

Big Camera Corporation Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2021

1. General information

1.1 General information of the Company

Big Camera Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of cameras, mobile phones, and photography and mobile phone related products, together with the related services such as the provision of photographic processing and photographic equipment repair services, etc. The registered office of the Company is at 115, 115/1 Sawatdikarn 1 Road, Nongkheam Subdistrict, Nongkheam District, Bangkok 10160. The Company has more than 150 branches countrywide.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic significantly affects the Group’s business activities in terms of goods distribution including with the slowdown of customers’ purchasing demand, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis for preparation of interim financial statements

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

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

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

1.4 Basis of consolidation

The interim consolidated financial statements included the financial statements of Big Camera Corporation Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2020, with no change in the composition of the Group during the current period.

1.5 New financial reporting standards

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

During the period, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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 Group’s financial statements.

Furthermore, the Group elected to adopt the amendments to TFRS 16 Leases relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and there is no substantive change to other terms and conditions of the lease.

The Group apply the practical expedient all to rent concessions that meet the above conditions and the impact of this application, amounting to Baht 21.1 million (Separate financial statements Baht 21.1 million), due to changes in lease payments resulting from rent concessions, was recognised in profit or loss for the three-month period ended 31 March 2021. There was no impact on the opening balance of retained earnings.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

2. Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

3. Related party transactions

During the period, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon among the Group and those related parties.

(Unit: Thousand Baht)

	For the three-month period ended 31 March				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Transactions with subsidiaries</u>					
Hire of work	-	-	1,057	2,175	Contract prices
Purchases of goods	-	-	668	-	Contract prices
Sales of goods	-	-	110	-	Contract prices
Repair fee paid	-	-	183	-	Contract prices
Rental income	-	-	140	122	Contract prices
Management income	-	-	344	56	Contract prices
<u>Transactions with related party</u>					
Rental fee paid	1,020	1,148	1,020	1,148	Contract prices
<u>Transactions with shareholders and directors</u>					
Rental fee paid	827	929	827	929	Contract prices

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2021 and 31 December 2020 between the Company and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2021	31 December 2020 (Audited)	31 March 2021	31 December 2020 (Audited)
<u>Trade and other receivables - related parties (Note 4)</u>				
Trade receivables - subsidiary	-	-	118	-
Other receivables - subsidiaries	-	-	385	63
Total	-	-	503	63
<u>Deposits paid to related parties</u>				
Related party (related by common shareholders)	921	921	921	921
Shareholders and director	685	685	685	685
Total	1,606	1,606	1,606	1,606
<u>Trade and other payable - related parties (Note 12)</u>				
Trade payables - subsidiaries	-	-	1,248	1,001
Other payables - related party (related by common shareholders)	16	339	16	339
Other payables - shareholders and director	11	10	11	10
Total	27	349	1,275	1,350

Directors and management's benefits

For the three-month period ended 31 March 2021 and 2020, the Group had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	2021	2020
Short-term employee benefits	7,599	9,063
Post-employment benefits	494	434
Total	8,093	9,497

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
		(Audited)		(Audited)
<u>Trade receivables</u>				
Trade receivables - related party (Note 3)	-	-	118	-
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	6,239	7,617	4,998	7,573
Past due				
Up to 3 months	1,763	5,878	1,763	5,878
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	54	54	54	54
Total	8,056	13,549	6,815	13,505
Less: Allowance for expected credit losses	(54)	(54)	(54)	(54)
Total trade receivables - unrelated parties, net	8,002	13,495	6,761	13,451
Total trade receivables, net	8,002	13,495	6,879	13,451
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	-	-	385	63
Other receivables - unrelated parties	697	773	697	773
Prepaid expenses	8,415	2,942	8,131	2,530
Accrued revenue from sales supporting promotion	53,283	63,739	53,283	63,739
Interest receivables	251	48	248	48
Others	5,610	1,128	5,487	1,101
Total other receivables	68,256	68,630	68,231	68,254
Less: Allowance for expected credit losses	(11,948)	(12,024)	(11,948)	(12,024)
Total other receivables, net	56,308	56,606	56,283	56,230
Total trade and other receivables, net	64,310	70,101	63,162	69,681

5. Reduction of cost to net realisable value of inventories

Movements of the reduction cost to net realisable value of inventory account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements/Separate financial statements
Balance as at 1 January 2021	216,734
Add: Reduction cost to net realisable value of inventories during the period	13,713
Balance as at 31 March 2021	<u>230,447</u>

6. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

7. Investments in subsidiaries

Detail of investments in subsidiaries as presented in separate financial statement are as follow:

	(Unit: Thousand Baht)			
Company's name	Shareholding percentage		Cost	
	31 March 2021 (Percent)	31 December 2020 (Percent)	31 March 2021	31 December 2020 (Audited)
Image Solution Plus Co., Ltd.	100	100	25,000	25,000
Piccasus Co., Ltd.	100	100	20,000	20,000
Total			<u>45,000</u>	<u>45,000</u>

No dividend was received from the above subsidiaries during the three-month period ended 31 March 2021 and 2020.

8. Building and equipment

Movements of the building and equipment account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2021	141,715	135,763
Acquisitions during the period, at cost	7,144	6,965
Written-off during the period, net book value at written-off date	(593)	(593)
Depreciation for the period	(16,678)	(15,780)
Transfer in from right-of-use assets (Note 9)	310	310
Net book value as at 31 March 2021	<u>131,898</u>	<u>126,665</u>

9. Right-of-use assets

Movements of the right-of-use assets account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2021	822,663
Add: New lease contracts during the period	88,984
Change in lease fee estimation	4,969
Less: Depreciation for the period	(68,725)
Contracts termination due to branch closures during the period	(26,921)
Transfer out to equipment (Note 8)	(310)
Balance as at 31 March 2021	<u>820,660</u>

(Unaudited but reviewed)

10. Intangible assets

Movements of the intangible assets account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	36,080	35,139
Amortisation for the period	(1,531)	(1,531)
Balance as at 31 March 2021	<u>34,549</u>	<u>33,608</u>

11. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
		(Audited)		(Audited)
Deposit for lease and others	121,757	125,996	121,757	125,996
Others	4,112	4,252	3,247	3,355
Total	<u>125,869</u>	<u>130,248</u>	<u>125,004</u>	<u>129,351</u>

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	-	-	1,248	1,001
Trade payables - unrelated parties	239,652	316,051	239,300	315,872
Other payables - related parties (Note 3)	27	349	27	349
Other payables - unrelated parties	31,827	32,378	31,764	32,375
Accrued expenses	20,917	20,637	19,950	17,519
Others	1,817	1,248	1,812	1,248
Total	<u>294,240</u>	<u>370,663</u>	<u>294,101</u>	<u>368,364</u>

13. Lease liabilities

Lease liabilities as at 31 March 2021 are presented below.

	(Unit: Thousand Baht) Consolidated financial statements/ Separate financial statements
Lease payments	772,220
Less: Deferred interest expenses	(21,105)
Total	751,115
Less: Portion due within one year	(247,721)
Lease liabilities - net of current portion	503,394

Movements in lease liabilities during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2021	752,125
Add: New lease contracts during the period	88,267
Change in lease fee estimations	4,970
Accretion of interest during the period	2,979
Less: Payments during the period	(49,406)
Contracts termination due to branch closures during the period	(26,759)
Reduction in lease payments by lessors	(21,061)
Balance as at 31 March 2021	751,115

(Unaudited but reviewed)

14. Provision for long-term employee benefits

Movements of provision for long-term employee benefits account during the three-month period ended 31 March 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	39,676	39,230
Add: Recognition during the period	1,441	1,409
Balance as at 31 March 2021	<u>41,117</u>	<u>40,639</u>

15. Other income

	(Unit: Thousand Baht)			
	For the three-month period ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from sales supporting promotion	11,898	29,973	11,898	29,973
Others	570	4,464	1,048	4,634
Total	<u>12,468</u>	<u>34,437</u>	<u>12,946</u>	<u>34,607</u>

16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax income for the three-month period ended 31 March 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Current income tax charge	-	498
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(3,289)</u>	<u>(5,073)</u>
Income tax income reported in the statement of comprehensive income	<u>(3,289)</u>	<u>(4,575)</u>

17. Earnings per share

Basic loss per share is calculated by dividing loss 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.

18. Segment information

The three principal operating segments of the Group are the distribution of cameras and photography-related products segment, the distribution of mobile phones segment and the photographic lab service segment. However, the distribution of mobile phones segment and the photographic lab services segment are not material. Their 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 statements. 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.

19. Commitments and contingent liabilities

19.1 Capital commitments

As at 31 March 2021, the Group had capital commitments of approximately Baht 5 million (31 December 2020: Baht 4 million) ((Separate financial statements: Baht 5 million) (31 December 2020: Baht 3 million)), relating to the purchase of equipment and installation of computer software.

19.2 Guarantees

As at 31 March 2021, the Company had outstanding bank guarantees of approximately Baht 117 million (31 December 2020: Baht 117 million) issued by banks on behalf of the Company as required in the normal course of business.

19.3 Litigation

During November 2019, the Company received a subpoena because it was named as a guarantor under the overdraft agreement of a former subsidiary of the business that the Company had acquired under a reverse acquisition in 2014, which had defaulted on payment of its debt to the bank. The Company was sued by the bank for settlement of principal and interest totaling Baht 9.7 million, as guarantor. However, the legal advisor and management of the Company believe that the Company will not incur any losses, and therefore, no provision has been recorded in its accounts. After consideration, they believe that the obligation arising from this guarantee was included in the rehabilitation process of that business, and the creditor under the dispute opted to receive payment of this debt from the subsidiary. Subsequently, the subsidiary completed the business rehabilitation plan and the Central Bankruptcy Court ordered the cancellation of the business reorganisation as requested, before the Company proceeded with the business combination under a reverse acquisition. Furthermore, on 25 December 2020, the Court of First Instance considered the case and dismissed the case. For this reason, it is believed that the Company has no obligations in respect of the guarantee. However, at present, the plaintiff is appealing the Court's judgment.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2021.