

Prime Zone Asset Management Company Limited
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Prime Zone Asset Management Company Limited

Opinion

I have audited the accompanying financial statements of Prime Zone Asset Management Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income and changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prime Zone Asset Management Company Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of Prime Zone Asset Management Company Limited for the year ended 31 December 2022, presented herein as comparative information, were audited by another auditor who, under his report dated 20 April 2023, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.

Naowarat D.

Naowarat Dechkulpornsiri

Certified Public Accountant (Thailand) No. 6695

EY Office Limited

Bangkok: 23 February 2024

Prime Zone Asset Management Company Limited

Statement of financial position

As at 31 December 2023

(Unit: Baht)

	Note	31 December 2023	31 December 2022
Assets			
Cash		11,591	21,459
Interbank and money market items - deposits at financial institutions	8	15,165,608	8,461,022
Loans purchased of non-performing receivables and accrued interest receivables - net	9	812,906,566	152,696,349
Other receivables - net	11	4,656,438	7,971,006
Properties foreclosed - net	12	82,618,609	53,288,861
Building improvement and equipment - net	13	2,578,916	3,600,266
Right-of-use assets - net	14	-	620,490
Intangible assets - net		720,000	-
Other assets - net		1,845,087	2,407,392
Total assets		<u>920,502,815</u>	<u>229,066,845</u>
Liabilities and equity			
Other payables		1,346,450	5,066,077
Corporate income tax payable		416,869	-
Short-term loans from related parties	17	77,227,182	148,147,806
Lease liabilities	14	-	463,864
Deferred tax liabilities	15	806,489	1,325,622
Other liabilities		3,311,934	1,360,412
Total liabilities		<u>83,108,924</u>	<u>156,363,781</u>

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

Prime Zone Asset Management Company Limited

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Equity			
Share capital			
Registered			
2,550,353 ordinary shares of Baht 100 each			
(2022: 742,857 ordinary shares of Baht 100 each)	19	<u>255,035,300</u>	<u>74,285,700</u>
Issued and fully paid up			
2,550,353 ordinary shares of Baht 100 each			
(2022: 742,857 ordinary shares of Baht 100 each)	19	255,035,300	74,285,700
Share premium	19	549,200,400	-
Retained earnings			
Unappropriated		<u>33,158,191</u>	<u>(1,582,636)</u>
Total equity		<u>837,393,891</u>	<u>72,703,064</u>
Total liabilities and equity		<u>920,502,815</u>	<u>229,066,845</u>

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

Prime Zone Asset Management Company Limited

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss:			
Interest income	21	73,183,552	15,961,240
Interest expenses	22	<u>(1,265,564)</u>	<u>(1,616,326)</u>
Net interest income		71,917,988	14,344,914
Gains on sale of properties foreclosed		2,960,092	2,176,380
Other operating income		<u>2,124,442</u>	<u>1,684,340</u>
Total operating income		<u>77,002,522</u>	<u>18,205,634</u>
Other operating expenses			
Employees' expenses		15,472,842	7,656,304
Premises and equipment expenses		1,516,950	1,699,557
Taxes and duties		1,498,180	135,473
Other expenses		<u>8,977,612</u>	<u>5,129,601</u>
Total other operating expenses		27,465,584	14,620,935
Expected credit losses	10	<u>9,529,796</u>	<u>10,792,312</u>
Profit (loss) before income tax		40,007,142	(7,207,613)
Income tax	15	<u>(5,266,315)</u>	<u>736,487</u>
Profit (loss) for the year		<u>34,740,827</u>	<u>(6,471,126)</u>
Other comprehensive income:			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>34,740,827</u>	<u>(6,471,126)</u>
Earnings (loss) per share			
Basic earnings (loss) per share	16	<u>23.58</u>	<u>(24.56)</u>

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

Prime Zone Asset Management Company Limited

Statement of changes in equity

For the year ended 31 December 2023

(Unit: Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings - unappropriated	Total
Balance as at 1 January 2022	25,000,000	-	4,888,490	29,888,490
Loss for the year	-	-	(6,471,126)	(6,471,126)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(6,471,126)	(6,471,126)
Increase share capital (Note 19)	49,285,700	-	-	49,285,700
Balance as at 31 December 2022	<u>74,285,700</u>	<u>-</u>	<u>(1,582,636)</u>	<u>72,703,064</u>
Balance as at 1 January 2023	74,285,700	-	(1,582,636)	72,703,064
Profit for the year	-	-	34,740,827	34,740,827
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	74,285,700	-	33,158,191	107,443,891
Increase share capital (Note 19)	180,749,600	549,200,400	-	729,950,000
Balance as at 31 December 2023	<u>255,035,300</u>	<u>549,200,400</u>	<u>33,158,191</u>	<u>837,393,891</u>

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

Prime Zone Asset Management Company Limited

Statement of cash flows

For the year ended 31 December 2023

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit (loss) before income tax	40,007,142	(7,207,613)
Adjustments to reconcile profit before income tax to net cash received by (paid from) operating activities		
Depreciation and amortisation	1,516,950	1,699,557
Expected credit losses	9,529,796	10,792,312
Reversal provision for decommissioning	(862,423)	-
Net interest income	(71,917,988)	(14,344,914)
Cash received from interest	31,532,748	8,439,329
Cash paid for interest	(3,086,382)	(66,199)
Cash paid for income tax	<u>(4,951,710)</u>	<u>-</u>
Profit from operating activities before changes in operating assets and liabilities	1,768,133	(687,528)
(Increase) decrease in operating assets		
Loans purchased of non-performing receivables	(644,911,665)	(25,670,550)
Properties foreclosed	(12,507,386)	(43,508,861)
Other receivables	3,314,568	12,230,086
Other assets	562,305	(879,984)
Increase (decrease) in operating liabilities		
Other payables	(1,783,865)	404,828
Other liabilities	<u>2,791,288</u>	<u>156,335</u>
Net cash flows used in operating activities	<u>(650,766,622)</u>	<u>(57,955,674)</u>

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

Prime Zone Asset Management Company Limited

Statement of cash flows (continued)

For the year ended 31 December 2023

(Unit: Baht)

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Increase in restricted deposit	-	(25,000)
Cash paid for purchases of building improvement and equipment	(744,267)	(2,129,328)
Cash paid for purchases of intangible assets	(360,000)	-
Net cash flows used in investing activities	<u>(1,104,267)</u>	<u>(2,154,328)</u>
Cash flows from financing activities		
Cash received from short-term loans from related parties	226,000,000	50,000,000
Cash paid for short-term loans from related parties	(296,920,624)	(49,285,700)
Cash received from increase in share capital	729,950,000	49,285,700
Cash paid for lease liabilities	(463,864)	(676,413)
Net cash flows from financing activities	<u>658,565,512</u>	<u>49,323,587</u>
Net increase (decrease) in cash and cash equivalents	6,694,623	(10,786,415)
Cash and cash equivalents at beginning of the year	<u>8,457,481</u>	<u>19,243,896</u>
Cash and cash equivalents at end of the year (Note 7)	<u><u>15,152,104</u></u>	<u><u>8,457,481</u></u>

Supplemental cash flows information

Non-cash transactions

Properties for sale transferred from loans purchased of non-performing receivables	16,822,362	-
Payables from purchase of intangible assets	360,000	-

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

Prime Zone Asset Management Company Limited

Notes to financial statements

For the year ended 31 December 2023

1. General information

1.1 Corporate information

Prime Zone Asset Management Company Limited (“the Company”) is a limited company domiciled in Thailand. Its parent company, RBH Ventures Company Limited, is incorporated in Thailand and holds 70.9 percent of the registered and paid-up share capital. The parent company of the Group is Rabbit Holdings Public Company Limited.

The main business operations of the Company is the management of non-performing assets purchased or transferred, including the collateral for those assets, either for management or further disposal. The Company obtained licenses from the Bank of Thailand to operate an asset management business in accordance with the Asset Management Companies Act B.E. 2541.

The Company’s registered address is 999/9 The Offices at Centralworld 17th floor room ML1705, Rama I Road, Pathum Wan, Pathum Wan, Bangkok.

On 23 February 2024, the Annual General Meeting of Shareholders for the 2024 passed resolutions approving of the change of the Company’s registered address to 18 The Unicorn Phayathai FL.11 Unit 1101, Phayathai Rd., Thung Phaya Thai, Khet Ratchathewi, Bangkok, 10400. The Company is in process of registering the new address with the Ministry of Commerce.

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the regulations stipulated in the Bank of Thailand's announcement No. Sor Nor Sor. 11/2566 dated 27 October 2023, regarding the principles required for compliance by asset management companies. The items are presented in the financial statements in the format of the financial statement for commercial banks specified in the Bank of Thailand's announcement concerning “Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies Acting as the Parent Companies of Financial Business Groups.”

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.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest income from loans purchased of non-performing receivables

The Company has recognised interest income from loans purchased of non-performing receivables based on the amortised cost of the asset, net of allowance for expected credit loss, using the credit-adjusted effective interest rate and recognised on an accrual basis.

The credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows to be paid or received over the expected life of the financial asset to derive the amortised cost of financial assets that are purchased or original credit-impaired financial assets. The estimated future cash in/outflows is calculated by using a model developed based on historical data of net cash inflows, by considering types of account receivables, agreement terms, repayment terms for account receivables with collateral, the period of collection and expected credit losses. There is a presumption that the estimated future cash in/outflows and the expected life of a financial instrument that have similar characteristics and can be estimated reliably.

In cases where the cost of loans purchased of non-performing receivables (NPL) have been fully amortised, the Company still has the right to claim the payment from debtor under the contract. When such payments are received from a debtor, the Company recognises the full amount as gains from repayment. This will be classified as part of the interest income.

(b) Interest income from deposits at financial institutions

Interest income from deposits at financial institutions is recognised as income on an accrual basis based on the effective interest rate.

4.2 Expenses recognition - interest expenses

Interest expenses are charged to expenses on an accrual basis using the effective interest method.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits at financial institutions with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Loans purchased of non-performing receivables and accrued interest receivables

The loans purchased of non-performing receivables represent secured non-performing receivables which the Company purchased from financial institutions by bidding for debts management and collection. Under the purchase contracts of non-performing receivables, the Company has no rights to claim the repayment from the seller when the debts cannot be collected. The loans receivables from purchasing of accounts receivable are recognised as purchased or originated credit-impaired financial assets.

The Company initially recognises loans purchased of non-performing receivables at acquisition costs (fair value as at transaction date equals or approximates to purchased price) add direct expenses of loans purchased of non-performing receivables.

The loans from purchase of non-performing receivables are presented at amortised cost and include accrued interest receivables and less allowance for expected credit losses.

4.5 Allowance for expected credit losses

The loans purchased of non-performing receivables are purchased or originated credit-impaired financial assets. The Company recognises allowance for expected credit loss from loans purchased of non-performing receivables as the cumulative changes in lifetime expected credit losses since initial recognition.

At each reporting date, the Company estimates the amount of an expected credit losses of loans purchased of non-performing receivables by calculating the difference between the carrying amount of loans from purchase of non-performing receivables and the present value of estimated future cash flows. The Company estimates the amount of an expected credit losses by discounting the unbiased forecast cash flows based on reasonable and supportable information that is relevant and available without undue cost or effort.

The Company exercises judgement in estimating the amount and period of expected net cash inflows to calculate the allowance for expected credit losses and credit-adjusted effective interest rate since initial recognition of loans purchased for non-performing receivables for recognising interest income. In estimating cash flows, the Company considers past loss experience and makes adjustments, taking into account current observable data as well as reasonable, supportable and statistically significant forward-looking information. In addition, the Company applies experiences judgement to estimate the amount of an expected credit losses by assessing financial situation of debtors, net collateral value and forward-looking information to calculate the allowance for expected credit losses.

The Company recognises the amount of the change in lifetime expected credit losses as gain or loss from expected credit losses in profit or loss, to the extent that does not exceed the lifetime of expected credit losses recognised in the past.

4.6 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. Net realisable value is determined with reference to the latest appraisal value less estimated selling expenses.

Gains (losses) on the disposal of properties foreclosed are recognised in profit or loss in the statement of comprehensive income on disposal date and when the ownership rights are transferred to the purchasers. Impairment losses are recognised as expenses in profit or loss in the statement of comprehensive income when they are incurred.

4.7 Building improvement and equipment and depreciation

Building improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of building improvement and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

	Useful lives
Office equipment	3 - 5 years
Vehicle	5 years
Building improvement	5 years

Depreciation is included in determining income. No depreciation is provided on assets under construction.

The Company derecognises building improvement and equipment upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of comprehensive income when the asset is derecognised.

4.8 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses (if any).

The Company amortises intangible assets with finite lives on the straight-line basis over the economic useful life and test for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expenses and loss on impairment are recognised as expenses in part of profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	3 years

4.9 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	3	years
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If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.10 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

4.11 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 associated companies, and 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.

4.12 Employee benefits

a) Short-term employee benefits

The Company recognises salary, wages, bonuses and contributions to the social security fund as expenses when incurred.

b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company 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 gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.13 Provisions

Provisions are recognised when the Company 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.

4.14 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 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 Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company 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 Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets measured at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company classifies financial assets to be purchased or originated credit-impaired financial assets when the asset meets the condition of financial assets to purchased or originated credit-impaired financial asset at initial recognition.

Classification and measurement of financial liabilities

At initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting

Financial assets and financial liabilities will be offsetting one another and will be presented as the net amount in the statement of financial position only when the Company has legal rights to offset the amount to recognise and the Company has intention to settle with net amount or has intention to recognise both assets and liabilities together. In some situation, although the Company has an agreement to offset, if the management does not have an intention to settle both assets and liabilities together, the financial assets and financial liabilities will be presented as gross balance in the statement of financial position.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company 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 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 Company 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:

5.1 Allowance for expected credit losses

The management is required to use judgement in estimating allowance for expected credit losses of financial assets. The allowance for expected credit losses is calculated based on information, assumption, assessments related to the increase in credit risk and the estimation of expected net cash flows to be received. The estimate involves a large number of variables, therefore, actual results could differ from those estimates.

5.2 Credit-adjusted effective interest rate

The management is required to use judgement in estimating the credit-adjusted effective interest rate. The Company recognised interest income from loans purchased of non-performing receivables using rate of return, which is calculated based on the basis of the estimated future cash inflows over the expected life of loans purchased of non-performing receivables that have similar characteristics and can be estimated reliably. The estimate involves a large number of variables, therefore, actual results could differ from those estimates.

5.3 Allowance for impairment of properties foreclosed

The Company assesses allowance for impairment of properties foreclosed when net realisable value falls below the book value. The management uses judgement to estimate impairment losses, taking into consideration the latest appraisal values, the type and the nature of the assets. However, the use of different estimates and assumptions could affect the amounts of allowance for impairment.

5.4 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that future 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 profits.

5.5 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan 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.

5.6 Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6. Classification of financial assets and financial liabilities

(Unit: Thousand Baht)

31 December 2023			
	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total
Financial assets			
Cash	-	12	12
Interbank and money market items - deposits at financial institutions	-	15,166	15,166
Loans purchased of non-performing receivables and accrued interest receivables, net	-	812,907	812,907
Other receivables, net	-	4,656	4,656
Financial liabilities			
Other payables	-	1,346	1,346
Short-term loans from related parties	-	77,227	77,227

(Unit: Thousand Baht)

31 December 2022			
	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total
Financial assets			
Cash	-	21	21
Interbank and money market items - deposits at financial institutions	-	8,461	8,461
Loans purchased of non-performing receivables and accrued interest receivables, net	-	152,696	152,696
Other receivables, net	-	7,971	7,971
Financial liabilities			
Other payables	-	5,066	5,066
Short-term loans from related parties	-	148,148	148,148
Lease liabilities	-	464	464

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Cash	12	21
Interbank and money market items - deposits at financial institutions	15,166	8,461
Total	15,178	8,482
Less: restricted deposits	(25)	(25)
Total cash and cash equivalents	15,153	8,457

8. Interbank and money market items - deposits at financial institutions

	(Unit: Thousand Baht)	
	31 December	31 December
	2023	2022
Commercial banks - domestic		
Saving deposits	15,141	8,436
Fixed deposits	25	25
Less: Allowance for expected credit losses	-	-
Total	15,166	8,461

As at 31 December 2023, bank deposits in saving accounts and fixed accounts carried interests at 1.05 percent per annum (2022: 1.05 percent per annum).

As at 31 December 2023, the Company pledged bank deposits, amounting to Baht 0.03 million as collateral for credit facilities granted by a financial institution (2022: Baht 0.03 million).

9. Loans purchased of non-performing receivables and accrued interest receivables - net

9.1 Classified by loan types and loan classification

As at 31 December 2023 and 2022, the Company has loans purchased of receivables that were classified as purchased or originated credit-impaired financial assets, as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Loans purchased of non-performing receivables		
Housing loan receivables	689,764	119,338
Corporate loan receivables	81,534	25,525
Total loans purchased of non-performing receivables	771,298	144,863
Add: Accrued interest receivables	60,277	18,625
Total loans purchased of non-performing receivables and accrued interest receivables	831,575	163,488
Less: Allowance for expected credit losses	(18,668)	(10,792)
Total loans purchased of non-performing receivables and accrued interest receivables - net	812,907	152,696

Changes in loans purchased of non-performing receivables for the year ended 31 December 2023 and 2022 were as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2023	2022
Loans purchased of non-performing receivables beginning of the year	144,863	119,193
Add: Additional purchased/Additional cost	674,002	63,649
Less: Receipt of debt payment and adjustment - net	(45,913)	(37,979)
Derecognition of financial assets	(1,654)	-
Loans purchased of non-performing receivables end of the year	771,298	144,863

9.2 Classified by currency and residency of debtors

As at 31 December 2023 and 2022, all outstanding balances of loans purchased of non-performing receivables are in Baht and domestic receivables.

10. Allowance for expected credit losses

(Unit: Thousand Baht)

	Purchased or originated credit-impaired financial asset	
	For the year ended 31 December	
	2023	2022
Balance - beginning of the year	10,792	-
Changes from revaluation of allowance for expected credit losses in profit or loss during the year	9,530	10,792
Derecognition of financial assets	(1,654)	-
Balance - ending of the year	18,668	10,792

11. Other receivables - net

(Unit: Thousand Baht)

	31 December 2023	31 December 2022
Accrued income from auction sale	2,000	4,830
Prepaid expenses	-	248
Other receivables - related parties (Note17)	2,595	2,893
Other receivables - unrelated parties	61	-
Balance - ending of the year	4,656	7,971

12. Properties foreclosed - net

Properties foreclosed are assets which the Company received for debt settlement from loans purchased of receivables, assets received by purchasing from auction, and properties foreclosed assets purchased from bank.

(Unit: Thousand Baht)

	For the year ended 31 December 2023			Balance - ending of the year
	Balance - beginning of the year	Addition	Disposal	
Assets transferred for debt settlement/ bid from auction				
Immovable assets				
External appraiser	35,221	25,973	(5,506)	55,688
Assets purchased from bank				
Immovable assets				
External appraiser	18,068	16,607	(7,744)	26,931
Total properties foreclosed	53,289	42,580	(13,250)	82,619
Less: Allowance for revaluation on properties foreclosed	-	-	-	-
Properties foreclosed - net	53,289	42,580	(13,250)	82,619

(Unit: Thousand Baht)

For the year ended 31 December 2022

	Balance - beginning of the year	Addition	Disposal	Balance - ending of the year
Assets transferred for debt settlement/ bid from auction				
Immovable assets				
External appraiser	4,680	33,834	(3,293)	35,221
Assets purchased from bank				
Immovable assets				
External appraiser	5,100	17,938	(4,970)	18,068
Total properties foreclosed	9,780	51,772	(8,263)	53,289
Less: Allowance for revaluation on properties foreclosed	-	-	-	-
Properties foreclosed - net	9,780	51,772	(8,263)	53,289

13. Building improvement and equipment - net

Changes in building improvement, and equipment for the years ended 31 December 2023 and 2022 were as follows:

(Unit: Thousand Baht)

	Equipment	Building improvement	Vehicle	Total
Cost				
1 January 2022	865	2,086	-	2,951
Additions	226	-	1,903	2,129
31 December 2022	1,091	2,086	1,903	5,080
Additions	744	-	-	744
Disposals	-	(2,086)	-	(2,086)
31 December 2023	1,835	-	1,903	3,738
Accumulated depreciation				
1 January 2022	189	522	-	711
Depreciation for the year	208	417	144	769
31 December 2022	397	939	144	1,480
Depreciation for the year	308	278	310	896
Disposals	-	(1,217)	-	(1,217)
31 December 2023	705	-	454	1,159
Net book value				
31 December 2022	694	1,147	1,759	3,600
31 December 2023	1,130	-	1,449	2,579
Depreciation for the year				
2022				769
2023				896

14. Leases

The Company as a lessee

The Company has office lease contracts used in its operations. Leases have lease terms 3 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)
	<u>Building</u>
1 January 2022	1,551
Depreciation for the year	<u>(931)</u>
31 December 2022	620
Depreciation for the year	<u>(620)</u>
31 December 2023	<u>-</u>

b) Lease liabilities

	(Unit: Thousand Baht)	
	<u>31 December 2023</u>	<u>31 December 2022</u>
Lease payments	-	471
Less: Deferred interest expenses	<u>-</u>	<u>(7)</u>
Lease liabilities	<u>-</u>	<u>464</u>

A maturity analysis of lease payments is disclosed in Note 24.3 to the financial statements, under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets	620	931
Interest expense on lease liabilities	7	33

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2023 of Baht 1.0 million (2022: Baht 0.7 million), including the cash outflow related to short-term lease.

15. Deferred tax assets/ liabilities and income tax

15.1 Deferred tax assets/ liabilities

As at 31 December 2023 and 2022, deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Deferred tax assets	4,091	2,399
Deferred tax liabilities	4,897	3,725
Net	806	1,326

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

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Deferred tax assets		
Allowance for expected credit losses	3,734	2,158
Provisions for long-term employee benefits	357	104
Leases liabilities	-	137
Deferred tax assets	4,091	2,399
Deferred tax liabilities		
Difference in recognised interest income	(4,897)	(3,725)
Deferred tax liabilities	(4,897)	(3,725)
Net	(806)	(1,326)

15.2 Income tax

Income tax expenses for the year ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2023	2022
Current income tax:		
Current income tax charge for the year	(2,289)	-
Adjustment in respect of income tax of previous year	(3,497)	-
Deferred tax:		
Deferred income tax from temporary differences and reversal of temporary differences	520	736
Income tax expenses reported in the statement of comprehensive income	(5,266)	736

Reconciliation between income tax expenses and the product of accounting gain multiplied by the applicable tax rates for the year ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2023	2022
Accounting profit before tax	40,007	(7,208)
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	8,001	(1,442)
Adjustment in respect of income tax of previous year	3,497	-
Previously deductible temporary differences and unrecognised tax losses that is used to reduce current tax expense	(6,646)	(778)
Unrecognised deferred tax assets on temporary differences	331	495
Effects of:		
Revenue not recognised but subject to tax	-	1,842
Additional expense deductions allowed	-	(853)
Non-deductible expenses	83	-
Income tax expenses reported in the statement of comprehensive income	5,266	(736)

16. Earnings per share

Basic earnings (loss) per share is determined by dividing the net profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year.

	<u>2023</u>	<u>2022</u>
Net profit (loss) for the year (Baht)	34,740,827	(6,471,126)
Weighted average number of ordinary shares outstanding (shares)	1,473,565	263,503
Basic earnings (loss) per share (Baht per share)	23.58	(24.56)

17. Related party transactions

During the year, the Company had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. Below is a summary of those transactions.

(Unit: Thousand Baht)

	For the year ended 31 December		
	<u>2023</u>	<u>2022</u>	<u>Transfer pricing policies</u>
<u>Related parties</u>			
Interest revenue	-	1,144	At the rate agreed under the contract
Other income	177	-	At the rate agreed under the contract
Rental expenses	516	-	At the rate agreed under the contract
Management expenses	535	-	At the rate agreed under the contract
Interest expenses	1,236	1,550	At the rate agreed under the contract

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

(Unit: Thousand Baht)

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Related company</u>		
Other receivables	1,408	1,321
<u>Management, directors, and related persons</u>		
Other receivables	1,187	1,572
Short-term loans	77,227	148,148
Interest payables	-	2,229
Other payables	-	443

As at 31 December 2023 and 2022, the outstanding balances of loans and the movement between the Company and the related parties are as follow:

(Unit: Thousand Baht)

	For the year ended 31 December 2023			Balance ending of the year
	Balance beginning of the year	Increase	Decrease	
<u>Related company</u>				
Short-term loans	-	200,000	(200,000)	-
<u>Management, directors, and related persons</u>				
Short-term loans	148,148	26,000	(96,921)	77,227

(Unit: Thousand Baht)

	For the year ended 31 December 2022			Balance end of the year
	Balance beginning of the year	Increase	Decrease	
<u>Management, directors, and related persons</u>				
Short-term loans	147,434	50,000	49,286	148,148

18. Segment information

The Company is principally engaged in the management of non-performing assets purchased or transferred from financial institutions. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statement. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2023 and 2022, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

19. Share capital

On 22 December 2022, the Extraordinary General Meeting of Shareholders No. 1/2022 of the Company pass a resolution to approve an increase registered share capital of Baht 49,285,700 (492,857 ordinary shares with a par value of Baht 100 per share) from Baht 25,000,000 (250,000 ordinary shares with a par value of Baht 100 per share) to Baht 74,285,700 (742,857 ordinary shares with a par value of Baht 100 per share). The Company registered the capital increase with the Ministry of Commerce on 22 December 2022.

On 30 June 2023, the Extraordinary General Meeting of Shareholders No. 1/2023 of the Company passed a resolution to approve an increase in the registered share capital of Baht 123,809,600 (1,238,096 ordinary shares with a par value of Baht 100 per share), from Baht 74,285,700 (742,857 ordinary shares with a par value of Baht 100 per share) to Baht 198,095,300 (1,980,953 ordinary shares with a par value of Baht 100 per share). In addition, the meeting approved the calling for payment of par value and share premium of Baht 500,000,000 (1,238,096 ordinary shares with a price of Baht 403.846 per share). The Company registered the capital increase with the Ministry of Commerce on 3 July 2023.

On 6 October 2023, the Extraordinary General Meeting of Shareholders No. 2/2023 of the Company pass a resolution to approve an increase in the registered share capital of Baht 49,523,800 (495,238 ordinary shares with a par value of Baht 100 per share) from Baht 198,095,300 (1,980,953 ordinary shares with a par value of Baht 100 per share) to Baht 247,619,100 (2,476,191 ordinary shares with a par value of Baht 100 per share). In addition, the meeting approved the calling for payment of par value and share premium of Baht 200,000,000 (495,238 ordinary shares with a par value of Baht 403.846 per share). The Company registered the capital increase with the Ministry of Commerce on 12 October 2023.

On 14 December 2023, the Extraordinary General Meeting of Shareholders No. 3/2023 of the Company pass a resolution to approve an increase in the registered share capital of Baht 7,416,200 (74,162 ordinary shares with a par value of Baht 100 per share) from Baht 247,619,100 (2,476,191 ordinary shares with a par value of Baht 100 per share) to Baht 255,035,300 (2,550,353 ordinary shares with a par value of Baht 100 per share). In addition, the meeting approved the calling for payment of par value and share premium of Baht 29,950,000 (74,162 ordinary shares with a par value of Baht 403.846 per share). The Company registered the capital increase with the Ministry of Commerce on 15 December 2023.

As at 31 December 2023 and 2022, the Company had registered and paid up share capital as follows:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Number of shares	Amount (Par value) (Baht)	Number of shares	Amount (Par value) (Baht)
Registered and fully paid-up capital				
At the beginning of the year	742,857	74,285,700	250,000	25,000,000
Issue of shares	1,807,496	180,749,600	492,857	49,285,700
At the ending of the year	2,550,353	255,035,300	742,857	74,285,700

Share premium is the excess of the amount received from shares issued by the Company over the registered value of the shares. Share premium cannot be used for dividend payment.

20. Capital management

The objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital based on gearing ratio which is determined by dividing net debt with equity.

As of 31 December 2023 and 2022, debt to equity ratios are as follows:

	(Unit: Million Baht)	
	<u>2023</u>	<u>2022</u>
Net Debt	83	156
Equity	837	73
Net debt to equity ratio	<u>0.10</u>	<u>2.15</u>

21. Interest income

Interest income for the years ended 31 December 2023 and 2022 consists of the following:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2023	2022
Interbank and money market items - deposits		
at financial institutions	481	30
Loans purchased of non-performing receivables	72,703	15,931
Total	73,184	15,961

22. Interest expense

Interest expense for the years ended 31 December 2022 and 2021 consists of the following:

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2023	2022
Short-term loans from related parties	1,236	1,550
Lease liabilities	7	33
Others	23	33
Total	1,266	1,616

23. Commitments

Capital commitment

As at 31 December 2023, the Company had capital commitments of approximately Baht 0.2 million (2022: Nil), relating to the acquisition of computer software.

24. Risk Management

The Company's risk management activities cover the significant risks, which are classified into three categories, credit risk, market risk and liquidity risk, so that the Company can establish approaches or tools for efficient risk management, as follows:

24.1 Credit risk

For asset management companies (AMCs) whose revenues are not derived from the portion loan facilities to customers, but from the management and disposal of non-performing assets (NPLs/NPAs), the principal risk is asset quality risk.

Tools for managing asset quality risk

- The prices of NPLs/NPAs are determined based on consideration of key relevant factors, which comprise debtor status/track record, indebtedness, quality of collateral, quality of the NPAs, and external environmental factors such as the competitive environment and the economic situation, so that the Company sets appropriate prices for asset acquisitions that are not higher than the appraised value of collateral assets, in order to reduce the risk that the Company will acquire assets at prices that are too high.
- Management of debtors under debt restructuring agreements who may not be able to settle debts in accordance with the agreement or the agreed conditions, requires the Company to consider/ review the debt servicing capability of each debtor who are overdue more than 180 days to negotiate a solution. If a solution cannot be negotiated, the legal process has to be followed in order to enforce conditions.
- Management of Non-Performing Assets (NPAs) is directed at creating efficiency and developing the assets to a state where they are ready for use and better aligned with market demand, in order to facilitate a quick disposal.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for financial instruments. The maximum exposure is shown gross, before taking into account collateral arrangements and any actions taken to improve.

As at 31 December 2023 and 2022, the exposure to credit risk are as follow:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Interbank and money market items - deposits		
at financial institutions	15,166	8,461
Loans purchased of non-performing receivables and		
accrued interest - net	812,907	152,696
Other receivables	4,656	7,971
Total exposure to credit risk	832,729	169,128

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted policies to mitigate this risk, whereby there is monitoring and control of debtors to prevent default or monitoring of compliance with the terms of debt restructuring agreements and in the event of default or failure to comply with the conditions in the agreement urgent efforts are made to negotiate a timely solution. If the Company is unable to negotiate with the debtor legal proceedings are to be followed in order to enforce conditions on the debtors and enforce collateral.

The table below shows the credit quality of financial assets. The amounts presented in the table are the gross carrying amounts (before allowance for expected credit losses).

(Unit: Thousand Baht)

	31 December 2023				
	Financial assets with no significant increase in credit risk (12-month ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Purchased or originated credit-impaired financial asset	Total
Interbank and money market items - deposits at financial institutions					
Investment grade	15,166	-	-	-	15,166
Total	15,166	-	-	-	15,166
Less: Allowance for expected credit losses	-	-	-	-	-
Net book value	15,166	-	-	-	15,166
Loans purchased of non- performing receivables and accrued interest					
Purchased or originated credit- impaired	-	-	-	831,575	831,575
Total	-	-	-	831,575	831,575
Less: Allowance for expected credit losses	-	-	-	(18,668)	(18,668)
Net book value	-	-	-	812,907	812,907
Other receivables					
Unspecified term	4,656	-	-	-	4,656
Total	4,656	-	-	-	4,656
Less: Allowance for expected credit losses	-	-	-	-	-
Net book value	4,656	-	-	-	4,656

(Unit: Thousand Baht)

31 December 2022

	Financial assets with no significant increase in credit risk (12-month ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Purchased or originated credit-impaired financial asset	Total
Interbank and money market items - deposits at financial institutions					
Investment grade	8,461	-	-	-	8,461
Total	8,461	-	-	-	8,461
Less: Allowance for expected credit losses	-	-	-	-	-
Net book value	8,461	-	-	-	8,461
Loans purchased of non- performing receivables and accrued interest					
Purchased or originated credit- impaired	-	-	-	163,488	163,488
Total	-	-	-	163,488	163,488
Less: Allowance for expected credit losses	-	-	-	(10,792)	(10,792)
Net book value	-	-	-	152,696	152,696
Other receivables					
Unspecified term	7,971	-	-	-	7,971
Total	7,971	-	-	-	7,971
Less: Allowance for expected credit losses	-	-	-	-	-
Net book value	7,971	-	-	-	7,971

Collateral and any operations to increase creditability

The Company has held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Company for each type of financial assets are as follows:

(Unit: Thousand Baht)

31 December 2023					
	Loans purchased of non-performing receivables and accrued interest	Allowance for expected credit losses	Net carrying amount	Fair value of collateral held	Type of collateral
Housing loan receivables	741,546	(16,464)	725,082	1,229,219	Land, building and condominium
Corporate loan receivables	90,029	(2,204)	87,825	143,199	
Total	831,575	(18,668)	812,907	1,372,418	

(Unit: Thousand Baht)

31 December 2022					
	Loans purchased of non-performing receivables and accrued interest	Allowance for expected credit losses	Net carrying amount	Fair value of collateral held	Type of collateral
Housing loan receivables	137,839	(10,792)	127,047	307,574	Land, building and condominium
Corporate loan receivables	25,649	-	25,649	46,193	
Total	163,488	(10,792)	152,696	353,767	

24.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's financial position. Since the Company has no financial assets and financial liabilities denominated in foreign currencies and no investments in equity securities, therefore market risk comprises only interest rate risk.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans purchased of receivables, debt issued and borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Company manages its interest rate risk by maintaining an appropriate level of correlation between the structure of interest-rate-sensitive assets and liabilities over various periods, such as actively balancing its portfolio between fixed and variable rate of borrowings and appropriately managing the interest-bearing assets and liabilities to minimize risks that may arise.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate 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: Thousand Baht)

31 December 2023								
Floating interest rate	Fixed interest rate					Non- interest	Total	Interest rate (% per annum)
	At call	Within 1 year	1 - 5 years	Over 5 years				
<u>Financial assets</u>								
Cash	-	-	-	-	-	12	12	-
Interbank and money market items	15,166	-	-	-	-	-	15,166	1.05
Loans purchased of non- performing receivables and accrued interest	-	812,907	-	-	-	-	812,907	-
Other receivables	-	-	-	-	-	4,656	4,656	-
<u>Financial liabilities</u>								
Other payables	-	-	-	-	-	1,346	1,346	-
Short-term loans from related parties	-	-	77,227	-	-	-	77,227	1.00

(Unit: Thousand Baht)

31 December 2022

		Fixed interest rate						
	Floating		Within 1		Over	Non-		Interest
	interest		year	1 - 5 years	5 years	interest	Total	rate
	rate	At call						
								(% per annum)
<u>Financial assets</u>								
Cash	-	-	-	-	-	21	21	-
Interbank and money								
market items	8,461	-	-	-	-	-	8,461	0.35 - 0.45
Loans purchased of non-								
performing receivables								
and accrued interest	-	152,696	-	-	-	-	152,696	-
Other receivables	-	-	-	-	-	7,971	7,971	-
<u>Financial liabilities</u>								
Other payables	-	-	-	-	-	5,066	5,066	-
Short-term loans from								
related parties	-	148,148	-	-	-	-	148,148	1.00
Lease liabilities	-	-	463	-	-	-	463	4.00

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate financial assets and liabilities from affected as at 31 December 2023 and 2022, with all other variables held constant.

(Unit: Thousand Baht)

	Effect on profit or loss	
	31 December 2023	31 December 2022
Interest rates increase 1%	152	85
Interest rates decrease 1%	(152)	(85)

24.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or produce sufficient funds to discharge its obligations in a timely manner, resulting in the Company incurring a financial loss.

The Company monitors its liquidity risk by forecasting its future expected cash outflow needs, taking into account the Company's commitments and the liquidity of assets. This includes continuously adjusting forecasts to ensure there are sufficient cash reserves and setting reserve plans in the event of a shortfall in liquidity, such as increasing capital or accessing loans.

The table below summarises the maturity profile of the Company financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	31 December 2023					
	Less than		Over			
	At call	1 year	1 - 5 years	5 years	Unspecified	Total
<u>Financial liabilities</u>						
Other payables	1,346	-	-	-	-	1,346
Short-term loans from related parties	-	77,227	-	-	-	77,227

(Unit: Thousand Baht)

	31 December 2022					
	Less than		Over			
	At call	1 year	1 - 5 years	5 years	Unspecified	Total
<u>Financial liabilities</u>						
Interbank and money market items	5,067	-	-	-	-	5,667
Short-term loans from related parties	148,148	-	-	-	-	148,148
Lease liabilities	-	464	-	-	-	464

25. Fair value of financial instruments

As at 31 December 2023 and 2022, the Company did not have financial assets that are measured at fair value.

The fair value of interbank and money market items - deposits at financial institutions, short-term loan from related parties, other payables and other receivables is closed to the book value shown in the statement of financial position because they are short in term, all are classified in level 2 of fair value hierarchy. Fair value of loans purchased of non-performing receivables is not significantly different from book value because the effective interest rates are close to the market and is classified in level 3 of fair value hierarchy.

Valuation techniques and inputs used for fair value measurement

- The fair value of cash, interbank and money items – deposits at financial institutions, other receivables, other payables and short-term loans from related parties is assumed to approximate their carrying amounts in the statement of financial position due to their short-term maturity.
- The fair value of non-marketable equity securities is calculated based on book value on the latest financial statements.
- The fair value of loans purchased of non-performing receivables is calculated based on the present value of future cash flows expected to be derived from repayment or the sale of collateral, with a discount of credit risk-adjusted effective interest rate of loan.
- The fair value of lease liabilities is calculated based on the present value of future cash flows expected with a discount of the Company's incremental borrowing rate.

During the current year, the Company did not transfer any items among fair value hierarchy.

26. Event after the reporting period

On 23 February 2024, the Annual General Meeting of Shareholders for the year 2024 passed a resolution to approve an increase in the registered share capital of Baht 63,332,100 (633,321 ordinary shares with a par value of Baht 100 per share), from Baht 255,035,300 to Baht 318,367,400. The price of the additional shares has been set at a total value of Baht 255,764,300.

27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2024.