

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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No

Announcement Details

Announcement Title

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

Announcement Reference

SG210506OTHRVZMH

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 2021 Results.

Attachments

[IFST - 1Q 2021 Results.pdf](#)

Total size = 758K MB



IFS Capital (Thailand)
Public Company Limited

IFS 506 / 2021

6th May 2021

Subject: Explanation of the Operating Results for Quarter 1/2021

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 1/2021 ended 31st March 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)

| | For the 1 st Quarter ended 31 st March | | | |
|---|--|---------------|-----------------------|----------------|
| | 2021 | 2020 | Increase / (decrease) | % Change |
| Revenues | | | | |
| Factoring Income | 57.38 | 68.63 | (11.24) | (16.38) |
| Hire Purchase Income | 0.11 | 0.07 | 0.04 | 67.53 |
| Finance Lease Income | 2.58 | 4.01 | (1.43) | (35.54) |
| Factoring Commission and Service Fee | 22.17 | 24.93 | (2.76) | (11.05) |
| Other Income | 9.91 | 12.42 | (2.51) | (20.18) |
| Total Revenues | 92.16 | 110.05 | (17.88) | (16.25) |
| Finance Costs | 8.05 | 13.19 | (5.14) | (38.97) |
| Net Income Before Operating Expenses | 84.12 | 96.86 | (12.75) | (13.16) |
| Expenses | | | | |
| Selling Expenses | 3.53 | 5.13 | (1.60) | (31.15) |
| Administration Expenses | 26.78 | 26.41 | 0.37 | 1.38 |
| Management Benefit Expenses | 9.19 | 8.42 | 0.77 | 9.09 |
| Total Expenses | 39.50 | 39.97 | (0.47) | (1.17) |
| Profit Before Allowances / ECL | 44.61 | 56.89 | (12.28) | (21.58) |
| Allowance (Reversal) of Doubtful Accounts / ECL | 0.32 | (3.41) | 3.73 | (109.43) |
| Profit Before Income Tax Expenses | 44.29 | 60.30 | (16.01) | (26.55) |
| Income Tax Expense | 8.81 | 11.59 | (2.78) | (23.97) |
| Profit for The Periods | 35.48 | 48.71 | (13.23) | (27.17) |

Quarterly to Quarterly Analysis

For the 1st quarter of 2021, the Company reported Net Profit of Baht 35.48 million, a decrease of Baht 13.23 million or 27.17% from the same period last year. The main reasons for the decrease in the Company's Net Profit were:

- 1) The decrease in total revenues by Baht 17.88 million as a result of lower business volume,
- 2) the Company's allowance for doubtful accounts / ECL in 1Q/20 was 0.32 MB compared to a write-back of 3.41 MB in 1Q/20, as there was recovery of NPLs in 1Q/20 but no such write-back in 1Q/21,
- 3) partly offset by lower finance cost of Baht 5.14 million as a result of lower borrowings and lower cost of funds.

As a result, the Earnings Per Share (EPS) decreased to Baht 0.07 per share (1Q/20: Baht 0.10 per share) or a decrease of 27.17%.

Please be informed accordingly.

Sincerely yours,

(Mr. Tan Ley Yen)
Director and CEO

Headline: Financial Performance Quarter 1 (F45) (Reviewed)
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 | 2021 | | 2020 |
| Profit (loss) attributable to equity holders of the Company * | 35,478 | | 48,710 |
| EPS (baht) | 0.07 | | 0.10 |
| Type of report | Unqualified opinion | | |

*For consolidated financial statements

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

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

Signature _____

(Mr. Tan Ley Yen)

Director and CEO

Authorized Persons to Disclose Information

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**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, 2021 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 6, 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 MARCH 31, 2021

UNIT : BAHT

| | | "Unaudited" | |
|---------------------------------------|--------------|----------------------|----------------------|
| | Notes | As at | As at |
| | | March 31, | December 31, |
| | | 2021 | 2020 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 295,181,342 | 390,619,301 |
| Factoring receivables | 5 | 2,813,991,069 | 2,667,557,627 |
| Hire purchase current receivables | 6 | 2,788,461 | 3,125,493 |
| Finance lease current receivables | 7 | 69,706,258 | 69,458,366 |
| Inventory finance receivables | 8 | 113,201,442 | 120,690,936 |
| Other current assets | | 5,370,857 | 5,704,608 |
| Total Current Assets | | 3,300,239,429 | 3,257,156,331 |
| NON-CURRENT ASSETS | | | |
| Bank deposits held as collateral | | 163,183 | 162,942 |
| Hire purchase non-current receivables | 6 | 840,240 | 1,527,685 |
| Finance lease non-current receivables | 7 | 52,368,482 | 66,698,203 |
| Investment properties | | 61,529,531 | 62,675,948 |
| Plant and equipment | | 22,583,936 | 23,713,089 |
| Right-of-use assets | 9 | 1,331,176 | - |
| Other intangible assets | | 722,484 | 704,473 |
| Deferred tax assets | | 35,260,019 | 36,457,738 |
| Property foreclosed | 4.4 | 3,000,000 | - |
| Other non-current assets | | 1,231,714 | 477,150 |
| Total Non-current Assets | | 179,030,765 | 192,417,228 |
| TOTAL ASSETS | | 3,479,270,194 | 3,449,573,559 |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2021

UNIT : BAHT

| | Notes | "Unaudited" As at March 31, 2021 | As at December 31, 2020 |
|---|-------|--|-------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Short-term borrowings from financial institutions | 10 | 1,455,000,000 | 1,425,000,000 |
| Other current payables | | 53,473,735 | 42,427,087 |
| Current portion of long-term borrowings | 11 | 166,666,666 | 178,800,000 |
| Current portion of lease liabilities | 12 | 459,295 | - |
| Other current liabilities | | 21,662,319 | 17,976,747 |
| Total Current Liabilities | | 1,697,262,015 | 1,664,203,834 |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 11 | 183,226,667 | 224,780,000 |
| Lease liabilities | 12 | 883,076 | - |
| Non-current provisions for employee benefits | | 33,778,398 | 32,710,533 |
| Other non-current liabilities | | 762,750 | - |
| Total Non-current Liabilities | | 218,650,891 | 257,490,533 |
| TOTAL LIABILITIES | | 1,915,912,906 | 1,921,694,367 |

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2021

UNIT : BAHT

| | Notes | "Unaudited" As at March 31, 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 | | 988,760,914 | 953,282,818 |
| TOTAL SHAREHOLDERS' EQUITY | | 1,563,357,288 | 1,527,879,192 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 3,479,270,194 | 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 MARCH 31, 2021
"UNAUDITED"

UNIT : BAHT

| | Note | 2021 | 2020 |
|---|---------------|-------------------|-------------------|
| REVENUES | | | |
| Factoring income | | 57,382,145 | 68,625,283 |
| Hire purchase income | | 110,745 | 66,106 |
| Finance lease income | | 2,584,622 | 4,009,893 |
| Factoring commission and service fees | | 22,174,998 | 24,930,836 |
| Other income | | 9,909,852 | 12,415,106 |
| Total Revenues | | 92,162,362 | 110,047,224 |
| EXPENSES | | | |
| Selling expenses | | 4,048,738 | 5,133,857 |
| Administrative expenses | | 26,265,499 | 26,413,969 |
| Management benefit expenses | 13 | 9,187,579 | 8,421,775 |
| Total Expenses | | 39,501,816 | 39,969,601 |
| Profit from operating activities | | 52,660,546 | 70,077,623 |
| Finance cost | | 8,046,269 | 13,185,020 |
| Expected credit losses (reversal) | | 321,487 | (3,410,716) |
| PROFIT BEFORE INCOME TAX EXPENSE | | 44,292,790 | 60,303,319 |
| INCOME TAX EXPENSE | | 8,814,694 | 11,593,089 |
| PROFIT FOR THE PERIODS | | 35,478,096 | 48,710,230 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIODS | | 35,478,096 | 48,710,230 |
| BASIC EARNINGS PER SHARE | BAHT | 0.07 | 0.10 |
| 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, 2021
"UNAUDITED"

UNIT : BAHT

| | Note | 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 | | - | - | - | (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 |
| 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 | | - | - | - | 35,478,096 | 35,478,096 |
| Ending balance as at March 31, 2021 | | 493,499,975 | 31,746,399 | 49,350,000 | 988,760,914 | 1,563,357,288 |

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, 2021
"UNAUDITED"

UNIT : BAHT

| | Notes | 2021 | 2020 |
|---|-------|---------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the periods | | 35,478,096 | 48,710,230 |
| Adjustments for : | | | |
| Income tax expenses | | 8,814,694 | 11,593,089 |
| Expected credit losses (reversal) | | 321,487 | (4,191,817) |
| Loss on bad debts written off | | - | 781,101 |
| Gain on disposal of fixed assets | | (691,589) | - |
| Loss on write-off assets | | 3,217,172 | - |
| Interest expenses | | 7,928,858 | 13,075,012 |
| Employment benefits expense | | 1,067,865 | 1,038,235 |
| Depreciation and amortization | | 2,522,955 | 2,740,527 |
| | | 58,659,538 | 73,746,377 |
| Operating assets (increase) decrease | | | |
| Factoring receivables | | (146,147,638) | 190,309,341 |
| Hire purchase receivables | | 1,056,714 | (1,207,329) |
| Finance lease receivables | 4.4 | 7,921,545 | (11,190,040) |
| Inventory finance receivables | | 6,793,078 | 20,920,533 |
| Other current assets | | 333,751 | (5,835,242) |
| Bank deposits held as collateral | | (241) | (348) |
| Other non-current assets | | (754,564) | (427,535) |
| Operating liabilities increase (decrease) | | | |
| Other current payables | | 11,046,648 | - |
| Other current liabilities | | (3,811,567) | (31,686,087) |
| Other non-current liabilities | | 762,750 | - |
| Cash received (paid) from operating activities | | (64,139,986) | 234,629,670 |
| Interest expense paid | | (8,042,363) | (14,193,618) |
| Net cash provide by (use in) operating activities | | (72,182,349) | 220,436,052 |

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021
"UNAUDITED"

UNIT : BAHT

| | Notes | 2021 | 2020 |
|---|-------|---------------------------|---------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash paid for purchases of plant and equipment | | (77,310) | (48,850) |
| Cash paid for purchases of other intangible assets | | (109,782) | (39,793) |
| Cash received from disposal of assets | | 691,589 | - |
| Net cash provide by (used in) investing activities | | <u>504,497</u> | <u>(88,643)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash paid for short-term borrowings to financial institutions | 4.2 | (2,790,000,000) | (4,470,000,000) |
| Cash received from short-term borrowings from financial institutions | 4.2 | 2,820,000,000 | 4,315,000,000 |
| Cash paid for long-term borrowings | 4.2 | (53,686,667) | (40,680,000) |
| Cash paid for lease liabilities | 4.3 | (67,110) | - |
| Cash paid for interest expenses under lease agreements | 4.3 | (6,330) | - |
| Net cash used in financing activities | | <u>(23,760,107)</u> | <u>(195,680,000)</u> |
| Net increase (decrease) in cash and cash equivalents | | (95,437,959) | 24,667,409 |
| 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>295,181,342</u></u> | <u><u>388,791,394</u></u> |

See condensed notes to the financial statements

IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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% and IFS Capital Limited (registered in Singapore) with 36.49% shareholdings. The Company’s ultimate shareholder is Phillip Asset Pte. Ltd. (registered in Singapore).

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

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

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

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

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

Coronavirus Disease 2019 Pandemic

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

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2020 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.3) B.E. 2562" dated December 26, 2019.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 The statements of financial position 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 audited.
- 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 revised Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16") added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

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 entered into car rental agreements and has applied Thai Financial Reporting Standards No.16 “Leases” to the financial statements for the three-month period ended March 31, 2021 as follows:

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 March 31, 2021 and 2020 consisted of the following:

| | 2021 Baht | 2020 Baht |
|----------------------------------|----------------------|----------------------|
| Cash on hand | 30,000 | 30,000 |
| Cash at banks - current accounts | 7,233,642 | 11,828,931 |
| Cash at banks - savings accounts | 287,917,700 | 376,932,463 |
| | <u>295,181,342</u> | <u>388,791,394</u> |

4.2 Changes in liabilities from financing activities as at March 31, 2021 and 2020 consisted of the following:

| | Balance as at January 1, 2021 Baht | Cash flows from financing activities | | Balance as at March 31, 2021 Baht |
|---|---|---|-------------------------------|--|
| | | Cash received Baht | Cash paid Baht | |
| Short-term borrowings from financial institutions | 1,425,000,000 | 2,820,000,000 | (2,790,000,000) | 1,455,000,000 |
| Long-term borrowings | 403,580,000 | - | (53,686,667) | 349,893,333 |
| Total | <u>1,828,580,000</u> | <u>2,820,000,000</u> | <u>(2,843,686,667)</u> | <u>1,804,893,333</u> |

| | Balance as at January 1, 2020 Baht | Cash flows from financing activities | | Balance as at March 31, 2020 Baht |
|---|---|---|-------------------------------|--|
| | | Cash received Baht | Cash paid 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> |

4.3 Reconciliation of liabilities arising from financing activities for the three-month period ended March 31, 2021 was as follows (2020: Nil):

| | As at January 1, 2021 | Changes in cash flows Cash received | Cash paid | Non-cash items⁽¹⁾ | As at March 31, 2021 |
|-------------------|--------------------------------------|--|------------------|---|-------------------------------------|
| Lease liabilities | - | - | (73,440) | 1,415,811 | 1,342,371 |

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

4.4 In 2021, the Company has transferred finance lease receivables totaling by Baht 6.22 million to property foreclosed amounted to Baht 3.00 million and recognized the remaining balance amounted to Baht 3.22 million as administrative expenses in the statement of comprehensive income for the three-month period ended March 31, 2021.

5. FACTORING RECEIVABLES

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|--|--|---|
| Factoring receivables | 3,671,507,801 | 3,402,411,026 |
| <u>Less</u> Allowance for expected credit losses | <u>(86,826,934)</u> | <u>(87,112,738)</u> |
| | 3,584,680,867 | 3,315,298,288 |
| <u>Less</u> Factoring payables | <u>(770,689,798)</u> | <u>(647,740,661)</u> |
| Factoring receivables, net | <u>2,813,991,069</u> | <u>2,667,557,627</u> |

Factoring receivables as at March 31, 2021 and December 31, 2021 were classified by staging as follows:

| | Unit : Baht | | |
|---|----------------------------------|--|---|
| | As at March 31, 2021 | | |
| | Factoring receivables | Recognized amount as allowance for expected credit losses | Allowance for expected credit losses |
| Low credit risk receivables | 3,373,279,991 | 2,586,376,623 | 50,132 |
| Significant increase in credit risk receivables | 211,560,548 | 167,915,568 | 109,540 |
| Default receivables in credit risk | 86,667,262 | 86,667,262 | 86,667,262 |
| Total | <u>3,671,507,801</u> | <u>2,840,959,453</u> | <u>86,826,934</u> |

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

Allowance for expected credit losses for the three-month period ended March 31, 2021 consisted of the following:

| | Allowance for expected credit loss | | | 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 | 7,094 | (7,094) | - | - |
| Changes in risk parameters | (24,688) | 20,707 | (283,178) | (287,159) |
| New financial assets originated or purchased | 8,218 | 3,810 | - | 12,028 |
| Financial assets derecognized | (1,963) | (8,710) | - | (10,673) |
| Balance as at March 31, 2021 | 50,132 | 109,540 | 86,667,262 | 86,826,934 |

6. HIRE PURCHASE RECEIVABLES

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|--|------------------------------------|---------------------------------------|
| Outstanding contract price | 3,905,804 | 5,073,263 |
| <u>Less</u> Unearned financing income | (270,374) | (381,119) |
| | 3,635,430 | 4,692,144 |
| <u>Less</u> Allowance for expected credit losses | (6,729) | (38,966) |
| | 3,628,701 | 4,653,178 |
| Due within one year | 3,038,309 | 3,483,271 |
| <u>Less</u> Unearned financing income | (243,119) | (318,812) |
| Allowance for expected credit losses | (6,729) | (38,966) |
| Hire purchase current receivables, net | 2,788,461 | 3,125,493 |
| Hire purchase non-current receivables, net | 840,240 | 1,527,685 |

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

| | Unit : Baht | | |
|---|------------------------------|---|--|
| | As at March 31, 2021 | | |
| | Hire purchase receivables | Recognized amount as allowance for expected credit losses | Allowance for expected credit losses |
| Low credit risk receivables | 3,487,110 | 3,757,484 | 6,452 |
| Significant increase in credit risk receivables | 148,320 | 148,320 | 277 |
| Total | 3,635,430 | 3,905,804 | 6,729 |

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

Allowance for expected credit losses for the three-month period ended March 31, 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 | (9,110) | (23,127) | - | (32,237) |
| Balance as at March 31, 2021 | 6,452 | 277 | - | 6,729 |

7. FINANCE LEASE RECEIVABLES

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|--|------------------------------------|---------------------------------------|
| Outstanding contract price | 226,315,572 | 247,884,553 |
| <u>Less</u> Deposits on finance lease | (83,102,591) | (88,632,466) |
| <u>Less</u> Unearned financing income | (12,566,191) | (14,466,580) |
| | 130,646,790 | 144,785,507 |
| <u>Less</u> Allowance for expected credit losses | (8,572,050) | (8,628,938) |
| | 122,074,740 | 136,156,569 |
| Due within one year | 107,325,036 | 98,290,197 |
| <u>Less</u> Deposits on finance lease | (30,784,687) | (21,121,313) |
| <u>Less</u> Unearned financing income | (6,834,091) | (7,710,518) |
| Finance lease current receivables, net | 69,706,258 | 69,458,366 |
| Finance lease non-current receivables, net | 52,368,482 | 66,698,203 |

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

| | As at March 31, 2021 | | | Unit : Baht |
|---|------------------------------|---|--|-------------|
| | Finance lease receivables | Recognized amount as allowance for expected credit losses | Allowance for expected credit losses | |
| Low credit risk receivables | 101,527,996 | 111,273,393 | 1,235,994 | |
| Significant increase in credit risk receivables | 21,684,452 | 23,784,872 | 3,301,714 | |
| Default receivables in credit risk | 7,434,342 | 7,434,342 | 4,034,342 | |
| Total | 130,646,790 | 142,492,607 | 8,572,050 | |

| | As at December 31, 2020 | | | Unit : Baht |
|---|------------------------------|---|--|-------------|
| | 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 loss for the three-month period ended March 31, 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 | (78) | 78 | - | - |
| Changes in risk parameters | 350,716 | (471,523) | 25,760 | (95,047) |
| New financial assets originated or purchased | 261,976 | - | - | 261,976 |
| Financial assets derecognized | (353) | (223,464) | - | (223,817) |
| Balance as at March 31, 2021 | <u>1,235,994</u> | <u>3,301,714</u> | <u>4,034,342</u> | <u>8,572,050</u> |

8. INVENTORY FINANCE RECEIVABLES

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|--|------------------------------------|---------------------------------------|
| Inventory finance receivables | 120,423,201 | 127,216,279 |
| <u>Less</u> Allowance for expected credit losses | <u>(7,221,759)</u> | <u>(6,525,343)</u> |
| Inventory finance receivables, net | <u>113,201,442</u> | <u>120,690,936</u> |

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

| | As at March 31, 2021 | | | Unit : Baht |
|---|----------------------------------|---|--|-------------|
| | Inventory finance receivables | Recognized amount as allowance for expected credit losses | Allowance for expected credit losses | |
| Low credit risk receivables | 112,645,420 | 112,645,420 | 2,448,339 | |
| Significant increase in credit risk receivables | 3,232,056 | 3,732,056 | 227,695 | |
| Default receivables in credit risk | 4,545,725 | 4,545,725 | 4,545,725 | |
| Total | <u>120,423,201</u> | <u>120,923,201</u> | <u>7,221,759</u> | |

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

Allowance for expected credit losses for the three-month period ended March 31, 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 risk parameters | 314,890 | 22,852 | - | 337,742 |
| New financial assets originated or purchased | 358,674 | - | - | 358,674 |
| Balance as at March 31, 2021 | <u>2,448,339</u> | <u>227,696</u> | <u>4,545,724</u> | <u>7,221,759</u> |

9. RIGHT-OF-USE ASSETS

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

| | Balance as at January 1, 2021 | Additions | Disposals | Unit : Baht Balance as at March 31, 2021 |
|---|-------------------------------------|-----------|-------------|---|
| Cost | | | | |
| Vehicles | - | 1,409,480 | - | 1,409,480 |
| Total cost | - | 1,409,480 | - | 1,409,480 |
| Accumulated depreciation | | | | |
| Vehicles | - | (78,304) | - | (78,304) |
| Total accumulated depreciation | - | (78,304) | - | (78,304) |
| Right-of-use assets | - | | | 1,331,176 |
| Depreciation for the three-month period ended March 31, 2021 | | | Baht | 78,304 |

The maturity analysis of lease liabilities is presented in Note 12.

| | Unit : Baht For the period ended March 31, 2021 |
|---|---|
| Amounts recognized in profit or loss | |
| Depreciation on right-of-use assets | 78,304 |
| Interest expense on lease liabilities | 6,330 |

For the three-month period ended March 31, 2021, the total cash outflow for leases amount to Baht 0.07 million (2020: Nil).

10. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|------------------|--|---|
| Promissory notes | <u>1,455,000,000</u> | <u>1,425,000,000</u> |

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

11. LONG-TERM BORROWINGS

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|---|--|---|
| Long-term borrowings | 349,893,333 | 403,580,000 |
| Current portion of long-term borrowings | <u>(166,666,666)</u> | <u>(178,800,000)</u> |
| | <u>183,226,667</u> | <u>224,780,000</u> |

As at March 31, 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 December 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. LEASE LIABILITIES

Lease liabilities as at March 31, 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 | 416,160 |
| | <u>1,395,360</u> |
| <u>Less</u> unearned interest | <u>(52,989)</u> |
| Total | <u>1,342,371</u> |
| Analyzed as: | |
| Current | 459,295 |
| Non-current | 883,076 |
| Total | <u>1,342,371</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.

13. 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 is approved by the Board or the shareholders.

Significant transactions with related parties for the three-month periods ended March 31, 2021 and 2020 were as follows:

| | 2021 Baht | 2020 Baht |
|-----------------------------|----------------------|----------------------|
| Management benefit expenses | | |
| Short-term benefits | 8,777,875 | 8,197,950 |
| Post-employment benefits | 216,138 | 209,897 |
| Other long-term benefits | 193,566 | 13,928 |
| | <u>9,187,579</u> | <u>8,421,775</u> |

14. COMMITMENTS

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

| | As at March 31, 2021 Baht | As at December 31, 2020 Baht |
|-------------------------|--|---|
| Total credit facilities | <u>5,133,000,000</u> | <u>5,226,000,000</u> |

As at March 31, 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. However, as at March 31, 2021 and December 31, 2020, the Company had unused such credit facilities with financial institutions totaling Baht 3,127 million and Baht 3,108 million, respectively.

15. FAIR VALUE MEASUREMENTS

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

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 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.

16. FINANCIAL INFORMATION BY SEGMENT

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

The business segments are described below:

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

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

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

For the three-month periods ended March 31, 2021 and 2020, 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, 2021 and 2020 were as follows:

| | For the three-month periods ended March 31, 2021 | | | | For the three-month periods ended March 31, 2020 | | | |
|--|--|--|----------|---------------|--|--|----------|----------------|
| | Factoring business | Hire purchase and finance lease business | Others | Total | Factoring business | Hire purchase and finance lease business | Others | Total |
| Income from operations | 79,557 | 2,695 | - | 82,252 | 93,556 | 4,076 | - | 97,632 |
| Other income | 9,313 | 597 | - | 9,910 | 11,723 | 692 | - | 12,415 |
| Total income | <u>88,870</u> | <u>3,292</u> | <u>-</u> | <u>92,162</u> | <u>105,279</u> | <u>4,768</u> | <u>-</u> | <u>110,047</u> |
| Selling and administrative expenses | 38,091 | 1,411 | - | 39,502 | 38,238 | 1,732 | - | 39,970 |
| Allowance for doubtful accounts (reversal) | - | - | - | - | (3,487) | 76 | - | (3,411) |
| Expected credit losses (reversal) | 411 | (90) | - | 321 | - | - | - | - |
| Finance cost | 7,759 | 287 | - | 8,046 | 12,614 | 571 | - | 13,185 |
| Total operation expenses | <u>46,261</u> | <u>1,608</u> | <u>-</u> | <u>47,869</u> | <u>47,365</u> | <u>2,379</u> | <u>-</u> | <u>49,744</u> |
| Profit before income tax expenses | 42,609 | 1,684 | - | 44,293 | 57,914 | 2,389 | - | 60,303 |
| Income tax expenses | 8,311 | 504 | - | 8,815 | 11,622 | (29) | - | 11,593 |
| Net profit for the periods | <u>34,298</u> | <u>1,180</u> | <u>-</u> | <u>35,478</u> | <u>46,292</u> | <u>2,418</u> | <u>-</u> | <u>48,710</u> |

| | As at March 31, 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>2,927,193</u> | <u>125,703</u> | <u>426,427</u> | <u>3,479,323</u> | <u>2,788,249</u> | <u>140,810</u> | <u>520,515</u> | <u>3,449,574</u> |

17. EVENT AFTER THE REPORTING PERIOD

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 69.09 million. Such dividend will be paid on May 14, 2021.

18. APPROVAL FOR ISSUANCE OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on May 6, 2021.