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*EASY BUY PUBLIC COMPANY LIMITED*

*Financial statements*

*Year ended December 31, 2019*

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

### EASY BUY PUBLIC COMPANY LIMITED

#### Opinion

We have audited the financial statements of EASY BUY Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2019, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EASY BUY Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

#### Basis for Opinion

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

#### Other Information

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Kasiti Ketsuriyong  
Certified Public Accountant (Thailand)  
Registration No. 8833

**BANGKOK**  
February 21, 2020

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

**Unit : Thousand Baht**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	304,754	635,110
Loan receivables due within one year	7	53,555,597	50,776,737
Other receivables	8	193,111	387,733
Total Current Assets		<u>54,053,462</u>	<u>51,799,580</u>
<b>NON-CURRENT ASSETS</b>			
Loan receivables	7	44,935	36,660
Leasehold improvements and equipment	9	144,103	181,392
Intangible assets	10	63,972	103,883
Deferred tax assets	11	947,718	868,424
Other non-current assets		86,326	78,596
Total Non-current Assets		<u>1,287,054</u>	<u>1,268,955</u>
<b>TOTAL ASSETS</b>		<u><u>55,340,516</u></u>	<u><u>53,068,535</u></u>

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

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2019**

**Unit : Thousand Baht**

	Notes	2019	2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term borrowings from financial institutions	5 and 12	4,163,225	3,385,848
Trade accounts payable		2,459	4,334
Other payables	13	613,124	776,170
Current portion of long-term borrowings from financial institutions	5 and 12	3,317,177	3,517,400
Current portion of debentures	12	4,137,460	3,959,584
Current income tax payable		699,882	628,436
Total Current Liabilities		<u>12,933,327</u>	<u>12,271,772</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings from financial institutions	5 and 12	6,349,411	6,976,196
Debentures	12	9,991,505	11,620,750
Provision for employee benefits	14	186,423	99,406
Decommissioning obligations for leasehold improvement	15	64,107	64,496
Total Non-current Liabilities		<u>16,591,446</u>	<u>18,760,848</u>
<b>TOTAL LIABILITIES</b>		<u>29,524,773</u>	<u>31,032,620</u>

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2019**

		<b>Unit : Thousand Baht</b>	
	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	16		
Authorized share capital			
600,000,000 ordinary shares of Baht 10 each		<u>6,000,000</u>	<u>6,000,000</u>
Issued and paid-up share capital			
600,000,000 ordinary shares of Baht 10 each, fully paid		<u>6,000,000</u>	<u>6,000,000</u>
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	17	600,000	600,000
Unappropriated		<u>19,215,743</u>	<u>15,435,915</u>
TOTAL SHAREHOLDERS' EQUITY		<u>25,815,743</u>	<u>22,035,915</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><b>55,340,516</b></u>	<u><b>53,068,535</b></u>

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

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Thousand Baht**

	Notes	2019	2018
<b>REVENUES</b>			
Income from personal loans		14,111,785	13,388,865
Income from installment loans		19,200	18,931
Other income	19	1,305,062	1,143,204
Total Revenues		<u>15,436,047</u>	<u>14,551,000</u>
<b>EXPENSES</b>			
Operating expenses	20	879,866	877,872
Administrative expenses	20	2,934,782	2,895,504
Bad debts and doubtful accounts expenses	7 and 20	4,253,263	3,918,041
Finance costs	5 and 22	817,733	914,458
Total Expenses		<u>8,885,644</u>	<u>8,605,875</u>
PROFIT BEFORE INCOME TAX EXPENSE		6,550,403	5,945,125
INCOME TAX EXPENSE	23	1,316,081	1,192,311
<b>NET PROFIT FOR THE YEARS</b>		<u>5,234,322</u>	<u>4,752,814</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Components of other comprehensive income that			
will not be reclassified to profit or loss			
Gain (loss) on remeasurements of defined benefit plans		(40,618)	4,744
Income tax relating to components of other			
comprehensive income that will not be			
reclassified to profit or loss		8,124	(949)
Other comprehensive income (loss) for the years, net of tax		<u>(32,494)</u>	<u>3,795</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEARS</b>		<u>5,201,828</u>	<u>4,756,609</u>
<b>BASIC EARNINGS PER SHARE</b>	<b>BAHT</b>	8.72	7.92
<b>WEIGHTED AVERAGE NUMBER OF</b>			
<b>ORDINARY SHARES</b>		SHARES 600,000,000	600,000,000

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



**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Thousand Baht**

	Notes	Share capital Issued and paid-up	Retained earnings		Total shareholders' equity
			Appropriated Legal reserve	Unappropriated	
<b>Balance as at January 1, 2018</b>		6,000,000	600,000	11,471,306	18,071,306
Dividends paid	24.1	-	-	(792,000)	(792,000)
Total comprehensive income for the year		-	-	4,756,609	4,756,609
<b>Balance as at December 31, 2018</b>		<u>6,000,000</u>	<u>600,000</u>	<u>15,435,915</u>	<u>22,035,915</u>
<b>Balance as at January 1, 2019</b>		6,000,000	600,000	15,435,915	22,035,915
Dividends paid	24.2	-	-	(1,422,000)	(1,422,000)
Total comprehensive income for the year		-	-	5,201,828	5,201,828
<b>Balance as at December 31, 2019</b>		<u>6,000,000</u>	<u>600,000</u>	<u>19,215,743</u>	<u>25,815,743</u>

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

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Thousand Baht**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax expense		6,550,403	5,945,125
Adjustments for :			
Depreciation and amortization expenses		119,004	152,832
Discount on restoration cost		254	429
Interest income		(14,130,985)	(13,407,796)
Finance costs		817,733	914,458
Bad debts and doubtful accounts expenses		4,253,263	3,918,041
Employee benefit expense		47,609	12,075
Loss on disposal of equipment and intangible assets		300	1,657
		<u>(2,342,419)</u>	<u>(2,463,179)</u>
Changes in operating assets and liabilities			
Loan receivables		(6,959,781)	(6,462,012)
Other receivables		194,594	(54,098)
Other non-current assets		(7,730)	898
Trade accounts payable		(1,875)	1,325
Other payables		(104,357)	173,563
Decommission obligations for leasehold improvement		-	(1,592)
Cash paid for operating activities		<u>(9,221,568)</u>	<u>(8,805,095)</u>
Cash received from interest income		14,050,368	13,273,374
Employee benefit paid		(1,210)	(4,913)
Interest paid		(858,871)	(987,193)
Income tax paid		<u>(1,315,414)</u>	<u>(1,224,660)</u>
Net cash provided by operating activities		<u>2,653,305</u>	<u>2,251,513</u>

**EASY BUY PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Thousand Baht**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchasing of leasehold improvements and equipment	4	(39,434)	(26,070)
Proceeds from sale of equipment		221	380
Cash paid for purchasing of intangible assets	4	(4,033)	(9,461)
Net cash used in investing activities		<u>(43,246)</u>	<u>(35,151)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term loans from financial institutions	4	52,576,766	42,014,988
Repayment of short-term loans from financial institutions	4	(51,801,666)	(41,777,804)
Proceeds from long-term loans from financial institutions	4	2,689,260	2,684,095
Repayment of long-term loans from financial institutions	4	(3,517,975)	(3,887,764)
Proceeds from issuing of debentures	4	2,500,000	2,500,000
Repayment of debentures	4	(3,964,800)	(3,000,000)
Dividends paid to owners of the Company	24	(1,422,000)	(792,000)
Net cash used in financing activities		<u>(2,940,415)</u>	<u>(2,258,485)</u>
Net decrease in cash and cash equivalents		(330,356)	(42,123)
Cash and cash equivalents as at January 1,		<u>635,110</u>	<u>677,233</u>
<b>Cash and cash equivalents as at December 31,</b>	<b>6</b>	<u><u>304,754</u></u>	<u><u>635,110</u></u>

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

**EASY BUY PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**EASY BUY PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. GENERAL INFORMATION**

EASY BUY Public Company Limited (the “Company”) was incorporated in Thailand. Its registered office is at 5th Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok.

The immediate parent of the Company is ACOM CO., LTD. which was incorporated in Japan.

The principal business of the Company is consumer finance business representing personal loans and installment loans.

The Company has conducted business under the Foreign Business Act B.E. 2542 since September 27, 2012.

**2. BASIS FOR 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 (“TFRSs”) and accounting practices generally accepted in Thailand.

The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2018) “Presentation of Financial Statements”, which was effective for the accounting period beginning on or after January 1, 2019 onwards, applicable rules and regulations of the Securities and Exchange Commission, and the Notification of the Department of Business Development dated October 11, 2016 regarding “The Brief Particulars in the Financial Statement (No.2) B.E. 2559”.

The financial statements have been prepared on the historical cost basis except for those described in the significant accounting policies (Note 3).

Currently, the Company’s operations relate to a single business segment which is the consumer finance business, and are carried out in a single geographic area which is Thailand.

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. 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.

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

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. 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 Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follows:

Group of Financial Instruments Standards

**Thai Accounting Standards ("TAS")**

TAS 32 Financial Instruments: Presentation

**Thai Financial Reporting Standards ("TFRS")**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

**Thai Financial Reporting Standard Interpretations ("TFRIC")**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company's management has planned to adopt these Financial Instruments Standards by recognizing the cumulative effect of initially adopting of these TFRSs as an adjustment to the opening balance of retained earnings of the period of initial application.

The Company's management has assessed the impact of such Financial Instruments Standards and expected the material impact as follows:

- Classification of financial assets.
- Measurement of financial assets as measured at fair value through profit or loss
- Recognition of allowance for loss as at the initial adoption date which higher than allowance for loss from the Company's previous accounting policy.

Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16")

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company's management will adopt this TFRS when it becomes effective by recognizing the effect of initially adopting of this TFRS as an adjustment to the opening balance of the reporting period. Based on the initial assessment, the management of the Company has anticipated the effect to the statement of financial position as at January 1, 2020 to be to increase the Company's right-of-use assets and lease liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits at banks and financial institutions and current investments with original maturities of 3 months or less.

#### 3.2 Functional and presentation currency

The financial statements are presented in Baht, which is the Company's functional currency. All financial information presented in Baht has been rounded in the financial statements to the nearest thousand Baht unless otherwise stated.

#### 3.3 Loan receivables

Personal loan receivables are stated at cost including accrued interest income and accrued credit usage fee net of allowance for doubtful accounts.

Installment loan receivables are stated at cost net of unearned interest income and allowance for doubtful accounts.

#### 3.4 Allowance for doubtful accounts

Allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. The Company provides allowance for doubtful accounts based on certain percentages of outstanding accounts receivable balances including accrued interest income and accrued credit usage fee net of unearned interest income. Allowance for doubtful accounts is made in full for receivables that are overdue more than three months.

Receivables that are overdue for more than six-months are written off. Any recovery is recognized as other income in the statement of profit or loss and other comprehensive income.

#### 3.5 Debt restructuring

For the debt restructuring by the modification of term of repayment to the debtor, the Company determines the loss arising from the revaluation of the book value of the debtor on the basis of the present value of the future cash flows to be received under the new conditions, using the compromised interest rate in discounting. Amount by which the newly determined book value is lower than the previous book value, including interest receivable, is recorded as a loss from restructuring in the statement of profit or loss and other comprehensive income.

Losses from debt restructuring arising from reductions of principal and interest are recognized as expense included in the statement of profit or loss and other comprehensive income.



### 3.6 Leasehold improvement and equipment

#### Recognition and measurement

Leasehold improvement and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling the removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of leasehold improvement and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvement and equipment.

Gains or losses on disposal of an item of leasehold improvement and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvement and equipment, and are recognized net within other income in the statement of profit or loss and other comprehensive income.

#### Subsequent costs

The cost of replacing a part of an item of leasehold improvement and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

#### Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvements and equipment. The estimated useful lives are as follows:

Leasehold improvements	5 years
Furniture, fixture and office equipment	3, 5 years
Vehicles	5 years

No depreciation is provided on assets under installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 3.7 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

#### Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software program licenses	3, 5, 10 years
Trademarks	10 years

### 3.8 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an assets exceeds its recoverable amount. The impairment loss is recognized in the statement of profit or loss and other comprehensive income.

#### Calculation of recoverable amount

The recoverable amount of an asset is the greater of the asset's value in use and fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of impairment

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount loss not exceed the carrying amount has would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.9 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss and other comprehensive income over the period of the borrowing on an effective interest basis.

### 3.10 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from financing activities.

Foreign currency liabilities hedged by cross currency swap contracts are translated to Thai Baht at such contracted exchange rates.

Interest differentials under swap arrangements are accrued and recorded as adjustments to the hedged loans.

### 3.11 Employee benefits

#### Defined contribution plans

A defined contribution plans is a post-employment benefit plan under which an entity pay fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

#### Defined benefit plans

A defined benefit plan is a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Thai Government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method.

The actuarial gains (losses) are recognized as other comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or compensated absences if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### 3.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### Provision for demolished costs of leasehold improvements

Provision for demolished costs of leasehold improvements is based on discounting the expected future cash flows of provision for demolished costs of leasehold improvements. These costs are included as part of leasehold improvements.

### 3.13 Foreign currency transactions

Transactions denominated in currencies other than Thai Baht are translated into Thai Baht at the rates of exchange prevailing on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

### 3.14 Earnings per share

For the purpose of calculating basic earnings per share, the number of ordinary shares shall be the weighted average number of ordinary share outstanding during the period.

Using the weighted average number of ordinary shares outstanding during the period reflects the possibility that the amount of shareholders' capital varied during the period as a result of a larger or smaller number of shares being outstanding at any time. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances.

### 3.15 Income

For income from personal loan, interest and credit usage fee are recognized as income on an accrual basis using the effective interest rate method over the period of outstanding loan receivables (excluding accrued interest and fee), with income recognized when the payments fall due irrespective of when actual collection is made. Recognition of income is stopped for receivables which have defaulted on more than 6 payment periods.

For installment loan which are originated before August 1, 2019, interest and credit usage fee are recognized as income on an accrual basis using the flat interest rate method over the installment period, with income recognized when the payments fall due irrespective of when actual collection is made. Recognition of income is stopped for receivables which have defaulted on more than 6 payment periods. The outstanding amount of installment loan using the flat interest rate method as at December 31, 2019 is Baht 87.35 million. Existing contracts will be closed on August 2, 2023.

For installment loan which are originated on and after August 1, 2019, interest and credit usage fee are recognized as income on an accrual basis using the effective interest rate method over the installment period, with income recognized when the installments fall due irrespective of when actual collection is made. Recognition of income is stopped for receivables which have defaulted on more than 6 payment periods. The outstanding amount of installment loan using the effective interest rate method as at December 31, 2019 is Baht 92.88 million.

### 3.16 Bad debt recovery

Bad debt recovery is recognized as income in the statement of profit or loss and other comprehensive income in the period which it is collected.

### 3.17 Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are recognized in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease.

### 3.18 Finance cost

Interest expenses and amortization expense of deferred issuance cost on debentures and borrowings are charged to the statement of profit or loss and other comprehensive income for the period in which they are incurred. The interest component of finance lease payments is recognized in the statement of profit or loss and other comprehensive income using the effective interest rate method.

### 3.19 Income tax

Income tax expense for the year comprised current and deferred tax. Current and deferred taxes are recognized in the statement of profit or loss and other comprehensive income except to the extent that they relate to an items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used or taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable the future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.20 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

### 3.21 Use of estimates and judgments

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

The significant judgments in applying accounting policies are as follows:

#### Allowance for doubtful accounts and bad debts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgments by the management, which includes the estimated collection losses on receivables, based on the Company's collection experience. The management reviews these estimates and assumptions on a regular basis.

#### 4. ADDITIONAL CASH FLOW INFORMATION

Significant non-cash items in the financial statements for the years ended December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
<b>Leasehold improvements and equipment</b>		
Liabilities recorded at beginning of the year	1,769	578
Purchase of leasehold improvements and equipment	37,819	27,261
	<u>39,588</u>	<u>27,839</u>
<u>Less</u> Cash paid for purchase of leasehold improvements and equipment	(39,434)	(26,070)
<b>Liabilities recorded at ending of the year</b>	<u><b>154</b></u>	<u><b>1,769</b></u>

For the years ended December 31, 2019 and 2018, the Company recorded leasehold improvements related to provision for restoration cost of Baht 0.47 million and Baht 1.67 million, respectively.

	Unit : Thousand Baht	
	2019	2018
<b>Intangible assets</b>		
Liabilities recorded at beginning of the year	-	597
Purchase of intangible assets	4,033	8,864
	<u>4,033</u>	<u>9,461</u>
<u>Less</u> Cash paid for purchase of intangible assets	(4,033)	(9,461)
<b>Liabilities recorded at ending of the year</b>	<u><b>-</b></u>	<u><b>-</b></u>

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht			
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Total
As at January 1, 2019	3,385,848	10,493,596	15,580,334	29,459,778
Changes in cash flow				
Cash proceeds	52,576,766	2,689,260	2,500,000	57,766,026
Cash repayment	(51,801,666)	(3,517,975)	(3,964,800)	(59,284,441)
Non-cash changes				
Maturity	-	-	-	-
Renewal	-	-	-	-
Deferred issuance costs on debentures and borrowings	2,277	1,707	13,431	17,415
As at December 31, 2019	<u>4,163,225</u>	<u>9,666,588</u>	<u>14,128,965</u>	<u>27,958,778</u>



	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Unit : Thousand Baht Debentures	Total
As at January 1, 2018	3,152,128	11,694,598	16,065,015	30,911,741
Changes in cash flow				
Cash proceeds	42,014,988	2,684,095	2,500,000	47,199,083
Cash repayment	(41,777,804)	(3,887,764)	(3,000,000)	(48,665,568)
Non-cash changes				
Maturity	(455,000)	-	-	(455,000)
Renewal	455,000	-	-	455,000
Deferred issuance costs				
on debentures and borrowings	(3,464)	2,667	15,319	14,522
As at December 31, 2018	<u>3,385,848</u>	<u>10,493,596</u>	<u>15,580,334</u>	<u>29,459,778</u>

## 5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties are as follows:

Related parties	Type of business	Country of incorporation/ Nationality	Nature of relationships
ACOM CO., LTD.	Consumer Finance Business	Japan	Parent company, 71.00% shareholding
Bank of Ayudhya Public Company Limited	Banking Business	Thailand	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.19% shareholding in parent company
MUFG Bank, Ltd.	Banking Business	Japan	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.19% shareholding in parent company
GCT Management (Thailand) Ltd.	Investment Company	Thailand	Shareholder, 25.00% shareholding
Key management personnel	-	Japanese, Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company (whether executive or otherwise)

The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policy</b>
<b>Finance costs</b>	
Interest expense	as agreed in contract
Guarantee fee	as agreed in contract

The Bank of Tokyo - Mitsubishi UFJ (“BTMU”) has changed its legal name to “MUFG Bank, Ltd.” effective on April 1, 2018.

Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) and MUFG Bank, Ltd. are wholly-owned subsidiaries of Mitsubishi UFJ Financial Group (“MUFG”). On April 16, 2018, some businesses of MUTB have been transferred to MUFG Bank, Ltd. On the same date, all transactions under the agreements between the Company and MUTB have been transferred to MUFG Bank, Ltd.

Significant transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
<b>Finance costs</b>		
<b>Other related parties</b>		
Interest expense	161,071	175,238
Guarantee fee	921	1,069
Debenture arrangement fee	10,885	12,163
Upfront fee	1,706	2,668
Termination fee on cross currency and interest rate swap agreement	-	42,649
<b>Administrative expenses</b>		
<b>Key management personnel</b>		
Key management personnel’s compensation (Short-term benefits)	95,707	97,740
Key management personnel’s compensation (Long-term benefits)	823	119

Balances with related parties as at December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
<b>Short-term borrowings from financial institutions</b>		
<b>Other related parties</b>		
Bank of Ayudhya Public Company Limited	400,100	330,000
<b>Total</b>	<b>400,100</b>	<b>330,000</b>

As at December 31, 2019 and 2018, short-term borrowings from financial institutions from other related parties bear interest at rates ranging of 1.56% per annum and 1.91% - 1.99% per annum, respectively.

	Unit : Thousand Baht	
	2019	2018
<b>Current portion of long-term borrowings from financial institutions</b>		
<b>Other related parties</b>		
MUFG Bank, Ltd., Singapore branch		
- USD 16.50 million (December 31, 2018 : USD 16.50 million)	571,070	577,075
Bank of Ayudhya Public Company Limited	300,000	300,000
<b>Long-term borrowings from financial institutions</b>		
<b>Other related parties</b>		
MUFG Bank, Ltd., Singapore branch		
- USD 8.00 million (December 31, 2018 : USD 24.50 million)	276,400	847,470
Bank of Ayudhya Public Company Limited	4,084,094	3,384,094
<b>Total</b>	<b>5,231,564</b>	<b>5,108,639</b>

As at December 31, 2019 and 2018, long-term borrowings from financial institutions from other related parties bear interest at rates ranging from 2.56% - 3.78% per annum and 2.58% - 4.90% per annum, respectively.

	Unit : Thousand Baht	
	2019	2018
<b>Other payables</b>		
<b>Accrued interest expense</b>		
<b>Other related parties</b>		
MUFG Bank, Ltd., Singapore branch	154	495
Bank of Ayudhya Public Company Limited	28,174	21,115
<b>Total</b>	<b>28,328</b>	<b>21,610</b>
<b>Deferred issuance cost (presented net from long-term borrowings and debentures)</b>		
<b>Other related parties</b>		
MUFG Bank, Ltd.	1,823	14,429
Bank of Ayudhya Public Company Limited	807	96
<b>Total</b>	<b>2,630</b>	<b>14,525</b>

## Significant agreements with related parties

### Guarantee fee agreements

The Company entered into agreements with ACOM CO., LTD., the parent company, which has guaranteed the financial institutions due performance of obligations by the Company under loan agreements with financial institutions (if any). In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of loans as stipulated in the agreements unless the Company gives prior written notice to terminate the agreements.

The Company entered into agreements with MUFG Bank, Ltd., a financial institution in the group of Mitsubishi UFJ Financial Group, which has guaranteed the debentures due performance of obligations by the Company under conditions of debentures. In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of debentures as stipulated in the agreements.

#### **Cross currency and interest rate swap agreements**

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in foreign currencies with volatility of floating interest rate by swapping foreign currencies and floating interest rates to Baht currency in fixed interest rates as specified in the agreements (see Note 12).

#### **Interest rate swap agreements**

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in Baht currency with volatility of floating interest rates by swapping floating interest rates to fixed interest rates as specified in the agreements (see Note 12).

### **6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Cash on hand	143,631	278,484
Cash at banks - current accounts	65,380	172,504
Cash at banks - savings accounts	95,743	184,122
<b>Total</b>	<b>304,754</b>	<b>635,110</b>

In 2019 and 2018, above cash at banks bears interest at the rates of ranging from 0.10% - 0.38% per annum and 0.10% - 0.60% per annum, respectively.

## 7. LOAN RECEIVABLES

	As at December 31, 2019			As at December 31, 2018			Unit : Thousand Baht
	Personal Loan Receivables	Installment Loan Receivables	Total	Personal Loan Receivables	Installment Loan Receivables	Total	
<b>Due within one year</b>							
Loan receivables	56,943,607	144,668	57,088,275	53,951,955	138,842	54,090,797	
Less: Unearned interest income	-	(9,851)	(9,851)	-	(11,600)	(11,600)	
Allowance for doubtful accounts	(3,520,896)	(1,931)	(3,522,827)	(3,299,886)	(2,574)	(3,302,460)	
<b>Net</b>	<b>53,422,711</b>	<b>132,886</b>	<b>53,555,597</b>	<b>50,652,069</b>	<b>124,668</b>	<b>50,776,737</b>	
<b>Due over one year</b>							
Loan receivables	-	45,732	45,732	-	38,040	38,040	
Less: Unearned interest income	-	(320)	(320)	-	(757)	(757)	
Allowance for doubtful accounts	-	(477)	(477)	-	(623)	(623)	
<b>Net</b>	<b>-</b>	<b>44,935</b>	<b>44,935</b>	<b>-</b>	<b>36,660</b>	<b>36,660</b>	
<b>Total</b>	<b>53,422,711</b>	<b>177,821</b>	<b>53,600,532</b>	<b>50,652,069</b>	<b>161,328</b>	<b>50,813,397</b>	
							Unit : Thousand Baht
			2019				2018
<b>Bad debts and doubtful accounts expenses</b>							
for the years ended December 31,							
Bad debts	4,031,205	1,837	4,033,042	3,903,524	3,832	3,907,356	
Doubtful accounts (reversal)	221,010	(789)	220,221	10,950	(265)	10,685	
<b>Total</b>	<b>4,252,215</b>	<b>1,048</b>	<b>4,253,263</b>	<b>3,914,474</b>	<b>3,567</b>	<b>3,918,041</b>	

Aging analysis for loan receivables is as follows:

	As at December 31, 2019			As at December 31, 2018			Unit : Thousand Baht
	Personal Loan Receivables	Installment Loan Receivables	Total	Personal Loan Receivables	Installment Loan Receivables	Total	
Current	53,294,733	189,049	53,483,782	50,765,066	175,166	50,940,232	
Overdue payment							
Less than and equal to 3 months	2,342,191	818	2,343,009	2,061,096	1,096	2,062,192	
More than 3 months	1,306,683	533	1,307,216	1,125,793	620	1,126,413	
	56,943,607	190,400	57,134,007	53,951,955	176,882	54,128,837	
Less Unearned interest income	-	(10,171)	(10,171)	-	(12,357)	(12,357)	
<b>Total</b>	56,943,607	180,229	57,123,836	53,951,955	164,525	54,116,480	
Less Allowance for doubtful accounts	(3,520,896)	(2,408)	(3,523,304)	(3,299,886)	(3,197)	(3,303,083)	
<b>Net</b>	<b>53,422,711</b>	<b>177,821</b>	<b>53,600,532</b>	<b>50,652,069</b>	<b>161,328</b>	<b>50,813,397</b>	

As at December 31, 2019 and 2018, personal loan receivables comprise the following:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Revolving loan receivables	54,726,996	52,032,817
Minimum payment loan receivables	2,216,611	1,919,138
<b>Total</b>	<b>56,943,607</b>	<b>53,951,955</b>

Revolving loans are repayable at any time subject to a minimum monthly payment of 3% of the outstanding balances, as specified in the loan agreements. The Company classifies the total balance of revolving loan receivables within current assets.

Minimum payment loans are loans which the borrowers have the option to repay in full at any time or by monthly installments of not less than the minimum payment of from 3% to 8% of the total loan amount, as specified in the loan agreements. The Company classifies the total balance of minimum payment loan receivables within current assets.

As at December 31, 2019 and 2018, the Company had loan receivables which were overdue for over three payment periods of Baht 1,307.22 million and Baht 1,126.41 million, respectively, on which the Company has continued to recognize the interest income. The Company recognized interest income on such loan receivables for the years ended December 31, 2019 and 2018, amounting to Baht 221.32 million and Baht 210.36 million, respectively, of which full allowance for doubtful accounts has been made.

Loan receivables of the Company as at December 31, 2019 and 2018 were denominated entirely in Baht currency.

In 2019 and 2018, the interest rates for the above loan receivables were within defined law set at 15.00% per annum and not more than 28.00% per annum (Effective rate) when inclusive of interest and credit usage fee.

### **Debt restructuring**

For the years ended December 31, 2019 and 2018, the Company had recognized interest income on restructured loan receivables totaling Baht 226.21 million and Baht 185.47 million, respectively.

The Company had the outstanding balances of loan receivables as at December 31, 2019 and 2018 as follows:

	<b>As at December 31, 2019</b>		<b>Unit : Thousand Baht</b>	
	<b>Number of Contracts</b>	<b>Amount</b>	<b>As at December 31, 2018</b>	<b>Amount</b>
Restructured loan receivables	45,951	1,987,245	40,527	1,731,081
Non-restructured loan receivables	2,005,053	53,435,942	1,870,098	50,765,367
<b>Total</b>	<b>2,051,004</b>	<b>55,423,187</b>	<b>1,910,625</b>	<b>52,496,448</b>

As at December 31, 2019 and 2018, the Company had no commitment to provide additional loans to its restructured debtors after debt restructuring.

## 8. OTHER RECEIVABLES

Other receivables as at December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
Receivables from collection agencies	131,004	336,784
Prepaid expenses	21,503	47,023
Others	42,018	6,325
<u>Less</u> Allowance for doubtful accounts	<u>(1,414)</u>	<u>(2,399)</u>
<b>Total</b>	<b><u>193,111</u></b>	<b><u>387,733</u></b>
	<b>2019</b>	<b>2018</b>
Doubtful accounts expenses (reversal) for the years ended December 31,	<u>(985)</u>	<u>1,763</u>

## 9. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, 2019 and 2018 are as follows:

Unit : Thousand Baht					
As at December 31, 2019	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2019
<b>Costs:</b>					
Leasehold improvements	387,517	5,940	(13,672)	-	379,785
Furniture, fixtures and office equipment	659,534	7,098	(43,084)	24,830	648,378
<b>Total</b>	<b><u>1,047,051</u></b>	<b><u>13,038</u></b>	<b><u>(56,756)</u></b>	<b><u>24,830</u></b>	<b><u>1,028,163</u></b>
<b>Accumulated depreciation:</b>					
Leasehold improvements	332,765	20,339	(13,204)	-	339,900
Furniture, fixtures and office equipment	533,462	54,721	(43,031)	-	545,152
<b>Total</b>	<b><u>866,227</u></b>	<b><u>75,060</u></b>	<b><u>(56,235)</u></b>	<b><u>-</u></b>	<b><u>885,052</u></b>
Assets under installation	568	25,254	-	(24,830)	992
<b>Leasehold improvements and equipment</b>	<b><u>181,392</u></b>				<b><u>144,103</u></b>



Unit : Thousand Baht					
As at December 31, 2018					
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2018
<b>Costs:</b>					
Leasehold improvements	400,617	14,383	(27,483)	-	387,517
Furniture, fixtures and office equipment	683,902	13,844	(38,354)	142	659,534
Total	1,084,519	28,227	(65,837)	142	1,047,051
<b>Accumulated depreciation:</b>					
Leasehold improvements	327,962	29,356	(24,553)	-	332,765
Furniture, fixtures and office equipment	496,557	75,010	(38,105)	-	533,462
Total	824,519	104,366	(62,658)	-	866,227
Assets under installation	-	710	-	(142)	568
<b>Leasehold improvements and equipment</b>	<b>260,000</b>				<b>181,392</b>
<b>Depreciation for the years ended December 31,</b>					
2019					75,060
2018					104,366

As at December 31, 2019 and 2018, the cost of the Company's fully depreciated leasehold improvements and equipment still in use amounted to Baht 631.46 million and Baht 579.38 million, respectively.

## 10. INTANGIBLE ASSETS

Intangible assets as at December 31, 2019 and 2018 are as follows:

Unit : Thousand Baht					
As at December 31, 2019					
	Balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2019
<b>Costs:</b>					
Computer software	352,075	520	-	6,802	359,397
Trademark	3,710	-	-	-	3,710
Total	355,785	520	-	6,802	363,107
<b>Accumulated amortization:</b>					
Computer software	253,721	43,708	-	-	297,429
Trademark	1,470	236	-	-	1,706
Total	255,191	43,944	-	-	299,135
Computer software under installation	3,289	3,513	-	(6,802)	-
<b>Intangible assets</b>	<b>103,883</b>				<b>63,972</b>

Unit : Thousand Baht					
As at December 31, 2018					
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2018
<b>Costs:</b>					
Computer software	348,860	353	-	2,862	352,075
Trademark	1,350	1,664	-	696	3,710
Total	350,210	2,017	-	3,558	355,785
<b>Accumulated amortization:</b>					
Computer software	205,376	48,345	-	-	253,721
Trademark	1,349	121	-	-	1,470
Total	206,725	48,466	-	-	255,191
Computer software under installation	838	6,847	(838)	(3,558)	3,289
<b>Intangible assets</b>	<b>144,323</b>				<b>103,883</b>
<b>Amortization for the years ended December 31,</b>					
2019					43,944
2018					48,466

As at December 31, 2019 and 2018, the cost of the Company's fully amortized intangible assets still in use amounted to Baht 183.71 million and Baht 123.29 million, respectively.

## 11. DEFERRED TAXES

Deferred tax assets as at December 31, 2019 and 2018 consist of:

	Unit : Thousand Baht	
	2019	2018
<b>Deferred tax assets</b>		
Loan receivables (allowance for doubtful accounts)	704,842	660,958
Loan receivables (bad debt written-off)	137,020	130,509
Provisions for employee benefits	37,284	19,881
Decommissioning obligation for leasehold improvements	12,303	12,126
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	55,371	48,341
Others	3,250	2,008
<b>Total</b>	<b>950,070</b>	<b>873,823</b>
<b>Deferred tax liabilities</b>		
Debentures and borrowings issuance cost	(2,352)	(5,399)
<b>Total</b>	<b>(2,352)</b>	<b>(5,399)</b>
<b>Net</b>	<b>947,718</b>	<b>868,424</b>

The movements of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 consist of tax effects from the following items:

	Unit : Thousand Baht			
	Balance as at January 1, 2019	Item as recognized into profit (loss)	Item as recognized into other comprehensive income (loss)	Balance as at December 31, 2019
<b>Deferred tax assets</b>				
Loan receivables				
(allowance for doubtful accounts)	660,958	43,884	-	704,842
Loan receivables (bad debt written-off)	130,509	6,511	-	137,020
Provisions for employee benefits	19,881	9,279	8,124	37,284
Decommissioning obligation for leasehold improvements	12,126	177	-	12,303
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	48,341	7,030	-	55,371
Others	2,008	1,242	-	3,250
	<u>873,823</u>	<u>68,123</u>	<u>8,124</u>	<u>950,070</u>
<b>Deferred tax liabilities</b>				
Debentures and borrowings issuance cost	(5,399)	3,047	-	(2,352)
	<u>(5,399)</u>	<u>3,047</u>	<u>-</u>	<u>(2,352)</u>
<b>Deferred tax assets</b>	<u><b>868,424</b></u>	<u><b>71,170</b></u>	<u><b>8,124</b></u>	<u><b>947,718</b></u>

	Unit : Thousand Baht			
	Balance as at January 1, 2018	Item as recognized into profit (loss)	Item as recognized into other comprehensive income (loss)	Balance as at December 31, 2018
<b>Deferred tax assets</b>				
Loan receivables				
(allowance for doubtful accounts)	658,607	2,351	-	660,958
Loan receivables (bad debt written-off)	130,897	(388)	-	130,509
Provisions for employee benefits	19,397	1,433	(949)	19,881
Decommissioning obligation for leasehold improvements	12,403	(277)	-	12,126
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	67,321	(18,980)	-	48,341
Others	2,431	(423)	-	2,008
	<u>891,056</u>	<u>(16,284)</u>	<u>(949)</u>	<u>873,823</u>
<b>Deferred tax liabilities</b>				
Debentures and borrowings issuance cost	(8,813)	3,414	-	(5,399)
	<u>(8,813)</u>	<u>3,414</u>	<u>-</u>	<u>(5,399)</u>
<b>Deferred tax assets</b>	<u><b>882,243</b></u>	<u><b>(12,870)</b></u>	<u><b>(949)</b></u>	<u><b>868,424</b></u>

## 12. INTEREST - BEARING LIABILITIES

	Unit : Thousand Baht				
	As at December 31, 2019		As at December 31, 2018		Total
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debtentures	Long-term borrowings from financial institutions	Debtentures
<b>Current</b>					
Principal	4,165,100	3,317,610	4,139,600	3,517,975	3,964,800
Less Deferred issuance cost on debtentures and borrowings	(1,875)	(433)	(2,140)	(575)	(5,216)
<b>Net</b>	<u>4,163,225</u>	<u>3,317,177</u>	<u>4,137,460</u>	<u>3,517,400</u>	<u>3,959,584</u>
					<u>10,872,775</u>
					<u>(9,943)</u>
					<u>10,862,832</u>
<b>Non-current</b>					
Principal	-	6,349,754	10,000,000	6,978,104	11,639,600
Less Deferred issuance cost on debtentures and borrowings	-	(343)	(8,495)	(1,908)	(18,850)
<b>Net</b>	<u>-</u>	<u>6,349,411</u>	<u>9,991,505</u>	<u>6,976,196</u>	<u>11,620,750</u>
<b>Total</b>	<u>4,163,225</u>	<u>9,666,588</u>	<u>14,128,965</u>	<u>10,493,596</u>	<u>15,580,334</u>
					<u>29,459,778</u>
- Secured*	-	-	1,138,544	-	2,092,310
- Unsecured	4,163,225	9,666,588	12,990,421	10,493,596	13,488,024
<b>Total</b>	<u>4,163,225</u>	<u>9,666,588</u>	<u>14,128,965</u>	<u>10,493,596</u>	<u>15,580,334</u>
					<u>29,459,778</u>

\* The Company has letter of guarantees issued by the parent company and a related foreign financial institution for guarantee payment of the Company under the conditions of long-term borrowings and debtentures, respectively.

Interest-bearing liabilities as at December 31, 2019 and 2018 classified by currencies are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Baht Currency	24,637,740	23,257,966
United States Dollars Currency	3,321,038	5,604,612
Yen Currency	-	597,200
<b>Total</b>	<b>27,958,778</b>	<b>29,459,778</b>

In 2019 and 2018, above liabilities bear interest at the rates ranging from 1.45% - 4.10% per annum and 1.66% - 4.90% per annum, respectively.

#### **Cross currency and interest rate swap, interest rate swap and forward foreign exchange agreements**

##### *Baht Currency*

As at December 31, 2019, the Company has interest rate swap agreements to hedge the volatility of floating interest rate by paying interest in fixed rates as specified in the agreements with a related local bank and a local bank totaling Baht 3,900 million (as at December 31, 2018 : Baht 2,900.00 million)

##### *United States Dollars Currency*

As at December 31, 2019, the Company has cross currency and interest rate swap agreements to hedge financial liabilities denominated in foreign currencies and the volatility of floating interest rate. The cross currency and interest rate swap agreements are as follows:

- With a related local bank and local banks totaling USD 59.50 million by swapping to Baht 1,987.07 million (as at December 31, 2018 : totaling USD 106.00 million by swapping to Baht 3,528.95 million) and swapping floating interest rates and fixed interest rates in USD monthly, quarterly and semi-annually to fixed rates as specified in the agreements.
- With a local branch of foreign bank totaling USD 41.00 million by swapping to Baht 1,335.80 million (as at December 31, 2018 : totaling USD 59.50 million by swapping to Baht 2,090.24 million) and swapping floating interest rates in USD monthly to fixed rates as specified in the agreements.

##### *Yen Currency*

As at December 31, 2018, the Company had cross currency and interest rate swap agreements to hedge financial liabilities denominated in foreign currencies and the volatility of floating interest rate with a related local bank and a local bank totaling JPY 2,000.00 million by swapping to Baht 597.20 and swapping floating interest rate in JPY quarterly and semi-annually to fixed rates as specified in the agreements. As at December 31, 2019, such financial liabilities had been fully repaid by the Company.

## Debentures

Debentures as at December 31, 2019 and 2018 are as follows:

	Issuance Date	Maturity Date	Tranche Number	Secured/Unsecured	Unit	Par Value	2019 (Thousand Baht)	2018 (Thousand Baht)
1	September 26, 2014	September 26, 2019	1 <sup>st</sup>	Secured	30	USD 1,000,000	-	964,800
2	February 24, 2015	February 24, 2020	1 <sup>st</sup>	Secured	35	USD 1,000,000	1,139,600	1,139,600
3	March 12, 2015	March 12, 2020	2 <sup>nd</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
4	September 30, 2015	September 30, 2020	2 <sup>nd</sup>	Unsecured	500,000	Baht 1,000	500,000	500,000
5	February 25, 2016	February 25, 2019	1 <sup>st</sup>	Unsecured	2,000,000	Baht 1,000	-	2,000,000
		February 25, 2021	2 <sup>nd</sup>	Unsecured	2,000,000	Baht 1,000	2,000,000	2,000,000
6	September 15, 2016	September 15, 2019	1 <sup>st</sup>	Unsecured	1,000,000	Baht 1,000	-	1,000,000
		September 15, 2023	2 <sup>nd</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
7	March 30, 2017	March 30, 2022	1 <sup>st</sup>	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
8	June 7, 2017	June 7, 2024	1 <sup>st</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
9	November 24, 2017	November 24, 2021	1 <sup>st</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
10	April 27, 2018	April 27, 2021	1 <sup>st</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
11	October 22, 2018	October 22, 2020	1 <sup>st</sup>	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
12	April 29, 2019	January 28, 2022	1 <sup>st</sup>	Unsecured	1,500,000	Baht 1,000	1,500,000	-
13	July 26, 2019	July 22, 2022	1 <sup>st</sup>	Unsecured	1,000,000	Baht 1,000	1,000,000	-
							14,139,600	15,604,400
							(10,635)	(24,066)
							14,128,965	15,580,334
							(4,137,460)	(3,959,584)
							<b>9,991,505</b>	<b>11,620,750</b>

Less Debenture deferred issuance cost

Less Current portion of debentures

**Debentures - net**

As at December 31, 2019 and 2018, debentures bear interest at rates ranging from 1.99% - 4.10% per annum.

### 13. OTHER PAYABLES

Other payables as at December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
<b>Interest and guarantee fees payables</b>		
- Related parties	28,328	21,610
- Other financial institutions	133,419	150,865
Other payables	64,733	101,045
Withholding tax payable	20,115	19,912
Accrued expenses and others	366,529	482,738
<b>Total</b>	<b>613,124</b>	<b>776,170</b>

### 14. PROVISIONS FOR EMPLOYEE BENEFITS

The Company has retirement benefits plan in accordance with Labour Protection Act., which is the unfunded defined benefits plan.

Expense recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Current service cost	12,125	9,319
Past service cost	30,953	-
Interest on obligation	4,531	2,756
<b>Total</b>	<b>47,609</b>	<b>12,075</b>

Movements in the present value of the obligation under defined benefits plan for the years ended December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Defined benefits obligation brought forward	99,406	96,988
Current service cost	12,125	9,319
Past service cost	30,953	-
Interest on obligation	4,531	2,756
(Gain) loss on remeasurements of defined benefits plan		
- from change in financial assumption	38,877	(7,214)
- from experience adjustment	1,741	2,470
Paid to employee	(1,210)	(4,913)
<b>Defined benefits obligation carried forward</b>	<b>186,423</b>	<b>99,406</b>

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which will be effective after 30 days from the date announced in Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Company have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 30.95 million in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019.

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefits obligation as at December 31, 2019 and 2018 are as follows:

	2019	2018
Personnel turnover rate	0% -22.92%, p.a. Subject to the range of age of employees	0% - 22.92%, p.a. Subject to the range of age of employees
Discount rate	1.75%, p.a	3.50%, p.a
Increase in expected rate of salary	4.00%, p.a	4.00%, p.a

Significant actuarial assumptions for the determination of the defined benefits obligation are expected salary incremental rate and discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring, while holding all other assumptions constant which reflects increasing (decreasing) in the obligation if the assumptions change by 1% as at December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
Salary incremental rates - 1% increase	19,372	10,913
Salary incremental rates - 1% decrease	(14,016)	(8,002)
Discount rate - 1% increase	(14,154)	(8,097)
Discount rate - 1% decrease	19,222	10,803

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.



# **15. DECOMMISSIONING OBLIGATION FOR LEASEHOLD IMPROVEMENTS**

Decommissioning obligation for leasehold improvements as at December 31, 2019 and 2018 are as follows:

	<b>Unit : Thousand Baht</b>	
	<b>2019</b>	<b>2018</b>
Beginning balance	64,496	68,867
Provision made	727	2,101
Paid for restoration cost of leasehold improvements	(873)	(2,624)
Provision reversed	(243)	(3,848)
<b>Ending balance</b>	<b>64,107</b>	<b>64,496</b>

As at December 31, 2019, the Company had current portion of decommissioning obligation for leasehold improvements of Baht 0.18 million. As at December 31, 2018, the Company had no current portion of decommissioning obligation for leasehold improvements.

# **16. CAPITAL MANAGEMENT**

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

Monitoring the capital level of the Company is conducted in accordance with the covenant on financial ratio stipulated in loan agreements.

The Company has been granted the license to operate as a non-financial institution that provides personal loans from the Minister of Finance, of which the Company must have authorized share capital of at least Baht 50.00 million.

# **17. LEGAL RESERVE**

Section 116 of the Public Companies Act B.E.2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

As at December 31, 2019 and 2018, the Company's legal reserve have reached 10% of its registered share capital

# 18. SEGMENT INFORMATION

The Company's operations are consumer finance business representing personal loans and installment loans as integrated and complementary activities that constitute one line of business. Consequently, management considers that it has only one business segment. Moreover, the Company operates in the domestic market; consequently, management determines that it has only one geographical segment.

# 19. OTHER INCOME

Other income for the years ended December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
Recovery of bad debts	1,187,707	1,029,475
Others	117,355	113,729
<b>Total</b>	<b>1,305,062</b>	<b>1,143,204</b>

# 20. EXPENSES BY NATURE

Net profit for the years ended December 31, 2019 and 2018 have been derived after deducting the following significant expenses:

	Unit : Thousand Baht	
	2019	2018
Personnel expenses	1,645,414	1,609,940
Marketing expenses	235,858	263,847
Commission expenses	213,666	210,859
Depreciation and amortization expenses	119,004	152,832
Rental expenses	305,018	306,434
Special business tax and stamp duties	543,876	519,033
Bad debts and doubtful accounts expenses	4,253,263	3,918,041
Others	751,812	710,431
<b>Total</b>	<b>8,067,911</b>	<b>7,691,417</b>

# 21. PROVIDENT FUND

The Company has set up a registered provident fund in accordance with the Provident Fund Act B.E. 2530. All employees are members of the Provident Fund, which is managed by BBL Asset Management Company Limited. Under the Fund's regulations, employees contribute to the fund at the rate of 2% to 15% of their basic salary and the Company contributes to the fund at the rate of 2% to 7%.

The Company's contributions which were charged to the statement of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 amounted to Baht 34.12 million and Baht 32.76 million, respectively.

## 22. FINANCE COSTS

Finance costs for the years ended December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
Interest expense		
- Related parties	161,071	175,238
- Other financial institutions	631,985	669,208
Guarantee fee	921	1,068
Others	23,756	68,944
<b>Total</b>	<b>817,733</b>	<b>914,458</b>

## 23. TAX EXPENSE

Tax expense for the years ended December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
<b>Current tax expense</b>	<b>1,387,251</b>	<b>1,179,441</b>
Current year	1,387,251	1,179,441
<b>Deferred tax expense</b>		
Movements in temporary differences	(71,170)	12,870
	(71,170)	12,870
<b>Total</b>	<b>1,316,081</b>	<b>1,192,311</b>

Reconciliations of effective tax rates for the years ended December 31, 2019 and 2018 are as follows:

	Tax Rate (%)	2019	Tax Rate (%)	2018
Accounting profit before tax expense		6,550,403		5,945,125
Tax expense at domestic tax rate	20.0	1,310,081	20.0	1,189,025
Tax effect of non-deductable expenses (non-taxable income)		77,170		(9,584)
Tax expense per income tax return		1,387,251		1,179,441
Adjustment for deferred tax relating to the origination and reversal of temporary differences		(71,170)		12,870
<b>Tax expense</b>	<b>20.1</b>	<b>1,316,081</b>	<b>20.1</b>	<b>1,192,311</b>

## **24. DIVIDEND PAID**

- 24.1 At the Annual General Meeting of the Shareholders of the Company held on April 19, 2018, the shareholder approved the appropriation of dividends of Baht 1.32 per share, amounting to Baht 792.00 million. The dividends were paid to the shareholders on May 9, 2018.
- 24.2 At the Annual General Meeting of the Shareholders of the Company held on April 25, 2019, the shareholder approved the appropriation of dividends of Bath 2.37 per share, amounting to Baht 1,422.00 million. The dividends were paid to the shareholders on May 8, 2019.

## **25. FINANCIAL INSTRUMENTS**

### Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

### Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total equity, and also monitors the level of dividends to ordinary shareholders.

### 25.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowing. The Company mitigates this risk by using derivative financial instruments principally interest rate swap to manage exposure to fluctuations in interest rates (see Note 12).

## 25.2 Foreign currency risk

The Company is exposed to foreign currency risk relating to loans which are denominated in foreign currencies. The Company primarily utilizes cross currency swap contracts with the same maturities as the loan agreements to hedge such financial liabilities denominated in foreign currencies (see Note 12).

## 25.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and exposure to credit risk is monitored by setting up a credit approval procedure, which requires credit officers to verify information provided by applicants and vendors. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

## 25.4 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

## 25.5 Fair values

The fair value disclosures of financial instruments, considerable judgment is necessarily required in estimation of fair value. 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.

The fair values of short-term borrowings are considered to approximate the amount disclosed in the statement of financial position because their maturities on demand within one year.

Fair value of assets and liabilities and their fair value hierarchy level classification are summarized as follows:

	As at December 31, 2019		Fair value hierarchy	As at December 31, 2018		Fair value hierarchy	Unit : Thousand Baht Valuation Technique
	Carrying Amount	Fair Value		Carrying Amount	Fair Value		
<u>Financial assets</u>							
Loan receivables	53,600,532	78,059,757	3	50,813,397	72,601,847	3	Discounting expected future cash flows of the potentially recoverable principal and interest by the risk-free rate.
Derivative assets	-	-	2	-	-	2	Over-the-counter quoted price
<u>Financial liabilities</u>							
Long-term borrowings from financial Institutions	9,666,588	9,589,131	3	10,493,596	10,347,910	3	Discounting expected future cash flows by over-the-counter interest rate as of the last working day of the reporting period
Debentures	14,128,965	14,341,884	2	15,580,334	15,605,085	2	Discounting expected future cash flows by yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association or over the counter quoted price including transaction cost
Derivative liabilities	-	432,247	2	-	389,016	2	Over-the-counter quoted price

## 26. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at December 31, 2019 and 2018 are as follows:

	Unit : Thousand Baht	
	2019	2018
<b>Capital commitments</b>		
Software	-	3,290
Furniture & fixture and equipment	1,983	1,326
<b>Total</b>	<b>1,983</b>	<b>4,616</b>
<b>Non-cancellable operating lease commitments</b>		
Within one year	209,519	185,357
After one year but within five years	102,671	82,768
<b>Total</b>	<b>312,190</b>	<b>268,125</b>

The Company entered into several lease agreements covering office premises, vehicles and computer equipment for periods from one to four years. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

## 27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved for issuing by the Board of Directors of the Company on February 21, 2020.