

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY, IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED

Issuer & Securities

Issuer/ Manager

IFS CAPITAL LIMITED

Securities

IFS CAPITAL LIMITED - SG1A35000706 - I49

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Announcement Details

Announcement Title

General Announcement

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Announcement by Subsidiary, IFS Capital (Thailand) Public Company Limited

Announcement Reference

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Submitted By (Co./ Ind. Name)

Chionh Yi Chian/Angeline Ng

Designation

Company Secretary/Assistant Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please see attached announcement issued by IFS Capital (Thailand) Public Company Limited on its First Quarter 2020 Results.

Attachments

[IFST_1Q%202020%20Results.pdf](#)

Total size =159K MB

Headline: Reviewed financial performance Quarter 1 (F45)

Security Symbol: IFS

Announcement Details

Financial Statement (F45)

Company name IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
Quarter Quarter 1
(In thousands)

Financial Statement

	Quarter 1	
Status	Reviewed	
Ending	31 March	
Year	2020	2019
Profit (loss) attributable to equity holders of the Company *	48,710	46,041
EPS (baht)	0.10	0.09

Type of report Unqualified opinion

*For consolidated financial statements

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

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

Signature _____

(Mr. Tan Ley Yen)

Director & 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 March 31, 2020 and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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
May 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 MARCH 31, 2020

UNIT : BAHT

	Notes	"Unaudited"	
		As at March 31, 2020	As at December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		388,791,394	364,123,985
Factoring receivables	5	3,089,640,164	3,271,358,391
Current portion of hire purchase receivables	6	2,966,682	2,854,404
Current portion of lease contract receivables	7	88,907,190	90,901,162
Inventory finance receivables	8	131,560,275	156,381,176
Other current assets		12,236,308	6,401,066
Total Current Assets		3,714,102,013	3,892,020,184
NON-CURRENT ASSETS			
Bank deposits held as collateral		161,531	161,183
Hire purchase receivables	6	1,091,232	-
Lease contract receivables	7	97,572,924	88,669,621
Plant and equipment	9	27,523,043	28,953,003
Investment properties	9	66,178,887	67,338,041
Other intangible assets		857,600	920,369
Deferred tax assets		32,936,024	34,495,183
Other non-current assets		900,925	473,390
Total Non-current Assets		227,222,166	221,010,790
TOTAL ASSETS		3,941,324,179	4,113,030,974

See condensed notes to the financial statements

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

UNIT : BAHT

	Notes	"Unaudited" As at March 31, 2020	As at December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	10	2,055,000,000	2,210,000,000
Current portion of long-term borrowings	11	134,720,000	146,720,000
Other current liabilities		69,278,539	92,049,299
Total Current Liabilities		2,258,998,539	2,448,769,299
NON-CURRENT LIABILITIES			
Long-term borrowings	11	91,580,000	120,260,000
Provisions for employee benefits		32,421,403	31,383,168
Other non-current liabilities		762,750	762,750
Total Non-current Liabilities		124,764,153	152,405,918
TOTAL LIABILITIES		2,383,762,692	2,601,175,217

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

UNIT : BAHT

	Notes	"Unaudited" As at March 31, 2020	As at December 31, 2019
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		982,965,113	937,259,383
TOTAL SHAREHOLDERS' EQUITY		1,557,561,487	1,511,855,757
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,941,324,179	4,113,030,974

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

			UNIT : BAHT	
	Note	2020	2019	
REVENUES				
Factoring income		68,625,283	71,121,420	
Hire purchase income		66,106	165,436	
Finance lease income		4,009,893	4,130,049	
Factoring commission and service fees		24,930,836	25,586,098	
Other income		12,415,106	10,107,546	
Total Revenues		110,047,224	111,110,549	
EXPENSES				
Selling expenses		5,133,857	5,355,890	
Administrative expenses		26,413,969	24,230,343	
Management benefit expenses	12	8,421,775	8,273,627	
Reversal of doubtful accounts		(3,410,716)	(1,509,910)	
Finance cost		13,185,020	17,215,918	
Total Expenses		49,743,905	53,565,868	
PROFIT BEFORE INCOME TAX EXPENSE		60,303,319	57,544,681	
INCOME TAX EXPENSE		11,593,089	11,504,143	
PROFIT FOR THE PERIODS		48,710,230	46,040,538	
OTHER COMPREHENSIVE INCOME		-	-	
TOTAL COMPREHENSIVE INCOME FOR THE PERIODS		48,710,230	46,040,538	
BASIC EARNINGS PER SHARE	BAHT	0.10	0.09	
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 THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

UNIT : BAHT

	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
Beginning balance as at January 1, 2019	493,499,975	31,746,399	49,350,000	789,579,395	1,364,175,769
Changes during the period					
Total comprehensive income	-	-	-	46,040,538	46,040,538
Ending balance as at March 31, 2019	493,499,975	31,746,399	49,350,000	835,619,933	1,410,216,307
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	-	-	-	(3,004,500)	(3,004,500)
Balance as at January 1, 2020 after adjustment	493,499,975	31,746,399	49,350,000	934,254,883	1,508,851,257
Changes during the period					
Total comprehensive income	-	-	-	48,710,230	48,710,230
Ending balance as at March 31, 2020	493,499,975	31,746,399	49,350,000	982,965,113	1,557,561,487

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

	Notes	2020	2019
UNIT : BAHT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expenses		60,303,319	57,544,681
Adjustments for :			
Doubtful accounts		(4,191,817)	(1,509,910)
Loss on bad debts written-off		781,101	-
Interest expenses		13,075,012	17,086,073
Employment benefits expense		1,038,235	983,559
Depreciation and amortization		2,740,527	3,039,273
		<u>73,746,377</u>	<u>77,143,676</u>
Operating assets (increase) decrease			
Factoring receivables		190,309,341	179,776,213
Hire purchase receivables		(1,207,329)	2,908,143
Lease contract receivables		(11,190,040)	(7,862,793)
Inventory finance receivables		20,920,533	(4,217,049)
Amount due from related companies		-	(250)
Other current assets		(5,835,242)	(3,805,396)
Bank deposits held as collateral		(348)	-
Other non-current assets		(427,535)	123,250
Operating liabilities increase (decrease)			
Amount due to a related companies		-	29,522
Other current liabilities		(31,686,087)	(14,847,091)
Cash received from operating activities		<u>234,629,670</u>	<u>229,248,225</u>
Interest paid		(14,193,618)	(16,798,278)
Net cash provide by operating activities		<u>220,436,052</u>	<u>212,449,947</u>

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

UNIT : BAHT			
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of plant and equipment		(48,850)	(44,940)
Cash paid for purchases of other intangible assets		(39,793)	-
Net cash used in investing activities		(88,643)	(44,940)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for short-term borrowings			
to financial institutions	4.2	(4,470,000,000)	(4,585,000,000)
Cash received from short-term borrowings			
from financial institutions	4.2	4,315,000,000	4,340,000,000
Cash paid for long-term borrowings	4.2	(40,680,000)	(32,000,000)
Cash received from long-term borrowings	4.2	-	100,000,000
Net cash used in financing activities		(195,680,000)	(177,000,000)
Net increase in cash and cash equivalents		24,667,409	35,405,007
Cash and cash equivalents at the beginning of the periods		364,123,985	362,988,332
Cash and cash equivalents at the end of the periods	4.1	388,791,394	398,393,339

See condensed notes to the financial statements

**IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 20th floor Lumpini Tower, 1168/55 Rama IV Road, Tungmahamek, Sathorn, Bangkok. The business activities of the Company are factoring, hire purchase, leasing businesses and office rental.

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

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

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

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

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

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

Coronavirus Disease 2019 Pandemic

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

2. BASIS 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 (Revised 2019) “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 period ended March 31, 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 period ended March 31, 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. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for receivables. However, 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:

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

The additional credit loss allowance of Baht 3.00 million as at January 1, 2020 has been recognized against retained earnings, resulting in a decrease in retained earnings. 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) 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.

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

The table below show the amount of adjustment for each financial statement line item affected by the application of TFRS 9 for the current year.

Impact on assets and equity as at 31 December 2019	As previously reported	TFRS 9 adjustments (increase/ decrease)	Unit: Baht As restated
Factoring receivables	3,271,358,391	(6,103,559)	3,265,254,832
Hire purchase receivables	2,854,404	166	2,854,570
Lease contract receivables	179,570,783	4,208,399	183,779,182
Inventory finance receivables	156,381,176	4,899,494	161,280,670
Total effect on net assets		3,004,500	
Retained earnings	937,259,383	(3,004,500)	934,254,883
Total effect on equity		(3,004,500)	

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 22 April 2020, detail as follows:

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

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

The Company has not adopted such accounting treatment guidance in the preparation of the interim financial statements for the three-month period ended March 31, 2020.

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

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. 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 period ended March 31, 2020.

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:

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 trade receivables, contract assets and lease 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.

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 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.

4. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

4.1 Cash and cash equivalents as at March 31, 2020 and 2019 consist of the following:

	2020	2019
	Baht	Baht
Cash on hands	30,000	30,000
Cash at banks - current accounts	11,828,931	17,061,397
Cash at banks - savings accounts	376,932,463	381,301,942
	<u>388,791,394</u>	<u>398,393,339</u>

4.2 Change in liabilities from financing activities as at March 31, 2020, consist of the following:

Cash flows from financing activities

	Balances as at January 1, 2020 Baht	Cash received Baht	Cash paid Baht	Balances as at March 31, 2020 Baht
Short-term borrowings from financial institutions	2,210,000,000	4,315,000,000	(4,470,000,000)	2,055,000,000
Long-term borrowings	266,980,000	-	(40,680,000)	226,300,000
Total	<u>2,476,980,000</u>	<u>4,315,000,000</u>	<u>(4,510,680,000)</u>	<u>2,281,300,000</u>

5. FACTORING RECEIVABLES

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Factoring receivables	4,005,974,516	4,134,869,583
<u>Less</u> Allowance for doubtful accounts	<u>(63,509,590)</u>	<u>(72,100,704) (*)</u>
	3,942,464,926	4,062,768,879
<u>Less</u> Factoring payables	<u>(852,824,762)</u>	<u>(791,410,488)</u>
Factoring receivables, net	<u>3,089,640,164</u>	<u>3,271,358,391</u>

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

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

	Stage 1 Baht	As at March 31, 2020		Total Baht
		Stage 2 Baht	Stage 3 Baht	
Factoring receivables	3,664,850,037	275,967,010	65,157,469	4,005,974,516
<u>Less</u> Allowance for doubtful accounts	<u>(183,513)</u>	<u>(212,539)</u>	<u>(63,113,538)</u>	<u>(63,509,590)</u>
	<u>3,664,666,524</u>	<u>275,754,471</u>	<u>2,043,931</u>	<u>3,942,464,926</u>

Factoring receivables as at December 31, 2019 was classified by aging as follows:

	As at December 31, 2019 Baht
Current	2,948,279,369
Overdue :	
Not more than 3 months	1,107,450,683
Over 3 months but not more than 6 months	11,113,260
Over 6 months but not more than 12 months	7,589,594
Debtors subject to legal proceedings	60,436,677

<u>Less</u> Allowance for doubtful accounts	(72,100,704)
	<u>4,062,768,879</u>

In June 2019, the Supreme Court judged the Company to win the lawsuit against customers. The Company received cash from prosecution totaling by Baht 71.25 million. The Company reversed allowance for doubtful accounts for factoring receivables and inventory finance receivables amounted to Baht 45.05 million and Baht 10.00 million, respectively, and recognized the remaining balance amounted to Baht 16.20 million in other income in the statements of comprehensive income for the year ended December 31, 2019.

6. HIRE PURCHASE RECEIVABLES

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Outstanding contract price	4,312,126	2,960,903
<u>Less</u> Unearned financing income	<u>(246,720)</u>	<u>(102,826)</u>
	4,065,406	2,858,077
<u>Less</u> Allowance for doubtful accounts	<u>(7,492)</u>	<u>(3,673)^(*)</u>
	<u>4,057,914</u>	<u>2,854,404</u>
Due within one year	3,157,126	2,960,903
<u>Less</u> Unearned financing income	<u>(190,444)</u>	<u>(102,826)</u>
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(3,673)</u>
Current portion of hire purchase receivables, net	<u>2,966,682</u>	<u>2,854,404</u>
Hire purchase receivables, net	<u>1,091,232</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 March 31, 2020 was classified by staging as follows:

	As at March 31, 2020			
	Stage 1 Baht	Stage 2 Baht	Stage 3 Baht	Total Baht
Hire purchase receivables	4,065,406	-	-	4,065,406
<u>Less</u> Allowance for doubtful accounts	<u>(7,492)</u>	<u>-</u>	<u>-</u>	<u>(7,492)</u>
	<u>4,057,914</u>	<u>-</u>	<u>-</u>	<u>4,057,914</u>

Hire purchase receivables as at December 31, 2019 was classified by aging as follows:

**As at
December 31,
2019
Baht**

Current	574,684
Overdue :	
Not more than 3 months	2,283,393
<u>Less</u> Allowance for doubtful accounts	<u>(3,673)</u>
	<u><u>2,854,404</u></u>

7. LEASE CONTRACT RECEIVABLES

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Outstanding contract price	318,912,244	307,890,952
<u>Less</u> Deposits on long-term lease contracts	(105,354,550)	(106,065,859)
<u>Less</u> Unearned financing income	<u>(21,975,645)</u>	<u>(20,651,983)</u>
	191,582,049	181,173,110
<u>Less</u> Allowance for doubtful accounts	<u>(5,101,935)</u>	<u>(1,602,327)^(*)</u>
	<u>186,480,114</u>	<u>179,570,783</u>
Due within one year	131,021,870	135,828,211
<u>Less</u> Deposits on long-term lease contracts	(29,436,475)	(33,021,898)
<u>Less</u> Unearned financing income	<u>(12,678,205)</u>	<u>(11,905,151)</u>
Current portion of lease contract receivables, net	<u>88,907,190</u>	<u>90,901,162</u>
Lease contract receivables, net	<u><u>97,572,924</u></u>	<u><u>88,669,621</u></u>

(*) As at December 31, 2019, the Company has provided for 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 March 31, 2020 was classified by staging as follows:

	As at March 31, 2020			
	Stage 1 Baht	Stage 2 Baht	Stage 3 Baht	Total Baht
Lease contract receivables	158,202,465	29,020,517	4,359,067	191,582,049
<u>Less</u> Allowance for doubtful accounts	<u>(1,772,641)</u>	<u>(2,539,620)</u>	<u>(789,674)</u>	<u>(5,101,935)</u>
	<u>156,429,824</u>	<u>26,480,897</u>	<u>3,569,393</u>	<u>186,480,114</u>

Lease contract receivables as at December 31, 2019 was classified by aging as follows:

	As at December 31, 2019 Baht
Current	158,893,422
Overdue :	
Not more than 3 months	16,140,524
More than 12 months	6,139,164
<u>Less</u> Allowance for doubtful accounts	<u>(1,602,327)</u>
	<u><u>179,570,783</u></u>

8. INVENTORY FINANCE RECEIVABLES

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Inventory finance receivables	139,291,089	160,211,622
<u>Less</u> Allowance for doubtful accounts	<u>(7,730,814)</u>	<u>(3,830,446) (*)</u>
Inventory finance receivables, net	<u><u>131,560,275</u></u>	<u><u>156,381,176</u></u>

(*) 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 March 31, 2020 was classified by staging as follows:

	As at March 31, 2020			
	Stage 1 Baht	Stage 2 Baht	Stage 3 Baht	Total Baht
Inventory finance receivables	122,683,646	12,776,997	3,830,446	139,291,089
<u>Less</u> Allowance for doubtful accounts	<u>(3,384,531)</u>	<u>(515,837)</u>	<u>(3,830,446)</u>	<u>(7,730,814)</u>
	<u><u>119,299,115</u></u>	<u><u>12,261,160</u></u>	<u><u>-</u></u>	<u><u>131,560,275</u></u>

Inventory finance receivables as at December 31, 2019 was classified by aging as follows:

	As at December 31, 2019 Baht
Current	156,381,176
Overdue :	

Over 6 months but not more than 12 months	1,108,542
Debtors subject to legal proceedings	2,721,904
<u>Less</u> Allowance for doubtful accounts	<u>(3,830,446)</u>
	<u>156,381,176</u>

9. INVESTMENT PROPERTY

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 March 31, 2020 and December 31, 2019, fair value of investment property of the Company which amounted to Baht 131.14 million in each year.

10. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Promissory notes	<u>2,055,000,000</u>	<u>2,210,000,000</u>

As at March 31, 2020 and December 31, 2019, the Company has short-term borrowings from financial institutions which bear interest rates at 2.00% to 2.70% 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 in that the Company should maintain its financial covenants.

11. LONG-TERM BORROWINGS

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

	As at March 31, 2020 Baht	As at December 31, 2019 Baht
Long-term borrowings	226,300,000	266,980,000
Current portion of long-term borrowings	<u>(134,720,000)</u>	<u>(146,720,000)</u>
	<u>91,580,000</u>	<u>120,260,000</u>

As at March 31, 2020 and December 31, 2019, the Company entered into long-term borrowings at the floating interest rates 2.28% 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 October 2022. The Company has to comply with the conditions specified in the loan agreements with each financial institutions in that the Company should 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 party as at the date received by the Board or the shareholders approved.

Significant transactions with related parties for the three-month periods ended March 31, 2020 and 2019 are as follows:

	2020	2019
	Baht	Baht
Management benefit expenses		
Short-term benefits	8,197,950	8,060,250
Post-employment benefits	209,897	197,133
Other long-term benefits	13,928	16,244
	<u>8,421,775</u>	<u>8,273,627</u>

13. COMMITMENTS

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

	As at	As at
	March 31,	December 31,
	2020	2019
	Baht	Baht
Total credit facilities	<u>5,239,000,000</u>	<u>5,197,000,000</u>

As at March 31, 2020 and December 31, 2019, the Company had utilized the letter of credit amounting to Baht 5.64 million and Baht 9.36 million, respectively, for factoring, hire purchase and leasing contract. However, as at March 31, 2020 and December 31, 2019, the Company had unused such credit facilities with financial institutions totaling Baht 2,520 million and Baht 2,306 million, respectively.

14. 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 immediately and enables the business to increase its turnover in the form of buying accounts receivable. The factoring facility is applicable to both domestic and international sales.

Hire purchase and Leasing business: are long-term 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 periods ended March 31, 2020 and 2019, there is no revenue from a single external customer contributed 10% or more to the Company's total revenue.

The financial statements by business segment for the three-month periods ended March 31, 2020 and 2019 were as follow:

	For the three-month periods ended March 31, 2020				For the three-month periods ended March 31, 2019			
	Factoring business	Hire purchase and Leasing business	Others	Total	Factoring business	Hire purchase and Leasing business	Others	Total
Income from operations	93,556	4,076	-	97,632	96,708	4,295	-	101,003
Other income	11,723	692	-	12,415	9,410	698	-	10,108
Total income	105,279	4,768	-	110,047	106,118	4,993	-	111,111
Selling and administrative expenses	38,238	1,732	-	39,970	36,159	1,701	-	37,860
Doubtful accounts (reversal)	(3,487)	76	-	(3,411)	(1,338)	(172)	-	(1,510)
Finance cost	12,614	571	-	13,185	16,442	774	-	17,216
Total operation expenses	47,365	2,379	-	49,744	51,263	2,303	-	53,566
Profit before income tax	57,914	2,389	-	60,303	54,855	2,690	-	57,545
Income tax expenses	11,622	(29)	-	11,593	10,774	730	-	11,504
Net profit for the periods	46,292	2,418	-	48,710	44,081	1,960	-	46,041

	As at March 31, 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	3,221,200	190,538	529,586	3,941,324	3,427,740	182,425	502,866	4,113,031

15. EVENT AFTER THE REPORTING PERIOD

On April 1, 2020, the Board of Directors Meeting passed the resolutions to pay interim dividend at the rate of Baht 0.235 per to share to shareholders for 493,499,975 shares, totaling Baht 115.97 million. Such dividend was paid on April 30, 2020.

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

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