

S 11 Group Public Company Limited
Review report and interim financial statements
30 September 2019



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S 11 Group Public Company Limited

I have reviewed the accompanying statements of financial position, in which the equity method is applied, of S 11 Group Public Company Limited as at 30 September 2019, the related statements of comprehensive income, in which equity method is applied, for the three-month and nine-month periods then ended, the related statements of changes in shareholders' equity and cash flows, in which equity method is applied, for the nine-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of S 11 Group Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 11 November 2019

S 11 Group Public Company Limited

Statements of financial position

As at 30 September 2019

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		34,850,351	23,670,440	34,850,351	23,670,440
Current portion of hire purchase receivables - net	2	3,045,399,353	2,709,105,448	3,045,399,353	2,709,105,448
Counter service receivables		62,722,709	69,788,652	62,722,709	69,788,652
Prepaid insurance premium		76,343,775	71,626,922	76,343,775	71,626,922
Assets foreclosed - net	3	26,014,999	19,701,962	26,014,999	19,701,962
Other current assets	4	43,232,406	44,454,705	43,232,406	44,454,705
Total current assets		3,288,563,593	2,938,348,129	3,288,563,593	2,938,348,129
Non-current assets					
Investment in an associated company	5	413,452	304,259	249,990	249,990
Restricted bank deposits	6	984,404	933,804	984,404	933,804
Hire purchase receivables - net of current portion	2	2,976,146,082	2,652,244,501	2,976,146,082	2,652,244,501
Prepaid insurance premium		28,521,485	25,859,922	28,521,485	25,859,922
Land, building and equipment - net	7	87,698,658	86,920,720	87,698,658	86,920,720
Deferred tax assets	8	153,005,943	140,795,090	153,005,943	140,795,090
Other non-current assets		326,135	264,135	326,135	264,135
Total non-current assets		3,247,096,159	2,907,322,431	3,246,932,697	2,907,268,162
Total assets		6,535,659,752	5,845,670,560	6,535,496,290	5,845,616,291

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 30 September 2019

(Unit: Baht)

Note	Financial statements in which the equity method is applied		Separate financial statements		
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	197,133,052	200,000,000	197,133,052	200,000,000
Trade accounts payables		66,747,163	47,102,389	66,747,163	47,102,389
Current portion of long-term loans	11	1,773,143,477	1,497,959,547	1,773,143,477	1,497,959,547
Current portion of debenture	12	149,978,239	149,866,150	149,978,239	149,866,150
Short-term loans	10	485,128,168	522,663,928	485,128,168	522,663,928
Income tax payable		36,112,397	55,308,501	36,112,397	55,308,501
Insurance premium payables		22,409,992	21,868,687	22,409,992	21,868,687
Accrued expenses		62,353,688	27,896,573	62,353,688	27,896,573
Other current liabilities		37,098,920	31,360,458	37,098,920	31,360,458
Total current liabilities		2,830,105,096	2,554,026,233	2,830,105,096	2,554,026,233
Non-current liabilities					
Long-term loans - net of current portion	11	1,202,682,675	947,505,455	1,202,682,675	947,505,455
Provision for long-term employee benefits	13	16,539,759	11,071,449	16,539,759	11,071,449
Total non-current liabilities		1,219,222,434	958,576,904	1,219,222,434	958,576,904
Total liabilities		4,049,327,530	3,512,603,137	4,049,327,530	3,512,603,137

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited

Statements of financial position (continued)

As at 30 September 2019

(Unit: Baht)

Note	Financial statements in which the equity method is applied		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000	613,000,000
Issued and fully paid-up				
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000	613,000,000
Share premium	427,822,558	427,822,558	427,822,558	427,822,558
Capital reserve for share-based payment transactions	15,300,000	15,300,000	15,300,000	15,300,000
Retained earnings				
Appropriated - statutory reserve	61,300,000	61,300,000	61,300,000	61,300,000
Unappropriated	1,368,909,664	1,215,644,865	1,368,746,202	1,215,590,596
Total shareholders' equity	2,486,332,222	2,333,067,423	2,486,168,760	2,333,013,154
Total liabilities and shareholders' equity	6,535,659,752	5,845,670,560	6,535,496,290	5,845,616,291

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

S 11 Group Public Company Limited
 Statements of comprehensive income
 For the three-month period ended 30 September 2019

(Unit: Baht)

	Note	Financial statements in		Separate financial statements	
		which the equity method is applied		2019	2018
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Hire purchase interest income		462,347,200	401,702,935	462,347,200	401,702,935
Fee and service income		20,981,364	19,117,706	20,981,364	19,117,706
Other income		7,512,000	6,077,143	7,512,000	6,077,143
Total revenues		490,840,564	426,897,784	490,840,564	426,897,784
Expenses					
Selling and administrative expenses		88,150,144	79,080,306	88,150,144	79,080,306
Bad debts and doubtful accounts		133,722,458	110,339,616	133,722,458	110,339,616
Loss on impairment and disposal of assets foreclosed	14	63,625,929	61,436,038	63,625,929	61,436,038
Total expenses		285,498,531	250,855,960	285,498,531	250,855,960
Profit before finance cost, share of gain (loss) from investment					
in an associated company and income tax expenses		205,342,033	176,041,824	205,342,033	176,041,824
Finance cost		(39,609,192)	(33,803,571)	(39,609,192)	(33,803,571)
Profit before share of gain (loss) from investment					
in an associated company and income tax expense		165,732,841	142,238,253	165,732,841	142,238,253
Share of gain (loss) from investment in an associated company	5.2	34,934	(6,193)	-	-
Profit before income tax expenses		165,767,775	142,232,060	165,732,841	142,238,253
Income tax expenses	8.2	(33,221,397)	(28,417,973)	(33,221,397)	(28,417,973)
Profit for the period		132,546,378	113,814,087	132,511,444	113,820,280
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		(1,249,781)	767,576	(1,249,781)	767,576
Income tax relating to actuarial (gain) loss	8.2	249,956	(153,515)	249,956	(153,515)
Other comprehensive income for the period (loss)		(999,825)	614,061	(999,825)	614,061
Total comprehensive income for the period		131,546,553	114,428,148	131,511,619	114,434,341
Earnings per share					
Basic earnings per share	15	0.22	0.19	0.22	0.19

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of comprehensive income

For the nine-month period ended 30 September 2019

(Unit: Baht)

	Note	Financial statements in			
		which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Hire purchase interest income		1,330,659,508	1,159,992,487	1,330,659,508	1,159,992,487
Fee and service income		62,809,493	51,209,733	62,809,493	51,209,733
Other income		19,586,255	13,895,094	19,586,255	13,895,094
Total revenues		1,413,055,256	1,225,097,314	1,413,055,256	1,225,097,314
Expenses					
Selling and administrative expenses		261,255,808	242,471,916	261,255,808	242,471,916
Bad debts and doubtful accounts		374,252,486	319,569,460	374,252,486	319,569,460
Loss on impairment and disposal of assets foreclosed	14	172,721,852	166,327,232	172,721,852	166,327,232
Total expenses		808,230,146	728,368,608	808,230,146	728,368,608
Profit before finance cost, share of gain (loss) from investment					
in an associated company and income tax expenses		604,825,110	496,728,706	604,825,110	496,728,706
Finance cost		(110,724,717)	(94,951,881)	(110,724,717)	(94,951,881)
Profit before share of gain (loss) from investment					
in an associated company and income tax expense		494,100,393	401,776,825	494,100,393	401,776,825
Share of gain (loss) from investment in an associated company	5.2	109,193	(2,709)	-	-
Profit before income tax expenses		494,209,586	401,774,116	494,100,393	401,776,825
Income tax expenses	8.2	(98,991,341)	(80,295,516)	(98,991,341)	(80,295,516)
Profit for the period		395,218,245	321,478,600	395,109,052	321,481,309
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		(3,604,307)	474,175	(3,604,307)	474,175
Income tax relating to actuarial (gain) loss	8.2	720,861	(94,835)	720,861	(94,835)
Other comprehensive income for the period (loss)		(2,883,446)	379,340	(2,883,446)	379,340
Total comprehensive income for the period		392,334,799	321,857,940	392,225,606	321,860,649
Earnings per share					
Basic earnings per share	15	0.64	0.52	0.64	0.52

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and fully	Share	Capital reserve	Retained earnings		Total
	paid-up		for share-based	Appropriated -	Unappropriated	
	share capital	premium	payment transactions	statutory reserve		shareholders' equity
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,335,654	2,095,758,212
Profit for the period	-	-	-	-	321,478,600	321,478,600
Other comprehensive income for the period	-	-	-	-	379,340	379,340
Total comprehensive income for the period	-	-	-	-	321,857,940	321,857,940
Payment for dividend (Note 17)	-	-	-	-	(202,290,000)	(202,290,000)
Balance as at 30 September 2018	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,097,903,594</u>	<u>2,215,326,152</u>
Balance as at 1 January 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,215,644,865	2,333,067,423
Profit for the period	-	-	-	-	395,218,245	395,218,245
Other comprehensive income (loss) for the period	-	-	-	-	(2,883,446)	(2,883,446)
Total comprehensive income for the period	-	-	-	-	392,334,799	392,334,799
Payment for dividend (Note 17)	-	-	-	-	(239,070,000)	(239,070,000)
Balance as at 30 September 2019	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,368,909,664</u>	<u>2,486,332,222</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,288,487	2,095,711,045
Profit for the period	-	-	-	-	321,481,309	321,481,309
Other comprehensive income for the period	-	-	-	-	379,340	379,340
Total comprehensive income for the period	-	-	-	-	321,860,649	321,860,649
Payment for dividend (Note 17)	-	-	-	-	(202,290,000)	(202,290,000)
Balance as at 30 September 2018	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,097,859,136</u>	<u>2,215,281,694</u>
Balance as at 1 January 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,215,590,596	2,333,013,154
Profit for the period	-	-	-	-	395,109,052	395,109,052
Other comprehensive income (loss) for the period	-	-	-	-	(2,883,446)	(2,883,446)
Total comprehensive income for the period	-	-	-	-	392,225,606	392,225,606
Payment for dividend (Note 17)	-	-	-	-	(239,070,000)	(239,070,000)
Balance as at 30 September 2019	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,368,746,202</u>	<u>2,486,168,760</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited**Cash flows statements****For the nine-month period ended 30 September 2019**

(Unit: Baht)

	Financial statements in		Separate financial statements	
	which the equity method is applied			
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	494,209,586	401,774,116	494,100,393	401,776,825
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation	5,329,375	4,558,326	5,329,375	4,558,326
Bad debts and doubtful accounts	374,252,486	319,569,460	374,252,486	319,569,460
Gain on sale assets	(57,534)	(293)	(57,534)	(293)
Loss on written-off assets	4,863	17,106	4,863	17,106
Share of (gain) loss from investment in an associated company	(109,193)	2,709	-	-
Loss on impairment of assets foreclosed	4,454,920	7,820,995	4,454,920	7,820,995
Provision for long-term employee benefits	1,864,003	1,356,834	1,864,003	1,356,834
Hire purchase interest income	(1,330,659,508)	(1,159,992,487)	(1,330,659,508)	(1,159,992,487)
Interest expenses and amortisation of loans issuing cost	110,724,717	94,951,881	110,724,717	94,951,881
Loss from operating activities before changes in operating assets and liabilities	(339,986,285)	(329,941,353)	(339,986,285)	(329,941,353)
Operating assets (increase) decrease				
Hire purchase receivables	(1,028,403,206)	(927,174,311)	(1,028,403,206)	(927,174,311)
Assets foreclosed	(10,767,957)	(17,714,311)	(10,767,957)	(17,714,311)
Prepaid insurance premium	(7,378,416)	4,647,287	(7,378,416)	4,647,287
Other current assets	8,288,242	(3,725,405)	8,288,242	(3,725,405)
Other non-current assets	(62,000)	-	(62,000)	-
Operating liabilities increase (decrease)				
Trade accounts payables	19,644,774	34,689,252	19,644,774	34,689,252
Insurance premium payables	541,305	(1,830,491)	541,305	(1,830,491)
Accrued expenses	33,474,789	27,830,613	33,474,789	27,830,613
Other current liabilities	5,738,462	10,780,620	5,738,462	10,780,620
Cash flows used in operating activities	(1,318,910,292)	(1,202,438,099)	(1,318,910,292)	(1,202,438,099)
Cash received from interest	1,324,614,741	1,148,909,220	1,324,614,741	1,148,909,220
Cash paid for corporate income tax	(129,677,437)	(139,228,889)	(129,677,437)	(139,228,889)
Cash paid for interest	(95,840,562)	(85,062,917)	(95,840,562)	(85,062,917)
Net cash flows used in operating activities	(219,813,550)	(277,820,685)	(219,813,550)	(277,820,685)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

S 11 Group Public Company Limited

Cash flows statements (continued)

For the nine-month period ended 30 September 2019

(Unit: Baht)

	Financial statements in		Separate financial statements	
	which the equity method is applied			
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted bank deposits	(50,600)	(121,380)	(50,600)	(121,380)
Cash receipt for proceed of equipment	59,945	2,580	59,945	2,580
Cash paid for acquisition of land, building and equipment	(6,114,587)	(2,369,391)	(6,114,587)	(2,369,391)
Net cash flows used in investing activities	(6,105,242)	(2,488,191)	(6,105,242)	(2,488,191)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	(2,866,948)	14,000,000	(2,866,948)	14,000,000
Increase (decrease) in short-term loans	(48,539,678)	379,164,331	(48,539,678)	379,164,331
Repayment for debenture	-	(500,000,000)	-	(500,000,000)
Cash receipt from long-term loans	1,937,000,000	1,582,000,000	1,937,000,000	1,582,000,000
Repayment of long-term loans	(1,403,724,671)	(985,632,290)	(1,403,724,671)	(985,632,290)
Payment for loans issuing cost	(5,700,000)	(4,200,000)	(5,700,000)	(4,200,000)
Payment for dividend	(239,070,000)	(202,290,000)	(239,070,000)	(202,290,000)
Net cash flows from financing activities	237,098,703	283,042,041	237,098,703	283,042,041
Net increase in cash and cash equivalents	11,179,911	2,733,165	11,179,911	2,733,165
Cash and cash equivalents at beginning of period	23,670,440	21,347,748	23,670,440	21,347,748
Cash and cash equivalents at end of period	34,850,351	24,080,913	34,850,351	24,080,913

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2019

1. General information

1.1 Corporate information

S 11 Group Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is S Charter Company Limited which was incorporated in Thailand. The Company is principally engaged in the hire purchase of motorcycles and its registered address is 888, Soi Chatuchot 10, Chatuchot road, Ao Ngoen, Sai Mai, Bangkok.

As at 30 September 2019, the Company has 9 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima, Prachinburi and Chantaburi. (31 December 2018: 7 branches).

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

2. Hire purchase receivables

2.1 As at 30 September 2019 and 31 December 2018, the contract terms of the Company's hire purchase receivables are 12 - 48 installments with payments to be made in equal installments, and interest charged at the fixed rates as specified in the contracts. These are summarised as follows:

	(Unit: Baht)		
	30 September 2019		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	5,501,946,351	3,796,193,513	9,298,139,864
Less: Unearned hire purchase income ⁽¹⁾	(1,698,283,796)	(788,118,901)	(2,486,402,697)
Present value of the minimum lease payment receivables	3,803,662,555	3,008,074,612	6,811,737,167
Less: Allowance for doubtful accounts ⁽³⁾	(758,263,202)	(31,928,530)	(790,191,732)
Net hire purchase receivables	<u>3,045,399,353</u>	<u>2,976,146,082</u>	<u>6,021,545,435</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase.

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased.

(3) The balance of allowance for doubtful account due within 1 year includes additional provision for uncollectible receivables.

(Unaudited but reviewed)

(Unit: Baht)

	31 December 2018		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	4,961,860,696	3,375,510,326	8,337,371,022
Less: Unearned hire purchase income ⁽¹⁾	(1,529,960,552)	(694,716,671)	(2,224,677,223)
Present value of the minimum lease payment receivables	3,431,900,144	2,680,793,655	6,112,693,799
Less: Allowance for doubtful accounts ⁽³⁾	(722,794,696)	(28,549,154)	(751,343,850)
Net hire purchase receivables	<u>2,709,105,448</u>	<u>2,652,244,501</u>	<u>5,361,349,949</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase.

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased.

(3) The balance of allowance for doubtful account due within 1 year includes additional provision for uncollectible receivables.

2.2 As at 30 September 2019 and 31 December 2018, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for doubtful accounts are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Balance of hire purchase receivables		Percentage of allowance set up by the Company	Allowance for doubtful accounts	
	30 September 2019	31 December 2018		30 September 2019	31 December 2018
Not yet due	4,754,389,481	4,104,758,403	1	47,542,925	41,046,948
Past due					
Less than 1 month	699,837,829	701,531,961	1	6,998,378	7,015,320
1 month or more, but less than 2 months	353,618,219	328,767,980	1	3,536,170	3,287,667
2 months or more, but less than 4 months	301,813,630	307,797,484	2	6,036,251	6,155,944
4 months or more, but less than 7 months	195,933,603	183,847,241	100	195,933,603	183,847,241
7 months or more, but less than 13 months	249,842,765	211,553,089	100	249,842,765	211,553,089
13 months or more	256,301,640	274,437,641	100	256,301,640	274,437,641
Total	<u>6,811,737,167</u>	<u>6,112,693,799</u>		766,191,732	727,343,850
Allowance for doubtful accounts - additional provision for uncollectible receivables				24,000,000	24,000,000
Total				<u>790,191,732</u>	<u>751,343,850</u>

- 2.3** The Notification of the Institute of Certified Accountants and Auditors of Thailand, with the concurrence of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease and full provision is to be recorded for accounts receivable which installment payment has been defaulted for more than 3 installments past the due date, and general provision is to be provided for accounts receivable which are not past due or have no more than 3 installments past due. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses and the reason.

The Company had a policy to cease recognising revenue from hire purchase receivables which are past due more than 3 installments and has a policy to set up full allowance for doubtful accounts, without consider collateral value, for hire purchase receivables with 4 or more installments past due. The management has considered and confident that this policy is appropriated for the debtor's character and to the Company's business.

- 2.4** As at 30 September 2019, the Company had hire purchase receivables amounting to Baht 1,028 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2018: Baht 974 million).
- 2.5** As at 30 September 2019, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 1,186 million (31 December 2018: Baht 1,272 million) in order to secure credit facilities granted by commercial banks as discussed in Note 11 to the financial statements.

2.6 Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase receivables are as follows:

	(Unit: Baht)	
	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Balance beginning of the period/year	751,343,850	678,781,092
Add: Doubtful account increase during the period	374,252,486	438,135,759
Less: Bad debt written-off	(335,404,604)	(365,573,001)
Balance end of the period/year	<u>790,191,732</u>	<u>751,343,850</u>

3. Assets foreclosed

	(Unit: Baht)	
	30 September 2019	31 December 2018
Assets foreclosed - cost	45,702,727	34,934,770
Less: Allowance for impairment	(19,687,728)	(15,232,808)
Assets foreclosed - net	<u>26,014,999</u>	<u>19,701,962</u>

4. Other current assets

	(Unit: Baht)	
	30 September 2019	31 December 2018
Advance VAT receivable	28,271,023	25,838,785
Other receivable - sales of assets foreclosed	3,612,694	5,008,352
Revenue department receivable	2,330,046	5,484,858
Other accrued income	5,479,439	4,741,934
Others	3,539,204	3,380,776
Total	<u>43,232,406</u>	<u>44,454,705</u>

5. Investment in an associated company**5.1 Detail of an associated company**

Company's name	Nature of business	(Unit: Baht)					
		Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
				Book value		Cost/Book value	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(%)	(%)				
MOD S Company Limited	Manage and develop quality of assets	25	25	413,452	304,259	249,990	249,990

As at 9 January 2017, the Company invested in ordinary shares of MOD S Company Limited, a company incorporated in Thailand, 49,998 shares at amounting to Baht 249,990, or 25% of share capital registered. The Company recognised such investments as investment in an associated company.

5.2 Share of comprehensive income and dividend

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company recognised share of gain (loss) from investment in an associated company in the financial statements in which the equity method is applied and no dividends received from the associated company during the periods as follows:

(Unit: Baht)

Company's name	Share of gain (loss) from investment for the three-month periods ended 30 September		Share of gain (loss) from investment for the nine-month periods ended 30 September	
	2019	2018	2019	2018
	MOD S Company Limited	34,394	(6,193)	109,193

5.3 Summarised financial information of an associated company

Summarised financial information of MOD S Company Limited as at 30 September 2019 and 31 December 2018, and for the three-month and nine-month periods ended 30 September 2019 and 2018, prepared by the management of the associated company and not reviewed by its auditor, are as follows:

Summarised information about financial position

(Unit: Baht)

	30 September 2019	31 December 2018
Total assets	2,395,044	1,372,742
Total liabilities	741,236	155,705
Net assets	1,653,808	1,217,037

Summarised information about income statement

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
	Revenue	1,648,373	731,836	4,128,320
Profit (loss) for the period	139,737	(24,771)	436,771	(837)

6. Restricted bank deposits

As at 30 September 2019 and 31 December 2018, this represents bank deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 19 to the financial statements, a deposit used as an employee's security deposit and the security deposit of a contractor hired to repossess motorcycles.

7. Land, building and equipment

Movements of land, building and equipment for the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Baht)
Cost	
Balance as at 1 January 2019	129,212,919
Additions	6,114,587
Disposals/written-off	(409,859)
Balance as at 30 September 2019	<u>134,917,647</u>
Accumulated depreciation	
Balance as at 1 January 2019	42,292,199
Depreciation for the period	5,329,375
Disposals/written-off	(402,585)
Balance as at 30 September 2019	<u>47,218,989</u>
Net book value	
Balance as at 30 September 2019	<u><u>87,698,658</u></u>

8 Deferred tax assets/income tax expenses**8.1 Deferred tax assets**

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	30 September	31 December
	2019	2018
Deferred tax assets		
Allowance for doubtful accounts	158,038,346	150,268,770
Allowance for impairment of assets foreclosed	3,937,546	3,046,562
Provision for long-term employee benefits	3,307,952	2,214,290
Accrued bonus	5,186,000	-
Advance receive from insurance premium	10,605,698	9,596,019
Others	632,383	588,332
Total	181,707,925	165,713,973
Deferred tax liabilities		
Deferred commission and initial direct cost from hire purchase contracts	26,840,245	23,617,563
Deferred loans issuing costs	1,857,385	1,274,550
Deferred debentures issuing cost	4,352	26,770
Total	28,701,982	24,918,883
Deferred tax assets - net	153,005,943	140,795,090

8.2 Income tax expenses

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	36,614,747	28,443,432	110,481,333	98,507,317
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,393,350)	(25,459)	(11,489,992)	(18,211,801)
Income tax expenses reported in the statements of comprehensive income	<u>33,221,397</u>	<u>28,417,973</u>	<u>98,991,341</u>	<u>80,295,516</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follow:

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Deferred tax relating to actuarial (gain) loss	249,956	(153,515)	720,861	(94,835)

(Unaudited but reviewed)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	For the three-month periods	For the three-month periods	For the three-month periods	For the three-month periods
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	2019	2018	2019	2018
Accounting profit before tax	165,767,775	142,232,060	165,732,841	142,238,253
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	33,153,555	28,446,412	33,146,569	28,447,651
Tax effect of tax-exempt income and disallowed expenses	67,842	(28,439)	74,828	(29,678)
Income tax expenses reported in the statements of comprehensive income	33,221,397	28,417,973	33,221,397	28,417,973

(Unit: Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	For the nine-month periods	For the nine-month periods	For the nine-month periods	For the nine-month periods
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	2019	2018	2019	2018
Accounting profit before tax	494,209,586	401,774,116	494,100,393	401,776,825
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	98,841,917	80,354,823	98,820,079	80,355,365
Tax effect of tax-exempt income and disallowed expenses	149,424	(59,307)	171,262	(59,849)
Income tax expenses reported in the statements of comprehensive income	98,991,341	80,295,516	98,991,341	80,295,516

9. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	30 September 2019	31 December 2018
Promissory notes	3.00 - 3.85	197,133,052	200,000,000

These present loans in the form of promissory notes, under which principal payment is due at call and interest is payable every month end.

As at 30 September 2019, the short-term credit facilities which have not yet been drawdown amounted to Baht 53 million.

10. Short-term loans

As at 30 September 2019, the Company has loans in form of bills of exchange, net of discount, totaling Baht 485 million, the bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between October 2019 - April 2020), with interest charged at the rate of 3.30 - 3.65 percent per annum (31 December 2018: Bills of exchange of Baht 523 million, registered, transferable, and maturing within 270 days from the date of issuance, maturity date between January - May 2019, with interest charge at the rate of 3.22 - 3.65 percent per annum).

11. Long-term loans

As at 30 September 2019 and 31 December 2018, the long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	30 September 2019	31 December 2018
1	Loan agreement dated 27 June 2014	MLR - 2.5 to MLR - 2.63	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	1,459,303,793	1,060,968,247
2	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	19,700,000	122,200,000
3	Loan agreement dated 13 September 2017	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	173,300,506	323,898,136
4	Loan agreement dated 4 October 2017	THBFIX1M + 1.8	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	180,150,000	384,900,000
5	Loan agreement dated 29 June 2018	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	443,796,581	213,741,491
6	Loan agreement dated 9 July 2018	THBFIX6M + 1.65	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	407,596,000	346,780,000
7	Loan agreement dated 28 June 2019	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	161,916,323	-
8	Loan agreement dated 11 September 2019	THBFIX6M + 1.65	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	140,000,000	-
Total				2,985,763,203	2,452,487,874
Less: Deferred loans issuing costs				(9,937,051)	(7,022,872)
Long-term loans				2,975,826,152	2,445,465,002
Less: current portion due within 1 year				(1,773,143,477)	(1,497,959,547)
Long-term loans - net of current portion				<u>1,202,682,675</u>	<u>947,505,455</u>

Under each loan agreement, the Company has to comply with certain covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, the maintenance of a debt to equity ratio, hire purchase receivables with more than 3 installment past due to total hire purchase receivables ratio, hire purchase receivables with no more than 3 installments past due to total debts ratio, the transfer of rights of claim under hire purchase agreements and motorcycle registrations, as notified by the commercial bank, or the pledge of the Company's shares held by the major shareholders.

As at 30 September 2019, the Company has commitments of Baht 747 million under interest rate swap agreements with a bank that is the Company's lender for loan facilities no. 2, 4, 6 and 8 whereby floating interest rates are swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2022, in accordance with the conditions of loan repayment (31 December 2018: the Company had commitments of Baht 854 million under interest rate swap agreements for loan facility no.2, 4 and 6).

As at 30 September 2019, the Company has long-term credit facilities which have not yet been drawdown amounted to Baht 1,431 million.

Movements in the long-term loans account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2019	2,452,487,874
Add: Addition borrowings during the period	1,937,000,000
Less: Loans repayment during the period	<u>(1,403,724,671)</u>
Balance as at 30 September 2019	<u>2,985,763,203</u>

12. Debt issued - debenture

As at 30 September 2019 and 31 December 2018, there was debenture issued by the Company has detailed below.

No.	Date	Repayment schedule	(Unite: Baht)	
			30 September 2019	31 December 2018
1	22 November 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 3 year term with a coupon rate at 4.10% per annum, interest payable every six months	150,000,000	150,000,000
Total			150,000,000	150,000,000
Less: Deferred issuing costs			(21,761)	(133,850)
Debenture			149,978,239	149,866,150
Less: Current portion due within 1 year			(149,978,239)	(149,866,150)
Debenture - net of current portion			-	-

The Company has to comply with financial covenants i.e. maintenance of debt to equity ratio.

13. Provision for long-term employee benefits

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 0.57 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

14. Loss on impairment and disposal of assets foreclosed

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2019	2018	2019	2018
Loss on impairment of assets foreclosed	6,155,165	394,444	4,454,920	7,820,995
Loss on disposal of assets foreclosed	57,470,764	61,041,594	168,266,932	158,506,237
Total	<u>63,625,929</u>	<u>61,436,038</u>	<u>172,721,852</u>	<u>166,327,232</u>

15. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

16. Related party transactions

During the periods, the Company had significant business transactions with related party. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and that related party. A summary of related party and transactions with that party are below.

Name of related party	Relationship with the Company
MOD S Company Limited	An associate company

(Unaudited but reviewed)

(Unit: Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing policy
	2019	2018	2019	2018	
	<u>Transactions with associate</u>				
Service income	1,143	1,768	1,143	4,255	As stipulated in agreements
Service expense	1,498,651	633,523	3,684,014	1,480,988	As stipulated in agreements

The balance of the accounts as at 30 September 2019 and 31 December 2018, between the Company and an associated company are as follows:

	(Unit: Baht)	
	30 September 2019	31 December 2018
<u>Service payable</u>		
An associated company	536,928	272,196

Directors and management benefits

During the periods, the Company had the following employee benefit expenses payable to their directors and management.

	(Unit: Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Short-term employee benefits	4,738,941	4,835,185	14,425,682	15,355,886
Post-employment benefits	121,744	(494,494)	1,549,752	59,035
Total	<u>4,860,685</u>	<u>4,340,691</u>	<u>15,975,434</u>	<u>15,414,921</u>

17. Dividends

On 5 April 2018, the Annual General Meeting of the Company's shareholders for the year 2018 approved to pay a dividend from the 2017 operating result to the shareholders of the Company at a rate of Baht 0.32 per share, or a total of Baht 196.16 million. (interim dividend payment of Baht 0.11 per share and Baht 0.21 per share was paid on 4 May 2018).

On 10 August 2018, the Board of Director Meeting of the Company No. 3/2018 approved a dividend payment of Baht 0.12 per share from the operating result of the 2018 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 73.56 million. The dividend was paid on 7 September 2018.

On 4 April 2019, the Annual General Meeting of the Company's shareholders for the year 2019 approved to pay a dividend from the 2018 operating results to the shareholders of the Company at a rate of Baht 0.36 per share, or a total of Baht 220.68 million. (interim dividend payment of Baht 0.12 per share and Baht 0.24 per share was paid on 3 May 2019).

On 13 August 2019, the Board of Director Meeting of the Company No. 03/2019 approved a dividend payment of Baht 0.15 per share from the operating result of the 2019 first half year ended to the shareholders of the Company, or a total dividend payment of Baht 91.95 million. The dividend was paid on 12 September 2019.

18. Segment information

The Company's operations involved a single reportable operating segment of hire purchase of motorcycles and are carried on in the single geographical area of Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that the Company's chief operating decision maker (managing director) used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

19. Commitments - Guarantees

As at 30 September 2019, there was an outstanding bank guarantee of Baht 10,000 (31 December 2018: Baht 10,000) issued by a bank on behalf of the Company as a guarantee for a post office box.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2019.