



**IFS Capital (Thailand)
Public Company Limited**

IFS 218/ 2021

18st February 2021

To: The President
The Stock Exchange of Thailand

Subject: Explanation of the Operating Results for the year ended 31st December 2020

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Audited Financial Statements for the year ended 31st December 2020 as certified by our auditor, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., and to clarify the significant variance of the operating results as follows:

(Unit : Million Baht)

	For the year ended 31 st December			
	2020	2019	Increase / (decrease)	% Change
Revenues				
Factoring Income	235.72	289.51	(53.79)	(18.58)
Hire Purchase Income	0.36	0.50	(0.14)	(28.53)
Finance Lease Income	13.82	17.50	(3.68)	(21.05)
Factoring Commission and Service Fee	87.04	104.26	(17.22)	(16.51)
Other Income	37.80	61.16	(23.36)	(38.19)
Total Revenues	374.73	472.93	(98.20)	(20.76)
Expenses				
Selling Expenses	15.76	20.87	(5.11)	(24.48)
Administration Expenses	95.80	98.39	(2.59)	(2.63)
Management Benefit Expenses	33.57	39.02	(5.45)	(13.97)
Allowance (Reversal) for Doubtful Accounts / ECL	22.72	(49.12)	71.84	146.25
Finance Cost	38.92	67.89	(28.97)	(42.68)
Total Expenses	206.78	177.05	29.73	16.79
Profit before Income Tax Expenses	167.96	295.88	(127.92)	(43.23)
Income Tax Expenses	34.34	64.30	(29.96)	(46.60)
Net Profit	133.62	231.57	(97.95)	(42.30)

Year to Year Analysis

For the 4th quarter of 2020, the Company reported Net Profit of Baht 34.37 million, a decrease of Baht 16.69 million or 32.69% from the same period of last year (Baht 51.06 million). For the year ended 31st December 2020, the Company reported Net Profit of Baht 133.62 million, a decrease of Baht 97.95 million or 42.30% from the previous year (Baht 231.57 million).

The main reasons for the decrease in the Company's Net Profit were:

- 1) Revenues (both interest and fees) decreased by Baht 74.83 million due mainly to lower business volume as a result of the impact COVID-19 on the Thai economy.
- 2) Other income decreased by Baht 23.36 million due mainly to (i) Baht 16.20 million received as interest charge from the recoveries of 2 major NPLs in 2019 but no such recoveries in 2020 and (ii) lower other revenues of Baht 7.16 million due mainly to lower business volume.
- 3) Expected Credit Loss (ECL) increased to Baht 22.72 million in 2020 compared to the reversal of Baht 49.12 million in 2019 due mainly to Baht 55.05 million received from the recoveries of 2 major NPLs in 2019 but no such recoveries in 2020.
- 4) Partly offset by lower operating expenses of Baht 13.15 million (FY 2020: Baht 145.13 million vs FY 2019: Baht 158.28 million) due mainly to lower staff cost, lower finance costs of Baht 28.97 million due to lower borrowing and lower cost of funds and lower income tax expenses of Baht 29.96 million due to lower profit before tax and higher deferred tax credit.

As a result, the Earnings Per Share (EPS) showed decrease to Baht 0.27 per share (FY 2019: Baht 0.47 per share) or a decrease of 42.56%.

Please be informed accordingly.

Sincerely yours,

(Mr. Tan Ley Yen)
Director and CEO

Headline: Financial Performance Yearly (F45) (Audited)
Security Symbol: IFS

Announcement Details

Financial Statement (F45)

Company name IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Quarter Yearly

(In thousands)

Financial Statement

Yearly

Status Audited

Ending 31 December

Year 2020 2019

Profit (loss) attributable to equity holders of the Company * 133,616 231,575

EPS (baht) 0.27 0.47

Type of report Unqualified opinion

*For consolidated financial statements

Please review financial statement (Full Version) before making investment decision

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

Signature _____

(Mr. Tan Ley Yen)

Director and CEO

Authorized Persons to Disclose Information

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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the financial statements of IFS Capital (Thailand) Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2020, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IFS Capital (Thailand) Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Audit Responses
<p>Allowance for expected credit losses</p> <p>The allowance for expected credit loss for factoring receivables, hire purchase receivables, finance lease receivables, inventory finance receivables and financial guarantee contracts in certain circumstances is considered to be the key audit matter as it requires the use of various assumptions and judgment including forward economic looking.</p> <p>Starting from January 1, 2020, the Thai Financial Reporting Standard No. 9 - Financial Instruments (“TFRS 9”) was applied. This standard requires the Company to recognize impairment loss based on expected credit loss.</p> <p>The ECL is measured based forward-looking information basis by calculating on a probability-weighted credit losses with respective risk of expected cash shortfalls either based on credit events arising in the 12 months from the reporting date or based on credit events arising over the lifetime of the financial instrument; depending on the significant increase in credit risk (“SICR”) since initial recognition.</p> <p>Accounting policy for allowance for expected credit loss and detail of allowance for expected credit loss were disclosed in Note 3.4, Note 5, Note 6, Note 7 and Note 8 to the financial statements.</p>	<p>Key audit procedures included;</p> <ul style="list-style-type: none"> Assessing the adjustments made to the opening balances on January 1, 2020, resulted from the first time adoption of TFRS 9. Understanding and testing design and operating effectiveness of key controls across the processes relevant to the ECL. This included the classification of assets into stages, data accuracy and completeness, credit monitoring, multiple economic scenarios, macroeconomic factors, and individual provisions. Evaluating relevant inputs and assumptions used by management in each stage of the expected credit loss calculation by considering whether the inputs and assumption appear reasonable, considering the historical loss experience and adjust this for current observable data and considering the relationship between those assumptions and forecast of reasonable and supportable future economic conditions. Considering the criteria used to classify factoring receivables, hire purchase receivables, finance lease receivables, inventory finance receivables and financial guarantee contracts to stage 1, 2 and 3 in accordance with TFRS 9. Testing sample of receivables in stage 1, 2 and 3 to verify that they were classified to the appropriate stage. Involvement of our internal specialists to assess the model documentation and model validation. This included assessing the appropriateness of model design, assumptions, formulas used and post model adjustments and compliance with the requirements of TFRS 9. Assessment of the completeness and appropriateness of disclosures which related to the adoption of TFRS 9.

Other Information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of 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 financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

BANGKOK

February 18, 2021

Nisakorn Songmanee
Certified Public Accountant (Thailand)
Registration No. 5035

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

UNIT : BAHT

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	390,619,301	364,123,985
Factoring receivables	5	2,667,557,627	3,271,358,391
Hire purchase current receivables	6	3,125,493	2,854,404
Finance lease current receivables	7	69,458,366	90,901,162
Inventory finance receivables	8	120,690,936	156,381,176
Other current assets		5,704,608	6,401,066
Total Current Assets		<u>3,257,156,331</u>	<u>3,892,020,184</u>
NON-CURRENT ASSETS			
Bank deposits held as collateral	9	162,942	161,183
Hire purchase non-current receivables	6	1,527,685	-
Finance lease non-current receivables	7	66,698,203	88,669,621
Plant and equipment	10	23,713,089	28,953,003
Investment properties	11	62,675,948	67,338,041
Other intangible assets	12	704,473	920,369
Deferred tax assets	13	36,457,738	34,495,183
Other non-current assets		477,150	473,390
Total Non-current Assets		<u>192,417,228</u>	<u>221,010,790</u>
TOTAL ASSETS		<u><u>3,449,573,559</u></u>	<u><u>4,113,030,974</u></u>

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2020

UNIT : BAHT

	Notes	2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	14	1,425,000,000	2,210,000,000
Other current payables	28	42,427,087	60,951,731
Current portion of long-term borrowings	15	178,800,000	146,720,000
Other current liabilities	28	17,976,747	31,097,568
Total Current Liabilities		<u>1,664,203,834</u>	<u>2,448,769,299</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	15	224,780,000	120,260,000
Non-current provisions for employee benefits	17	32,710,533	31,383,168
Other non-current liabilities		-	762,750
Total Non-current Liabilities		<u>257,490,533</u>	<u>152,405,918</u>
TOTAL LIABILITIES		<u>1,921,694,367</u>	<u>2,601,175,217</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
493,500,000 ordinary shares of Baht 1 each		<u>493,500,000</u>	<u>493,500,000</u>
Issued and paid-up share capital			
493,499,975 ordinary shares of Baht 1 each,		493,499,975	493,499,975
ADDITIONAL PAID-UP CAPITAL			
Premium on ordinary shares	18	31,746,399	31,746,399
RETAINED EARNINGS			
Appropriated			
Legal reserve	20	49,350,000	49,350,000
Unappropriated		953,282,818	937,259,383
TOTAL SHAREHOLDERS' EQUITY		<u>1,527,879,192</u>	<u>1,511,855,757</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>3,449,573,559</u>	<u>4,113,030,974</u>

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	2020	2019
REVENUES			
Factoring income		235,721,276	289,506,799
Hire purchase income		358,941	503,735
Finance lease income		13,816,851	17,504,566
Factoring commission and service fees		87,041,286	104,255,305
Other income	5	37,796,033	61,159,735
Total Revenues		<u>374,734,387</u>	<u>472,930,140</u>
EXPENSES			
Selling expenses		15,764,445	20,868,171
Administrative expenses		95,800,730	98,391,439
Management benefit expenses	23	33,567,343	39,019,824
Reversal of doubtful accounts	5	-	(49,119,993)
Total Expenses		<u>145,132,518</u>	<u>109,159,441</u>
Profit from operating activities		<u>229,601,869</u>	<u>363,770,699</u>
Finance costs		38,922,190	67,894,189
Impairment loss determined in accordance with TFRS 9		22,723,452	-
PROFIT BEFORE INCOME TAX EXPENSE		167,956,227	295,876,510
INCOME TAX EXPENSE	22	34,340,110	64,301,526
PROFIT FOR THE YEARS		<u>133,616,117</u>	<u>231,574,984</u>
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
ACTUARIAL GAIN ON DEFINED EMPLOYEE BENEFIT PLANS		979,265	-
INCOME TAX RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY		(195,853)	-
OTHER COMPREHENSIVE GAIN FOR THE YEAR, NET OF TAX		783,412	-
NET COMPREHENSIVE INCOME FOR THE YEARS		<u>134,399,529</u>	<u>231,574,984</u>
BASIC EARNINGS PER SHARE	BAHT	0.27	0.47
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	493,499,975	493,499,975

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
Beginning balance as at January 1, 2019		493,499,975	31,746,399	49,350,000	789,579,395	1,364,175,769
Changes during the year						
Total comprehensive income		-	-	-	231,574,984	231,574,984
Dividend paid	19	-	-	-	(83,894,996)	(83,894,996)
Ending balance as at December 31, 2019		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>937,259,383</u>	<u>1,511,855,757</u>
Beginning balance as at January 1, 2020		493,499,975	31,746,399	49,350,000	937,259,383	1,511,855,757
Effect of change in accounting policy	2.5	-	-	-	(2,403,600)	(2,403,600)
Balance as at January 1, 2020 after adjustment		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>934,855,783</u>	<u>1,509,452,157</u>
Changes during the year						
Total comprehensive income		-	-	-	134,399,529	134,399,529
Dividend paid	19	-	-	-	(115,972,494)	(115,972,494)
Ending balance as at December 31, 2020		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>953,282,818</u>	<u>1,527,879,192</u>

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the years		133,616,117	231,574,984
Adjustments for :			
Income tax expenses		34,340,110	64,301,526
Impairment loss determined in accordance with TFRS9		22,723,452	-
Reversal of doubtful accounts		-	(71,897,433)
Loss on bad debts written-off		-	22,777,440
Loss on fixed asset written-off		-	1
Interest expenses		38,530,228	67,269,509
Employee benefits expense		3,911,022	3,825,954
Depreciation and amortization		10,337,025	11,502,136
		<u>243,457,954</u>	<u>329,354,117</u>
Operating assets (increase) decrease			
Factoring receivables		588,788,730	180,907,193
Hire purchase receivables		(1,834,067)	5,546,099
Finance lease receivables		35,428,486	8,749,044
Inventory finance receivables		32,995,343	4,279,503
Amount due from a related company		-	19,550
Other current assets		696,458	(3,615,864)
Bank deposits held as collateral		(1,759)	(1,736)
Other non-current assets		(3,760)	332,485
Operating liabilities increase (decrease)			
Other payables		(17,460,554)	-
Other current liabilities		(3,975,361)	(1,287,466)
Non-other current liabilities		<u>(762,750)</u>	<u>-</u>
Cash received from operating activities		877,328,720	524,282,925
Interest expense paid		(39,594,318)	(68,154,318)
Employee benefits paid		(1,604,392)	(8,596,726)
Income tax paid		<u>(45,043,078)</u>	<u>(44,654,788)</u>
Net cash provided by operating activities		<u>791,086,932</u>	<u>402,877,093</u>

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

UNIT : BAHT

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of plant and equipment		(48,850)	(1,303,535)
Cash paid for purchases of other intangible assets		(170,272)	(522,909)
Net cash used in investing activities		<u>(219,122)</u>	<u>(1,826,444)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term borrowings			
to financial institutions	4.2	(11,560,000,000)	(18,860,000,000)
Cash received from short-term borrowings			
from financial institutions	4.2	10,775,000,000	18,485,000,000
Cash paid for long-term borrowings	4.2	(163,400,000)	(141,020,000)
Cash received from long-term borrowings	4.2	300,000,000	200,000,000
Cash paid for dividend		(115,972,494)	(83,894,996)
Net cash used in financing activities		<u>(764,372,494)</u>	<u>(399,914,996)</u>
Net increase in cash and cash equivalents		26,495,316	1,135,653
Cash and cash equivalents at the beginning of the years		<u>364,123,985</u>	<u>362,988,332</u>
Cash and cash equivalents at the end of the years	4.1	<u><u>390,619,301</u></u>	<u><u>364,123,985</u></u>

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

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION AND THE COMPANY'S OPERATION

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

The major shareholders are IFS Capital Holdings (Thailand) Limited with 36.64% and IFS Capital Limited (registered in Singapore) with 36.49% shareholdings. The Company's ultimate shareholder is Phillip Asset Pte. Ltd. (registered in Singapore).

The Company has been foreign and submitted the request to do business under Section 17 of the Foreign Business Act B.E. 2542 and obtained the license of foreign business operations dated July 3, 2009 from the Department of Business Development to do business in category 3 (21) service business as follows:

- 1) Factoring
- 2) Leasing and hire purchase businesses only to the existing customers committed under the leasing and hire purchase agreements

Thus, the Company has to comply with the conditions specified in the certificate of foreign business operations.

On November 27, 2009, the Company had reapplied for a permission to operate a business under annex 3 (21): service businesses of leasing and hire purchase of vehicles and machineries used in industry, tools used in transport of goods, vessels and carriages used in agriculture to new clients and on April 8, 2010, the Company had obtained the approval from the Department of Business Development.

Subsequently, on June 18, 2015 and June 26, 2016, the Company had applied for a permission to operate a business under annex 3 (21): service businesses of office rental including utility and facility with other company and on September 23, 2015 and July 22, 2016, respectively, the Company had obtained the approval from the Department of Business Development.

Coronavirus Disease 2019 Pandemic

The Coronavirus disease 2019 ("COVID-19") pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Company's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2019) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2020 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.3) B.E. 2562" dated December 26, 2019.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 The statements of financial position for the year ended December 31, 2019, presented herein for comparison, have been derived from the financial statements of the Company for the year then ended.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except the following financial reporting standards:

Group of Financial Instruments Standards

In the current year, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of TFRS 9 as an adjustment to the opening balance of retained earnings of the reporting period,

TFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

(a) Classification and measurement of financial assets

The date of initial application is January 1, 2020. Accordingly, the Company has applied the requirements of TFRS 9 to instruments that continue to be recognized as at January 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have not been restated.

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on;

- (1) Factoring receivables
- (2) Hire purchase receivables
- (3) Finance lease receivables
- (4) Inventory finance receivables and
- (5) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is measured the loss allowance for that financial instrument at an amount equal to 12-months ECL. The Company applies a general approach for measuring the loss allowance at an amount equal to lifetime ECL for factoring receivables, hire purchase receivables, finance lease receivables, inventory finance receivables and financial guarantee contracts in certain circumstances.

Because the Company has elected to recognize the cumulative effect as an adjustment of retained earnings at the date of initial application, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognized on the date of initial application of TFRS 9.

The result of the assessment is as follows:

Items existing as at January 1, 2020 that are subject to the impairment provisions of TFRS 9	Unit: Baht Cumulative additional (decrease) loss allowance recognized on January 1, 2020
Factoring receivables	(6,103,559)
Hire purchase receivables	166
Finance lease receivables	4,208,399
Inventory finance receivables	4,899,494
	<hr/> 3,004,500 <hr/>

The additional credit loss allowance of Baht 3.00 million as at January 1, 2020 has been recognized directly against retained earnings, net of their related deferred tax impact of Baht 0.60 million, resulting in a net decrease in retained earnings of Baht 2.40 million as at January 1, 2020. The additional loss allowance is charged against the respective asset or provision for financial guarantee.

(c) Classification and measurement of financial liabilities

A significant change introduced by TFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

The application of TFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) General hedge accounting

The general hedge accounting requirements the three types of hedge accounting. In addition, the effectiveness test has been assessed. Disclosure requirements about the Company's risk management activities have also been introduced.

TFRS 9 requires hedging gains and losses to be recognized as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under TAS 1 "Presentation of Financial Statements" and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorized as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income.

The Company has not applied the general hedge accounting.

(e) Disclosure in relation to the initial application of TFRS 9

There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of TFRS 9.

(f) Impact of initial application of TFRS 9 on financial position

The table below shows the amount of adjustment in the financial statements affected by the application of TFRS 9 for the current year.

Impact on assets and equity as at December 31, 2019	As previously reported	TFRS 9 adjustments increase (decrease)	Unit: Baht As restated
Factoring receivables	3,271,358,391	6,103,559	3,277,461,950
Hire purchase receivables	2,854,404	(166)	2,854,238
Finance lease receivables	179,570,783	(4,208,399)	175,362,384
Inventory finance receivables	156,381,176	(4,899,494)	151,481,682
Deferred tax assets	34,495,183	600,900	35,096,083
Total effect on net assets		(2,403,600)	
Retained earnings	937,259,383	(2,403,600)	934,855,783
Total effect on equity		(2,403,600)	

The application of TFRS 9 has had no impact on the cash flows of the Company.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

2.6 Thai Financial Reporting Standard No.16 “Leases”

TFRS 16 has been amended for the Rent Concessions related to COVID-19, which is effective from 1 June 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. In addition, the revised TFRS 16 also added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management's stewardship of the entity's economic resources, prudence, and measurement uncertainty of financial information.

Definition of Business

The revised Thai Financial Reporting Standard No.3 "Business Combinations" clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 "Presentation of Financial Statements" and Thai Accounting Standards No.8 "Accounting Policies, Changes in Accounting Estimates and Errors", including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 "Financial Instruments" and Thai Financial Reporting Standard No.7 "Financial Instruments: Disclosures".

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are summarized below:

3.1 Cash and cash equivalents

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

3.2 Revenue recognition

Factoring income is recognized over the period of contracts.

Hire purchase income is recognized using the effective interest rate method over the period of contracts.

Finance lease income is recognized using the direct financing method of accounting, based on effective interest rate over the period of contracts.

Interest on hire purchase and finance lease is recognized over the period of contracts, except when interest is in arrears for more than three months which is then recognized on a cash basis.

Factoring commission and service fees are recognized upon the transfer of rights.

Other income is recognized in the statement of comprehensive income on an accrual basis.

3.3 Account receivables

Policies applicable prior to January 1, 2020

Factoring receivables is shown net of allowance for doubtful accounts.

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Policies applicable from January 1, 2020

Factoring receivables is shown net of allowance for expected credit losses.

Hire purchase receivables and finance lease receivables are stated at the outstanding hire purchase contract price and finance lease contract price after deducting unearned financing income and allowance for expected credit losses.

The allowance for expected credit losses has disclosed in Note 3.4.

3.4 Financial instruments

Policies applicable from January 1, 2020

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognizes lifetime ECL for factoring receivables, hire purchase receivables, finance lease receivables, inventory finance receivables and financial guarantee contracts in certain circumstances. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with TFRS 16 "Leases".

For a financial guarantee contracts, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated by using the straight-line method, based on the estimated useful lives of the assets as follows:

Condominium	40 years
Furniture and fixtures	5 years
Vehicles	5 years

When, premises and equipment become impaired, the allowance for impairment is recorded to recognize unrealized loss on impairment in the statements of comprehensive income.

3.6 Investment properties

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

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

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

When investment properties become impaired, the allowance for impairment is recorded to recognize unrealized loss on impairment as an expense in the statements of comprehensive income.

The cost of a purchased investment properties comprise its purchase price and any directly attributable expenditure. Directly attributable expenditure includes professional fees for legal services, property transfer taxes and other transaction costs.

3.7 Other intangible assets

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

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

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

3.8 Provisions for employee benefits

The Company provides provisions for employee benefits regarding the severance pay under the Thai Labor Protection Act and long service awards payable to employees. Provisions for employee benefits is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and others. Gains or losses on remeasurements of provisions for employee benefits will be recognized as expenses in the statements of comprehensive income in the period to which they are related. The costs associated with providing these benefits are charged to the statements of comprehensive income so as to spread the cost over the employment period during which the entitlement to benefits is earned (see Note 17).

Past service cost related to the plan amendment is recognized as an expense in the statement of comprehensive income when the plan amendment has occurred.

3.9 Income tax expenses

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

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

Deferred tax expenses are charged or credited in the statements of comprehensive income, except when the temporary differences relate to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.10 Basic earnings per share

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

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

3.11 Foreign currency transactions

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

3.12 Fair value measurements

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.13 Use of Management's Judgements

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

Significant judgements in applying accounting policies is as follows:

Accounting policies which has been effective after January 1, 2020 onwards

Significant increase in credit risk

As explained in Note 3.4, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Accounting policies which has been effective before January 1, 2020

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

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

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

Critical Judgements in Applying Accounting Policies

Expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Cash and cash equivalents as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Cash on hand	30,000	30,000
Cash at banks - current accounts	37,069,173	10,783,859
Cash at banks - savings accounts	353,520,128	353,310,126
	<u>390,619,301</u>	<u>364,123,985</u>

4.2 Changes in liabilities from financing activities as at December 31, 2020 and 2019 consisted of the following:

	Balance as at January 1, 2020 Baht	Cash flows from financing activities		Balance as at December 31, 2020 Baht
		Cash received	Cash paid	
		Baht	Baht	
Short-term borrowings from financial institutions	2,210,000,000	10,775,000,000	(11,560,000,000)	1,425,000,000
Long-term borrowings	266,980,000	300,000,000	(163,400,000)	403,580,000
Total	<u>2,476,980,000</u>	<u>11,075,000,000</u>	<u>(11,723,400,000)</u>	<u>1,828,580,000</u>

	Balance as at January 1, 2019 Baht	Cash flows from financing activities		Balance as at December 31, 2019 Baht
		Cash received	Cash paid	
		Baht	Baht	
Short-term borrowings from financial institutions	2,585,000,000	18,485,000,000	(18,860,000,000)	2,210,000,000
Long-term borrowings	208,000,000	200,000,000	(141,020,000)	266,980,000
Total	<u>2,793,000,000</u>	<u>18,685,000,000</u>	<u>(19,001,020,000)</u>	<u>2,476,980,000</u>

5. FACTORING RECEIVABLES

Factoring receivables as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Factoring receivables	3,402,411,026	4,134,869,583
<u>Less</u> Allowance for expected credit losses	(87,112,738)	-
Allowance for doubtful accounts (*)	-	(72,100,704)
	<u>3,315,298,288</u>	<u>4,062,768,879</u>
<u>Less</u> Factoring payables	(647,740,661)	(791,410,488)
Factoring receivables, net	<u>2,667,557,627</u>	<u>3,271,358,391</u>

(*) As at December 31, 2019, the Company has provided for the allowance for doubtful accounts on a collective basis for factoring receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 3,700,817.

Factoring receivables as at December 31, 2020 was classified by staging as follows:

	Unit : Baht		
	As at December 31, 2020		
	Factoring receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	3,091,277,137	2,482,214,092	61,471
Significant increase in credit risk receivables	223,004,204	185,193,056	100,827
Default receivables in credit risk	88,129,685	86,950,440	86,950,440
Total	<u>3,402,411,026</u>	<u>2,754,357,588</u>	<u>87,112,738</u>

Factoring receivables as at December 31, 2020 and 2019 were classified by aging as follows:

	2020 Baht	2019 Baht
Current	2,351,280,259	2,948,279,369
Overdue :		
Not more than 3 months	952,877,564	1,107,450,683
Over 3 months but not more than 6 months	2,871,867	11,113,260
Over 6 months but not more than 12 months	10,902,786	7,589,594
Debtors subject to legal proceedings	84,478,550	60,436,677
<u>Less</u> Allowance for expected credit losses	(87,112,738)	-
Allowance for doubtful accounts	-	(72,100,704)
	<u>3,315,298,288</u>	<u>4,062,768,879</u>

In June 2019, the Supreme Court judged the Company to win the lawsuit against customers. The Company received cash from prosecution totaling by Baht 71.25 million. The Company reversed allowance for doubtful accounts for factoring receivables and inventory finance receivables amounted to Baht 45.05 million and Baht 10 million, respectively, and recognized the remaining balance amounted to Baht 16.20 million in other income in the statements of comprehensive income for the year ended December 31, 2019.

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

	Allowance for expected credit loss			Allowance for doubtful accounts	Unit: Baht Total
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)		
Balance as at December 31, 2019	-	-	-	72,100,704	72,100,704
Impact of adoption of TFRS 9	95,247	155,681	65,746,217	(72,100,704)	(6,103,559)
Balance as at January 1, 2020	95,247	155,681	65,746,217	-	65,997,145
Changes in staging	(24,375,456)	(6,860)	24,382,316	-	-
Changes in risk parameters	24,352,776	(28,984)	(3,156,265)	-	21,167,527
New financial assets originated or purchased	6,942	11,559	-	-	18,501
Financial assets derecognized	(18,038)	(30,569)	(21,828)	-	(70,435)
Written off	-	-	-	-	-
Balance as at December 31, 2020	61,471	100,827	86,950,440	-	87,112,738

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Outstanding contract price	5,073,263	2,960,903
<u>Less</u> Unearned financing income	(381,119)	(102,826)
	4,692,144	2,858,077
<u>Less</u> Allowance for expected credit losses	(38,966)	-
Allowance for doubtful accounts (*)	-	(3,673)
	4,653,178	2,854,404
Due within one year	3,483,271	2,960,903
<u>Less</u> Unearned financing income	(318,812)	(102,826)
Allowance for expected credit losses	(38,966)	-
Allowance for doubtful accounts	-	(3,673)
	3,125,493	2,854,404
Hire purchase current receivables, net	1,527,685	-
Hire purchase non-current receivables, net	-	-

(*) As at December 31, 2019, the Company has provided for the allowance for doubtful accounts on a collective basis for hire purchase receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 3,673.

Hire purchase receivables as at December 31, 2020 was classified by staging as follows:

	Unit : Baht As at December 31, 2020		
	Hire purchase receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	4,107,395	4,479,981	15,562
Significant increase in credit risk receivables	584,749	593,282	23,404
Total	4,692,144	5,073,263	38,966

Hire purchase receivables as at December 31, 2020 and 2019 were classified by aging as follows:

	2020 Baht	2019 Baht
Current	4,107,395	574,684
Overdue :		
Not more than 3 months	584,749	2,283,393
<u>Less</u> Allowance for expected credit losses	(38,966)	-
Allowance for doubtful accounts	-	(3,673)
	<u>4,653,178</u>	<u>2,854,404</u>

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

	Allowance for expected credit loss			Unit: Baht
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Allowance for doubtful accounts
Balance as at December 31, 2019	-	-	-	3,673
Impact of adoption of TFRS 9	3,436	403	-	(3,673)
Balance as at January 1, 2020	3,436	403	-	-
Changes in staging	-	-	-	-
Changes in risk parameters	-	-	-	-
New financial assets originated or purchased	15,562	23,404	-	-
Financial assets derecognized	(3,436)	(403)	-	-
Written off	-	-	-	-
Balance as at December 31, 2020	<u>15,562</u>	<u>23,404</u>	<u>-</u>	<u>-</u>

7. FINANCE LEASE RECEIVABLES

Finance lease receivables as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Outstanding contract price	247,884,553	307,890,952
<u>Less</u> Deposits on finance lease	(88,632,466)	(106,065,859)
<u>Less</u> Unearned financing income	<u>(14,466,580)</u>	<u>(20,651,983)</u>
	144,785,507	181,173,110
<u>Less</u> Allowance for expected credit losses	(8,628,938)	-
Allowance for doubtful accounts ^(*)	-	(1,602,327)
	<u>136,156,569</u>	<u>179,570,783</u>
Due within one year	98,290,197	135,828,211
<u>Less</u> Deposits on finance lease	(21,121,313)	(33,021,898)
<u>Less</u> Unearned financing income	<u>(7,710,518)</u>	<u>(11,905,151)</u>
Finance lease current receivables, net	<u>69,458,366</u>	<u>90,901,162</u>
Finance lease non-current receivables, net	<u>66,698,203</u>	<u>88,669,621</u>

(*) As at December 31, 2019, the Company has provided the allowance for doubtful accounts on a collective basis for finance lease receivables which were classified as normal and overdue for less than 3 months which amounted to Baht 231,084.

Finance lease receivables as at December 31, 2020 was classified by staging as follows:

	Unit : Baht		
	As at December 31, 2020		
	Lease contract receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	107,879,826	118,287,373	623,733
Significant increase in credit risk receivables	29,497,099	32,776,649	3,996,623
Default receivables in credit risk	7,408,582	7,408,582	4,008,582
Total	144,785,507	158,472,604	8,628,938

Finance lease receivables as at December 31, 2020 and 2019 were classified by aging as follows:

	2020 Baht	2019 Baht
Current	139,986,272	158,893,422
Overdue :		
Not more than 3 months	-	16,140,524
Over 6 months but not more than 12 months	3,588,338	-
Over 12 months	1,210,897	6,139,164
<u>Less</u> Allowance for expected credit losses	(8,628,938)	-
Allowance for doubtful accounts	-	(1,602,327)
	<u>136,156,569</u>	<u>179,570,783</u>

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

	Unit: Baht		
	Allowance for expected credit loss		
	Performing (Stage 1)	Under-Performing (Stage 2)	Non-Performing (Stage 3)
Balance as at December 31, 2019	-	-	-
Impact of adoption of TFRS 9	2,018,163	2,427,395	1,365,168
Balance as at January 1, 2020	2,018,163	2,427,395	1,365,168
Changes in staging	(3,832,053)	1,818,695	2,013,358
Changes in risk parameters	2,147,841	(222,330)	40,128
New financial assets originated or purchased	329,846	-	1,109,347
Financial assets derecognized	(40,064)	(27,137)	-
Written off	-	-	(519,419)
Balance as at December 31, 2020	623,733	3,996,623	4,008,582

Unit: Baht

Allowance for doubtful accounts

Total

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Inventory finance receivables	127,216,279	160,211,622
<u>Less</u> Allowance for expected credit losses	(6,525,343)	-
Allowance for doubtful accounts ^(*)	-	(3,830,446)
Inventory finance receivables, net	<u>120,690,936</u>	<u>156,381,176</u>

(*) As at December 31, 2019, the Company has not provided for the allowance for doubtful accounts on a collective basis for inventory finance receivables which were classified as normal and overdue for less than 3 months.

Inventory finance receivables as at December 31, 2020 was classified by staging as follows:

	Unit : Baht		
	As at December 31, 2020		
	Inventory finance receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	115,827,376	115,827,376	1,774,775
Significant increase in credit risk receivables	6,843,178	7,843,178	204,844
Default receivables in credit risk	4,545,725	4,545,725	4,545,724
Total	<u>127,216,279</u>	<u>128,216,279</u>	<u>6,525,343</u>

Inventory finance receivables as at December 31, 2020 and 2019 were classified by aging as follows:

	2020 Baht	2019 Baht
Current	122,670,554	156,381,176
Overdue :		
Over 6 months but not more than 12 months	715,279	1,108,542
More than 12 months	1,108,542	-
Debtors subject to legal proceedings	2,721,904	2,721,904
<u>Less</u> Allowance for expected credit losses	(6,525,343)	-
Allowance for doubtful accounts	-	(3,830,446)
	<u>120,690,936</u>	<u>156,381,176</u>

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

	Allowance for expected credit loss			Allowance for doubtful accounts	Unit: Baht Total
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)		
Balance as at December 31, 2019	-	-	-	3,830,446	3,830,446
Impact of adoption of TFRS 9	3,983,815	915,679	3,830,446	(3,830,446)	4,899,494
Balance as at January 1, 2020	3,983,815	915,679	3,830,446	-	8,729,940
Changes in staging	581,516	(581,516)	-	-	-
Changes in risk parameters	(2,273,483)	(129,319)	-	-	(2,402,802)
New financial assets originated or purchased	315,120	-	715,278	-	1,030,398
Financial assets derecognized	(832,193)	-	-	-	(832,193)
Written off	-	-	-	-	-
Balance as at December 31, 2020	1,774,775	204,844	4,545,724	-	6,525,343

9. BANK DEPOSIT HELD AS COLLATERAL

As at December 31, 2020 and 2019, fixed deposit at bank of Baht 162,942 and Baht 161,183, respectively, have been pledged with a bank as collateral for issuing bank guarantees on behalf of the Company.

10. PLANT AND EQUIPMENT

Plant and equipment as at December 31, 2020 and 2019 consisted of the following:

	Balance as at January 1, 2020 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2020 Baht
Cost					
Condominium	57,161,315	-	-	-	57,161,315
Furniture and fixtures	32,575,037	48,850	-	-	32,623,887
Vehicles	9,845,885	-	-	-	9,845,885
Total cost	99,582,237	48,850	-	-	99,631,087
Accumulated depreciation					
Condominium	(32,756,366)	(3,530,801)	-	-	(36,287,167)
Furniture and fixtures	(30,893,169)	(652,342)	-	-	(31,545,511)
Vehicles	(6,979,699)	(1,105,621)	-	-	(8,085,320)
Total accumulated depreciation	(70,629,234)	(5,288,764)	-	-	(75,917,998)
Plant and equipment	28,953,003				23,713,089

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2019 Baht
Cost					
Condominium	82,667,639	-	-	(25,506,324)	57,161,315
Furniture and fixtures	31,318,802	1,303,535	(47,300)	-	32,575,037
Vehicles	9,845,885	-	-	-	9,845,885
Total cost	<u>123,832,326</u>	<u>1,303,535</u>	<u>(47,300)</u>	<u>(25,506,324)</u>	<u>99,582,237</u>
Accumulated depreciation					
Condominium	(32,607,621)	(3,738,022)	-	3,589,277	(32,756,366)
Furniture and fixtures	(29,939,081)	(1,001,387)	47,299	-	(30,893,169)
Vehicles	(5,404,210)	(1,575,489)	-	-	(6,979,699)
Total accumulated depreciation	<u>(67,950,912)</u>	<u>(6,314,898)</u>	<u>47,299</u>	<u>3,589,277</u>	<u>(70,629,234)</u>
Plant and equipment	<u>55,881,414</u>				<u>28,953,003</u>
Depreciation for the years ended December 31,					
2020				Baht	<u>5,288,764</u>
2019				Baht	<u>6,314,898</u>

In March 2019, the Company transferred partial of condominium at cost and net book value of Baht 25.51 million and Baht 21.92 million, respectively, from plant and equipment to investment property because of change in purpose from owner-occupation to investing in the future (see Note 11).

As at December 31, 2020 and 2019, certain equipment at cost of Baht 30.62 million and Baht 30.23 million, respectively, were fully depreciated but still in use.

11. INVESTMENT PROPERTIES

Investment properties as at December 31, 2020 and 2019 consisted of the following:

	Balance as at January 1, 2020 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2020 Baht
Cost					
Condominium	88,390,785	-	-	-	88,390,785
Total cost	<u>88,390,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,390,785</u>
Accumulated depreciation					
Condominium	(21,052,744)	(4,662,093)	-	-	(25,714,837)
Total accumulated depreciation	<u>(21,052,744)</u>	<u>(4,662,093)</u>	<u>-</u>	<u>-</u>	<u>(25,714,837)</u>
Investment properties	<u>67,338,041</u>				<u>62,675,948</u>

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Transfer between account Baht	Balance as at December 31, 2019 Baht
Cost					
Condominium	62,884,461	-	-	25,506,324	88,390,785
Total cost	62,884,461	-	-	25,506,324	88,390,785
Accumulated depreciation					
Condominium	(13,035,775)	(4,427,692)	-	(3,589,277)	(21,052,744)
Total accumulated depreciation	(13,035,775)	(4,427,692)	-	(3,589,277)	(21,052,744)
Investment properties	49,848,686				67,338,041
Depreciation for the years ended December 31,					
2020				Baht	4,662,093
2019				Baht	4,427,692

In March 2019, the Company transferred partial of condominium at cost and net book value of Baht 25.51 million and Baht 21.92 million, respectively, from plant and equipment to investment properties because of change in purpose from owner-occupation to investing in the future (see Note 10).

As at December 31, 2020 and 2019, fair value of investment properties of the Company which amounted to Baht 119.22 million and Baht 131.14 million, respectively.

12. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, 2020 and 2019 consisted of the following:

	Balance as at January 1, 2020 Baht	Additions Baht	(Disposals) Baht	Balance as at December 31, 2020 Baht
Cost				
Golf membership fee	150,000	-	-	150,000
Computer software	10,074,949	170,272	-	10,245,221
Total cost	10,224,949	170,272	-	10,395,221
Accumulated amortization				
Computer software	(9,304,580)	(386,168)	-	(9,690,748)
Total accumulated amortization	(9,304,580)	(386,168)	-	(9,690,748)
Intangible assets	920,369			704,473

	Balance as at January 1, 2019 Baht	Additions Baht	(Disposals) Baht	Balance as at December 31, 2019 Baht
Cost				
Golf membership fee	150,000	-	-	150,000
Computer software	9,552,040	522,909	-	10,074,949
Total cost	9,702,040	522,909	-	10,224,949
Accumulated amortization				
Computer software	(8,545,034)	(759,546)	-	(9,304,580)
Total accumulated amortization	(8,545,034)	(759,546)	-	(9,304,580)
Intangible assets	1,157,006			920,369
Amortization for the years ended December 31,				
2020			Baht	386,168
2019			Baht	759,546

13. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Deferred tax assets	36,457,738	34,495,183

Deferred tax assets as at December 31, 2020 and 2019 consisted of tax effects from the following items:

	As at December 31, 2019 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2020 Baht
Allowance for expected credit losses	15,507,430	4,953,767	-	20,461,197
Bad debt in process of litigation	772,224	-	-	772,224
Assets from lease contract	11,938,895	(3,256,685)	-	8,682,210
Provisions for employee benefits	6,276,634	461,326	(195,853)	6,542,107
	34,495,183	2,158,408	(195,853)	36,457,738
	As at December 31, 2018 Baht	Transactions recognized in profit or loss Baht	Transaction recognized in other comprehensive income Baht	As at December 31, 2019 Baht
Allowance for doubtful accounts	29,886,917	(14,379,487)	-	15,507,430
Bad debt in process of litigation	772,224	-	-	772,224
Assets from lease contract	12,391,097	(452,202)	-	11,938,895
Provisions for employee benefits	7,230,788	(954,154)	-	6,276,634
	50,281,026	(15,785,843)	-	34,495,183

14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Promissory notes	<u>1,425,000,000</u>	<u>2,210,000,000</u>

As at December 31, 2020 and 2019, the Company has short-term borrowings from financial institutions which bear interest rate at 1.50% to 2.90% per annum and 2.10% to 3.10% per annum, respectively.

15. LONG-TERM BORROWINGS

Long-term borrowings as at December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Long-term borrowings	403,580,000	266,980,000
Current portion of long-term borrowings	<u>(178,800,000)</u>	<u>(146,720,000)</u>
	<u>224,780,000</u>	<u>120,260,000</u>

As at December 31, 2020 and 2019, the Company entered into long-term borrowings with financial institutions at the floating interest rates 2.62% to 4.00% per annum and 3.62% to 4.00% per annum, respectively, and are repayable quarterly installments, the last installment of such borrowings fall due in December 2023.

16. PROVIDENT FUND

The Company has a contributory staff provident fund for its employees who apply to join after one year's service which was registered as the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2020 and 2019, the Company's contributions included in selling and administrative expenses in the statement of comprehensive income amounting to Baht 4.79 million and Baht 4.52 million, respectively.

17. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Non-current provisions for employee benefits for the years ended December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Provisions for employee benefits for severance pay (see Note 17.1)	27,510,884	26,572,481
Provisions for employee benefits for long service awards (see Note 17.2)	<u>5,199,649</u>	<u>4,810,687</u>
	<u>32,710,533</u>	<u>31,383,168</u>

17.1 Provisions for employee benefits for severance pay

Change in the present value of provisions for employee benefits for severance pay for the years ended December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Present value of provisions for employee benefits for severance pay, beginning balance	26,572,481	31,452,107
Cost of service - current period	2,822,654	2,435,200
Interest cost	370,664	624,900
Benefits paid during the years	(1,409,392)	(7,939,726)
Actuarial gains	(845,523)	-
Present value of provisions for employee benefits for severance pay, ending balance	<u>27,510,884</u>	<u>26,572,481</u>

Provisions for employee benefits for severance pay expenses recognized in the statements of comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Cost of service - current period	2,822,654	2,435,200
Interest cost	370,664	624,900
Actuarial (gains) loss		
- Change in financial assumptions	948,214	-
- Change in demographic assumptions	232,985	-
- Experience adjustments	(2,026,722)	-
	<u>(845,523)</u>	<u>-</u>

17.2 Provisions for employee benefits for long service awards

Change in the present value of provisions for employee benefits for long service awards for the years ended December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Present value of provisions for employee benefits for long service awards, beginning balance	4,810,687	4,701,833
Cost of service - current period	650,360	639,134
Interest cost	67,344	126,720
Benefits paid during the years	(195,000)	(657,000)
Actuarial gains	(133,742)	-
Present value of provisions for employee benefits for long service awards, ending balance	<u>5,199,649</u>	<u>4,810,687</u>

Provisions for employee benefits for long service awards expense recognized in the statements of comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Cost of service - current period	650,360	639,134
Interest cost	67,344	126,720
Actuarial (gains) loss		
- Change in financial assumptions	401,803	-
- Change in demographic assumptions	(55,218)	-
- Experience adjustments	(480,327)	-
	<u>(133,742)</u>	<u>-</u>

The Company calculated non-current provisions for employee benefits by using actuarial technique. The assumptions at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Financial assumptions		
Discount rate (%)	1.44	2.67
Salary increase (%)	4.00	5.00
Demographic		
Resignation rate (%) depending on age group of employees	2, 9, 25	3, 4, 18
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of non-current provisions for employee benefits as at December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Legal severance pay benefit		
Financial assumptions		
Discount rate		
- 1% increase	(2,831,015)	(2,762,864)
- 1% decrease	3,311,122	3,243,401
Expected rate of salary increase		
- 1% increase	3,189,965	3,701,721
- 1% decrease	(2,791,294)	(3,182,163)
Demographic assumptions		
Turnover rate		
- 1% increase	(2,930,170)	(2,896,051)
- 1% decrease	1,066,929	1,101,821
Long service year award		
Financial assumptions		
Discount rate		
- 1% increase	(339,835)	(327,242)
- 1% decrease	382,451	368,478
Demographic assumptions		
Turnover rate		
- 1% increase	(356,004)	(347,096)
- 1% decrease	257,647	263,304

Maturity analysis of the benefit payments of non-current provisions for employee benefits as at December 31, 2020 and 2019 were as follows:

	2020 Baht	2019 Baht
Legal severance pay benefit		
Within 1 year	-	1,169,973
Over 1 to 5 years	7,258,082	7,873,714
Over 5 year	20,252,802	17,528,794
Total	<u>27,510,884</u>	<u>26,572,481</u>
Long service year award		
Within 1 year	660,000	225,000
Over 1 to 5 years	2,520,000	3,165,000
Over 5 year	2,019,649	1,420,687
Total	<u>5,199,649</u>	<u>4,810,687</u>

18. PREMIUM ON ORDINARY SHARES

The share premium account is set up under the provisions of Section 51 of the Public Companies Act. B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued less expenses relating to the increase in share capital which is a reserve account and cannot be distributed as dividend.

19. DIVIDENDS PAID

On April 1, 2020, the Board of Directors Meeting passed the resolutions to pay interim dividend of Baht 0.235 per share on 493,499,975 shares, totaling Baht 115,972,494. Such dividend was paid on April 30, 2020. Additionally, the Ordinary Shareholder's Meeting has acknowledged the interim dividend payment on June 29, 2020.

On April 22, 2019, the Ordinary Shareholders' Meeting of the Company passed a resolution to pay dividend of Baht 0.17 per share on 493,499,975 shares, totaling Baht 83,894,996. Such dividend was paid to the shareholders on May 17, 2019.

20. LEGAL RESERVE

Pursuant to the Public Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, of not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital. The legal reserve could not be used for dividend payment.

As at December 31, 2020 and 2019, the Company has legal reserve by ten percent of the authorized capital.

21. CAPITAL MANAGEMENT

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

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

The Company has to comply with the conditions specified in the certificate of foreign business operations in that the total amount of loans used in the operation of the business permitted must not exceed seven times of the principal. As at December 31, 2020 and 2019, the Company is in compliance to the conditions as mentioned.

In addition, the Company also has to comply with financial covenants with a financial institution in that the Company should maintain its debt to equity ratio to not exceed eight times and with another financial institution in that the Company shall maintain its gearing ratio to not exceed 6.5 times and a minimum tangible net worth of not less than Baht 650 million. On December, 31, 2020 and 2019, the Company is in compliance to the conditions as mentioned.

22. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2020 and 2019 consisted of the following:

	2020 Baht	2019 Baht
Income tax expense from taxable income per income tax return	35,897,617	48,515,683
Deferred tax expenses relating to the origination and reversal of temporary differences	<u>(1,557,507)</u>	<u>15,785,843</u>
Income tax per the statements of comprehensive income	<u>34,340,110</u>	<u>64,301,526</u>

The reconciliation between income tax and accounting income for the years ended December 31, 2020 and 2019 were follows:

	2020 Baht	2019 Baht
Accounting income before tax	167,956,227	295,876,510
Income tax at 20%	<u>33,591,245</u>	<u>59,175,302</u>
Tax effect of non-deductible expenses	<u>748,865</u>	<u>5,126,224</u>
Income tax per the statements of comprehensive income	34,340,110	64,301,526
Deferred tax expense (income) relating to the origination and reversal of temporary differences	<u>1,557,507</u>	<u>(15,785,843)</u>
Income tax expense from taxable income per income tax return	<u>35,897,617</u>	<u>48,515,683</u>

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2020 and 2019 and deferred tax as at December 31, 2020 and

2019.

23. RELATED PARTY TRANSACTIONS

The accompanying financial statements include certain transactions with related companies. The relationship may be that of shareholding or the companies may have the same group of shareholders or directors. The financial statements reflect the effects of these transactions in the normal business practice, and the price rates, interest rates, terms and conditions are considered to be at arms length, for related party as at the date received by the Board or the shareholders approved.

Significant balance with related companies as at December 31, 2020 and 2019 consist of the following:

	Relationship	2020 Baht	2019 Baht
Dividend payment			
IFS Capital Limited	Major Shareholder Company	42,317,625	30,612,750
IFS Capital Holdings (Thailand) Limited	Related Company	42,490,350	30,737,700
		<u>84,807,975</u>	<u>61,350,450</u>

Significant transactions with related parties for the years ended December 31, 2020 and 2019 were as follow:

	2020 Baht	2019 Baht
Management benefit expenses		
Short-term benefits	32,832,895	38,166,315
Post-employment benefits	684,417	788,534
Other long-term benefits	50,031	64,975
	<u>33,567,343</u>	<u>39,019,824</u>

24. COMMITMENTS

As at December 31, 2020 and 2019, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	2020 Baht	2019 Baht
Total credit facilities	<u>5,226,000,000</u>	<u>5,197,000,000</u>

As at December 31, 2020 and 2019, the Company had utilized the letters of credit with financial institutions amounting to Baht 1.00 million and Baht 9.36 million, respectively, for factoring, hire purchase and leasing contracts. However, as at December 31, 2020 and 2019, the Company had unused such credit facilities with financial institutions totaling Baht 3,108 million and Baht 2,306 million, respectively.

25. EXPENSES BY NATURE

Net profit for the years ended December 31, 2020 and 2019 were arrived at after charging the following items:

	2020 Baht	2019 Baht
Directors and management benefit expenses	33,567,343	39,019,824
Employee benefit expenses	65,235,280	70,178,324
Depreciation and amortization	10,337,025	11,502,136
Impairment loss determined in accordance with TFRS 9	22,723,452	-
Reversal of doubtful accounts	-	(49,119,993)
Business tax	11,844,977	14,922,631
Professional fee	3,562,545	3,518,167
Finance cost	38,922,190	67,894,189

26. DISCLOSURE OF FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk arises from the problem in adequately raising fund and in time to meet commitment as indicated in the financial instruments. The management, based on the Company's current financial position and result of operations, believes that the Company's liquidity risk is minimal.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy to prevent such risk by performing credit analysis on customers' information and follow-up on customer status consistently according to the Company's regulations. The maximum exposure to credit risk in the event the counter parties fail to perform their obligations is the carrying amount of the assets as recorded in the statements of financial position, net of a portion of allowance expected credit losses.

Interest Rate Risk

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

As at December 31, 2020 and 2019, financial assets and liabilities exposed to interest rate risk are as follows:

2020							
Outstanding balances of net financial instruments							
Reprising or maturity dates							
	Depend on	With in	1-5 years	No	Total	Interest rate	
	market	1 year		interest		Floating	Fixed
	rate						
	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
	Baht	Baht	Baht	Baht	Baht		
Financial assets							
Cash and cash equivalents	353,520	353,520	-	37,099	390,619	0.12	-
Bank deposits held as collateral	163	-	163	-	163	-	0.30
Factoring receivables	2,667,558	2,667,558	-	-	2,667,558	8.83	-
Hire purchase receivables	4,653	3,125	1,528	-	4,653	-	11.94
Finance lease receivables	136,156	69,458	66,698	-	136,156	7.74	-
Inventory finance receivables	120,691	120,691	-	-	120,691	9.59	-
Financial liabilities							
Short-term borrowing from							
financial institutions	1,425,000	1,425,000	-	-	1,425,000	1.72	-
Long-term borrowings	403,580	178,800	224,780	-	403,580	2.73	-
2019							
Outstanding balances of net financial instruments							
Reprising or maturity dates							
	Depend on	With in	1-5 years	No	Total	Interest rate	
	market	1 year		interest		Floating	Fixed
	rate						
	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
	Baht	Baht	Baht	Baht	Baht		
Financial assets							
Cash and cash equivalents	353,310	353,310	-	10,814	364,124	0.35	-
Bank deposits held as collateral	161	-	161	-	161	-	0.75
Factoring receivables	3,271,358	3,271,358	-	-	3,271,358	8.91	-
Hire purchase receivables	2,854	2,854	-	-	2,854	-	12.01
Finance lease receivables	179,571	90,901	88,670	-	179,571	9.02	-
Inventory finance receivables	156,381	156,381	-	-	156,381	9.53	-
Financial liabilities							
Short-term borrowings from							
financial institutions	2,210,000	2,210,000	-	-	2,210,000	2.37	-
Long-term borrowings	266,980	146,720	120,260	-	266,980	3.75	-

Fair value measurements

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

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

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

Factoring receivables, finance lease receivables and inventory finance receivables, which carry a floating interest rate receivables except for hire purchase receivables which carry a fixed interest rate receivables. The fair value is approximated by the outstanding balance less allowance for expected credit losses.

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

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

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

27. FINANCIAL INFORMATION BY SEGMENT

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

The business segments are described below:

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

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

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

For the years ended December 31, 2020 and 2019, there is no revenue from a single external customer contributed 10% or more to the Company's total revenue.

The financial statements by business segment for the years ended December 31, 2020 and 2019 were as follow:

	For the year ended December 31, 2020				For the year ended December 31, 2019			
	Factoring business	Hire purchase and finance lease	Others	Total	Factoring business	Hire purchase and finance lease	Others	Total
Income from operations	322,762	14,176	-	336,938	393,762	18,008	-	411,770
Other income	35,267	2,529	-	37,796	58,439	2,721	-	61,160
Total income	358,029	16,705	-	374,734	452,201	20,729	-	472,930
Selling and Administrative expenses	138,664	6,469	-	145,133	151,342	6,938	-	158,280
Allowance for doubtful accounts (reversal)	-	-	-	-	(50,213)	1,093	-	(49,120)
Impairment loss determined in accordance with TFRS 9	18,911	3,812	-	22,723	-	-	-	-
Finance cost	37,187	1,735	-	38,922	64,918	2,976	-	67,894
Total operation expenses	194,762	12,016	-	206,778	166,047	11,007	-	177,054
Profit before income tax expense	163,267	4,689	-	167,956	286,154	9,722	-	295,876
Income tax expenses	32,220	2,120	-	34,340	60,863	3,438	-	64,301
Net profit for the years	131,047	2,569	-	133,616	225,291	6,284	-	231,575
Total assets	2,788,249	140,810	520,515	3,449,574	3,427,740	182,425	502,866	4,113,031

28. RECLASSIFICATIONS

A reclassification has been made in the statement of financial position as at December 31, 2019, to conform to the classification used in the statement of financial position as at December 31, 2020 as follows:

Item	Previous presentation	Current presentation	Amount (Baht)
Accrued expenses	Other current liabilities	Other current payables	60,951,731

29. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on February 18, 2021.



IFS Capital (Thailand)
Public Company Limited

IFS 182/2021

18th February 2021

To: The President
The Stock Exchange of Thailand

Subject: Resolutions of the Board of Directors' Meeting

We, IFS Capital (Thailand) Public Company Limited, would like to inform you that the Board of Directors' Meeting No. 1/2021 held on 18th February 2021 passed the resolutions as follows:

1. Approved the Audited Financial Statements for the year ended 31st December 2020 and this would be proposed to the 2021 Annual General Meeting of Shareholders for approval.
2. Approved the appropriation of the net profit and the dividend payment for the year 2020 as follows:
 - 2.1 There was no legal reserve to be appropriated from the Company's net profit in 2020 as the Company's legal reserve had reached the amount required by laws pursuant to Section 116 of the Public Limited Company Act B.E. 2535 (1992) (as amended) and Article 51 of the Company's Articles of Association;
 - 2.2 To distribute dividend for the year 2020 at the rate of Baht 0.14 per share, for 493,499,975 shares, totaling Baht 69,089,996.50. The Record Date for the right to receive the Dividend will be on 5th March 2021 and the Dividend shall be paid on 14th May 2021. This would be proposed to the 2021 Annual General Meeting of Shareholders for approval.

However, the right to receive dividend is not confirmed until approved by the 2021 Annual General Meeting of Shareholders.

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

- | | |
|-------------------------------|--|
| 1) Mr. Singha Nikornpun | Director, Vice Chairman and Independent Director, who retired by rotation, shall be re-elected as such positions for another term. |
| 2) Mrs. Churairat Panyarachun | Director and Independent Director, who retired by rotation, shall be re-elected as such positions for another term. |

This would be proposed to the 2021 Annual General Meeting of Shareholders for approval.

4. Approved the remuneration of directors for the year 2021 and this would be proposed to the 2021 Annual General Meeting of Shareholders for approval as follows:

- 4.1 Adoption of the existing remuneration structure of directors of the Company for the year 2021 as below:

Board of Directors' Meeting

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

Audit Committee's Meeting

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

Compensation & Nomination Committee's Meeting

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

Risk Management Committee's Meeting

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

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

	<u>Baht</u>
1. Mr. Randy Sim Cheng Leong	714,000
2. Mr. Singha Nikornpun	357,000
3. Mrs. Churairat Panyarachun	357,000
4. Mr. Chayut Vishuprapha	357,000
5. Ms. Chionh Yi Chian	357,000
6. Mr. Tan Ley Yen	-
	<u>2,142,000</u>

5. Approved the appointment of Ms. Nisakorn Songmanee, Certified Public Accountant No. 5035 and/or Mr. Chavala Tienpasertkij, Certified Public Accountant No. 4301 and/or Dr. Suphamit Techamontrikul, Certified Public Accountant No. 3356 of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be Auditors of the Company for the year ended 31st December 2021 and fixed the total remuneration of Baht 2,201,000 (excluding out-of pocket expenses and group reporting). This would be proposed to the 2021 Annual General Meeting of Shareholders for approval.

6. Approved the convocation of the 2021 Annual General Meeting of Shareholders as follows:

6.1 The 2021 Annual General Meeting of Shareholders through an electronic media (E-AGM) would be held on Tuesday 20th April 2021 at 2.00 p.m. at Conference Room of IFS Capital (Thailand) PCL, 1168/55, 20th Floor, Lumpini Tower, Ram 4 Road, Tungmhmeek, Sathorn, Bangkok 10120, Thailand to consider the following agenda:

1. To certify the Minutes of the 2020 Annual General Meeting of Shareholders;
2. To acknowledge the Annual Report of the Board of Directors and the operating results for the year 2020;
3. To consider and approve the Financial Statements for the fiscal year ended 31st December 2020;
4. To consider and approve the appropriation of the net profit and dividend payment for the year 2020;
5. To consider and approve the election of directors to replace those who retire by rotation;
6. To consider and approve the determination of the remuneration of the directors for the year 2021;
7. To consider and approve the appointment of the auditors and the determination of the remuneration of the auditors for the year 2021;
8. To consider other matters (if any).

6.2 The date on which the recorded shareholders have the right to attend the 2021 Annual General Meeting of Shareholders (Record Date) was determined on 5th March 2021.

6.3 Mr. Tan Ley Yen would be authorized to have the power under the limitation of law to amend and/or determine the date, time, place and agenda for the 2021 Annual General Meeting of Shareholders as deem appropriate.

Please be informed accordingly.

Sincerely yours,



(Mr. Tan Ley Yen)
Director and CEO