

S 11 Group Public Company Limited
Review report and interim financial statements
31 March 2019



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลคไรซ์ดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S 11 Group Public Company Limited

I have reviewed the accompanying statements of financial position, in which the equity method is applied, of S 11 Group Public Company Limited as at 31 March 2019, the related statements of comprehensive income, in which equity method is applied, for the three-month periods ended 31 March 2019, the statements of changes in shareholders' equity and cash flows, in which equity method is applied, for the three-month period then ended, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of S 11 Group Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

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

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 13 May 2019

S 11 Group Public Company Limited

Statements of financial position

As at 31 March 2019

(Unit: Baht)

Note	Financial statements in which				
	the equity method is applied		Separate financial statements		
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Current assets					
	Cash and cash equivalents	24,750,355	23,670,440	24,750,355	23,670,440
2	Current portion of hire purchase receivables - net	2,825,020,527	2,709,105,448	2,825,020,527	2,709,105,448
	Counter service receivables	62,977,630	69,788,652	62,977,630	69,788,652
	Prepaid insurance premium	72,378,788	71,626,922	72,378,788	71,626,922
3	Assets foreclosed - net	15,992,851	19,701,962	15,992,851	19,701,962
4	Other current assets	46,717,630	44,454,705	46,717,630	44,454,705
	Total current assets	3,047,837,781	2,938,348,129	3,047,837,781	2,938,348,129
Non-current assets					
5	Investment in an associated company	342,176	304,259	249,990	249,990
6	Restricted bank deposits	964,904	933,804	964,904	933,804
2	Hire purchase receivables - net of current portion	2,764,365,197	2,652,244,501	2,764,365,197	2,652,244,501
	Prepaid insurance premium	26,140,221	25,859,922	26,140,221	25,859,922
7	Land, building and equipment - net	86,001,690	86,920,720	86,001,690	86,920,720
8	Deferred tax assets	143,059,431	140,795,090	143,059,431	140,795,090
	Other non-current assets	296,135	264,135	296,135	264,135
	Total non-current assets	3,021,169,754	2,907,322,431	3,021,077,568	2,907,268,162
	Total assets	6,069,007,535	5,845,670,560	6,068,915,349	5,845,616,291

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

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 31 March 2019

(Unit: Baht)

	Note	Financial statements in which			
		the equity method is applied		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	9	175,793,587	200,000,000	175,793,587	200,000,000
Trade accounts payables		90,523,385	47,102,389	90,523,385	47,102,389
Current portion of long-term loans	11	1,578,469,973	1,497,959,547	1,578,469,973	1,497,959,547
Current portion of debenture	12	149,903,102	149,866,150	149,903,102	149,866,150
Short-term loans	10	437,690,938	522,663,928	437,690,938	522,663,928
Income tax payable		90,575,992	55,308,501	90,575,992	55,308,501
Insurance premium payables		21,990,474	21,868,687	21,990,474	21,868,687
Accrued expenses		47,866,440	27,896,573	47,866,440	27,896,573
Other current liabilities		28,280,260	31,360,458	28,280,260	31,360,458
Total current liabilities		2,621,094,151	2,554,026,233	2,621,094,151	2,554,026,233
Non-current liabilities					
Long-term loans - net of current portion	11	967,726,560	947,505,455	967,726,560	947,505,455
Provision for long-term employee benefits		13,338,130	11,071,449	13,338,130	11,071,449
Total non-current liabilities		981,064,690	958,576,904	981,064,690	958,576,904
Total liabilities		3,602,158,841	3,512,603,137	3,602,158,841	3,512,603,137

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

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 31 March 2019

(Unit: Baht)

Note	Financial statements in which the equity method is applied		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000	613,000,000
Issued and fully paid-up				
613,000,000 ordinary shares of Baht 1 each	613,000,000	613,000,000	613,000,000	613,000,000
Share premium	427,822,558	427,822,558	427,822,558	427,822,558
Capital reserve for share-based payment transactions	15,300,000	15,300,000	15,300,000	15,300,000
Retained earnings				
Appropriated - statutory reserve	61,300,000	61,300,000	61,300,000	61,300,000
Unappropriated	1,349,426,136	1,215,644,865	1,349,333,950	1,215,590,596
Total shareholders' equity	2,466,848,694	2,333,067,423	2,466,756,508	2,333,013,154
Total liabilities and shareholders' equity	6,069,007,535	5,845,670,560	6,068,915,349	5,845,616,291

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

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 Directors

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Baht)

	Note	Financial statements in		Separate financial statements	
		which the equity method is applied		2019	2018
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Hire purchase interest income		426,733,182	373,145,622	426,733,182	373,145,622
Fee and service income		21,578,537	16,237,354	21,578,537	16,237,354
Other income		6,547,068	3,951,618	6,547,068	3,951,618
Total revenues		454,858,787	393,334,594	454,858,787	393,334,594
Expenses					
Selling and administrative expenses		83,259,720	84,162,203	83,259,720	84,162,203
Bad debts and doubtful accounts		113,142,322	92,362,435	113,142,322	92,362,435
Loss on impairment and disposal of assets foreclosed	13	55,361,819	46,693,310	55,361,819	46,693,310
Total expenses		251,763,861	223,217,948	251,763,861	223,217,948
Profit before finance cost, share of gain (loss) from investment					
in an associated company and income tax expenses		203,094,926	170,116,646	203,094,926	170,116,646
Finance cost		(34,384,385)	(29,682,892)	(34,384,385)	(29,682,892)
Profit before share of gain (loss) from investment					
in an associated company and income tax expenses		168,710,541	140,433,754	168,710,541	140,433,754
Share of gain (loss) from investment in an associated company	5.2	37,917	(5,856)	-	-
Profit before income tax expenses		168,748,458	140,427,898	168,710,541	140,433,754
Income tax expenses	8.2	(33,724,207)	(28,087,979)	(33,724,207)	(28,087,979)
Profit for the period		135,024,251	112,339,919	134,986,334	112,345,775
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(1,553,725)	(358,218)	(1,553,725)	(358,218)
Income tax relating to actuarial loss	8.2	310,745	71,644	310,745	71,644
Other comprehensive income for the period (loss)		(1,242,980)	(286,574)	(1,242,980)	(286,574)
Total comprehensive income for the period		133,781,271	112,053,345	133,743,354	112,059,201
Earnings per share	14				
Basic earnings per share		0.22	0.18	0.22	0.18

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

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Unappropriated	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,335,654	2,095,758,212	
Profit for the period	-	-	-	-	112,339,919	112,339,919	
Other comprehensive income for the period (loss)	-	-	-	-	(286,574)	(286,574)	
Total comprehensive income for the period	-	-	-	-	112,053,345	112,053,345	
Balance as at 31 March 2018	613,000,000	427,822,558	15,300,000	61,300,000	1,090,388,999	2,207,811,557	
Balance as at 1 January 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,215,644,865	2,333,067,423	
Profit for the period	-	-	-	-	135,024,251	135,024,251	
Other comprehensive income for the period (loss)	-	-	-	-	(1,242,980)	(1,242,980)	
Total comprehensive income for the period	-	-	-	-	133,781,271	133,781,271	
Balance as at 31 March 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,349,426,136	2,466,848,694	

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

(Unaudited but reviewed)

S 11 Group Public Company Limited

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	613,000,000	427,822,558	15,300,000	61,300,000	978,288,487	2,095,711,045
Profit for the period	-	-	-	-	112,345,775	112,345,775
Other comprehensive income for the period (loss)	-	-	-	-	(286,574)	(286,574)
Total comprehensive income for the period	-	-	-	-	112,059,201	112,059,201
Balance as at 31 March 2018	613,000,000	427,822,558	15,300,000	61,300,000	1,090,347,688	2,207,770,246
Balance as at 1 January 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,215,590,596	2,333,013,154
Profit for the period	-	-	-	-	134,986,334	134,986,334
Other comprehensive income for the period (loss)	-	-	-	-	(1,242,980)	(1,242,980)
Total comprehensive income for the period	-	-	-	-	133,743,354	133,743,354
Balance as at 31 March 2019	613,000,000	427,822,558	15,300,000	61,300,000	1,349,333,950	2,466,756,508

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

(Unaudited but reviewed)

S 11 Group Public Company Limited**Cash flows statements**

For the three-month period ended 31 March 2019

(Unit: Baht)

	Financial statements in		Separate financial statements	
	which the equity method is applied			
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	168,748,458	140,427,898	168,710,541	140,433,754
Adjustments to reconcile profit before income tax to net cash provided by (paid) from operating activities				
Depreciation	1,517,487	1,549,643	1,517,487	1,549,643
Bad debts and doubtful accounts	113,142,322	92,362,435	113,142,322	92,362,435
Gain on sale assets	(395)	(293)	(395)	(293)
Loss on written-off assets	2,246	3,609	2,246	3,609
Share of (gain) loss from investment in an associated company	(37,917)	5,856	-	-
Loss (reversal) on impairment of assets foreclosed	(4,240,552)	1,612,459	(4,240,552)	1,612,459
Provision for long-term employee benefits	712,956	594,497	712,956	594,497
Hire purchase interest income	(426,733,182)	(373,145,622)	(426,733,182)	(373,145,622)
Interest expenses and amortisation of loans issuing cost	34,384,385	29,682,892	34,384,385	29,682,892
Loss from operating activities before changes in operating assets and liabilities	(112,504,192)	(106,906,626)	(112,504,192)	(106,906,626)
Operating assets (increase) decrease				
Hire purchase receivables	(341,678,808)	(300,982,813)	(341,678,808)	(300,982,813)
Assets foreclosed	7,949,663	(4,489,789)	7,949,663	(4,489,789)
Prepaid insurance premium	(1,032,165)	2,459,364	(1,032,165)	2,459,364
Other current assets	4,548,097	9,368,654	4,548,097	9,368,654
Other non-current assets	(32,000)	-	(32,000)	-
Operating liabilities increase (decrease)				
Trade accounts payables	43,420,996	44,048,399	43,420,996	44,048,399
Insurance premium payables	121,787	354,015	121,787	354,015
Accrued expenses	18,725,918	8,715,750	18,725,918	8,715,750
Other current liabilities	(3,080,198)	(785,507)	(3,080,198)	(785,507)
Cash flows used in operating activities	(383,560,902)	(348,218,553)	(383,560,902)	(348,218,553)
Cash received from interest	427,233,893	368,427,342	427,233,893	368,427,342
Cash paid for corporate income tax	(410,312)	(518,706)	(410,312)	(518,706)
Cash paid for interest	(28,256,856)	(25,074,301)	(28,256,856)	(25,074,301)
Net cash flows from (used in) operating activities	15,005,823	(5,384,218)	15,005,823	(5,384,218)

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

(Unaudited but reviewed)

S 11 Group Public Company Limited

Cash flows statements (continued)

For the three-month period ended 31 March 2019

(Unit: Baht)

	Financial statements in		Separate financial statements	
	which the equity method is applied			
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in restricted bank deposits	(31,100)	(33,931)	(31,100)	(33,931)
Cash received for proceed of equipment	1,290	2,580	1,290	2,580
Cash paid for acquisition of equipment	(601,598)	(406,043)	(601,598)	(406,043)
Net cash flows used in investing activities	(631,408)	(437,394)	(631,408)	(437,394)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	(24,206,413)	7,998,028	(24,206,413)	7,998,028
Increase (decrease) in short-term loans	(88,981,251)	12,526,296	(88,981,251)	12,526,296
Cash received from long-term loans	528,000,000	270,000,000	528,000,000	270,000,000
Repayment of long-term loans	(428,106,836)	(291,517,740)	(428,106,836)	(291,517,740)
Net cash flows used in financing activities	(13,294,500)	(993,416)	(13,294,500)	(993,416)
Net increase (decrease) in cash and cash equivalents	1,079,915	(6,815,028)	1,079,915	(6,815,028)
Cash and cash equivalents at beginning of period	23,670,440	21,347,748	23,670,440	21,347,748
Cash and cash equivalents at end of period	24,750,355	14,532,720	24,750,355	14,532,720

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

S 11 Group Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2019

1. General information

1.1 Corporate information

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

As at 31 March 2019, the Company has 8 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima ,Prachinburi and Chantaburi. (31 December 2018: 7 branches).

1.2 Basis for the preparation of the interim financial statements

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

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

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

1.3 New financial reporting standards

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

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

IFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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 Company's financial statements.

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

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

1.4 Significant accounting policies

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

2. Hire purchase receivables

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

(Unit: Baht)

	31 March 2019		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	5,141,032,416	3,517,860,458	8,658,892,874
Less: Unearned hire purchase income ⁽¹⁾	(1,586,961,255)	(723,831,146)	(2,310,792,401)
Present value of the minimum lease payment receivables	3,554,071,161	2,794,029,312	6,348,100,473
Less: Allowance for doubtful accounts ⁽³⁾	(729,050,634)	(29,664,115)	(758,714,749)
Net hire purchase receivables	<u>2,825,020,527</u>	<u>2,764,365,197</u>	<u>5,589,385,724</u>

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

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

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

(Unaudited but reviewed)

(Unit: Baht)

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

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

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

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

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

(Unit: Baht)

Aging	Balance of		Percentage of allowance set up by the Company	Allowance for	
	hire purchase receivables			doubtful accounts	
	31 March 2019	31 December 2018		31 March 2019	31 December 2018
Not yet due	4,407,817,333	4,104,758,403	1	44,077,565	41,046,948
Past due					
Less than 1 month	653,457,806	701,531,961	1	6,534,578	7,015,320
1 month or more, but less than 2 months	318,481,515	328,767,980	1	3,184,801	3,287,667
2 months or more, but less than 4 months	293,291,839	307,797,484	2	5,865,825	6,155,944
4 months or more, but less than 7 months	179,954,784	183,847,241	100	179,954,784	183,847,241
7 months or more, but less than 13 months	232,080,599	211,553,089	100	232,080,599	211,553,089
13 months or more	263,016,597	274,437,641	100	263,016,597	274,437,641
Total	<u>6,348,100,473</u>	<u>6,112,693,799</u>		<u>734,714,749</u>	<u>727,343,850</u>
Allowance for doubtful accounts - additional provision for uncollectible receivables				<u>24,000,000</u>	<u>24,000,000</u>
Total				<u>758,714,749</u>	<u>751,343,850</u>

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

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

- 2.4** As at 31 March 2019, the Company had hire purchase receivables amounting to Baht 989 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (31 December 2018: Baht 974 million).
- 2.5** As at 31 March 2019, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 1,223 million (31 December 2018: Baht 1,272 million) in order to secure credit facilities granted by commercial banks as discussed in Note 11 to the financial statements.

2.6 Allowance for doubtful accounts

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

	(Unit: Baht)	
	For the three-month period ended 31 March 2019	For the year ended 31 December 2018
Balance beginning of the period	751,343,850	678,781,092
Add: Doubtful account increase during the period	113,142,322	438,135,759
Less: Bad debt written-off	(105,771,423)	(365,573,001)
Balance end of the period	<u>758,714,749</u>	<u>751,343,850</u>

3. Assets foreclosed

	(Unit: Baht)	
	31 March 2019	31 December 2018
Assets foreclosed - cost	26,985,107	34,934,770
Less: Allowance for impairment	(10,992,256)	(15,232,808)
Assets foreclosed - net	<u>15,992,851</u>	<u>19,701,962</u>

4. Other current assets

	(Unit: Baht)	
	31 March 2019	31 December 2018
Advance VAT receivable	26,714,039	25,838,785
Other receivable - sales of assets foreclosed	6,802,168	5,008,352
Revenue department receivables	1,666,907	5,484,858
Other accrued income	5,510,369	4,741,934
Others	6,024,147	3,380,776
Total	<u>46,717,630</u>	<u>44,454,705</u>

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

Company's name	Nature of business	(Unit: Baht)					
		Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
				Book value		Cost/Book value	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(%)	(%)				
MOD S Company Limited	Manage and develop quality of assets	25	25	342,176	304,259	249,990	249,990

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

5.2 Share of comprehensive income and dividend

During the three-month periods ended 31 March 2019 and 2018, the Company recognised shares of gain (loss) from investment in an associated company in the financial statements in which the equity method is applied and no dividends received from the associated company during the period as follows:

Company's name	(Unit: Baht)	
	Share of gain (loss) from investment for the three-month periods ended	
	31 March	
	2019	2018
MOD S Company Limited	37,917	(5,856)

5.3 Summarised financial information of an associated company

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

Summarised information about financial position

	(Unit: Baht)	
	31 March 2019	31 December 2018
Total assets	1,908,329	1,372,742
Total liabilities	539,625	155,705
Net assets	1,368,704	1,217,037

Summarised information about income statement

	(Unit: Baht)	
	For the three-month periods ended	
	31 March	
	2019	2018
Revenues	1,145,625	380,092
Gain (loss) for the period	151,667	(13,423)

6. Restricted bank deposits

As at 31 March 2019 and 31 December 2018, this represents bank deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 17 to the financial statements, a deposit used as an employee's security deposit and the security deposit of a contractor hired to repossess motorcycles.

7. Land, building and equipment

Movements of land, building and equipment for the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)
Cost	
Balance as at 1 January 2019	129,212,919
Additions	601,598
Disposals/written-off	(11,525)
Balance as at 31 March 2019	<u>129,802,992</u>
Accumulated depreciation	
Balance as at 1 January 2019	42,292,199
Depreciation for the period	1,517,487
Disposals/written-off	(8,384)
Balance as at 31 March 2019	<u>43,801,302</u>
Net book value	
Balance as at 31 March 2019	<u><u>86,001,690</u></u>

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

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

	(Unit: Baht)	
	31 March 2019	31 December 2018
Deferred tax assets		
Allowance for doubtful accounts	151,742,950	150,268,770
Allowance for impairment of assets foreclosed	2,198,451	3,046,562
Provision for long-term employee benefits	2,667,626	2,214,290
Accrued bonus	1,640,000	-
Advance receive from insurance premium	9,871,557	9,596,019
Others	606,015	588,332
Total	<u>168,726,599</u>	<u>165,713,973</u>
Deferred tax liabilities		
Deferred commission and initial direct cost from hire purchase contracts	24,540,912	23,617,563
Deferred loans issuing costs	1,106,876	1,274,550
Deferred debentures issuing cost	19,380	26,770
Total	<u>25,667,168</u>	<u>24,918,883</u>
Deferred tax assets - net	<u><u>143,059,431</u></u>	<u><u>140,795,090</u></u>

8.2 Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Current income tax:		
Interim corporate income tax charge	35,677,803.	37,714,774
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,953,596)	(9,626,795)
Income tax expenses reported in the statements of comprehensive income	33,724,207	28,087,979

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2019	2018
Deferred tax relating to actuarial loss	310,745	71,644

(Unaudited but reviewed)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month periods ended 31 March 2019 and 2018 are as follows:

(Unit: Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2019	2018	2019	2018
Accounting profit before tax	168,748,458	140,427,898	168,710,541	140,433,754
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	33,749,692	28,085,580	33,742,108	28,086,751
Tax effect of tax-exempt income and disallowed expenses	(25,485)	2,399	(17,901)	1,228
Income tax expenses reported in the statements of comprehensive income	33,724,207	28,087,979	33,724,207	28,087,979

9. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate	31 March 2019	31 December 2018
	(percent per annum)		
Promissory notes	3.85	175,793,587	200,000,000

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

As at 31 March 2019, the short-term credit facilities which have not yet been drawdown amounted to Baht 74 million.

10. Short-term loans

As at 31 March 2019, the Company has loans in form of bills of exchange, net of discount, totaling Baht 438 million, the bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between April - September 2019), with interest charged at the rate of 3.30 - 3.65 percent per annum (31 December 2018: Bills of exchange of Baht 523 million, registered, transferable, and maturing within 270 days from the date of issuance, maturity date between January - May 2019, with interest charge at the rate of 3.22 - 3.65 percent per annum).

11. Long-term loans

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

				(Unit: Baht)	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	31 March 2019	31 December 2018
1	Loan agreement dated 27 June 2014	MLR - 2.5 to MLR - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	1,167,142,166	1,060,968,247
2	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	81,700,000	122,200,000
3	Loan agreement dated 13 September 2017	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	274,213,955	323,898,136
4	Loan agreement dated 4 October 2017	THBFIX1M + 1.8	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	316,650,000	384,900,000
5	Loan agreement dated 29 June 2018	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	305,254,917	213,741,491
6	Loan agreement dated 9 July 2018	THBFIX6M + 1.65	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	407,420,000	346,780,000
Total				2,552,381,038	2,452,487,874
Less: Deferred loans issuing costs				(6,184,505)	(7,022,872)
Long-term loans				2,546,196,533	2,445,465,002
Less: current portion due within 1 year				(1,578,469,973)	(1,497,959,547)
Long-term loans - net of current portion				967,726,560	947,505,455

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

(Unaudited but reviewed)

As at 31 March 2019, the Company has commitments of Baht 806 million under interest rate swap agreements with a bank that is the Company's lender for loan facilities no. 2, 4 and 6 whereby floating interest rates are swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2021, in accordance with the conditions of loan repayment (31 December 2018: the Company had commitments of Baht 854 million under interest rate swap agreements for loan facility no.2, 4 and 6).

As at 31 March 2019, the Company has long-term credit facilities which have not yet been drawdown amounted to Baht 1,187 million.

Movements in the long-term loans account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Baht)
Balance as at 1 January 2019	2,452,487,874
Add: Addition borrowings during the period	528,000,000
Less: Loans repayment during the period	428,106,836
Balance as at 31 March 2019	<u>2,552,381,038</u>

12. Debt issued - debenture

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

			(Unit: Baht)	
			31 March	31 December
No.	Date	Repayment schedule	2019	2018
1	22 November 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 3 year term with a coupon rate at 4.10% per annum, interest payable every six months	150,000,000	150,000,000
Total			<u>150,000,000</u>	<u>150,000,000</u>
Less: Deferred issuing costs			(96,898)	(133,850)
Debenture			149,903,102	149,866,150
Less: Current portion due within 1 year			<u>(149,903,102)</u>	<u>(149,866,150)</u>
Debenture - net of current portion			<u>-</u>	<u>-</u>

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

13. Loss on impairment and disposal of assets foreclosed

(Unit: Baht)

	For the three-month periods ended 31 March	
	2019	2018
Loss on impairment of assets foreclosed (reversal)	(4,240,552)	1,612,459
Loss on disposal of assets foreclosed	59,602,371	45,080,851
Total	55,361,819	46,693,310

14. Earnings per share

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

15. Related party transactions

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

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

(Unit: Baht)

	For the three-month periods ended 31 March		Pricing policy
	2019	2018	
<u>Transactions with associate</u>			
Service expense	987,533	264,631	As stipulated in agreements

(Unaudited but reviewed)

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

	(Unit: Baht)	
	31 March	31 December
	2019	2018
<u>Service payable</u>		
An associated company	412,548	272,196
<u>Directors and management benefits</u>		

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

	(Unit: Baht)	
	For the three-month periods	
	ended 31 March	
	2019	2018
Short-term employee benefits	4,841,722	5,257,390
Post-employment benefits	1,090,590	321,059
Total	5,932,312	5,578,449

16. Segment information

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

17. Commitments - Guarantees

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

18. Events after the reporting period

18.1 On 4 April 2019, the Annual General Meeting of the Company's shareholders for the year 2019 approved to pay a dividend from the 2018 operating results at a rate of Baht 0.36 per share, or a total of Baht 220.68 million. The Company paid an interim dividend of Baht 0.12 per share on 7 September 2018 and is therefore to pay another final dividend of Baht 0.24 per share, which is scheduled to be paid to the shareholders on 3 May 2019.

18.2 Amendments to the law relating to the legal severance pay rates

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

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2019.