website	: www.surekrungthai.com
Auditor	:Mrs. Rungthip Changsrisk Certified Public Accountant No. 11930
Audit Firm Name	:Dharmniti Auditing Company Limited
Audit Firm Location	:178 Soi Permsap (Prachachuen 20), Prachachuen Rd., Bangsue, Bangkok 10800 Tel: 66 (0) 2596-0500, 02-555-0600 Fax: 66 (0) 2596-0539

Shareholder Structure

5.1 The Company's Securities

Registered Capital	250,000,000	Baht
Issued and fully paid share capital	250,000,000	Baht
Ordinary shares	250,000,000	shares
Baht	1.00	par value

5.2 Shareholder Structure

List of the top 10 major shareholders as of the close of Share Register Book on 29 August 2018

No.	Names	Number of Shares Held	%
1	The Chantasereekul Family ^{/1}	183,234,800	73.29
2	Aberdeen Small Cap Fund	17,503,800	7.00
3	The Khunsongkiat Family ^{/2}	6,273,600	2.51
4	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	5,400,000	2.16
5	Bangkokinsurance by Aberdeen	2,230,700	0.89
6	Terdtoontaveedej Family ^{/3}	1,605,200	0.64
7	Duangchada Leekranchai	1,286,800	0.51
8	The Kamthornthip Family ^{/4}	1,282,000	0.51
9	Thai NVDR Company Limited	1,205,150	0.48
10	The Rungthanapirom Family ^{/5}	960,000	0.38
	Others	29,017,950	11.63
	Total	250,000,000	100.00

^{/1} The Chantasereekul Family includes

1. Mrs. Wipaporn Chantasereekul holds 50,512,400 shares represent 20.20
2. Mr. Pithep Chantasereekul holds shares represent 13.60
3. Mr. Pichit Chantasereekul holds 34,000,000 shares represent 13.60
4. Mr. Pisit Chantasereekul holds 25,000,000 shares represent 10.00
5. Ms. Pimontra Chantasereekul holds 20,221,000 shares represent 8.09
6. Ms. Pimonpan Chantasereekul holds ถือหุ้น 19,501,400 shares represent 7.80

^{/2} The Khunsongkiat Family includes

1. Ms. Piyada Khunsongkiat holds 4,046,100 shares represent 1.62
2. Dr. Prajuab Khunsongkiat holds 1,172,400 shares represent 0.47
3. นางลัดดาวัลย์ คุณทรงเกียรติ ถือหุ้น 1,005,100 shares represent 0.40
4. นางสาวนิภา คุณทรงเกียรติ ถือหุ้น 49,000 shares represent 0.02
5. นายปิยวัช คุณทรงเกียรติ ถือหุ้น 1,000 shares represent 0.0004

^{/3} The Terdtoontaveedj Family includes

1. Mr. Somkiat Terdtoontaveedj holds 1,405,200 shares represent 0.56
2. Mr. Roengchai Terdtoontaveedj holds 100,000 shares represent 0.04
3. Ms. Roengchai Terdtoontaveedj holds 100,000 shares represent 0.04

^{/4} The Kamthornthip Family includes

1. Mrs. Thippawan Kamthornthip holds 560,500 shares represent 0.22
2. Mr. Verakij Kamthornthip holds 417,100 shares represent 0.17
3. Mr. Tadchai Kamthornthip holds 304,400 shares represent 0.12

^{/5} The Rungthanapirom Family includes

1. Mr. Thanapat Rungthanapirom holds 670,000 shares represent 0.27
2. Mr. Tanawat Rungthanapirom holds 290,000 shares represent 0.12

5.3 Issuing of Other Securities

The company issued three (3) sets of debentures* on behalf of Krungthai Car Rent and Lease Public Company Limited at the amount of 1,150 million baht, with the following detail:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Interest Rate (%)	credit rating
1/2560	300	300	June 24, 2020	3.22	BBB+
2/2560	250	250	August 4, 2020	3.22	BBB+
1/2561	600	600	March 28, 2022	2.46	A-
TOTAL	1,150	1,150			

Remark: *

All debentures have received credit rating from TRIS Rating Co., Ltd

Dividend Payment Policy

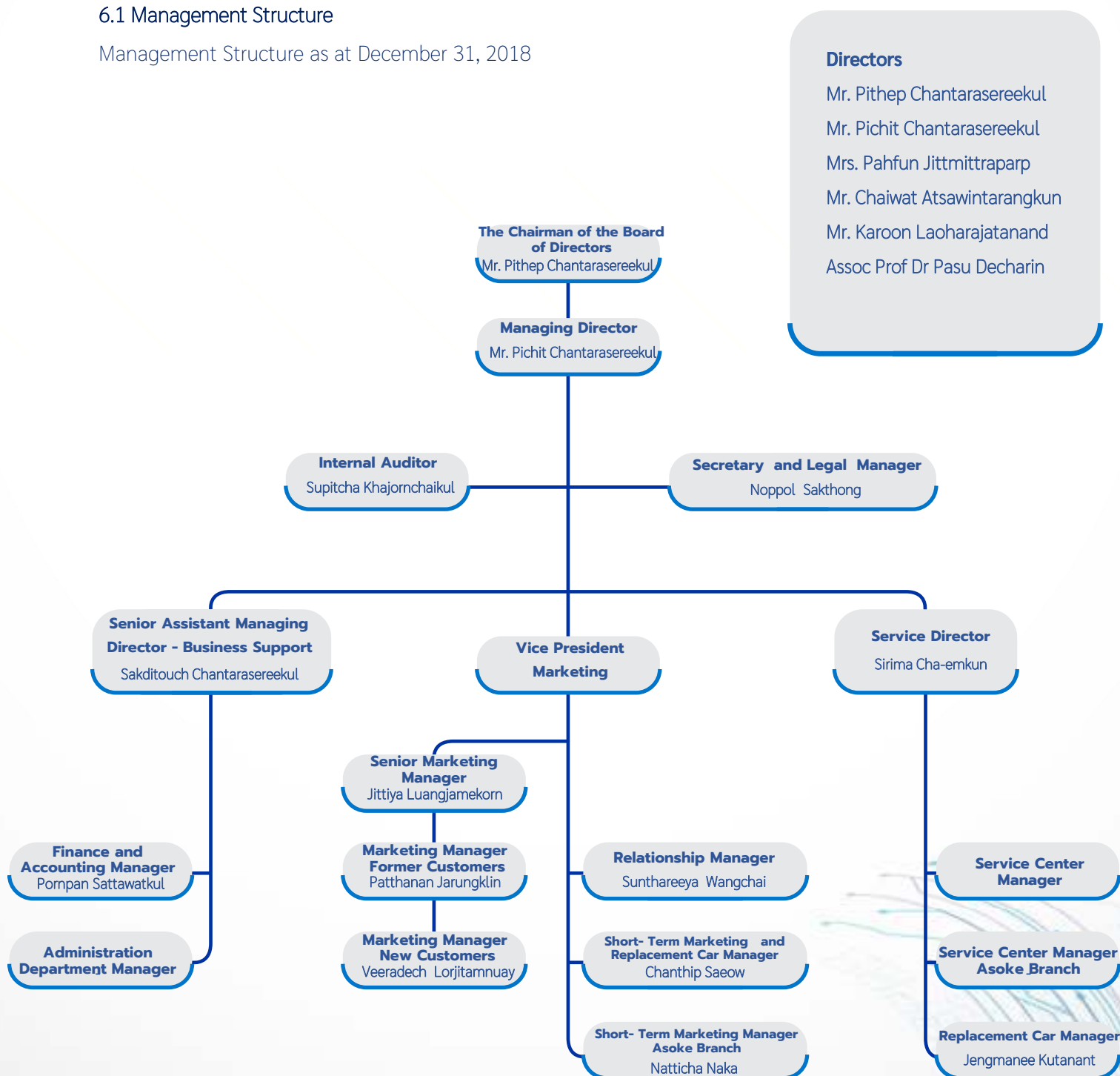
The company is bound to pay no less than 50% of net profit after deducting the corporate tax and legal reserve in each year. The dividend payment shall depend on the consideration of financial position and operation result, liquidity, future expansion project and etc. However, the Company concerns on the maximize benefits to shareholders. The dividend payments shall be approved by the resolution from the shareholders or the Board of Directors.



Management Structure

6.1 Management Structure

Management Structure as at December 31, 2018



1. The Board of Directors

1.1 The Board of Directors

As at 31 December 2018, the Board of Directors consists of 6 directors (all directors have been trained with the Director Accreditation Program (DAP) as followings:

No.	Name		Position
1	Mr. Pithep	Chantarasereekul	The Chairman of the Board
2	Mr. Pichit	Chantarasereekul	Director
3	Mr. Karoon	Laoharatanun	Director
4	Mr. Chaiwat	Atsawintarangkun	Independent Director and the Chairman of the Audit Committee
5	Mrs. Pahfun	Jittmittraparp	Independent Director and Member of Audit Committee
6	Assoc Prof Dr Pasu	Decharin	Independent Director and Member of Audit Committee

* Mr Noppol Sakthong as the Company secretary

Authorized Directors

Authorized directors consist of Mr. Pithep Chantarasereekul and Mr. Pichit Chantarasereekul authorized directors may sign jointly and affixed with company seal to bind the Company.

1.2 The Board of Directors of the Subsidiary Company

The Board of Directors of Krungthai Automobile Company Limited consists of 3 directors as followings

No.	Name		Position
1	Mr. Pithep	Chantarasereekul	Director
2	Mr. Pichit	Chantarasereekul	Director
3	Mr. Pisit	Chantarasereekul	Director

Authorised Directors of the Subsidiary Company

Authorised directors of the subsidiary company consist of Mr Pithep Chantarasereekul and Mr Pichit Chantarasereekul. One authorised directors may sign, with company seal affixed, to act on behalf of the subsidiary company.

Duty and Authority of the Board of Directors

- 1) The Board of Directors has authority and manages the Company in accordance with the law, objectives and articles of the Company as well as legitimate resolution of Shareholders' Meeting.
- 2) The Board of Directors has a responsibility for setting goals, guidance, policies and budgeting of the Company, supervise the Executive Board of Directors in accordance with the assigned policies with the exception of such matters which the Board of Directors requires the approval from the resolution passed of the Shareholders' Meeting prior to the execution namely matters required by laws such as increase and/or decrease of share capital, the issuance of Company's debenture, the purchase or transfer of the Company's business or the acquisition or merge with others, the amendment of the Company's memorandum of association and regulations as well as the remuneration of Directors and so on.

- 3) The Board of Directors may appoint a number of directors to be the Executive Board of Directors who have authority to supervise the business of the Company as the Board assigned. And one of the directors is appointed to be Chairman of Executive Board of Directors.
- 4) The Board of Directors has directed the effectiveness of Company's internal controls and internal auditing by providing an internal audit department to monitor, carry out and coordinate with the audit committee.
- 5) The directors shall receive the remuneration in the form of reward, meeting fee, gratuity, bonus or other form benefits under the articles of association or as determined by shareholders' meeting in either fixed sum or under certain criteria and such determination may be made from time to time or may take effect until otherwise determined and shall receive allowance or welfare benefits under Company's regulations.
- 6) The Board of Directors shall not approve any transaction which their own or persons who may have conflicts of interest with the Company and / or its subsidiary.
- 7) duties of the Board of Directors also encompasses the supervision of the Company to perform in accordance with the law and regulation relevant to the securities and securities exchange for example related party transaction and the purchase and sale of assets of material substance in accordance with regulation of the Securities Exchange of Thailand or other law relevant to the Company's business.
- 8) The Board of Directors is responsible for disclosure to shareholders and the public an accurate, complete and standardized.



The Board of Directors must not approve any transactions which conflict of interest with interest in any other manner with the company and / or subsidiaries

In addition, the Board of Directors also has the scope supervise the company to follow regulations and Notifications of the Stock Exchange of Thailand, such as Major acquisition or disposal of assets transactions with a value that require shareholders' approval as stipulated

Company's Vision

“The Leading Car Rental company focusing on distinguished services, underlining the business growth in sustainability way, emphasizing on the business partners collaboration and customer-value creation philosophy, developing staff skills to progress and professional-like while nourishing them the morality, community, social and environment responsibilities under the good corporate governance practices.”

Corporate Vision

“Service and Quality Excellence”

Core Value



Professionalism: proficiency and responsibility to ensure the excellence of quality

Partnership: service and relationship which bring about customers' top satisfaction

Dynamism: determination, dedication, and continual amelioration to secure the standpoint of car rental business on a sustainable basis



2. Audit Committee

As at 31 December 2018 , the Audit Committee consists of 3 persons as follows:

No.	Name		Position
1	Mr. Chaiwat	Atsawintarakun	The Chairman of the Audit Committee
2	Mrs.Pahfun	Jittmittraparp	Audit Committee member
3	Assoc Prof Dr Pasu	Decharin	Audit Committee member

Miss Supitcha Khajornchaikul acts as Audit Committee Secretary.

Duty and Authority of the Audit Committee

- To review and ensure the company reporting accurate financial information and sufficient
- To review and ensure the Company has an internal control and internal audit system, determining an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- To review and ensure the conduct of the Company in compliance with the law relevant to the securities, and securities exchange, regulations of the securities exchange of Thailand, or other law relevant to the Company's business.
- To consider the selection and propose an independent party for appointment as the external auditor of the Company, propose for the auditor's compensation, and to participate in the meeting with external auditor without management present at least once a year.
- To consider related party transactions which may have conflicting interests to be in accordance with the law and regulation of the securities exchange of Thailand to ensure that such transactions are reasonable and for the best interest of the Company.
- To prepare report of the Audit Committee, and disclose the report within Company's Annual Report such report to be affixed with the signature of the Chairman of the Audit Committee. The report should comprise the following information:
 - pinion on the accuracy, completeness and reliability of the Company's financial report
 - pinion on the adequacy of the system of internal control of the Company
 - pinion on legal compliance related to the securities and securities exchange, regulation of the securities exchange, or law relevant to the Company's business
 - pinion on the appropriateness of the auditors
 - pinion on transactions that may have conflicting interests
 - The number of meetings of the Audit Committee, and attendance of individual audit committee member
 - pinion or overall observation of the Audit Committee in performing its duties in accordance with the Audit Committee Charter
 - Any other reports the Committee felt the shareholders and investors in general should know within the scope of duties and responsibilities assigned by the Board of Directors.
- To perform any other act as assigned by the Company's Board of Directors, with the approval of the audit committee.

3. Executive Board of Director

As at 31 December 2018 , the Executive Board of Directors consists of 2 persons as follows:

ลำดับ	ชื่อ-สกุล		ตำแหน่ง
1	Mr. Pithep	Chantarasereekul	The Chairman of the Executive Board of Director
2	Mr. Pichit	Chantarasereekul	Executive director

Mr. Noppol Sakthong acts as Executive Board of Director secretary.

Duty and Authority of the Executive Board of Directors

1. To have authority to approve on the important operations of the company by setting the scope or the scale of the mission, objectives and policy of the company including the supervision of the overall operation, production, customer's relationships within the scope plan and budgeting prescribed by the Board of Directors.
2. To consider the expansion investment including purchase and/or sale of fixed assets of the Company in order to propose to the Board of Directors
3. To have the authorization and represent the Company to others in any related business and beneficial to the Company
4. To consider in matter of funding for presenting to the Board of Directors
5. To approve the appointment of any consultant that is essential to the Company's operation as assigned by the Board of Directors
6. To operate any transaction related to general administration of the Company
7. To consider and approve the operating plan of each department of the Company including the approval of the issues that beyond their power of authority
8. To propose for the approval of the Board of Directors on the approved operation plans that may over the budget more than 10%

The Executive Board of Directors may delegate the authority to each member of executive director to process within the scope of authority under No. 3; any such executive director is responsible for this assigned work from the Executive Board of Directors.

However, the approval of the Board of Directors above does not include approval of the Executive Board of Directors or any person who may have conflicts of interest, has an interest or potential conflict of interest in any other manner with the Company and / or its subsidiary, including items that require approval from shareholders in a transaction and the acquisition or disposition of assets of the Company and / or its subsidiary in order to comply with the requirements of the Securities Exchange of Thailand.

4. Nominating and Remunerating Committee

The members of the nominating and remunerating committee as of 31 December 2018 comprised of 3 persons, they are:

No.	Name		Position
1	Mr. Chaiwat	Atsawintarakun	Chairman of the Committee
2	Mrs.Pahfun	Jittmittraparp	Committee member
3	Mr. Pichit	Chantarasereekul	Committee member

Duty of the Nominating and Remunerating Committee member:

1. Find one or more individuals who possess the needed qualities for the position of the Company's board member and submit the nomination to the board of directors in case of vacancy in one of the positions in the board.
2. Evaluate the performance of each board member and compile a report to the board.
3. Create, revise the suitable strategies and policy in remuneration for designated responsibilities, compare them to the acceptable standards in the industry, including the expected company benefits, and ensure that the policy set by the board members is enforced.

5. Corporate Governance Committee

The corporate governance committee as of 31 December 2018 comprised of 3 persons, they are:

No.	Name		Position
1	Mrs.Pahfun	Jittmittraparp	Chairman of the Committee
2	Assoc Prof Dr Pasu	Decharin	Committee member
3	Mr. Pithep	Chantarasereekul	Committee member

Duty of the Corporate Governance Committee member:

1. Design corporate governance policy and submit to the company's board of directors.
2. Propose operational procedures in terms of corporate governance and give consultation to the board of directors in terms of corporate governance.
3. Evaluate, revise the operational procedures by taking into account the internationally-accepted norms, and propose the amendment to the board of directors for approval, to finally attain efficiency.
4. Report the assessment of each operational procedure to the board of directors according to the policy.

6. Risk Management Committee

The risk management committee members as of 31 December 2018 comprised of three persons, they are

No.	Name		Position
1	Mr. Karoon	Laoharajatanand	Chairman of the Committee
2	Mr. Chaiwat	Atsawintarakun	Committee member
3	Mr. Pichit	Chantarasereekul	Committee member

Duty of the Risk Management Committee member:

1. Constitute the policy on risk management and its limitations acceptable to the operational car lease business to propose to the committee for consideration of the overall risk management in terms of strategy, cash flow, marketing, or other risks pertaining to the business operation.
2. Designate the limitations in the efficient utilization of the company's resources to meet with the risk management policy by analysing, evaluating, and following up to each process of the risk management.
3. Revise and give consultation to the board of directors in the subject of risk management, processes, strategy, and overall risk assessment, to ensure that the policy is enforced accordingly.
4. Report and assess the outcome of risk management operation, including any updates and changes that are related to the policy, to the board of directors.

7. Secretary to the Company

The board of directors has appointed Mr Noppol Sakthong, who has the necessary experience and knowledge for the position of the company's secretary.

8. Executives

As at 31 December 2018, the Executive Committee consists of 5 persons as follow:

No.	Name		Position
1	Mr. Pichit	Chantarasereekul	Managing Director
2	Mr. Sakditouch	Chantarasereekul	Senior Assistant Managing Director of Business Support
3	Miss Sirima	Cha-emkun	Director of Service
4	Miss Jittiya	Luangjamekorn	Senior Marketing Manager
5	Miss Pornpan	Sattawatkul	Finance and Accounting Manager

Qualification of Executives

Executive hereby certify that they have Ethics, a talented, an experienced in the business. There are operating with honesty and care for the benefit of the Company. There are intended to operate continuously, understanding and responsibility to the public and the person listed in contact information management.

In 2018, a number of members of the Executives participated in a training seminar in an effort to ameliorate their operational efficiency, names and formations are as follow:

No	Names	Seminar
1	Mr. Sakditouch Chantarasereekul	Bond Regulatory Updates 2018 Advanced to professional financial management
2	Miss Sirima Cha-emkun	Thinking Into Results
3	Miss Pornpan Sattawatkul	Dashboard & Excel for analyze and present financial accounting information (Workshop)
		Alarms found from observation of accounting numbers for effective management
		Thinking Into Results

6.2 Recruitment of Directors and Executives

The Board of Directors

The Board of Directors shall comprise at least five directors and not less than one-half of the directors must have the residence in Thailand. Directors may be shareholders of the Company.

The rules and procedures in appointing the Director are as follows:

1. Each shareholder shall have one vote for each share.
2. Each shareholder may exercise all the votes he or she has under No. 1 to elect one or several persons as director or directors, but the shareholder cannot divide his or her votes between any particular person or persons.
3. The persons who receive the highest votes arranged in order from higher to lower in a number equal to that of the number of directors to be appointed are elected to be the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required, the chairman of the meeting shall have a casting vote.
4. At every annual general meeting of shareholders one-third (1/3) of the directors shall retire from their office. If the number of directors is not a multiple of three, the number of directors nearest to one-third (1/3) shall vacate office.
5. The directors to vacate office in the first and second years following the registration of the conversion of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A vacating director may be eligible for re-election.

6. In addition to vacating office upon the termination, directors shall vacate office upon:
 - death
 - resignation
 - being disqualified or being under any of the prohibitions under Public Company Limited Act, B.E.2535
 - the meeting of shareholders may pass a resolution by a vote of not less than three-fourth (3/4) of the number of shareholders attending the meeting and having the rights to vote not less than one half of the number of shares held by shareholders attending the meeting and having the voting rights.
7. removal by court order
8. Any director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.
9. In case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the qualifications and is not being under any of the prohibitions by law as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.
10. The Board of Directors shall elect one of the directors to be the chairman of the board. In the case where the Board of Directors deems expedient, the board may elect one or several directors to be vice-chairman. The Board of Directors may entrust one or several directors to perform any act on its behalf.

The Audit Committee/Independence Director

The Audit Committee consists of at least 3 persons and the term of office is for 3 years. The Company's policy on recruitment the Audit Committee members/Independence directors are in compliance with the notifications of the Securities and Exchange. The qualifications are listed as follows:

1. Holding shares not more than 5 % of issued and paid-up capital of the Company, which shall be inclusive of the shares held by related persons.
2. Not being an employee, staff member or advisor who receives a regular salary from the Company or a person who has control of the Company or entity who may have a conflict of interest.
3. Having no blood relationship, no relationship in term of marriage or legal registration with a person of possible conflict of interest and no business relationship with the Company and entity that may have a conflict of interest.
4. Not having or has been in business relation with the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person, in a manner that may obstruct the independent exercise of discretion; including not being or having been a significant shareholder or authorised person of the person with business relation with the Company, the holding company, subsidiary, affiliated entity, major shareholder, or authorised person.

5. Not being or has been an auditing personnel of the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person; including not being a significant shareholder, authorised person, or partner of auditing office, with the auditor of the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person in operation.
6. Not being or has been a provider of professional service which includes financial or legal consulting with service fee from the Company, holding company, subsidiary, affiliated entity, major shareholder, or authorised person of the company; and not being a significant shareholder, authorised person or partner of the provider of such professional service.
7. Not being a director appointed as an agent of the director of the company, major shareholder, or shareholder with relation with the major shareholder.
8. Not being in operation of similar or significant competitive business to the business of the company or its subsidiary; or not being significant partner in the partnership of directorship with participation of manageability on employees, consultant with regular salary or holding more than one per cent of the total shares with voting right in other company, operating similar or competing business with the business of the company or subsidiary.
9. Not having other factors that could hinder expression of liberal opinion in relation with the operation of the company.

In addition, the Independence director who is a member of audit committee at least 1 must have knowledge and experience in accounting or finance that can have a reliable review the financial statement. As well as the Company considers the other qualifications such as business experience, specific expertise related to business, ethic for the best of interest of the Company.

The regulations and criteria of appointment of members of the audit committee is in compliance with regulations concerning appointment of Company directors. A member of audit committee who retires on completion of the term may be re-appointed to the position. In case of vacancy in the position of member of audit committee caused by other reasons other than completion of term, the board of directors may appoint a person with adequate expertise and qualification to fill in the vacancy in the position according to the rules set by the board of directors. The person appointed to fill in the vacancy may hold the position for the period of time equal to the remaining period of time of the recently retired member of audit committee.

Executive

The Company considered a person who has the experience and knowledge in management the related field to be the Executive Committees.

6.3 Remuneration of the Directors and Executives

1. Remuneration of the Directors

The Company provided remuneration to the Board of Directors in terms of meeting fee and monthly fee at the amount of Million Baht 2.17 as following:

Name/Position	2017		2018	
	Meeting Fee	Others	Meeting Fee	Others
1. Mr. Pithep Chantarasereekul Chairman of the Board of Directors	250.99	-	230.91	-
2. Mr. Pichit Chantarasereekul Managing Director	207.29	-	244.16	-
3. Mr. Karoon Laoharatanun Director	141.18	161.35	116.53	231.27
4. Mr. Chaiwat Atsawintarangkun The Chairman of the Audit	150.35	262.81	235.31	289.10
5. Mrs. Pahfun Jittmittraparp Audit Committee member	128.35	210.25	210.65	231.27
6. Assoc Prof Dr Pasu Decharin Audit Committee member	105.94	210.25	150.60	231.27
Total	984.10	844.66	1,188.16	982.91

2. Remuneration of the Executives and subsidiary

	2017		2018	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Remuneration of the Executives				
- Salary and remuneration	7	12.8	7	12.6
- Bonus	7	3.2	7	3.2
- Provident fund	7	0.4	7	0.4
Total		16.4		16.2

Corporate Governance

The company has a good, transparent, and socially responsible corporate governance policy which concentrates on cultivating good consciousness and ethics for executives and employees of all levels to the extent of becoming the corporate culture.

Organisation's Long-Term Goal

The company aims to be a car rental company that is with the best service standards in the industry recognized by corporate clients. It also aims to possess at least 15% of the market share and a customer satisfaction level of at least 90%. This makes the company grow continuously and sustainably.

7.1 The Good Governance Policy

The company has written up policy and guidelines for good governance, with emphases on the good governance as guidelines for the board of directors, administrators, and members of staff of the Company to follow, in an effort to promote efficiency in the running of business. The Company also adheres to ethics and transparency policy in its operation, while encouraging adequate auditing to help build confidence amongst shareholders, investors, stakeholders, and all other related parties.

1. Equal and fair treatment to shareholders.
2. Appointment of the company's board of directors based on each member's assigned duty and responsibility. Apart from the board of directors, it also appointed other committees with clear job description and responsibility among the board of directors, audit committee, and managing director.
3. Transparent business operation with disclosure of information in timely manner.
4. Prudent business operation with emphases on risk management, assessment, control, and follow-up on a regular basis.
5. Cultivation of ethical business operation in executives and staffmembers.

The board of directors realised the importance of support given to the employees, executives, and to the board itself so as to be in compliance with the good governance policy constituted by the board of directors. The company also organises on a regular basis communication sessions on good governance and business ethics for employees of all levels in the following channels:

1. Business ethics guidelines
2. Good governance policy handbook
3. The company's web site in the part of investors' relations
4. New employee orientation

Section 1: Rights of shareholders

The Company provides with information pertaining to the business operation at its web site for all shareholders, individual entities, and organisation entities, regardless of the number of shares held and of nationality. When a shareholders' meeting is held, the Company comply strictly with the legal instructions stated in the Public Limited Companies Act.

a) The Company provides sufficient information concerning the shareholders' meeting by delivering of the Meeting's Notice, along with accompanying documents timely (at least 14 days prior to the meeting). The necessary information including date, time, place, and agenda, will all be elaborated in the Meeting's Notice, as well as important information for further decision and document for proxy delegation. Furthermore, the Company will have published such information on its web site prior to shipping the documents to all shareholders.

b) The meeting's chairperson allocates appropriate and sufficient time for the meeting, and will conduct the meeting in accordance with the proposed agenda. During the meeting, the chairperson invites all shareholders to share their opinions and ample opportunities to inquire the meeting about related matters.

c) The chairperson of the board as well as all directors attend and answer questions of shareholders, except in exceptional circumstances that one of the chairpersons could not attend the meeting.

Section 2: Equitable treatment of shareholders

The Board of Directors has a policy to treat all shareholders equitably and fairly by protecting the rights of shareholders and provide convenience to shareholders in exercising of rights in various matters which shareholders are deserved. The Board of Directors has a policy of equitable treatment of shareholders as follows:

a) Each shareholder is provided with information concerning the Company through the Company's web site. They can also contact the Company directly over e-mail and telephone whenever they need some issues addressed or clarified.

b) Each shareholder can appoint a proxy to attend the shareholders' meeting in place of the shareholder. The proxies lawfully appointed by shareholders can also exercise their rights as if they are shareholders themselves.

c) The Company specified that at least half the number of the board of directors must attend the meeting, accompanied with at least one member of the audit committee, by also informing and inviting external auditor and consultants to the meeting. The Company will also set the date, time, and venue for the meeting based on convenience of the shareholders.

Section 3: Roles of stakeholders

The Company will ensure equality of rights of stakeholders in all groups -- members of executives, shareholders, competitors, suppliers, creditors, debtors, public and private agencies, and communities -- for these individuals or entities will help forging stability in the Company's operations, employment, and finally financial position. Therefore, in addition to the duties and responsibilities towards the Company's shareholders, the board of directors are also aware of the importance of reasonable treatments of all stakeholders, to ensure that they are protected and equally treated according to the law.

Shareholders

The Company focuses on appropriate returns to shareholders by performing appropriate actions to consistently maintain and increase results of the business operations, as well as internal control system appropriate and sufficient to protect the interests of the Company and its shareholders.

Customers

The Company recognises the importance of the customers. It focuses, as a result, on customer satisfaction by offering quality service, complete and accurate information pertaining to the Company's business operation, to build understanding and confidence among customers. The Company has also opened up a channel to receive questions and complaints, in order to gain the highest level of satisfaction of the customers.

In 2018, the Company organised customer-relation activities, elaborated below:

Event	Times	Participants (Company)
1. Visit to Car Assembly Factory - Toyota	2	44
2. Basic car care training for safe driving	3	70
3. Safe Driving Activity	2	27



Employees

The Company selects and recruits its members of staff based on their ability and working experience. It also focuses on continual development of the employees, on opening up opportunities for them to create a stability in their career, including career advancement.

The Company treats all employees equally and provides adequate welfares and benefits:

- *Provident fund: as a reward for their diligence*
- *Uniforms: the Company provides all employees with proper uniforms, including work boots for employees whose job is servicing cars, to promote safety*
- *Annual Health Check-up: to promote health among employees*
- *Against Drugs program within the organization.*
- *The Window of Knowledge: the Company provides for the need of knowledge, by allocating “book corner” for employees to borrow and read at their disposal, including a bulletin board presenting useful information concerning the business, tax, social security, and other related legal issues.*
- *Dining rooms and recreation*
- *Improvement of Skill and Knowledge: the Company consistently organises workshops and training session in several topics in an effort to continuously improve skills and knowledge of the employees. The sessions are both held in premises by external experts or organised as field trip. The Company also encourage inter-departmental exchange of knowledge within the Company.*



In 2018, the company deployed its employees, including directors and executives, to participate in events organised by various organisations in order to improve knowledge and skills, e.g. Training in knowledge in accountancy and tax, Technical training to improve mechanical skills among mechanics with Nissan Motors (Thailand) Training Centre, Executives attending seminars by the Thailand Institute of Directors (IOD).

Employee training record

Description	2017	2018
Number of employees	281	284
Training hours	1,967	1,988

Health and Safety Statistics

Average days absent from work of employees	2017	2018
Sickness absence (Days/Person)	2.26	2.23
Work related injury and sickness absence (Days/Person)	-	0.01
Accident (Times)	1	1

Management Executives

The Company realises the importance of management executives as one of the key personage who is driving the business to success. Therefore, a fair structure of remuneration has been created in accordance with the industrial remuneration standard, including welfare and benefits, etc.

Creditors and Trading Partners

The Company is committed to conduct business with all types of suppliers and creditors ethically and fairly by adhering to the commercial terms, mutually-agreed terms and conditions, and to the related law and regulations.

Competitors

The Company treats business competitors fairly and does not conduct unlawful business or violate trading ethics in order to compete with the competitors. The Company is committed to strictly follow commercial terms, mutually-agreed terms and conditions, and to the related law and regulations.

Responsibility Towards Community, Society, and Environment

The Company conducts business by taking the impact against community, society, and environment, into account; including concerns towards and cooperation with community, society, and environment, in accordance with related law and regulations. The Company has disclosed and published the information about Sustainability Report for the year 2018 in a separate report and is available for viewing on the company's web site at www.krungthai.co.th



Respect Towards Intellectual Property Policy

The company recognises the ownership and intellectual property rights of other persons. Therefore, in conducting any business that is associated with other person's intellectual property in terms of reproduction, adaptation, or broadcast, the company must have a permission from the righteous owner of such intellectual property.



Section 4: Disclosure of Information and Transparency

The Company focuses on the disclosure of information that is complete, accurate, transparent, timely, and verifiable, to facilitate stakeholders and related parties in monitoring the Company's business operations. The Board of Directors is responsible for the disclosure of the Company's information system financial and non-financial for shareholders, stakeholders to receive equal treatment under the law.

The Company recognises the importance of thorough and transparent disclosure of information concerning the Company's business operations and relevant informations essential to the price of the securities of the Company by disseminating information through the SET Community Portal System, or SCP, and in various media for investors and analysts to receive complete information. The Company also distributes its information through its web site at www.krungthai.co.th. For those who are interested in general information or would like to inquire about additional information, they are welcome to contact the Company at telephone number 02-291-8888.

- Arranging for investors and analysts to visit the company 5 times
- Welcome investors and analysts to acknowledge business profit 25 times

Disclosure of Significant Financial and Non-Financial Information

- 1) Disclosure of annual and quarterly financial statements shall be validated and reviewed by auditor and approved by the board of directors. The board recognises its responsibility for financial report and guarantees that the information is accurate, complete, true, and reasonable.
- 2) Disclosure of the names and biographies of the members of the board, members of committees, sub-committees, and executives.
- 3) Disclosure of remuneration information of the board of directors and the executives.
- 4) Disclosure of information on shareholding of the company's shares by board members and executives.
- 5) Disclosure of information or transactions that may be associated with conflict of interests.
- 6) Disclosure of roles and duties of each board member, and sub-committees concluded during the past year, e.g. the number of meetings attended.



Section 5: Responsibilities of Directors

The Board of Directors plays an important role in corporate governance for the benefit of the Company, responsible for performance of duties to the shareholders, in possession of leadership and control over the management effectively.

The Company clearly separates the roles and responsibilities between the board of directors and the executives. The board of directors is responsible for setting policies and supervising the operations of the company. Meanwhile, the management of the company is assigned to manage various aspects in accordance with the policy. Therefore, the chairman of the board and the board member shall be treated as two separate individuals. Both positions must be elected by the board of directors in order to appoint the best individual for the job. In addition, the board of directors shall take the responsibility of determining the succession plan of top executives. The plan is reviewed annually with only the presence of members who are non-executive directors.

The chairman of the board shall not be an executive director and shall not take part in the management of the company.

The company assigns the company management executives an authority to operate under the policies related to overall performances, to control the expenditures and the budgets according to the scope as set in the annual plan approved by the board of directors.

Composition and Qualifications of the Board

1. The board is composed of no less than five and no more than 12 directors, half the number of directors present shall be independent directors.
2. Each board member shall be perfectly knowledgeable and expert in operations of the Company. No less than two of the board members shall be knowledgeable in car rental business for operation. No less than one of the board members shall be knowledgeable in accountancy and finance. And no less than one of the board members shall be knowledgeable in legal issues.
3. Each board member shall be meeting the qualifications and not possessing the prohibited characteristics prescribed in the Public Limited Company Act, and not lacking suitability to be confided in being a managerial personage in the business where the general public is investing in, according to the SET and SEC regulations.
4. The Company has published the biographical information of all members of the board in (56-1) and Annual Report (56-2), including on the Company's web site.

Duty and Authority of the Board

As mentioned in section “Duty and Authority of Directors”, 8 subsections altogether.

Duty and Authority of the Audit Committee

The Audit Committee is composed of at least three of the Company's members of the board, in which one-third of the members are knowledgeable in accountancy and finance. Each member of the Audit Committee shall meet the qualifications prescribed by the SEC and SET regulations pertaining to the qualifications of the audit committee. Their duty is to audit and regulate the Company's operations, financial report, internal control, consideration of conflict of interest, as well as the Company's risk management.

The duty and authority of the audit committee is mentioned in subject “Duty and Authority of the Audit Committee” 7 subsections altogether.

Duty and Authority of the Directors

The duty and authority of the directors is mentioned in subject “Duty and Authority of the Board of Directors”, 8 subsections altogether.

Duty and Authority of the Nominating and Remunerating Committee

The duty and authority of the Nominating and Remunerating Committee is mentioned in subject “Duty and Authority of the Nominating and Remunerating Committee”, 3 subsections altogether.

Duty and Authority of the Corporate Governance Committee

The duty and authority of the Corporate Governance Committee is mentioned in subject “Duty and Authority of the Corporate Governance Committee”, 4 subsections altogether.

Duty and Authority of the Risk Management Committee

The duty and authority of the Risk Management Committee is mentioned in subject “Duty and Authority of the Risk Management Committee”, 4 subsections altogether.

Policy on Directors and Top Executives Holding Directorship in Organizations outside the Company

The Board of Directors has set a limit to the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company’s best interests as it helps ensure that directors have time sufficient to fulfill their duties. The Board of Directors has agreed to prescribe that each director should hold directorship in a maximum of five other listed companies. The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over five other listed companies. In addition, The Company has a guideline in case the President & CEO is appointed as the director of another company. The matter will be proposed to the Board of Directors for approval and private organizations that are established for trading purposes but present no conflicts of interest and do not consume time to the extent that it is disadvantageous for the Company.



Performance Evaluation of Directors

The company provides an evaluation of performance and reviews the performance of the directors at least once a year. The evaluation is divided into the assessment of the performance of the entire board (as a whole), and the assessment of their own performance (self-assessment). By the performance evaluation, The Board of Directors shall analyse and found conclusions to determine measures to improve the performance of the Board of Directors.

As for the evaluation process, the Corporate Governance Committee and the Nomination and Remuneration Committee will consider the following:

- Performance evaluation of the entire board.
- Performance evaluation of all sub-committees

and questionnaires for information needed to increase knowledge and ability in performing duties of directors before proposing to the Board of Directors for consideration.

The Company Secretary submits the evaluation form to all directors to evaluate the performance of all sub-committees in which they hold the leading position. After that, the Company Secretary summarises and present the results to the Board for them to supervise and oversee the business and the Nomination and Remuneration Committee and the Board of Directors for acknowledgment before submitting the results to the Chairman and the Presidents of sub-committees.

In the year 2018, the results of the performance evaluation of the Board of Directors and Sub-Committees is summarised as follow :

Board of Directors/ Sub-committees	Performance Assessment Results (As a Whole) (%)	Performance Assessment Results (Self-Assessment) (%)
1. The Board of Directors	95	89
2. The Audit Committee	95	86
3. The Remuneration Committee	95	90
4. The Corporate Governance Committee	95	90
5. The Risk Management Committee	95	87

Evaluation of the Managing Director and Senior Management

The Board of Directors, together with the Nomination and Remuneration Committee, assesses the performance of the Managing Director and senior management. By considering the business performance of the company's operation according to the policy received from the Board of Directors, combined with the overall economic and social situation. The Nomination and Remuneration Committee then uses the information in determining the remuneration of the managing director and senior management, which would be proposed to the Board of Directors, by taking in mind the current year's data against historical data in various factors as follow:

1. Compare the results of the business with those of same industry.
2. The ability to develop business and improve operational efficiency for each year.

Development of knowledge for directors

The Board of Directors encourages the training and education for those involved in the corporate governance system of the company, such as directors, members of the Audit Committee, independent directors, etc. by participating in training with the Stock Exchange of Thailand, Thai Institute of Directors Association, Securities and Exchange Commission for effective management and in accordance with the good corporate governance principles. In 2018, there were persons involved in the corporate governance system having attended courses or participated in the seminar activities as follows:

No	Attendees	Topics of Training/Seminar/Workshop
1	Mr. Chaiwat Atsawintarangkun	Quality Accountant Incubation Changes and Important issues of TFRS (revised 2018) Class of 2/2018 Advanced Risk Management- Class of 2018 Education for Global Vision, Economy, Society, and Culture for Senior Management Board Nomination and Compensation Program (BNCP) No.3/2017 Better Governance Better Business Preparation for Co-op Accountancy Audit Working in Worksheets
2	Mrs. Pahfun Jittmittraparp	Resource Management 2018
		Politics and Administration in Democratic Regime for Senior Management Officers – Class of 22/2018
3	Mr. Pithep Chantarasereekul	Advanced Certificate for Politics and Administration in Democratic Regime for Senior Management Officers – Class of 21
		MIRACLES OF CAPITAL (MOC) in the present era where Capital is not just Money
4	Mr. Pichit Chantarasereekul	Senior Management Course at Capital Market Academy – Class of 26



Orientation Director Induction Orientation

On the occasion of changing directors, the director who takes the new position for the first time shall be given an orientation for the benefit of new directors. The orientation includes the introduction of the business nature of the company, guidelines for business operations, as well as providing external training courses related to director's works.

Leadership

The Board of Directors sets the policy, strategy, and goals, as well as budgeting to increase work efficiency for maximum benefit to the business by monitoring the performance of the management to be in accordance with various plans including determining and separating roles, duties and responsibilities between the Board of Directors Executive Committee, Executives, Employees and related parties. In addition, the Audit Committee must also be designated as the supervisor over Internal Audit Department, company's operations, and evaluation of work, as well as the internal control system sufficient for the business. The Board of Directors also supervise to have appropriate risk management in order to fully benefit the company.

Conflict of Interest

Although the Company is composed of the Board of Directors, the management and executive bodies, as well as all parties of employees, some of which are also holding shares of the Company. The Company's operation policy aims at the interest of the corporation as a whole, particularly decisions on issues that are a risk to create conflict of interests. The Company policy is prescribed that members of the board, and management executives who are also shareholders of the Company do not have the right to vote on conflict-of-interest oriented issues in order to bring about more independent decisions. The decisions are to be announced publicly, e.g. in financial statement, and in the annual report form 56-1, for the sake of transparency. As for the use of inside information, the Company is required to report any change of its share composition and ownership to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act of B.E. 2535. In addition, disclosure of inside information to unrelated or third parties, nor change in the structure of shares is allowed before the dissemination of the Company's financial statement.

Business Ethics

The Company has established its code of conduct according to the business ethics as guidelines for the Board of Directors, the management executives, and working parties, to conduct the business operation with fairness and honesty. The Company firmly believes that the good governance will elevate the standard of governance in the Company, as well as promote confidence amongst investors in the capital market.

7.2 Other Good Governance

(1) Directors Structure

The Company has total 6 directors as listed as follows:

Name	Executive Parent Company/Director	Executive Subsidiary Company/Director	Audit Committee Member
1. Mr. Pithep Chantarasereekul	/	/	
2. Mr. Pichit Chantarasereekul	/	/	
3. Mr Karoon Laoharatanun	/		
4. Mr. Chaiwat Atsawintarangkun			/
5. Mrs.Pahfun Jittmittraparp			/
6. Assoc Prof Dr Pasu Decharin			/
Total	3 persons	2 persons	3 persons

The Company follows rules of Securities and Exchange Commission and regulation of Stock exchange regarding to the number of Independence director and audit committee member. Under the regulation, the one-third of the Board of Directors must be Independence director and not less than 3 persons. The Company has Independence director and audit committee member total 3 persons which follows the above mentioned regulation.

(2) Aggregation or Segregation

The Chairman of the Board of Director must not be the same person as managing director because both of them are representative of the same shareholders group and also being the major shareholders. Therefore, there is the policy when they make the important decision; it's required to pass resolution from all director groups in the important making decision. Therefore the important decision making shall be approved by the resolution of all groups of directors especially for the Audit Committee to provide independent opinion in order to balance and review the management process.

(3) Remuneration of Directors, Executives Committee and Executive

The company determines the remuneration of the directors and senior management so as to be in the average level of the same industry, by taking into account the duties and responsibilities that the directors are responsible, including being able to take care and maintain the directors with the required qualifications. The top executives will receive compensation by considering the appropriate compensation, both in short and long terms by proposing to the Board of Directors by looking at the current year's data and comparing historical data on various factors including the overall operating results of the company. The determination of such remuneration will be considered and screened by the Nomination Committee, who determines compensation. In this regard, the Company requires the disclosure of compensation and remuneration policies for directors and senior executives in the annual report as prescribed by the Securities and Exchange Commission.

(4) Board Composition

The Board of Directors consists of persons with widely acceptable knowledge and competence, who is an important role in determining the objectives and goals of the company by collaborating with high-level executives to formulate strategies and operating policies for both short and long terms, as well as setting monetary policy, risk management, and organisation overview. They are also responsible for reviewing the company's policies and key plans annually, playing a role in allocating important resources according to goals, as well as supervising the examination, and evaluate the performance of the company and the performance of the senior management so as to be in accordance with the plan independently. The composition of the board is as follow:

- The Board of Directors consists of at least 6 directors but not more than 8 who may be appointed and removed in the shareholders' meeting. No less than half of the directors must have residence in the Kingdom.
- The Board of Directors consists of not less than half of all independent directors – directors who represent the major shareholders, and directors from the management company.

(5) The Board of Directors' Meeting

The Board meets once every quarter and the relevant documents shall be sent to the directors 7 days in advance to afford the director sufficient to make the proper review and study. There is a secretary who is responsible for the meeting and takes minute of the meeting and filling properly.

However, during the year, if there is the agenda for policy or business issues to be considered, the Company will call an interim Board of Directors meeting as appropriate.

The Chairman independently performs his duty and does not influence or convince other directors during discussions, encourages all directors to discuss and express opinion openly by giving sufficient time. At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. The Board of Directors will vote in the meeting must have at least 2/3 of the total number of directors

In addition, the Company holds a meeting between non-executive Directors without the Management when necessity arises in order to discuss various significant issues and problems concerning management, such as the Board member selection and the succession plan for the executives, to allow non-executive Directors to express their opinions independently. In 2018, a meeting without the Management was held on December 18, 2018.

Meetings of the audit committee may be held as they see fit without presence of executive directors to provide an opportunity for audit committee to discuss questionable issues of the company's business and subjects in the interest of the directors. The meeting may allow the presence of auditor so that he or she can give insights from the accountancy aspect. The meeting shall produce a meeting report for the board of directors.

During year 2017 and year 2018, the Board met total 9 and 14 times a year the list of attendance of each of directors is follows:

รายชื่อคณะกรรมการ	2017		2018	
	Number of meeting during his/her tenure	Number of meeting to attend	Number of meeting during his/her tenure	Number of meeting to attend
1. Mr. Pithep Chantarasereekul	7	7	7	6
2. Mr. Pichit Chantarasereekul	8	8	9	9
3. Mr Karoon Laoharatanun	7	7	7	7
4. Mr. Chaiwat Atsawintarangkun	8	8	13	13
5. Mrs.Pahfun Jittmittraparp	8	8	13	13
6. Assoc Prof Dr Pasu Decharin	7	6	11	10

(6) Sub Committee

The Board of Directors has appointed Sub Committees to supervise the Company's business. The Audit Committee is one of Sub Committee that has tenure not over than 3 years, consisting of at least 3 independent directors who are not the executive. However, in the future, the Board of Directors may appoint the Sub Committee of remuneration, nomination and others as appropriated and needed.

(7) Monitor and Internal Control System

The Company set an Internal Audit Function to be responsible for the internal control system and audit the significant transactions regularly to ensure that there is the efficiency system and support the reliability of the financial statement. In addition the Audit Committee also reviews the efficiency of the internal system including the operation and compliance control for risk management and focus on the any unusual transactions.

In 2018, the Company hired JR Business Advisory Company Limited to review the internal control of the Company, whose representative is Miss Wanida Kanjanasantisak, with authorised internal auditor n° 527, appointed by the company to perform duties as the head of internal audit.

Educational background

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Master of Business Administration (General Management), Ramkhamhaeng University

Work Experience

- 13 years of audit work: examining and evaluating internal control system to find business risks and plan the business audit in real estate, construction industry, transportation service, printing business, and manufacturing industry.

- 19 years of accountancy expertise
 - Tax planning work of the manufacturing industry, construction industry, and various service businesses.
 - Improvement and design of industrial cost accounting system, cost of work, purchasing system, and product accounting system.
 - Analysis of the plan of the work system, including standard costs and actual costs.
 - Plan analysis, budgeting, and cash flow estimation.
 - Experience in verifying accounting data and financial information.
- Training
 - Certificate of Internal Auditor License - CPIAT 527.
 - Certificate of Internal Auditor - CAC-SME-IOD.
 - Curriculum for CFO - Class 8, the Federation of Accounting Professions under Royal Patronage.
 - Modern Manager Course, Class 11, Faculty of Commerce and Accountancy, Chulalongkorn University.
 - Anti-Corruption Course: The Practical Guide (ACPG), Class 17/2015.
 - CPIAT Course, Class 43

(8) Report of the Board of Directors

The Board of Directors is responsible for the Company's financial statement and financial information which discloses in the annual report (Form 56-2), the annual registration statements (Form 56-1). These financial statements have been prepared in accordance with Thai Financial Reporting Standards. The Company selects the appropriate accounting policies and uses these policies consistently and discrete with carefully as well as sufficient disclosed the significant information in the note to financial statements.

(9) Investors Relationship

The Board of Directors focuses on the important in disclose the finance and non-finance information therefore the Company has a policy to disclose correctness, completeness, on timely basis and transparency in accordance with the standards and regulations of The Stock Exchange of Thailand. The Company will present this information to all shareholders, investors and stakeholders equally in order to understand the Company clearly and correctly then people will accept the Company and being interested to invest. Moreover, the Company will receive the good public view which is the one target and strategy of the Company.

(10) Information Disclosure and Transparency

The Company places importance on the disclosure of information accurately, completely, transparently and freely both for financial statements and general information, and also other information that would impact the price of the Company property. And to ensure that the investors and all other related parties have free access to the information, these information are to be publicised through different media channels such as website of the Stock Exchange of Thailand, the annual registration statements (form 56-1), the annual report..

Protection of Inside Information Usage for Executives

The Company has a policy and procedure for using the inside information especially, the information which has not disclosed to public yet to protect the seeking for their own interests as well as for securities trading benefits as followings:

- 1) To educate the directors and executives in all functions about the responsibility to report the each person's securities holding and the holding of securities by his/her spouse and minor children to the Securities Exchange Commission and The Stock Exchange of Thailand under the section 59 and penal provision under section 275 notified in Securities and Exchange Act, B.E. 2535.
- 2) The Company assigns the executives to report the change in securities holding to the Securities Exchange Commission and The Stock Exchange of Thailand under the section 59 notified in Securities and Exchange Act B.E. 2535 and to submit the copy report to the Company in the same day of submission report to the Securities Exchange Commission and The Stock Exchange of Thailand.
- 3) The Company will send the memorandum to inform the executives who receives the significant inside information which will affect to the change in securities price to refrain trading in securities for the period of one month before the financial statement and inside information public and prohibit disclosing this significant information to any other persons

The company has set the penalty by nature as appropriate however the Company will use the maximum penalty if it is proven that the executives or other related party use the internal information or behave in a way that make the Company or shareholders being damaged and ruin. The maximum penalty is the dismissal from the Company without any compensation.

Business Ethics

The Company intends to operate the business with integrity, ethics, compliance with the law, and the responsibility for the overall economy and the society, by adhering to the following virtues: honesty, justice, transparency, and benefits for shareholders and stakeholders – as a good practice. The company, therefore, has written up a set of ethical guidelines for executives and employees of all levels to adhere to, to disseminate a good image of the company in order to gain society's confidence. The business approach is as follows.

- The Company operates legal business, does not engage in unlawful business operations, and encourage employees to abide by the law.
- The Company operates its business with integrity, including accurate accounting records. It also spends budget economically and with transparency, while evaluating investment projects with honesty, accuracy, and transparency within the set principles.
- The company strongly believes that honesty, ethics, and virtue are the foundation of sustainable business operation.
- The company only conducts and supports the conduct of lawful activities and transactions according to the organisation's ethical principles.

7.3 Anti-Corruption Policy

The company realises the importance of the business operations under good governance principles by putting emphasis on honesty, transparency, responsibility, and awareness of rules and regulations set by the law and by relevant standards. The company decided to sign up for the “Alliance of Anti-Corruption Practices in Private Sector” to express the company’s determination to eradicate any forms of corruption.

To guarantee that the company has laid out a series of policy to set responsibilities, procedures, and regulations on appropriate actions to prevent any corrupted activities in the company’s business transactions. And to prevent the risk of corrupted activities, the company has written up a set of “Anti-Corruption Guidelines” to express clear policy in operating business, so that the company advances itself to the promising sustainable development.

This report only reveals certain parts of the “Anti-Corruption Policies”, the full article on anti-corruption policies are available for viewing on the company’s web site www.krungthai.co.th



7.3.1 Definition

“Corruption” means bribery of any forms offered by promising to give, deliberately offering, or asking for money or other benefits other than those specified in the code of conducts for government and private sector workers, or for persons of direct and indirect authority, to coerce or force person or persons to wrongly refraining to perform duties so that the business can go on as planned, so that the business is referred to by suggestion, or so that the business can secure its wrongly-earned benefits. The code of conducts can be exempted on the exception of the law, regulations, announcement, rules, traditions, local traditions, or trading customs.

7.3.2 Responsibilities

- 1) **Member of the Board of Directors** have the duties to prescribe policies, ensure that the operations happen, and supervise the efficient anti-corruption system so that they can be certain that the executives realize and are aware of the anti-corruption efforts on the level that it has become organizational culture.
- 2) **Member of the Audit Committee** have the duties to inspect the financial report and related accountancy details, internal control system, and the risk management system, to ensure internationally accepted practices, with conciseness, suitability, modernization, and efficiency.
- 3) **Directors, Administrators, and Executives** have the duties to ensure the existence of supporting system for the anti-corruption policy so that the company may be able to communicate with its employees and related persons. They also have duties to revise the policy so that it can be used in any possible changing situations, for example, business conditions, regulations, and rules of the law.
- 4) **Internal Auditors** have the duties to check and inspect that the operations are up to the policy and regulations, protocols, and laws; so that the control system is suitable and sufficient for the possible corrupted activity that may emerge; and report to the Audit Committee.
- 5) **Board of Directors, Executives, and Employees** must carry on their duties within the guidelines stated in the policy. Should they see or witness any wrongdoing or any activity that violates the policy, they are obliged to report to their respective superior through channels specified in the policy.

7.3.3 Regulations and protocols for corruption prevention

General chapter

- 1) Board of Directors, Executives, and Employees of all levels shall adhere to the anti-corruption policy and the ethics by not being engaged in corruption, no matter it is a direct or indirect involvement.
- 2) Employees shall not neglect when they see or witness any misconduct or activity related to the company's operation that can be considered corruption. They are obliged to report to their respective superiors and cooperate with the inspections. Questions can be asked through their respective superiors or persons appointed to follow up on the ethics through designated channels.
- 3) The company will provide fair treatment and protection to employees who deny or report the suspicious activity related to the company's business operation on the basis of the protection measures for whistleblowers or reporters of corrupted activity.
- 4) The company provides sufficient and appropriate internal control on a timely basis to prevent employees from veer off from the regulations, especially on the departments of sales, marketing, and purchasing.
- 5) Those found to have committed misconduct or corruption are considered to have violated the company's code of ethics and shall be considered for disciplinary penalties according to the company's rules, plus civil penalty if the subject is also found to have violated the law.
- 6) The company realizes the importance of spreading words, knowledge, and making understood with other people whose work is related to or can affect the company's business operation, in terms of anti-corruption policy.
- 7) The company is determined to build and preserve the organizational culture that adheres to the principle against corrupted activities toward government and private sectors.

7.3.4 Risk Assessment

The Company emphasises and urges all employees to be aware of actions that may cause corruption risks with analysis of indications and regularly assess the risk of corruption, which is considered one of the risks under regulatory compliance risks. The company has created a preventive work system and determined risk mitigation and control methods, which takes responsibility for follow-up measures, reviewing measures, and evaluation of risk management for employees to use as guidelines to prevent corruption. The system works with the internal audit unit to evaluate and monitor good governance compliance with ethics and anti-corruption policy, and summarising the report to the Board of Directors at least once a year.

7.3.5 Training and Communication

- 1) Members of the Board of Directors, Executives, and Employees
 - a) Members of the Board of Directors, Executives, and Employees shall be trained and instructed continually about anti-corruption policy so that they realise the importance of the policy, especially on many forms of corruption, on risk emerged by involvement in corrupted activity, procedures of reporting of misconduct or suspicious activity.
 - b) Members of the Board of Directors, Executives, and Employees shall receive their own copy of the anti-corruption policy or they can find it on the company's intranet, to ensure that everybody acknowledges and understands the anti-corruption policy. Besides, the updated version of the policy can be consulted at the company's web site.
 - c) Trainings on the knowledge of this policy shall be a part of the orientation session for new position on the levels of the company's Members of the Board of Directors, Executives, and new employees.

2) Dealer, Business Intermediaries, Distributors of Merchandises and/or Services, and Contractors

The company shall communicate the anti-corruption policy to dealers, business intermediaries, distributors of merchandises and/or services, and contractors from the very beginning of the business relationship or after the business relationship, as appropriate. The company encourages dealers, business intermediaries, distributors of merchandises and/or services, and contractors, to adhere to the same social responsibility standards as the company's.

7.3.6 Whistleblowing and Submission of Petition

Should any Member of the Board of Directors, Executives, or Employees, have doubts or evidence about involvement in any corruption activity by any Member of the Board of Directors, Executives, Employees, or any person who conduct business in the name of the company, they shall report or inform the company accordingly:

- Members of the Board of Directors, Executives, and Employees, can submit petition directly, verbally or in document through the following channels:
 - By phone: 02-291-8888 ext 262 (K. Supichaya Khajornchaikul)
 - By E-mail : supichaya@krungthai.co.th
 - Over the company's web site at www.krungthai.co.th
 - By mail to

Khun Supichaya Khajornchaikul/ Internal Audit
 Krung Thai Car Rent and Lease Public Company Limited
 455/1 Rama III rd, Bang Khlo
 Bang Kho Laem, Bangkok, 10120
- The company will keep the identity of the whistleblower or petitioner a secret and use the information given for the betterment of the company's internal management and operations. It will only disclose the given information upon request by authorised representative of the law enforcement, court order, request of the Security Exchange Commission, or relevant government and authority agencies.
- Whistleblowers and their petitions are to be seriously considered. They will also be protected against unlawful authority and actions to oppose the whistleblowing or petitioning.
- The whistleblowers shall act honestly. If the company finds out that the petition was ill-intentioned, deliberately attacking or defaming others, the company will be forced to take action accordingly.

7.3.7 Investigation and penalties

- 1) When the company is informed about wrongdoing, the management and the auditing committee shall filter, investigate, and find the truth.
- 2) The two committees may appoint a representative (one of the executives) report the findings to the informant or the petitioner on a timely basis.
- 3) If the truth finding finds that the accusation of corruption is well-grounded, the company will give the accused some time to know about the accusation and to prove oneself by presenting counter-evidence that exonerates one from the accusation.
- 4) If the accused was found to have really committed corruption as stated in the anti-corruption policy, the accused shall be punished according to the penalty up to dismissal of employment or dismissal from his or her present position. If the deed in question is considered unlawful according to the law, the accused shall receive punishment as the law requires. The penalties according to the company executives are considered ultimate.

7.3.8 Inspection and Verification

- 1) The company regularly conduct inspection and verification of the policy (at least once a year) by taking into account the changing situations and risks. The findings of the inspection and verification are to be reported directly to the Board of Directors about the results of risk management and suggestions in order to reduce risk factors.
- 2) The inspection division shall regularly conduct inspection of internal control and report the findings in a timely manner so as to ensure efficiency of internal control system in its anti-corruption tasks. The inspection division shall also discuss with relevant personnel to seek appropriate solution, report on the findings directly to the Board of Directors and the Audit Committee accordingly.

7.4 Human Resources

As of December 31, 2018, the Company and its subsidiary had 284 employee , consisted of ;

Department		Number of Employees
1.	Executive	9
2.	Marketing	101
3.	Service	82
4.	Business Support	92
	Total	284

During the past three years, there was no nor labor litigation case.

Employee remuneration

In 2017, The Company and Subsidiary paid totaling of Baht 99.17 million, and Baht 107.03 million in 2018, The employee remuneration in the form of salary, wage, overtime, provident fund contributions and others.

Corporate Social Responsibility

The Company has disclosed and published the information about Sustainability Report for the year 2018 in a separate report and is available for viewing on the company's web site at www.krungthai.co.th



Internal Control And Risk Management

The Board of Directors had the opinion that the internal control system of the Company is sufficient and in accordance with the Evaluation Internal Control System of the Securities and Exchange Commission and the Stock Exchange of Thailand, especially the internal control in regarding to the business with the major shareholders directors executives and related parties. The Company has the compact and sufficient internal control as well as the Company has set the Internal Audit function to be responsible for submission the audit report to the Audit Committee. The Internal Auditor has the audit scope and internal operation to make the correct and efficiency in control system and good management.



Related Party Transaction

The Company had transactions with related party which might lead to conflict of interest transactions. The transactions were the transactions with shareholders and/or executives of the Company including the transactions with the related companies which have the same shareholders and executives. These transactions are disclosed in the note to financial statements and audited by the auditor of the Company as well as the disclosure in the Audit Committee Report which can be summarized the relationship and detail of related party transactions as bellows:

Conflict of Interest Parties	Relationship
Thanapat Property Company Limited	<p>Mr. Paitoon Chantarasereekul, being authorized director and shareholder represent 4% of total issued capital of the Company and being authorized director and shareholder represent 22.22% of Thanapat Property Company Limited</p> <p>Mr. Pithep Chantarasereekul, being authorized director and shareholder represent 13.6% of total issued capital of the Company and being authorized director and shareholder represent 22.22% of Thanapat Property Company Limited</p> <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.6% of total issued capital of the Company and being authorized director and shareholder represent 16.67% of Thanapat Property Company Limited</p> <p>Mrs. Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 22.22% of Thanapat Property Company Limited</p> <p>Ms. Pimonpan Chantarasereekul, being authorized director and shareholder represent 7.80% of total issued capital of the Company and being authorized director and shareholder represent 5.56% of Thanapat Property Company Limited</p> <p>Ms. Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 5.56% of Thanapat Property Company Limited</p> <p>Mr. Pisit Chantarasereekul, being authorized director and shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 5.56% of Thanapat Property Company Limited</p>
Siam Nissan Krungthai Company Limited	<p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.6% of total issued capital of the Company and being authorized director and shareholder represent 25% of Siam Nissan Krungthai Company Limited</p> <p>Mrs. Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 2.5% of Siam Nissan Krungthai Company Limited</p> <p>Ms. Pimonpan Chantarasereekul, being authorized director and shareholder represent 7.80% of total issued capital of the Company and being authorized director and shareholder represent 5% of Siam Nissan Krungthai Company Limited</p> <p>Ms. Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 5% of Siam Nissan Krungthai Company Limited</p> <p>Mr. Pisit Chantarasereekul, being authorized director and shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 60% of Siam Nissan Krungthai Company Limited</p>

Conflict of Interest Parties	Relationship
Toyota Krungthai Company Limited	<p>Mr. Pithep Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 60% of Toyota Krungthai Company Limited</p> <p>Mr. Pichit Chantarasereekul, being authorized director and shareholder represent 13.60% of total issued capital of the Company and being authorized director and shareholder represent 19.23% of Toyota Krungthai Company Limited</p> <p>Mrs. Wipaporn Chantarasereekul, being authorized director and shareholder represent 20.20% of total issued capital of the Company and being authorized director and shareholder represent 19.23% of Toyota Krungthai Company Limited</p> <p>Ms.Pimonpan Chantarasereekul, being authorized director and shareholder represent 7.80% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p> <p>Ms.Pimonta Chantarasereekul, being authorized director and shareholder represent 8.09% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p> <p>Mr.Pisit Chantarasereekul, being authorized director and shareholder represent 10.00% of total issued capital of the Company and being authorized director and shareholder represent 0.38% of Toyota Krungthai Company Limited</p>
Carloft Auto Import Company Limited	<p>MissPimonpan Chantarasereekul, being authorized director and shareholder represent 7.80% of total issued capital of the Company and being shareholder represent 32.50% of total issued capital of Carloft Auto Import Company Limited</p> <p>MissPimonta Chantarasereekul, being shareholder represent 8.09% of total issued capital of the Company and being shareholder represent 16.25% of Carloft Auto Import Company Limited</p> <p>Mr. Pisit Chantarasereekul, being shareholder represent 10% of total issued capital of the Company and being authorized director and shareholder represent 8.13% of Carloft Auto Import Company Limited</p>
Mrs.Wipaporn Chantarasereekul	Being shareholders represent 20.20% of total issued capital of the Company
Mr. Pithep Chantarasereekul	Being authorized director and shareholders represent 13.60% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul
Mr. Pichit Chantarasereekul	Being authorized director and shareholders represent 13.60% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul
MissPimonpan Chantarasereekul	Being shareholders represent 7.80% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul
MissPimontha Chantarasereekul	Being shareholders represent 8.09% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul
Mr. Pisit Chantarasereekul	Being shareholders represent 10% of total issued capital of the Company and daughter of Mrs.Wipaporn Chantarasereekul

9.1 Related Party Transactions

1 List of Leases and Assets leased out Transactions

Nature	Conflict of Interest Parties	Pricing Policy	Amount (Million Baht)	
			Period ended December 31,	
			2017	2018
<u>Leased Assets Transaction</u>				
The Company rents the building size 1,490 sq.m. for being Service Center and allocated to be parking space size 3,000 sq.m. located in Rama III Road, Khet Bangkolaem Bangkok. The rental agreement has 3 years life starting from Febuary 20, 2018 to Febuary 19, 2021. The rental revenue is Baht 100,000 per month and the Lessor can adjust the rental revenue not over than 10% in every 3 years period	Siam Nissan Krungthai Co.,Ltd.	Monthly rental fee of 100,000 baht (22.27 baht per square metre per month)	1.20	1.20
The subsidiary company has signed a lease of a plot of land of 187.5 square wa located in Ramindra Road, Kannayao, Bangkok. The rental agreement has 3 years life starting from January 1, 2018 to December 31, 2020.	Thanapat Property Co.,Ltd	Monthly rental fee of 70,000 baht (373.34 baht per square metre per month)	0.84	0.84
The subsidiary company is currently leasing a plot of land of 2,400 sq wa, with the deed number 6567, situated on Phaholyothin road, Senanikhom, Chatuchak, Bangkok, on a 3-year contract dated January 1, 2018 to December 31, 2020.	Toyota Krungthai Co., Ltd.	Monthly rental fee of 150,000 baht	1.80	1.80
<u>List of Assets leased out</u>				
The Company has building for rent size 350 sq.m. being Car Showroom located in Rama III Road Khet Bangkolaem Bangkok. The rental agreement has 3 years life starting from Febuary 20, 2018 to Febuary 19, 2021	Siam Nissan Krungthai Co.,Ltd.	Monthly rental fee of 83,000 baht (237.14 baht per square metre per month)	1.00	1.00
The subsidiary leases office space 1,200 square meters to be used as a car showroom, located on Srinakarin Road, Prawet, Bangkok. The lease contract is 3 years starting from August 1, 2017 to July 31, 2020	Carloft Auto Import Co., Ltd.	Monthly rental fee of 86,290 baht (71.91 baht per square metre per month)	1.04	1.04

2. Purchasing Assets Transactions

Nature	Conflict of Interest Parties	Pricing Policy	Amount (Million Baht)	
			Period ended December 31,	
			2017	2018
1. The company purchased car for being leased out Account payables – Car purchasing	Toyota Krungthai Company Limited	The Company purchased cars at cost price after deduct special discount.	398.80	453.40
			-	130.40
2. The company purchased car for being leased out Account payables – Car purchasing	Siam Nissan Krungthai Company limited	The Company purchased cars at cost price after deduct special discount.	15.99	10.99
			-	-
3. The company purchased car for being leased out Account payables – Car purchasing	Carloft Auto Import Company limited	Market price for major buyer	18.92	22.94
			-	-

3. List of Guarantee for loan from banks

Nature	Conflict of Interest Parties	Pricing Policy	Amount (Million Baht)	
			Period ended December 31,	
			2017	2018
1. Mr Pithep Chantarasereekul secured a bank loan for the company with Kbank PCL for an overdraft of 10 million baht. The secured short-term loan was in the form of a promissory note at the amount of 130 million baht, and a letter of guarantee at the amount of 130 million baht.	Mr. Pithep Chantarasereekul	No fee	-	-
2. Mr Pichit Chantarasereekul secured a bank loan for the company with Kbank PCL. The secured loan was in the form of a promissory note at the amount of 80 million baht, and a letter of guarantee at the amount of 100 million baht.	Mr. Pichit Chantarasereekul	No fee	-	-

The Audit Committee's Opinion

The Audit Committee has the opinion that the above transactions are reasonable and beneficial to the business operation as follows:

1. Leases and Assets leased out Transactions

The Company rents building space for office and service center and leased building out for car showroom in the fair price and reasonable, which can be compared with rental revenue of offices nearby and in the rental revenue rate to premier customers of the operating lease and car leased out companies in fair price and reasonable.

The Subsidiary provide leased land to related parties are under the agreed price. Such related parties responsible for utilities expenses and common area management charges.

The Subsidiary leased land from related parties are under the agreed price. Such the Subsidiary responsible for utilities expenses incurred from land lease.

2. Purchasing Assets Transactions

The transaction is the cars and auto parts purchasing for business operation as the leased out assets with fair price. This price can be compared with other distributors with the normal course of business. Starting from year 2004, the Company has a policy to purchase cars at market price by comparing price with other distributors and purchase the same model with the lowest price or addition option with the highest value.

3. Guarantee for loan from banks transactions

The transactions are reasonable and they are the condition for borrowing money from the Commercial Banks which is considered to be the highest benefit to the Company with no fee charges for the guarantee from the loans for purchasing leased out cars and loans for the liquidity of the Company.

9.2 Necessary and Reasonable of the Related Party Transactions

1. Leases and Assets leased out Transactions

- The Company rented the building for being Service Center from Siam Nissan Krungthai Company Limited and allowed Siam Nissan Krungthai Company Limited rented some part of the building for distributing Nissan Cars. The both buildings located in the same area in Rama III Road. The Company owns the right of the lease space in front of the main road and Siam Nissan Krungthai Company Limited owns the right of the lease space at the back side. Later on the Company has expanded the business therefore the Company additional rented the back space to be Service Center and Siam Nissan Krungthai Company Limited rented some part of the front space to be Showroom with the fair price which can be compared with the rental space of the offices nearby. The Company is necessary to do this transaction because this agreement occurred before the Company is listed in the Stock of Exchange of Thailand. The agreement notified that the Company will use the land in the front side for construction office building and Siam Nissan Krungthai Company Limited will use the land at the back side for construction repairing cars service center. Later on the Company has expanded the business, the Company has addition used the office space at the back side for customer services area. Therefore the Company rented that space from Siam Nissan Krungthai Company Limited and in the meantime Siam Nissan Krungthai Company Limited rented the front side to be used for parking areas of selling cars for the showroom of Nissan Car distributors. This is the consequence from the past agreement and will continue throughout 10 years agreement and ended at 31 March 2015. However there is extended this agreement and will end on Feb. 2021.
- Subsidiary leased land to be Toyotasure Krungthai Showroom, Sri Nakarin Branch and the branch office. And this subsidiary leases some part of land to Carloft Auto Import Co., Ltd. for being showroom for selling imported cars. Both of buildings are located in the same area on Sri Nakarin Road and the rental revenue are under the agreed upon. Such related parties are responsible for utilities expenses and common area management charges.
- The subsidiary leased the land for use in selling cars at Ramindra Road from Thanapat Property Company Limited, and the rental revenue are under the agreed upon. Such related parties responsible for utilities expenses and common area management charges.
- The subsidiary leased the land for use in selling cars at Phaholyothin Road from Toyota Krungthai Company Limited, and the rental revenue are under the agreed upon. Such related parties responsible for utilities expenses and common area management charges.

2. Purchasing Assets Transactions

The Company purchased cars, auto parts and tools from Siam Nissan Krungthai Company Limited and Toyota Krungthai Company Limited for its business operation with the fair price which can be compared to other distributors. In the future, if there is the addition related party transactions of purchasing assets, the Company will assign the Audit Committee to consider the price whether this transactions is needed and reasonable in order to be the highest benefits to the Company and shareholders. The Company expects that these related transactions will occur again because the Company has the policy for customer to select the brand of the cars while the Company will allow other distributors to propose the price for competition. The distributor that offers the best package will be selected.

3. Guarantee for loan from banks transactions

Mr .Pitthep Chantarasereekul and Mr.Pichit Chantarasereekul are the guarantors for the short-term loans and long-term loans from the Commercial Banks with no fees charged. The Company has the necessary to have the capital for business operations therefore the major shareholders group has to support this borrowing from the Commercial Banks. The Company will operate in the fair deal if the guarantee fee charged is involved. The Company will use the fair and competitive price with market which this price has to be approved by the resolution from the Audit committee. However, the major shareholders group has the policy to support the borrowing with no fees charged.

Measures and Procedures of Transaction Approval

The company has laid out a set of measures and procedures of transaction approval by disallowing the company's executives and stakeholders into the approvals of transaction. The company has appointed the Audit Committee to take part and give professional opinions on the appropriateness of each transaction. As for the policy of transaction-making between the company and person(s) with possibility of conflict of interest, the company shall clearly designate transaction detail, price, and related conditions so that the Audit Committee can verify and disclose such information in the actual financial remarks. The company also set the code of conducts in transaction-making for normal business operation as follow:

1) Trade transaction under normal business operation with general trade conditions

■ Limitation of Financial Amount in Long-Term Lease Agreements

Limitation of Financial Amount	Authorised Person in Normal Trade Transaction	
	Transaction with Third-Party	Transaction with Person with Conflict of Interest
Less than 6 million baht	Manager/Senior Marketing Manager and Legal Manager	Manager/Senior Marketing Manager and Legal Manager
More than 6 million baht to less than 20 million baht	Senior Assistant Managing Director	Senior Assistant Managing Director
More than 20 million baht to less than 50 million baht	Managing Director	Managing Director
More than 50 million baht to less than 100 million baht	Executive Committee	Executive Committee
More than 100 million baht	Board of Directors	Board of Directors

■ Limitation of Financial Amount in Purchasing Assets

Limitation of Financial Amount	Authorised Person in Normal Trade Transaction	
	Transaction with Third-Party	Transaction with Person with Conflict of Interest
Less than 6 million baht	Manager/Senior Marketing Manager and Legal Manager	Manager/Senior Marketing Manager and Legal Manager
More than 6 million baht to less than 20 million baht	Senior Assistant Managing Director	Senior Assistant Managing Director
More than 20 million baht to less than 50 million baht	Managing Director	Managing Director
More than 50 million baht to less than 100 million baht	Executive Committee	Executive Committee
More than 100 million baht	Board of Directors	Board of Directors

The company shall organise a meeting of Audit Committee to conduct preliminary approval prior to the transaction-making, and organise an approval session through a meeting of the Board of Directors and the Audit Committee to ensure fair approval of transaction-making with appropriate pricing policy where certain Board of Directors with conflict of interest are not allowed to vote in the meeting. If the Audit Committee is found to not have the suitable capability to consider or approve certain transactions, the company shall hire an independent expert to give professional opinions on the transaction in question to the Audit Committee, Members of the Board of Directors, or shareholders accordingly.

9.3 Policy and Trends of Future Transactions

The company has laid out a set of policy for future transactions by setting rules and regulations according to the actual trade in market prices comparable to prices quoted by third party. The company shall involve the Audit Committee or independent experts in the consideration to ensure reasonable prices and appropriateness of the transaction for the sake of transparency, in line with the good governance policy.

As for future transactions, the company shall conduct according to the laws, decrees, or announcements on securities and exchange constituted by the Stock Exchange of Thailand. The company shall also conduct in compliance with the regulations about disclosure of transaction and the sources and targets of funds which are considered prominent assets of the company or the subsidiary company.

In case that Audit Committee and/or Independent Director has no experiences or expertise on any connected transaction arises, the Company would seek independent counselor or authorized auditor to give the opinion for such transaction and propose to Board of directors or Shareholders' meeting as deemed necessary. The company would disclose any connected transaction in the note to audited financial statement.



Summary of Financial Information

Transaction	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
STATEMENT OF COMPREHENSIVE INCOME (Million Baht)						
Income on car leases	1,132.80	56.56	1,146.92	54.81	1,199.37	57.62
Income on sale of cars	807.51	40.32	886.26	42.36	824.74	39.62
Other income	62.65	3.13	59.21	-	57.31	2.75
Total expenses	1,670.33	83.39	1,779.59	85.05	1,871.39	89.91
Profit before income tax expenses	400.07	19.98	389.15	18.60	290.38	13.95
Finance cost	67.43	3.37	76.35	3.65	80.34	3.86
Income tax expenses	2.04	0.10	(27.64)	(1.32)	(43.92)	(2.11)
Profit for the year	330.60	16.51	340.44	16.27	253.96	12.20
STATEMENT OF FINANCIAL POSITION (Million Baht)						
Total assets	4,639.50	100	4,999.09	100	4,832.58	100.00
Total liabilities	2,657.29	57.28	2,985.18	59.71	2,805.22	58.05
Total shareholders' equity	1982.22	42.72	2,013.91	40.29	2,027.36	41.95
Authorized share capital (Million shares)	250		250		250	
Book value per share						
Profit (Loss) per share (Baht)	1.32		1.36		1.02	
Dividends per share (Baht)	1.02		1.06		0.95	
Financial Ratios						
Gross Profit Margin (Excluding Profit on Sale of Rental Assets) (%)	20.95%		18.06%		17.03%	
Gross Profit Margin (Including Profit on Sale of Rental Assets)	26.13%		24.85%		21.62%	
Operating Margin	19.97%		18.60%		13.95%	
Net Profit Margin	16.51%		16.27%		12.20%	
Return on Assets (ROA)	9.46%		8.07%		5.91%	
Return on Equity (ROE)	17.54%		17.04%		12.57%	

Operating Results and Financial Status

10.1 Summary operating results and financial status

Independent Auditor's Report

2016-2017 Miss Sulalit Ardsawang

Certified Public Accountant
Registration No. 7517
Dharmniti Auditing Company Limited

2018 Miss Soraya Tintasuwan

Certified Public Accountant
Registration No. 8658
Dharmniti Auditing Company Limited

The accompanying financial statements present fairly, in all material respects in accordance with Thai Financial Reporting Standards.



Unit : Baht

Transaction	Consolidated financial statements					
	AS AT DECEMBER 31, 2016		AS AT DECEMBER 31, 2017		AS AT DECEMBER 31, 2018	
	Baht	%	Baht	%	Baht	%
Cash and cash equivalents	162,178,983	3.5	248,282,909	4.97	89,863,500	1.86
Investment in available-for-sale securities	55,550,210	1.2	66,456	0.00	21,084,850	0.44
Trade and other receivables	161,822,457	3.49	165,350,838	3.31	181,998,519	3.77
Prepaid insurance premium	48,146,563	1.04	49,545,026	0.99	55,008,409	1.14
Inventories	219,910,970	4.74	230,114,720	4.60	165,406,879	3.42
Other current assets	117,665,316	2.54	86,982,524	1.74	68,422,967	1.42
Total current assets	765,274,499	16.49	780,342,473	15.61	581,785,123	12.04
Fixed deposit using for guarantee	57,879,159	1.25	57,941,747	1.16	58,004,833	1.20
Assets-for-leases	3,635,351,921	78.36	3,842,891,183	76.87	3,794,378,638	78.52
Property, plant and equipment	147,235,378	3.17	175,324,693	3.51	177,228,345	3.67
Intangible assets	3,285,241	0.07	4,362,061	0.09	6,477,306	0.13
Leasehold right	25,446,954	0.55	18,067,503	0.36	13,917,514	0.29
Deferred tax assets	174,303	0	10,341,942	0.21	56,271,001	1.16
Other non-current assets	4,855,258	0.1	109,821,482	2.20	144,518,264	2.99
Total non-current assets	3,874,228,214	83.51	4,218,750,613	84.39	4,250,795,901	87.96
Total assets	4,639,502,713	100	4,999,093,086	100.00	4,832,581,023	100
Bank overdrafts and short-term loans from financial institutions	173,856,329	3.75	301,184,927	6.02	93,707,274	1.94
Bill of exchange	498,095,008	10.74	498,650,331	9.97	39,880,775	0.83
Trade and other payables	62,137,744	1.34	79,239,327	1.59	76,506,976	1.58
Accounts payable-purchase assets for leases	-	-	1,640,092	0.03	168,660,870	3.49
Current portion of long-term loans from financial institutions	276,975,059	5.97	359,339,788	7.19	384,178,043	7.95
Current portion of hire-purchase contract payable	329,775,944	7.11	231,171,434	4.62	62,315,758	1.29
Accrued income tax	-	-	397,745	0.01	228,283	0.00
Other current liabilities	9,377,628	0.2	10,104,732	0.20	10,183,158	0.21
Total current liabilities	1,350,217,711	29.1	1,481,728,376	29.64	835,661,138	17.29
Debentures	-	-	549,213,289	10.99	1,148,375,030	23.76
Long-term loans from financial institutions	895,698,164	19.31	781,055,670	15.62	702,843,389	14.54
Hire-purchase contract payables	348,532,053	7.51	114,907,125	2.30	51,632,288	1.07
Deposits for car lease from clients	11,922,502	0.26	-	-	-	-
Employee benefit obligations	45,933,690	0.99	50,781,192	1.02	54,451,264	1.13
Long-term loans from financial institutions	4,981,955	0.11	7,493,251	0.15	12,255,423	0.25
Total non-current liabilities	1,307,068,363	28.17	1,503,450,528	30.07	1,969,557,394	40.76
Total liabilities	2,657,286,074	57.28	2,985,178,904	59.71	1,805,218,532	58.05
Issued and paid-up share capital	250,000,000	5.39	250,000,000	5.00	250,000,000	5.17
Premium on share capital	162,450,370	3.5	162,450,370	3.25	162,450,370	3.36
Retained earnings						
– Appropriated - legal reserve	30,000,000	0.65	30,000,000	0.60	30,000,000	0.62
– Unappropriated	1,539,749,909	33.19	1,571,461,874	31.43	1,584,902,092	32.80
Gain from investment in available- for-sale	16,359	-	1,938	0.00	10,029	0.00
Total shareholders' equity	1,982,216,639	42.72	2,013,914,182	40.29	2,027,362,491	41.95
Total liabilities and shareholders' equity	4,639,502,713	100	4,999,093,086	100	4,832,581,023	100

10.2 STATEMENT OF COMPREHENSIVE INCOME

Unit : Baht

Transaction	Consolidated financial statements					
	2016	%	2017	%	2018	%
Income on car leases	1,132,801,177	56.56	1,146,921,986	54.81	1,199,371,064	57.62
Income on sale of cars	807,514,089	40.32	886,259,296	42.36	824,743,626	39.62
Other income	62,650,809	3.13	59,205,193	2.83	57,314,674	2.75
Total income	2,002,966,074	100	2,092,386,476	100	2,081,429,363	100
Cost of car leases	895,528,220	44.71	939,843,520	44.92	995,091,699	47.81
Cost of sales of cars	534,567,878	26.69	588,110,231	28.11	591,334,316	28.41
Selling expenses	172,796,633	8.63	175,287,664	8.38	204,625,497.13	9.83
Finance cost	67,434,527	3.37	76,345,292	3.65	80,343,313	3.86
Total expenses	1,670,327,259	83.39	1,779,586,707	85.05	1,871,394,825	89.91
Profit before (income) tax expenses	332,638,816	16.61	312,799,769	14.95	210,034,538	10.09
(Income) tax expenses	2,035,916	0.1	(27,642,464.76)	(1.32)	(43,924,533)	(2.11)
Profit for the year	330,602,900	16.51	340,442,234	16.27	253,959,071	12.20
Basic earnings per share	1.32		1.36		1.02	

10.3 STATEMENT OF CASH FLOWS

Unit : Baht

Transaction	Consolidated financial statements		
	2016	2017	2018
<u>Cash flows from operating activities</u>			
Profit before (income) tax expenses	332,638,816	312,799,769	210,034,538
Adjustments to reconcile profit before (income) tax expenses to net cash provided by (used in) operating activities			
Doubtful accounts (reverse)	3,340,586	505,165	(1,425,032)
Depreciation and amortization	664,854,655	710,082,699	748,433,145
Allowance for the refund of the withholding tax	-	4,789,260	22,386,055
Loss on disposal of assets	-	-	56,329
Gain on sale of investments in available-for-sale securities	(671,707)	(1,042,781)	(918,276)
Employee benefits expenses	370,555	973,460	988,606
Interest income	(779,604)	(1,501,697)	(887,197)
Finance cost	67,318,295	76,345,292	80,343,313
Profit from operating before changing in operating assets and liabilities	1,067,071,596	1,102,951,167	1,059,011,481
(Increase) decrease in operating assets			
Trade and other receivables	(13,211,368)	(3,738,203)	(15,206,109)
Prepaid insurance premium	(5,973,190)	(1,398,463)	(5,463,383)
Inventories	393,364,775	353,271,248	366,795,267
Other current assets	(56,444,335)	(14,845,287)	18,054,884
Other non-current assets	(1,268,870)	(865,783)	375,530
Increase (decrease) in operating liabilities			
Trade and other payables	(17,130,888)	16,443,655	(9,704,125)
Deposits for car lease from clients	7,238	4,847,503	3,670,071
Other current liabilities	(4,955,204)	727,104	2,068,556
Cash generated for operation	1,361,459,755	1,457,392,941	1,419,602,173
Cash received from interest income	82,333	178,813	190,377
Cash paid for purchase of assets for leases	(1,545,826,171)	(1,270,155,968)	(827,166,848)
Cash paid for income tax	(42,160,530)	(57,100,381)	(58,879,664)
Net cash provided by operating activities	(226,444,613)	130,315,405	533,746,037

Transaction	Consolidated financial statements		
	2016	2017	2018
<u>Cash flows from investing activities</u>			
Cash received from interest income	847,641	1,027,541	680,279
Cash received from short-term loans to related companies	40,000,000	95,000,000	35,000,000
Cash paid for short-term loans to related companies	(40,000,000)	(95,000,000)	(35,000,000)
Cash received from sale of investment in available-for-sale securities	821,090,000	1,287,808,509	934,909,996
Cash paid for investment in available-for-sale securities	(820,400,000)	(1,231,300,000)	(955,000,000)
Increase in cash at banks using for guarantee	(62,265)	(62,589)	(63,086)
Cash received from sale of fixed assets	20,000	-	24,673
Cash paid for purchase of fixed assets	(2,453,894)	(29,779,988)	(5,340,930)
Cash paid for purchase of intangible assets	(131,397)	(1,307,600)	(1,900,041)
Net cash provided by (used in) investing activities	(1,089,915)	26,385,873	(26,689,108)
<u>Cash flows from financing activities</u>			
Cash paid for finance cost	(62,227,612)	(70,781,737)	(73,832,259)
Increase (decrease) in bank overdrafts	165,045,028	57,328,598	(207,477,653)
Cash received from short-term loans from financial institutions	95,000,000	140,000,000	110,000,000
Cash paid from short-term loans from financial institutions	(125,000,000)	(70,000,000)	(110,000,000)
Cash received from issuing of bill of exchange	1,053,546,030	1,074,862,989	458,838,110
Cash paid for bill of exchange due	(800,000,000)	(1,080,000,000)	(920,000,000)
Cash received from issuing of debenture	-	550,000,000	600,000,000
Cash received from long-term loans from financial institutions	946,834,000	296,562,356	350,821,823
Cash paid for long-term loans from financial institutions	(275,952,715)	(328,840,120)	(404,195,849)
Cash paid for hire-purchase contract payables	(530,375,754)	(332,229,438)	(232,130,512)
Cash paid for dividend	(135,000,000)	(307,500,000)	(237,500,000)
Net cash used in financing activities	331,868,978	(70,597,352)	(665,476,339)
Net increase (decrease) in cash and cash equivalents	104,334,450	86,103,926	(158,419,410)
Cash and cash equivalents, beginning of the year	57,844,533	162,178,983	248,282,909
Cash and cash equivalents, ending of the year	162,178,983	248,282,909	89,863,500

Financial Ratios

รายการ	Consolidated financial statements		
	2016	2017	2018
<u>Profitability Ratio</u>			
Gross Profit Margin (Excluding Profit on Sale of Rental Assets)	20.95%	18.06%	17.03%
Gross Profit Margin (Including Profit on Sale of Rental Assets)	26.13%	24.85%	21.62%
Operating Margin	19.97%	18.60%	13.95%
Net Profit Margin	16.51%	16.27%	12.20%
<u>Liquidity Ratios</u>			
Current Ratio	0.57	0.53	0.70
Asset Turnover	0.47	0.43	0.42
<u>Efficiency Ratio</u>			
Return on Assets (ROA)	9.46%	8.07%	5.91%
Return on Equity (ROE)	17.54%	17.04%	12.57%
<u>Leverage Ratio</u>			
Debt/Equity Ratio	1.34	1.48	1.38
Interest Coverage Ratio	5.93	5.10	3.61
Dividend Payout Ratio	40.91%	90.44%	93.52%
<u>Per share</u>			
Book value per share	7.93	8.06	8.11
Profit (Loss) per share (Baht)	1.32	1.36	1.02

Management Discussion and Analysis

11.1 Analysis and Explanation by the Management

Overview of the Business

In summary, the company's operating results for the year ended December 31, 2018 – the company has received total revenue of 2,092.39 million baht, down by 0.52 percent; net profit of 253.96 million baht, down by 25.4 percent. The number of cars sold in 2018 amounted to 1,224 units, down from the year 2017's figure of 1,655 vehicles as there were a lot of lease-expired cars.

Summary of financial status as of December 31, 2018 – the company had total assets of 4,832.58 million baht, divided into main assets, i.e. cars for rent, and 8,275 cars awaiting sale, with a total net value of 3,874.46 million baht, which represents a decrease from December 31, 2017's figure of 8,345 units whose total net value is 3,966.92 million baht. The decrease in asset was caused by long-term leasing contracts that would be due in the first half of 2018, in order for the company to receive tax benefits from investment in assets in 2017. The cost of an additional 50 percent by Royal Decree No. 642 (BE 2560) dated July 9, 2017 as compared to the prior year, the company buy a 620 cars less than the total amount bought the previous year.

The total liabilities as of December 31, 2018 amounted to 2,805.22 million baht, which represents a decrease of 179.96 million baht from the previous year. In 2017, the total liabilities were counted at 2,985.18 million baht, which represents a decrease according to the volume of car purchase.

As for the shareholders' equity as of December 31, 2018, the company had total shareholders' equity of 2,027.36 million baht, representing an increase of 13.45 million baht or 0.67 percent against the figure recorded at the end of year 2017, which is 2,013.91 million baht. The increase was reached after deducting dividends, with retained earnings before dividend payment of 1,852.40 million baht and dividend payment of 237.50 million baht. The remaining retained earnings at the end of 2018 amounted to 1,614.90 million baht.

Result of Operation

Income

In the year 2018, the company had a total revenue of 2,081.43 million baht, representing a drop from the year 2016 in the amount of 10.96 million baht, or 0.52 percent from the total revenue in 2017, which is 2,092.39 million baht. The total revenue is divided into 3 categories as follow:

1. Revenue from Car Lease The company has received a total of 1,199.37 million baht in lease fees in 2018, representing an increase of 52.45 million baht or 4.57% against the previous year's figure of 1,146.92 million baht. Of the revenue from total car lease fees, the margin (excluding revenue from sales of lease-expired cars) was accounted to 17.03%, representing a drop of 1.03% against the previous year. The proportionate increase in 2018 lease fees was resulted by the possession of 1,562 cars for lease in excess when compared to 1,265 lease-expired cars. When compared to the lease term of contracts due in 2017, the average contract period is 3 years, but the contract in excess in 2018, has the average age of 4-5 years, causing the average rental income per vehicle to decrease compared to the car model and the same rental conditions, which is one of the reasons that the gross margin has decreased from the previous year.

2. Revenue from Sales of Lease-Expired Cars The company has received a total of 553.63 million baht from the sales of lease expired cars, which represents a drop of 140.93 million baht or 20.29 percent against the previous year's figure of 1,224 cars, fewer than 2017's figure of 1,655 cars or a drop of 431 cars or 26.04 which is rooted from that the number of lease-expired cars in 2018 is fewer than that of 2017.

3. Revenue from Sales of Cars of Subsidiary Company Revenue from sales of cars of Subsidiary Company in the year 2018 amounted to 271.11 million baht, an increase of 79.41 million baht from the previous year. In 2017, revenue from car sales amounted to 191.70 million baht, representing an increase of 40.42 percent. Sales of the subsidiary's cars increased due to the increase in sales of vehicles in 2018 – 572 cars in 2018 and 282 cars in 2017. The increase of 189 cars or 49.35 percent was caused by the stimulation of sales of online channels, promotional campaigns, and increase potentials of the sales team.

Costs and Expenses

1. Cost of operation in leasing cars The cost of operation in leasing cars as of the end of the year 2018 totalled 995.09 million baht, representing an increase of 55.25 million baht. In 2017, the cost of operation in leasing cars amounted to 939.84 million baht, representing an increase of 5.88 percent. The increase was caused by the increasing cost in leasing cars from depreciation cost and insurance cost. As in 2018, there was an expansion in the company's car portfolio where the number of car bought in was more than the number of lease-expired cars, resulting in accumulated depreciation cost. Meanwhile, the lease fee per car was decreased as clients wanted longer lease contracts of 4-5 years compared to the previous duration of lease contracts of 3 years, this has made lease fees lower as one of clients' measures of cost control. The insurance cost increased as in 2017 the company put a control on the number of accidents with the assistance from insurance companies. This resulted in the company received special rebates and discounts but in 2018, the rebates and discounts reduced as the number of accidents increased. However, the company continued to put preventive measures on the number of accidents with clients. The cost of repairing cars in 2018 increased by 3 percent against the previous year. The revenue from land lease increased by 5% as the company managed to attract clients to have their cars serviced in the company's service centres. The company also dispatched mobile service units to give car service for clients, rendering a reduction in repairing cost.

2. Cost of operation in sales of lease-expired cars The cost of operation in sales of 1,224 lease-expired cars in 2018 amounted to 349.67 million baht, representing a drop of 73.15 million baht or 17.3 percent against the previous year. The number of cars sold in 2018 reduced from the previous year's figure of 1,655 cars while other factors depend on ages, models, and types of cars.

3. Cost of operation in sales of second-hand cars by the subsidiary company The cost of operation in sales of second-hand cars by the subsidiary company in 2018 amounted to 241.66 million baht, representing an increase of 76.37 million baht or 46.2 percent. In 2017, the cost of operation in sales of second-hand cars by the subsidiary company amounted to 165.29 million baht. The increase was caused by the larger number of cars sold – 572 cars in 2018 against 383 cars in 2017, or an increase of 189 cars or 49.35 percent. Cars sold have been repaired and maintained so that they were ready to use and in good condition, which helped with quicker output.

4. Cost of operation in sales and administration The cost of operation in sales and administration in 2018 amounted to 204.63 million baht, representing an increase from the previous year's figure of 175.29 million baht, representing an increase of 29.34 million baht or 16.74 percent. One of the main expenses is the withholding tax refund request from the Revenue Department of 22.39 million baht.

Net Profit and Return Rate

Net profit of the company in 2018 amounted to 253.96 million baht, a decrease of 86.48 million baht or 25.40% compared to the year 2017 with net profit of 340.44 million baht and net profit margin in 2018, 12.2%. And in 2017, the amount of 16.27% decreased by 4.07%. The main reason is due to 1) Profit from the sale of cars that decreased from the number of cars sold that decreased according to the number of vehicles, the lease term is less than the previous year. And the cost of car modification is increased in order to keep the car in good condition and standard 2) Car rental costs increased from depreciation based on the amount of vehicles in the increased port and insurance premiums increased from discounts and rebate received from insurance companies, reduced from the number of accidents increased from the previous year 3) Selling and administrative expenses Increased from setting up withholding tax refund request from the Revenue Department.

Financial Status

Asset

As of December 31, 2018, the company had total assets of 4,832.58 million baht, a decrease of 166.51 million baht or 3.33 percent from the end of 2017 with 4,999.09 million baht. This included cars for rent And cars awaiting sale, totaling 8,275 units, with a total net value of 3,874.46 million baht, a decrease from December 31, 2017 with 8,345 units. The total net value is 3,966.92 million baht. Clients' cars, long-term leases that require renting instead of cars that will be due in the first half of 2018, in order for the company to receive tax benefits from investment in assets in 2017, the cost increase was 0.50 times the amount by Royal Decree No. 642 (BE 2560) dated July 9, 2560 as compared to the prior year, the Company bought 620 cars less than the previous year.

Description	For the year ended 31 December		
	2016	2017	2018
Cars at the beginning of the periods (units)	6,967	8,226	8,345
Purchased during periods (units)	2,719	1,774	1,154
Sold during periods (units)	1,460	1,655	1,224
Cars at the ended of the periods (units)			
- cars held for sales	753	422	245
- cars held for leased	7,473	7,923	8,030
Total cars at the ended of periods	8,226	8,345	8,275
Net book value at ended of periods (Million Baht)			
- cars held for sales	177.35	124.03	80.08
- cars held for leased	<u>3,635.35</u>	<u>3,842.89</u>	<u>3,794.38</u>
Total Net book value at ended of periods	3,812.70	3,966.92	3,874.46

Accounts Receivable

Considering the quality of the Company's accounts receivable (before deducting allowance for doubtful accounts) as of December 31, 2018, the amount was 155.68 million baht, representing an increase of 24.47 million baht or 18.65 percent from the previous year – with the amount of debtors equal to 131.21 million baht, net trade receivables after deducting allowance for doubtful accounts in 2018 amounting to 150.42 million baht, divided into receivables from car sales of 62.43 million baht and accounts receivable, car rental in the amount of 87.99 million baht from sales of receivables. Receivables are classified in the group of banks that granted loans, and in respect of debtors from car rental in the amount of 87.99 million baht, which is not yet due for payment, amounting to 66.28 million baht or 75.33 percent of the receivables from the car rental net. The company has closely followed up with the debt and have considered the selection of customers by considering credibility and good financial status. Most customers or more than 95 percent are corporate customers, government agencies, state enterprises and private sectors, where these customers have a good payment history. However, the company still has an allowance for doubtful accounts. According to the policy of setting allowance for doubtful accounts as follows:

Outstanding receivables for the period Of more than 1-2 month(s)	1%
Outstanding receivables for the period of more than 2-3 months	2%
Outstanding receivables for the period of more than 3-6 months	50%
Outstanding receivables for the period of more than 6 months	100%

Accounts receivable can be analyzed as followings

(Unit : Millions Baht)

Description	December 31, 2016	December 31, 2017	December 31, 2018
• Undue	101.04	106.08	128.71
• Not exceed 3 months	30.99	16.75	19.60
• 3 – 6 months	1.73	2.44	2.85
• Over than 6 months	2.99	5.95	4.52
Total	136.75	131.21	155.68
Less: Allowance for doubtful accounts	(6.18)	(6.68)	(5.26)
Net	130.57	124.53	150.42

Details of accounts receivable ledger

Description	December 31, 2016	December 31, 2017	December 31, 2018
• Receivable from rental car	85.87	79.90	87.99
• Receivable from selling car	44.70	44.63	62.43
Total	130.57	124.53	150.42

Source of Funds

Liabilities

As of December 31, 2018, the company had total liabilities of 2,805.22 million baht, representing a decrease from as of December 31, 2017 in the amount of 179.96 million baht, equivalent to 6.03 percent of total liabilities in the year 2017 with the amount of 2,985.18 million baht. The decrease was caused by the procurement of cars for lease, reduced by using loan sources from financial institutions and the issuance of debentures. The total liabilities as of 31 December 2017 accounted for 58.05% of total assets. Divided into current liabilities 29.79 percent of total liabilities And non-current liabilities 70.21 percent of total liabilities Compared with total liabilities as of 31 December 2017, representing 59.71% of total assets in 2017, divided into current liabilities 49.64% of total liabilities and non-current liabilities 50.36 percent of total liabilities in the year In 2017,

while the total liabilities as of 31 December 2018 amounted to 2,805.22 million baht, a decrease of 179.96 million baht from the previous year. In 2017, the total liabilities were 2,985.18 million baht, which was reduced according to the volume of car purchases.

The proportion of such debt does not affect the liquidity management because the company with continuous income from car rental Including the income from the sale of cars that have expired. The nature of the business has a capital structure of mostly liabilities. The company therefore has to manage cash flow so as to be balanced and consistent to prevent liquidity risk in terms of time and interest rates by setting the loan period in accordance with the age of the car rental agreement and try to find a source of fixed-rate loans in order to be consistent with the fixed car rental rate to reduce the risk of interest rate fluctuations.

(Unit : Millions Baht)

Detail	December 31, 2016	December 31, 2017	December 31, 2018
▪ Not exceed one year	329.78	231.17	62.32
▪ 1 – 3 years	348.53	114.91	51.63
Total	678.31	346.08	113.95

Shareholders' Equity

The shareholders' equity of the company as of December 31, 2018 amounted to 2,027.36 million baht, an increase of 13.45 million baht compared to December 31, 2017, with shareholders' equity of 2,013.91 million baht due to the company's performance. With a net profit of 253.96 million baht, while there were 2 dividend payments to shareholders in 2018.

First dividend payment, according to the minutes of the Annual General Meeting of Shareholders 2018, held on April 26, 2018, the shareholders resolved to pay dividends from the operating results of 2017 to shareholders at the rate of 1.06 baht per share, equivalent to the amount of 265 million baht, with a dividend of 127.50 million baht (equivalent to 0.51 baht per share, totalled 250,000,000 shares) was paid on September 1, 2017 and the remaining dividend amount is 137.50 million baht. The rate of 0.55 baht per share Number of shares 250,000,000) was paid to shareholders on May 22, 2018.

Second dividend payment, according to the minutes of the Board of Directors Meeting No. 3/2561 on August 9, 2018, the Board of Directors resolved to pay interim dividends from the operating results for the period ended June 30, 2018, amounting to 100 million baht (the rate of 0.40 baht per share, totalling 250,000,000 shares) paid to the shareholders on September 7, 2018

Total company paid dividend in 2018 in the amount of 237.50 million baht

Capital Structure

In 2018, the company bought cars for lease by using the main source of funds from long-term loans from financial institutions and issue debentures at fixed interest rate (at the end of 2018, equivalent to 95 percent of long-term loan) which is a normal nature of this business operation. Because it is a liability arising from the acquisition of assets used in the operation of the company and such liabilities will be able to arrange cash flow to pay in line with the cash flow of the company. It is also a policy to use the company's funding sources. Because in addition to the consistency of the cash flow received-paid. It is also the management of the interest rate risk if in the future there is a direction to increase.

In summary, the source of funding will be based on both the consistency of the cash flow of revenue and expense. Number of leases available to customers and financial costs so as to achieve maximum efficiency in business operations and money management.

Liquidity

For the year 2018, the company had net cash flow from operating activities of 533.75 million baht, an increase of 403.43 million baht compared to 2017, 130.32 million baht. Since in 2018 the company has purchased cars for rent by means of payment. less than 2017, while cash flow used in investing activities in 2018 amounted to 26.69 million baht, decreased from the year 2017 by 53.08 million baht, net cash outflow of 20 million baht, while the cash flow in financing activities in 2018 was used to net 665.48 million baht, decreasing from the year 2017 in the amount of 594.88 million baht – bank overdraft transaction, cash paid for short-term loans, net of 461.16 million baht, cash receipt of 600 million baht, cash paid from long-term loans, net 53.37 million baht, interest payment amounting to 73.83 million baht, cash payment obligation under the lease 232.13 million baht and a cash dividend payment of 237.50 million baht. In conclusion, the Company in 2018 had a net cash decrease of 158.42 million baht.

(Unit : Millions Baht)

Future income	December 31, 2016	December 31, 2017	December 31, 2018
▪ Not exceed 1 year	971.33	1,020.38	1,060.58
▪ Over 1 year but not exceed 5 years	1,569.42	1,673.37	1,624.00
Total	2,540.75	2,693.75	2684.58

11.2. Auditors' remuneration Audit fee

In 2018, the Company appointed Miss Soraya Tintasuwan, CPA No. 8658 from Dharmniti Auditing Company Limited to serve as the Company's auditors and its subsidiaries, respectively. The total audit fees for the year 2018 of Baht 1,270,000 divided into the audit fees for Company of Baht 920,000 and its subsidiaries of Baht 350,000.



Directors and Executives' Profile

Detail of profile of Board of Directors, Executives and Controlled Power in the Company.

Name Position	Age (Year)	Education / List of Management Committee trained	Holding Shares Proportion (%)	Family Relation during Executives	5 years previous working experience	
					Period	Position/Company
1. Mr. Pithep Chantarasereekul The Chairman of the Board of Directors	47	<ul style="list-style-type: none"> - MBA-Faculty of Finance, Seattle University, United States - BBA- Business Administration, Assumption University - DAP 19 - DCP 201/2015 	13.60	Brother of Mr. Pichit Chantarasereekul	2017 – Present 2004 – 2017	The Chairman of the Board of Directors Director and Managing Director/Executive Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> Managing Director Toyota Krungthai Company Limited (Toyota Distributor) Director Thanapat Property Company Limited (Rental Building)
2. Mr. Pichit Chantarasereekul Director, Managing Director and Executive Director	46	<ul style="list-style-type: none"> - MBA- Business Administration, University of Toledo, United States - BBA- Business Administration Assumption University - DAP 19 - DCP 85 - CDC 8 - FBS 2/2015 - RNG 7/2015 - RCC 20/2015 	13.60	Younger brother of Mr. Pithep Chantarasereekul	2017 – Present 2004 – 2017 2005 – Present 2003 – Present 1992 – Present	Director /Managing Director/Executive Director Director and Deputy Managing Director/ Executive Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> Director Krungthai Automobile Company Limited (Buy and Sale Used Cars) Managing Director Siam Nissan Krungthai Company Limited (Nissan Distributor) Director Thanapat Property Company Limited (Rental Building)
3. Mr. Karoon Laoharatanun Director	62	<ul style="list-style-type: none"> - MBA, KASSETSART UNIVERSITY - (BBA) SCIENCE, KASSETSART UNIVERSITY - ISO/IEC 27001 - AUTOMOBILE FINANCING BUSINESS AT KUALA LUMPUR, MALAYSIA - DAP 32 - DCP 170 	No	No	2013- Present 2008 - Present 2008 - Present 2006- 2008	Director Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> President Infonet (Thailand) Co., Ltd. President STC Network Corporation Co.,Ltd. President Siam Commercial Leasing Co.,Ltd.
4. Mr. Chaiwat Atsawintarakul Director and Chairman of the Audit Committee	66	<ul style="list-style-type: none"> - THAI-BARRISTER-AT-LAW - THE THAI BAR ASSOCIATION - (MBA) IN BUSINESS ADMINISTRATION, THAMMASAT UNIVERSITY - (BBA) IN BUSINESS ADMINISTRATION AND FACULTY OF LAW , RAMKHAMHAENG - DAP ' 24 - DCP' 81 - ACP ' 12 	No	No	2004- Present 2013- Present 2005 – Present 2003 – Present 2005 – Present	Director and Chairman of the Audit Committee Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in other listed companies</u> Director and Chairman of the Audit Committee Eastern Polymer Group Public Company Limited Director and Chairman of the Audit Committee U City Public Company Limited Chairman of the Audit Committee Syntec Construction Public Company Limited Chairman of the Audit Committee Eastern Printing Public Company Limited

Name Position		Age (Year)	Education / List of Management Committee trained	Holding Shares Proportion (%)	Family Relation during Executives	5 years previous working experience	
						Period	Position/Company
4.	(con.) Mr. Chaiwat Atsawintarangkun Director and Chairman of the Audit Committee					2013 – Present 2007- Present 2005- Present 2012- Present 2004- Present 2003 – Present 1997 – Present 1989 – Present	<u>Positions in non-listed companies</u> Chairman of the Audit Committee Merchant Partners Asset Management Company Limited Chairman of the Audit Committee Merchant Partners Securities Public Company Limited Director Boat House Hua Hin Company Limited Director Amatara A Destination Spa Company Limited Director Andaman Long Beach Resort Director Chiangmai Hot Spring Co., Ltd. Director Property Consulting Company Limited (Auditing and Finance Advisory) Director MJL Intertrade Co., Ltd.
5.	Mrs. Pahfun Jittmittraparp Director and Member of Audit Committee	52	- MBA- FACULTY OF LAW, Villanova University , United States - DAP '23 - DCP '160	No	No	2004 - Present 2002 - Present 2002- Present 2002- Present	Director and Member of the Audit Committee Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in non-listed companies</u> Managing Director Smart Home System Company Limited (Electronic System and Securities Consulting) Managing Director Pacific Challenge Holding Company Limited (Investment in other companies) Managing Director Innovative Technology System Company Limited (Production, Design. Creation and distribution the Innovation)
6.	Assoc Prof Dr Pasu Decharin Director and Member of the Audit Committee	51	- PH.D. IN TECHNOLOGY MANAGEMENT, ASIAN INSTITUTE OF TECHNOLOGY - (MBA) UNIVERSITY, BUSINESS ADMINISTRATION OF COLORADO ,USA - (BBA) FACULTY OF COMMERCE AND ACCOUNTANCY, CHULALONGKORN UNIVERSITY	No	No	2016- Present 2018- present 2018 – Present 2011- Present 2015 – Present 2015- Present 2014- Present 2018- Present 2018- Present 2017- Present	Director and Member of the Audit Committee Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing) <u>Positions in other listed companies</u> Independent Director and Chairman of the Audit Committee The Siam Commercial Bank Independent Director and Member of the Audit Committee Thai Oil PCL <u>Positions in non-listed companies</u> Dean, Faculty of Commerce and Accountancy, Chulalongkorn University Director AACSB International Director EPAS Accreditation Board Independent Director Aksorn Education PCL Audit and Evaluation Committee Srisavarindhira Thai Red Cross Institute of Nursing Chairman and Independent Director Warrix Sports Co., Ltd. Director AUA Language Center

	Name Position	Age (Year)	Education / List of Management Committee trained	Holding Shares Proportion (%)	Family Relation during Executives	5 years previous working experience	
						Period	Position/Company
7.	Mr. Sakditouch Chantarasereekul Senior Assistant Managing Director Business Support	46	<ul style="list-style-type: none"> - MBA- BUSINESS ADMINISTRATION, FACULTY OF FINANCE, DREXEL UNIVERSITY, PENNSYLVANIA,USA - BBA- BUSINESS ADMINISTRATION FACULTY OF MANAGEMENT ,ASSUMPTION UNIVERSITY - CHIEF FINANCIAL OFFICER CERTIFICATION PROGRAM No. 12 FROM FEDERATION OF ACCOUNTING PROFESSIONS - DCP '169 - ACPG 22/2015 - ELP 4/2016 (DCP) 	No	Counsel of Mr. Pithep Chantarasereekul and Mr. Pichit Chantarasereekul	2007- Present	<i>Assistant Senior Managing Director</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing)
8.	Miss Sirima Cha-embun Managing Director of Service	47	<ul style="list-style-type: none"> - MBA- BUSINESS ADMINISTRATION, SRIPATUM UNIVERSITY - BBA- BUSINESS ADMINISTRATION-FACULTY OF MANAGEMENT, ST.JOHN UNIVERSITY - MINI MBA '57, Thammasat University 	No	No	2007 – Present	<i>Assistant Senior Managing Director</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing)
9.	Miss Jittiya Luangjamekorn Senior Manager - Marketing	43	<ul style="list-style-type: none"> - MBA- FACULTY OF COMMUNICATION ARTS, CHULALONGKORN UNIVERSITY - BBA, FACULTY OF FINE AND APPLIED ARTS, CHULALONGKORN UNIVERSITY - ADVANCED VB FOR WEB APPLICATION DEVELOPER – INTERNET & E-COMMERCE TRAINING, THAMMASAT UNIVERSITY 	No	No	2008 – Present 2001 – 2007	<i>Senior Manager – Marketing</i> <i>Marketing Manager</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing)
10.	Miss Pornpan Sattawatkul Finance and Accounting Manager	44	<ul style="list-style-type: none"> - MBA COMPUTER AND TELECOMMUNICATIONS ENGINEERING , DHURAKIJ PUNDIT UNIVERSITY - BBA- FACULTY OF ACCOUNTING, SIAM UNIVERSITY - CPA No. 7287 	No	No	2005 - Present	<i>Finance and Accounting Manager</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing)
11.	Mr.Noppol Sakthong Secretary	54	<ul style="list-style-type: none"> - BBA, Faculty of Low Ramkhamheng University - Training “Company SECRETARY PROGRAM” of Thai Institute of Directors 	No	No	2004- Present	<i>Secretary</i> Krungthai Car Rent and Lease Public Company Limited (Car Operating Leasing)

Detail of positions of Board of Directors, Executives and Controlled Power persons in subsidiary and related parties

Detail of positions of Board of Directors, Executives and Controlled Power persons in subsidiary and related parties as at December 31, 2018

	Company	Subsidiary	Related Parties			
		Krungthai Automobile Company Limited	Thanapat Property Company Limited	Siam Nissan Krungthai Company Limited	Toyota Krungthai Company Limited	Carloft Auto Import Company Limited
1. Mr. Pithep Chantarasereekul	X / S	/ S	/ S		/ S O	
2. Mr. Pichit Chantarasereekul	/ // S O	/ S	/ S	/ S O		
3. Mr. Karoon Laoharajatanand	/					
4. Mr. Chaiwat Atsawintarangkun	/ A					
5. Mrs. Pahfun Jittmittraparp	/ A					
6. Assoc Prof Dr Pasu Decharin	/ A					
7. Mr. Sakditouch Chantarasereekul						
8. Miss Sirima Cha-embun						
9. Miss Jittiya Luangjamekorn						
10. Miss Pornpan Sattawatkul						
11. Mr. Noppol Saktong						

Note:

/ = Director X = The Chairman of the Board of Directors
 // = Executive Director A = Audit Committee
 S = Authorized Director O = Managing Director

Detail of positions of Board of Directors, Executives and Controlled Power persons in subsidiary as at December 31, 2018

	Krungthai Automobile Co., Ltd.,
1. Mr. Pithep Chantarasereekul	/ S
2. Mr. Pichit Chantarasereekul	/ S
3. Mr. Pisit Chantarasereekul	/

Report of Changes in Securities Holdings of Executives

Name	Shares			Spouses
	As at December 31, 2017	Increase / (decrease)	As at December 31, 2018	held by a spouse
1. Mr. Pithep Chantarasereekul	34,000,000 (13.6%)	-	34,000,000 (13.6%)	-
2. Mr. Pichit Chantarasereekul	34,000,000 (13.6%)	-	34,000,000 (13.6%)	-
3. Mr. Karoon Laoharajatanand	-	-	-	-
4. Mr. Chaiwat Atsawintarakun	-	-	-	-
5. Mrs. Pahfun Jittmittraparp	-	-	-	-
6. Assoc Prof Dr Pasu Decharin	-	-	-	-
7. Mr. Pisit Chantarasereekul	25,000,000 (10.0%)	-	25,000,000 (10.0%)	-





Report of the Audit Committee

Report of the Audit Committee

The Audit Committee of Krungthai Car Rent and Lease Public Company Limited consists of three independent committee members. Each member of the Audit Committee is the distinct honourable persons in various disciplines – accountancy, finance, law, and so on. The three members of the independent Audit Committee have the sufficient experience to guarantee the credibility of financial report. The Audit Committee consists of the distinct persons as follow:

Mr Chaiwat Atsawintarangkun is	the Chairperson of the Audit Committee
Mrs Pahfun Jittmittraparp is	the member of the Audit Committee
Assoc Prof Pasu Decharin is	the member of the Audit Committee

In 2018, the Audit Committee regularly held a total of four meetings to conduct their duty within the designated responsibilities stated in the Charter of the Audit Committee approved by and reported to the Board of Directors. Their responsibilities are as follow:

Financial Statement

With support and comments by the Auditor General, executives of the Accountancy Department, and the management executives have hereby revised and are responsible for the financial statements, consolidated financial statements of the company and its subsidiaries, including the financial information that appears in the annual report, the financial statements for each quarter and for the year as ended in December 31, 2018, based on generally accepted accountancy standards which is considered by the appropriate policy options and practice, and have passed the examination from independent authorised auditors in a timely manner.

Internal Control and Internal Audit

The Audit Committee takes the responsibility in endorsing the annual audit report and other relevant internal audits based on reports, follow-ups, and recommendations as provided in the report. It is charged with improving and proposing an amendment of the audit process focusing on risk management in important departments and operations in order to improve the business operations. The committee also revised the internal audit adequacy evaluation and seek approval from the Board of Directors to ensure that the company's internal audit system is sufficiently efficient for business operations.

To make the internal control and internal audit more effective and efficient, The Audit Committee proposed the company to hire the JR Business Advisory Company Limited, which is an expert in internal audit, to evaluate the efficiency of internal control Including internal audit and assessment of the adequacy of the company's internal control system.

Conflict of Interest

The Audit Committee has verified clues of conflicts of interest so that the report is in compliance with the Securities and Exchange Commission, the Stock Exchange of Thailand, and relevant rules and regulations of the law and of the government, to ensure that all transactions are in line with conventional trade practices, reasonability, and equality, without possibility of one-sided benefit. It also ensured that the disclosure of such informations comply with relevant regulations.

Certified Public Accountant

The Audit Committee takes into account and conduct recruitment for Certified Public Accountant on an annual basis. The selection criteria include their past operation results, knowledgeability, proficiency in accountancy, experience, credibility, resourcefulness, and independence. The company takes into account the suitability of audit fees based on areas of responsibility and fees in comparison with other organisations in the same level.

After deliberate consideration, the Audit Committee made a selection of its Certified Public Accountant from Dharmniti Auditing Company to serve as the auditors for the company and its subsidiary. The Audit Committee nominated and sought the approval from the Board of Directors in 2019.

Corporate Good Governance

The Audit Committee has verified and revised the good governance policies so that they are in line with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Some of the issues touched were rights of the shareholders, equal treatment of shareholders, roles of stakeholders, disclosure of information, transparency, and responsibility of the Board of Directors.

Compliance with Relevant Rules & Regulations

The Audit Committee has verified and revised the company's business operations and found that they all were in compliance with relevant rules and regulations, e.g. the Securities and Exchange Commission Act, Limited Public Company Act, and all relevant rules of the law pertaining to the company's business. The committee also revised the "Self-Evaluation Document on Anti-Corruption Measures", which is in the course of being certified by Thailand's Private Sector Collective Action Coalition Against Corruption (Thai-CAC).

The Audit Committee has indicated that, based on generally accepted accountancy standards which is considered by the appropriate policy options and practices on a regular basis, including reasonable estimation in the preparation of reports, as well as the disclosure of critical information in notes annexed to the financial statement, the Financial Statements of the company and its subsidiary have passed the examination and deliberation from authorised auditor or auditors who is or are independent. The financial statements, therefore, correctly reflect the financial commitment and performance in the past year, all in essence and beneficial to shareholders, and the principles of good governance.




(Mr. Chaiwat Atsawintarangkun)
Chairman of the Audit Committee

Report of the Board of Directors on Financial Reporting

The Board of Directors of KrungThai Car Rent and Lease (Public Company Limited) recognises the importance of the duty and the responsibility in the codes of conduct under good governance. The Board of Directors is responsible for the financial statements, consolidated financial statements of the company and its subsidiaries, including the financial information that appears in the annual report, the financial statements for the year as ended in December 31, 2018, based on generally accepted accountancy standards which is considered by the appropriate policy options and practices on a regular basis, including reasonable estimation in the preparation of reports, as well as the disclosure of critical information in notes annexed to the financial statement, and have passed the examination and deliberation from authorised auditor or auditors who is or are independent. The financial statements, therefore, correctly reflect the financial commitment and performance in the past year, all in essence and beneficial to shareholders, as well as general investors.

The Board of Directors has appointed an Audit Committee, which consisting of independent directors, who are responsible for overseeing the quality of financial reporting, for the evaluation of internal control systems, the risk management system, and processes that support information and financial documents in order to be productive to ensure that the accounting records are accurate, complete, timely, disorder and fraud preventing. The opinion of the committee on this issue has been set out in the report of the Audit Committee in the Annual Report for 2018.

The Board of Directors has indicated that the company's internal control system can build confidence with reason to trust the financial statements and the consolidated financial statements of the company. KrungThai Car Rent and Lease (Public Company Limited) and its subsidiaries as of December 31, 2018.



(Mr Pithep Chantarasereekul)
President



(Mr Pichit Chantarasereekul)
Managing Director

Report and Consolidated Financial Statements and Separate Financial Statements

As at December 31, 2018



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of
KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED)

Opinion

I have audited the consolidated financial statements of Krungthai Car Rent and Lease Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Krungthai Car Rent and Lease Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Krungthai Car Rent and Lease Public Company Limited and its subsidiaries as at December 31, 2018, its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Krungthai Car Rent and Lease Public Company Limited as at December 31, 2018, its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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.

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Key Audit Matters

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

Recognition of income on car leases

The income on car leases has the transactions with significant amount in the financial statements and the transactions also affect the Company's operation results. The income on car leases incurred from many lease agreements; each lease agreement has different rental amount and lease period. The Company has recognized the revenue by the rental period throughout the term of the lease agreement. Therefore, I have paid special attention to the above revenue recognition related to correctly and completely of income transactions have been recorded in the account.

I have audited the recognition of income on car leases by the assessed and tested the efficiency of internal control system of the Company related to the cycle of income, understand and selected the sample for operating test according to the control the Company designed from the steps in accepting customer, keying the lease agreement into the system, sampling audit lease agreements the Company entered with the customers both new and ongoing customers. It also includes assessing the efficiency of the computer system used by the Company to retrieve the billing report information. In addition, I random check the documentation on car lease incurred during the year, check near the end of the accounting period and check to the revenue recording of car lease in the general journal, including analyzing and comparing amount of average car for lease and rate of lease per car of year with revenue account on car leases to check the irregularities that may incur from income transaction on car leases.

Estimating the residual value of car for lease

The Company has revised the residual value of car for lease to follow the economic condition and close to the actual sale in during the year. There are varieties of cars and each car category has differed in residual value. The estimation of the residual value relies on considerable judgment of the management as such estimates require the significant assumptions, which are referred to the recoverable value from terminating its use or selling after the agreement expires. Such transaction has an effect on the recording of depreciation, which is the major cost in the statement of comprehensive income. Therefore, I have paid special attention related to the judgment of the management in such estimation.

I understand the approach in considering the estimated residual value of the car for lease used by the management, assessed and tested the appropriateness of the basis used for the consideration, including analyzed and compared the recoverable value information from the sale of cars for lease with market price and experience of the actual sale in during the year.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the 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 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 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 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 those charged with governance in order for those charged with governance to correct the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 Thai Standards on Auditing 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 financial statements and separate financial statements.

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As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements 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's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 financial statements 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 financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Soraya Tintasuwan.



(Miss Soraya Tintasuwan)
Certified Public Accountant
Registration No. 8658

Dharmniti Auditing Company Limited
Bangkok, Thailand.
February 28, 2019

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		ASSETS			
		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2018	2017	2018	2017
Current assets					
Cash and cash equivalents	5	89,863,499.58	248,282,909.49	75,610,999.12	239,056,569.56
Investment in available-for-sale securities	6	21,084,849.52	66,455.97	21,078,939.30	60,600.98
Trade and other receivables	4, 7	181,998,519.07	165,350,837.83	159,414,312.54	145,393,903.47
Short-term loans to subsidiary	4	-	-	15,000,000.00	33,000,000.00
Prepaid insurance premium		55,008,409.03	49,545,025.76	55,008,409.03	49,545,025.76
Inventories	8	165,406,878.80	230,114,720.43	81,964,702.40	125,183,553.42
Other current assets		68,422,966.66	86,477,850.76	66,928,114.93	82,042,955.79
Total current assets		581,785,122.66	779,837,800.24	475,005,477.32	674,282,608.98
Non-current assets					
Fixed deposit using for guarantee	9	58,004,833.02	57,941,747.34	58,004,833.02	57,941,747.34
Investment in subsidiary company	10	-	-	48,812,300.00	48,812,300.00
Assets-for-leases	11	3,794,378,637.93	3,842,891,182.69	3,794,378,637.93	3,842,891,182.69
Property, plant and equipment	12	177,228,344.98	175,324,693.48	4,384,707.89	4,273,555.84
Intangible assets	13	6,477,305.67	4,866,734.27	5,661,205.51	3,951,099.76
Leasehold right	14	13,917,513.74	18,067,503.17	7,458,825.63	10,191,353.65
Deferred tax assets	15	56,271,000.78	10,341,942.46	55,892,841.86	10,107,895.49
Other non-current assets	16	144,518,264.49	109,821,482.45	140,497,903.91	105,872,998.65
Total non-current assets		4,250,795,900.61	4,219,255,285.86	4,115,091,255.75	4,084,042,133.42
Total assets		4,832,581,023.27	4,999,093,086.10	4,590,096,733.07	4,758,324,742.40

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	93,707,274.41	301,184,927.09	92,304,365.65	299,507,976.53
Bill of exchange	18	39,880,774.64	498,650,330.94	39,880,774.64	498,650,330.94
Trade and other payables	4	76,506,976.49	81,229,456.69	71,447,361.41	71,572,249.82
Accounts payable-purchase assets for leases	4	168,660,869.88	1,640,091.89	168,660,869.88	1,640,091.89
Current portion of long-term loans from financial institutions	20	384,178,042.52	359,339,788.05	384,178,042.52	359,339,788.05
Current portion of hire-purchase contract payable	21	62,315,758.41	231,171,433.60	62,315,758.41	231,171,433.60
Accrued income tax		228,283.10	397,745.45	-	-
Other current liabilities		10,183,158.49	8,114,602.20	8,029,396.25	9,188,728.53
Total current liabilities		835,661,137.94	1,481,728,375.91	826,816,568.76	1,471,070,599.36
Non-current liabilities					
Debentures	19	1,148,375,029.70	549,213,289.40	1,148,375,029.70	549,213,289.40
Long-term loans from financial institutions	20	702,843,389.04	781,055,669.75	702,843,389.04	781,055,669.75
Hire-purchase contract payables	21	51,632,288.37	114,907,124.84	51,632,288.37	114,907,124.84
Deposits for car lease from clients		54,451,263.88	50,781,192.43	54,451,263.88	50,781,192.43
Employee benefit obligations	22	12,255,423.31	7,493,251.31	10,364,561.31	6,323,004.31
Total non-current liabilities		1,969,557,394.30	1,503,450,527.73	1,967,666,532.30	1,502,280,280.73
Total liabilities		2,805,218,532.24	2,985,178,903.64	2,794,483,101.06	2,973,350,880.09

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Authorized share capital					
250,000,000 ordinary shares of Baht 1.00 each		250,000,000.00	250,000,000.00	250,000,000.00	250,000,000.00
Issued and paid-up share capital					
250,000,000 ordinary shares of Baht 1.00 each		250,000,000.00	250,000,000.00	250,000,000.00	250,000,000.00
Premium on share capital		162,450,370.20	162,450,370.20	162,450,370.20	162,450,370.20
Retained earnings					
Appropriated - legal reserve		30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
Unappropriated		1,584,902,091.89	1,571,461,873.91	1,353,153,286.79	1,342,521,563.50
Gain from investment in available-for-sale securities measurement		10,028.94	1,938.35	9,975.02	1,928.61
Total shareholders' equity		2,027,362,491.03	2,013,914,182.46	1,795,613,632.01	1,784,973,862.31
Total liabilities and shareholders' equity		4,832,581,023.27	4,999,093,086.10	4,590,096,733.07	4,758,324,742.40

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018**

		Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Income on car leases		1,199,371,064.10	1,146,921,986.22	1,199,371,064.10	1,146,921,986.22
Income on sale of cars		824,743,625.73	886,259,296.22	553,634,421.72	694,561,638.30
Other income	4, 23	57,314,673.62	59,205,193.28	30,701,830.85	35,596,776.62
Total income		2,081,429,363.45	2,092,386,475.72	1,783,707,316.67	1,877,080,401.14
Expenses					
Cost of car leases	4	995,091,698.75	939,843,520.02	995,091,698.75	939,843,520.02
Cost of sales of cars		591,334,316.22	588,110,230.69	349,674,391.73	422,822,748.84
Selling expenses	4	57,925,393.57	55,618,352.08	30,823,138.77	36,312,079.24
Administrative expenses		124,636,306.21	99,252,049.92	102,324,601.06	79,601,575.44
Directors and executive remuneration	4	22,063,797.35	20,417,261.62	19,818,958.51	18,214,083.18
Finance cost		80,343,313.29	76,345,292.42	80,343,275.54	76,339,882.48
Total expenses		1,871,394,825.39	1,779,586,706.75	1,578,076,064.36	1,573,133,889.20
Profit before (income) tax expenses		210,034,538.06	312,799,768.97	205,631,252.31	303,946,511.94
(Income) tax expenses	25	(43,924,532.72)	(27,642,464.76)	(45,129,660.58)	(29,322,380.97)
Profit for the year		253,959,070.78	340,442,233.73	250,760,912.89	333,268,892.91
Other comprehensive income					
Items that may be reclassified subsequently profit or loss					
(Gain) loss from investment in available-for-sale securities					
measurement - net of income tax		8,090.59	(14,421.00)	8,046.41	(3,060.19)
Items that will not be reclassified to profit or loss					
Actuarials loss on the defined employee benefit plans					
- net of income tax		(3,018,852.80)	(1,230,268.80)	(2,629,189.60)	(861,241.60)
Other comprehensive income (loss) for the year		(3,010,762.21)	(1,244,689.80)	(2,621,143.19)	(864,301.79)
Comprehensive income for the year		250,948,308.57	339,197,543.93	248,139,769.70	332,404,591.12
Basic earnings per share					
Profit for the year	26	1.02	1.36	1.00	1.33

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Baht				
		Consolidated financial statements				
		Share capital	Premium on	Retained earnings		Gain (loss) from
		issued and	share capital	Appropriated -	Unappropriated	investment in
		paid-up		legal reserve		available-for-sale
						securities
						measurement
Beginning balance, as at December 31, 2016		250,000,000.00	162,450,370.20	30,000,000.00	1,539,749,908.98	16,359.35
Dividend paid	28	-	-	-	(307,500,000.00)	-
Total comprehensive income for the year		-	-	-	339,211,964.93	(14,421.00)
Ending balance, as at December 31, 2017		250,000,000.00	162,450,370.20	30,000,000.00	1,571,461,873.91	1,938.35
Dividend paid	28	-	-	-	(237,500,000.00)	-
Total comprehensive income for the year		-	-	-	250,940,217.98	8,090.59
Ending balance, as at December 31, 2018		250,000,000.00	162,450,370.20	30,000,000.00	1,584,902,091.89	10,028.94

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

		Baht					
		Separate financial statements					
		Share capital	Premium on	Retained earnings		Gain (loss) from	Total
		issued and	share capital	Appropriated -	Unappropriated	investment in	shareholder's
		paid-up		legal reserve		available-for-sale	equity
	Note					securities	
						measurement	
Beginning balance, as at December 31, 2016		250,000,000.00	162,450,370.20	30,000,000.00	1,317,613,912.19	4,988.80	1,760,069,271.19
Dividend paid	28	-	-	-	(307,500,000.00)	-	(307,500,000.00)
Total comprehensive income for the year		-	-	-	332,407,651.31	(3,060.19)	332,404,591.12
Ending balance, as at December 31, 2017		250,000,000.00	162,450,370.20	30,000,000.00	1,342,521,563.50	1,928.61	1,784,973,862.31
Dividend paid	28	-	-	-	(237,500,000.00)	-	(237,500,000.00)
Total comprehensive income for the year		-	-	-	248,131,723.29	8,046.41	248,139,769.70
Ending balance, as at December 31, 2018		250,000,000.00	162,450,370.20	30,000,000.00	1,353,153,286.79	9,975.02	1,795,613,632.01

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Cash flows from operating activities</u>				
Profit before (income) tax expenses	210,034,538.06	312,799,768.97	205,631,252.31	303,946,511.94
Adjustments to reconcile profit before (income) tax expenses to net cash provided by (used in) operating activities				
Doubtful accounts (reverse)	(1,425,031.86)	505,164.56	(1,425,031.86)	505,164.56
Depreciation and amortization	748,433,144.88	710,082,698.54	744,858,100.49	704,815,886.55
Written-off withholding tax	-	4,789,260.10	-	4,535,304.51
Allowance for the refund of the withholding tax	22,386,054.64	-	22,386,054.64	-
Loss on disposal of assets	56,329.06	-	56,329.06	-
Gain on sale of investments in available-for-sale securities	(918,276.35)	(1,042,781.05)	(918,276.35)	(853,155.50)
Employee benefits expenses	988,606.00	973,460.31	755,070.00	738,304.31
Interest income	(887,196.88)	(1,501,696.67)	(1,797,081.83)	(724,585.74)
Finance cost	80,343,313.29	76,345,292.42	80,343,275.54	76,339,882.48
Profit from operating before changing in operating assets and liabilities	1,059,011,480.84	1,102,951,167.18	1,049,889,692.00	1,089,303,313.11
(Increase) decrease in operating assets				
Trade and other receivables	(15,206,108.80)	(3,738,202.68)	(12,578,836.63)	8,211,184.82
Prepaid insurance premium	(5,463,383.27)	(1,398,462.61)	(5,463,383.27)	(1,398,462.61)
Inventories	366,795,266.60	353,271,248.29	345,306,275.99	416,992,281.10
Other current assets	18,054,884.10	(14,845,287.31)	15,114,840.86	(10,838,278.84)
Other non-current assets	375,530.00	(865,783.18)	403,530.00	(572,283.18)
Increase (decrease) in operating liabilities				
Trade and other payables	(9,704,124.66)	16,443,654.80	(7,079,336.29)	14,893,271.48
Deposits for car lease from clients	3,670,071.45	4,847,502.56	3,670,071.45	4,847,502.56
Other current liabilities	2,068,556.29	727,104.08	830,797.17	548,402.23
Cash generated for operation	1,419,602,172.55	1,457,392,941.13	1,390,093,651.28	1,521,986,930.67
Cash received from interest income	190,377.15	178,812.93	153,552.51	152,115.69
Cash paid for purchase of assets for leases	(827,166,848.32)	(1,270,155,968.14)	(827,166,848.32)	(1,270,155,968.14)
Cash paid for income tax	(58,879,664.09)	(57,100,380.65)	(57,414,489.90)	(55,853,563.36)
Net cash provided by operating activities	533,746,037.29	130,315,405.27	505,665,865.57	196,129,514.86

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash received from interest income	680,279.15	1,027,541.27	1,626,988.74	572,470.05
Cash received from short-term loans to subsidiary	-	-	52,000,000.00	3,000,000.00
Cash paid for short-term loans to subsidiary	-	-	(34,000,000.00)	(36,000,000.00)
Cash received from short-term loans to related companies	35,000,000.00	95,000,000.00	35,000,000.00	-
Cash paid for short-term loans to related companies	(35,000,000.00)	(95,000,000.00)	(35,000,000.00)	-
Cash received from sale of investment in available-for-sale securities	934,909,996.00	1,287,808,508.83	934,909,996.00	1,132,200,000.00
Cash paid for investment in available-for-sale securities	(954,999,999.95)	(1,231,300,000.00)	(954,999,999.95)	(1,102,300,000.00)
Increase in cash at banks using for guarantee	(63,085.68)	(62,588.53)	(63,085.68)	(62,588.53)
Cash received from sale of fixed assets	24,672.89	-	24,672.89	-
Cash paid for purchase of fixed assets	(5,340,929.70)	(29,779,988.30)	(1,495,381.62)	(3,024,057.43)
Cash paid for purchase of intangible assets	(1,900,040.61)	(1,307,600.00)	(1,895,040.61)	(1,102,600.00)
Net cash provided by (used in) investing activities	(26,689,107.90)	26,385,873.27	(3,891,850.23)	(6,716,775.91)
Cash flows from financing activities				
Cash paid for finance cost	(73,832,259.15)	(70,781,736.94)	(73,849,547.43)	(70,776,327.00)
Increase (decrease) in bank overdrafts	(207,477,652.68)	57,328,598.34	(207,203,610.88)	56,935,178.30
Cash received from short-term loans from financial institutions	110,000,000.00	140,000,000.00	110,000,000.00	140,000,000.00
Cash paid from short-term loans from financial institutions	(110,000,000.00)	(70,000,000.00)	(110,000,000.00)	(70,000,000.00)
Cash received from issuing of bill of exchange	458,838,110.43	1,074,862,988.65	458,838,110.43	1,074,862,988.65
Cash paid for bill of exchange due	(920,000,000.00)	(1,080,000,000.00)	(920,000,000.00)	(1,080,000,000.00)
Cash received from issuing of debenture	600,000,000.00	550,000,000.00	600,000,000.00	550,000,000.00
Cash received from long-term loans from financial institutions	350,821,823.00	296,562,356.00	350,821,823.00	296,562,356.00
Cash paid for long-term loans from financial institutions	(404,195,849.24)	(328,840,120.44)	(404,195,849.24)	(328,840,120.44)
Cash paid for hire-purchase contract payables	(232,130,511.66)	(332,229,437.90)	(232,130,511.66)	(332,229,437.90)
Cash paid for dividend	(237,500,000.00)	(307,500,000.00)	(237,500,000.00)	(307,500,000.00)
Net cash used in financing activities	(665,476,339.30)	(70,597,352.29)	(665,219,585.78)	(70,985,362.39)

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net increase (decrease) in cash and cash equivalents	(158,419,409.91)	86,103,926.25	(163,445,570.44)	118,427,376.56
Cash and cash equivalents, beginning of the year	248,282,909.49	162,178,983.24	239,056,569.56	120,629,193.00
Cash and cash equivalents, ending of the year	89,863,499.58	248,282,909.49	75,610,999.12	239,056,569.56
<u>Supplemental disclosures of cash flow information</u>				
Transferred assets for leases to inventories	299,983,964.19	360,674,584.61	299,983,964.19	360,674,584.61
Increase in account payable for purchase of assets for leases	167,020,777.99	1,640,091.89	167,020,777.99	1,640,091.89

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. GENERAL INFORMATION

a) Address and legal status

The Company was registered to be a limited company under the Civil and Commercial Code with the Ministry of Commerce on January 29, 1992. The Company was converted to be a public company limited with the Ministry of Commerce on August 19, 2004.

The address of its registered office are as follow:-

Head office : Located at 455/1, Rama 3 Road, Kwang Bangklo, Khet
Bangkorlaem, Bangkok 10120, Thailand.
Branch office : Located at 288/9, Asoke - Dindang Road, Kwang Bangkokapi,
Khet Huaikhwang, Bangkok 10400, Thailand.

b) Nature the company's business

Main business activities of the company is a provider of operating lease in car rental business and selling of used cars. The others relating car maintenance services are also provided e.g. fitting and repairing services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

2.2 Basis for consolidation financial statements

2.2.1 The accompanying consolidated financial statements include the accounts of Krungthai Car Rent And Lease Public Company Limited and the following a subsidiary since November 1, 2005 as follow:-

Subsidiary company	Main business	Percentage of holding
Krungthai Automobile Co., Ltd.	Buying, selling and exchanging cars and spare part for both used and unused, and repairing	100

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2018**

- 2.2.2 The acquisition of investment in the subsidiary was recorded by the purchase method
- 2.2.3 Significant intercompany transactions between the Company and its subsidiary have been eliminated.

2.3 The financial reporting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates

NOTES TO FINANCIAL STATEMENTS (CONT.)**DECEMBER 31, 2018**

TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company and its subsidiary evaluated that these revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant Impact on the financial statements in current year.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

The revenues from car leases are recognized revenue by the straight-line method over the period of contracts but will not recognized if its customers has not paid the leases charges over 3 months.

The revenues on car sale are recognized revenue upon delivery of goods to the customers.

Interest income is recognized revenue on a time proportion basis that takes into account the effective yield on the asset.

Dividend incomes are recognized when the right to receive the dividends is established.

Other incomes and expenses are recognized on the accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

3.3 Current investment

Investment in available-for-sale securities are determined at fair value. Gains or losses arising from changes in the fair value of securities are recorded separate in shareholder's equity and recorded as gains or losses in statement of comprehensive income when sale of those securities.

The fair value of unit trusts is calculated from their net asset value of the fund.

3.4 Allowance for doubtful accounts

The Company and its subsidiary provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of existing receivables.

3.5 Inventories

Inventories are valued at the lower of cost or net realizable value.

The Company determines the cost of spare part by the weighted average method.

The subsidiary company determines the cost of car by the specific method.

The net realizable value of inventory is estimated from selling price in the ordinary course of business, less the estimated costs to complete the sale.

3.6 Investment in subsidiary company

Subsidiary is entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiary is consolidated from the date the Company exercises control over the subsidiary until the date that control power ceases.

Investments in subsidiary company in the separate financial statements are recorded under the cost method net by the allowance for the impairment of investments (if any).

3.7 Assets for disposal

Assets for disposal are stated at cost after deducted accumulated depreciation and allowance for the impairment (if any).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2018****3.8 Assets for leases**

Assets for leases (car) are stated at cost after deducted accumulated depreciation and allowance for impairment (if any). Depreciation of assets for leases is calculated by cost less residual value on the straight-line method over the estimated useful lives of 5 years.

The Company has reviewed the residual value and useful life of the assets for lease regularly.

3.9 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost after deducted accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of equipment is calculated by cost less residual value on the straight-line method over the following estimated useful lives:

	<u>Useful lives (years)</u>
Building	20
Equipment	5
Furniture & fixture and office equipment	5
Vehicles	5

The Company and its subsidiary have reviewed the residual value and useful life of the assets regularly.

No depreciation is provided on land, construction in progress and equipment under installation.

The depreciation for each assets component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

Property, Plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

3.10 Intangible assets

Intangible assets limited useful life are consisted of computer software that stated at cost after deducted accumulated amortization and net by the allowance for impairment of assets (if any).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Amortization is recorded as expenses in statements of comprehensive income and calculated by the straight -line method over the estimated economic useful live :

	<u>Useful lives (years)</u>
Computer software	10
Copyright	10

3.11 Leasehold right

Leasehold right, utilization right of buildings on leasehold right and utilization right of land improvement on leasehold are stated at cost after deducted accumulated amortization. Amortization is calculated by the straight-line method follow the rental contract areas follow:-

The leasehold right land is amortized over the period of 22 years.

The utilization right of building on leasehold right is amortized following the rental contract Remaining over the estimated useful live of 20 years.

The utilization right of building on rental land is amortized over the period of the lease.

Utilization right of land improvement on leasehold is amortized over the estimated useful live of 10 years.

3.12 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

3.13 Hire purchase

The Company records vehicles under hire purchase contracts at their fair value as at the inception of the lease, and records future rental payment obligations under the contracts (minus the interest portion) as liabilities.

The Company amortized deferred interest on hire purchase contracts by effective rate of interest over the period of contracts.

3.14 Finance lease

Leases of assets that substantially transfer to the Company and subsidiary all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations in proportion to the capital balances outstanding.

3.15 Impairment of assets

As at the statement of financial position date, the Company and subsidiary assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

3.16 Employee benefits

Short - term employment benefits

The Company and its subsidiary recognize salary, overtime, bonus, social securities and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in statement of comprehensive income.

3.17 Related parties

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.

3.18 Using of accounting estimation

Preparation of financial statements in accordance with the financial reporting standards requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

3.19 Income tax expenses

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiary record income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiary will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiary expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiary will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income tax levied by the same tax authority on the same taxable entity.

3.20 Significant accounting judgements and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Allowance for doubtful accounts

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

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Assets for leases/depreciation

In determining depreciation of Assets for leases, the management is required to make estimates of the useful lives and residual values of Assets for leases and to review the estimated useful lives and residual values when there are any changes.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
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Property, plant and equipment/depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

4. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:-

	Nature of business	Relationship
<u>Subsidiary company</u>		
Krungthai Automobile Co., Ltd.	Buying, selling and exchanging car and spare parts for both new and unused, and repairing	100% of holding
<u>Related companies</u>		
Thanapat Property Co., Ltd.	Office rental	Shareholder/Co-Director
Siam Nissan Krungthai Co., Ltd.	Selling car and repair service	Shareholder/Co-Director
Toyota Krungthai Co., Ltd.	Selling car and repair service	Shareholder/Co-Director
Car Loft Import Co., Ltd.	Selling car import	Shareholder/Co-Director
<u>Related person</u>		
Mrs. Wipaporn Chantarasereekul		Shareholder/the mother of director

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

During the year, the Company has significant business transactions with subsidiary and related parties as follows:

		Baht			
		Consolidated financial statements		Separate financial statements	
	Pricing Policy	2018	2017	2018	2017
<u>Transaction in the statements of comprehensive income</u>					
<u>Subsidiary company</u>					
Revenue :					
Interest received	Interest rate of 2.50% - 3.10% per annum	-	-	946,709.59	44,249.32
Expenses :					
Commission expenses	Agreed price	-	-	15,042,056.07	17,600,467.18
Sales promotion expenses	Agreed price	-	-	-	3,046,728.97
Purchase of assets :					
Cars for leases	Market price for major buyer	-	-	677,570.09	-
<u>Related company</u>					
Revenue :					
Show room for rent					
Siam Nissan Krungthai Co., Ltd.	Agreed price by area 350 sqm., rental charge at 83,000 Baht/Month	996,000.00	996,000.00	996,000.00	996,000.00
Service center income					
Siam Nissan Krungthai Co., Ltd.	Agreed price	4,806,657.00	5,169,473.60	4,806,657.00	5,169,473.60
Rental fee					
Car Loft Import Co., Ltd.	Rental charge at 86,290 Baht/Month	1,035,480.00	1,035,480.00	1,035,480.00	1,035,480.00
Interest received					
Car Loft Import Co., Ltd.	Interest rate of 2.80% - 2.95% per annum	155,582.19	794,663.01	155,582.19	-
Sale promotion income					
Toyota krungthai Co., Ltd.	Agreed price	-	7,020,000.00	-	7,020,000.00
Expenses :					
Purchase of inventories					
Toyota Krungthai Co., Ltd.	At cost after deduct special discount	14,729,906.54	4,855,140.13	-	-
Service centre and carpark rental					
Siam Nissan Krungthai Co., Ltd.	Agreed price by area 1,490 sqm. And 3,000 sqm., charge 100,000 Baht/Month	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00
Land rental fee					
Toyota Krungthai Co., Ltd.	Rental charge at 150,000 Baht/Month	1,800,000.00	1,800,000.00	-	-
Thanapat Property Co., Ltd.	Rental charge at 70,000 Baht/Month	840,000.00	840,000.00	-	-
		<u>2,640,000.00</u>	<u>2,640,000.00</u>	<u>-</u>	<u>-</u>
Commission expense					
Siam Nissan Krungthai Co., Ltd.	Agreed price	-	-	-	28,037.38
Car Loft Import Co., Ltd.	Agreed price	336,448.00	420,560.75	336,448.00	420,560.75
		<u>336,448.00</u>	<u>420,560.75</u>	<u>336,448.00</u>	<u>448,598.13</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

		Baht			
		Consolidated financial statements		Consolidated financial statements	
	Pricing Policy	2018	2017	2018	2017
Repair expense					
Siam Nissan Krungthai Co., Ltd.	Market price for major buyer	1,904,640.14	1,500,028.30	4,970,080.59	1,455,683.80
Toyota Krungthai Co., Ltd.	Market price for major buyer	9,946,109.78	5,908,173.05	1,804,296.16	4,579,341.89
Car Loft Import Co., Ltd.	Market price for major buyer	239,926.41	126,919.15	239,926.41	126,919.15
		<u>12,090,676.33</u>	<u>7,535,120.50</u>	<u>7,014,303.16</u>	<u>6,161,944.84</u>
Purchase of assets :					
Car for leases					
Siam Nissan Krungthai Co., Ltd.	At cost after deduct special discount	10,989,717.77	15,991,688.31	10,989,717.77	15,991,688.31
Toyota Krungthai Co., Ltd.	At cost after deduct special discount	453,395,932.71	398,799,760.79	453,395,932.71	398,799,760.79
Car Loft Import Co., Ltd.	Market price for major buyer	22,943,925.24	18,915,887.85	22,943,925.24	18,915,887.85
		<u>487,329,575.72</u>	<u>433,707,336.95</u>	<u>487,329,575.72</u>	<u>433,707,336.95</u>
Related person					
Interest expenses	Interest rate of 3.22% per annum	3,220,000.00	1,693,808.22	3,220,000.00	1,693,808.22

The outstanding between the Company, subsidiary and related companies as at December 31, 2018 and 2017 are as follows:-

		Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Outstanding balances at the statements of financial position					
Subsidiary company					
Receivable - down payment	-	-	-	1,747,614.00	1,835,868.00
Accrued interest income	-	-	-	17,326.03	-
Accrued expenses - commission	-	-	-	1,815,000.00	2,595,000.00
Short-term loans to :					
Balance beginning	-	-	-	33,000,000.00	-
Additional loans	-	-	-	34,000,000.00	36,000,000.00
Return loans	-	-	-	(52,000,000.00)	(3,000,000.00)
Balance forward	-	-	-	<u>15,000,000.00</u>	<u>33,000,000.00</u>
Related company					
Other receivables					
Siam Nissan Krungthai Co., Ltd.	885,117.38	1,060,275.84	885,117.38	1,060,275.84	
Toyota Krungthai Co., Ltd.	-	7,020,000.00	-	7,020,000.00	
Total	<u>885,117.38</u>	<u>8,080,275.84</u>	<u>885,117.38</u>	<u>8,080,275.84</u>	

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other payables				
Siam Nissan Krungthai Co., Ltd.	182,564.54	511,220.01	113,683.29	261,095.85
Toyota Krungthai Co., Ltd.	1,852,066.13	1,207,315.74	1,420,069.69	961,529.24
Car Loft Import Co., Ltd.	36,448.66	53,648.26	36,448.66	53,648.26
Total	<u>2,071,079.33</u>	<u>1,772,184.01</u>	<u>1,570,201.64</u>	<u>1,276,273.35</u>
Payables - purchase assets for leases				
Toyota Krungthai Co., Ltd.	130,402,465.07	-	130,402,465.07	-
Accrued expenses - commission				
Car Loft Import Co., Ltd.	84,112.15	60,000.00	84,112.15	60,000.00
Short-term loans to :				
Car Loft Import Co., Ltd.				
Balance beginning	-	-	-	-
Additional loan	35,000,000.00	95,000,000.00	35,000,000.00	-
Return loan	<u>(35,000,000.00)</u>	<u>(95,000,000.00)</u>	<u>(35,000,000.00)</u>	<u>-</u>
Balance forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Related person</u>				
Debentures	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
Accrued interest expenses	79,397.26	1,583,534.25	79,397.26	1,583,534.25

Directors and executive remuneration

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the securities and Exchange Act. The management comprises board of directors, president, executive director, assistant managing directors and manager.

Directors and executive remuneration for the years ended December 31, 2018 and 2017 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Directors	1,348,202.06	1,067,951.16	1,348,202.06	1,067,951.16
Executive directors	8,293,729.65	7,727,845.28	8,293,729.65	7,727,845.28
Executives	12,421,865.64	11,621,465.18	10,177,026.80	9,418,286.74
Total	<u>22,063,797.35</u>	<u>20,417,261.62</u>	<u>19,818,958.51</u>	<u>18,214,083.18</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

5. CASH AND CASH EQUIVALENTS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	818,337.68	578,462.32	200,168.98	142,849.11
Cash at banks - current accounts	23,078,223.71	5,537,996.30	23,078,223.71	5,537,996.30
Cash at banks - savings accounts	65,966,938.19	242,166,450.87	52,332,606.43	233,375,724.15
Total	89,863,499.58	248,282,909.49	75,610,999.12	239,056,569.56

The Company and its subsidiary have made an agreement to allow the bank to automatically transfer funds from the savings accounts to such current accounts, in case of an overdraft.

As at December 31, 2018 and 2017, the Company has cash at banks-savings accounts has interest rate of 0.30% - 0.50% per annum.

6. INVESTMENT IN AVAILABLE - FOR - SALE SECURITIES

This account consisted of:

	Consolidated financial statements			
	2018		2017	
	Units	Baht	Units	Baht
Investment in available-for-sale securities - at cost	1,547,492.3897	21,072,313.34	5,261.5427	64,033.06
<u>Add</u> Unrealized gain from valuation of investment		12,536.18		2,422.91
Total investment in available-for-sale securities - at fair value		21,084,849.52		66,455.97

	Separate financial statements			
	2018		2017	
	Units	Baht	Units	Baht
Investment in available-for-sale securities - at cost	1,547,058.6703	21,066,470.52	4,827.8233	58,190.22
<u>Add</u> Unrealized gain from valuation of investment		12,468.78		2,410.76
Total investment in available-for-sale securities - at fair value		21,078,939.30		60,600.98

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

7. TRADE AND OTHER RECEIVABLES

The outstanding balance of trade and other receivables aging are as follow:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Undue	128,709,986.35	106,077,244.65	111,989,341.80	90,745,243.09
Over 0 months to 3 months	19,599,628.79	16,746,782.03	16,744,132.79	13,907,448.66
Over 3 months to 6 months	2,848,043.25	2,438,856.62	2,113,609.25	1,703,732.90
Over 6 months to 12 months	2,891,375.72	1,992,120.20	2,891,375.72	1,992,120.20
Over 12 months	1,627,652.61	3,955,260.28	1,627,652.61	3,955,260.28
Total	155,676,686.72	131,210,263.78	135,366,112.17	112,303,805.13
Less Allowance for doubtful accounts	(5,259,690.68)	(6,684,722.54)	(5,259,690.68)	(6,684,722.54)
Trade receivables - net	150,416,996.04	124,525,541.24	130,106,421.49	105,619,082.59
Other receivables				
Accrued incomes	5,957,716.05	13,173,511.47	5,012,616.05	12,347,944.06
Prepaid expenses	17,927,135.98	16,251,317.20	17,763,161.58	16,222,409.33
Insurance receivables	3,439,989.21	7,486,096.93	3,439,989.21	7,486,096.93
Other	4,256,681.79	3,914,370.99	3,092,124.21	3,718,370.56
Total other receivables	31,581,523.03	40,825,296.59	29,307,891.05	39,774,820.88
Total trade and other receivables	181,998,519.07	165,350,837.83	159,414,312.54	145,393,903.47
Trade receivables-net consisted of:				
Trade receivables of car leases	87,986,201.36	79,899,641.58	87,986,201.36	25,719,441.01
Trade receivables of sale of cars	62,430,794.68	44,625,899.66	42,120,220.13	79,899,641.58
Total	150,416,996.04	124,525,541.24	130,106,421.49	105,619,082.59

Allowance for doubtful debts is changed during the year as follows:-

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Beginning balance	6,684,722.54	6,179,557.98
Increase during the year	2,264,271.36	505,164.56
Bad debt during the year	(3,689,303.22)	-
Ending balance	5,259,690.68	6,684,722.54

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

8. INVENTORIES

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Car	163,512,430.05	228,961,621.18	80,070,253.65	124,030,454.17
Spare parts of car	1,894,448.75	1,153,099.25	1,894,448.75	1,153,099.25
Total	165,406,878.80	230,114,720.43	81,964,702.40	125,183,553.42

9. CASH AT BANK USING FOR GUARANTEE

As at December 31, 2018 and 2017, the Company has fixed deposit accounts with two local commercial banks 3 credit lines, respectively.

Fixed deposit accounts was guaranteed as follows:-

Credit line No.	Credit amount (Million Baht)	Guaranteed
1	20	- The letter of guarantee issued by the bank for rental, bidding and using electricity of the Company in credit line of Baht 100 million.
2	20	- Short - term loans in promissory note in credit line of Baht 80 million (see Note 17).
	10	- Bank overdrafts credit line of Baht 20 million (see Note 17).
3	7	- The credit line of car purchasing with a local leasing company at 10% of the credit that car purchasing.
		- Short - term loans in promissory note in credit line of Baht 200 million at 10% of the credit using (see Note 17).
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During the year 2018 and 2017, the fixed deposit accounts has interest rate of 0.80% - 0.95% per annum.

10. INVESTMENT IN SUBSIDIARY COMPANY

This account consisted of:

	Baht							
	Number of shares		Percentage of holding		Value of investment under the equity method		Separate financial statements At cost	
	2018	2017	2018	2017	2018	2017	2018	2017
Subsidiary company								
Krungthai Automobile Co., Ltd.	400,000	400,000	100	100	280,561,159.02	277,752,620.15	48,812,300.00	48,812,300.00
					<u>280,561,159.02</u>	<u>277,752,620.15</u>	<u>48,812,300.00</u>	<u>48,812,300.00</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

11. ASSETS FOR LEASES

This account consisted of:

	Baht			
	Consolidated/Separate financial statements			
	Balance per book Dec. 31, 2017	Additions	Transferred in (Transferred out)	Balance per book Dec. 31, 2018
<u>At cost</u>				
Car	5,261,663,595.97	972,979,666.99	(745,112,711.18)	5,489,530,551.78
Car accessories	174,054,542.46	21,207,959.32	(28,392,166.84)	166,870,334.94
Total	5,435,718,138.43	994,187,626.31	(773,504,878.02)	5,656,400,886.72
<u>Less</u> Accumulated depreciation				
Car	1,523,554,537.71	708,711,241.23	(445,128,746.99)	1,787,137,031.95
Car accessories	69,272,418.03	31,901,504.87	(26,288,706.06)	74,885,216.84
Total	1,592,826,955.74	740,612,746.10	(471,417,453.05)	1,862,022,248.79
Assets for leases - net	3,842,891,182.69			3,794,378,637.93

	Baht			
	Consolidated/Separate financial statements			
	Balance per book Dec. 31, 2016	Additions	Transferred in (Transferred out)	Balance per book Dec. 31, 2017
<u>At cost</u>				
Car	4,955,419,913.59	1,245,189,055.60	(938,945,373.22)	5,261,663,595.97
Car accessories	164,304,340.49	26,607,004.43	(16,856,802.46)	174,054,542.46
Total	5,119,724,254.08	1,271,796,060.03	(955,802,175.68)	5,435,718,138.43
<u>Less</u> Accumulated depreciation				
Car	1,432,192,634.66	669,632,691.66	(578,270,788.61)	1,523,554,537.71
Car accessories	52,179,698.55	31,149,107.75	(14,056,388.27)	69,272,418.03
Total	1,484,372,333.21	700,781,799.41	(592,327,176.88)	1,592,826,955.74
Assets for leases - net	3,635,351,920.87			3,842,891,182.69

During the year 2017, the Company has reviewed the residual value of assets for leases starting from July 1, 2017 onward by applying prospective approach. At results, the depreciation expense in the statement of comprehensive income for the year ended December 31, 2017 decreasing amounting to Baht 18.44 million and the profit for the year the increasing amounting to Baht 14.75 million (net income tax) in the consolidated and separate financial statements.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

As at December 31, 2018 and 2017, the Company has cars for leases under hire - purchase agreements as follow:-

	Amount Cars		Baht	
			Net Value	
	2018	2017	2018	2017
Cars	507	1,211	185,026,793.22	519,473,447.70

As at December 31, 2018 and 2017, the Company has transferred the right of 2,550 and 2,589 cars' registers, respectively as collateral for long-term loans from 4 local and 5 local financial institutions, respectively. (see Note 20).

As at December 31, 2018 and 2017, the Company has minimum amounts on car leases under uncanceled operating lease agreements, presented by amounting in contracts as follow :-

	Baht	
	2018	2017
Under 1 year	1,060,576,892.25	1,020,377,712.37
Over 1 year to 5 years	1,623,999,783.20	1,673,370,291.59
Total	2,684,576,675.45	2,693,748,003.96

As at December 31, 2018 and 2017, the Company has been fully depreciated cars for leases but they are still in used at total amounting cost of Baht 175.77 million and Baht 144.06 million, respectively.

12. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2017	Additions	Deductions	Balance per book Dec. 31, 2018
<u>At cost</u>				
Land	143,650,000.00	-	-	143,650,000.00
Building	26,340,000.02	1,251,810.00	-	27,591,810.02
Equipment	9,989,789.48	570,169.59	(1,065,615.50)	9,494,343.57
Furniture & fixture and office equipment	30,658,555.67	3,452,300.11	(173,597.20)	33,937,258.58
Vehicles	260,003.74	-	-	260,003.74
Total	210,898,348.91	5,274,279.70	(1,239,212.70)	214,933,415.91
<u>Less Accumulated depreciation</u>				
Building	10,684.93	1,347,465.68	-	1,358,150.61
Equipment	7,632,580.59	651,042.46	(1,065,611.50)	7,218,011.55
Furniture & fixture and office equipment	27,670,393.14	1,372,111.06	(173,592.20)	28,868,912.00
Vehicles	259,996.77	-	-	259,996.77
Total	35,573,655.43	3,370,619.20	(1,239,203.70)	37,705,070.93
Property, plant and equipment - net	175,324,693.48			177,228,344.98

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2016	Additions	Deductions	Balance per book Dec. 31, 2017
<u>At cost</u>				
Land	143,650,000.00	-	-	143,650,000.00
Building	-	26,340,000.02	-	26,340,000.02
Equipment	7,992,902.91	1,996,886.57	-	9,989,789.48
Furniture & fixture and office equipment	29,292,911.53	1,401,101.71	(35,457.57)	30,658,555.67
Vehicles	260,003.74	-	-	260,003.74
Total	181,195,818.18	29,737,988.30	(35,457.57)	210,898,348.91
<u>Less Accumulated depreciation</u>				
Equipment	-	10,684.93	-	10,684.93
Building	7,296,924.17	335,656.42	-	7,632,580.59
Furniture & fixture and office equipment	26,406,484.31	1,299,362.40	(35,453.57)	27,670,393.14
Vehicles	257,031.83	2,964.94	-	259,996.77
Total	33,960,440.31	1,648,668.69	(35,453.57)	35,573,655.43
Property, plant and equipment - net	147,235,377.87			175,324,693.48

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2017	Additions	Deductions	Balance per book Dec. 31, 2018
<u>At cost</u>				
Equipment	8,807,391.54	433,553.59	(1,065,615.50)	8,175,329.63
Furniture & fixture and office equipment	22,494,322.22	1,061,828.03	(173,597.20)	23,382,553.05
Vehicles	260,003.74	-	-	260,003.74
Total	31,561,717.50	1,495,381.62	(1,239,212.70)	31,817,886.42
<u>Less Accumulated depreciation</u>				
Equipment	6,514,779.02	603,989.98	(1,065,611.50)	6,053,157.50
Furniture & fixture and office equipment	20,513,385.87	780,230.59	(173,592.20)	21,120,024.26
Vehicles	259,996.77	-	-	259,996.77
Total	27,288,161.66	1,384,220.57	(1,239,203.70)	27,433,178.53
Property, plant and equipment - net	4,273,555.84			4,384,707.89

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2016	Additions	Deductions	Balance per book Dec. 31, 2017
<u>At cost</u>				
Equipment	6,838,304.97	1,969,086.57	-	8,807,391.54
Furniture & fixture and office equipment	21,516,808.93	1,012,970.86	(35,457.57)	22,494,322.22
Vehicles	260,003.74	-	-	260,003.74
Total	28,615,117.64	2,982,057.43	(35,457.57)	31,561,717.50
<u>Less Accumulated depreciation</u>				
Equipment	6,246,087.59	268,691.43	-	6,514,779.02
Furniture & fixture and office equipment	19,727,229.01	821,610.43	(35,453.57)	20,513,385.87
Vehicles	257,031.83	2,964.94	-	259,996.77
Total	26,230,348.43	1,093,266.80	(35,453.57)	27,288,161.66
Property, plant and equipment - net	2,384,769.21			4,273,555.84

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

As at December 31, 2018 and 2017, equipment are fully depreciated but still in use are presented in the consolidated financial statements at cost of Baht 32.18 million and Baht 32.22 million, respectively and in the separate financial statements at the cost of Baht 24.70 million and Baht 24.96 million, respectively.

13. INTANGIBLE ASSETS

This account consisted of:

	Baht				
	Consolidate financial statements				
	Balance per book Dec. 31, 2017	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2018
<u>At cost</u>					
Computer software	7,217,479.62	58,140.61	(110,200.00)	273,000.00	7,438,420.23
Computer software in progress	3,446,100.00	1,841,900.00	-	(273,000.00)	5,015,000.00
Copyright	504,672.90	-	-	-	504,672.90
Total	11,168,252.52	1,900,040.61	(110,200.00)	-	12,958,093.13
<u>Less Accumulated amortization</u>	<u>6,301,518.25</u>	<u>233,140.15</u>	<u>(53,870.94)</u>	<u>-</u>	<u>6,480,787.46</u>
Intangible assets - net	<u>4,866,734.27</u>				<u>6,477,305.67</u>

	Baht				
	Consolidate financial statements				
	Balance per book Dec. 31, 2016	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2017
<u>At cost</u>					
Computer software	6,995,979.62	21,500.00	-	200,000.00	7,217,479.62
Computer software in progress	2,360,000.00	1,286,100.00	-	(200,000.00)	3,446,100.00
Copyright	-	-	-	504,672.90	504,672.90
Total	9,355,979.62	1,307,600.00	-	504,672.90	11,168,252.52
<u>Less Accumulated amortization</u>	<u>6,070,738.73</u>	<u>230,779.52</u>	<u>-</u>	<u>-</u>	<u>6,301,518.25</u>
Intangible assets - net	<u>3,285,240.89</u>				<u>4,866,734.27</u>

	Baht				
	Separate financial statements				
	Balance per book Dec. 31, 2017	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2018
<u>At cost</u>					
Computer software	6,015,880.08	53,140.61	(110,200.00)	273,000.00	6,231,820.69
Computer software in progress	3,446,100.00	1,841,900.00	-	(273,000.00)	5,015,000.00
Total	9,461,980.08	1,895,040.61	(110,200.00)	-	11,246,820.69
<u>Less Accumulated amortization</u>	<u>5,510,880.32</u>	<u>128,605.80</u>	<u>53,870.94</u>	<u>-</u>	<u>5,585,615.18</u>
Intangible assets - net	<u>3,951,099.76</u>				<u>5,661,205.51</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

	Baht				
	Separate financial statements				
	Balance per book Dec. 31, 2016	Additions	Deductions	Transfer in (Transfer out)	Balance per book Dec. 31, 2017
<u>At cost</u>					
Computer software	5,999,380.08	16,500.00	-	-	6,015,880.08
Computer software in progress	2,360,000.00	1,086,100.00	-	-	3,446,100.00
Total	8,359,380.08	1,102,600.00	-	-	9,461,980.08
<u>Less</u> Accumulated amortization	5,303,426.34	207,453.98	-	-	5,510,880.32
Intangible assets - net	3,055,953.74				3,951,099.76

As at December 31, 2018 and 2017, intangible assets are fully amortization but still in use are presented in the consolidated financial statements at cost of Baht 5.60 million and Baht 5.59 million respectively and in the separate financial statements at the cost of Baht 4.84 million and Baht 4.84 million, respectively.

14. LEASEHOLD RIGHT

This account consisted of:

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2017	Additions	Deductions	Balance per book Dec. 31, 2018
<u>At cost</u>				
Leasehold right land	15,975,335.00	-	-	15,975,335.00
Utilization right of buildings on leasehold right	86,983,216.98	66,650.00	-	87,049,866.98
Utilization right of land improvement on leasehold	5,974,161.96	-	-	5,974,161.96
Total	108,932,713.94	66,650.00	-	108,999,363.94
<u>Less</u> Accumulated amortization				
Leasehold right land	12,648,807.74	459,696.97	-	13,108,504.71
Utilization right of buildings on leasehold right	73,630,172.33	2,617,693.33	-	76,247,865.66
Utilization right of land improvement on leasehold	4,586,230.70	1,139,249.13	-	5,725,479.83
Total	90,865,210.77	4,216,639.43	-	95,081,850.20
Leasehold right - net	18,067,503.17			13,917,513.74

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

	Baht			
	Consolidated financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2016			Dec. 31, 2017
<u>At cost</u>				
Leasehold right land	15,975,335.00	-	-	15,975,335.00
Utilization right of buildings on leasehold right	86,941,216.98	42,000.00	-	86,983,216.98
Utilization right of land improvement on leasehold	5,974,161.96	-	-	5,974,161.96
Total	108,890,713.94	42,000.00	-	108,932,713.94
<u>Less Accumulated amortization</u>				
Leasehold right land	11,616,965.03	1,031,842.71	-	12,648,807.74
Utilization right of buildings on leasehold right	68,381,341.51	5,248,830.82	-	73,630,172.33
Utilization right of land improvement on leasehold	3,445,453.31	1,140,777.39	-	4,586,230.70
Total	83,443,759.85	7,421,450.92	-	90,865,210.77
Leasehold right - net	25,446,954.09			18,067,503.17

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2017			Dec. 31, 2018
<u>At cost</u>				
Leasehold right land	8,500,000.00	-	-	8,500,000.00
Utilization right of buildings on leasehold right	24,138,457.69	-	-	24,138,457.69
Utilization right of land improvement on leasehold	5,974,161.96	-	-	5,974,161.96
Total	38,612,619.65	-	-	38,612,619.65
<u>Less Accumulated amortization</u>				
Leasehold right land	6,181,806.08	386,363.64	-	6,568,169.72
Utilization right of building on leasehold right	17,653,229.22	1,206,915.25	-	18,860,144.47
Utilization right of land improvement on leasehold	4,586,230.70	1,139,249.13	-	5,725,479.83
Total	28,421,266.00	2,732,528.02	-	31,153,794.02
Leasehold right - net	10,191,353.65			7,458,825.63

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2016			Dec. 31, 2017
<u>At cost</u>				
Leasehold right land	8,500,000.00	-	-	8,500,000.00
Utilization right of buildings on leasehold right	24,096,457.69	42,000.00	-	24,138,457.69
Utilization right of land improvement on leasehold	5,974,161.96	-	-	5,974,161.96
Total	38,570,619.65	42,000.00	-	38,612,619.65
<u>Less Accumulated amortization</u>				
Leasehold right land	5,795,442.44	386,363.64	-	6,181,806.08
Utilization right of building on leasehold right	16,447,003.89	1,206,225.33	-	17,653,229.22
Utilization right of land improvement on leasehold	3,445,453.31	1,140,777.39	-	4,586,230.70
Total	25,687,899.64	2,733,366.36	-	28,421,266.00
Leasehold right - net	12,882,720.01			10,191,353.65

The Company together with Siam Nissan Krungthai Co., Ltd. have jointly signed a land lease agreement for a period of 22 years, expiring in January 2023 that the leasehold right is divided equally. The Company shall pay a monthly rent in accordance to the contract, the land is constructed for the office building and the car show room where as Siam Nissan Krungthai Company Limited, used for operating of the services center and the car park.

Building of the Company and its subsidiary are located at leasehold land, as disclosed in Note 31.1.

Under the land lease agreement, the Company and its subsidiary are obligated to transfer the title deeds of the building on the leased land to the land owner, when the term of the contract is completed.

As at December 31, 2018 and 2017, leasehold right are fully amortization but still in use are presented in the consolidated and separate financial statements at cost of Baht 49.25 million and Baht 48.42 million, respectively.

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	56,271,000.78	10,341,942.46	77,785,082.15	25,707,516.22
Deferred tax liabilities	-	-	(21,892,240.29)	(15,599,620.73)
	56,271,000.78	10,341,942.46	55,892,841.86	10,107,895.49

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2018 and 2017 are summarized as follows:

	Baht		
	Consolidated financial statements		
	Balance as at	Revenue (expenses) during the year	Balance as at
	Dec. 31, 2017	In profit or loss	In other comprehensive income
Deferred tax assets:			
Accrued expense - rental	69,120.00	(61,709.47)	-
Employee benefit obligations	1,498,650.26	197,721.20	754,713.20
Tax losses carry forward	24,373,795.36	51,330,964.00	-
Total	25,941,565.62	51,466,975.73	754,713.20
Deferred tax liabilities:			
Investment in available-for-sale securities	484.58	-	(2,022.66)
Inventories	1,423,449.97	571,327.03	-
Asset for leases	14,145,157.49	(6,873,500.61)	-
Equipment	30,531.12	11,565.63	-
Total	15,599,623.16	(6,290,607.95)	(2,022.66)

	Baht		
	Consolidated financial statements		
	Balance as at	Revenue (expenses) during the year	Balance as at
	Dec. 31, 2016	In profit or loss	In other comprehensive income
Deferred tax assets:			
Accrued expense - rental	216,784.67	(147,664.67)	-
Employee benefit obligations	996,391.00	194,692.06	307,567.20
Tax losses carry forward	-	24,373,795.36	-
Total	1,213,175.67	24,420,822.75	307,567.20
Deferred tax liabilities:			
Investment in available-for-sale securities	4,089.84	-	3,605.26
Inventories	8,309,602.44	6,886,152.47	-
Asset for leases	4,577,674.39	(9,567,483.10)	-
Equipment	70,007.43	39,476.31	-
Total	12,961,374.10	(2,641,854.32)	3,605.26

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

	Baht		
	Separate financial statements		
	Balance as at	Revenue (expenses) during the year	Balance as at
	Dec. 31, 2017	In profit or loss	In other comprehensive income
Deferred tax assets:			
Accrued Expense - rental	69,120.00	(61,709.47)	-
Employee benefit obligations	1,264,600.86	151,014.00	657,297.40
Tax loss carry forward	24,373,795.36	51,330,964.00	-
Total	25,707,516.22	51,420,268.53	657,297.40
Deferred tax liabilities:			
Investment in available-for-sale securities	482.15	-	(2,011.61)
Inventories	1,423,449.97	571,327.03	-
Asset for leases	14,145,157.49	(6,873,500.61)	-
Equipment	30,531.12	11,565.63	-
Total	15,599,620.73	(6,290,607.95)	(2,011.61)

	Baht		
	Separate financial statements		
	Balance as at	Revenue (expenses) during the year	Balance as at
	Dec. 31, 2016	In profit or loss	In other comprehensive income
Deferred tax assets:			
Accrued Expense - rental	134,400.00	(65,280.00)	-
Employee benefit obligations	901,629.60	147,660.86	215,310.40
Tax loss carry forward	-	24,373,795.36	-
Total	1,036,029.60	24,456,176.22	215,310.40
Deferred tax liabilities:			
Investment in available-for-sale securities	1,247.20	-	765.05
Inventories	8,309,602.44	6,886,152.47	-
Asset for leases	4,577,674.39	(9,567,483.10)	-
Equipment	70,007.43	39,476.31	-
Total	12,958,531.46	(2,641,854.32)	765.05

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

16. OTHER NON - CURRENT ASSETS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposit	5,091,555.20	5,467,085.20	1,290,105.67	1,693,635.67
Withholding tax deducted at source	166,348,068.44	104,354,397.25	166,129,157.39	104,179,362.98
<u>Less</u> allowance for the refund	(26,921,359.15)	-	(26,921,359.15)	-
Withholding tax deducted at source - net	139,426,709.29	104,354,397.25	139,207,798.24	104,179,362.98
Total	<u>144,518,264.49</u>	<u>109,821,482.45</u>	<u>140,497,903.91</u>	<u>105,872,998.65</u>

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank overdrafts	23,707,274.41	231,184,927.09	22,304,365.65	229,507,976.53
Promissory notes	70,000,000.00	70,000,000.00	70,000,000.00	70,000,000.00
Total	<u>93,707,274.41</u>	<u>301,184,927.09</u>	<u>92,304,365.65</u>	<u>299,507,976.53</u>

As at December 31, 2018 and 2017, the Company has the bank overdrafts with the two local commercial banks, with a credit line of Baht 25 million consist of the first credit line Baht 20 million and the second credit line Baht 5 million, carrying interest Fixed+1 and MOR per annum. The first loan is guaranteed by fixed deposit of Baht 10 million and the second loan is no guaranteed.

As at December 31, 2018 and 2017, the Company has short-term loans in promissory notes with five local commercial banks total of 6 credit lines as follows :-

Credit line No.	Credit amount (Million Baht)	Interest Rate	Guaranteed
1	80	MMR	- The Company's fixed deposit amount of Baht 20 million
2	50	MMR	- Directors of the company
3	30	MMR	- No guaranteed
4	200	MMR	- Fixed deposit to guarantee 10% of existing loan.
5	50	MMR	- No guaranteed
6	90	MMR	- No guaranteed
	<u>500</u>		

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

As at December 31, 2018 and 2017, the subsidiary company has bank overdraft from a local commercial bank with a credit line of Baht 20 million, carrying interest MOR per annum. This loan is guaranteed by fixed deposit of directors of the company.

18. BILL OF EXCHANGE

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Bill of exchange-face value	40,000,000.00	500,000,000.00
<u>Less Discount</u>	<u>(119,225.36)</u>	<u>(1,349,669.06)</u>
Bill of exchange-amortized value	<u>39,880,774.64</u>	<u>498,650,330.94</u>

As at December 31, 2018 and 2017, the Company has 1 bills of exchange in the amount of Baht 40 million and 4 bills of exchange in the amount of Baht 500 million, respectively. The interest rate is at fixed rate, due at the date specified on the front of the bill of exchange and the discount from the bill of exchange is recognized as finance cost for the years ended December 31, 2018 and 2017 in the amount of Baht 2.39 million and Baht 5.69 million, respectively in the consolidated and separate financial statements.

19. DEBENTURES

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Unsecured debentures - at face value	1,150,000,000.00	550,000,000.00
<u>Less Deferred expenses on debentures issuance</u>	<u>(1,624,970.30)</u>	<u>(786,710.60)</u>
Net	<u>1,148,375,029.70</u>	<u>549,213,289.40</u>

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

As at December 31, 2018, the Company has the name-registered of unsubordinated, unsecured and non-holder's representative debentures. The debentures are available to institutional investors and major shareholders in the Notification of Securities and Exchange Commission. The details of issuance of debentures were as below:

Issued No. 1

Debenture issued on : June 22, 2017
 Debentures value : Baht 300 million (300,000 units of par value of Baht 1,000 each)
 Period and maturity date : 3 years 2 days will mature on June 24, 2020
 Interest rate : Fixed rate of 3.22% per annum
 Interest payment due : Every March 22, June 22, September 22 and December 22 of each year

Issued No. 2

Debenture issued on : July 31, 2017
 Debentures value : Baht 250 million (250,000 units of par value of Baht 1,000 each)
 Period and maturity date : 3 years 4 days will mature on August 4, 2020
 Interest rate : Fixed rate of 3.22% per annum
 Interest payment due : Every January 31, April 31, July 31 and October 31 of each year

Issued No. 3

Debenture issued on : March 28, 2018
 Debentures value : Baht 600 million (600,000 units of par value of Baht 1,000 each)
 Period and maturity date : 4 years will mature on March 28, 2022
 Interest rate : Fixed rate of 2.46% per annum
 Interest payment due : Every March 28 and September 28 of each year

Debenture issuing costs are recorded as deferred financial fees and amortized to be interest expense using the effective interest rate method over the term of the debentures. Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

20. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Long-term loan from financial institutions	1,087,021,431.56	1,140,395,457.80
Less current portion due within one year	(384,178,042.52)	(359,339,788.05)
Net	702,843,389.04	781,055,669.75

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

As at December 31, 2018, the Company has 6 credit lines of long-term loans with four local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

Credit line	Credit line using (Million Baht)	Withdrawal loan (Million Baht)	Interest Rate per annum	Monthly installment (Million Baht)	The first installment date of 1 st loan to The final installment date of final loan	Guaranteed The right of car's registers of the company
1	150	150	MLR - 2.5%	2.92	May. 16 - Aug. 19	203
2	630	546.83	Fixed Rate	5.96	Aug. 16 - Jul. 21	1,192
3	100	100	MLR-2.7625%	1.94	Aug. 16 - Sep. 19	129
4	150	150	Fixed Rate	3.00	Sep. 16 - Dec. 19	203
5	200	200	Fixed Rate	4.00	Jan. 17 - Feb. 20	270
6	1,000	447.38	Fixed Rate	7.28	Sep. 17 - Oct.21	553
	<u>2,230</u>	<u>1,594.21</u>		<u>25.10</u>		<u>2,550</u>

As at December 31, 2017, the Company has 8 credit lines of long-term loans with five local financial institutions. Each credit line has been withdrawn to several loans and the details are as follows:

Credit line	Credit line using (Million Baht)	Withdrawal loan (Million Baht)	Interest Rate per annum	Monthly installment (Million Baht)	The first installment date of 1 st loan to the final installment date of final loan	Guaranteed The right of car's registers of the company
1	200	200	BIBOR(3M)+1.6%	4.00	Mar. 15 - Jun. 18	265
2	150	150	MLR - 2.5%	2.92	Aug. 15 - Oct. 18	190
3	150	150	MLR - 2.5%	2.92	May. 16 - Aug. 19	203
4	630	546.83	Fixed Rate	5.96	Aug. 16 - Jul. 21	1,192
5	100	100	MLR-2.7625%	1.94	Aug. 16 - Sep. 19	129
6	150	150	Fixed Rate	3.00	Sep. 16 - Dec. 19	204
7	200	200	Fixed Rate	4.00	Jan. 17 - Feb. 20	270
8	1,000	96.56	Fixed Rate	1.58	Sep. 17 - Sep.21	136
	<u>2,580</u>	<u>1,593.39</u>		<u>26.32</u>		<u>2,589</u>

Under the long - term loan agreements, the Company shall have to comply with certain conditions and restrictions as specified in the agreement. The Company has to maintain a proper financial ratio at the agreed rate (3.5 : 1 time)

As at December 31, 2018 and 2017 movements in long-term loans from financial institutions are as follows:-

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Balance beginning of the year	1,140,395,457.80	1,172,673,222.24
Add Loan increase during the year	350,821,823.00	296,562,356.00
Less Repayment during the year	(407,112,649.24)	(328,840,120.44)
Balance ending of the year	<u>1,084,104,631.56</u>	<u>1,140,395,457.80</u>

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

21. HIRE-PURCHASE CONTRACTS PAYABLE

This account consisted of:

	Baht	
	Consolidated/Separate financial statements	
	2018	2017
Hire-purchase contracts payable - car	118,505,417.47	360,203,026.02
<u>Less</u> Deferred interest	(4,557,370.69)	(14,124,467.58)
	113,948,046.78	346,078,558.44
<u>Less</u> Current portion due within one year	(62,315,758.41)	(231,171,433.60)
Net	51,632,288.37	114,907,124.84

As at December 31, 2018 and 2017 the Company has liabilities under hire-purchase agreements represent the hire-purchase of cars with 6 local leasing companies, total 507 contracts and 6 local leasing companies, total 1,140 contracts, respectively. The payment of these contracts are as follows:

	Baht					
	2018			2017		
	Principal	Deferred Interest	Total debts	Principal	Deferred Interest	Total debts
Payment due within 1 year	62,315,758.41	3,093,870.03	65,409,628.44	231,171,433.60	9,519,147.24	240,690,580.84
Payment due over 1 year to 5 years	51,632,288.37	1,463,500.66	53,095,789.03	114,907,124.84	4,605,320.34	119,512,445.18
Total	113,948,046.78	4,557,370.69	118,505,417.47	346,078,558.44	14,124,467.58	360,203,026.02

Under the terms of hire-purchase contracts referred to above, the Company has to comply with certain conditions and restrictions as specified in the contracts.

The right of assets under hire-purchase contracts will be transferred to the Company when final payment is made.

22. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits obligation are as follows

The statements of financial position

As at December 31, 2018 and 2017

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Defined benefit obligations at January 1,	7,493,251.31	4,981,955.00	6,323,004.31	4,508,148.00
Actuarial loss	3,773,566.00	1,537,836.00	3,286,487.00	1,076,552.00
Current service costs and interest	988,606.00	973,460.31	755,070.00	738,304.31
Defined benefit obligations at December 31,	12,255,423.31	7,493,251.31	10,364,561.31	6,323,004.31

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

The statements of comprehensive income

For the years ended December 31, 2018 and 2017

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current service costs	708,594.97	719,693.28	519,654.97	523,892.28
Interest on obligation	280,011.03	253,767.03	235,415.03	214,412.03
Total	988,606.00	973,460.31	755,070.00	738,304.31

Expense recognized in other comprehensive income:

For the years ended December 31, 2018 and 2017

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Actuarial loss - net income tax	3,018,852.80	1,230,268.80	2,629,189.60	861,241.60

Principal actuarial assumptions at the reporting data

For the years ended December 31, 2018 and 2017

	Percentage			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	3.30 - 3.38	3.48 - 3.51	3.38	3.51
Salary increase rate	6.94	7.02	6.94	7.02
Employee turnover rate	0 - 40	0 - 40	0 - 40	0 - 40
Disability rate	10 of Mortality rate	10 of Mortality rate	10 of Mortality rate	10 of Mortality rate
Mortality rate	From Thai Mortality Ordinary Tables of 2017	From Thai Mortality Ordinary Tables of 2008	From Thai Mortality Ordinary Tables of 2017	From Thai Mortality Ordinary Tables of 2008

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018
Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 and 2017 are summarized below:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate				
0.50% increase	(655,920.00)	(410,214.00)	(594,953.00)	(354,748.00)
0.50% decrease	708,732.00	443,462.00	643,523.00	383,921.00
Salary increase rate				
0.50% increase	685,877.00	456,868.00	611,888.00	395,733.00
0.50% decrease	(641,962.00)	(426,101.00)	(572,465.00)	(368,689.00)
Turnover rate				
0.50% increase	(742,167.00)	(504,297.00)	(659,146.00)	(435,653.00)
0.50% decrease	801,511.00	547,676.00	712,060.00	473,703.00

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a New Labour Protection Act, which is in the process being enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. When the labour law comes into force, the Company and its subsidiaries will recognize the increase in the employee benefits obligations approximately Baht 3.28 million (The separate Baht 3.07 million), resulting in the decrease in profit approximately Baht 2.62 million (The separate Bath 2.46 million).

23. OTHER INCOME

This account consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest income	887,196.88	1,501,696.67	1,797,081.83	724,585.74
Penalty of cancelled contract	6,263,277.99	4,978,002.27	6,263,277.99	4,978,002.27
Repair service income	4,806,657.00	5,169,473.60	4,806,657.00	5,169,473.60
Commission income	12,075,301.51	11,204,455.97	-	-
Others	33,282,240.24	36,351,564.77	17,834,814.03	24,724,715.01
Total	57,314,673.62	59,205,193.28	30,701,830.85	35,596,776.62

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

24. EXPENSES BY NATURE

Expenses by nature are as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Change in inventories	(64,707,841.63)	10,203,750.51	(43,218,851.02)	(53,517,282.30)
Cost of sale of cars from				
assets-for-leases	349,674,391.73	422,822,748.84	349,674,391.73	422,822,748.84
Purchase of used cars	205,644,409.12	220,473,548.03	-	-
Employee benefit costs	87,537,357.52	80,464,963.15	65,496,147.53	63,495,105.74
Depreciation and amortization	748,200,004.73	710,082,698.54	744,858,100.49	704,815,886.55
Others	212,884,748.98	198,244,770.55	212,884,748.98	198,244,770.55

25. INCOME TAX EXPENSES

25.1 Major components of tax expense (income) for the years ended December 31, 2018 and 2017 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax expenses (income) shown in profit or loss :				
Current tax expenses:				
Income tax expenses for the year	1,251,835.06	1,644,562.74	-	-
Adjustments tax expenses of previous year	-	(7,508,059.07)	-	(7,508,059.07)
Deferred tax expenses:				
Changes in temporary differences relating				
to the original recognition and reversal	(45,176,367.78)	(21,778,968.43)	(45,129,660.58)	(21,814,321.90)
Total	(43,924,532.72)	(27,642,464.76)	(45,129,660.58)	(29,322,380.97)
Income tax relating to components of other comprehensive income:				
Deferred tax relating to:				
Remeasuring available-for-sale investments	2,022.66	(3,605.26)	2,011.61	(765.05)
Actuarial loss	(754,713.20)	(307,567.20)	(657,297.40)	(215,310.40)
Total	(752,690.54)	(311,172.46)	(655,285.79)	(216,075.45)

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

- 25.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2018 and 2017 which are summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit for the year	210,034,538.06	312,799,768.97	205,631,252.31	303,946,511.94
The applicable tax rate (%)	20	20	20	20
Tax expense at the applicable tax rate	42,006,907.61	62,559,953.79	41,126,250.46	60,789,302.39
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	5,475,688.94	1,141,201.24	5,362,564.04	1,089,984.45
Tax effect of income or profit that are not required in determining taxable profit:				
- Expenses as expenses in determining tax	(90,370,817.24)	(91,752,926.18)	(90,228,865.26)	(91,610,974.20)
Other	(1,036,312.03)	409,306.39	(1,389,609.82)	409,306.39
Total reconciliation items	(85,931,440.33)	(90,202,418.55)	(86,255,911.04)	(90,111,683.36)
Total tax expense (income)	(43,924,532.72)	(27,642,464.76)	(45,129,660.58)	(29,322,380.97)

- 25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2018 and 2017 are summarized as follows:

	Consolidated financial statements			
	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	210,034,538.06		312,799,768.97	
Tax expense at the applicable tax rate	42,006,907.61	20.00	62,559,953.79	20.00
Reconciliation items	(85,931,440.33)	(40.91)	(90,202,418.55)	(28.84)
Tax expense at the average effective tax rate	(43,924,532.72)	(20.91)	(27,642,464.76)	(8.84)

	Separate financial statements			
	2018		2017	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	205,631,252.31		303,946,511.94	
Tax expense at the applicable tax rate	41,126,250.46	20.00	60,789,302.39	20.00
Reconciliation items	(86,255,911.04)	(41.95)	(90,111,683.36)	(29.65)
Tax expense (income) at the average effective tax rate	(45,129,660.58)	(21.95)	(29,322,380.97)	(9.65)

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018
26. BASIC EARNINGS PER SHARE

Basic earnings per share is computed by dividing profit for the year attributable to shareholders of the Company (excluded other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements	
	2018	2017
Profit for the year attributable to ordinary shareholders (Baht)	253,959,070.78	340,442,233.73
Weighted average number of ordinary shares (Shares)	250,000,000	250,000,000
Basic earnings per share (Baht per share)	1.02	1.36

	Separate financial statements	
	2018	2017
Profit for the year attributable to ordinary shareholders (Baht)	250,760,912.89	333,268,892.91
Weighted average number of ordinary shares (Shares)	250,000,000	250,000,000
Basic earnings per share (Baht per share)	1.00	1.33

27. LEGAL RESERVE
The Company

Under the provision of the Public Limited Companies, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

A subsidiary company

Under the provision of the civil and commercial code, the Company is required to set aside as statutory reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

28. APPROPRIATED OF RETAINED EARNINGS
For the year 2018

At the ordinary shareholders' meeting for the year 2018 held on April 26, 2018, the shareholders unanimously approved to pay dividend from the Company operation year 2017 to the shareholders with Baht 1.06 per share, in the amount of Baht 265 million. The dividend paid in the amount of Baht 127.50 million, appropriated for 250,000,000 shares of Baht 0.51 each was paid on September 1, 2017, and the remaining in the amount of Baht 137.50 million, appropriated for 250,000,000 shares of Baht 0.55 each was paid on May 22, 2018.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

And at the committees' meeting No 3/2018 held on August 9, 2018, the Committees unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2018 in the amount of Baht 100.00 million, appropriated for 250,000,000 shares of Baht 0.40 each was paid on September 7, 2018.

Total dividend for the year 2018 in the amount of Baht 237.50 million.

For the year 2017

At the ordinary shareholders' meeting for the year 2017 held on April 17, 2017, the shareholders unanimously approved to pay dividend from the Company operation year 2016 to the shareholders with Baht 1.02 per share, in the amount of Baht 255 million. The dividend paid in the amount of Baht 75 million, appropriated for 250,000,000 shares of Baht 0.30 each was paid on September 9, 2016, and the remaining in the amount of Baht 180 million, appropriated for 250,000,000 shares of Baht 0.72 each was paid on May 12, 2017.

And at the committees' meeting No 3/2017 held on August 4, 2017, the Committees unanimously approved to pay interim dividend from the Company operation for the period ended June 30, 2017 in the amount of Baht 127.50 million, appropriated for 250,000,000 shares of Baht 0.51 each was paid on September 1, 2017.

Total dividend for the year 2017 in the amount of Baht 307.50 million.

29. PROVIDENT FUND

The Company and its subsidiary established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pool of provident fund named TiscoRuamtun 2 Registered Provident Fund.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries based on the length of employment. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company.

The Company and its subsidiary have contributed to the fund for the years ended December 31, 2018 and 2017 in the amount of Baht 1.77 million and Baht 1.71 million, respectively (The separate amount of Baht 1.51 million and Baht 1.44 million, respectively).

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2018

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2018 and 2017 are as follows:

	Baht			
	Consolidated financial statements			
	Balance as at	Cash flows	Non-cash transaction	Balance as at
	December 31, 2017	Increase (decrease)	Increase	December 31, 2018
Bank overdrafts	231,184,927.09	(207,477,652.68)	-	23,707,274.41
Short-term loan from financial institutions	70,000,000.00	-	-	70,000,000.00
Bill of exchange	498,650,330.94	(461,161,889.57)	2,392,333.27	39,880,774.64
Debentures	550,000,000.00	600,000,000.00	-	1,150,000,000.00
Long-term loan unsecured debenture	1,140,395,457.80	(53,374,026.24)	-	1,087,021,431.56
Liabilities under a finance lease agreement	346,078,558.44	(232,130,511.66)	-	113,948,046.78
Total	2,836,309,274.27	(354,144,080.15)	2,392,333.27	2,484,557,527.39

	Baht			
	Consolidated financial statements			
	Balance as at	Cash flows	Non-cash transaction	Balance as at
	December 31, 2016	Increase (decrease)	Increase	December 31, 2017
Bank overdrafts	173,856,328.75	57,328,598.34	-	231,184,927.09
Short-term loan from financial institutions	-	70,000,000.00	-	70,000,000.00
Bill of exchange	498,095,008.43	(5,137,011.35)	5,692,333.86	498,650,330.94
Debentures	-	550,000,000.00	-	550,000,000.00
Long-term loan unsecured debenture	1,172,673,222.24	(32,277,764.44)	-	1,140,395,457.80
Liabilities under a finance lease agreement	678,307,996.34	(332,229,437.90)	-	346,078,558.44
Total	2,522,932,555.76	307,684,384.65	5,692,333.86	2,836,309,274.27

	Baht			
	Separate financial statements			
	Balance as at	Cash flows	Non-cash transaction	Balance as at
	December 31, 2017	Increase (decrease)	Increase	December 31, 2018
Bank overdrafts	229,507,976.53	(207,203,610.88)	-	22,304,365.65
Short-term loan from financial institutions	70,000,000.00	-	-	70,000,000.00
Bill of exchange	498,650,330.94	(461,161,889.57)	2,392,333.27	39,880,774.64
Debentures	550,000,000.00	600,000,000.00	-	1,150,000,000.00
Long-term loan unsecured debenture	1,140,395,457.80	(53,374,026.24)	-	1,087,021,431.56
Liabilities under a finance lease agreement	346,078,558.44	(232,130,511.66)	-	113,948,046.78
Total	2,834,632,323.71	(353,870,038.35)	2,392,333.27	2,483,154,618.63

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DECEMBER 31, 2018

	Baht			
	Separate financial statements			
	Balance as at December 31, 2016	Cash flows Increase (decrease)	Non-cash transaction Increase	Balance as at December 31, 2017
Bank overdrafts	172,572,798.23	56,935,178.30	-	229,507,976.53
Short-term loan from financial institutions	-	70,000,000.00	-	70,000,000.00
Bill of exchange	498,095,008.43	(5,137,011.35)	5,692,333.86	498,650,330.94
Debentures	-	550,000,000.00	-	550,000,000.00
Long-term loan unsecured debenture	1,172,673,222.24	(32,277,764.44)	-	1,140,395,457.80
Liabilities under a finance lease agreement	678,307,996.34	(332,229,437.90)	-	346,078,558.44
Total	2,521,649,025.24	307,290,964.61	5,692,333.86	2,834,632,323.71

31. COMMITMENTS AND CONTINGENT LIABILITIES
31.1 Commitments of the operating lease

As at December 31, 2018, the Company and its subsidiary have operating leases as follow:

Type of lease	Periods	Remaining rental expenses
<u>The Company</u>		
Land rental contract - building (Head Office)	Jan. 22, 2002 - Jan. 21, 2023	year 1 - No charge years 2-11 - Baht 30,000 per month years 12-22 - Baht 45,000 per month
Land rental contract - building (Asoke)	Sep. 1, 2018 - Aug. 31, 2021	Sep. 2018 - Aug. 2019 - Baht 264,000 per month Sep. 2019 - Aug. 2020 - Baht 264,000 per month Sep. 2020 - Aug. 2021 - Baht 290,400 per month
Service centre and carpark rental contract	Feb. 20, 2018 - Feb. 19, 2021	Baht 100,000 per month
<u>Subsidiary company</u>		
Land rental contract- sale office (Head office)	Sep. 24, 2016 - Sep. 23, 2031	years 1-3 - Baht 450,000 per month years 4-6 - Baht 483,750 per month years 7-9 - Baht 520,031 per month years 10-12 - Baht 559,033 per month years 13-15 - Baht 600,960 per month
Land rental contract- sale office (Ram Intra KM.9)	Jan. 1, 2016 - Dec. 31, 2018 onward (until termination of the contract)	Baht 70,000 per month
Land rental contract - sale office (Srinakarin)	Aug. 1, 2017 - Jul. 31, 2020	Aug. 2017 - Jul. 2020 - Baht 544,500 per month
Land rental contract - sale office (Phaholyothin)	Jan. 1, 2015 - Dec. 31, 2017 onward (until termination of the contract)	Baht 150,000 per month

31.2 Commitments of services contracts

As at December 31, 2018, the Company has 4 services contracts for the periods 1-2 years, the total rate of service charge of Baht 1.13 million per year.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2018****31.3 Commitments of capital expenditure**

As at December 31, 2018, the Company has the commitment about installation and software development system agreement, which the Company will pay under the agreement in the amount of Baht 0.89 million (included VAT).

31.4 Guarantee

As at December 31, 2018, the Company has letters of guarantee issued by three local commercial bank for rental bidding guarantee in the amount of Baht 81.95 million and using electricity in the amount of Baht 0.19 million. (total guarantee of Baht 230 million).

And the subsidiary company has 3 letters of guarantee issued by a local commercial bank for using electricity, guarantee by fixed deposit of directors in the amount of Baht 0.19 million.

32. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiary, business operations involve 2 principal segments: (1) Car rental and (2) Used car distribution and its operations are mainly carried in the same geographic area in Thailand. The financial information by segments are classified by business activities as follows.

Business activities are classified by product segments of the Company and its subsidiary for the years ended December 31, 2018 and 2017 as follows:-

	Consolidated financial statements (Thousand Baht)					
	Car rent of operating		Used car distribution		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Income on car leases	1,199,371	1,146,922	-	-	1,199,371	1,146,922
Income on sale of cars	553,635	694,561	271,109	191,698	824,744	886,259
Total	1,753,006	1,841,483	271,109	191,698	2,024,115	2,033,181

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Consolidated financial statements (Thousand Baht)					
	Car rent of operating		Used car distribution		Total
	2018	2017	2018	2017	
Cost					
Cost of car leases	995,092	939,843	-	-	995,092
Cost of sales of cars	349,674	422,823	241,660	165,287	591,334
Total	1,344,766	1,362,666	241,660	165,287	1,586,426
Gross profit	408,240	478,817	29,449	26,411	437,689
Total assets as of December 31,					
Assets for leases - net	3,794,379	3,842,891	-	-	3,794,379
Fixed assets - net	11,843	14,465	179,303	178,927	191,146
Intangible assets - net	5,661	3,951	816	916	6,477
Other assets	709,886	813,095	130,693	144,849	840,579
Total	4,521,769	4,674,401	310,812	324,692	4,832,581

Major customers

For the years 2018 and 2017, the Company and its subsidiary have no major customer (with revenue of 10 percent or more of an entity's revenue).

33. DISCLOSURE OF FINANCIAL INSTRUMENTS
33.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 3.

33.2 Credit risk

The Company and its subsidiary are exposed to credit risk primarily relating to trade accounts receivable. The management of the Company and its subsidiary manage this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

33.3 Interest rate risk

The Company and its subsidiary are exposed to interest rate risk that relates primarily to cash and cash equivalents, cash at banks using for guarantee, bank overdrafts and short-term loans from financial institutions, Long-term loans from financial institutions, Hire-purchase contracts payable and Employee benefit obligations. Since most of the Company's financial assets and financial liabilities carry floating interest rates or have fixed interest rates, which are close to the market rates, the interest rate risk is low.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS (CONT.)

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As at December 31, 2018, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht			
	Consolidated financial statements			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	65,966,938.19	-	23,896,561.39	89,863,499.58
Trade and other receivables	-	-	181,998,519.07	181,998,519.07
Investment	-	-	21,084,849.52	21,084,849.52
Cash at banks using for guarantee	-	58,004,833.02	-	58,004,833.02
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	23,707,274.41	70,000,000.00	-	93,707,274.41
Bill of exchange	-	39,880,774.64	-	39,880,774.64
Trade and other payables	-	-	76,506,976.49	76,506,976.49
Debenture	-	1,148,375,029.70	-	1,148,375,029.70
Long-term loans from financial institutions	110,773,728.49	976,247,703.07	-	1,087,021,431.56
Hire-purchase contracts payables	113,948,046.78	-	-	113,948,046.78

	Baht			
	Separate financial statements			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	52,332,606.43	-	23,278,392.69	75,610,999.12
Trade and other receivables	-	-	159,414,312.54	159,414,312.54
Investment	-	-	69,891,239.30	69,891,239.30
Short-term loans to subsidiary	-	15,000,000.00	-	15,000,000.00
Cash at banks using for guarantee	-	58,004,833.02	-	58,004,833.02
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	22,304,365.65	70,000,000.00	-	92,304,365.65
Bill of exchange	-	39,880,774.64	-	39,880,774.64
Trade and other payables	-	-	71,447,361.41	71,447,361.41
Debenture	-	1,148,375,029.70	-	1,148,375,029.70
Long-term loans from financial institutions	110,773,728.49	976,247,703.07	-	1,087,021,431.56
Hire-purchase contracts payables	113,948,046.78	-	-	113,948,046.78

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018
33.4 Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

As at December 31, 2018, the Company and its subsidiary had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

		Baht			
		Consolidated financial statements			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investment in available-for-sale securities					
-Unit trust		-	21,084,849.52	-	21,084,849.52

		Baht			
		Separate financial statements			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investment in available-for-sale securities					
-Unit trust		-	21,078,939.30	-	21,078,939.30

During the current period, there were no transfers within the fair value hierarchy.

Valuation techniques and inputs for Level 2 valuations

The fair value of investments in investment units which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

34. CAPITAL MANAGEMENT

The primary objective of capital management of the Company and its subsidiary are to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at December 31, 2018, the Company and its subsidiary debt-to-equity ratio was 1.38:1 (December 31, 2017 : 1.48:1) and the Company's was 1.56:1 (December 31, 2017 : 1.67:1).

35. RECLASSIFICATION

Certain accounts in the 2017 financial statements have been reclassified to conform to the current year's classification, without any effect to the previously reported profit (loss) or shareholder's equity. The reclassifications are as follow:

	Baht					
	Consolidated financial statements			Separate financial statements		
	Before	Reclassification	After	Before	Reclassification	After
	Reclassification		Reclassification	Reclassification		Reclassification
<u>Statement of financial position</u>						
Other current assets	86,982,523.66	(504,672.90)	86,477,850.76	-	-	-
Intangible assets	4,362,061.37	504,672.90	4,866,734.27	-	-	-
Trade and other payables	79,239,327.24	1,990,129.45	81,229,456.69	71,572,249.82	1,990,129.45	73,562,379.27
Other current liabilities	10,104,731.65	(1,990,129.45)	8,114,602.20	9,188,728.53	(1,990,129.45)	7,198,599.08

36. THE NEWLY ISSUED AND REVISED FINANCIAL REPORTING STANDARDS AND EFFECTIVE IN THE FUTURE

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are newly issued and revised.

These newly issued and revised financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2019 are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events After the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment

NOTES TO FINANCIAL STATEMENTS (CONT.)**DECEMBER 31, 2018**

TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings Per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-Based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases - Incentives

KRUNGTHAI CAR RENT AND LEASE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosure
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Newly financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company and its subsidiary believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are newly issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2019.