

S 11 Group Public Company Limited
and its subsidiary
Review report and interim financial information
For the three-month and six-month periods ended 30 June 2020



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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 consolidated statements of financial position of S 11 Group Public Company Limited and its subsidiary as at 30 June 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of S 11 Group Public Company Limited for the same periods (collectively "interim financial information"). 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.

Emphasis of Matters

I draw attention to the following matters

- (1) As described in Notes 1.2 and 1.5.2 to the interim consolidated financial statements, the COVID-19 pandemic is continuing to evolve, impacting various businesses and industries both directly and indirectly and resulting in an economic slowdown and fluctuations in the money market and the capital market. This situation could create uncertainties and affect the Company's business activities, and this may be impacting the operating results and cash flows in the future. The impact cannot be reasonably estimated at this stage.

Furthermore, in preparing interim financial information for the three-month and six-month periods ended 30 June 2020, the Company has elected to adopt the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions.

- (2) As described in Note 2 to the interim consolidated financial statements, the Company has adopted a new accounting policy regarding the financial instruments which is in accordance with a set of financial reporting standards related to financial instruments.

My conclusion is not modified in respect of these matters.



Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 13 August 2020

S 11 Group Public Company Limited and its subsidiary

Statements of financial position

As at 30 June 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated	in which the equity		Separate financial statements
		financial statement	method is applied		
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		44,367,733	41,443,026	43,461,555	41,443,026
Current portion of hire purchase receivables - net	3	3,329,255,246	3,122,683,406	3,329,255,246	3,122,683,406
Counter service receivables		43,573,502	67,407,267	43,573,502	67,407,267
Prepaid insurance premium		75,635,750	78,171,088	75,635,750	78,171,088
Assets foreclosed - net	4	21,102,648	23,774,880	21,102,648	23,774,880
Other current assets	5	50,025,027	44,661,132	49,891,803	44,661,132
Total current assets		3,563,959,906	3,378,140,799	3,562,920,504	3,378,140,799
Non-current assets					
Investment in subsidiary	6	-	-	1,327,690	-
Investment in an associate company	7.1	-	414,611	-	249,990
Restricted bank deposits	8	993,934	1,044,853	993,934	1,044,853
Hire purchase receivables - net of current portion	3	2,894,485,351	3,061,899,077	2,894,485,351	3,061,899,077
Prepaid insurance premium		24,629,779	29,152,640	24,629,779	29,152,640
Land, building and equipment - net	9	99,815,008	86,837,474	99,285,049	86,837,474
Deferred tax assets	10.1	176,488,948	151,801,785	176,488,948	151,801,785
Other non-current assets		317,635	311,135	311,135	311,135
Total non-current assets		3,196,730,655	3,331,461,575	3,197,521,886	3,331,296,954
Total assets		6,760,690,561	6,709,602,374	6,760,442,390	6,709,437,753

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

S 11 Group Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 30 June 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated	in which the equity		Separate financial statements
		financial statement	method is applied		
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	240,000,000	190,000,000	240,000,000	190,000,000
Trade accounts payables		41,326,506	70,674,347	41,326,506	70,674,347
Current portion of long-term loans	13	1,848,836,903	1,759,599,794	1,848,836,903	1,759,599,794
Short-term loans	12	427,631,394	585,996,599	427,631,394	585,996,599
Current portion of lease liabilities		1,971,177	-	1,971,177	-
Derivatives liabilities		10,963,637	-	10,963,637	-
Income tax payable		80,539,164	67,689,070	80,539,164	67,689,070
Insurance premium payables		17,717,237	24,437,167	17,717,237	24,437,167
Accrued expenses		50,603,261	33,462,626	51,057,010	33,462,626
Other current liabilities		43,721,135	33,460,664	43,539,808	33,460,664
Total current liabilities		2,763,310,414	2,765,320,267	2,763,582,836	2,765,320,267
Non-current liabilities					
Long-term loans - net of current portion	13	1,064,765,959	1,082,175,464	1,064,765,959	1,082,175,464
Debenture - net of current portion	14				
Related persons and related parties		37,810,731	37,743,713	37,810,731	37,743,713
Unrelated persons and unrelated parties		187,362,120	187,030,031	187,362,120	187,030,031
Lease liabilities - net of current portion		12,308,639	-	12,308,639	-
Provision for long-term employee benefits		19,080,240	17,166,607	19,080,240	17,166,607
Total non-current liabilities		1,321,327,689	1,324,115,815	1,321,327,689	1,324,115,815
Total liabilities		4,084,638,103	4,089,436,082	4,084,910,525	4,089,436,082

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

S 11 Group Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 30 June 2020

(Unit: Baht)

Note	Financial statements			
	Consolidated	in which the equity		Separate financial statements
	financial statement	method is applied		
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(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
Issued and fully paid-up				
	613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000
	Share premium	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
Retained earnings				
	Appropriated - statutory reserve	61,300,000	61,300,000	61,300,000
	Unappropriated	1,558,416,331	1,502,743,734	1,558,109,307
	Equity attributable to owners of the Company	2,675,838,889	2,620,166,292	2,675,531,865
	Non-controlling interests of the subsidiary	213,569	-	-
	Total shareholders' equity	2,676,052,458	2,620,166,292	2,675,531,865
	Total liabilities and shareholders' equity	6,760,690,561	6,709,602,374	6,760,442,390

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

Directors

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary
 Statements of comprehensive income
 For the three-month period ended 30 June 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated financial statement	in which the equity method is applied	Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Hire purchase interest income		481,027,968	441,579,126	481,027,968	441,579,126
Fee and service income		22,937,465	20,249,592	22,885,596	20,249,592
Other income		3,968,867	5,527,187	3,968,539	5,527,187
Total revenues		507,934,300	467,355,905	507,882,103	467,355,905
Expenses					
Selling and administrative expenses		88,938,779	89,845,944	88,925,434	89,845,944
Expected credit losses		113,595,922	-	113,595,922	-
Bad debts and doubtful accounts		-	127,387,706	-	127,387,706
Loss on impairment and disposal of assets foreclosed	15	59,446,883	53,734,104	59,446,883	53,734,104
Loss from derivative		3,603,780	-	3,603,780	-
Total expenses		265,585,364	270,967,754	265,572,019	270,967,754
Profit before finance cost, share of gain from investment in an associate company and income tax expenses		242,348,936	196,388,151	242,310,084	196,388,151
Finance cost		(37,125,621)	(36,731,140)	(37,125,621)	(36,731,140)
Profit before share of gain from investment in an associate company and income tax expense		205,223,315	159,657,011	205,184,463	159,657,011
Share of gain from investment in an associate company	7.2	50,013	36,342	-	-
Profit before income tax expenses		205,273,328	159,693,353	205,184,463	159,657,011
Income tax expenses	10.2	(41,105,450)	(32,045,737)	(41,102,122)	(32,045,737)
Profit for the period		164,167,878	127,647,616	164,082,341	127,611,274
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(994,846)	(800,801)	(994,846)	(800,801)
Income tax relating to actuarial loss	10.2	198,970	160,160	198,970	160,160
Other comprehensive income for the period (loss)		(795,876)	(640,641)	(795,876)	(640,641)
Total comprehensive income for the period		163,372,002	127,006,975	163,286,465	126,970,633
Profit or loss attributable to:					
Equity holders of the Company		164,164,326	127,647,616	164,082,341	127,611,274
Non-controlling interests of the subsidiary		3,552	-	-	-
		164,167,878			
Total comprehensive income attributable to:					
Equity holders of the Company		163,368,450	127,006,975	163,286,465	126,970,633
Non-controlling interests of the subsidiary		3,552	-	-	-
		163,372,002			
Earnings per share					
Basic earnings per share	16	0.27	0.21	0.27	0.21

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary
 Statements of comprehensive income
 For the six-month period ended 30 June 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated financial statement	in which the equity method is applied	Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Hire purchase interest income		968,713,258	868,312,308	968,713,258	868,312,308
Fee and service income		44,775,619	41,828,129	44,723,750	41,828,129
Other income		9,716,118	12,074,255	9,715,790	12,074,255
Total revenues		1,023,204,995	922,214,692	1,023,152,798	922,214,692
Expenses					
Selling and administrative expenses		178,126,377	173,105,664	178,113,032	173,105,664
Expected credit losses		293,664,663	-	293,664,663	-
Bad debts and doubtful accounts		-	240,530,028	-	240,530,028
Loss on impairment and disposal of assets foreclosed	15	124,736,170	109,095,923	124,736,170	109,095,923
Loss from derivative		7,949,814	-	7,949,814	-
Total expenses		604,477,024	522,731,615	604,463,679	522,731,615
Profit before finance cost, share of gain from investment					
in an associate company and income tax expenses		418,727,971	399,483,077	418,689,119	399,483,077
Finance cost		(75,521,147)	(71,115,525)	(75,521,147)	(71,115,525)
Profit before share of gain from investment					
in an associate company and income tax expense		343,206,824	328,367,552	343,167,972	328,367,552
Share of gain from investment in an associate company	7.2	110,431	74,259	-	-
Profit before income tax expenses		343,317,255	328,441,811	343,167,972	328,367,552
Income tax expenses	10.2	(68,592,729)	(65,769,944)	(68,589,401)	(65,769,944)
Profit for the period		274,724,526	262,671,867	274,578,571	262,597,608
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(577,233)	(2,354,526)	(577,233)	(2,354,526)
Income tax relating to actuarial loss	10.2	115,447	470,905	115,447	470,905
Other comprehensive income for the period (loss)		(461,786)	(1,883,621)	(461,786)	(1,883,621)
Total comprehensive income for the period		274,262,740	260,788,246	274,116,785	260,713,987
Profit or loss attributable to:					
Equity holders of the Company		274,720,974	262,671,867	274,578,571	262,597,608
Non-controlling interests of the subsidiary		3,552	-	-	-
		274,724,526			
Total comprehensive income attributable to:					
Equity holders of the Company		274,259,188	260,788,246	274,116,785	260,713,987
Non-controlling interests of the subsidiary		3,552	-	-	-
		274,262,740			
Earnings per share					
Basic earnings per share	16	0.45	0.43	0.45	0.43

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2020

(Unit: Baht)

	Consolidated financial statement							Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Equity attributable to owners of the Company	Non-controlling interests of the subsidiary	
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2020	613,000,000	427,822,558	15,300,000	61,300,000	1,502,743,734	2,620,166,292	-	2,620,166,292
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	(46,946,591)	(46,946,591)	-	(46,946,591)
Balance as at 1 January 2020 - as restated	613,000,000	427,822,558	15,300,000	61,300,000	1,455,797,143	2,573,219,701	-	2,573,219,701
Profit for the period	-	-	-	-	274,720,974	274,720,974	3,552	274,724,526
Other comprehensive income for the period (loss)	-	-	-	-	(461,786)	(461,786)	-	(461,786)
Total comprehensive income for the period	-	-	-	-	274,259,188	274,259,188	3,552	274,262,740
Payment for dividend (Note 18)	-	-	-	-	(171,640,000)	(171,640,000)	-	(171,640,000)
Non-controlling interests of the subsidiary from acquisition of the subsidiary (Note 6)	-	-	-	-	-	-	210,017	210,017
Balance as at 30 June 2020	613,000,000	427,822,558	15,300,000	61,300,000	1,558,416,331	2,675,838,889	213,569	2,676,052,458

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary
Statements of changes in shareholders' equity (continued)
For the six-month period ended 30 June 2020

(Unit: Baht)

	Financial statements in which the equity method is applied					
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
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	-	-	-	-	262,671,867	262,671,867
Other comprehensive income for the period (loss)	-	-	-	-	(1,883,621)	(1,883,621)
Total comprehensive income for the period	-	-	-	-	260,788,246	260,788,246
Payment for dividend (Note 18)	-	-	-	-	(147,120,000)	(147,120,000)
Balance as at 30 June 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,329,313,111	2,446,735,669

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary
 Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2020

(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 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	-	-	-	-	262,597,608	262,597,608
Other comprehensive income for the period (loss)	-	-	-	-	(1,883,621)	(1,883,621)
Total comprehensive income for the period	-	-	-	-	260,713,987	260,713,987
Payment for dividend (Note 18)	-	-	-	-	(147,120,000)	(147,120,000)
Balance as at 30 June 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,329,184,583	2,446,607,141
Balance as at 1 January 2020	613,000,000	427,822,558	15,300,000	61,300,000	1,502,579,113	2,620,001,671
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	(46,946,591)	(46,946,591)
Balance as at 1 January 2020 - as restated	613,000,000	427,822,558	15,300,000	61,300,000	1,455,632,522	2,573,055,080
Profit for the period	-	-	-	-	274,578,571	274,578,571
Other comprehensive income for the period (loss)	-	-	-	-	(461,786)	(461,786)
Total comprehensive income for the period	-	-	-	-	274,116,785	274,116,785
Payment for dividend (Note 18)	-	-	-	-	(171,640,000)	(171,640,000)
Balance as at 30 June 2020	613,000,000	427,822,558	15,300,000	61,300,000	1,558,109,307	2,675,531,865

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary

Cash flows statements

For the six-month period ended 30 June 2020

(Unit: Baht)

	Financial statements			
	Consolidated	in which the equity	Separate financial statements	
	financial statement	method is applied	2020	2019
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	343,317,255	328,441,811	343,167,972	328,367,552
Adjustments to reconcile profit before income tax to net cash provided by (paid) from operating activities				
Depreciation	4,262,817	3,642,928	4,239,572	3,642,928
Expected credit losses	293,664,663	-	293,664,663	-
Bad debts and doubtful accounts	-	240,530,028	-	240,530,028
Gain on sale assets	(869)	(60,394)	(869)	(60,394)
Loss on written-off assets	10,598	3,087	10,598	3,087
Share of gain from investment in an associate company	(110,431)	(74,259)	-	-
Reversal on impairment of assets foreclosed	(8,314,978)	(1,700,245)	(8,314,978)	(1,700,245)
Provision for long-term employee benefits	1,336,400	1,166,494	1,336,400	1,166,494
Hire purchase interest income	(968,713,258)	(868,312,308)	(968,713,258)	(868,312,308)
Loss from derivative	7,949,814	-	7,949,814	-
Interest expenses and amortisation of loans issuing cost	75,443,880	71,115,525	75,443,880	71,115,525
Amortised finance cost for lease liabilities	77,267	-	77,267	-
Loss from operating activities before changes in operating assets and liabilities	(251,076,842)	(225,247,333)	(251,138,939)	(225,247,333)
Operating assets (increase) decrease				
Hire purchase receivables	(353,849,579)	(660,401,932)	(353,849,579)	(660,401,932)
Assets foreclosed	10,987,210	974,932	10,987,210	974,932
Prepaid insurance premium	7,058,199	(3,290,770)	7,058,199	(3,290,770)
Other current assets	19,201,288	170,966	18,603,094	170,966
Other non-current assets	-	(32,000)	-	(32,000)
Operating liabilities increase (decrease)				
Trade accounts payables	(29,347,841)	40,822,491	(29,347,841)	40,822,491
Insurance premium payables	(6,719,930)	188,880	(6,719,930)	188,880
Accrued expenses	17,081,566	27,330,969	17,707,820	27,330,969
Other current liabilities	10,083,427	(801,755)	10,079,144	(801,755)
Cash flows used in operating activities	(576,582,502)	(820,285,552)	(576,620,822)	(820,285,552)
Cash received from interest	939,646,796	863,522,302	939,646,796	863,522,302
Cash paid for corporate income tax	(68,577,703)	(56,171,560)	(68,574,375)	(56,171,560)
Cash paid for interest	(70,017,366)	(62,163,180)	(70,017,366)	(62,163,180)
Net cash flows from (used in) operating activities	224,469,225	(75,097,990)	224,434,233	(75,097,990)

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

(Unaudited but reviewed)

S 11 Group Public Company Limited and its subsidiary

Cash flows statements (continued)

For the six-month period ended 30 June 2020

(Unit: Baht)

	Financial statements			
	Consolidated	in which the equity	Separate financial statements	
	financial statement	method is applied	2020	2019
	2020	2019	2020	2019
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	50,919	(95,350)	50,919	(95,350)
Cash paid for purchases of investment in subsidiary	(206,346)	-	(1,077,700)	-
Cash receipt for proceed of equipment	2,580	61,290	2,580	61,290
Cash paid for acquisition of land, building and equipment	(1,843,176)	(5,544,282)	(1,843,008)	(5,544,282)
Net cash flows used in investing activities	(1,996,023)	(5,578,342)	(2,867,209)	(5,578,342)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	50,000,000	(20,000,000)	50,000,000	(20,000,000)
Decrease in short-term loans	(166,719,637)	(171,726,758)	(166,719,637)	(171,726,758)
Cash receipt from long-term loans	1,135,000,000	1,319,000,000	1,135,000,000	1,319,000,000
Repayment of long-term loans	(1,063,084,961)	(891,613,353)	(1,063,084,961)	(891,613,353)
Payment for loans issuing cost	(2,450,000)	(2,100,000)	(2,450,000)	(2,100,000)
Cash paid for lease liabilities	(653,897)	-	(653,897)	-
Payment for dividend	(171,640,000)	(147,120,000)	(171,640,000)	(147,120,000)
Net cash flows from (used in) financing activities	(219,548,495)	86,439,889	(219,548,495)	86,439,889
Net increase in cash and cash equivalents	2,924,707	5,763,557	2,018,529	5,763,557
Cash and cash equivalents at beginning of period	41,443,026	23,670,440	41,443,026	23,670,440
Cash and cash equivalents at end of period	44,367,733	29,433,997	43,461,555	29,433,997

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

S 11 Group Public Company Limited and its subsidiary
Notes to interim consolidated financial statements
For the three-month and six-month periods ended 30 June 2020

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 June 2020, the Company has 9 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima, Prachinburi and Chantaburi (31 December 2019: 9 branches).

1.2 The Coronavirus disease 2019 pandemic (COVID-19)

The Coronavirus disease 2019 pandemic (COVID-19) is continuing to evolve, impacting various businesses and industries both directly and indirectly and resulting in an economic slowdown and fluctuations in the money market and the capital market. This situation could create uncertainties and affect the Company’s business activities, and this may be impacting the operating results and cash flows in the future. The impact cannot be reasonably estimated at this stage. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, as well as the cash flow management of the Company, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

1.3 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, including guidelines promulgated by the Federation of Accounting Professions (“TFAC”) 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.

1.4 Basis for the preparation of the interim consolidated financial statements

- (a) The consolidated financial statements include the financial statements of S 11 Group Public Company Limited and MOD S Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in management and accelerated collection of assets. The Company holds 90% of the subsidiary’s shares.
- (b) The Company is deemed to have control over an investee or a subsidiary if it has rights, or is exposed, to variable return from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as those adopted by the Company.
- (e) Material balances and significant transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

1.5 New financial reporting standards that became effective in the current period

1.5.1 Financial reporting standards

During the period, the Company has adopted the revised (revised 2019) and new 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. However, the new standard involves 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.

The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

Classification and measurement of financial assets and liabilities

The Company reclassifies financial assets and liabilities to be consistent with the business model for managing the Company's financial assets and liabilities and the contractual cash flows characteristics of the financial assets, based on the facts and existing circumstances as of the date these financial reporting standards were initially adopted:

Financial assets

As at 1 January 2020, the Company's financial assets are cash and cash equivalents, hire purchase receivables and restricted bank deposits. The adoption of these set of financial reporting standards does not have any impact to the Company's classification of financial assets. The Company continues to be classified all financial assets as measured at amortised cost.

Financial liabilities

Financial liabilities are classified and measured at amortised cost.

Derivatives

The Company initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

Impairment of financial assets

TFRS 9 requires entities to estimate allowance for expected credit losses in place of the losses recognised under the previous accounting policy. It requires that impairment loss be recognised using the Expected Credit Loss Model and a management overlay is applied to account for factors that are not captured by the model and requires the Company to recognise an allowance for expected credit losses for all financial assets that are debt instruments and not measured at fair value through profit or loss, including for undrawn commitments and financial guarantees, and it is not necessary for a credit-impaired event to have occurred prior to the recognition. The Company considers using a simplified approach to determine expected credit losses for hire-purchase receivables. the allowance is measured at the amount equal to the lifetime expected credit losses of financial assets.

Practices during the transitional period

The Company adopted these financial reporting standards which the cumulative effects of the initial adoption of the financial reporting standards is recognised as adjustment to the retained earnings or other components of shareholders' equity as at 1 January 2020 and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the interim financial statements.

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.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

1.5.2 Accounting Guidance

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand's measures and electing to apply this Accounting Treatment Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply.

The Company do not apply this temporary relief measures.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are 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.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation that were used for the financial statements for the year ended 31 December 2019, except for the accounting policy relating to investments in subsidiary and the changes in accounting policies which are effective from 1 January 2020, as follow.

1.6.1 Allowance for expected credit losses of hire purchase receivables

The Company recognises expected credit losses for hire purchase receivables using a simplified approach, taking into account the business model and historical data of the business, based on assumptions and factors related to the appropriate estimation cash flow that reflects economic conditions and environment at present and in the future. The Company reviews the cash flow at least every end of the reporting period. In addition, the Company classifies the hire purchase receivables based on the credit risk characteristics of the hire purchase receivables, taking into account the correspondence between cash inflows of the hire purchase receivables on a contract basis based on the overdue date and maturity date of the contract.

1.6.2 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for hire purchase receivables. The Company applies a simplified approach to determine the lifetime expected credit losses.

1.6.3 Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

1.6.4 Investments in subsidiary

Investments in subsidiary is accounted for in the separate financial statements using the cost method.

1.7 Significant accounting judgements and estimates

The interim financial statements have been prepared by using the management's judgements and accounting estimates that were used for the financial statements for the year ended 31 December 2019, except for changes in judgements and estimates with respect to the following matters, effective from 1 January 2020.

1.7.1 Allowance for expected credit loss of hire purchase receivables

The management is required to use judgement in estimating an allowance for expected credit losses of hire purchase receivables, with the assessment made with respect to the financial situation of receivables, together with the use of forward-looking information in estimating the allowance for expected credit losses. The estimation involves numerous variables; therefore, actual results may differ from the estimates.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.5 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The change in accounting policy due to the adoption of TFRS 16 do not have any impact on retained earnings as at 1 January 2020.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

	(Unit: Baht)			
	Financial statements in which the equity method is applied			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current portion of hire purchase receivables - net	3,122,683,406	64,215,706	-	3,186,899,112
Non-current assets				
Hire purchase receivables - net of current portion	3,061,899,077	(114,308,968)	-	2,947,590,109
Land, building and equipment - net	86,837,474	-	12,681,831	99,519,305
Deferred tax assets	151,801,785	11,736,648	-	163,538,433
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Current portion of lease liabilities	-	-	1,490,036	1,490,036
Derivative liabilities	-	8,589,977	-	8,589,977
Non-current liabilities				
Lease liabilities, net of current portion	-	-	11,191,795	11,191,795
Shareholders' equity				
Retained earnings - unappropriated	1,502,743,734	(46,946,591)	-	1,455,797,143

(Unaudited but reviewed)

(Unit: Baht)

	Separate financial statements			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current portion of hire purchase receivables - net	3,122,683,406	64,215,706	-	3,186,899,112
Non-current assets				
Hire purchase receivables - net of current portion	3,061,899,077	(114,308,968)	-	2,947,590,109
Land, building and equipment - net	86,837,474	-	12,681,831	99,519,305
Deferred tax assets	151,801,785	11,736,648	-	163,538,433
Liabilities and shareholders' equity				
Liabilities				
Current liabilities				
Current portion of lease liabilities	-	-	1,490,036	1,490,036
Derivative liabilities	-	8,589,977	-	8,589,977
Non-current liabilities				
Lease liabilities, net of current portion	-	-	11,191,795	11,191,795
Shareholders' equity				
Retained earnings - unappropriated	1,502,579,113	(46,946,591)	-	1,455,632,522

2.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Baht)
Recognition of an allowance for expected credit losses on financial assets	50,093,262
Recognition of derivatives at fair value through profit or loss	8,589,977
	<u>58,683,239</u>
Related income tax	<u>(11,736,648)</u>
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>46,946,591</u>

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

			(Unit: Baht)
<u>Financial Statements in which the equity method is applied and Separate Financial Statement</u>			
Classification and measurement under the former basis as at 31 December 2019		Classification and measurement under TFRS 9 as at 1 January 2020	
Financial assets			
Cash and cash equivalents	41,443,026	Amortised cost	41,443,026
Hire purchase receivables	6,184,582,483	Amortised cost	6,134,489,221
Restricted bank deposits	1,044,853	Amortised cost	1,044,853
Financial liabilities			
Short-term loans from financial			
institutions	190,000,000	Amortised cost	190,000,000
Trade payables	70,674,347	Amortised cost	70,674,347
Short-term loans	585,996,599	Amortised cost	585,996,599
Derivatives liabilities	-	Fair Value through profit or loss	8,589,977
Long-term loans	2,841,775,258	Amortised cost	2,841,775,258
Debentures	224,773,744	Amortised cost	224,773,744

2.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020.

	(Unit: Baht)
Operating lease commitments as at 31 December 2019	13,286,038
Add: Option to extend lease term	998,484
Less: Contracts reassessed as service agreements	(1,150,495)
Less: Deferred interest expenses	(452,196)
Increase in lease liabilities due to TFRS 16 adoption	<u>12,681,831</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>-</u>
Lease liabilities as at 1 January 2020 (Unaudited)	<u><u>12,681,831</u></u>
Comprise of:	
Current lease liabilities	1,490,036
Non-current lease liabilities	<u>11,191,795</u>
	<u><u>12,681,831</u></u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Baht)
Land	10,127,809
Buildings and building improvement	2,287,747
Furniture and office equipment	<u>266,275</u>
Total right-of-use assets	<u><u>12,681,831</u></u>

3. Hire purchase receivables

3.1 As at 30 June 2020 and 31 December 2019, 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)

	Consolidated and Separate financial statements		
	30 June 2020		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	5,857,146,949	3,783,723,388	9,640,870,337
Less: Unearned hire purchase income ⁽¹⁾	<u>(1,757,392,511)</u>	<u>(755,894,863)</u>	<u>(2,513,287,374)</u>
Present value of the minimum lease payment receivables	4,099,754,438	3,027,828,525	7,127,582,963
Less: Allowance for expected credit losses	<u>(770,499,192)</u>	<u>(133,343,174)</u>	<u>(903,842,366)</u>
Net hire purchase receivables	<u>3,329,255,246</u>	<u>2,894,485,351</u>	<u>6,223,740,597</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.

(Unit: Baht)

	Financial statements in which the equity method is applied and Separate financial statement		
	31 December 2019		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	5,633,839,744	3,905,331,616	9,539,171,360
Less: Unearned hire purchase income ⁽¹⁾	<u>(1,736,833,740)</u>	<u>(810,512,539)</u>	<u>(2,547,346,279)</u>
Present value of the minimum lease payment receivables	3,897,006,004	3,094,819,077	6,991,825,081
Less: Allowance for doubtful accounts ⁽³⁾	<u>(774,322,598)</u>	<u>(32,920,000)</u>	<u>(807,242,598)</u>
Net hire purchase receivables	<u>3,122,683,406</u>	<u>3,061,899,077</u>	<u>6,184,582,483</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)

- 3.2 As at 30 June 2020, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for expected credit losses are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Consolidated and Separate financial statements	
	30 June 2020	
	Balance of hire purchase receivables	Allowance for expected credit losses
Less than 4 months	6,087,625,689	232,181,019
4 months or more, but less than 7 months	372,319,879	4,023,952
7 months or more, including fully-mature deposit contracts	667,637,395	667,637,395
Total	<u>7,127,582,963</u>	<u>903,842,366</u>

As at 31 December 2019, 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	Financial statements in which the equity method is applied and Separate financial statement		
	31 December 2019		
	Balance of hire purchase receivables	Percentage of allowance set up by the Company	Allowance for doubtful accounts
Not yet due	4,831,170,810	1	48,310,287
Past due			
Less than 1 month	740,865,990	1	7,408,660
1 month or more, but less than 2 months	383,453,965	1	3,834,526
2 months or more, but less than 4 months	319,025,688	2	6,380,497
4 months or more, but less than 7 months	203,284,997	100	203,284,997
7 months or more, but less than 13 months	261,322,399	100	261,322,399
13 months or more	252,701,232	100	252,701,232
Total	<u>6,991,825,081</u>		<u>783,242,598</u>
Allowance for doubtful accounts - additional provision for uncollectible receivables			<u>24,000,000</u>
Total			<u>807,242,598</u>

3.3 As at 30 June 2020, the Company had hire purchase receivables amounting to Baht 1,226 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2019: Baht 1,057 million).

3.4 As at 30 June 2020, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 1,013 million (31 December 2019: Baht 1,098 million) in order to secure credit facilities granted by commercial banks as discussed in Note 13 to the financial statements.

3.5 Allowance for expected credit losses

Movements of allowance for expected credit losses (ECL) / allowance for doubtful accounts of hire purchase receivables are as follows:

	(Unit: Baht)
	Consolidated and Separate financial statements
	For the six-month period ended 30 June 2020
Beginning of the period - allowance for doubtful accounts	807,242,598
Restated for adoption of new accounting standards ⁽¹⁾	50,093,262
Balance beginning of the period - expected credit losses	857,335,860
Add: Expected credit losses during the period	293,664,663
Less: Bad debt written-off	(247,158,157)
Balance end of the period	<u>903,842,366</u>

⁽¹⁾ The beginning balance of allowance for doubtful accounts was determined based on the former accounting policy, while current information is presented in accordance with TFRS 9, without restatement of the prior period's financial statements presented as comparative information, as discussed in Note 1.5.

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statement
	For the year ended 31 December 2019
Balance beginning of the year	751,343,850
Add: Doubtful account increase during the year	512,504,015
Less: Bad debt written-off	(456,605,267)
Balance end of the year	<u>807,242,598</u>

4. Assets foreclosed

	(Unit: Baht)	
	Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statement
	30 June 2020	31 December 2019
Assets foreclosed - cost	32,848,847	43,836,057
Less: Allowance for impairment	(11,746,199)	(20,061,177)
Assets foreclosed - net	<u>21,102,648</u>	<u>23,774,880</u>

5. Other current asset

	(Unit: Baht)		
	Consolidated financial statement	Separate financial statement	Financial statements in which the equity method is applied and Separate financial statement
	30 June 2020	30 June 2020	31 December 2019
Advance VAT receivable	31,604,729	31,604,729	28,543,548
Other receivable - sales of assets foreclosed	7,257,544	7,257,544	3,459,380
Revenue department receivable	2,766,996	2,766,996	2,366,975
Other accrued income	5,236,284	5,236,284	6,254,759
Others	3,159,474	3,026,250	4,036,470
Total	<u>50,025,027</u>	<u>49,891,803</u>	<u>44,661,132</u>

6. Investment in subsidiary

On 14 May 2020, the Board of Directors' Meeting No. 2/2020. passed a resolution to approve the Company acquisition of an additional 130,000 ordinary shares of MOD S Company Limited (an associate) from its existing shareholder ("the Seller"), which represents 65% of all issued shares of MOD S Company Limited. Following the acquisition of the shares, then together with the 49,998 shares of MOD S Company Limited held by the Company, the Company held 179,998 shares of MOD S Company Limited, representing 90% of all issued shares of MOD S Company Limited. On 21 May 2020, the Company entered into a share purchase and sale agreement with the Seller, whereby the purchase price was Baht 1.08 million. The Company received all of these shares and made payment to the Seller on 21 May 2020. As a result, the status of MOD S Company Limited changed from an associate to a subsidiary of the Company and it has to be included in the consolidated financial statements from 21 May 2020, which is the date on which the Company assumed control.

Management of the Company and its subsidiary determined that the acquisition of the investment in the subsidiary was an asset acquisition.

The carrying amounts of the assets and liabilities of MOD S Company Limited as at the acquisition date are as summarised below.

	(Unit: Baht)
Cash and cash equivalents	871,354
Other current assets	1,018,826
Land, building and equipment - net	553,036
Other non-current assets	6,500
Accrued expenses	(174,054)
Other current liabilities	(175,495)
Other non-current liabilities	-
Net assets of the subsidiary	<u>2,100,167</u>
Less: Non-controlling interests' proportionate share of net assets of the subsidiary	<u>(210,017)</u>
The Company's proportionate share of net assets of the subsidiary	<u><u>1,890,150</u></u>
Cash paid for purchase of investment in the subsidiary	1,077,700
Less: Cash and cash equivalents of the subsidiary	<u>(871,354)</u>
Net cash paid for purchase of investment in the subsidiary	<u><u>206,346</u></u>

7. Investment in an associate company

7.1 Detail of an associate company

		(Unit: Baht)		
Company's name	Nature of business	Shareholding percentage	Financial statements in which the equity method is applied	Separate financial statement
			Book value	Cost/Book value
		31 December 2019	31 December 2019	31 December 2019
		(%)		
MOD S Company Limited (Note 6)	Manage and develop quality of assets	25	414,611	249,990

As at 21 May 2020, the Company changes in status of investment from an associate to subsidiary, as discussed in Note 6 to the interim financial statements.

7.2 Share of comprehensive income and dividend

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company recognised share of gain from investment in an associate company in the financial statements in which the equity method is applied and no dividends received from the associate company during the periods as follows:

Company's name	(Unit: Baht)			
	Share of gain from investment for the three-month periods ended 30 June		Share of gain from investment for the six-month periods ended 30 June	
	2020	2019	2020	2019
MOD S Company Limited	50,013	36,342	110,431	74,259

7.3 Summarised financial information of an associate company

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

Summarised information about financial position

	(Unit: Baht)
	31 December 2019
Total assets	1,935,886
Total liabilities	277,443
Net assets	1,658,443

Summarised information about income statement

	(Unit: Baht)	
	For the three-month period ended 30 June 2019	For the six-month period ended 30 June 2019
Revenue	1,334,322	2,479,947
Profit for the period	145,367	297,034

8. Restricted bank deposits

As at 30 June 2020 and 31 December 2019, 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 20 to the financial statements, a deposit used as an employee's security deposit and the security deposit of a contractor hired to repossess motorcycles.

9. Land, building and equipment

Movements of land, building and equipment for the six-month period ended 30 June 2020 are summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statement</u>	<u>financial statement</u>
Net book value as at 1 January 2020	86,837,474	86,837,474
Adjustments of right-of-use assets due to TFRS 16 adoption	12,681,831	12,681,831
Additions during the period - cost	1,843,176	1,843,008
Increase as a result of change in status of investments		
from an associate to subsidiary	553,036	-
Right-of-use assets increase during the period	2,174,617	2,174,617
Disposals / write-off during the period - net book value		
at disposals / write-off date	(12,309)	(12,309)
Depreciation for the period	(4,262,817)	(4,239,572)
Net book value as at 30 June 2020	<u>99,815,008</u>	<u>99,285,049</u>

10. Deferred tax assets/income tax expenses**10.1 Deferred tax assets**

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

	(Unit: Baht)	
	Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statement
	30 June 2020	31 December 2019
Deferred tax assets		
Allowance for expected credit losses	180,768,473	-
Allowance for doubtful accounts	-	161,448,520
Allowance for impairment of assets foreclosed	2,349,240	4,012,235
Provision for long-term employee benefits	3,816,048	3,433,321
Advance receive from insurance premium	12,201,888	11,029,373
Accrued Bonus	3,302,000	-
Loss on derivative liabilities at fair value	2,192,727	-
Others	892,636	700,183
Total	205,523,012	180,623,632
Deferred tax liability		
Deferred commission and initial direct cost		
from hire purchase contracts	27,155,925	26,881,373
Deferred loans issuing costs	1,652,709	1,635,222
Deferred debentures issuing cost	225,430	305,252
Total	29,034,064	28,821,847
Deferred tax assets - net	176,488,948	151,801,785

10.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2020 and 2019 are as follows:

(Unit: Baht)

	For the three-month periods ended 30 June				
	Consolidated financial statement	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
	Current income tax:				
Interim corporate income tax charge	41,702,462	38,188,783	41,699,134	38,188,783	
Deferred tax:					
Relating to origination and reversal of temporary differences	(597,012)	(6,143,046)	(597,012)	(6,143,046)	
Income tax expenses reported in the statements of comprehensive income	<u>41,105,450</u>	<u>32,045,737</u>	<u>41,102,122</u>	<u>32,045,737</u>	

(Unit: Baht)

	For the six-month periods ended 30 June				
	Consolidated financial statement	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
	Current income tax:				
Interim corporate income tax charge	81,427,797	73,866,586	81,424,469	73,866,586	
Deferred tax:					
Relating to origination and reversal of temporary differences	(12,835,068)	(8,096,642)	(12,835,068)	(8,096,642)	
Income tax expenses reported in the statements of comprehensive income	<u>68,592,729</u>	<u>65,769,944</u>	<u>68,589,401</u>	<u>65,769,944</u>	

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2020 and 2019 are as follow:

(Unit: Baht)

	For the three-month periods ended 30 June				
	Consolidated financial statement	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
	Deferred tax relating to actuarial loss	198,970	160,160	198,970	160,160

(Unit: Baht)

	For the six-month periods ended 30 June				
	Consolidated financial statement	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
	Deferred tax relating to actuarial loss	115,447	470,905	115,447	470,905

Deferred tax relating to retain earning as at 1 January 2020 are as follow:

(Unit: Baht)

	1 January 2020
Deferred tax relating to allowance for expected credit losses	10,018,653
Deferred tax relating to derivative liabilities	1,717,995
	<u>11,736,648</u>

(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 six-month periods ended 30 June 2020 and 2019 are as follows:

(Unit: Baht)

For the three-month periods ended 30 June

	For the three-month periods ended 30 June			
	Consolidated financial statement	Financial statements in which the equity method is applied	Separate financial statements	
		2020	2019	2020
Accounting profit before tax	205,273,328	159,693,353	205,184,463	159,657,011
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	41,054,666	31,938,670	41,036,892	31,931,402
Tax effect of tax-exempt income and disallowed expenses	50,784	107,067	65,230	114,335
Income tax expenses reported in the statements of comprehensive income	41,105,450	32,045,737	41,102,122	32,045,737

(Unit: Baht)

For the six-month periods ended 30 June

	For the six-month periods ended 30 June			
	Consolidated financial statement	Financial statements in which the equity method is applied	Separate financial statements	
		2020	2019	2020
Accounting profit before tax	343,317,255	328,441,811	343,167,972	328,367,552
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	68,663,451	65,688,362	68,633,594	65,673,510
Tax effect of tax-exempt income and disallowed expenses	(70,722)	81,582	(44,193)	96,434
Income tax expenses reported in the statements of comprehensive income	68,592,729	65,769,944	68,589,401	65,769,944

11. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated and Separate financial statements 30 June 2020	Financial statements in which the equity method is applied and Separate financial statement 31 December 2019
Promissory notes	3.85	240,000,000	190,000,000

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 June 2020, the short-term credit facilities which have not yet been drawdown amounted to Baht 60 million.

12. Short-term loans

As at 30 June 2020, the Company has loans in form of bills of exchange, net of discount, totaling Baht 428 million, the bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between July - December 2020), with interest charged at the rate of 2.95 - 3.18 percent per annum (31 December 2019: Bills of exchange of Baht 586 million, registered, transferable, and maturing within 270 days from the date of issuance, maturity date between January - June 2020, with interest charge at the rate of 3.05 - 3.65 percent per annum).

13. Long-term loans

As at 30 June 2020 and 31 December 2019, the long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
				Financial	
				statements in which	
				the equity method	
				is applied and	
				Separate financial	
				statement	
Facility		Interest rate		Consolidated and	Separate financial
no.	Loan facility	(% per annum)	Repayment schedule	statements	statement
				30 June 2020	31 December 2019
1	Loan agreement dated 27 June 2014	MLR - 2.63	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	1,452,429,494	1,438,196,641
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	-	2,700,000
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	29,274,224	122,014,353
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	23,700,000	112,900,000
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	265,041,287	384,896,763
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	226,300,000	347,164,000
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	477,432,146	239,739,738
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	350,020,000	202,990,000
9	Loan agreement dated 31 March 2020	4.4	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	98,319,383	-
Total				2,922,516,534	2,850,601,495
Less: Deferred loans issuing costs				(8,913,672)	(8,826,237)
Long-term loans				2,913,602,862	2,841,775,258
Less: current portion due within 1 year				(1,848,836,903)	(1,759,599,794)
Long-term loans, net of current portion				1,064,765,959	1,082,175,464

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 June 2020, the Company has commitments of Baht 600 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 2019: The Company had commitments of Baht 666 million under interest rate swap agreements for loan facility no 2, 4, 6 and 8).

As at 30 June 2020, the Company has long-term credit facilities which have not yet been drawdown amounted to Baht 1,268 million.

Movements in the long-term loans account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2020	2,850,601,495
Add: Addition borrowings during the period	1,135,000,000
Less: Loans repayment during the period	<u>(1,063,084,961)</u>
Balance as at 30 June 2020	<u><u>2,922,516,534</u></u>

14. Debt issued - debenture

As at 30 June 2020 and 31 December 2019, there was debenture issued by the Company has detailed below.

No.	Date	Repayment schedule	(Unit: Baht)	
			Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statement
			30 June 2020	31 December 2019
1	26 November 2019	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 years term with a coupon rate at 4% per annum, interest payable every quarter	226,300,000	226,300,000
Total			226,300,000	226,300,000
Less: Deferred issuing costs			(1,127,149)	(1,526,256)
Debentures			225,172,851	224,773,744
Less: Current portion due within 1 year			-	-
Debentures - net of current portion			225,172,851	224,773,744

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

15. Loss on impairment and disposal of assets foreclosed

(Unit: Baht)

	For the three-month periods ended 30 June			
	Financial statements in which the equity method is applied		Separate financial statements	
	Consolidated financial statement	2019	2020	2019
	2020	2019	2020	2019
Loss on impairment of assets foreclosed (reversal)	(4,510,629)	2,540,307	(4,510,629)	2,540,307
Loss on disposal of assets foreclosed	63,957,512	51,193,797	63,957,512	51,193,797
Total	59,446,883	53,734,104	59,446,883	53,734,104

For the six-month periods ended 30 June

	Financial statements in which the equity method is applied		Separate financial statements	
	Consolidated financial statement	Consolidated financial statement	2020	2019
	2020	2019	2020	2019
Reversal on impairment of assets foreclosed	(8,314,978)	(1,700,245)	(8,314,978)	(1,700,245)
Loss on disposal of assets foreclosed	133,051,148	110,796,168	133,051,148	110,796,168
Total	124,736,170	109,095,923	124,736,170	109,095,923

16. 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.

17. 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	Was an associate company until 21 May 2020 and became a subsidiary since then

(Unaudited but reviewed)

(Unit: Baht)

For the three-month periods ended 30 June					
	Financial statements in which the equity method is applied		Separate financial statements		Pricing policy
	Consolidated financial statement	Consolidated financial statement	2020	2019	
	2020	2019	2020	2019	
<u>Transactions with subsidiary</u>					
Service expense	-	-	660,962	-	As stipulated in agreements
<u>Transactions with associate</u>					
Service expense	1,234,706	1,197,831	1,234,706	1,197,831	As stipulated in agreements
<u>Transactions with related parties</u>					
Interest expense	378,959	-	378,959	-	As stipulated in agreements
Amortisation of debenture issuing cost	33,509	-	33,509	-	As stipulated in agreements

(Unit: Baht)

For the six-month periods ended 30 June					
	Financial statements in which the equity method is applied		Separate financial statements		Pricing policy
	Consolidated financial statement	Consolidated financial statement	2020	2019	
	2020	2019	2020	2019	
<u>Transactions with subsidiary</u>					
Service expense	-	-	660,962	-	As stipulated in agreements
<u>Transactions with associate</u>					
Service expense	2,954,347	2,185,364	2,954,347	2,185,364	As stipulated in agreements
<u>Transactions with related parties</u>					
Interest expense	757,918	-	757,918	-	As stipulated in agreements
Amortisation of debenture issuing cost	67,018	-	67,018	-	As stipulated in agreements

(Unaudited but reviewed)

The balance of the accounts as at 30 June 2020 and 31 December 2019, between the Company and related party are as follows:

(Unit: Baht)

	Consolidated financial statement	Separate financial statement	Financial statements in which the equity method is applied and Separate financial statement
	30 June 2020	30 June 2020	31 December 2019
<u>Subsidiary</u>			
Service payable	-	707,230	-
<u>An associate company</u>			
Service payable	-	-	524,980
<u>Directors and related persons</u>			
Interest payable	149,918	149,918	149,918
Debenture	37,810,731	37,810,731	37,743,713

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 June

	Consolidated financial statement	Financial statements in which the equity method is applied	Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	4,899,854	4,845,019	4,899,854	4,845,019
Post-employment benefits	236,941	337,418	236,941	337,418
Total	5,136,795	5,182,437	5,136,795	5,182,437

(Unit: Baht)

For the six-month periods ended 30 June

	Consolidated financial statement	Financial statements in which the equity method is applied	Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	10,032,564	9,686,741	10,032,564	9,686,741
Post-employment benefits	470,344	1,428,008	470,344	1,428,008
Total	10,502,908	11,114,749	10,502,908	11,114,749

18. Dividends

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 2 April 2020, the Annual General Meeting of the Company's shareholders for the year 2020 approved to pay a dividend from the 2019 operating results to the shareholders of the Company at a rate of Baht 0.43 per share, or a total of Baht 263.59 million. (interim dividend payment of Baht 0.15 per share and Baht 0.28 per share was paid on 30 April 2020).

19. 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.

20. Commitments - Guarantees

As at 30 June 2020, there was an outstanding bank guarantee of Baht 10,000 (31 December 2019: Baht 10,000) issued by a bank on behalf of the Company as a guarantee for a post office box.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2020.