



IFS Capital (Thailand)  
Public Company Limited

IFS 1105/2020

5<sup>th</sup> November 2020

Subject: Explanation of the Operating Results for Quarter 3/2020

To: The President  
The Stock Exchange of Thailand

We, IFS Capital (Thailand) Public Company Limited, would like to submit herewith the Reviewed Financial Statements for the Quarter 3/2020 ended 30<sup>th</sup> September 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)

	Quarter 3 ended 30 <sup>th</sup> September				For Nine-Month Period ended 30 <sup>th</sup> September			
	2020	2019	Increase / (decrease)	% Change	2020	2019	Increase / (decrease)	% Change
<b>Revenues</b>								
Factoring Income	52.08	73.62	(21.53)	(29.25)	181.25	219.13	(37.87)	(17.28)
Hire Purchase Income	0.06	0.09	(0.03)	(32.81)	0.21	0.41	(0.20)	(48.80)
Finance Lease Income	3.15	4.52	(1.37)	(30.32)	10.87	13.34	(2.47)	(18.51)
Factoring Commission and Service Fee	19.59	26.38	(6.79)	(25.73)	65.58	78.38	(12.80)	(16.33)
Other Income	7.73	11.31	(3.58)	(31.67)	29.84	48.61	(18.77)	(38.62)
<b>Total Revenues</b>	<b>82.62</b>	<b>115.92</b>	<b>(33.30)</b>	<b>(28.73)</b>	<b>287.75</b>	<b>359.86</b>	<b>(72.11)</b>	<b>(20.04)</b>
<b>Expenses</b>								
Selling Expenses	2.76	3.62	(0.87)	(23.95)	11.89	15.59	(3.70)	(23.74)
Administrative Expenses	21.59	22.36	(0.77)	(3.44)	71.88	77.42	(5.55)	(7.17)
Management Benefit Expenses	6.68	8.24	(1.55)	(18.88)	25.57	26.99	(1.42)	(5.25)
Doubtful Accounts or ECL (Reversal)	21.78	3.37	18.41	546.72	22.16	(46.09)	68.25	148.08
Finance Cost	7.41	17.29	(9.88)	(57.14)	31.66	53.05	(21.39)	(40.33)
<b>Total Expenses</b>	<b>60.22</b>	<b>54.88</b>	<b>5.34</b>	<b>9.74</b>	<b>163.16</b>	<b>126.97</b>	<b>36.19</b>	<b>28.51</b>
<b>Profit before Income Tax Expenses</b>	<b>22.39</b>	<b>61.04</b>	<b>(38.65)</b>	<b>(63.31)</b>	<b>124.59</b>	<b>232.89</b>	<b>(108.31)</b>	<b>(46.50)</b>
Income Tax Expenses	5.44	18.00	(12.56)	(69.79)	25.34	52.38	(27.04)	(51.62)
<b>Net Profit</b>	<b>16.96</b>	<b>43.04</b>	<b>(26.09)</b>	<b>(60.60)</b>	<b>99.25</b>	<b>180.51</b>	<b>(81.26)</b>	<b>(45.02)</b>

#### Quarterly to Quarterly Analysis

For the 3<sup>rd</sup> quarter of 2020, the Company reported Net Profit of Baht 16.96 million, a decrease of Baht 26.09 million or 60.60% from the same period last year. The main reasons were as follows:

- 1) total revenues decreased by Baht 33.30 million due to lower business volume as a result of the impact of COVID-19 on the Thai economy.
- 2) provision for doubtful debts which increased to Baht 21.78 million in 3Q/2020 from Baht 3.37 million in 3Q/2019, an increase by Baht 18.41 million, partly offset by lower finance cost of Baht 9.88 million as a result of lower borrowings and lower cost of funds.

For the year-to-date ended 30<sup>th</sup> September 2020, the Company reported a Net Profit of Baht 99.25 million, a decrease of Baht 81.26 million or 45.02% from the same period last year, and Earnings Per Share (EPS) decreased to Baht 0.20 per share (YTD Q3/2019: Baht 0.37 per share), a decrease of 46%.

Please be informed accordingly.

Sincerely yours,

(Mr. Tan Ley Yen)  
Director and CEO

**Headline:** Financial Performance Quarter 3 (F45) (Reviewed)  
**Security Symbol:** IFS

Announcement Details

**Financial Statement (F45)**

Company name	IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED			
Quarter	Quarter 3			

(In thousands)

Financial Statement

	Quarter 3		For 9 Months	
Status	Reviewed		Reviewed	
Ending	30 September		30 September	
Year	2020	2019	2020	2019
Profit (loss) attributable to equity holders of the Company *	16,958	43,044	99,247	180,511
EPS (baht)	0.03	0.09	0.20	0.37

Type of report	Unqualified opinion
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\*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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**REVIEW REPORT ON INTERIM FINANCIAL INFORMATION  
OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS**

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**

We have reviewed the statement of financial position of IFS Capital (Thailand) Public Company Limited as at September 30, 2020 and the related statements of comprehensive income for the three-month and nine-month periods ended September 30, 2020, and the related statements of changes in shareholders' equity and cash flows for nine-month period then ended, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information has not been prepared in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

**BANGKOK**  
November 5, 2020

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 SEPTEMBER 30, 2020**

**UNIT : BAHT**

		<b>"Unaudited"</b>	
	<b>Notes</b>	<b>As at September 30, 2020</b>	<b>As at December 31, 2019</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		356,967,396	364,123,985
Factoring receivables	5	2,298,616,371	3,271,358,391
Current portion of hire purchase receivables	6	3,174,972	2,854,404
Current portion of lease contract receivables	7	75,844,390	90,901,162
Inventory finance receivables	8	94,395,173	156,381,176
Other current assets		4,882,155	6,401,066
Total Current Assets		<u>2,833,880,457</u>	<u>3,892,020,184</u>
<b>NON-CURRENT ASSETS</b>			
Bank deposits held as collateral		162,942	161,183
Hire purchase receivables	6	2,197,684	-
Lease contract receivables	7	69,982,802	88,669,621
Plant and equipment	9	24,951,847	28,953,003
Investment properties	9	63,847,840	67,338,041
Other intangible assets		735,767	920,369
Deferred tax assets		38,689,905	34,495,183
Other non-current assets		652,150	473,390
Total Non-current Assets		<u>201,220,937</u>	<u>221,010,790</u>
<b>TOTAL ASSETS</b>		<u><u>3,035,101,394</u></u>	<u><u>4,113,030,974</u></u>

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT SEPTEMBER 30, 2020**

UNIT : BAHT

	Notes	<b>"Unaudited"</b> As at September 30, 2020	As at December 31, 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term borrowings from financial institutions	10	1,210,000,000	2,210,000,000
Other current payables	16	50,220,828	60,951,731
Current portion of long-term borrowings	11	120,080,000	146,720,000
Other current liabilities	16	11,056,546	31,097,568
Total Current Liabilities		<u>1,391,357,374</u>	<u>2,448,769,299</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	11	116,520,000	120,260,000
Provisions for employee benefits		34,497,854	31,383,168
Other non-current liabilities		-	762,750
Total Non-current Liabilities		<u>151,017,854</u>	<u>152,405,918</u>
<b>TOTAL LIABILITIES</b>		<u>1,542,375,228</u>	<u>2,601,175,217</u>

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT SEPTEMBER 30, 2020**

UNIT : BAHT

	Notes	<b>"Unaudited"</b> As at September 30, 2020	As at December 31, 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
493,500,000 ordinary shares of Baht 1 each		493,500,000	493,500,000
Issued and paid-up share capital			
493,499,975 ordinary shares of Baht 1 each		493,499,975	493,499,975
ADDITIONAL PAID-UP CAPITAL			
Premium on ordinary shares		31,746,399	31,746,399
RETAINED EARNINGS			
Appropriated			
Legal reserve		49,350,000	49,350,000
Unappropriated		918,129,792	937,259,383
TOTAL SHAREHOLDERS' EQUITY		1,492,726,166	1,511,855,757
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,035,101,394</b>	<b>4,113,030,974</b>

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**"UNAUDITED"**

UNIT : BAHT

	Notes	2020	2019
<b>REVENUES</b>			
Factoring income		52,082,913	73,615,113
Hire purchase income		61,331	91,284
Finance lease income		3,149,895	4,520,783
Factoring commission and service fees		19,591,354	26,377,481
Other income		7,730,758	11,313,827
Total Revenues		<u>82,616,251</u>	<u>115,918,488</u>
<b>EXPENSES</b>			
Selling expenses		2,756,028	3,624,017
Administrative expenses		21,593,105	22,362,899
Management benefit expenses	12	6,680,629	8,235,227
Expected credit losses		21,783,082	-
Doubtful accounts	5	-	3,368,238
Finance cost		7,409,221	17,286,807
Total Expenses		<u>60,222,065</u>	<u>54,877,188</u>
PROFIT BEFORE INCOME TAX EXPENSE		22,394,186	61,041,300
INCOME TAX EXPENSE		<u>5,436,275</u>	<u>17,997,080</u>
<b>PROFIT FOR THE PERIODS</b>		<u>16,957,911</u>	<u>43,044,220</u>
OTHER COMPREHENSIVE INCOME		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIODS</b>		<u>16,957,911</u>	<u>43,044,220</u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	0.03	0.09
<b>WEIGHTED AVERAGE NUMBER OF</b>			
<b>ORDINARY SHARES</b>	<b>SHARES</b>	493,499,975	493,499,975

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**"UNAUDITED"**

UNIT : BAHT

	Notes	2020	2019
<b>REVENUES</b>			
Factoring income		181,253,848	219,127,263
Hire purchase income		207,679	405,662
Finance lease income		10,867,280	13,335,829
Factoring commission and service fees		65,578,555	78,377,475
Other income		29,838,044	48,611,579
Total Revenues		<u>287,745,406</u>	<u>359,857,808</u>
<b>EXPENSES</b>			
Selling expenses		11,889,906	15,590,291
Administrative expenses		71,876,884	77,424,781
Management benefit expenses	12	25,571,178	26,987,682
Expected credit losses		22,160,935	-
Reversal of doubtful accounts	5	-	(46,091,234)
Finance cost		31,660,215	53,054,965
Total Expenses		<u>163,159,118</u>	<u>126,966,485</u>
PROFIT BEFORE INCOME TAX EXPENSE		124,586,288	232,891,323
INCOME TAX EXPENSE		<u>25,339,785</u>	<u>52,380,411</u>
<b>PROFIT FOR THE PERIODS</b>		<u>99,246,503</u>	<u>180,510,912</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIODS</b>		<u><u>99,246,503</u></u>	<u><u>180,510,912</u></u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	0.20	0.37
<b>WEIGHTED AVERAGE NUMBER OF</b>			
<b>ORDINARY SHARES</b>	<b>SHARES</b>	493,499,975	493,499,975

See condensed notes to the financial statements



**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**"UNAUDITED"**

UNIT : BAHT

	Notes	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
<b>Beginning balance as at January 1, 2019</b>		493,499,975	31,746,399	49,350,000	789,579,395	1,364,175,769
Changes during the period						
Total comprehensive income		-	-	-	180,510,912	180,510,912
Dividends paid	13.2	-	-	-	(83,894,996)	(83,894,996)
<b>Ending balance as at September 30, 2019</b>		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>886,195,311</u>	<u>1,460,791,685</u>
<b>Beginning balance as at January 1, 2020</b>		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)
<b>Balance as at January 1, 2020 after adjustment</b>		<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 period						
Total comprehensive income		-	-	-	99,246,503	99,246,503
Dividends paid	13.1	-	-	-	(115,972,494)	(115,972,494)
<b>Ending balance as at September 30, 2020</b>		<u>493,499,975</u>	<u>31,746,399</u>	<u>49,350,000</u>	<u>918,129,792</u>	<u>1,492,726,166</u>

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**"UNAUDITED"**

UNIT : BAHT

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax expenses		124,586,288	232,891,323
Adjustments for :			
Expected credit losses		22,160,935	-
Reversal of doubtful accounts		-	(68,207,542)
Loss on bad debts written off		-	22,116,308
Interest expenses		31,350,707	52,631,025
Employment benefits expense (reversal)		3,114,686	(5,097,331)
Depreciation and amortization		7,836,231	8,717,455
		189,048,847	243,051,238
Operating assets (increase) decrease			
Factoring receivables		958,073,253	484,435,777
Hire purchase receivables		(2,553,623)	4,489,454
Lease contract receivables		26,337,484	(7,504,382)
Inventory finance receivables		58,930,813	(4,298,976)
Amount due from a related company		-	19,550
Other current assets		1,518,911	(1,744,544)
Bank deposits held as collateral		(1,759)	(1,736)
Other non-current assets		(178,760)	(87,612)
Operating liabilities increase (decrease)			
Other current payables		(9,384,894)	-
Other current liabilities		(3,931,552)	(16,349,302)
Other non-current liabilities		(762,750)	-
Cash received from operating activities		1,217,095,970	702,009,467
Interest expense paid		(32,696,715)	(54,231,904)
Interest tax paid		(45,043,078)	(44,654,788)
Net cash provide by operating activities		1,139,356,177	603,122,775

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**"UNAUDITED"**

UNIT : BAHT

	Notes	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of plant and equipment		(48,850)	(58,590)
Cash paid for purchases of other intangible assets		(111,422)	-
Net cash used in investing activities		<u>(160,272)</u>	<u>(58,590)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash paid for short-term borrowings			
to financial institutions	4.2	(9,230,000,000)	(14,305,000,000)
Cash received from short-term borrowings			
from financial institutions	4.2	8,230,000,000	13,860,000,000
Cash paid for long-term borrowings	4.2	(130,380,000)	(108,680,000)
Cash received from long-term borrowings	4.2	100,000,000	100,000,000
Cash paid for dividend		(115,972,494)	(83,894,996)
Net cash used in financing activities		<u>(1,146,352,494)</u>	<u>(537,574,996)</u>
Net increase (decrease) in cash and cash equivalents		(7,156,589)	65,489,189
Cash and cash equivalents at the beginning of the periods		<u>364,123,985</u>	<u>362,988,332</u>
<b>Cash and cash equivalents at the end of the periods</b>	4.1	<u><u>356,967,396</u></u>	<u><u>428,477,521</u></u>

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020**  
**“UNAUDITED”**

**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 20<sup>th</sup> 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 FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS**

- 2.1 The interim financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company present the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.
- 2.2 The statements of financial position as at December 31, 2019, presented herein for comparison, have been derived from the financial statements of the Company for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the three-month and nine-month periods ended September 30, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, 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 standard:

### 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) Lease contract 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, lease contract 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:

<b>Items existing as at January 1, 2020 that are subject to the impairment provisions of TFRS 9</b>	<b>Unit: Baht Cumulative additional (decrease) loss allowance recognized on January 1, 2020</b>
Factoring receivables	(6,103,559)
Hire purchase receivables	166
Lease contract 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 against retained earnings, net of their related deferred tax impact of Baht 0.60 million, resulting in a 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 application of the TFRS 9 hedge accounting requirements has had no other impact on the results and financial position of the Company for the current years.

(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 show the amount of adjustment in the financial statements affected by the application of TFRS 9 for the current year.

<b>Impact on assets and equity as at December 31, 2019</b>	<b>As previously reported</b>	<b>TFRS 9 adjustments increase (decrease)</b>	<b>Unit: Baht As restated</b>
Factoring receivables	3,271,358,391	6,103,559	3,277,461,950
Hire purchase receivables	2,854,404	(166)	2,854,238
Lease contract 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
<b>Total effect on net assets</b>		<b>(2,403,600)</b>	
Retained earnings	937,259,383	(2,403,600)	934,855,783
<b>Total effect on equity</b>		<b>(2,403,600)</b>	

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 elected to apply the temporary relief measures as follows:

The measurement of expected credit losses in cases where the Company use a general approach. The Company has considered to lightly weight on forward-looking information relating to the temporary crisis and prefer the information reflecting ability of debt payment from historical experience.

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. The entities getting impact from COVID-19 and have to prepare financial statements during the period which COVID-19 situation still be highly uncertainty as at the end of reporting period. This may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. 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 interim financial statements for the three-month and nine-month periods ended September 30, 2020.

2.6 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:

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**

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019, except the adoption of new and revised Thai Financial Reporting Standards as described in Note 2 Accounting policies which significantly changed are as follows:

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

#### **Financial instruments**

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, lease contract receivables and inventory finance receivables. 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, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

#### Accounting policies which has been effective before January 1, 2020

##### **Allowance for doubtful accounts**

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

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

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

##### **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 September 30, 2020 and 2019 consist of the following:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Cash on hands	30,000	30,000
Cash at banks - current accounts	8,973,457	(1,072,413)
Cash at banks - savings accounts	347,963,939	429,519,934
	<u>356,967,396</u>	<u>428,477,521</u>

4.2 Change in liabilities from financing activities as at September 30, 2020 and 2019 consist of the following:

	<b>Balances as at January 1, 2020 Baht</b>	<b>Cash flows from financing activities</b>		<b>Balances as at September 30, 2020 Baht</b>
		<b>Cash received Baht</b>	<b>Cash paid Baht</b>	
Short-term borrowings from financial institutions	2,210,000,000	8,230,000,000	(9,230,000,000)	1,210,000,000
Long-term borrowings	<u>266,980,000</u>	<u>100,000,000</u>	<u>(130,380,000)</u>	<u>236,600,000</u>
<b>Total</b>	<u>2,476,980,000</u>	<u>8,330,000,000</u>	<u>(9,360,380,000)</u>	<u>1,446,600,000</u>

  

	<b>Balances as at January 1, 2019 Baht</b>	<b>Cash flows from financing activities</b>		<b>Balances as at September 30, 2019 Baht</b>
		<b>Cash received Baht</b>	<b>Cash paid Baht</b>	
Short-term borrowings from financial institutions	2,585,000,000	13,860,000,000	(14,305,000,000)	2,140,000,000
Long-term borrowings	<u>208,000,000</u>	<u>100,000,000</u>	<u>(108,680,000)</u>	<u>199,320,000</u>
<b>Total</b>	<u>2,793,000,000</u>	<u>13,960,000,000</u>	<u>(14,413,680,000)</u>	<u>2,339,320,000</u>

## 5. FACTORING RECEIVABLES

Factoring receivables as at September 30, 2020 and December 31, 2019 consist of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Factoring receivables	3,015,485,901	4,134,869,583
<u>Less</u> Allowance for expected credit losses	(86,769,471)	-
Allowance for doubtful accounts (*)	-	(72,100,704)
	2,928,716,430	4,062,768,879
<u>Less</u> Factoring payables	(630,100,059)	(791,410,488)
Factoring receivables, net	2,298,616,371	3,271,358,391

(\*) 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 September 30, 2020 was classified by staging as follows:

	Unit : Baht		
	As at September 30, 2020		
	Factoring receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	2,751,080,187	2,148,854,067	90,471
Significant increase in credit risk receivables	163,764,613	134,796,420	95,495
Default receivables in credit risk	100,641,101	90,901,028	86,583,505
Total	3,015,485,901	2,374,551,515	86,769,471

Factoring receivables as at September 30, 2020 and December 31, 2019 were classified by aging as follows:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Current	2,143,486,549	2,948,279,369
Overdue:		
Not more than 3 months	764,496,546	1,107,450,683
Over 3 months but not more than 6 months	32,444,660	11,113,260
Over 6 months but not more than 12 months	14,285,169	7,589,594
Debtors subject to legal proceedings	60,772,977	60,436,677
<u>Less</u> Allowance for expected credit losses	(86,769,471)	-
Allowance for doubtful accounts	-	(72,100,704)
	2,928,716,430	4,062,768,879

In June 2019, the Supreme Court judged the Company to win the lawsuit against customers. The Company received cash from prosecution totaling 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 10.00 million, respectively, and recognized the remaining balance amounted to Baht 16.20 million in other income in the statement of comprehensive income.

## 6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at September 30, 2020 and December 31, 2019 consist of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Outstanding contract price	5,944,081	2,960,903
<u>Less</u> Unearned financing income	<u>(532,381)</u>	<u>(102,826)</u>
	5,411,700	2,858,077
<u>Less</u> Allowance for expected credit losses	<u>(39,044)</u>	<u>-</u>
Allowance for doubtful accounts <sup>(*)</sup>	-	(3,673)
	<u>5,372,656</u>	<u>2,854,404</u>
Due within one year	3,631,592	2,960,903
<u>Less</u> Unearned financing income	<u>(417,576)</u>	<u>(102,826)</u>
Allowance for expected credit losses	(39,044)	-
Allowance for doubtful accounts	-	(3,673)
	<u>3,174,972</u>	<u>2,854,404</u>
Current portion of hire purchase receivables, net	<u>3,174,972</u>	<u>2,854,404</u>
Hire purchase receivables, net	<u>2,197,684</u>	<u>-</u>

(\*) 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 September 30, 2020 was classified by staging as follows:

	Unit : Baht		
	As at September 30, 2020		
	Hire purchase receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	4,711,948	5,202,478	36,914
Significant increase in credit risk receivables	699,752	741,603	2,130
Default receivables in credit risk	-	-	-
Total	<u>5,411,700</u>	<u>5,944,081</u>	<u>39,044</u>

Hire purchase receivables as at September 30, 2020 and December 31, 2019 were classified by aging as follows:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Current	5,411,700	574,684
Overdue:		
Not more than 3 months	-	2,283,393
<u>Less</u> Allowance for expected credit losses	<u>(39,044)</u>	<u>-</u>
Allowance for doubtful accounts	-	(3,673)
	<u>5,372,656</u>	<u>2,854,404</u>

## 7. LEASE CONTRACT RECEIVABLES

Lease contract receivables as at September 30, 2020 and December 31, 2019 consist of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Outstanding contract price	267,413,558	307,890,952
<u>Less</u> Deposits on long-term lease contracts	(98,720,582)	(106,065,859)
Unearned financing income	(14,816,468)	(20,651,983)
	153,876,508	181,173,110
<u>Less</u> Allowance for expected credit losses	(8,049,316)	-
Allowance for doubtful accounts <sup>(*)</sup>	-	(1,602,327)
	145,827,192	179,570,783
Due within one year	117,170,535	135,828,211
<u>Less</u> Deposits on long-term lease contracts	(32,675,634)	(33,021,898)
Unearned financing income	(8,650,511)	(11,905,151)
Current portion of lease contract receivables, net	75,844,390	90,901,162
Lease contract receivables, net	69,982,802	88,669,621

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

Lease contract receivables as at September 30, 2020 was classified by staging as follows:

	Unit : Baht		
	As at September 30, 2020		
	Lease contract receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	111,005,200	121,743,565	900,391
Significant increase in credit risk receivables	34,846,138	38,326,088	4,865,071
Default receivables in credit risk	8,025,170	8,033,854	2,283,854
Total	153,876,508	168,103,507	8,049,316



Lease contract receivables as at September 30, 2020 and December 31, 2019 were classified by aging as follows:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Current	145,093,012	158,893,422
Overdue:		
Not more than 3 months	2,583,794	16,140,524
Over 3 months but not more than 6 months	1,901,462	-
Over 6 months but not more than 12 months	3,017,911	-
More than 12 months	1,280,329	6,139,164
<u>Less</u> Allowance for expected credit losses	(8,049,316)	-
Allowance for doubtful accounts	-	(1,602,327)
	145,827,192	179,570,783

## 8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at September 30, 2020 and December 31, 2019 consist of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Inventory finance receivables	101,280,809	160,211,622
<u>Less</u> Allowance for expected credit losses	(6,885,636)	-
Allowance for doubtful accounts (*)	-	(3,830,446)
Inventory finance receivables, net	94,395,173	156,381,176

(\*) As at December 31, 2019, the Company has not provide 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 September 30, 2020 was classified by staging as follows:

	As at September 30, 2020		Unit : Baht
	Inventory finance receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	87,256,545	87,256,545	1,820,997
Significant increase in credit risk receivables	9,328,539	10,328,539	368,914
Default receivables in credit risk	4,695,725	4,695,725	4,695,725
Total	101,280,809	102,280,809	6,885,636

Inventory finance receivables as at September 30, 2020 and December 31, 2019 were classified by aging as follows:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Current	96,405,395	156,381,176
Overdue:		
Over 3 months but not more than 6 months	1,044,968	-
Over 6 months but not more than 12 months	-	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	(6,885,636)	-
Allowance for doubtful accounts	-	(3,830,446)
	<u>94,395,173</u>	<u>156,381,176</u>

## 9. INVESTMENT PROPERTIES

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.

As at September 30, 2020 and December 31, 2019, fair value of investment properties of the Company amounted to Baht 111.77 million and Baht 131.14 million, respectively.

## 10. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at September 30, 2020 and December 31, 2019 consist of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Promissory notes	<u>1,210,000,000</u>	<u>2,210,000,000</u>

As at September 30, 2020 and December 31, 2019, the Company has short-term borrowings from financial institutions which bear interest rates at 1.60 to 2.90% per annum and 2.10% to 3.10% per annum, respectively. The Company has to comply with the conditions specified in the loan agreements with each financial institutions that the Company has to maintain its financial covenants.

## 11. LONG-TERM BORROWINGS

Long-term borrowings as at September 30, 2020 and December 31, 2019 consist of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Long-term borrowings	236,600,000	266,980,000
Current portion of long-term borrowings	<u>(120,080,000)</u>	<u>(146,720,000)</u>
	<u>116,520,000</u>	<u>120,260,000</u>

As at September 30, 2020 and December 31, 2019, the Company entered into long-term borrowings with financial institutions at the floating interest rates 2.63% 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 April 2023. The Company has to comply with the conditions specified in the loan agreements with each financial institution that the Company has to maintain its financial covenants.

## 12. 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 parties as at the date received by the Board or the shareholders approved.

Significant transactions with related parties for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

	<b>For the three-month periods ended September 30, 2020      2019 Baht      Baht</b>		<b>For the nine-month periods ended September 30, 2020      2019 Baht      Baht</b>	
Management benefit expenses				
Short-term benefits	6,456,800	8,021,850	24,899,700	26,347,550
Post-employment benefits	209,900	197,134	629,695	591,401
Other long-term benefits	<u>13,929</u>	<u>16,243</u>	<u>41,783</u>	<u>48,731</u>
	<u>6,680,629</u>	<u>8,235,227</u>	<u>25,571,178</u>	<u>26,987,682</u>

### 13. DIVIDENDS PAID

- 13.1 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.
- 13.2 On April 22, 2019, the Ordinary Shareholder's Meeting passed the resolutions to pay dividend of Baht 0.17 per share on 493,499,975 shares, totaling Baht 83,894,996. Such dividend was paid on May 17, 2019.

### 14. COMMITMENTS

As at September 30, 2020 and December 31, 2019, the Company has the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Total credit facilities	<u>5,234,000,000</u>	<u>5,197,000,000</u>

As at September 30, 2020 and December 31, 2019, the Company had utilized the letter of credit with financial institutions amounting to Baht 1.00 million and Baht 9.36 million, respectively, for factoring, hire purchase and leasing contract. However, as at September 30, 2020 and December 31, 2019, the Company had unused such credit facilities with financial institutions totaling Baht 3,507 million and Baht 2,306 million, respectively.

### 15. 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 borrowings that provides liquidity to the business and enables the business to increase its turnover in the form of buying account receivables. The factoring facility is applicable to both domestic and international sales.

Hire purchase and Leasing business: are long-term borrowings 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 three-month and nine-month periods ended September 30, 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 three-month and nine-month periods ended September 30, 2020 and 2019 were as follow:

	For the three-month period ended September 30, 2020				For the three-month period ended September 30, 2019			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	71,674	3,211	-	74,885	99,993	4,612	-	104,605
Other income	7,139	592	-	7,731	10,677	636	-	11,313
Total income	78,813	3,803	-	82,616	110,670	5,248	-	115,918
Selling and administrative expenses	29,601	1,429	-	31,030	32,665	1,557	-	34,222
Expected credit losses (reversal)	22,113	(330)	-	21,783	-	-	-	-
Doubtful accounts (reversal)	-	-	-	-	3,389	(21)	-	3,368
Finance cost	7,066	343	-	7,409	16,504	783	-	17,287
Total operation expenses	58,780	1,442	-	60,222	52,558	2,319	-	54,877
Profit before income tax expenses	20,033	2,361	-	22,394	58,112	2,929	-	61,041
Income tax expenses	3,568	1,868	-	5,436	14,042	3,955	-	17,997
Net profit (loss) for the periods	16,465	493	-	16,958	44,070	(1,026)	-	43,044

Unit : Thousand Baht

	For the nine-month period ended September 30, 2020				For the nine-month period ended September 30, 2019			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	246,832	11,075	-	257,907	297,505	13,741	-	311,246
Other income	27,925	1,913	-	29,838	46,504	2,108	-	48,612
Total income	274,757	12,988	-	287,745	344,009	15,849	-	359,858
Selling and administrative expenses	104,403	4,935	-	109,338	114,718	5,285	-	120,003
Expected credit losses	18,928	3,233	-	22,161	-	-	-	-
Doubtful accounts (reversal)	-	-	-	-	(47,206)	1,115	-	(46,091)
Finance cost	30,231	1,429	-	31,660	50,718	2,337	-	53,055
Total operation expenses	153,562	9,597	-	163,159	118,230	8,737	-	126,967
Profit before income tax expenses	121,195	3,391	-	124,586	225,779	7,112	-	232,891
Income tax expenses	23,651	1,689	-	25,340	48,718	3,662	-	52,380
Net profit for the periods	97,544	1,702	-	99,246	177,061	3,450	-	180,511

	As at September 30, 2020				As at December 31, 2019			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Total assets	2,393,011	151,200	490,890	3,035,101	3,427,740	182,425	502,866	4,113,031

## 16. 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 September 30, 2020 as follows:

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

## 17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issue by the authorized director of the Company on November 5, 2020.