
EASY BUY PUBLIC COMPANY LIMITED

Interim Financial Statements

Three-month period ended March 31, 2020

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

EASY BUY PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of EASY BUY Public Company Limited as at March 31, 2020 and the related statements of profit or loss and other 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".

Emphasis of Matter

Without modifying our conclusion on the aforementioned interim financial information, we draw attention to Note 3 to the interim financial statements that EASY BUY Public Company Limited have adopted new accounting policies in accordance with group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 “Leases” which become effective for fiscal years beginning on or after January 1, 2020



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK
May 28, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

Unit : Thousand Baht

	Notes	As At March 31, 2020	As At December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		501,874	304,754
Loan receivables due within one year		52,775,099	53,555,597
Other receivables		176,765	193,111
Derivative assets	9	16,279	-
Total Current Assets		<u>53,470,017</u>	<u>54,053,462</u>
NON-CURRENT ASSETS			
Loan receivables		44,580	44,935
Leasehold improvements and equipment	7	127,488	144,103
Right-of-use assets	7	296,936	-
Intangible assets		54,942	63,972
Deferred tax assets	8	1,120,230	947,718
Other non-current assets		83,717	86,326
Total Non-current Assets		<u>1,727,893</u>	<u>1,287,054</u>
TOTAL ASSETS		<u><u>55,197,910</u></u>	<u><u>55,340,516</u></u>

See condensed notes to the financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2020

Unit : Thousand Baht

	Notes	As At March 31, 2020	As At December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	5 and 9	3,847,059	4,163,225
Trade accounts payable		478	2,459
Other payables		402,821	613,124
Current portion of long-term borrowings from financial institutions	5 and 9	4,658,920	3,317,177
Current portion of debentures	9	3,998,589	4,137,460
Current portion of lease liabilities		113,843	-
Current income tax payable		986,874	699,882
Derivative liabilities	9	41,992	-
Total Current Liabilities		<u>14,050,576</u>	<u>12,933,327</u>
NON-CURRENT LIABILITIES			
Long-term borrowings from financial institutions	5 and 9	4,784,094	6,349,411
Debentures	9	9,491,375	9,991,505
Lease liabilities		181,847	-
Provision for employee benefits		191,324	186,423
Decommissioning obligations for leasehold improvement		63,846	64,107
Long-term derivative liabilities	9	126,805	-
Total Non-current Liabilities		<u>14,839,291</u>	<u>16,591,446</u>
TOTAL LIABILITIES		<u>28,889,867</u>	<u>29,524,773</u>

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2020

Unit : Thousand Baht

	Notes	As At March 31, 2020	As At December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
600,000,000 ordinary shares of Baht 10 each		6,000,000	6,000,000
Issued and paid-up share capital			
600,000,000 ordinary shares of Baht 10 each, fully paid		6,000,000	6,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve		600,000	600,000
Unappropriated		19,708,043	19,215,743
TOTAL SHAREHOLDERS' EQUITY		26,308,043	25,815,743
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		55,197,910	55,340,516

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

		Unit : Thousand Baht	
	Notes	2020	2019
REVENUES			
Income from personal loans		3,555,184	3,410,176
Income from installment loans		4,945	4,690
Other income	10	303,173	305,845
Total Revenues		<u>3,863,302</u>	<u>3,720,711</u>
EXPENSES			
Operating expenses		207,585	217,898
Administrative expenses		713,163	693,185
Bad debts and doubtful accounts expenses		-	1,008,812
Expected credit losses		1,230,930	-
Finance costs		184,761	204,712
Total Expenses		<u>2,336,439</u>	<u>2,124,607</u>
PROFIT BEFORE TAX EXPENSE		1,526,863	1,596,104
INCOME TAX EXPENSE	12	300,370	312,975
PROFIT FOR THE PERIOD		<u>1,226,493</u>	<u>1,283,129</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>1,226,493</u></u>	<u><u>1,283,129</u></u>
BASIC EARNINGS PER SHARE	BAHT	2.04	2.14
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	600,000,000	600,000,000

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

Unit : Thousand Baht

Unit: Thousand Baht

			Retained earnings		
	Note	Share capital			Total
		Issued and	Appropriated		shareholders'
		paid-up	Legal reserve	Unappropriated	equity
Balance as at January 1, 2019		6,000,000	600,000	15,435,915	22,035,915
Total comprehensive					
income for the period		-	-	1,283,129	1,283,129
Balance as at March 31, 2019		6,000,000	600,000	16,719,044	23,319,044
Balance as at January 1, 2020		6,000,000	600,000	19,215,743	25,815,743
The effects of adoption of recently					
issued accounting standard	2.2	-	-	(734,193)	(734,193)
Total comprehensive					
income for the period		-	-	1,226,493	1,226,493
Balance as at March 31, 2020		6,000,000	600,000	19,708,043	26,308,043

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

Unit : Thousand Baht

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		1,526,863	1,596,104
Adjustments for:			
Depreciation and amortization expenses		89,497	31,520
Interest income		(3,560,129)	(3,414,866)
Finance costs		184,761	204,712
Bad debts and doubtful accounts expenses		-	1,008,812
Expected credit losses		1,230,930	-
Employee benefits expense		4,995	4,163
Gain (Loss) on disposal of equipment and intangible assets		(14)	156
		(523,097)	(569,399)
Changes in operating assets and liabilities			
Loan receivables		(1,215,468)	(1,080,412)
Other receivables		16,333	73,202
Other non-current assets		2,609	(2,865)
Trade accounts payable		(1,981)	(1,005)
Other payables		(132,111)	(264,678)
Cash paid for operating activities		(1,853,715)	(1,845,157)
Cash received from interest income		3,549,266	3,487,831
Employee benefit paid		(94)	-
Interest paid		(408,573)	(245,616)
Income tax paid		(84)	(80)
Net cash provided by operating activities		1,286,800	1,396,978

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

		Unit : Thousand Baht	
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchase of leasehold improvements and equipment	4	(948)	(2,816)
Proceeds from sale of equipment		14	31
Cash paid for purchase of intangible assets	4	-	(1,031)
Net cash used in investing activities		<u>(934)</u>	<u>(3,816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings from financial institutions	4	11,732,679	11,026,615
Repayment of short-term borrowings from financial institutions	4	(12,047,779)	(10,551,615)
Proceeds from long-term borrowings from financial institutions	4	400,000	2,189,260
Repayment of long-term borrowings from financial institutions	4	(545,963)	(2,253,720)
Proceeds from debentures	4	1,500,000	-
Repayment of debentures	4	(2,061,596)	(2,000,000)
Repayment of the lease liabilities		(66,087)	-
Net cash used in financing activities		<u>(1,088,746)</u>	<u>(1,589,460)</u>
Net increase (decrease) in cash and cash equivalents		197,120	(196,298)
Cash and cash equivalents as at January 1,		<u>304,754</u>	<u>635,110</u>
Cash and cash equivalents as at March 31,		<u><u>501,874</u></u>	<u><u>438,812</u></u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

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EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“Unaudited”

1. GENERAL INFORMATION

EASY BUY Public Company Limited, (the “Company”), was incorporated in Thailand. Its registered office is located 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 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.

The Company issued relief measures to customers affected by the COVID-19 situation on March 19, 2020.

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Statement of compliance

The interim financial statements are prepared in Thai Baht and compliance with Thai Accounting Standard (“TAS”) No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statement (No.3) B.E. 2562” dated December 26, 2019.

The statement of financial position as at December 31, 2019, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.

The unaudited results of operations presented in the three-month period ended March 31, 2020 are not necessarily indicative of the operating results anticipated for the full year.

Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month month period ended March 31, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

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

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except the following financial reporting standards:

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

In the current year, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of Thai Financial Reporting Standards No. 9 ("TFRS 9") as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduce new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

a) Classification and measurement of financial instruments:

TFRS 9 requires financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification depends on the Company business model for managing its financial instruments and the contractual cash flow characteristics of the instruments.

Financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, TFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability’s credit risk are not subsequently reclassified to profit or loss.

b) Impairment of financial assets:

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply.

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (“ECL”) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

c) Impact of initial application of TFRS 9 on financial position:

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

		Carrying amounts as at December 31, 2019	TFRS 9 adjustments		Unit: Thousand Baht Carrying amounts as at January 1, 2020	Category
	Previous Category	As previously reported	ECL	Others		
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	Cost	304,754	-	-	304,754	Amortized Cost
Loan receivables due within one year	Cost less allowance for doubtful account	53,555,597	(776,488)	-	52,779,109	Amortized Cost
NON-CURRENT ASSETS						
Loan receivables	Cost less allowance for doubtful account	44,935	234	-	45,169	Amortized Cost
Deferred tax assets	-	947,718	-	185,805	1,133,523	-
LIABILITIES						
CURRENT LIABILITIES						
Short-term borrowings from financial institutions	Cost	4,163,225	-	-	4,163,255	Amortized Cost
Other payable	Cost	613,124	-	(13,929)	599,195	Amortized Cost
Current portion of long- term borrowings from financial institutions	Cost	3,317,177	-	(140,849)	3,176,328	Amortized Cost
Current portion of debentures	Cost	4,137,460	-	(78,004)	4,059,456	Amortized Cost
Derivative liabilities	-	-	-	253,246	253,246	FVTPL
NON-CURRENT LIABILITIES						
Long-term borrowings from financial institutions	Cost	6,349,411	-	(55,721)	6,293,690	Amortized Cost
Debentures	Cost	9,991,505	-	-	9,991,505	Amortized Cost
Long-term derivative liabilities	-	-	-	179,001	179,001	FVTPL
SHAREHOLDERS' EQUITY						
Unappropriated	-	19,215,743	(776,254)	42,061	18,481,550	-

The following table reconciles the aggregate opening allowance for doubtful accounts of financial instruments, and provision for financial guarantee contracts as of December 31, 2019 to expected credit loss as of January 1, 2020 in accordance with TFRS 9.

	Allowance amounts as at December 31, 2019	TFRS 9 adjustments	Unit : Thousand Baht ECL amounts as at January 1, 2020
Allowance for			
Loan receivables due within one year	3,522,827	776,488	4,299,315
Loan receivables	477	(234)	243

Thai Financial Reporting Standards No. 16 “Leases”

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

This TFRS supersedes 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 when such recognition exemptions are adopted. 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.

Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 2.73%

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	Unit : Thousand Baht
Operating lease commitments at December 31, 2019	310,847
Short-term leases and leases of low-value assets	(11,059)
Effect of discounting the above amounts	(8,257)
Lease liabilities recognized at January 1, 2020	<u>291,531</u>

The Company has recognized Baht 294.15 million of right-of-use assets and Baht 291.53 of lease liabilities upon transition to TFRS 16. The difference of Baht 2.62 million came from prepayment relating to leases recognized in the statement of financial position before the date of initial application.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

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

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

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

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

2.3 Functional and presentation currency

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

2.4 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, liabilities, and 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019 except accounting policies to be applied from January 1, 2020, as the following significant accounting policies:

3.1 Financial Instruments

The Company recognizes financial assets and financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial assets and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate).

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost.

Impairment of financial assets

The Company recognizes allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortized cost as well as loans to customers by applying expected credit loss model. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognized.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(a) Significant increase in credit risk

The Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if;

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(b) Definition of default

The Company considers constituting an event of default for internal credit risk management policies and historical experience indicates that financial assets are defaulted by considering information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Company considers that default has occurred when the past due is more than 90 days unless the Company has supportable information to demonstrate that a more lagging default criterion is reasonable.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the consideration of following events;

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(d) Write-off policy

The Company writes off loans to customers when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loans to customers, when the days past due are over the period that the Management determined, whichever occurs sooner. Loans to customers written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For installment loan receivables, the exposure at default is represented by the asset's gross carrying amount at the reporting date.

For personal loan receivables, the exposure at default is represented by the asset's gross carrying amount at the reporting date and includes with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

Financial liabilities measured subsequently at amortized cost

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which the risks and rewards of ownership are transferred.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency and interest rate swap agreements, and interest rate swap agreements.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.2 Leases

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of Thai Accounting Standard No.17 "Leases". The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates.

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 asset is subsequently measured at cost less accumulated depreciation and impairment losses.

4. ADDITIONAL CASH FLOW INFORMATION

Significant non-cash items in the interim financial statements for the three-month periods ended March 31, 2020 and 2019 are as follows:

	Unit : Thousand Baht "Unaudited"	
	For the three-month periods ended March 31,	
	2020	2019
Leasehold improvements and equipment		
Liabilities recorded at beginning of period	154	1,769
Purchase of leasehold improvements and equipment	1,072	2,042
	<u>1,226</u>	<u>3,811</u>
<u>Less</u> Cash paid for purchase of leasehold improvements and equipment	<u>(948)</u>	<u>(2,816)</u>
Liabilities recorded at ending of period	<u>278</u>	<u>995</u>

For the three-month periods ended March 31, 2020 and 2019, the Company has no record of leasehold improvements related to provision for restoration cost.

	Unit : Thousand Baht "Unaudited"	
	For the three-month periods ended March 31,	
	2020	2019
Intangible assets		
Liabilities recorded at beginning of period	-	-
Purchase of intangible assets	-	1,031
	<u>-</u>	<u>1,031</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>-</u>	<u>(1,031)</u>
Liabilities recorded at ending of period	<u>-</u>	<u>-</u>

Reconciliation of liabilities arising from financing activities for the three-month periods ended March 31, 2020 and 2019 are as follows:

	Unit : Thousand Baht			
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Total
As at December 31, 2019	4,163,225	9,666,588	14,128,965	27,958,778
Impact of first adoption of TFRS 9	-	(196,570)	(78,004)	(274,574)
As at January 1, 2020	4,163,225	9,470,018	14,050,961	27,684,204
Changes in cash flow				
Cash proceeds	11,732,679	400,000	1,500,000	13,632,679
Cash repayment	(12,047,779)	(545,963)	(2,061,596)	(14,655,338)
Non-cash changes				
Maturity	(1,000,000)	-	-	(1,000,000)
Renewal	1,000,000	-	-	1,000,000
Revaluation	-	118,679	-	118,679
Deferred issuance costs on debentures and borrowings	(1,066)	280	599	(187)
As at March 31, 2020	3,847,059	9,443,014	13,489,964	26,780,037

	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	11,026,615	2,189,260	-	13,215,875
Cash repayment	(10,551,615)	(2,253,720)	(2,000,000)	(14,805,335)
Non-cash changes				
Maturity	-	-	-	-
Renewal	-	-	-	-
Deferred issuance costs on debentures and borrowings	(9)	560	4,102	4,653
As at March 31, 2019	3,860,839	10,429,696	13,584,436	27,874,971

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these interim financial statements, a party is 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), 40.20% shareholding in parent company
MUFG Bank, Ltd.	Banking Business	Japan	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.20% 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)

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

	Unit : Thousand Baht “Unaudited” For the three-month periods ended March 31,	
	2020	2019
Finance costs		
Other related parties		
Interest expense	28,314	41,176
Guarantee fee	85	259
Debenture arrangement fee	1,153	3,002
Upfront fee	281	559
Administrative expenses		
Key management personnel		
Key management personnel’s compensation (Short-term benefits)	20,297	22,839
Key management personnel’s compensation (Long-term benefits)	136	206

Balances with related parties as at March 31, 2020 and December 31, 2019 are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	As at	As at
	March 31,	December 31,
	2020	2019
Short-term borrowings from financial institutions		
Other related parties		
Bank of Ayudhya Public Company Limited	600,000	400,100
Total	600,000	400,100

As at March 31, 2020, short-term borrowings from financial institutions from other related parties bear interest at 1.06% per annum (as at December 31, 2019 : 1.56% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at	As at
	March 31,	December 31,
	2020	2019
Current portion of long-term borrowings from financial institutions		
Other related parties		
MUFG Bank, Ltd., Singapore branch		
- USD 16.50 million (December 31, 2019 : USD 16.50 million)	541,692	571,070
Bank of Ayudhya Public Company Limited	300,000	300,000
Long-term borrowings from financial institutions		
Other related parties		
MUFG Bank, Ltd., Singapore branch		
- Nil (December 31, 2019 : USD 8.00 million)	-	276,400
Bank of Ayudhya Public Company Limited	4,084,094	4,084,094
Total	4,925,786	5,231,564

As at March 31, 2020, long-term borrowings from financial institutions from other related parties bear interest at rates ranging from 1.15% - 3.72% per annum (as at December 31, 2019 : 2.56% - 3.78% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at	As at
	March 31,	December 31,
	2020	2019
Other payables		
Accrued interest expense		
Other related parties		
MUFG Bank, Ltd., Singapore branch	50	154
Bank of Ayudhya Public Company Limited	25,486	28,174
Total	25,536	28,328

	Unit : Thousand Baht	
	“Unaudited”	
	As at March 31, 2020	As at December 31, 2019
Deferred issuance cost (presented net from long-term borrowings and debentures)		
Other related parties		
MUFG Bank, Ltd.	495	1,823
Bank of Ayudhya Public Company Limited	681	807
Total	1,176	2,630

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 or fixed interest rates to Baht currency in fixed interest rates as specified in the agreements (see Note 9).

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 9).

6. LOAN RECEIVABLES

	Unit : Thousand Baht				
	“Unaudited”		As at December 31, 2019		
	As at March 31, 2020		Personal Loan Receivables	Installment Loan Receivables	Total
Due within one year					
Loan receivables	57,103,055	135,142	56,943,607	144,668	57,088,275
<u>Less</u> Unearned interest income	-	(8,579)	-	(9,851)	(9,851)
Allowance for doubtful accounts	-	-	(3,520,896)	(1,931)	(3,522,827)
Allowance for expected credit loss	(4,453,365)	(1,154)	-	-	-
Net	52,649,690	125,409	53,422,711	132,886	53,555,597
Due over one year					
Loan receivables	-	44,997	-	45,732	45,732
<u>Less</u> Unearned interest income	-	(205)	-	(320)	(320)
Allowance for doubtful accounts	-	-	-	(477)	(477)
Allowance for expected credit loss	-	(212)	-	-	-
Net	-	44,580	-	44,935	44,935
Total	52,649,690	169,989	53,422,711	177,821	53,600,532

Bad debts and expected credit losses for the three-month period ended March 31, 2020 comprise the following:

	Unit : Thousand Baht "Unaudited" For the three-month period ended March 31, 2020		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	1,136,839	478	1,137,317
Expected credit losses	92,161	1,452	93,613
Total	1,229,000	1,930	1,230,930

Bad debts and doubtful accounts expenses for the three-month period ended March 31, 2019 comprise the following:

	Unit : Thousand Baht "Unaudited" For the three-month period ended March 31, 2019		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	979,436	545	979,981
Doubtful accounts (reversal)	29,206	(375)	28,831
Total	1,008,642	170	1,008,812

Staging analysis for loan receivables as at March 31, 2020 is as follows:

	Unit : Thousand Baht "Unaudited" As at March 31, 2020		
	Personal Loan Receivables	Installment Loan Receivables	Total
Performing (Stage 1)	54,373,400	179,275	54,552,675
Under-performing (Stage 2)	1,185,384	321	1,185,705
Non-performing (Stage 3)	1,544,271	543	1,544,814
Total	57,103,055	180,139	57,283,194

Aging analysis for loan receivables as December 31, 2019 is as follows:

Unit : Thousand Baht

	As at December 31, 2019		
	Personal Loan Receivables	Installment Loan Receivables	Total
Current	53,294,733	189,049	53,483,782
Overdue payment			
Less than and equal to 3 months	2,342,191	818	2,343,009
More than 3 months	1,306,683	533	1,307,216
	<u>56,943,607</u>	<u>190,400</u>	<u>57,134,007</u>
Less Unearned interest income	-	(10,171)	(10,171)
Total	<u>56,943,607</u>	<u>180,229</u>	<u>57,123,836</u>
Allowance for doubtful accounts	(3,520,896)	(2,408)	(3,523,304)
Net	<u>53,422,711</u>	<u>177,821</u>	<u>53,600,532</u>

Allowance for expected credit loss

Allowance for expected credit loss as at March 31, 2020 and December 31, 2019 are as follows :

	Allowance for expected credit loss			Allowance for doubtful accounts	Total
	12-month ECL (Stage 1)	Lifetime ECL-not credit impaired (Stage 2)	Lifetime ECL- credit impaired (Stage 3)		
Balance as at December 31, 2019	-	-	-	3,523,304	3,523,304
Impact of adoption of TFRS 9	2,440,244	740,491	1,118,823	(3,523,304)	776,254
Balance as at January 1, 2020	2,440,244	740,491	1,118,823	-	4,299,558
Changes in staging	(298,318)	(548,166)	846,484	-	-
New financial assets originated or purchased	49,624	-	-	-	49,624
Net remeasurement of loss allowance	331,288	496,548	(688,815)	-	139,021
Financial assets derecognised and written off	(3,583)	(7,024)	(22,865)	-	(33,472)
Balance as at March 31, 2020	2,519,255	681,849	1,253,627	-	4,454,731

Unit: Thousand Baht

As at March 31, 2020 and December 31, 2019, personal loan receivables comprise the following:

	Unit : Thousand Baht	
	“Unaudited”	
	As at March 31, 2020	As at December 31, 2019
Revolving loan receivables	54,797,092	54,726,996
Minimum payment loan receivables	2,305,963	2,216,611
Total	57,103,055	56,943,607

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, the Company had loan receivables which were overdue for over three payment periods of Baht 1,307.22 million on which the Company has continued to recognize the interest income. The Company recognized income on such loan receivables for the three-month period ended March 31, 2019 amounting to Baht 54.64 million of which full allowance for doubtful accounts has been made.

Loan receivables of the Company as at March 31, 2020 and December 31, 2019 were denominated entirely in Baht currency.

7. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

During the three-month period ended March 31, 2020, the Company acquired additional leasehold improvements and equipment at the total cost of Baht 1.07 million (December 31, 2019 : Baht 37.82 million). In addition, the Company had depreciation expense of leasehold improvements and equipment for the three-month period ended March 31, 2020 totaling Baht 17.28 million (2019 : 19.64 million).

Additionally, in the current period, the Company had no acquired additional leasehold improvements with assets retirement obligation. However, the Company had depreciation expenses of assets retirement obligation for the three-month period ended March 31, 2020 totaling Baht 0.40 million (2019 : Baht 0.41 million).

During the three-month period ended March 31, 2020, the Company had additional right-of-use assets at the total cost of Baht 65.72 million. In addition, the Company had depreciation expense of right-of-use assets for the three-month period ended March 31, 2020 totaling Baht 62.78 million.

8. DEFERRED TAXES

Deferred tax assets consist of:

	Unit : Thousand Baht	
	“Unaudited” As at March 31, 2020	As at December 31, 2019
Deferred tax assets		
Loan receivables		
(allowance for doubtful accounts)	891,094	704,842
Loan receivables (bad debt written-off)	147,693	137,020
Provisions for employee benefits	38,265	37,284
Decommissioning obligation for leasehold improvements	12,331	12,303
Long-term borrowings from financial institutions		
(including cross currency and interest rate swap)	-	55,371
Derivatives	30,504	-
Others	3,180	3,250
Total	1,123,067	950,070
Deferred tax liabilities		
Lease liabilities	(249)	-
Debentures and borrowings issuance cost	(2,588)	(2,352)
Total	(2,837)	(2,352)
Net	1,120,230	947,718

The movements of deferred tax assets and liabilities for the three-month periods ended March 31, 2020 and 2019 consist of tax effects from the following items:

	Balance as at December 31, 2019	Remeasurement	Balance as at January 1, 2020	“Unaudited” Item as recognized into profit (loss)	Balance as at March 31, 2020
Unit : Thousand Baht					
Deferred tax assets					
Loan receivables	704,842	155,251	860,093	31,001	891,094
(allowance for doubtful accounts)	137,020	-	137,020	10,673	147,693
Loan receivables (bad debt written-off)	37,284	-	37,284	981	38,265
Provisions for employee benefits	12,303	-	12,303	28	12,331
Decommissioning obligation for leasehold improvements					
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	55,371	(55,371)	-	-	-
Derivatives	-	86,449	86,449	(55,945)	30,504
Others	3,250	-	3,250	(70)	3,180
	950,070	186,329	1,136,399	(13,332)	1,123,067
Deferred tax liabilities					
Lease liabilities	-	(524)	(524)	275	(249)
Debentures and borrowings issuance cost	(2,352)	-	(2,352)	(236)	(2,588)
	(2,352)	(524)	(2,876)	39	(2,837)
	947,718	185,805	1,133,523	(13,293)	1,120,230

	Unit : Thousand Baht		
	Balance as at January 1, 2019	“Unaudited” Item as recognized into profit (loss)	Balance as at March 31, 2019
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	660,958	5,834	666,792
Loan receivables (bad debt written-off)	130,509	2,830	133,339
Provisions for employee benefits	19,881	833	20,714
Decommissioning obligation for leasehold improvements	12,126	57	12,183
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	48,341	(8,854)	39,487
Others	2,008	(201)	1,807
	<u>873,823</u>	<u>499</u>	<u>874,322</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	<u>(5,399)</u>	<u>657</u>	<u>(4,742)</u>
	<u>(5,399)</u>	<u>657</u>	<u>(4,742)</u>
Deferred tax assets	<u>868,424</u>	<u>1,156</u>	<u>869,580</u>

9. INTEREST - BEARING LIABILITIES

Unit : Thousand Baht

	“Unaudited”				As at December 31, 2019			
	As at March 31, 2020		Total	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Total	
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions						
Current								
Principal	3,850,000	4,659,415	12,509,415	4,165,100	3,317,610	4,139,600	11,622,310	
Less: Deferred issuance cost on debentures and borrowings	(2,941)	(495)	(4,847)	(1,875)	(433)	(2,140)	(4,448)	
Net	3,847,059	4,658,920	12,504,568	4,163,225	3,317,177	4,137,460	11,617,862	
Non-current								
Principal	-	4,784,094	14,284,094	-	6,349,754	10,000,000	16,349,754	
Less: Deferred issuance cost on debentures and borrowings	-	-	(8,625)	-	(343)	(8,495)	(8,838)	
Net	-	4,784,094	14,275,469	-	6,349,411	9,991,505	16,340,916	
Total	3,847,059	9,443,014	26,780,037	4,163,225	9,666,588	14,128,965	27,958,778	
- Secured*	-	-	-	-	-	1,138,544	1,138,544	
- Unsecured	3,847,059	9,443,014	26,780,037	4,163,225	9,666,588	12,990,421	26,820,234	
Total	3,847,059	9,443,014	26,780,037	4,163,225	9,666,588	14,128,965	27,958,778	

* 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 debentures, respectively.

Interest-bearing liabilities as at March 31, 2020 and December 31, 2019 classified by currencies are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	As at March 31, 2020	As at December 31, 2019
Baht Currency	25,221,117	24,637,740
United States Dollars Currency	1,558,920	3,321,038
Total	26,780,037	27,958,778

As at March 31, 2020, above liabilities bear interest at the rates ranging from 1.00% - 3.72% per annum (as at December 31, 2019 : 1.45 % - 4.10% per annum).

Cross currency and interest rate swap and interest rate swap

Baht Currency

As at March 31, 2020, 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 3,900.00 million (as at December 31, 2019 : Baht 3,900.00 million). As at March 31, 2020, the Company recognized such agreements as derivative liabilities at fair value totaling Baht 132.11 million.

United States Dollars Currency

As at March 31, 2020, 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 local banks totaling USD 16.50 million by swapping to Baht 570.67 million (as at December 31, 2019 : totaling USD 59.50 million by swapping to Baht 1,987.07 million) and swapping fixed interest rates in USD monthly, quarterly to fixed rates as specified in the agreements. As at March 31, 2020, the Company recognized such agreements as derivative liabilities at fair value totaling Baht 32.64 million.
- With a local branch of foreign bank totaling USD 31.00 million by swapping to Baht 983.20 million (as at December 31, 2019 : totaling USD 41.00 million by swapping to Baht 1,335.80 million) and swapping floating interest rates in USD monthly to fixed rates as specified in the agreements. As at March 31, 2020, the Company recognized such agreements as derivative assets and derivative liabilities at fair value totaling Baht 16.28 million and Baht 4.05 million, respectively.

Debentures

Debentures as at March 31, 2020 and December 31, 2019 are as follows:

	Issuance Date	Maturity Date	Tranche Number	Secured/Unsecured	Unit	Par Value	“Unaudited” As at March 31, 2020 (Thousand Baht)	As at December 31, 2019 (Thousand Baht)
1	February 24, 2015	February 24, 2020	1 st	Secured	35	USD 1,000,000	-	1,139,600
2	March 12, 2015	March 12, 2020	2 nd	Unsecured	1,000,000	Baht 1,000	-	1,000,000
3	September 30, 2015	September 30, 2020	2 nd	Unsecured	500,000	Baht 1,000	500,000	500,000
4	February 25, 2016	February 25, 2021	2 nd	Unsecured	2,000,000	Baht 1,000	2,000,000	2,000,000
5	September 15, 2016	September 15, 2023	2 nd	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
6	March 30, 2017	March 30, 2022	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
7	June 7, 2017	June 7, 2024	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
8	November 24, 2017	November 24, 2021	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
9	April 27, 2018	April 27, 2021	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
10	October 22, 2018	October 22, 2020	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
11	April 29, 2019	January 28, 2022	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
12	July 26, 2019	July 22, 2022	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
13	January 24, 2020	January 24, 2024	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	-
Less Debenture deferred issuance cost							13,500,000	14,139,600
							(10,036)	(10,635)
Less Current portion of debentures							13,489,964	14,128,965
Debentures - net							(3,998,589)	(4,137,460)
							<u>9,491,375</u>	<u>9,991,505</u>

As at March 31, 2020, debentures bear interest at rates ranging from 1.79% - 3.37% per annum (as at December 31, 2019: 1.99% - 4.10% per annum).

10. OTHER INCOME

Other income for the three-month periods ended March 31, 2020 and 2019 are as follows:

	Unit : Thousand Baht “Unaudited” For the three-month periods ended March 31,	
	2020	2019
Recovery of bad debts	274,527	279,064
Others	28,646	26,781
Total	303,173	305,845

11. 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 a domestic market; consequently, management determines that it has only one geographical segment.

12. INCOME TAX EXPENSE

Tax expense for the three-month periods ended March 31, 2020 and 2019 are as follows:

	Unit : Thousand Baht “Unaudited” For the three-month periods ended March 31,	
	2020	2019
Current tax expense		
Current year	287,077	314,131
	287,077	314,131
Deferred tax expense		
Movements in temporary differences	13,293	(1,156)
	13,293	(1,156)
Total	300,370	312,975

Reconciliations of effective tax rates for the three-month periods ended March 31, 2020 and 2019 are as follows:

		2020		Unit : Thousand Baht 2019
	Tax Rate (%)		Tax Rate (%)	
Accounting profit before tax expense		<u>1,526,863</u>		<u>1,596,104</u>
Tax expense at domestic tax rate	20.0	305,373	20.0	319,221
Tax effect of non-deductible expenses (non-taxable income)		<u>(18,296)</u>		<u>(5,090)</u>
Tax expense per income tax return		287,077		314,131
Adjustment for deferred tax relating to the origination and reversal of temporary differences		<u>13,293</u>		<u>(1,156)</u>
Tax expense	19.7	<u>300,370</u>	19.6	<u>312,975</u>

13. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at March 31, 2020 and December 31, 2019 are as follows:

	Unit : Thousand Baht “Unaudited”	
	As at March 31, 2020	As at December 31, 2019
Capital commitments		
Furniture & fixture and equipment	<u>990</u>	<u>1,983</u>
Total	<u>990</u>	<u>1,983</u>
Non-cancellable operating lease commitments		
Within one year	12,601	209,519
After one year but within five years	<u>331</u>	<u>102,671</u>
Total	<u>12,932</u>	<u>312,190</u>

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

14. EVENTS AFTER THE REPORTING PERIOD

At the Annual General Meeting of the Shareholders of the Company held on April 23, 2020, the shareholder approved the appropriation of dividends of Baht 2.61 per share, amounting to Baht 1,566.00 million. The dividends were paid to the shareholders on May 22, 2020.

15. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuing by the Board of Directors of the Company on May 28, 2020.