Heng Leasing and Capital Public Company Limited
Review report and interim financial information
For the three-month period ended
31 March 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Heng Leasing and Capital Public Company Limited

I have reviewed the accompanying statements of financial position of Heng Leasing and Capital Public Company Limited as at 31 March 2023, the related statements of comprehensive income, the statements of changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Saranya Pludsri
Certified Public Accountant (Thailand) No. 6768

EY Office Limited
Bangkok: 8 May 2023

Heng Leasing and Capital Public Company Limited

Statements of financial position

As at 31 March 2023

(Unit: Thousand Baht)

	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents	*2*	191,861	160,296
Deposits at banks with restrictions	*2*	74,763	52,154
Current portion of hire purchase receivables	*3*	1,781,046	1,848,409
Current portion of loan receivables	*4*	1,834,767	1,620,592
Other receivables		40,755	33,125
Assets foreclosed - net	*6*	42,835	54,763
Other current assets		5,853	6,559
Total current assets		3,971,880	3,775,898
Non-current assets			
Deposits at bank with collateral obligation		50,000	50,000
Hire purchase receivables - net of current portion	*3*	4,113,503	4,586,323
Loan receivables - net of current portion	*4*	4,505,164	3,426,241
Land, building and equipment - net	*7*	160,030	142,905
Right-of-use assets - net	*8*	166,503	147,115
Intangible assets - net	*9*	10,307	9,250
Deferred tax assets		116,404	114,681
Other non-current assets		13,198	11,233
Total non-current assets		9,135,109	8,487,748
Total assets		13,106,989	12,263,646

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

Heng Leasing and Capital Public Company Limited

Statements of financial position (continued)

As at 31 March 2023

(Unit: Thousand Baht)

	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft and short-term loans from financial institutions	*10*	1,031,440	910,041
Other payables	*11*	168,857	169,332
Current portion of lease liabilities		82,371	72,715
Current portion of long-term loans	*12*	2,516,927	2,208,118
Income tax payable		83,116	57,692
Other current liabilities		14,614	9,159
Total current liabilities		3,897,325	3,427,057
Non-current liabilities			
Lease liabilities - net of current portion		79,072	67,926
Long-term loans - net of current portion	*12*	3,743,324	3,485,115
Provision for long-term employee benefits		41,964	39,207
Total non-current liabilities		3,864,360	3,592,248
Total liabilities		7,761,685	7,019,305

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

Heng Leasing and Capital Public Company Limited

Statements of financial position (continued)

As at 31 March 2023

(Unit: Thousand Baht)

	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Shareholders' equity			
Share capital			
Registered			
3,810,000,000 ordinary shares of Baht 1 each		3,810,000	3,810,000
Issued and fully paid-up			
3,810,000,000 ordinary shares of Baht 1 each		3,810,000	3,810,000
Share premium		715,342	715,342
Retained earnings			
Appropriated - statutory reserve		73,674	73,674
Unappropriated		746,288	645,325
Total shareholders' equity		5,345,304	5,244,341
Total liabilities and shareholders' equity		13,106,989	12,263,646
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The accompanying notes are an integral part of the financial statements.

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Directors

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Heng Leasing and Capital Public Company Limited (Unaudited but reviewed)

Statements of comprehensive income

For the three-month period ended 31 March 2023

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	2023	2022
Profit or loss:			
Revenues			
Hire purchase interest income		250,034	210,912
Loan interest income		312,726	201,016
Fee and service income		63,905	36,016
Other income		13,883	13,049
Total revenues		640,548	460,993
Expenses			
Service and administrative expenses		309,790	228,944
Expected credit losses		75,248	96,139
Loss on impairment and disposal of assets		44,807	8,837
Total expenses		429,845	333,920
Profit before finance cost and income tax expenses		210,703	127,073
Finance cost		(84,511)	(43,834)
Profit before income tax expenses		126,192	83,239
Income tax expenses	*13*	(25,229)	(16,683)
Profit for the period		100,963	66,556
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		100,963	66,556
Earnings per share	*14*		
Basic earnings per share (Baht per share)		0.03	0.02
Weighted average number of ordinary shares (Thousand shares)		3,810,000	3,810,000

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

Heng Leasing and Capital Public Company Limited (Unaudited but reviewed)

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings: Appropriated - statutory reserve	Retained earnings: Unappropriated	Total
Balance as at 1 January 2022	3,810,000	715,342	50,618	239,515	4,815,475
Profit for the period	-	-	-	66,556	66,556
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	66,556	66,556
Balance as at 31 March 2022	3,810,000	715,342	50,618	306,071	4,882,031
Balance as at 1 January 2023	3,810,000	715,342	73,674	645,325	5,244,341
Profit for the period	-	-	-	100,963	100,963
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	100,963	100,963
Balance as at 31 March 2023	3,810,000	715,342	73,674	746,288	5,345,304
	-	-	-	-	-

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

Heng Leasing and Capital Public Company Limited (Unaudited but reviewed)

Cash flows statements

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from operating activities		
Profit before income tax	126,192	83,239
Adjustments to reconcile profit before income tax to net cash		
provided by (paid from) operating activities		
Depreciation and amortisation	34,823	29,059
Expected credit losses	75,248	96,139
Losses (gains) on sales of fixed assets	155	(1)
Gains on cancel and change in lease contracts	-	(1,544)
Reversal on impairment of assets foreclosed	(2,686)	(632)
Losses on disposals of assets foreclosed	47,338	9,470
Provision for long-term employee benefits	2,776	2,749
Interest income	(562,760)	(411,928)
Finance cost	82,831	42,276
Amortised finance cost for lease liabilities	1,680	1,558
Loss from operating activities before changes in operating assets and liabilities	(194,403)	(149,615)
Operating assets (increase) decrease		
Deposits at banks with restrictions	(22,609)	(2,962)
Hire purchase receivables	415,731	(270,144)
Loan receivables	(1,306,104)	(358,759)
Other receivables	(7,630)	1,093
Assets foreclosed	79,487	34,649
Other current assets	706	1,282
Other non-current assets	(1,965)	(1,344)
Operating liabilities increase (decrease)		
Other payables	(195)	(24,667)
Other current liabilities	6,978	1,918
Provision for long-term employee benefits	(18)	(616)
Cash flows used in operating activities	(1,030,022)	(769,165)
Cash received from interest	512,759	369,538
Cash paid for income tax	(1,528)	(933)
Net cash flows used in operating activities	(518,791)	(400,560)

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

Heng Leasing and Capital Public Company Limited (Unaudited but reviewed)

Cash flows statements (continued)

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from investing activities		
Cash paid for acquisitions of land, building and equipment	(27,770)	(16,458)
Cash paid for acquisitions of intangible assets	(1,850)	(763)
Proceeds from sales of land, building and equipment	-	32
Net cash flows used in investing activities	(29,620)	(17,189)
Cash flows from financing activities		
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	121,399	(90,738)
Cash received from long-term loans	1,145,000	545,000
Repayment of long-term loans	(581,244)	(410,989)
Repayment of lease liabilities	(24,087)	(18,996)
Payment for loans issuing cost	-	(5,000)
Cash paid for interest	(81,092)	(40,509)
Net cash flows provided by (used in) financing activities	579,976	(21,232)
Net increase (decrease) in cash and cash equivalents	31,565	(438,981)
Cash and cash equivalents at beginning of period	160,296	511,114
Cash and cash equivalents at end of period	191,861	72,133
	-	
Supplement cash flow information		
Non-cash items		
Assets foreclosed received for debts settlement	122,326	40,045
Decrease (increase) in right-of-use assets	1,413	(693)
Increase (decrease) in account payable on purchase of assets	(280)	1,476

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

Heng Leasing and Capital Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2023

1. General information

1.1 Corporate information

Heng Leasing and Capital Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the providing financial services specifically hire purchase, loans secured against vehicle registrations, land and building loans, personal loan and nano finance without collateral. The Company's registered address is 69 Moo 7, Tambon Sansai Noi, Amphur Sansai, Chiang Mai. The Company has 830 branches (31 December 2022: 678 branches).

1.2 Coronavirus disease 2019 Pandemic (COVID-19)

The Coronavirus disease 2019 pandemic (COVID-19) has impacted various businesses and industries both directly and indirectly. This situation has created uncertainties and affected the Company's business activities, operating results and cash flows both at the present and in the future. The Company's management has still monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities continuously, including the cash flow management of the Company, and has used estimates and judgement in respect of various matters in order to continuously assess the impact as the situation has evolved.

1.3 Basis for the preparation of the interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standard No.34 Interim Financial Reporting, including guidelines promulgated by the Federation of Accounting Professions ("TFAC"), with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.4 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

1.5 Accounting Guidance

Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions has announced Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the BOT. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes.

Under this accounting guidance, the Company may elect to adopt accounting treatments consistent with the circular of the BOT No. BOT.RPD2.C.802/2564 dated 3 September 2021 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)". The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

1. For debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension, the Company may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions (Assistance type 1) as follows:

    - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.

    - Non-performing loans (NPL) are classified as performing loans or stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.

- Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
- Loans are classified as loans with significant increase in credit risk (Under-performing or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due.
- A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.

2. For debt restructuring involving only a payment timeline extension, e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts, the Company is required to perform staging assessment and set aside provisions in accordance with the related financial reporting standards (Assistance type 2). However, the Company may elect to adopt treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C.802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2.

The Company considered providing both types of assistance to debtors. For assistance type 1, the Company has elected to apply all temporary relief measures under this accounting guidance relating to staging assessment and setting aside of provisions. For assistance type 2, the Company is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards.

2. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Cash	2,358	1,313
Bank deposits - savings accounts	179,867	147,243
Bank deposits - current accounts	84,399	63,894
Total	266,624	212,450
Less: Deposits at banks for premium that the Company received from policy holders	(74,763)	(52,154)
Total	191,861	160,296

3. Hire purchase receivables

3.1 As at 31 March 2023 and 31 December 2022, the contracted terms of the Company's hire purchase receivables are 12 - 84 installments with payments to be made in equal installments and interest charged at fixed rates throughout the contracts. Hire purchase receivables classified by due date per agreement are as follows:

(Unit: Thousand Baht)

	31 March 2023						
	Portion due within one year [2]	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years	Portion due over four years but within five years	Portion due over five years	Total
Hire purchase receivables	3,059,113	2,266,065	1,664,807	1,099,430	549,713	261,415	8,900,543
Less: Unearned hire purchase income [1]	(896,694)	(586,495)	(357,749)	(184,788)	(75,312)	(21,583)	(2,122,621)
Undue output Vat	(190,438)	(148,260)	(108,915)	(71,927)	(35,963)	(17,102)	(572,605)
Present value of the minimum lease payment receivables	1,971,981	1,531,310	1,198,143	842,715	438,438	222,730	6,205,317
Less: Allowance for expected credit losses	(190,935)	(39,394)	(35,494)	(25,440)	(12,963)	(6,542)	(310,768)
Net hire purchase receivables	1,781,046	1,491,916	1,162,649	817,275	425,475	216,188	5,894,549

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

(2) The balance of hire purchase receivables due within 1 year included receivables that are credit impaired.

(Unit: Thousand Baht)

	31 December 2022						
	Portion due within one year [2]	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years	Portion due over four years but within five years	Portion due over five years	Total
Hire purchase receivables	3,213,742	2,488,007	1,826,789	1,230,888	650,820	340,351	9,750,597
Less: Unearned hire purchase income [1]	(987,278)	(655,947)	(404,944)	(217,239)	(92,496)	(31,006)	(2,388,910)
Undue output Vat	(201,500)	(162,767)	(119,510)	(80,525)	(42,577)	(22,266)	(629,145)
Present value of the minimum lease payment receivables	2,024,964	1,669,293	1,302,335	933,124	515,747	287,079	6,732,542
Less: Allowance for expected credit losses	(176,555)	(40,562)	(36,432)	(25,734)	(12,644)	(5,883)	(297,810)
Net hire purchase receivables	1,848,409	1,628,731	1,265,903	907,390	503,103	281,196	6,434,732

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

(2) The balance of hire purchase receivables due within 1 year included receivables that are credit impaired.

The Company entered into schemes to provide assistance to debtors affected by COVID-19. As at 31 March 2023, the Company has outstanding hire purchase receivables under the assistance scheme accounting for 21 percent of the total hire purchase receivables which consisted of the receivables below:

a) The receivables provided with assistance during the year 2020-2021 that are not yet non-performing (Non-NPL) hire purchase receivables and the Company provided assistance to them by amending payment conditions or restructuring debts unqualified for derecognition of Baht 276 million, accounting for 4 percent of the total hire purchase receivables. The Company applied the Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 (Assistance type 2) by performing staging assessment and setting aside provisions in accordance with the relevant financial reporting standards (31 December 2022: The hire purchase receivables under the scheme with amendment of payment conditions or debt restructuring amounted to Baht 378 million, accounting for 6 percent of the total hire purchase receivables).

b) The receivables provided with assistance during the year 2022 to 31 March 2023 that are not yet non-performing (Non-NPL) hire purchase receivables and involve more than just extending the payment timeline (Assistance type 1) where the Company immediately reclassified them to performing receivables (Stage 1) with amount of Baht 1,023 million, accounting for 17 percent of the total hire purchase receivables (31 December 2022: Baht 896 million, accounting for 13 percent of the total hire purchase receivables).

However, because the COVID-19 pandemic still has an impact on Thai economy at present, the Company’s management has taken into account forecasts of the impact and exercised management's judgement to apply a management overlay on top of the amounts derived from the existing model in estimating expected credit losses in order to cover an increase in defaults by debtors affected by the COVID-19 pandemic.

3.2 As at 31 March 2023 and 31 December 2022, the balances of hire purchase receivables are classified by credit risk and allowance for expected credit losses as follows:

(Unit: Thousand Baht)

	Hire purchase receivables - net of unearned hire purchase income [1]		Allowance for expected credit losses	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Hire purchase receivables without a significant increase in credit risk (Performing)	5,125,924	5,722,265	69,295	77,076
Hire purchase receivables with a significant increase in credit risk (Under-performing)	826,744	784,552	107,081	102,007
Hire purchase receivables with credit impaired (Non-performing)	252,649	225,725	134,392	118,727
Total	6,205,317	6,732,542	310,768	297,810

[1] *Presented net of deferred initial direct income and costs of hire purchase.*

3.3 As at 31 March 2023, hire purchase receivables amounting to Baht 5,358 million (net of unearned hire purchase income) were pledged to secure credit facilities from commercial banks (31 December 2022: Baht 5,382 million), as described in Notes 10 and 12 to the interim financial statements.

4. Loan receivables

4.1 As at 31 March 2023 and 31 December 2022, the contracted terms of the Company's loan receivables are 6 - 84 installments with payments to be made in equal installments and interest charged at fixed rates throughout in the contracts. Loan receivables classified by due date per agreement are as follows:

(Unit: Thousand Baht)

	31 March 2023		
	Amounts due within 1 year [2]	Amounts due over 1 year	Total
Loan receivables	1,834,757	4,588,071	6,422,828
Add: Unearned financial income [1]	3,552	12,895	16,447
Add: Accrued interest receivables	156,921	-	156,921
	1,995,230	4,600,966	6,596,196
Less: Allowance for expected credit losses	(160,463)	(95,802)	(256,265)
Loan receivables - net	1,834,767	4,505,164	6,339,931

[1] *Presented net of deferred initial direct income and costs of loan.*

[2] *The balance of loan receivables due within 1 year includes receivables that are credit impaired.*

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2022		
	Amounts due within 1 year [2]	Amounts due over 1 year	Total
Loan receivables	1,644,039	3,517,999	5,162,038
Less: Unearned financial income [1]	(2,388)	(3,432)	(5,820)
Add: Accrued interest receivables	131,333	-	131,333
	1,772,984	3,514,567	5,287,551
Less: Allowance for expected credit losses	(152,392)	(88,326)	(240,718)
Loan receivables - net	1,620,592	3,426,241	5,046,833

[1] *Presented net of deferred initial direct income and costs of loan.*

[2] *The balance of loan receivables due within 1 year includes receivables that are credit in paired.*

The Company entered into schemes to provide assistance to debtors affected by COVID-19. As at 31 March 2023, the Company has outstanding loan receivables under the assistance scheme accounting for 8 percent of the total loan receivables which consisted of the receivables below:

a) The receivables provided with assistance during the year 2020-2021 that are not yet non-performing (Non-NPL) loan receivables and the Company provided assistance to them by amending payment conditions or restructuring debts unqualified for derecognition of Baht 128 million, accounting for 2 percent of total the loan receivables. The Company applied the Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 (Assistance type 2) by performing staging assessment and setting aside provisions in accordance with the relevant financial reporting standards (31 December 2022: The loan receivables under the scheme with amendment of payment conditions or debt restructuring amounted to Baht 182 million, accounting for 3 percent of the total loan receivables).

b) The receivables provided with assistance during the year 2022 to 31 March 2023 that are not yet non-performing (Non-NPL) loan receivables and involve more than just extending the payment timeline (Assistance type 1) where the Company immediately reclassified them to performing receivables (Stage 1) with amount of Baht 407 million, accounting for 6 percent of the total loan receivables (31 December 2022: Baht 331 million, accounting for 6 percent of the total loan receivables).

However, because the COVID-19 pandemic still has an impact on Thai economy at present, the Company's management has taken into account forecasts of the impact and exercised management's judgement to apply a management overlay on top of the amounts derived from the existing model in estimating expecting credit losses in order to cover an increase in defaults by debtors affected by the COVID-19 pandemic.

4.2 As at 31 March 2023 and 31 December 2022, the balances of loan receivables are classified by credit risk and allowance for expected credit losses as follows:

(Unit: Thousand Baht)

	Loan receivables and accrued interest income [1]		Allowance for expected credit losses	
	31 March 2023	31 December 2021	31 March 2023	31 December 2022
Loan receivables without a significant increase in credit risk (Performing)	5,984,997	4,713,233	99,703	93,665
Loan receivables with a significant increase in credit risk (Under-performing)	463,223	437,821	70,751	69,039
Loan receivables with credit impaired (Non-performing)	147,976	136,497	85,811	78,014
Total	6,596,196	5,287,551	256,265	240,718

[1] *Presented net of deferred initial direct income and costs of loan.*

4.3 As at 31 March 2023, loan receivables amounting to Baht 4,477 million (net of unearned financial income) were pledged to secure credit facilities from commercial banks (31 December 2022: Baht 3,383 million), as described in Notes 10 and 12 to the interim financial statements.

5. Allowance for expected credit losses

Movements of allowance for expected credit losses (ECL) of hire purchase and loan receivables are as follows:

(Unit: Thousand Baht)

	For the three-month period ended 31 March 2023			
	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
Beginning balance	170,741	171,046	196,741	538,528
Add (less): Change in expected credit losses during the period	(1,743)	6,786	71,702	76,745
Less: Bad debt written-off during the period	-	-	(48,240)	(48,240)
Ending balance	168,998	177,832	220,203	567,033

(Unit: Thousand Baht)

	For the year ended 31 December 2022			
	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
Beginning balance	187,866	158,181	194,305	540,352
Add (less): Stage changes	(7,868)	(8,044)	15,912	-
Add (less): Changes due to revaluation of allowance for credit loss	(56,365)	13,992	184,686	142,313
Add: New financial assets acquired	128,835	106,980	70,498	306,313
Less: Derecognition of financial assets	(81,727)	(100,063)	(30,746)	(212,536)
Less: Bad debt written-off	-	-	(237,914)	(237,914)
Ending balance	170,741	171,046	196,741	538,528

6. Assets foreclosed

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Assets foreclosed - cost	70,882	85,497
Less: Allowance for impairment	(28,047)	(30,734)
Assets foreclosed - net	42,835	54,763

7. Land, building and equipment

(Unit: Thousand Baht)

Cost	
Balance as at 1 January 2023	323,797
Additions during the period	27,255
Disposals/written-off	(712)
Balance as at 31 March 2023	350,340
Accumulated depreciation	
Balance as at 1 January 2023	180,892
Depreciation during the period	9,974
Depreciation for disposals/written-off	(556)
Balance as at 31 March 2023	190,310
Net book value	
Balance as at 31 March 2023	160,030

8. Right-of-use assets

The movement of rights-of-use assets for the three-month period ended 31 March 2023 are summarised below:

	(Unit: Thousand Baht)
Balance as at 1 January 2023	147,115
Additions during the period	43,209
Depreciation during the period	(23,821)
Balance as at 31 March 2023	166,503

9. Intangible assets

The movement of intangible assets for the three-month period ended 31 March 2023 are summarised below:

	(Unit: Thousand Baht)
Cost	
Balance as at 1 January 2023	28,256
Additions during the period	2,085
Balance as at 31 March 2023	30,341
Accumulated amortisation	
Balance as at 1 January 2023	19,006
Amortisation during the period	1,028
Balance as at 31 March 2023	20,034
Net book value	
Balance as at 31 March 2023	10,307

As at 31 March 2023, computer software has remaining amortisation period between 1 - 5 years (31 December 2022: 1 - 5 years).

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

As at 31 March 2023 and 31 December 2022, the following are short-term loans in the form of bank overdrafts and promissory notes from financial institutions in Thailand:

(Unit: Thousand Baht)

	Loan facility / Repayment schedule	31 March 2023	31 December 2022
a)	Bank overdrafts	30,007	-
b)	Promissory notes under credit facilities amounting to Baht 483 million, with principal repayable within the specific date of each promissory, and interest charged at MOR less a fixed rate, payable monthly	348,534	327,212
c)	Promissory notes under credit facilities amounting to Baht 410 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	394,018	400,187
d)	Promissory notes under credit facilities amounting to Baht 600 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	19,372	40,278
e)	Promissory notes under credit facilities amounting to Baht 100 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	39,980	46,232
f)	Promissory notes under credit facilities amounting to Baht 200 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	199,529	96,132
Total bank overdrafts and short-term loans from financial institutions		1,031,440	910,041

Bank overdrafts and short-term loans are secured by the bank deposit, the transfer of ownership rights and the assignment of collection rights over hire purchase receivables, loan receivables and loans secured against motorcycle registrations, car registrations, commercial car registrations and truck registrations. Loans are also guaranteed by the directors of the Company. Moreover, the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of hire purchase receivables and loan receivables that are no more than 3 periods overdue to total borrowings, non-performing hire purchase receivables and loan receivables (overdue more than 3 months) to total receivables, collection ratio, working capital turnover ratio, total debt to equity ratio, hire purchase receivables and loan receivables that are no more than 3 months overdue to total receivables, earnings before interest and taxes to total interest expenses, and also the portion of the Company's shares held by directors, depending on the conditions in each agreement.

As at 31 March 2023, the Company has Baht 221 million for bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (31 December 2022: Baht 339 million).

11. Other payables

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Other payables	110,179	87,968
Accrued employee expenses	17,852	45,606
Revenue department payable	21,433	21,846
Accrued expenses	19,393	13,912
Total	168,857	169,332

12. Long-term loans

As at 31 March 2023 and 31 December 2022, the following are loans from local financial institutions in Thailand.

(Unit: Thousand Baht)

	Loan facility / Repayment schedule	31 March 2023	31 December 2022
a)	Syndicate loan facility amounting to Baht 5,950 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	247,630	348,670
b)	Syndicate loan facility amounting to Baht 1,650 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	735,370	860,610
c)	Credit facility amounting to Baht 100 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	95,098	61,600
d)	Credit facility amounting to Baht 200 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	114,037	131,689
e)	Syndicate loan facility amounting to Baht 2,000 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	1,481,200	1,642,870
f)	Credit facility amounting to Baht 500 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	402,896	434,153
g)	Credit facility amounting to Baht 800 million, repayable principal every 6-month after the end of 1-year grace period from the date of loan withdrawal, and interest charged at MLR less a fixed rate, payable monthly	800,000	800,000
h)	Credit facility amounting to Baht 100 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	84,136	92,950
i)	Syndicate loan facility amounting to Baht 3,000 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	2,322,660	1,346,730
Total		6,283,027	5,719,272
Less: Deferred issuing costs		(22,776)	(26,039)
Long-term loans		6,260,251	5,693,233
Less: Current portion due within one year		(2,516,927)	(2,208,118)
Long-term loans, net of current portion		3,743,324	3,485,115

The above long-term loans are secured by the assignment of collection rights over loans secured against motorcycle registrations, car registrations, commercial car registrations and truck registrations with specific conditions to the bank, the provision of guarantees by the directors of the Company. Moreover, the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of hire purchase receivables and loan receivables that are no more than 3 periods overdue to total borrowings, non-performing hire purchase receivables and loan receivables (overdue more than 3 months) to total receivables, collection ratio, earnings before interest and taxes to total interest expenses, total debt to equity ratio, depending on the conditions in each agreement.

As at 31 March 2023, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 505 million (31 December 2022: Baht 1,638 million).

13. Income tax expenses

Income tax expenses for the three-month periods ended 31 March 2023 and 2022 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2023	2022
Current income tax:		
Corporate income tax charge for the periods	26,952	26,496
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,723)	(9,813)
Income tax expenses reported in the statements of comprehensive income	25,229	16,683

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rate for the three-month periods ended 31 March 2023 and 2022 are as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2023	2022
Accounting profit before tax	126,192	83,239
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	25,238	16,648
Effects of additional expense and non-deductible expense	(9)	35
Income tax expenses reported in the statements of comprehensive income	25,229	16,683

14. Earnings per share

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

15. Segment information

The Company's principal operations involve a single operating segment of hire purchase and loan receivables. Their operations 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. In addition, the Company has no major customer with reserve of 10 percent or more of an entity's revenues during the three-month period ended 31 March 2023.

16. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		
	2023	2022	Pricing Policy
Transactions with related parties			
Rental expenses	1,487	1,894	As stipulated in agreements

As at 31 March 2023 and 31 December 2022, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Related parties		
Other payables	-	78
Lease liabilities	7,691	6,686

Directors and management's benefits

During the three-month periods ended 31 March 2023 and 2022 the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2023	2022
Short-term employee benefits	14,919	13,956
Post-employment benefits	206	192
Total	15,125	14,148

17. Commitments

17.1 Service agreements

The Company has entered into other services agreement. The terms of the agreements are generally between 1 - 3 years. As at 31 March 2023, future minimum lease payments required under these non-cancellable service contracts were as follows:

(Unit: Thousand Baht)

Payable	Related companies	Other parties	Total
Within 1 year	772	11,265	12,037
Over 1 and up to 3 years	1,297	11,465	12,762

18. Fair value of financial instrument

The estimated fair value of financial assets and liabilities, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Thousand Baht)

	31 March 2023		31 December 2022	
	Book value	Fair value	Book value	Fair value
Financial assets not measured at fair value				
Hire purchase and loan receivables	12,234,480	12,012,683	11,481,565	11,201,231

19. Events after the reporting period

On 21 April 2023, the Annual General Meeting of Shareholders for 2023 approved a dividend payment of Baht 0.0666 per share from the 2022 operating result to the shareholders of the Company, or a total dividend payment of Baht 253.75 million, with the schedule to pay dividends on 12 May 2023.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 May 2023.