



IFS Capital (Thailand)
Public Company Limited

IFS 1011/2021

10th November 2021

Subject: Explanation of the Operating Results for Quarter 3/2021

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 3/2021 ended 30th September 2021 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 th September				For Nine-Month Period ended 30 th September			
	2021	2020	Increase / (decrease)	% Change	2021	2020	Increase / (decrease)	% Change
Revenues								
Factoring Income	61.60	52.08	9.52	18.28	180.35	181.25	(0.91)	(0.50)
Hire Purchase Income	0.07	0.06	0.01	13.32	0.27	0.21	0.06	28.23
Finance Lease Income	2.09	3.15	(1.06)	(33.54)	7.04	10.87	(3.83)	(35.26)
Factoring Commission and Service Fee	23.36	19.59	3.77	19.25	68.77	65.58	3.19	4.87
Other Income	8.32	7.73	0.59	7.67	27.46	29.84	(2.38)	(7.97)
Total Revenues	95.45	82.62	12.83	15.53	283.88	287.75	(3.87)	(1.34)
Finance Costs	9.10	7.41	1.69	22.85	25.88	31.66	(5.78)	(18.24)
Income Before Operating Expenses	86.35	75.21	11.14	14.81	257.99	256.08	1.91	0.74
Expenses								
Selling Expenses	3.32	2.76	0.56	20.38	11.94	11.89	0.05	0.38
Administration Expenses	23.33	21.59	1.75	8.08	75.16	71.88	3.28	4.57
Management Benefit Expenses	8.92	6.68	2.24	32.60	29.00	25.57	3.43	13.40
Total Expenses	35.58	31.03	4.55	14.67	116.09	109.34	6.76	6.18
Profit Before Allowances	50.77	44.18	6.59	14.91	141.90	146.75	(4.85)	(3.30)
Expected Credit Losses (ECL)	2.24	21.78	(19.54)	(89.72)	3.59	22.16	(18.57)	(83.81)
Profit Before Income Tax Expenses	48.53	22.39	26.13	116.69	138.31	124.59	13.72	11.02
Income Tax Expense	10.71	5.44	5.27	97.01	29.23	25.34	3.89	15.35
Profit for The Periods	37.82	16.96	20.86	123.00	109.08	99.25	9.84	9.91

Quarterly to Quarterly Analysis

For the 3rd quarter of 2021, the Company reported Net Profit of Baht 37.82 million, an increase of Baht 20.86 million or 123% from the same period last year. The main reasons were as follows:

- 1) total revenues increased by Baht 12.83 million or 15.53% due to higher factoring volume,
- 2) lower ECL of Baht 19.54 million or a decrease of 89.72% due to robust credit risk management,
- 3) partly offset by higher finance cost of Baht 1.69 million or 22.85% due to higher bank borrowing as a result of higher business volume, and higher total expenses of Baht 4.55 million due to impairment of property foreclosed of around Baht 5 million.

For the year-to-date ended 30th September 2021, the Company reported a Net Profit of Baht 109.08 million, an increase of Baht 9.84 million or 9.91% from the same period last year, and Earnings Per Share (EPS) increased to Baht 0.22 per share (YTD Q3/2020: Baht 0.20 per share), an increase of 10%.

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	2021	2020	2021	2020
Profit (loss) attributable to equity holders of the Company *	37,816	16,958	109,082	99,247
EPS (baht)	0.08	0.03	0.22	0.20

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, 2021 and the related statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021, and the related statements of changes in shareholders' equity and cash flows for the 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 10, 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 SEPTEMBER 30, 2021

UNIT : BAHT

	Notes	"Unaudited"	
		As at September 30, 2021	As at December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		450,441,728	390,619,301
Factoring receivables	5	2,747,193,338	2,667,557,627
Hire purchase current receivables	6	2,197,130	3,125,493
Finance lease current receivables	7	59,428,550	69,458,366
Inventory finance receivables	8	114,553,561	120,690,936
Other current assets		5,378,855	5,704,608
Total Current Assets		3,379,193,162	3,257,156,331
NON-CURRENT ASSETS			
Bank deposits held as collateral		163,318	162,942
Hire purchase non-current receivables	6	-	1,527,685
Finance lease non-current receivables	7	61,263,095	66,698,203
Investment properties		59,198,485	62,675,948
Plant and equipment		20,195,358	23,713,089
Right-of-use assets	9	1,096,263	-
Other intangible assets		1,987,878	704,473
Deferred tax assets		32,597,454	36,457,738
Properties foreclosed	10	1,000,000	-
Other non-current assets		478,167	477,150
Total Non-current Assets		177,980,018	192,417,228
TOTAL ASSETS		3,557,173,180	3,449,573,559

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2021

UNIT : BAHT

	Notes	"Unaudited" As at September 30, 2021	As at December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	11	1,450,000,000	1,425,000,000
Other current payables		40,074,608	42,427,087
Current portion of long-term borrowings	12	213,986,667	178,800,000
Current portion of lease liabilities	13	465,518	-
Other current liabilities		10,777,293	17,976,747
Total Current Liabilities		1,715,304,086	1,664,203,834
NON-CURRENT LIABILITIES			
Long-term borrowings	12	236,533,333	224,780,000
Lease liabilities	13	651,043	-
Non-current provisions for employee benefits		35,914,143	32,710,533
Other non-current liabilities		899,404	-
Total Non-current Liabilities		273,997,923	257,490,533
TOTAL LIABILITIES		1,989,302,009	1,921,694,367

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2021

UNIT : BAHT

	Notes	"Unaudited" As at September 30, 2021	As at December 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
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		993,274,797	953,282,818
TOTAL SHAREHOLDERS' EQUITY		1,567,871,171	1,527,879,192
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,557,173,180	3,449,573,559

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, 2021
"UNAUDITED"

UNIT : BAHT

	Note	2021	2020
REVENUES			
Factoring income		61,601,077	52,082,913
Hire purchase income		69,500	61,331
Finance lease income		2,093,461	3,149,895
Factoring commission and service fees		23,361,990	19,591,354
Other income		8,323,596	7,730,758
Total Revenues		95,449,624	82,616,251
EXPENSES			
Selling expenses		3,317,611	2,756,028
Administrative expenses		23,338,493	21,593,105
Management benefit expenses	14	8,925,609	6,680,629
Total Expenses		35,581,713	31,029,762
Profit from operating activities		59,867,911	51,586,489
Finance cost		9,102,281	7,409,221
Expected credit losses		2,239,549	21,783,082
PROFIT BEFORE INCOME TAX EXPENSE		48,526,081	22,394,186
INCOME TAX EXPENSE		10,709,994	5,436,275
PROFIT FOR THE PERIODS		37,816,087	16,957,911
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIODS		37,816,087	16,957,911
BASIC EARNINGS PER SHARE	BAHT	0.08	0.03
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	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, 2021
"UNAUDITED"

UNIT : BAHT

	Note	2021	2020
REVENUES			
Factoring income		180,345,354	181,253,848
Hire purchase income		266,313	207,679
Finance lease income		7,035,291	10,867,280
Factoring commission and service fees		68,771,085	65,578,555
Other income		27,458,914	29,838,044
Total Revenues		283,876,957	287,745,406
EXPENSES			
Selling expenses		11,935,088	11,889,906
Administrative expenses		75,159,157	71,876,884
Management benefit expenses	14	28,998,831	25,571,178
Total Expenses		116,093,076	109,337,968
Profit from operating activities		167,783,881	178,407,438
Finance cost		25,884,557	31,660,215
Expected credit losses		3,588,233	22,160,935
PROFIT BEFORE INCOME TAX EXPENSE		138,311,091	124,586,288
INCOME TAX EXPENSE		29,229,116	25,339,785
PROFIT FOR THE PERIODS		109,081,975	99,246,503
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIODS		109,081,975	99,246,503
BASIC EARNINGS PER SHARE	BAHT	0.22	0.20
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	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, 2021
"UNAUDITED"

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, 2020		493,499,975	31,746,399	49,350,000	937,259,383	1,511,855,757
Effect of change in accounting policy		-	-	-	(2,403,600)	(2,403,600)
Balance as at January 1, 2020 after adjustment		493,499,975	31,746,399	49,350,000	934,855,783	1,509,452,157
Changes during the period						
Total comprehensive income		-	-	-	99,246,503	99,246,503
Dividends paid	15.2	-	-	-	(115,972,494)	(115,972,494)
Ending balance as at September 30, 2020		493,499,975	31,746,399	49,350,000	918,129,792	1,492,726,166
Beginning balance as at January 1, 2021		493,499,975	31,746,399	49,350,000	953,282,818	1,527,879,192
Changes during the period						
Total comprehensive income		-	-	-	109,081,975	109,081,975
Dividends paid	15.1	-	-	-	(69,089,996)	(69,089,996)
Ending balance as at September 30, 2021		493,499,975	31,746,399	49,350,000	993,274,797	1,567,871,171

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, 2021
"UNAUDITED"

UNIT : BAHT

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the periods		109,081,975	99,246,503
Adjustments for:			
Income tax expenses		29,229,116	25,339,785
Expected credit losses		3,588,233	22,160,935
Gain on disposal of fixed assets		(691,589)	-
Loss on written-off assets	10	5,217,172	-
Interest expenses		25,514,665	31,350,707
Employee benefits expense		3,203,610	3,114,686
Depreciation and amortization		7,799,979	7,836,231
		182,943,161	189,048,847
Operating assets (increase) decrease			
Factoring receivables		(81,615,680)	958,073,253
Hire purchase receivables		2,494,460	(2,553,623)
Finance lease receivables	10	9,092,650	26,337,484
Inventory finance receivables		4,645,801	58,930,813
Other current assets		325,753	1,518,911
Bank deposits held as collateral		(376)	(1,759)
Other non-current assets		(1,017)	(178,760)
Operating liabilities increase (decrease)			
Other current payables		(2,352,479)	(9,384,894)
Other current liabilities		(424,490)	(3,931,552)
Other non-current liabilities		899,404	(762,750)
Cash received from operating activities		116,007,187	1,217,095,970
Interest expense paid		(25,813,271)	(32,696,715)
Interest tax paid		(31,819,870)	(45,043,078)
Net cash provided by operating activities		58,374,046	1,139,356,177

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
"UNAUDITED"

UNIT : BAHT

	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of equipment		(77,310)	(48,850)
Cash paid for purchases of other intangible assets		(1,697,662)	(111,422)
Cash received from disposal of assets		691,589	-
Net cash used in investing activities		<u>(1,083,383)</u>	<u>(160,272)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term borrowings			
to financial institutions	4.2	(8,535,000,000)	(9,230,000,000)
Cash received from short-term borrowings			
from financial institutions	4.2	8,560,000,000	8,230,000,000
Cash paid for long-term borrowings	4.2	(153,060,000)	(130,380,000)
Cash received from long-term borrowings	4.2	200,000,000	100,000,000
Cash paid for lease liabilities	4.3	(292,920)	-
Cash paid for interest expenses under lease agreements	4.3	(25,320)	-
Cash paid for dividend	15	(69,089,996)	(115,972,494)
Net cash provided by (used in) financing activities		<u>2,531,764</u>	<u>(1,146,352,494)</u>
Net increase (decrease) in cash and cash equivalents		59,822,427	(7,156,589)
Cash and cash equivalents at the beginning of the periods		390,619,301	364,123,985
Cash and cash equivalents at the end of the periods	4.1	<u><u>450,441,728</u></u>	<u><u>356,967,396</u></u>

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021
“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 20th floor Lumpini Tower, 1168/55 Rama IV Road, Tungmahamek, Sathorn, Bangkok. The business activities of the Company are factoring, hire purchase, finance lease businesses and office rental.

The major shareholders are IFS Capital Holdings (Thailand) Limited with 36.64% shareholdings 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 February 4, 2021, 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 March 26, 2021, 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 These 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 presents 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 statement of financial position as at December 31, 2020, 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, 2021 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, 2021 should be read in conjunction with the audited financial statements for the year ended December 31, 2020.
- 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 financial reporting standards and the Conceptual Framework for Financial Reporting issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2021. 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, the amendment for definition of business, the amendment for definition of materiality and accounting requirements for interest rate reform. The adoption of these financial reporting standards does not have any significant impact on the Company’s interim financial statements.

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

The Amendment to Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”) added the requirements for the temporary exception arising from the Phase 2 of the interest rate benchmark reform amendments, 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.

In addition, the Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards No. 4 “Insurance Contracts”, Thai Financial Reporting Standards No. 7 “Financial Instruments: Disclosures”, and Thai Financial Reporting Standards No. 9 “Financial Instruments”, which have been announced in the Royal Gazette on June 28, 2021 and will be effective for the financial statements for the period beginning on or after January 1, 2022 onwards with earlier application permitted. The amendment to such Thai Financial Reporting Standards are relevant to the Phase 2 of the interest rate benchmark reform amendments which provided practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform, including temporary exceptions from specific hedge accounting requirements, and additional disclosure requirements of TFRS 7.

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, 2020. However, during the period, the Company has applied Thai Financial Reporting Standards No.5 “Non-current Assets Held for Sale due to related transactions and Discontinued Operations” and Thai Financial Reporting Standards No.16 “Leases” due to entering into the car rental agreements to the financial statements for the three-month and nine-month periods ended September 30, 2021 as follows:

3.1 TFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

Properties Foreclosed

Properties foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realizable value, which is determined with reference to the latest appraisal value less estimated selling expenses and taking into consideration the type and the nature of the assets.

Gains on disposal of properties foreclosed are recognized as income in part of profit or loss in the statement of comprehensive income on the disposal date.

3.2 TFRS 16 “Leases”

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Cash and cash equivalents as at September 30, 2021 and 2020 consisted of the following:

	2021 Baht	2020 Baht
Cash on hand	30,000	30,000
Cash at banks - current accounts	9,397,559	8,973,457
Cash at banks - savings accounts	441,014,169	347,963,939
	<u>450,441,728</u>	<u>356,967,396</u>

4.2 Changes in liabilities from financing activities as at September 30, 2021 and 2020 consisted of the following:

	Balance as at January 1, 2021 Baht	Cash flows from financing activities		Balance as at September 30, 2021 Baht
		Cash received Baht	Cash paid Baht	
Short-term borrowings from financial institutions	1,425,000,000	8,560,000,000	(8,535,000,000)	1,450,000,000
Long-term borrowings	<u>403,580,000</u>	<u>200,000,000</u>	<u>(153,060,000)</u>	<u>450,520,000</u>
Total	<u>1,828,580,000</u>	<u>8,760,000,000</u>	<u>(8,688,060,000)</u>	<u>1,900,520,000</u>

	Balance as at January 1, 2020 Baht	Cash flows from financing activities		Balance as at September 30, 2020 Baht
		Cash received Baht	Cash paid Baht	
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>
Total	<u>2,476,980,000</u>	<u>8,330,000,000</u>	<u>(9,360,380,000)</u>	<u>1,446,600,000</u>

4.3 Reconciliation of liabilities arising from financing activities for the nine-month period ended September 30, 2021 was as follows (2020: Nil):

	As at January 1, 2021	Changes in cash flows		Non-cash items⁽¹⁾	As at September 30, 2021
		Cash received	Cash paid		
Lease liabilities	-	-	(318,240)	1,434,801	1,116,561

(1) Non-cash items were arisen from car rental agreements.

5. FACTORING RECEIVABLES

Factoring receivables as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Factoring receivables	3,632,287,371	3,402,411,026
<u>Less</u> Allowance for expected credit losses	<u>(88,522,127)</u>	<u>(87,112,738)</u>
	3,543,765,244	3,315,298,288
<u>Less</u> Factoring payables	<u>(796,571,906)</u>	<u>(647,740,661)</u>
Factoring receivables, net	<u>2,747,193,338</u>	<u>2,667,557,627</u>

Factoring receivables as at September 30, 2021 and December 31, 2020 were classified by staging as follows:

	As at September 30, 2021			Unit : Baht
	Factoring receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses	
Low credit risk receivables	3,226,702,468	2,489,367,404	78,384	
Significant increase in credit risk receivables	313,846,053	253,703,845	194,248	
Default receivables in credit risk	91,738,850	90,320,351	88,249,495	
Total	<u>3,632,287,371</u>	<u>2,833,391,600</u>	<u>88,522,127</u>	

	As at December 31, 2020			Unit : Baht
	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>	

Allowance for expected credit losses for the nine-month period ended September 30, 2021 consisted of the following:

	Allowance for expected credit losses			Unit : Baht
	Performing (Stage 1)	Under- Performing (Stage 2)	Non-Performing (Stage 3)	Total
Balance as at January 1, 2021	61,471	100,827	86,950,440	87,112,738
Changes in staging	15,004	(33,591)	18,587	-
Changes in risk parameters	(8,531)	133,241	1,851,048	1,975,758
New financial assets originated or purchased	15,604	630	-	16,234
Financial assets derecognized	(5,164)	(6,859)	-	(12,023)
Written-off	-	-	(570,580)	(570,580)
Balance as at September 30, 2021	<u>78,384</u>	<u>194,248</u>	<u>88,249,495</u>	<u>88,522,127</u>

6. HIRE PURCHASE RECEIVABLES

Hire purchase receivables as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Outstanding contract price	2,312,489	5,073,263
<u>Less</u> Unearned financing income	<u>(114,805)</u>	<u>(381,119)</u>
	2,197,684	4,692,144
<u>Less</u> Allowance for expected credit losses	<u>(554)</u>	<u>(38,966)</u>
	<u>2,197,130</u>	<u>4,653,178</u>
Due within one year	2,312,489	3,483,271
<u>Less</u> Unearned financing income	<u>(114,805)</u>	<u>(318,812)</u>
Allowance for expected credit losses	(554)	(38,966)
Hire purchase current receivables, net	<u>2,197,130</u>	<u>3,125,493</u>
Hire purchase non-current receivables, net	<u>-</u>	<u>1,527,685</u>

Hire purchase receivables as at September 30, 2021 and December 31, 2020 were classified by staging as follows:

	Unit : Baht		
	As at September 30, 2021		
	Hire purchase receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	2,197,684	2,312,489	554
Total	<u>2,197,684</u>	<u>2,312,489</u>	<u>554</u>

	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	<u>4,692,144</u>	<u>5,073,263</u>	<u>38,966</u>

Allowance for expected credit losses for the nine-month period ended September 30, 2021 consisted of the following:

	Allowance for expected credit losses			Unit : Baht
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Balance as at January 1, 2021	15,562	23,404	-	38,966
Changes in risk parameters	(15,008)	-	-	(15,008)
Financial assets derecognized	-	(23,404)	-	(23,404)
Balance as at September 30, 2021	<u>554</u>	<u>-</u>	<u>-</u>	<u>554</u>

7. FINANCE LEASE RECEIVABLES

Finance lease receivables as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Outstanding contract price	222,513,561	247,884,553
<u>Less</u> Deposits on finance lease	(79,844,780)	(88,632,466)
<u>Less</u> Unearned financing income	(13,193,096)	(14,466,580)
	<u>129,475,685</u>	<u>144,785,507</u>
<u>Less</u> Allowance for expected credit losses	(8,784,040)	(8,628,938)
	<u>120,691,645</u>	<u>136,156,569</u>
Due within one year	94,499,044	98,290,197
<u>Less</u> Deposits on finance lease	(27,313,392)	(21,121,313)
<u>Less</u> Unearned financing income	(7,757,102)	(7,710,518)
	<u>59,428,550</u>	<u>69,458,366</u>
Finance lease current receivables, net	<u>61,263,095</u>	<u>66,698,203</u>
Finance lease non-current receivables, net	<u>61,263,095</u>	<u>66,698,203</u>

Finance lease receivables as at September 30, 2021 and December 31, 2020 were classified by staging as follows:

	Unit : Baht		
	As at September 30, 2021		
	Finance lease receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	114,069,939	126,019,975	1,901,831
Significant increase in credit risk receivables	7,443,210	8,019,550	1,319,673
Default receivables in credit risk	7,962,536	7,962,536	5,562,536
Total	<u>129,475,685</u>	<u>142,002,061</u>	<u>8,784,040</u>

	Unit : Baht		
	As at December 31, 2020		
	Finance lease 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	<u>144,785,507</u>	<u>158,472,604</u>	<u>8,628,938</u>

Allowance for expected credit losses for the nine-month period ended September 30, 2021 consisted of the following:

	Allowance for expected credit losses			Unit : Baht
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Balance as at January 1, 2021	623,733	3,996,623	4,008,582	8,628,938
Changes in staging	2,023,291	(2,036,364)	13,073	-
Changes in risk parameters	(1,303,490)	198,590	1,540,881	435,981
New financial assets originated or purchased	560,010	-	-	560,010
Financial assets derecognized	(1,713)	(839,176)	-	(840,889)
Balance as at September 30, 2021	<u>1,901,831</u>	<u>1,319,673</u>	<u>5,562,536</u>	<u>8,784,040</u>

8. INVENTORY FINANCE RECEIVABLES

Inventory finance receivables as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Inventory finance receivables	122,570,478	127,216,279
<u>Less</u> Allowance for expected credit losses	<u>(8,016,917)</u>	<u>(6,525,343)</u>
Inventory finance receivables, net	<u>114,553,561</u>	<u>120,690,936</u>

Inventory finance receivables as at September 30, 2021 and December 31, 2020 were classified by staging as follows:

	Unit : Baht		
	As at September 30, 2021		
	Inventory finance receivables	Recognized amount as allowance for expected credit losses	Allowance for expected credit losses
Low credit risk receivables	106,779,954	106,779,954	2,404,350
Significant increase in credit risk receivables	11,244,800	11,744,800	1,066,843
Default receivables in credit risk	4,545,724	4,545,724	4,545,724
Total	<u>122,570,478</u>	<u>123,070,478</u>	<u>8,016,917</u>

	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	115,827,377	115,827,377	1,774,775
Significant increase in credit risk receivables	6,843,178	7,843,178	204,844
Default receivables in credit risk	4,545,724	4,545,724	4,545,724
Total	<u>127,216,279</u>	<u>128,216,279</u>	<u>6,525,343</u>

Allowance for expected credit losses for the nine-month period ended September 30, 2021 consisted of the following:

	Allowance for expected credit losses			Unit : Baht
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Balance as at January 1, 2021	1,774,775	204,844	4,545,724	6,525,343
Changes in staging	(42,788)	42,788	-	-
Changes in risk parameters	276,081	875,211	-	1,151,292
New financial assets originated or purchased	396,282	-	-	396,282
Financial assets derecognized	-	(56,000)	-	(56,000)
Balance as at September 30, 2021	<u>2,404,350</u>	<u>1,066,843</u>	<u>4,545,724</u>	<u>8,016,917</u>

9. RIGHT-OF-USE ASSETS

Right-of-use assets as at September 30, 2021 were as follows (as at December 31, 2020: Nil):

	Balance as at January 1, 2021	Additions	Decreases	Unit : Baht Balance as at September 30, 2021
Cost				
Vehicles	-	1,409,481	-	1,409,481
Total cost	-	1,409,481	-	1,409,481
Accumulated depreciation				
Vehicles	-	(313,218)	-	(313,218)
Total accumulated depreciation	-	(313,218)	-	(313,218)
Right-of-use assets	-			<u>1,096,263</u>
Depreciation for the nine-month period ended September 30, 2021			Baht	<u>313,218</u>

The maturity analysis of lease liabilities is presented in Note 13.

Unit : Baht
For the nine-month period ended
September 30, 2021

Amounts recognized in profit or loss

Depreciation on right-of-use assets	313,218
Interest expense on lease liabilities	25,320

For the nine-month period ended September 30, 2021, the total cash outflow for leases amounted to Baht 0.32 million (2020: Nil).

10. PROPERTIES FORECLOSED

Properties foreclosed as at September 30, 2021 was as follows (as at December 31, 2020: Nil):

	As at September 30, 2021 Baht
Properties foreclosed	6,217,172
<u>Less</u> Loss on written-off assets	<u>(5,217,172)</u>
Properties foreclosed, net	<u>1,000,000</u>

In 2021, the Company has transferred finance lease receivables totaling by Baht 6.22 million to properties foreclosed amounted to Baht 1.00 million and recognized the remaining balance amounted to Baht 5.22 million as loss on written-off assets and presented in administrative expenses in the statement of comprehensive income for the nine-month period ended September 30, 2021.

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Promissory notes	<u>1,450,000,000</u>	<u>1,425,000,000</u>

As at September 30, 2021 and December 31, 2020, the Company had short-term borrowings from financial institutions which bear interest rate at 1.50% to 2.90% per annum in each year.

12. LONG-TERM BORROWINGS

Long-term borrowings as at September 30, 2021 and December 31, 2020 consisted of the following:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Long-term borrowings	450,520,000	403,580,000
Current portion of long-term borrowings	<u>(213,986,667)</u>	<u>(178,800,000)</u>
	<u>236,533,333</u>	<u>224,780,000</u>

As at September 30, 2021 and December 31, 2020, the Company entered into long-term borrowings with financial institutions at the floating interest rates 2.62% to 3.60% per annum and 2.62% to 4.00% per annum, respectively, and are repayable quarterly installments, the last installment of such borrowings fall due in June 2024. The Company has to comply with the conditions specified in the borrowing agreements with each financial institution that the Company has to maintain its financial covenants.

13. LEASE LIABILITIES

Lease liabilities as at September 30, 2021 consisted of the following (as at December 31, 2020: Nil):

	Unit : Baht 2021
Maturity analysis:	
Year 1	489,600
Year 2	489,600
Year 3	171,360
	<u>1,150,560</u>
<u>Less</u> Unearned interest	<u>(33,999)</u>
Total	<u>1,116,561</u>
 Analyzed as:	
Current	465,518
Non-current	651,043
Total	<u>1,116,561</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

14. 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 approved by the Board or the shareholders.

Significant transactions with related parties for the three-month and nine-month periods ended September 30, 2021 and 2020 were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021 Baht	2020 Baht	2021 Baht	2020 Baht
Management benefit expenses				
Short-term benefits	8,697,875	6,456,800	28,315,625	24,899,700
Post-employment benefits	216,136	209,900	648,415	629,695
Other long-term benefits	11,598	13,929	34,791	41,783
	<u>8,925,609</u>	<u>6,680,629</u>	<u>28,998,831</u>	<u>25,571,178</u>

15. DIVIDENDS PAID

- 15.1 On April 20, 2021, the Ordinary Shareholder's Meeting passed the resolutions to pay dividend at the rate of Baht 0.14 per share on 493,499,975 shares, totaling Baht 69,089,996. Such dividend was paid on May 14, 2021.
- 15.2 On April 1, 2020, the Board of Directors Meeting passed the resolutions to pay interim dividend at the rate 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.

16. COMMITMENTS

As at September 30, 2021 and December 31, 2020, the Company had the committed credit facility agreements with financial institutions for general corporate funding requirements as follows:

	As at September 30, 2021 Baht	As at December 31, 2020 Baht
Total credit facilities	<u>5,345,000,000</u>	<u>5,226,000,000</u>

As at September 30, 2021 and December 31, 2020, the Company had utilized the letters of credit with financial institutions amounting to Baht 0.50 million and Baht 1.00 million, respectively, for factoring, hire purchase and finance lease receivables. However, as at September 30, 2021 and December 31, 2020, the Company had unused such credit facilities with financial institutions totaling Baht 3,179 million and Baht 3,108 million, respectively.

17. 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 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.

Financial assets or financial liabilities not measured at fair value:

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 presented in the statement of financial position approximated by the outstanding balance less allowance for expected credit losses.

Bank deposits held as collateral, short-term borrowings from financial institutions and other current payables; the fair values approximate their carrying amounts due to the relatively short period to maturity.

Long-term borrowings and lease liabilities; which carry a floating interest rate and the fair values approximate their carrying amount presented in the statement of financial position.

Unit : Thousand Baht

	For the nine-month period ended September 30, 2021				For the nine-month period ended September 30, 2020			
	Factoring business	Hire purchase and finance lease business	Others	Total	Factoring business	Hire purchase and finance lease business	Others	Total
Income from operations	249,116	7,302	-	256,418	246,832	11,075	-	257,907
Other income	25,485	1,974	-	27,459	27,925	1,913	-	29,838
Total income	<u>274,601</u>	<u>9,276</u>	<u>-</u>	<u>283,877</u>	<u>274,757</u>	<u>12,988</u>	<u>-</u>	<u>287,745</u>
Selling and administrative expenses	112,300	3,793	-	116,093	104,403	4,935	-	109,338
Finance cost	25,039	846	-	25,885	30,231	1,429	-	31,660
Expected credit losses	3,471	117	-	3,588	18,928	3,233	-	22,161
Total operation expenses	<u>140,810</u>	<u>4,756</u>	<u>-</u>	<u>145,566</u>	<u>153,562</u>	<u>9,597</u>	<u>-</u>	<u>163,159</u>
Profit before income tax expenses	133,791	4,520	-	138,311	121,195	3,391	-	124,586
Income tax expense	26,256	2,973	-	29,229	23,651	1,689	-	25,340
Net profit for the periods	<u>107,535</u>	<u>1,547</u>	<u>-</u>	<u>109,082</u>	<u>97,544</u>	<u>1,702</u>	<u>-</u>	<u>99,246</u>

Unit : Thousand Baht

	As at September 30, 2021				As at December 31, 2020			
	Factoring business	Hire purchase and finance lease business	Others	Total	Factoring business	Hire purchase and finance lease business	Others	Total
Total assets	<u>2,861,747</u>	<u>122,889</u>	<u>572,537</u>	<u>3,557,173</u>	<u>2,393,011</u>	<u>151,200</u>	<u>490,890</u>	<u>3,035,101</u>

19. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on November 10, 2021.