**Lease IT Public Company Limited and its subsidiary**

**Notes to consolidated financial statements**

**For the year ended 31 December 2019**

1. General information

 Lease IT Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is SVOA Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in providing financial services in form of hire-purchase, leasing, factoring services and loans. The registered office of the Company is at 1023, 29th Floor, MS SIAM Tower, Chong Nonsi, Yannawa, Bangkok, 10120.

2. Basis of preparation of the financial statements

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

 The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lease IT Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”), which was established on 23 May 2018. Therefore, the consolidated financial statements have been prepared from that day forward.

|  |  |  |  |
| --- | --- | --- | --- |
| Company’s name | Nature of business | Country of incorporation | Percentage of shareholding |
|  |  |  | 2019 | 2018 |
|  |  |  | (%) | (%) |
| Subsidiary |  |  |  |  |
| LIT Service Management Co., Ltd.  | Providing services relating to data information**,** credit analysis and credit management | Thailand | 100 | 100 |

b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns 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 have been prepared using the same significant accounting policies as the Company.

e) Material balances and 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.

2.3 The separate financial statement presents investment in subsidiary under the cost method.

3. New financial reporting standards

**a) Financial reporting standards that became effective in the current year**

During the year, the Group have 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 and its subsidiary’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

**TFRS 15 Revenue from Contracts with Customers**

TFRS 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 |
| TFRIC 13 (revised 2017) | Customer Loyalty Programmes |
| TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate |
| TFRIC 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 Group’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 |

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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the general approach to consider impairment of trade receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables.

The management of the Group 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 Group believes that adoption of this standard will not have significant impact on the financial statements.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest income on loans receivables and factoring

 The Company recognised interest incomes from loan receivables and factoring on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interests are recognised on a cash basis.

b) Interest income from financial lease and hire-purchase contracts

 Interest income from financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interests are recognised on a cash basis.

c) Fees and service income

 Fees and service income are recognised on an accrual basis.

d) Dividends

 Dividends are recognised when the right to receive the dividends is established.

4.2 Expense recognition

a) Interest expenses

 Interest expenses are charged to expenses on an accrual basis.

b) Direct expenses charged on loans

 Initial direct expenses at the inception of contract i.e. commission expenses are to be deferred and amortised using the effective interest method.

4.3 Cash and cash equivalents

 Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Receivables

 Receivables, which include trade receivables, loan receivables, factoring receivables, receivables under financial lease contracts and receivables under hire-purchase contracts are stated at net realisable value. Unearned financial lease and hire-purchase income are presented as a deduction from financial lease receivables and hire-purchase receivables, and deferred direct expenses are presented as a deduction from unearned interest income.

4.5 Allowance for doubtful accounts

 Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

 Allowance for doubtful accounts is made for trade receivables, loan receivables and factoring receivables based on a percentage of the outstanding receivables balance, the number of months overdue and is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

 Allowance for doubtful accounts is made for hire-purchase and financial lease receivables based on a percentage of the outstanding installment contract receivables and net of unearned income, based on the number of months overdue. Allowance is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

 In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

 Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income.

4.6 Property foreclosed

 Property foreclosed represent assets repossessed from receivables and are stated at the lower of cost and estimated net realisable value.

4.7 Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as part of other income or other expenses in profit or loss.

b) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

4.8 Equipment and depreciation

 Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

 Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building improvement - 5 years

Office equipment - 5 years

Furniture - 5 years

Computers - 3 years

Motor vehicles - 10 years

 Depreciation is included in determining income.

 No depreciation is provided on assets under construction.

 An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the asset is derecognised.

4.9 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss (if any).

 Intangible assets are amortised as expenses in the profit or loss on a straight-line basis over the economic useful life, as follows:

 Useful lives

Computer software 10 years

 No amortisation is provided on computer software under installation.

4.10 Impairment of assets

 At the end of each reporting period, the Group performs impairment reviews in respect of equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset’s fair value less costs to sell and its value in use, is less than the carrying amount.

 An impairment loss is recognised in profit or loss.

4.11 Employee benefits

 **Short-term employee benefits**

 Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

 **Post-employment benefits**

 *Defined contribution plans*

 The Company, its subsidiary and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund’s assets are held in a separate trust fund and the Group’s contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.12 Income tax

 Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

 Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

 Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

 The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

 At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

 The Group records deferred tax directly to shareholders’ equity if the tax relates to items that are recorded directly to shareholders’ equity.

4.13 Related party transactions

 Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

 They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company’s operations.

4.14 Long-term leases

Leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period.

 Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over lease terms.

4.15 Provisions

 Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Fair value measurement

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

 All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

 At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

 **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts for each type of receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

 **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profit.

 **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions arose in the ordinary courses of business and were concluded on commercial terms or on bases agreed upon between the Company and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Rental and service expenses are charged at agreed prices.

2. Fixed assets are sold and purchased at market prices.

3. Dividend income is recognised when declared.

4. Interest on loan between related company is charged at the rate of 1.5 percent per annum.

During the years, significant transactions between the Company and its related parties are summarised below.

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Transactions with subsidiary company |  |  |  |  |
| (eliminated from the consolidated financial statements) |  |  |  |  |
| Dividend income | - | - | 15,000 | - |
| Collection of payment from customers on behalf of subsidiary  | - | - | 8,455 | - |
| Commission payment on behalf of subsidiary  | - | - | 11,093 | - |
| Interest expenses | - | - | 419 | - |
| Transactions with a major shareholder  |  |  |  |  |
| Service expenses | 571 | 663 | 444 | 488 |
| Purchases of assets | 74 | - | 74 | - |
| Dividend payment | 26,163 | 25,370 | 26,163 | 25,370 |
| Transactions with related companies |  |  |  |  |
| Other incomes | 774 | - | 774 | - |
| Rental and service expenses | 1,976 | 2,444 | 1,976 | 2,444 |
| Purchases of assets | 377 | 11,539 | 358 | 11,458 |

The balance of the accounts as at 31 December 2019 and 2018 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade and other receivables - related companies (Note 9)  |  |  |  |  |
| Subsidiary | - | - | 646 | 4,968 |
| Total trade and other receivables  | - | - | 646 | 4,968 |
| Trade and other payables - related companies  |  |  |  |  |
| Major shareholder | 123 | 269 | 123 | 269 |
| Subsidiary | - | - | 107 | 493 |
| Related companies  | 672 | 828 | 672 | 828 |
| Total trade and other payables  | 795 | 1,097 | 902 | 1,590 |

Short-term loans from subsidiary

Balances of loans between the Group as at 31 December 2019 and 2018 and its movement is as follows:

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Separate financial statements |
| Company | Balance as at 31 December 2018 | During the period | Balance as at 31 December 2019 |
| Increase  | Decrease  |
| LIT Service Management Co., Ltd.  | - | 66,000 | - | 66,000 |
| Total | - | 66,000 | - | 66,000 |

Directors and management’s benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 25,590 | 25,128 | 25,590 | 23,517 |
| Post-employment benefits | 3,044 | 1,175 | 3,044 | 1,104 |
| Total | 28,634 | 26,303 | 28,634 | 24,621 |

7. Cash and cash equivalents

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Cash | 23 | 20 | 20 | 20 |
| Bank deposits  | 236,208 | 106,148 | 233,929 | 74,191 |
| Total | 236,231 | 106,168 | 233,949 | 74,211 |

 As at 31 December 2019, bank deposits in saving accounts carried interest rates at 0.1 - 0.5 percent per annum (2018: 0.1 - 0.4 percent per annum).

8. Current investments

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | 2019 | 2018 |
| Mutual fund | Unit | Cost | Fair value | Unit | Cost | Fair value |
|  | (Thousand) | (Thousand Baht) | (Thousand Baht) | (Thousand) | (Thousand Baht) | (Thousand Baht) |
| We Money Market Fund (R) | 42,572 | 430,000 | 430,200 | - | - | - |
| SCB Treasury Money Plus Open End Fund | 26,768 | 300,000 | 299,998 | - | - | - |
|  |  | 730,000 | 730,198 |  | - |  |
| Add: Change in fair value |  | 198 |  |  | - |  |
| Total |  | 730,198 |  |  | - |  |

Movement of investments in trading securities as at 31 December 2019 is summarised below.

|  |
| --- |
| (Unit: Thousand Baht) |
|  | Consolidated and separate financial statements |
| **Balance as at 31 December 2018** | - |
| Add: Cash paid for purchase of trading securities | 1,500,000 |
| Sales during the period - at cost |  |
|  Proceeds from sales | (770,124) |
|  Gain on sales | 124 |
| Total | (770,000) |
| Add: Gain on revaluation | 198 |
| **Balance as at 31 December 2019** | 730,198 |

9. Trade and other receivables

|  (Unit: Thousand Baht) |
| --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - unrelated parties |  |  |  |  |
| Aging counted from due dates |  |  |  |  |
|  Not yet due | 1,994 | 4,622 | 1,994 | 4,622 |
|  Past due |  |  |  |  |
|  1 - 3 months | 795 | 945 | 795 | 945 |
|  3 - 6 months | 1,857 | - | 1,857 | - |
|  Over 12 months | - | 315 | - | 315 |
| Total | 4,646 | 5,882 | 4,646 | 5,882 |
| Less: Allowance for doubtful debts | (387) | (338) | (387) | (338) |
| Total trade receivables - unrelated parties - net | 4,259 | 5,544 | 4,259 | 5,544 |
| Other receivables  |  |  |  |  |
| Other receivables - related parties | - | - | 646 | 4,968 |
| Other receivables - unrelated parties | 31,547 | 2,515 | 31,370 | 2,485 |
| Total  | 31,574 | 2,515 | 32,016 | 7,453 |
| Less: Allowance for doubtful debts | (765) | - | (765) | - |
| Total other receivables - net | 30,782 | 2,515 | 31,251 | 7,453 |
| Trade and other receivables - net | 35,041 | 8,059 | 35,510 | 12,997 |

10. Loan receivables

 (Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | Current portion of loan receivables *(1)*  | Long-term portion of loan receivables | Total |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Loan receivables | 972,327 | 920,873 | 363,333 | 226,200 | 1,335,660 | 1,147,073 |
| Less: Allowance for doubtful debts  | (94,783) | (87,128) | (41,606) | - | (136,389) | (87,128) |
| Loan receivables - net | 877,544 | 833,745 | 321,727 | 226,200 | 1,199,271 | 1,059,945 |

*(1) The current portion of loan receivables included receivables for which revenue recognitions has ceased*

 As at 31 December 2019 and 2018, the loan receivables classified by their aging counted from due dates were as follows:

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Aging counted from due dates |  |  |  |  |
| Not yet due |  |  | 1,003,116 | 891,244 |
| Past due |  |  |  |  |
| Up to 1 month |  |  | 6,486 | 71,482 |
| 1 - 3 months |  |  | 86,294 | 39,311 |
| 3 - 6 months |  |  | 78,980 | 22,102 |
| 6 - 12 months |  |  | 110,702 | 97,235 |
| Over 12 months |  |  | 50,082 | 25,699 |
| Total loan receivables |  |  | 1,335,660 | 1,147,073 |
| Less: Allowance for doubtful debts |  |  | (136,389) | (87,128) |
| Loan receivables - net |  |  | 1,199,271 | 1,059,945 |

 As at 31 December 2019 and 2018, the rights on debt collection under loan agreements between loan receivables and their counterparties have been transferred to the Company as collaterals against loans provided to receivables in full amount.

During the current year, the Company recorded bad debt written-off and reversed allowance for doubtful debt relating to such loan receivable transaction amounting to Baht 13.4 million (2018: Baht 21.9 million) and bad debt recovery amounting to Baht 5.5 million (2018: Nil).

11. Factoring receivables

 (Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | Current portion of factoring receivables *(1)*  | Long-term portion of factoring receivables  | Total |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Factoring receivables | 986,701 | 1,047,852 | 92,956 | 40,917 | 1,079,657 | 1,088,769 |
| Less: Allowance for doubtful debts  | (46,366) | (56,122) | (52,146) | - | (98,512) | (56,122) |
| Factoring receivables - net | 940,335 | 991,730 | 40,810 | 40,917 | 981,145 | 1,032,647 |

*(1) The current portion of factoring receivables included receivables for which revenue recognitions has ceased*

The Company has the factoring policy by providing credits at approximate 30 to 100 percent (2018: 70 - 95 percent) of invoice amount. As at 31 December 2019 and 2018, the factoring receivables classified by their aging counted from due dates were as follows:

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Aging counted from due dates |  |  |  |  |
| Not yet due |  |  | 861,666 | 891,907 |
| Past due |  |  |  |  |
| Up to 1 month |  |  | 45,982 | 58,493 |
|  1 - 3 months |  |  | 21,267 | 35,246 |
|  3 - 6 months |  |  | 44,642 | 35,851 |
|  6 - 12 months |  |  | 53,126 | 40,820 |
| Over 12 months |  |  | 52,974 | 26,452 |
| Total  |  |  | 1,079,657 | 1,088,769 |
| Less: Allowance for doubtful debts  |  |  | (98,512) | (56,122) |
| Factoring receivables - net |  |  | 981,145 | 1,032,647 |

During the current year, the Company recorded bad debt written-off and reversed allowance for doubtful debt relating to such factoring receivable transaction amounting to Baht 9.2 million (2018: Nil).

12. Financial lease receivables

As at 31 December 2019 and 2018, terms for financial lease receivables are three years on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of financial lease receivables are classified by due date per contact, as follows:

 (Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | Current portion of financial leasereceivables *(1)* | Long-term portion of financial lease receivables | Total |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Financial lease receivables  | 78,564 | 95,234 | 49,371 | 38,307 | 127,935 | 133,541 |
| Less: Unearned financial incomes | (8,492) | (7,824) | (4,267) | (2,825) | (12,759) | (10,649) |
| Total | 70,072 | 87,410 | 45,104 | 35,482 | 115,176 | 122,892 |
| Less: Allowance for doubtful debts  | (70) | (281) | (1,302) | - | (1,372) | (281) |
| Financial lease receivables - net | 70,002 | 87,129 | 43,802 | 35,482 | 113,804 | 122,611 |

*(1) The current portion of financial lease receivables included receivables for which revenue recognition has ceased*

 As at 31 December 2019 and 2018, financial lease receivables classified by their aging counted from due dates (determined based on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Aging counted from due dates |  |  |  |  |
| Not yet due |  |  | 112,774 | 119,216 |
| Past due |  |  |  |  |
| Up to 1 month |  |  | 1,074 | 894 |
| 1 - 3 months |  |  | - | 1,582 |
| 3 - 6 months |  |  | - | 1,200 |
| Over 12 months |  |  | 1,328 | - |
| Total |  |  | 115,176 | 122,892 |
| Less: Allowance for doubtful debts |  |  | (1,372) | (281) |
| Financial lease receivables - net  |  |  | 113,804 | 122,611 |

 The Company has transferred its collection rights under the finance lease agreements to a financial institution as collaterals for short-term and long-term loans as discussed in Note 20 and Note 21.

 As at 31 December 2019, the Company has no outstanding balance of the above financial lease receivables that was placed as collaterals for such short-term loans and long-term loans (2018: Baht 7 million and Baht 48 million, respectively).

13. Hire-purchase receivables

 As at 31 December 2019 and 2018, terms for hire-purchase receivables are one year on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of hire-purchase receivables are classified by due date per contact, as follows:

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | Current portion of hire-purchase receivables *(1)*  | Long-term portion of hire-purchase receivables  | Total |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Hire-purchase receivables  | 102,152 | 133,298 | 34,730 | 68,070 | 136,882 | 201,368 |
| Less: Unearned financial incomes | (5,685) | (14,082) | (1,526) | (4,171) | (7,211) | (18,253) |
| Total | 96,467 | 119,216 | 33,204 | 63,899 | 129,671 | 183,115 |
| Less: Allowance for doubtful debts | (981) | (15,045) | (13,230) | - | (14,211) | (15,045) |
| Hire-purchase receivables - net | 95,486 | 104,171 | 19,974 | 63,899 | 115,460 | 168,070 |

*(1) The current portion of hire-purchase receivables included receivables for which revenue recognition has ceased*

 As at 31 December 2019 and 2018, hire-purchase receivables classified by their aging counted from due dates (determined on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Aging counted from due dates |  |  |  |  |
| Not yet due |  |  | 112,328 | 159,843 |
| Past due |  |  |  |  |
| Up to 1 month |  |  | 1,994 | 6,834 |
| 1 - 3 months  |  |  | 4 | 1,435 |
| 3 - 6 months |  |  | 321 | 3 |
| 6 - 12 months |  |  | 1,794 | 104 |
| Over 12 months |  |  | 13,230 | 14,896 |
| Total  |  |  | 129,671 | 183,115 |
| Less: Allowance for doubtful debts |  |  | (14,211) | (15,045) |
| Hire-purchase receivables - net |  |  | 115,460 | 168,070 |

14. Allowance for doubtful accounts

 Movements of allowance for doubtful accounts of trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables and accrued interests for the year ended 31 December 2019 and 2018 are as follows:

|  |
| --- |
| (Unit: Thousand Baht) |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Balance at beginning of year |  |  | 158,914 | 110,294 |
| Add: Bad debts and doubtful accounts increase  during the year |  |  | 110,522 | 70,504 |
| Add: Bad debt recoveries |  |  | 5,500 | - |
| Less: Bad debts written-off |  |  | (23,300) | (21,884) |
| Balance at end of year |  |  | 251,636 | 158,914 |

15. Restricted bank deposits

 As at 31 December 2019, the Company had bank deposits subject to withdrawal restrictions of Baht 47 million (2018: Baht 101 million). Restricted bank deposits comprised bank deposits of Baht 2 million of which rights had been transferred to the Company by debtors and withdrawal restrictions were imposed by the bank granting credit facilities to the Company, and bank deposits of Baht 45 million that were used to secure bank guarantees issued by banks on behalf of the Company’s customers (2018: Baht 1 million and Baht 100 million, respectively).

16. Investment in subsidiary company

 Detail of investment in subsidiary as presented in separate financial statements is as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Subsidiary company | Paid up capital | Shareholding percentage  | Investment value under cost method  | Dividend received during the year  |
|  |  | % | 2019 | 2018 | 2019 | 2018 |
| LIT Service Management Co., Ltd.  | 5,000 | 100 | 5,000 | 5,000 | 15,000 | - |

On 10 May 2018, the meeting of the Company’s Board of Directors No. 5/2018 approved to establish a new subsidiary company with registered share capital of Baht 5 million, holding 100% interest. The principal business operations of the subsidiary are providing services relating to data information, credit analysis and credit management. The subsidiary was registered with the Ministry of Commerce on 23 May 2018 and the Company had fully paid its share on 15 June 2018.

17. Equipment

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated financial statements |
|  | Building improvement | Furniture | Computers | Office equipment | Motor vehicles | Construction in progress | Total |
| **Cost**  |  |  |  |  |  |  |  |
| 23 May 2018 (The date of preparing the consolidated financial statement) | 5,231 | 818 | 3,400 | 3,220 | 6,493 | - | 19,162 |
| Additions | - | - | 6,973 | 19 | - | 519 | 7,511 |
| Disposals | - | - | (31) | - | - | - | (31) |
| 31 December 2018 | 5,231 | 818 | 10,342 | 3,239 | 6,493 | 519 | 26,642 |
| Additions | 34 | - | 344 | 1,573 | 9,249 | 12,374 | 23,574 |
| Transfer in/ (out) | 12,893 | - | - | - | - | (12,893) | - |
| Disposals/ write-offs | (5,230) | (118) | (508) | (4) | (6,493) | - | (12,353) |
| 31 December 2019 | 12,928 | 700 | 10,178 | 4,808 | 9,249 | - | 37,863 |
| **Accumulated depreciation** |  |  |  |  |  |  |
| 23 May 2018 (The date of preparing the consolidated financial statement) | 2,994 | 612 | 2,392 | 1,900 | 2,855 | - | 10,753 |
| Depreciation for the period | 1,223 | 66 | 1,050 | 247 | 326 | - | 2,912 |
| Depreciation for disposals | - | - | (29) | - | - | - | (29) |
| 31 December 2018 | 4,217 | 678 | 3,413 | 2,147 | 3,181 | - | 13,636 |
| Depreciation for the year | 2,608 | 79 | 2,876 | 688 | 954 | - | 7,205 |
| Depreciation for disposals/ write-offs | (5,230) | (118) | (508) | (2) | (3,319) | - | (9,177) |
| 31 December 2019 | 1,595 | 639 | 5,781 | 2,833 | 816 | - | 11,664 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2018 | 1,014 | 140 | 6,929 | 1,092 | 3,312 | 519 | 13,006 |
| 31 December 2019 | 11,333 | 61 | 4,397 | 1,975 | 8,433 | - | 26,199 |
| **Depreciation charge for the year (Included in administrative expenses)** |  | 2019 | 2018 |
| The Company |  |  |  |  | 7,101 | 4,251 |
| The subsidiary |  |  |  |  | 104 | 4 |
| Total |  |  |  |  | 7,205 | 4,255 |

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Separate financial statements |
|  | Building improvement | Furniture | Computers | Office equipment | Motor vehicles | Construction in progress | Total |
| **Cost**  |  |  |  |  |  |  |  |
| 1 January 2018 | 5,231 | 718 | 3,167 | 3,177 | 6,493 | - | 18,786 |
| Additions | - | 100 | 7,117 | 62 | - | 519 | 7,798 |
| Disposals | - | - | (69) | - | - | - | (69) |
| 31 December 2018 | 5,231 | 818 | 10,215 | 3,239 | 6,493 | 519 | 26,515 |
| Additions | 34 | - | 326 | 1,438 | 9,249 | 12,112 | 23,159 |
| Transfer in/ (out) | 12,631 | - | - | - | - | (12,631) | - |
| Disposals/ write-offs | (5,230) | (118) | (508) | (4) | (6,493) | - | (12,353) |
| 31 December 2019 | 12,666 | 700 | 10,033 | 4,673 | 9,249 | - | 37,321 |
| **Accumulated depreciation** |  |  |  |  |  |  |
| 1 January 2018 | 2,575 | 559 | 2,124 | 1,657 | 2,532 | - | 9,447 |
| Depreciation for the year | 1,642 | 119 | 1,351 | 490 | 649 | - | 4,251 |
| Depreciation for disposals | - | - | (66) | - | - | - | (66) |
| 31 December 2018 | 4,217 | 678 | 3,409 | 2,147 | 3,181 | - | 13,632 |
| Depreciation for the year | 2,570 | 79 | 2,830 | 668 | 954 | - | 7,101 |
| Depreciation for disposals/ write-offs | (5,230) | (118) | (508) | (2) | (3,319) | - | (9,177) |
| 31 December 2019 | 1,557 | 639 | 5,731 | 2,813 | 816 | - | 11,556 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2018 | 1,014 | 140 | 6,806 | 1,092 | 3,312 | 519 | 12,883 |
| 31 December 2019 | 11,109 | 61 | 4,302 | 1,860 | 8,433 | - | 25,765 |
| **Depreciation charge for the year** |  |  |  |  |  |
| 2018 (Included in administrative expenses) |  |  |  |  | 4,251 |
| 2019 (Included in administrative expenses) |  |  |  |  |  | 7,101 |

As at 31 December 2019, the Company had motor vehicles, acquired under finance lease agreements, with net book value amounting to Baht 8.4 million (2018: Baht 1.6 million).

As at 31 December 2019, certain building improvement, furniture, computer and office equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4.1 million (2018: Baht 4.4 million).

18. Intangible assets

|  |  |
| --- | --- |
|  |  (Unit: Thousand Baht) |
|  | Consolidated financial statements  |
|  | Computer software | Computer software under installation | Total |
| **Cost**  |  |  |  |
| 23 May 2018 (The date of preparing the consolidated financial statements) | 4,777 | 1,795 | 6,572 |
| Additions  | - | 3,311 | 3,311 |
| 31 December 2018 | 4,777 | 5,106 | 9,883 |
| Additions | 95 | 3,618 | 3,713 |
| Write-offs | - | (4,497) | (4,497) |
| 31 December 2019 | 4,872 | 4,227 | 9,099 |
| **Accumulated amortisation** |  |  |  |
| 23 May 2018 (The date of preparing the consolidated financial statements) | 1,379 | - | 1,379 |
| Amortisation for the year | 218 | - | 218 |
| 31 December 2018 | 1,597 | - | 1,597 |
| Amortisation for the year | 439 | - | 439 |
| 31 December 2019 | 2,036 | - | 2,036 |
| **Net book value** |  |  |  |
| 31 December 2018 | 3,180 | 5,106 | 8,286 |
| 31 December 2019 | 2,836 | 4,227 | 7,063 |
| **Amortisation charge for the year** |  |  |  |
| 2018 (included in administrative expenses) |  |  | 218 |
| 2019 (included in administrative expenses) |  |  | 439 |

|  |  |
| --- | --- |
|  |  (Unit: Thousand Baht) |
|  | Separate financial statements  |
|  | Computer software | Computer software under installation | Total |
| **Cost**  |  |  |  |
| 1 January 2018 | 3,443 | 1,795 | 5,238 |
| Additions  | 1,334 | 3,311 | 4,645 |
| 31 December 2018 | 4,777 | 5,106 | 9,883 |
| Additions | 95 | 3,618 | 3,713 |
| Write-offs | - | (4,497) | (4,497) |
| 31 December 2019 | 4,872 | 4,227 | 9,099 |
| **Accumulated amortisation** |  |  |  |
| 1 January 2018 | 1,158 | - | 1,158 |
| Amortisation for the year | 439 | - | 439 |
| 31 December 2018 | 1,597 | - | 1,597 |
| Amortisation for the year | 439 | - | 439 |
| 31 December 2019 | 2,036 | - | 2,036 |
| **Net book value** |  |  |  |
| 31 December 2018 | 3,180 | 5,106 | 8,286 |
| 31 December 2019 | 2,836 | 4,227 | 7,063 |
| **Amortisation charge for the year** |  |  |  |
| 2018 (included in administrative expenses) |  |  | 439 |
| 2019 (included in administrative expenses) |  |  | 439 |

During the current year, the Company recorded write-off computer software under installation of Baht 4.5 million due to change in a new software development progress for the Company’s financial service opeation.

19. Deferred tax assets and income tax expenses

19.1 Deferred tax assets

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows:

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| **Deferred tax assets** |  |  |  |  |
| Allowance for doubtful accounts | 50,328 | 31,783 | 50,328 | 31,783 |
| Provision for long-term employee benefits | 1,913 | 1,260 | 1,867 | 1,225 |
| Deferred initial fees income from financial lease and hire-purchase contracts | 21 | 27 | 21 | 27 |
| Accumulated depreciation - building improvement | - | 161 | - | 161 |
| Accumulated depreciation - furniture | - | 3 | - | 3 |
| Total | 52,262 | 33,234 | 52,216 | 33,199 |
| **Deferred tax liabilities** |  |  |  |  |
| Deferred commission expenses | (602) | (488) | (602) | (488) |
| Deferred expense on debenture issuance | (2,945) | (899) | (2,945) | (899) |
| Difference of income recognised under financial lease contracts | (26) | (61) | (26) | (61) |
| Total | (3,573) | (1,448) | (3,573) | (1,448) |
| **Deferred tax assets - net** | 48,689 | 31,786 | 48,643 | 31,751 |

19.2 Income tax expenses

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

|  |
| --- |
| (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge for the year | 45,092 | 53,817 | 31,437 | 49,625 |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences  | (16,810) | (10,741) | (16,815) | (10,705) |
| **Income tax expenses reported in the statement of comprehensive income** | 28,282 | 43,076 | 14,622 | 38,920 |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Deferred tax relating to actuarial (gain) loss | (93) | - | (77) | - |

Reconciliations between accounting profit and income tax expenses for the years ended 31 December 2019 and 2018 are shown below.

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Consolidated financial statement | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Accounting profit before tax | 131,380 | 191,922 | 79,216 | 169,916 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 26,276 | 38,384 | 15,843 | 33,983 |
| Effects of: |  |  |  |  |
|  Bad debts written-off | 4,656 | 4,377 | 4,656 | 4,377 |
|  Non-deductible expenses | 135 | 289 | 135 | 289 |
|  Additional expense deductions allowed | (2,417) | (135) | (5,417) | (135) |
|  Others | (368) | 161 | (595) | 406 |
| Total | 2,006 | 4,692 | (1,221) | 4,937 |
| Income tax expenses reported in the statement of comprehensive income | 28,282 | 43,076 | 14,622 | 38,920 |

20. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Interest rate | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | (Percent per annum) | (Percent per annum) |  |  |  |  |
| Bank overdrafts | - | MOR | - | 647 | - | 568 |
| Short-term loans from financial institutions | 4.50, MOR - 2.50 | 5.10, MOR - 1.75,MLR - 0.25 | 150,000 | 261,077 | 150,000 | 261,077 |
| Bills of exchanges | 4.60 - 5.20 | 4.30 - 4.70 | 100,000 | 160,000 | 100,000 | 160,000 |
| Total |  |  | 250,000 | 421,724 | 250,000 | 421,645 |
| Less: Deferred interest on bill of exchanges |  |  | (237) | (877) | (237) | (877) |
| Total |  |  | 249,763 | 420,847 | 249,763 | 420,768 |

As at 31 December 2019, there was no short-term loans from financial institutions being secured by transfer of rights in bank deposit accounts and transfer of collection rights under finance lease agreements, to those financial institutions as described in Note 12 (2018: Baht 3 million).

 Short-term loan agreements contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio at the rate prescribed in the agreements, and the portion of the Company’s shares held by its major shareholder.

21. Long-term loans/Current portion of long-term loans

 As at 31 December 2019 and 2018, long-term loans from local banks consist of:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |  |  | Outstanding loans (Thousand Baht) | Significant conditions of the loan agreements |
| No. | Agreement date | Credit facility | Current portion | Total | Loan period | Principal repayment | Interest payment | Interest rate |
|  |  | (Million Baht) | 2019 | 2018 | 2019 | 2018 |  |  |  |  |
| The Company |  |  |  |  |  |  |  |  |  |
| 1. | 20 April 2016 | 18.7 | - | 1,650 | - | 1,650 | 2 years 10 months | Monthly | Monthly | At the rate of MLR - 0.75 per annum |
| 2. | 22 December 2016 | 36.0 | - | 10,275 | - | 10,275 | 2 years 11 months | Monthly | Monthly | At the rate of MLR - 1 per annum |
| 3. | 16 February 2017 | 2.8 | - | 740 | - | 740 | 2 years 6 months | Monthly | Monthly | At the rate of MLR - 1 per annum |
| Total long-term loans  | - | 12,665 | - | 12,665 |  |  |  |  |

 Loan agreements with banks contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio, to maintain the shareholding percentage in the Company’s shares held by its major shareholder, the transfer of rights in bank deposit accounts and including the transfer of collection rights under finance lease agreements, as described in Note 12.

 As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 100 million (2018: Baht 117 million).

Movements of the long-term loan account for the years ended 31 December 2019 and 2018 were summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated financial statements |
| Balance as at 23 May 2018 (The date of preparing the consolidated financial statements) | 26,517 |
| Less: Repayment during the period | (13,852) |
| Balance as at 31 December 2018 | 12,665 |
| Less: Repayment during the year | (12,665) |
| Balance as at 31 December 2019 | - |

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Separate financial statements |
|  | 2019 | 2018 |
| Balance as at the beginning of the year | 12,665 | 34,866 |
| Less: Repayment during the year | (12,665) | (22,201) |
| Balance as at the end of the year | - | 12,665 |

22. Debentures

 (Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Date of issuance | Conditions | 2019 | 2018 |
|  |  |  |  |  |
| 1. | 1 June 2016 | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 3-year debentures at a coupon rate of 5.25% per annum with interest payable every 3 months | - | 150,000 |
| 2. | 2 May 2017 | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 3-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months | 85,000 | 85,000 |
| 3. | 22 August 2017 | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2.5-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months | 300,000 | 300,000 |
| 4. | 1 February 2018 | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months | 315,000 | 315,000 |
| 5. | 21 March 2019 | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2-year debentures at a coupon rate of 6.25% per annum with interest payable every 3 months | 200,000 | - |
| 6. | 29 October 2019 | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 1-year debentures at a coupon rate of 5.00% per annum with interest payable every 3 months | 150,000 | - |
| 7. | 19 December 2019 | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 2-year debentures at a coupon rate of 5.25% per annum with interest payable every 3 months | 520,600 | - |
| 8. | 19 December 2019 | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 3-year debentures at a coupon rate of 5.50% per annum with interest payable every 3 months | 393,000 | - |
| Total |  |  | 1,963,600 | 850,000 |
| Less: Deferred issuing expenses | (14,724) | (4,493) |
| Debentures | 1,948,876 | 845,507 |
| Less: Current portion due within 1 year | (847,967) | (149,941) |
| Debentures – net of current portion | 1,100,909 | 695,566 |

Movements of the debenture account for the year ended 31 December 2019 and 2018 were summarised below.

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | 2019 | 2018 |
| Balance as at the beginning of the year | 850,000 | 685,000 |
| Add: Increase during year | 1,263,600 | 315,000 |
| Less: Redemption during the year | (150,000) | (150,000) |
| Balance as at the end of the year | 1,963,600 | 850,000 |

Such debentures contain certain covenants which the Company has to comply with, such as financial ratios, dividend payment and disposal of assets, etc.

On 29 October and 19 December 2019, the Company issued secured debentures which contain certain conditions that the Company has to comply with, such as values of right transfer in cash receipts from trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables must not less than 1.5 times of the unredeemed debentures value throughout the period of those secured debentures.

23. Liabilities under hire-purchase agreements

The Company has loan in form of hire-purchase agreements, whereby it is committed to pay equal monthly installments throughout terms of the agreements. The terms of the agreements are generally between 10 and 24 periods (2018: 10 and 36 years). The installment payments required under the hire-purchase agreements were as follows:

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | 2019 | 2018 |
| Liabilities under hire-purchase agreements | 79,233 | 102,696 |
| Less: Deferred interest expenses | (1,335) | (3,078) |
| Total | 77,898 | 99,618 |
| Less: Current portion | (72,592) | (60,934) |
| Liabilities under hire-purchase agreements - net of current portion | 5,306 | 38,684 |

24. Liabilities under financial lease agreements

(Unit: Thousand Baht)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | 2019 | 2018 |
| Liabilities under financial lease agreements | 5,589 | 101 |
| Less: Deferred interest expenses | (500) | (18) |
| Total | 5,089 | 83 |
| Less: Current portion | (2,191) | (83) |
| Liabilities under financial lease agreements - net of current portion | 2,898 | - |

 The Company has entered into financial lease agreements with leasing companies for rental of motor vehicles used in its operation, whereby it is committed to pay rental charges on monthly basis. The terms of the agreements are generally between 3 and 4 years.

 Future minimum lease payments required under the finance lease agreements were as follows:

|  |  |
| --- | --- |
|  |  (Unit: Thousand Baht) |
|  | Consolidated and separate financial statements |
|  | 2019 |
|  | Less than 1 year  | 1 - 5 years | Total |
| Future minimum lease payments | 2,528 | 3,061 | 5,589 |
| Deferred interest expenses | (337) | (163) | (500) |
| Present value of future minimum lease payments  | 2,191 | 2,898 | 5,089 |
|  |  (Unit: Thousand Baht) |
|  |  | Consolidated and separate financial statements |
|  |  | 2018 |
|  |  | Less than 1 year | Total |
| Future minimum lease payments |  | 101 | 101 |
| Deferred interest expenses |  | (18) | (18) |
| Present value of future minimum lease payments  |  | 83 | 83 |

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

|  |
| --- |
| (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Provision for long-term employee benefits at beginning of year | 6,302 | 5,599 | 6,124 | 5,599 |
| Amount included in profit or loss: |  |  |  |  |
| Current service costs | 760 | 591 | 710 | 564 |
| Interest costs | 166 | 112 | 160 | 110 |
| Past service costs | 1,953 | - | 1,956 | - |
| Transfer of provision for long-term employee benefits to its subsidiary | - | - | - | (149) |
| Amount included in other comprehensive income: |  |  |  |  |
| Actuarial loss arising from |  |  |  |  |
| Demographic assumptions changes | (311) | - | (257) | - |
| Financial assumptions changes | 391 | - | 348 | - |
| Experience adjustments | 385 | - | 295 | - |
| Provision for long-term employee benefits at end of year | 9,646 | 6,302 | 9,336 | 6,124 |

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 was effective from 5 May 2019. This change is considered as a post-employment benefits plan amendment and caused the Group has additional long-term employee benefit liabilities of Baht 1.96 million (The Company only: Baht 1.96 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the statement of comprehensive income for the year.

The Company has no obligation relating to long-term employee benefits expected to be paid to its employees within one year.

 As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefits is approximately 13.3 years and 13.4 years, respectively.

Significant actuarial assumptions are summarised below:

 (Unit: percent per annum)

|  |  |
| --- | --- |
|  | Consolidated and separate financial statements |
|  | 2019 | 2018 |
| Discount rate | 1.7 | 2.8 |
| Future salary increase rate  | 5.5 | 5.5 |
| Employee turnover rate (depending on age of employees) | 10.0 - 30.0 | 8.0 - 30.0 |

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarised below:

|  |
| --- |
| (Unit: Million Baht) |
|  | As at 31 December 2019 |
|  | Consolidated financial statements | Separate financial statements |
|  | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (0.5) | 0.5 | (0.4) | 0.5 |
| Salary increase rate | 0.5 | (0.4) | 0.4 | (0.4) |
| Employee turnover rate (20 of based assumption) | (0.4) | 0.5 | (0.3) | 0.5 |

|  |
| --- |
| (Unit: Million Baht) |
|  |  | As at 31 December 2018 |
|  |  | Consolidated and separate financial statements |
|  |  |  | Increase 1% | Decrease 1% |
| Discount rate |  |  | (0.3) | 0.4 |
| Salary increase rate |  |  | 0.4 | (0.4) |
| Employee turnover rate (20 of based assumption) |  |  | (0.3) | 0.3 |

26. Bid bonds deposit awaiting for return to customers

 As at 31 December 2019, the Company had bid bonds deposit awaiting for return to customers of Baht 21 million (2018: Baht 74 million) which arose from the Company being a guarantor with a bank that issued bank guarantees for bid bonds on behalf of the Company’s customers. The detail breakdown as presented in the statements of financial position was summarised below.

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  | 2019 | 2018 |
| Other current liabilities |  | 9,802 | 8,790 |
| Other non-current liabilities |  | 11,620 | 64,768 |

27. Share capital

27.1 Additional share subscription from exercises of warrants

 The Company received additional share LIT-W1 subscriptions from the exercised warrants, as detailed below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Warrants | Ordinary shares | Exercise price | Amount |
|  | (units) | (shares) | (Baht/share) | (Thousand Baht) |
| 2018 | 1,285,700 | 642,850 | 4 | 2,571 |
| 2019 | 1,461,100 | 730,550 | 4 | 2,922 |

As at 31 December 2019, the Company’s paid-up capital increased from Baht 220,718,906 to Baht 221,449,456 (2018: from Baht 220,076,056 to Baht 220,718,906) and share premium increased by Baht 5,844,400 (2018: Baht 5,142,800) as a result of the exercised share warrants.

27.2 Reconciliation of number of ordinary shares

During the years, movements of registered capital, paid-up capital and premium on ordinary shares of the Company are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Registered capital | Paid-up capital |  |
|  | Number of ordinary shares | Amount | Number of ordinary shares | Amount | Share premium |
|  | (Thousand shares) | (Thousand Baht) | (Thousand shares) | (Thousand Baht) | (Thousand Baht) |
| As at 1 January 2018 | 300,000 | 300,000 | 220,076 | 220,076 | 71,330 |
| Increase from exercised warrants | - | - | 643 | 643 | 5,143 |
| As at 31 December 2018 | 300,000 | 300,000 | 220,719 | 220,719 | 76,473 |
| Increase from exercised warrants | - | - | 730 | 730 | 5,845 |
| As at 31 December 2019  | 300,000 | 300,000 | 221,449 | 221,449 | 82,318 |

28. Warrants

On 26 April 2017, the Company issued and allocated 160,000,000 units of warrants for rights to purchase the Company’s ordinary shares No. 1 (LIT-W1) to the existing shareholders of the Company. Details are as follows:

|  |  |
| --- | --- |
| Type  | Name registered and transferrable |
| Offering price per unit  | Baht 2.50 |
| Maturity of warrants  | 5 years from the date of issuance |
| Exercise price  | Baht 4.00 per share, subject to change in accordance with the conditions of rights adjustments |
| Conversion ratio  | 1 ordinary share per 2 warrants, subject to change in accordance with the conditions of rights adjustments |
| Conditions and period of exercise  | 1. Exercises of the warrants can be made on the 25th of January, April, July and October of each year throughout the term of the warrants, with the first exercise date on 25 July 2017, and the warrant holders have to deliver notification of their intention to exercise the warrants at least 5 business days prior to each exercise date. The final exercise date is 25 April 2022 and warrant holders have to deliver notification of their intention to exercise the warrants at least 15 business days prior to this final exercise date.
 |
|  | 2) The warrant holders shall exercise rights to purchase at least 100 ordinary shares at a time, and at round numbers only. If warrant holders have rights to purchase fewer than 100 ordinary shares they are to exercise these rights on a single occasion. |
|  | 1. Unexercised warrants can be accumulated to exercise during the next exercise period, until the maturity of the warrants.
 |

During the years, a total of 1,461,100 units (2018: 1,285,700 units) of warrants had been exercised; therefore, as at 31 December 2019, there were 157,100,152 units (2018: 158,561,252 units) unexercised warrants outstanding, calculating to a value of Baht 392.75 million (2018: Baht 396.40 million).

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

30. Interest incomes

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Interest incomes from |  |  |  |  |
| Loan contracts |  |  | 143,304 | 134,089 |
| Factoring contracts |  |  | 117,305 | 95,583 |
| Financial lease contracts |  |  | 13,606 | 17,310 |
| Hire-purchase contracts |  |  | 16,715 | 10,251 |
| Total interest incomes |  |  | 290,930 | 257,233 |

31. Fee and service incomes

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Fee and service incomes from |  |  |  |  |
| Loan contracts | 84,950 | 91,444 | 7,730 | 66,911 |
| Factoring contracts  | 41,255 | 40,387 | 32,475 | 33,607 |
| Financial lease contracts | 233 | 2,475 | 233 | 2,475 |
| Hire-purchase contracts | 56 | 80 | 56 | 80 |
| Letters of guarantee | 13,517 | 20,705 | 13,517 | 20,705 |
| Letters of credit | 1,251 | 1,356 | 1,251 | 1,356 |
| Others | 22 | 22 | 22 | 22 |
| Total fee and service incomes | 141,284 | 156,469 | 55,284 | 125,156 |

32. Other incomes

 (Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Revenues from sales | 5,134 | - | 5,134 | - |
| Costs of sales  | (4,359) | - | (4,359) | - |
| Net of revenues and costs | 775 | - | 775 | - |
| Dividend income | - | - | 15,000 | - |
| Interest incomes from late payment | 17,896 | 26,685 | 17,896 | 26,685 |
| Others  | 5,719 | 4,713 | 5,498 | 4,681 |
| Total other incomes | 24,390 | 31,398 | 39,169 | 31,366 |

 The net of revenues and costs is a service performed for goods procurement and supply to customers which is presented at net amount between sales and cost of sales and is shown as other incomes in the statements of comprehensive income.

33. Expenses by nature

Significant expenses classified by nature are as follows:

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Salaries and wages and other employee benefits | 89,088 | 70,861 | 72,134 | 62,241 |
| Bad debts and doubtful accounts | 110,522 | 70,504 | 110,522 | 70,504 |
| Rental expenses from operating lease agreements and services expenses | 12,926 | 8,060 | 11,457 | 7,673 |
| Legal advisor fees | 3,215 | 2,719 | 2,735 | 2,419 |
| Special business tax | 10,426 | 11,646 | 10,426 | 11,646 |
| Financial management fees | 4,828 | 6,347 | 4,740 | 6,342 |
| Depreciation and amortisation | 7,643 | 4,694 | 7,540 | 4,690 |

34. Earnings per share

 Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year and adjusted the number of ordinary shares with proportionate change in the number of ordinary shares as a result of the exercises of warrants.

|  |  |  |
| --- | --- | --- |
|   |  | (Unit: Thousand shares) |
|  |  | Consolidated and separate financial statements |
|  |  |  | 2019 | 2018 |
| Number of ordinary shares issued at beginning of the year |  |  | 220,501 | 220,076 |
| Ordinary shares issued during the year  |  |  | 720 | 425 |
| Number of ordinary shares issued at end of the year |  |  | 221,221 | 220,501 |

 Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

 Basic earnings per share and diluted earnings per share are calculated below.

|  |  |
| --- | --- |
|  | Consolidated financial statements |
|  |  | Weighted average number |  |
|  | Profit for the year | of ordinary shares | Earnings per share |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| **Basic earnings per share** |  |  |  |  |  |  |
| Profit for the year | 103,098 | 148,846 | 221,221 | 220,501 | 0.47 | 0.68 |
| **Effect of dilutive potential ordinary shares** |  |  |  |  |  |  |
|  Warrants (LIT-W1) | - | - | 20,834 | 42,006 |  |  |
| **Diluted earnings per share** |  |  |  |  |  |  |
| Profit for the year - assuming the conversion of dilutive potential ordinary shares | 103,098 | 148,846 | 242,055 | 262,507 | 0.43 | 0.57 |

|  |  |
| --- | --- |
|  | Separate financial statements |
|  |  | Weighted average number |  |
|  | Profit for the year | of ordinary shares | Earnings per share |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| **Basic earnings per share** |  |  |  |  |  |  |
| Profit for the year | 64,594 | 130,996 | 221,221 | 220,501 | 0.29 | 0.59 |
| **Effect of dilutive potential ordinary shares** |  |  |  |  |  |  |
|  Warrants (LIT-W1) | - | - | 20,834 | 42,006 |  |  |
| **Diluted earnings per share** |  |  |  |  |  |  |
| Profit for the year - assuming the conversion of dilutive potential ordinary shares | 64,594 | 130,996 | 242,055 | 262,507 | 0.27 | 0.50 |

35. Dividend payment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Dividend | Approved by | Dividend per share | Amounts of dividend paid | Dividend payment period |
|  |  | (Baht per share) | (Thousand Baht) |  |
| **For the year 2019** |  |  |  |  |
| Dividend for 2018 | Annual General Meeting of the shareholders on 19 April 2019 | 0.33 | 72,837 | May 2019 |
| **For the year 2018** |  |  |  |  |
| Dividend for 2017 | Annual General Meeting of the shareholders on 29 March 2018 | 0.32 | 70,425 | April 2018 |

36. Provident fund

 The Group and its employees jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed by the employees at the rate of 5 percent of their basic salaries and by the Group at the same rate. The fund is managed by SCB Asset Management Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund. The contributions for the years 2019 and 2018 amounting to Baht 1.23 million and Baht 1.16 million, respectively, were recognised as expenses for the Group (The Company only: Baht 1.09 million and Baht 1.04 million, respectively).

37. Segment information

 Operating segement information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

 For management purposes, the Group is organised into business units based on its services and has two reportable segments as follows:

1. Financial services in various forms such as hire-purchase, financial leases, factoring from selling and service, loans and goods procurement for supply to customers.

2. Credit information services and analysis including credit management project.

 No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions regarding resource allocation and performance assessment. Segment performance is measure based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit of loss and total assets in the financial statements.

37.1 Results of operations separated by business segment

The following tables present revenue and profit information regarding the Group’s operating segments for the year ended 31 December 2019 and 2018.

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | 2019 |
|  | Financial services in various forms | Credit information services and analysis | Elimination of transaction | Consolidated financial statements |
| **Revenue** |  |  |  |  |
| Revenues from customers |  |  |  |  |
| * Interest incomes
 | 290,930 | - | - | 290,930 |
| * Fee and service incomes
 | 55,284 | 86,000 | - | 141,284 |
| Other incomes | 24,169 | 640 | (419) | 24,390 |
| **Total revenues** | 370,383 | 86,640 | (419) | 456,604 |
| Finance cost | (84,397) | - | 419 | (83,978) |
| Selling expenses | (23,037) | (17,245) | - | (40,282) |
| Administrative expenses | (88,211) | (2,231) | - | (90,442) |
| Bad debts and doubtful accounts | (110,522) | - | - | (110,522) |
| Income tax expenses | (14,622) | (13,660) | - | (28,282) |
| **Profit for the year** | 49,594 | 53,504 | - | 103,098 |

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | 2018 |
|  | Financial services in various forms | Credit information services and analysis | Elimination of transaction | Consolidated financial statements |
| **Revenue** |  |  |  |  |
| Revenues from customers |  |  |  |  |
| * Interest incomes
 | 257,233 | - | - | 257,233 |
| * Fee and service incomes
 | 125,156 | 31,312 | - | 156,468 |
| Other incomes | 31,366 | 32 | - | 31,398 |
| **Total revenues** | 413,755 | 31,344 | - | 445,099 |
| Finance cost | (69,251) | - | - | (69,251) |
| Selling expenses | (21,906) | (7,339) | - | (29,245) |
| Administrative expenses | (82,177) | (2,000) | - | (84,177) |
| Bad debts and doubtful accounts | (70,504) | - | - | (70,504) |
| Income tax expenses | (38,920) | (4,156) | - | (43,076) |
| **Profit for the year** | 130,997 | 17,849 | - | 148,846 |

37.2 Assets and liabilities separated by business segment

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | Financial services in various forms | Credit information service and analysis | Elimination of transaction | Consolidated financial statements |
| **Segment assets** |  |  |  |  |
| 31 December 2019 | 3,553,301 | 69,197 | (71,753) | 3,550,745 |
| 31 December 2018 | 2,640,326 | 33,195 | (10,426) | 2,663,095 |
|  |  |  |  |  |
| **Segment liabilities** |  |  |  |  |
| 31 December 2019 | 2,476,986 | 7,953 | (66,753) | 2,418,186 |
| 31 December 2018 | 1,558,427 | 10,381 | (5,462) | 1,563,346 |

 Geographic information

 The Group only operate in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

 For the years 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity’s revenues.

38. Commitments and contingent liabilities

 As of 31 December 2019 and 2018, the Group has commitments other than those disclosed in other notes as follows:

38.1 Capital commitments

 As at 31 December 2019, the Company had capital commitments of Baht 21.9 million (2018: nil) relating to the development and installation of the Company’s new leasing information technology system.

38.2 Operating lease and service commitments

 The Group have entered into several agreements in respect of the lease of office building space and other services. The terms of the agreements are generally between 1 and 3 years.

 As at 31 December 2019 and 2018, future minimum payment under these lease and service agreements are as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | Separate financial statements |
|  | 2019 | 2018 | 2019 | 2018 |
| Payable |  |  |  |  |
| In up to 1 year | 7.9 | 1.7 | 6.7 | 1.4 |
| In over 1 and up to 3 years | 7.3 | - | 6.0 | - |

38.3 Guarantees

As at 31 December 2019 and 2018, the Company had commitments of approximately Baht 96 million and Baht 246 million, respectively as a result of its guarantees to banks on behalf of customers to whom the banks issued bank guarantees for bid bonds. The Company has pledged deposits of Baht 45 million and Baht 100 million to secure these bank guarantees.

38.4 Employee Joint Investment Program

In 2018, the Group began an Employee Joint Investment Program (“the EJIP”), with a program life of 3 years starting from 1 April 2018 to 31 March 2021. This program is a staff benefit which supports employees of the Group who meet certain criteria and voluntarily join the EJIP to invest in the Company’s shares. Employees who are EJIP participants have an obligation to pay monthly contributions at the rate of 10% of their basic salaries, but not exceeding Baht 100,000 per month and the Group is obliged to monthly contribute the same amount. For the year 2019, the amounts contributed by the Group of Baht 1.48 million (2018: Baht 1.38 million) and the Company only of Baht 1.34 million (2018: Baht 1.23 million) were presented under personnel expenses.

39. Financial instruments

 The Company’s financial instruments, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, current investments, trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables, restricted bank deposits, bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans from subsidiary, long-term loans, debentures, hire-purchase payables and financial lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

39.1 Credit risk

 The Group is exposed to credit risk primarily with respect to trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables net of allowance for doubtful accounts as stated in the statement of financial position.

39.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial position of the Group. As the Group has no assets or liabilities denominated in foreign currencies, market risk therefore consists only of interest rate risk and securities price risk.

**Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates.

Significant financial assets and liabilities as at 31 December 2019 and 2018 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

|   | Consolidated financial statements |
| --- | --- |
|  | 2019 |
|  | Fixed interest rate | Floating | Non- |  |  |
|  | Within | Over 1- | interest | interest |  | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | per contract |
|  |  | (% p.a.) |
| **Financial assets** |  |  |  |  |  |  |
| Cash and cash equivalents  | - | - | 108 | 128 | 236 | 0.10 - 0.50 |
| Current Investments | - | - | - | 730 | 730 | - |
| Trade and other receivables  | - | - | - | 35 | 35 | - |
| Loan receivables  | 878 | 322 | - | - | 1,200 | 6.50 - 15.00 |
| Factoring receivables  | 940 | 41 | - | - | 981 | 13.70 - 15.00 |
| Financial lease receivables  | 70 | 44 | - | - | 114 | 6.00 - 7.50 |
| Hire-purchase receivables | 95 | 20 | - | - | 115 | 4.75 - 7.50 |
| Restricted bank deposits  | - | 45 | 2 | - | 47 | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  |  |
| Bank overdrafts and short-term loans | 100 | - | 150 | - | 250 | 4.50 - 5.20, MOR - 2.50 |
| Trade and other payables | - | - | - | 1 | 1 | - |
| Debentures | 848 | 1,101 | - | - | 1,949 | 5.00 - 6.25 |
| Liabilities under hire-purchase agreements | 73 | 5 | - | - | 78 | 1.94 - 2.60 |
| Liabilities under financial lease agreements | 2 | 3 | - | - | 5 | 1.99 - 4.91 |

 (Unit: Million Baht)

|   | Consolidated financial statements |
| --- | --- |
|  | 2018 |
|  | Fixed interest rate | Floating | Non- |  |  |
|  | Within | Over 1- | interest | interest |  | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | per contract |
|  |  | (% p.a.) |
| **Financial assets** |  |  |  |  |  |  |
| Cash and cash equivalents  | - | - | 90 | 16 | 106 | 0.10 - 0.40 |
| Trade and other receivables  | - | - | - | 8 | 8 | - |
| Loan receivables  | 834 | 226 | - | - | 1,060 | 0.00 - 15.00 |
| Factoring receivables  | 992 | 41 | - | - | 1,033 | 9.00 - 15.00 |
| Financial lease receivables  | 87 | 36 | - | - | 123 | 6.00 - 7.82 |
| Hire-purchase receivables | 104 | 64 | - | - | 168 | 6.00 - 7.50 |
| Restricted bank deposits  | - | 100 | 1 | - | 101 | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  |  |
| Bank overdrafts and short-term loans | 160 | - | 261 |  | 421 | 4.30 - 5.10, MOR - 1.75, MOR, MLR - 0.25 |
| Trade and other payables | - | - | - | 1 | 1 | - |
| Long-term loans | - | - | 13 | - | 13 | MLR - 0.75, MLR - 1.00 |
| Debentures | 150 | 696 | - | - | 846 | 5.25 - 6.00 |
| Liabilities under hire-purchase agreements | 61 | 39 | - |  - | 100 | 1.93 - 2.27 |

(Unit: Million Baht)

|   | Separate financial statements |
| --- | --- |
|  | 2019 |
|  | Fixed interest rate | Floating | Non- |  |  |
|  | Within | Over 1- | interest | interest |  | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | per contract |
|  |  | (% p.a.) |
| **Financial assets** |  |  |  |  |  |  |
| Cash and cash equivalents  | - | - | 106 | 128 | 234 | 0.10 - 0.50 |
| Current Investments | - | - | - | 730 | 730 | - |
| Trade and other receivables  | - | - | - | 36 | 36 | - |
| Loan receivables  | 878 | 322 | - | - | 1,200 | 6.50 - 15.00 |
| Factoring receivables  | 940 | 41 | - | - | 981 | 13.70 - 15.00 |
| Financial lease receivables  | 70 | 44 | - | - | 114 | 6.00 - 7.50 |
| Hire-purchase receivables | 95 | 20 | - | - | 115 | 4.75 - 7.50 |
| Restricted bank deposits  | - | 45 | 2 | - | 47 | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  |  |
| Bank overdrafts and short-term loans | 100 | - | 150 | - | 250 | 4.50 - 5.20, MOR - 2.50 |
| Trade and other payables | - | - | - | 1 | 1 | - |
| Short-term loans from subsidiary | 66 | - | - | - | 66 | 1.50 |
| Debentures | 848 | 1,101 | - | - | 1,949 | 5.00 - 6.25 |
| Liabilities under hire-purchase agreements | 73 | 5 | - | - | 78 | 1.94 - 2.60 |
| Liabilities under financial lease agreements | 2 | 3 | - | - | 5 | 1.99 - 4.91 |

 (Unit: Million Baht)

|   | Separate financial statements |
| --- | --- |
|  | 2018 |
|  | Fixed interest rate | Floating | Non- |  |  |
|  | Within | Over 1- | interest | interest |  | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | per contract |
|  |  | (% p.a.) |
| **Financial assets** |  |  |  |  |  |  |
| Cash and cash equivalents  | - | - | 60 | 14 | 74 | 0.10 - 0.40 |
| Trade and other receivables  | - | - | - | 13 | 13 | - |
| Loan receivables  | 834 | 226 | - | - | 1,060 | 0.00 - 15.00 |
| Factoring receivables  | 992 | 41 | - | - | 1,033 | 9.00 - 15.00 |
| Financial lease receivables  | 87 | 36 | - | - | 123 | 6.00 - 7.82 |
| Hire-purchase receivables | 104 | 64 | - | - | 168 | 6.00 - 7.50 |
| Restricted bank deposits  | - | 100 | 1 | - | 101 | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  |  |
| Bank overdrafts and short-term loans | 160 | - | 261 |  - | 421 | 4.30 - 5.10, MOR - 1.75,MOR, MLR - 0.25  |
| Trade and other payables | - | - | - | 2 | 2 | - |
| Long-term loans | - | - | 13 | - | 13 | MLR - 0.75, MLR - 1.00 |
| Debentures | 150 | 696 | - | - | 846 | 5.25 - 6.00 |
| Liabilities under hire-purchase agreements | 61 | 39 | - |  - | 100 | 1.93 - 2.27 |

**Equity position risk**

Equity position risk is the risk that changes in the market prices of equity securities or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The maximum equity position risk exposure is the carrying value of investments in equity securities as presented in the statements of financial position.

39.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

 Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

|  |  |
| --- | --- |
|  | Consolidated financial statements |
|  | 2019 |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents  | 236 | - | - | - | 236 |
| Current Investments | 730 | - | - | - | 730 |
| Trade and other receivables  | - | 35 | - | - | 35 |
| Loan receivables *(1)* | - | 878 | 322 | - | 1,200 |
| Factoring receivables *(1)* | - | 940 | 41 | - | 981 |
| Financial lease receivables *(1)*  | - | 70 | 44 | - | 114 |
| Hire-purchase receivables *(1)* | - | 95 | 20 | - | 115 |
| Restricted bank deposits  | - | - | 47 | - | 47 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 250 | - | - | 250 |
| Trade and other payables | - | 1 | - | - | 1 |
| Debentures | - | 848 | 1,101 | - | 1,949 |
| Liabilities under hire-purchase agreements | - | 73 | 5 | - | 78 |
| Liabilities under financial lease agreements | - | 2 | 3 | - | 5 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

(Unit: Million Baht)

|  |  |
| --- | --- |
|  | Consolidated financial statements |
|  | 2018 |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents  | 106 | - | - | - | 106 |
| Trade and other receivables  | - | 8 | - | - | 8 |
| Loan receivables *(1)* | - | 834 | 226 | - | 1,060 |
| Factoring receivables *(1)* | - | 992 | 41 | - | 1,033 |
| Financial lease receivables *(1)*  | - | 87 | 36 | - | 123 |
| Hire-purchase receivables *(1)* | - | 104 | 64 | - | 168 |
| Restricted bank deposits  | - | - | 101 | - | 101 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 421 | - | - | 421 |
| Trade and other payables | - | 1 | - | - | 1 |
| Long-term loans | - | 13 | - | - | 13 |
| Debentures | - | 150 | 696 | - | 846 |
| Liabilities under hire-purchase agreements | - | 61 | 39 | - | 100 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

(Unit: Million Baht)

|  |  |
| --- | --- |
|  | Separate financial statements |
|  | 2019 |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents  | 234 | - | - | - | 234 |
| Current Investments | 730 | - | - | - | 730 |
| Trade and other receivables  | - | 36 | - | - | 36 |
| Loan receivables *(1)* | - | 878 | 322 | - | 1,200 |
| Factoring receivables *(1)* | - | 940 | 41 | - | 981 |
| Financial lease receivables *(1)*  | - | 70 | 44 | - | 114 |
| Hire-purchase receivables *(1)* | - | 95 | 20 | - | 115 |
| Restricted bank deposits  | - | - | 47 | - | 47 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 250 | - | - | 250 |
| Trade and other payables | - | 1 | - | - | 1 |
| Short-term loans from subsidiary | 66 | - | - | - | 66 |
| Debentures | - | 848 | 1,101 | - | 1,949 |
| Liabilities under hire-purchase agreements | - | 73 | 5 | - | 78 |
| Liabilities under financial lease agreements | - | 2 | 3 | - | 5 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

(Unit: Million Baht)

|  |  |
| --- | --- |
|  | Separate financial statements |
|  | 2018 |
| Transactions | At call | Within 1 year | Over 1 year | No specific maturity | Total |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents  | 74 | - | - | - | 74 |
| Trade and other receivables  | - | 13 | - | - | 13 |
| Loan receivables *(1)* | - | 834 | 226 | - | 1,060 |
| Factoring receivables *(1)* | - | 992 | 41 | - | 1,033 |
| Financial lease receivables *(1)*  | - | 87 | 36 | - | 123 |
| Hire-purchase receivables *(1)* | - | 104 | 64 | - | 168 |
| Restricted bank deposits  | - | 101 | - | - | 101 |
| **Financial liabilities** |  |  |  |  |  |
| Bank overdrafts and short-term loans | - | 421 | - | - | 421 |
| Trade and other payables | - | 2 | - | - | 2 |
| Long-term loans | - | 13 | - | - | 13 |
| Debentures | - | 150 | 696 | - | 846 |
| Liabilities under hire-purchase agreements | - | 61 | 39 | - | 100 |

*(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased.*

39.4 Fair value of financial instruments

 As of 31 December 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

|  |
| --- |
|  (Unit: Million Baht) |
|  | Consolidated and separate financial statements |
|  | 31 December 2019 |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value**  |  |  |  |  |
| Current investments | 730 | - | - | 730 |

 As of 31 December 2018, the Group had no assets that were measured at fair value using different levels of inputs.

 As at 31 December 2019 and 2018, the Group had financial assets and liabilities that measured at cost, and of which fair values have to be disclosed using different levels of inputs as follows:

|  |
| --- |
| (Unit: Million Baht) |
|  | Consolidated financial statements |
|  | 2019 |
|  | Book | Fair value |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** |  |  |  |  |
| Cash and cash equivalents  | 236 | 236 | - | - | 236 |
| Trade and other receivables  | 35 | - | 35 | - | 35 |
| Loan receivables  | 1,200 | - | 1,200 | - | 1,200 |
| Factoring receivables  | 981 | - | 981 | - | 981 |
| Financial lease receivables  | 114 | - | - | 116 | 116 |
| Hire-purchase receivables | 115 | - | - | 101 | 101 |
| Restricted bank deposits  | 47 | 2 | 45 | - | 47 |
| **Liabilities for which fair value are disclosed** |  |  |  |  |
| Bank overdrafts and short-term loans  | 250 | - | 250 | - | 250 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Debentures | 1,949 | - | 1,966 | - | 1,966 |
| Liabilities under hire-purchase agreements | 78 | - | - | 70 | 70 |
| Liabilities under financial lease agreements | 5 | - | - | 4 | 4 |

|  |
| --- |
| (Unit: Million Baht) |
|  | Consolidated financial statements |
|  | 2018 |
|  | Book | Fair value |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** |  |  |  |  |
| Cash and cash equivalents  | 106 | 106 | - | - | 106 |
| Trade and other receivables  | 8 | - | 8 | - | 8 |
| Loan receivables  | 1,060 | - | 1,060 | - | 1,060 |
| Factoring receivables  | 1,033 | - | 1,033 | - | 1,033 |
| Financial lease receivables  | 123 | - | - | 121 | 121 |
| Hire-purchase receivables | 168 | - | - | 170 | 170 |
| Restricted bank deposits  | 101 | 1 | 100 | - | 101 |
| **Liabilities for which fair value are disclosed** |  |  |  |  |
| Bank overdrafts and short-term loans  | 421 | - | 421 | - | 421 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Long-term loans | 13 | - | 13 | - | 13 |
| Debentures | 846 | - | 848 | - | 848 |
| Liabilities under hire-purchase agreements | 100 | - | - | 89 | 89 |

|  |
| --- |
| (Unit: Million Baht) |
|  | Separate financial statements |
|  | 2019 |
|  | Book | Fair value |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** |  |  |  |  |
| Cash and cash equivalents  | 234 | 234 | - | - | 234 |
| Trade and other receivables  | 36 | - | 36 | - | 36 |
| Loan receivables  | 1,200 | - | 1,200 | - | 1,200 |
| Factoring receivables  | 981 | - | 981 | - | 981 |
| Financial lease receivables  | 114 | - | - | 116 | 116 |
| Hire-purchase receivables | 115 | - | - | 101 | 101 |
| Restricted bank deposits  | 47 | 2 | 45 | - | 47 |
| **Liabilities for which fair value are disclosed** |  |  |  |  |
| Bank overdrafts and short-term loans  | 250 | - | 250 | - | 250 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Debentures | 1,949 | - | 1,966 | - | 1,966 |
| Liabilities under hire-purchase agreements | 78 | - | - | 70 | 70 |
| Liabilities under financial lease agreements | 5 | - | - | 4 | 4 |

|  |
| --- |
| (Unit: Million Baht) |
|  | Separate financial statement |
|  | 2018 |
|  | Book | Fair value |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** |  |  |  |  |
| Cash and cash equivalents  | 74 | 74 | - | - | 74 |
| Trade and other receivables  | 13 | - | 13 | - | 13 |
| Loan receivables  | 1,060 | - | 1,060 | - | 1,060 |
| Factoring receivables  | 1,033 | - | 1,033 | - | 1,033 |
| Financial lease receivables  | 123 | - | - | 121 | 121 |
| Hire-purchase receivables | 168 | - | - | 170 | 170 |
| Restricted bank deposits  | 101 | 1 | 100 | - | 101 |
| **Liabilities for which fair value are disclosed** |  |  |  |  |
| Bank overdrafts and short-term loans  | 421 | - | 421 | - | 421 |
| Trade and other payables | 2 | - | 2 | - | 2 |
| Long-term loans | 13 | - | 13 | - | 13 |
| Debentures | 846 | - | 848 | - | 848 |
| Liabilities under hire-purchase agreements | 100 | - | - | 89 | 89 |

Fair value hierarchy of financial assets and liabilities as at 31 December 2019 and 2018 has been prepared in accordance with Notes 4.16 to the financial statements.

As at 31 December 2019 and 2018, the methods and assumptions used by the Group in estimating the fair values of financial instruments are as follows:

1. For financial assets and liabilities with short-term maturity, including cash and cash equivalents, trade and other receivables, trade and other payables, overdrafts and short-term loans, restricted bank deposits, their carrying amounts in the statement of financial position is approximate their fair values.
2. Fair values of loan, factoring, financial lease, and hire-purchase receivables are estimated by discounting expected future cash flows by current market interest rates of the loans with similar terms and conditions.
3. Fair values of debentures, liabilities under hire-purchase and financial lease agreements are estimated by discounting expected future cash flows by the current market interest rate of the borrowings with similar terms and conditions.
4. Fair value of long-term loans with floating interest rate is assumed to approximate their book value.

40. Capital management

 The primary objective of the Group’s capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group’s debt-to-equity ratio was 2.14:1 (2018: 1.42:1) and the Company’s was 2.30:1 (2018: 1.44:1).

41. Event after the reporting period

41.1 On 26 December 2019, the Extraordinary General Meeting of the Shareholders of the subsidiary passed a special resolution to increase the subsidiary’s registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 10 million (1,000,000 ordinary shares of Baht 10 each) by issuing 500,000 shares of Baht 10 each, and 100 percent of which were called up amounting to Baht 5 million. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 7 January 2019 and the Company has already paid such share capital in full amount on 7 January 2019.

41.2 On 25 February 2020, a meeting of the Company’s Board of Directors No.3/2020 passed a resolution to propose that the Annual General Meeting of the Shareholders to consider approving the dividend payment for the year 2019 to the Company’s shareholders at Baht 0.24 per share or a total dividend of approximately Baht 53.1 million. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the shareholders.

42. Approval of financial statements

 These financial statements were authorised for issue by the Company’s Board of Directors on 25 February 2020.