

JKN Global Media Public Company Limited and
its subsidiaries
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of JKN Global Media Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of JKN Global Media Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of JKN Global Media Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JKN Global Media Public Company Limited and its subsidiaries and of JKN Global Media Public Company Limited as at 31 December 2020, their 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

I draw attention to the following matters:

1. Trade receivables
 - a) As described in Note 9 to the consolidated financial statements, the Company presented outstanding trade receivables amounting approximately to Baht 1,500 million in the consolidated and separate statements of financial position as at 31 December 2020 (2019: approximately Baht 1,800 million). The outstanding amount was significant to the financial statements. Based on the Company's management assessment, the above situation is considered normal for the Company's business because sometimes even with payment schedule specified, major customers who have purchased the program rights are likely to wait until the benefits from the rights to the released program rights have been reaped, before making payments to the Company. This practice also corresponds to the highly competitive market environment.

Although the Company has a large amount of overdue receivables, according to the management's assessment, there is no need to set up additional allowance for expected credit losses, other than those had been set aside in accordance with the Company's policy because the management is confident that payments from all these receivables will be collected based on the management's past experience in this business and best estimates under the current conditions. The management is fairly acquainted with the major customers and has conducted business with them before. Therefore, the collectability depends on the responsibility and ability of the Company to follow up on and collect the debts. If, ultimately, the Company is unable to collect the debts, the Company may incur losses in the future.

- b) The Company's revenue from program rights are mainly derived from businesses undertaken with major customers. As such, the Company's business is dependent on relationships and the revenue received from these major customers.

Revenue from program rights from the first 15 major customers for the year ended 31 December 2020 accounts for approximately 96% of total revenue from program rights and outstanding accounts receivable of these customers as at 31 December 2020 account for approximately 96% of all outstanding accounts receivable. The Company has been able to make partial collection of over Baht 68 million from these major customers after year-end, but there is still a large amount outstanding to be collected by the Company in the future.

Based on my review of the audit working papers for the year 2019 prepared by another auditor of our firm, as described in the Other Matter section, I found that 6 major overseas customers (included in the group of first 15 major customers) have places of business and operations in different countries but have the same Asia region domain name service provider (Registrar) in a particular country. The Company's management has clarified that the major customers are a varied group of individuals with prior business relationships and prior business dealings with each other in the program rights trading business, and it is therefore credible that the customers may have recommended the domain service provider to each other. During the first quarter of the current year, the Company has entered into partial debt payment insurance agreements for 3 of these debtors with a local financial institution, as described in Note 9 to the consolidated financial statements. Therefore, the management believes that the fact that all 6 major customers have the same domain name registrar will not have any impact on the undertaking of transactions between the Company and the 6 customers. However, based on the audit procedures at the end of the year 2020, 3 major customers changed their domain name registrar to other domain service providers while 2 of these 3 customers changed to the same domain service provider.

2. Advance payment for purchase of program rights and intangible assets - program rights

As described in Note 12 to the consolidated financial statements, the Company made a large advance payment to purchase program rights during the year 2020 because the Company's management believed that it was a good and appropriate time to make such a purchase. As a result, the outstanding balance of advance payments as at 31 December 2020 was approximately Baht 400 million and the Company has an outstanding balance of intangible assets - program rights of approximately Baht 2,700 million (higher than that as at 31 December 2019, of approximately Baht 1,400 million).

In the circumstance of the Coronavirus disease 2019 pandemic (COVID-19), the Company has to make efforts to preserve business continuity and this depends on the ability of the Company to choose appropriate program rights that can be sold at a reasonable price, as well as to amend its future business plans and sales plans in line with the economic situation and current circumstances. If, in the end, the Company is unable to sell the programs or is only able to sell them at a low price, or other circumstances affect the business plans and sales plans, the Company may incur potential losses in the future.

The COVID-19 pandemic has severely affected the economy and business during the year and this is expected to continue into the future, with the situation differing from previous business situations, there is the uncertainty and potential for impairment of advance payment for purchase of program rights and intangible assets.

3. Adequacy of working capital

The Company's current assets exceed its current liabilities by a significant amount, but the main components of current assets are trade and other receivables which have long payment terms and are long overdue. The Company is responsible for expediting collection of these accounts receivable to ensure that the payment terms and conditions are met, so that the proceeds can be used as working capital and to settle liabilities, including loans and debentures that come due. Expediting debt collection is therefore crucial for the Company under the current circumstances, or the Company may suffer from inadequate working capital. Therefore, the debt collectability depends on the responsibility and ability of the Company to pursue and quickly collect debts in the future.

4. The impact of the COVID-19 pandemic

As described in Note 3 to the consolidated financial statements, in the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of the relief measures relating to assessment of an indication of impairment of assets and testing an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment which the Company elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions.

However, the Company has elected to continue to apply the temporary relief measures on accounting alternatives relating to not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach. The Company is evaluating the impact on the consolidated and separate financial statements and will consider recording such impact after the relief measures expire.

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries, including the film industry. Even though consumers will watch more movies and series, entrepreneurs involved in this business might be affected by the situation. The Group's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for each matter is described below.

Revenue recognition from contracts with customers - program rights

Revenue from contracts with customers - program rights is significant portion of the Group's total revenue, totaling Baht 1,628 million for the year ended 31 December 2020 and directly affects the Group's operating results, to which users of financial statements pay attention. The Company's revenue from program rights is derived under license agreements with major customers, containing a variety of conditions. Therefore, there are risks with respect to the amount and timing of the Company's revenue recognition.

I have examined the revenue from program rights recognition using audit procedures as follows:

- Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period, and with special consideration given to expanding the scope of the examination supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.

- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Matter

The consolidated financial statements of JKN Global Media Public Company Limited and its subsidiaries (the Group) and the separate financial statements of JKN Global Media Public Company Limited for the year ended 31 December 2019 were audited by another auditor of our firm who, under his report dated 28 February 2020, expressed an unmodified opinion on those financial statements with emphasis of matters relating to the significant long outstanding accounts receivable, including 6 major overseas customers whose places of business and operations are in different countries but have the same Asia region domain name service provider (Registrar), of which the total was greater than all revenue from program rights for the year 2019. The Company was in the process of obtaining insurance for the debts of these 6 customers from a local financial institution and believed that the allowance for doubtful debts was adequate. In addition, operating liquidity and settlement of liabilities, including the debentures that were about to mature, was dependent on the Company's ability to make collection from its debtors promptly and in accordance with scheduled terms of payment.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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 also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 24 February 2021

JKN Global Media Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	807,090,719	116,940,158	760,207,626	100,454,358
Current investment	4	-	163,418	-	163,418
Trade and other receivables	7, 9	1,512,658,797	1,816,203,839	1,499,646,564	1,779,434,182
Inventories		77,534	1,031,338	77,534	1,031,338
Value added tax receivable		128,392,645	68,223,260	124,365,531	62,220,360
Other current financial assets		165,118	-	165,118	-
Other current assets		16,711,797	21,305,720	10,643,557	14,211,009
Total current assets		2,465,096,610	2,023,867,733	2,395,105,930	1,957,514,665
Non-current assets					
Restricted bank deposits	10	21,643,033	20,462,567	21,643,033	20,462,567
Investment in subsidiaries	11	-	-	439,093,095	170,999,200
Equipment		64,429,946	79,294,262	35,551,455	42,782,000
Right-of-use assets		41,133,338	-	33,822,620	-
Advance payment for purchase of program rights	12	383,870,426	411,817,287	383,870,426	411,817,287
Intangible assets - program rights	12	2,714,339,881	1,447,099,475	2,719,671,341	1,452,343,722
Computer software		16,142,461	13,343,652	15,133,543	12,507,074
Deferred tax assets	22	9,827,847	2,163,473	9,528,048	1,777,500
Other non-current assets		3,364,232	7,613,384	2,356,511	6,832,711
Total non-current assets		3,254,751,164	1,981,794,100	3,660,670,072	2,119,522,061
Total assets		5,719,847,774	4,005,661,833	6,055,776,002	4,077,036,726

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

JKN Global Media Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions		-	300,000,000	-	300,000,000
Trade and other payables	7, 13	164,005,046	134,388,740	430,374,643	169,141,010
Current portion of long-term loan from financial institution	14	127,800,000	-	127,800,000	-
Current portion of debentures	15	398,750,867	893,335,107	398,750,867	893,335,107
Current portion of liabilities under hire purchase agreements	4	-	3,920,350	-	3,920,350
Current portion of lease liabilities	7	11,375,349	-	9,793,758	-
Income tax payable		19,516,867	16,954,775	19,516,867	16,954,775
Advance receive for program rights	7	866,397	2,146,400	866,397	23,824,900
Deferred revenue		35,661,104	-	35,661,104	-
Withholding tax awaiting for submission		3,681,340	6,856,118	3,298,351	6,598,425
Value added tax awaiting for submission		2,367,283	6,304,042	2,367,283	6,296,910
Other current financial liabilities		889,271	-	889,271	-
Other current liabilities		6,203,821	10,407,599	23,450	958,135
Total current liabilities		771,117,345	1,374,313,131	1,029,341,991	1,421,029,612
Non-current liabilities					
Convertible debentures - liability component	16	1,007,626,817	-	1,007,626,817	-
Long-term loan from financial institution - net of current portion	14	287,000,000	-	287,000,000	-
Debentures - net of current portion	15	990,565,133	395,412,062	990,565,133	395,412,062
Liabilities under hire purchase agreements - net of current portion	4	-	4,214,174	-	4,214,174
Lease liabilities - net of current portion	7	34,345,277	-	28,429,560	-
Provision for long-term employee benefits	17	19,337,117	16,650,155	17,943,747	15,628,406
Total non-current liabilities		2,338,874,344	416,276,391	2,331,565,257	415,254,642
Total liabilities		3,109,991,689	1,790,589,522	3,360,907,248	1,836,284,254

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

JKN Global Media Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Shareholders' equity					
Share capital					
Registered	18, 27				
902,839,834 ordinary shares of Baht 0.5 each					
(2019: 648,000,000 ordinary shares of Baht 0.5 each)		451,419,917	324,000,000	451,419,917	324,000,000
Issued and fully paid-up					
607,498,256 ordinary shares of Baht 0.5 each					
(2019: 540,000,000 ordinary shares of Baht 0.5 each)		303,749,128	270,000,000	303,749,128	270,000,000
Share premium		1,022,482,408	1,022,482,061	1,022,482,408	1,022,482,061
Convertible debentures - equity component	16	176,828,125	-	176,828,125	-
Retained earnings					
Appropriated - statutory reserve	19	45,141,991	32,400,000	45,141,991	32,400,000
Unappropriated		1,086,677,331	896,294,011	1,146,667,102	915,870,411
Other components of shareholders' equity		(25,022,898)	(6,103,761)	-	-
Total shareholders' equity		2,609,856,085	2,215,072,311	2,694,868,754	2,240,752,472
Total liabilities and shareholders' equity		5,719,847,774	4,005,661,833	6,055,776,002	4,077,036,726

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

Directors

JKN Global Media Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues					
Revenue from contracts with customers - sales		-	9,697,092	-	9,697,092
Revenue from contracts with customers - services		27,039,239	43,337,110	910,941	-
Revenue from contracts with customers - program rights		1,628,338,972	1,641,824,047	1,634,621,052	1,673,541,547
Gain on exchange		20,133,825	-	20,136,742	-
Other income		26,224,271	15,464,062	29,419,034	18,738,547
Total revenues		1,701,736,307	1,710,322,311	1,685,087,769	1,701,977,186
Expenses					
Cost of goods sold		-	3,673,655	-	3,673,655
Cost of services		42,566,313	28,887,056	2,566,000	-
Cost of program rights		869,516,427	966,519,679	871,368,427	981,900,679
Selling and servicing expenses		41,459,877	47,559,280	46,888,286	65,194,326
Administrative expenses		189,760,878	216,294,996	165,941,413	190,233,513
Loss on exchange rate		-	34,884,803	-	34,911,499
Total expenses		1,143,303,495	1,297,819,469	1,086,764,126	1,275,913,672
Operating profit		558,432,812	412,502,842	598,323,643	426,063,514
Finance income		1,269,877	428,722	1,267,540	474,544
Finance cost	20	(159,326,067)	(94,717,756)	(158,887,366)	(94,717,756)
Profit before income tax expenses		400,376,622	318,213,808	440,703,817	331,820,302
Income tax expenses	22	(87,902,708)	(65,400,156)	(87,816,532)	(65,674,219)
Profit for the year		312,473,914	252,813,652	352,887,285	266,146,083
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(18,919,137)	-	-	-
Other comprehensive income for the year		(18,919,137)	-	-	-
Total comprehensive income for the year		293,554,777	252,813,652	352,887,285	266,146,083
Earnings per share					
24					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.51	0.42	0.58	0.44
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.44	0.42	0.50	0.44

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

JKN Global Media Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	400,376,622	318,213,808	440,703,817	331,820,302
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	31,026,594	14,466,921	21,366,698	10,953,822
Amortisation	847,086,660	930,865,279	846,934,892	930,775,152
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	30,598,721	21,647,871	31,401,221	20,739,753
Realised gain on sales of investment in securities	(1,134,121)	(26,874)	(1,134,121)	(26,874)
Loss on sales of equipment	1,118,182	-	1,118,182	-
Loss on sales of investments in subsidiary	8,678	-	974,205	-
Reversal of impairment loss on intangible assets	-	(7,006,468)	-	(7,006,468)
Amortisation of deferred debenture issuing cost and convertible debentures	13,479,136	10,484,307	13,479,136	10,484,307
Long-term employee benefit expenses	2,686,962	4,423,460	2,315,341	3,961,267
Unrealised loss (gain) on exchange rate	(10,860,345)	28,529,427	(25,836,442)	28,529,427
Loss from fair value measurement of financial assets	2,096,506	-	2,096,506	-
Finance cost	141,125,907	83,953,357	140,687,206	83,953,357
Profit from operating activities before changes in operating assets and liabilities	1,457,609,502	1,405,551,088	1,474,106,641	1,414,184,045
Decrease (increase) in operating assets				
Trade and other receivables	316,953,217	(749,538,877)	343,314,515	(763,749,234)
Inventories	953,804	3,891,458	953,804	3,891,458
Value added tax receivable	(60,184,799)	(557,223)	(62,145,171)	2,089,928
Other current assets	6,376,698	(9,402,900)	3,567,452	(5,725,386)
Other non-current assets	(227,048)	1,983,417	-	1,731,091
Increase (decrease) in operating liabilities				
Trade and other payables	(40,812,076)	(24,934,475)	(43,145,732)	(10,926,621)
Advance receive for program rights	(1,280,003)	(47,650,392)	(22,958,503)	(36,260,392)
Withholding tax awaiting for submission	(3,174,385)	4,720,945	(3,300,074)	4,676,238
Value added tax awaiting for submission	(3,936,759)	6,060,351	(3,929,627)	6,053,219
Other current liabilities	(5,410,814)	5,055,029	(2,141,920)	942,518
Cash from operating activities	1,666,867,337	595,178,421	1,684,321,385	616,906,864
Interest paid	(131,728,068)	(77,781,930)	(131,728,068)	(77,781,930)
Corporate income tax paid	(94,900,895)	(55,889,985)	(93,004,988)	(53,682,691)
Net cash from operating activities	1,440,238,374	461,506,506	1,459,588,329	485,442,243

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

JKN Global Media Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Purchase of investment in securities	(700,000,000)	-	(700,000,000)	-
Cash received from sales of investment in securities	701,134,121	12,739,910	701,134,121	12,739,910
Increase of investment in subsidiaries	-	-	(320,025,127)	(68,000,000)
Cash received from sales of investment in subsidiary	25,595	-	25,595	-
Increase of deposits in financial institutions	(1,700)	(1,681)	(1,700)	(1,681)
Acquisition of equipment	(4,923,864)	(46,041,104)	(4,575,297)	(10,572,969)
Advance payment for purchase of program rights and acquisition of intangible assets - program rights	(2,017,501,577)	(927,175,805)	(1,768,754,708)	(928,813,575)
Acquisition of computer software	(324,106)	(9,146,294)	-	(8,413,561)
Cash received from sales of equipment	2,429,907	-	2,429,907	-
Increase in loans to related party	-	-	-	800,000
Increase in restricted bank deposits	(1,180,466)	(4,179,475)	(1,180,466)	(4,179,475)
Net cash used in investing activities	(2,020,342,090)	(973,804,449)	(2,090,947,675)	(1,006,441,351)
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	-	640,322,000	-	640,322,000
Cash paid for short-term loans from financial institutions	(300,000,000)	(434,275,000)	(300,000,000)	(434,275,000)
Cash received from long-term loan from financial institution	500,000,000	-	500,000,000	-
Cash paid for long-term loan from financial institution	(85,200,000)	-	(85,200,000)	-
Net cash received from issuance of debentures	989,800,000	393,634,500	989,800,000	393,634,500
Cash paid for debentures	(900,000,000)	-	(900,000,000)	-
Net cash received from issuance of convertible debentures	1,181,744,637	-	1,181,744,637	-
Payment of principal portion of lease liabilities	(21,572,095)	(4,527,901)	(19,632,895)	(4,527,901)
Cash received from exercise of warrants	360	-	360	-
Dividend paid	(75,599,488)	(91,799,354)	(75,599,488)	(91,799,354)
Net cash from financing activities	1,289,173,414	503,354,245	1,291,112,614	503,354,245
Translation adjustments	(18,919,137)	-	-	-
Net increase (decrease) in cash and cash equivalents	690,150,561	(8,943,698)	659,753,268	(17,644,863)
Cash and cash equivalents at beginning of year	116,940,158	125,883,856	100,454,358	118,099,221
Cash and cash equivalents at end of year	807,090,719	116,940,158	760,207,626	100,454,358
	-	-	-	-
Supplement cash flows information				
Non-cash transactions				
Acquisition of equipment but has not yet paid	-	2,989,207	-	1,015,057
Acquisition of assets under lease agreements	3,783,500	-	3,783,500	-
Acquisition of computer software but has not yet paid	-	763,927	-	763,927
Advance payment for purchase of program rights payable - related party	-	-	248,834,081	-
Acquisition of program rights but has not yet paid	66,877,131	18,472,309	66,877,131	18,472,309
Transfer other non-current assets to computer software	4,476,200	-	4,476,200	-
Stock dividend	33,749,115	-	33,749,115	-

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

JKN Global Media Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements									
	Issued and paid-up share capital	Share premium	Convertible debentures - equity component	Retained earnings		Other components of shareholders' equity			
				Appropriated	Unappropriated	Other comprehensive income			
						Exchange differences on translation of financial statements in foreign currency	Deficit on business combination under common control	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 1 January 2019	270,000,000	1,022,482,061	-	29,770,558	737,909,155	-	(6,103,761)	(6,103,761)	2,054,058,013
Total comprehensive income for the year	-	-	-	-	252,813,652	-	-	-	252,813,652
Dividend paid (Note 27)	-	-	-	-	(91,799,354)	-	-	-	(91,799,354)
Transfer to legal reserve (Note 19)	-	-	-	2,629,442	(2,629,442)	-	-	-	-
Balance as at 31 December 2019	270,000,000	1,022,482,061	-	32,400,000	896,294,011	-	(6,103,761)	(6,103,761)	2,215,072,311
Balance as at 1 January 2020	270,000,000	1,022,482,061	-	32,400,000	896,294,011	-	(6,103,761)	(6,103,761)	2,215,072,311
Profit for the year	-	-	-	-	312,473,914	-	-	-	312,473,914
Other comprehensive income for the year	-	-	-	-	-	(18,919,137)	-	(18,919,137)	(18,919,137)
Total comprehensive income for the year	-	-	-	-	312,473,914	(18,919,137)	-	(18,919,137)	293,554,777
Issued the convertible debentures (Note 16)	-	-	176,828,125	-	-	-	-	-	176,828,125
Increase in share capital from									
stock dividend (Note 27)	33,749,115	-	-	-	(33,749,115)	-	-	-	-
Increase in share capital from exercise									
of warrants (Note 23)	13	347	-	-	-	-	-	-	360
Dividend paid (Note 27)	-	-	-	-	(75,599,488)	-	-	-	(75,599,488)
Transfer to legal reserve (Note 19)	-	-	-	12,741,991	(12,741,991)	-	-	-	-
Balance as at 31 December 2020	303,749,128	1,022,482,408	176,828,125	45,141,991	1,086,677,331	(18,919,137)	(6,103,761)	(25,022,898)	2,609,856,085

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

JKN Global Media Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up		Convertible debentures	Retained earnings		Total shareholders'
	share capital	Share premium	- equity component	Appropriated	Unappropriated	equity
Balance as at 1 January 2019	270,000,000	1,022,482,061	-	29,770,558	744,153,124	2,066,405,743
Total comprehensive income for the year	-	-	-	-	266,146,083	266,146,083
Dividend paid (Note 27)	-	-	-	-	(91,799,354)	(91,799,354)
Transfer to legal reserve (Note 19)	-	-	-	2,629,442	(2,629,442)	-
Balance as at 31 December 2019	270,000,000	1,022,482,061	-	32,400,000	915,870,411	2,240,752,472
Balance as at 1 January 2020	270,000,000	1,022,482,061	-	32,400,000	915,870,411	2,240,752,472
Profit for the year	-	-	-	-	352,887,285	352,887,285
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	352,887,285	352,887,285
Issued the convertible debentures (Note 16)	-	-	176,828,125	-	-	176,828,125
Increase in share capital from stock dividend (Note 27)	33,749,115	-	-	-	(33,749,115)	-
Increase in share capital from exercise of warrants (Note 23)	13	347	-	-	-	360
Dividend paid (Note 27)	-	-	-	-	(75,599,488)	(75,599,488)
Transfer to legal reserve (Note 19)	-	-	-	12,741,991	(12,741,991)	-
Balance as at 31 December 2020	303,749,128	1,022,482,408	176,828,125	45,141,991	1,146,667,102	2,694,868,754

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

JKN Global Media Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

JKN Global Media Public Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. Its registered address is 45/14, JKN Gallery Salaya Building, Moo1, Tumbon Songkanong, Amphur Sampran, Nakhonpatom.

The Company and its subsidiaries (together “the Group”) are principally engaged as follows:

- a) Distribution of global and local contents of the movies, series and the documentaries as well as production and distribution of the said on DVD and Blu-ray.
- b) Advertising services and production of television programs.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries, including the film industry. Even though consumers will watch more movies and series, entrepreneurs involved in this business might be affected by the situation. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statement of JKN Global Media Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u> (Percent)	<u>2019</u> (Percent)
JKN Global Content Pte. Ltd.	Agent for purchasing of program rights	Singapore	100	-
JKN Channel Company Limited	Production service, studio leasing, costume rental, event organizer and artist management	Thailand	100	100
JKN IMC Company Limited	Advertising agency	Thailand	100	100
JKN News Company Limited	Advertising services and production of television program	Thailand	100	100
Cafe Anne Company Limited (Formerly known as “JKN Knowledge Company Limited)	Currently non-operation	Thailand	-	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtain control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

a) New financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Recognition of expected credit losses - The Group recognises an allowance for expected credit losses on its debt instruments measured at amortised cost, and it is

no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

TFRS 16 Leases

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

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

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of change is described in Note 4 to the consolidated financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impacts of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach and impairment of assets.

In the fourth quarter of 2020, the Group has assessed some of the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provision and contingent liabilities. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on accounting alternatives relating to impairment of assets. This has no significant impact on the Group's financial statements.

However, the Group has elected to continue to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

The Group is evaluating the impact on the financial statements and will consider recording the impact after the relief measures expire.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of 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 management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

Consolidated financial statements

		The effect of		
	31 December	Financial reporting standards related to financial instruments	TFRS 16	1 January
	2019			2020
Statement of financial position				
Assets				
Current assets				
Current investment	164	(164)	-	-
Other current financial assets	-	164	-	164
Non-current assets				
Right-of-use assets	-	-	52,146	52,146
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under hire purchase agreements	3,920	-	(3,920)	-
Current portion of lease liabilities	-	-	13,878	13,878
Non-current liabilities				
Liabilities under hire purchase agreement - net of current portion	4,214	-	(4,214)	-
Lease liabilities - net of current portion	-	-	46,402	46,402

(Unit: Thousand Baht)

Separate financial statements

		The effect of		
	31 December	Financial reporting standards related to financial instruments	TFRS 16	1 January
	2019			2020
Statement of financial position				
Assets				
Current assets				
Current investment	164	(164)	-	-
Other current financial assets	-	164	-	164
Non-current assets				
Right-of-use assets	-	-	43,148	43,148

(Unit: Thousand Baht)

	Separate financial statements			
		The effect of		
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under				
hire purchase agreements	3,920	-	(3,920)	-
Current portion of lease liabilities	-	-	12,378	12,378
Non-current liabilities				
Liabilities under hire purchase				
agreement - net of current portion	4,214	-	(4,214)	-
Lease liabilities - net of current portion	-	-	38,904	38,904

4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

Consolidated financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	116,940	-	116,940	116,940
Trade and other receivables	1,816,204	-	1,816,204	1,816,204
Other current financial assets	164	164	-	164
Restricted bank deposits	20,463	-	20,463	20,463
Total financial assets	1,953,771	164	1,953,607	1,953,771

(Unit: Thousand Baht)

Separate financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	100,454	-	100,454	100,454
Trade and other receivables	1,779,434	-	1,779,434	1,779,434
Other current financial assets	164	164	-	164
Restricted bank deposits	20,463	-	20,463	20,463
Total financial assets	1,900,515	164	1,900,351	1,900,515

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	48,264	36,611
Less: Short-term leases and leases of low-value assets	(720)	(720)
Add: Option to extend lease term	37,411	31,594
Less: Contracts reassessed as service agreements	(25,751)	(18,624)
Less: Deferred interest expenses	(7,058)	(5,713)
Increase in lease liabilities due to the adoption of TFRS 16	52,146	43,148
Liabilities under hire purchase agreements as at 31 December 2019	8,134	8,134
Lease liabilities as at 1 January 2020	60,280	51,282
Weighted average incremental borrowing rate (percent per annum)	5.275	5.275

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Comprise of:		
Current lease liabilities	13,878	12,378
Non-current lease liabilities	46,402	38,904
	<u>60,280</u>	<u>51,282</u>

The adjustments of right-of-use assets due to adoption of TFRS 16 as at 1 January 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Buildings and building improvement	52,146	43,148
Total right-of-use assets	<u>52,146</u>	<u>43,148</u>

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

Service income

Service income from advertising and promotion is recognised when services have been rendered.

Revenue from program rights

Revenue from program rights are recognised on an accrual basis in accordance with the substance of the relevant agreement.

In cases where program rights are charged at fixed amounts which the licensee cannot refund and the licensor has no further obligations subsequent to granting the rights, the program rights are recognised as income in full when the licensee is entitled to exploit the rights under the terms of the agreement.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 Cash and cash equivalents

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

5.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the average method) and net realisable value.

5.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.5 Equipment / Depreciation

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

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

Office equipment	5	years
Computer	5	years
Tools	5	years
Office furniture	5	years
Motor vehicles	5	years

Depreciation is included in profit or loss.

5.6 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested 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.

Program rights are carried at cost less accumulated amortisation and impairment losses (if any).

They are recognised as the assets and liabilities under the license contracts when the license contracts period whereby, the costs of rights are known, and rights are under control of the Company.

They are amortised on a straight-line basis over the license contract periods.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

5.7 Leases

At inception of contract, the Group 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 Group as a lessee

Accounting policies adopted since 1 January 2020

The Group 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 Group 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 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 and building improvement

6 years

If ownership of the leased asset is transferred to the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group'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.

Short-term leases and leases of low-value assets

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.

Accounting policies adopted before 1 January 2020

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

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

5.8 Related party transactions

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

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

5.9 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortised to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss and a reversal of allowance for impairment loss are recognised in profit or loss.

5.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service award.

The obligation under the defined benefit plan and other long-term employee benefits plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

5.13 Convertible debentures

Convertible debentures are classified into liability and equity components and these are presented separately in the statements of financial position. In separately presenting such components, the Company determines the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debenture.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

Expenses for issuance debentures separately recorded between liability and equity component and based on the proportion. The expenses related to liability component deducted from convertible debenture - liability component and amortising over the life of the convertible debentures and expenses related to equity component deducted from equity component and was not amortised.

5.14 Provisions

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

5.15 Income tax

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

Current tax

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

Deferred tax

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

The Group recognises deferred tax liabilities for all taxable temporary differences while they 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 Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

The Group 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. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

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 Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group 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.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade and other receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

5.17 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

5.18 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 Group apply 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 Group measure 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 Group determine 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.

6. 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 follow:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for impairment loss on intangible assets - program rights

The management is required to review impairment on intangible assets - program rights on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the intangible assets - program rights subject to the review.

7. Related party transactions

During the years, 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 between the Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transaction with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Revenue from program rights	-	-	6	32	Contract Price
Other income	-	-	3	4	Contract Price
Service expenses	-	-	10	36	Contract Price
<u>Transaction with related parties</u>					
Revenue from advertising services	11	33	-	-	Contract Price
Rental expenses	14	20	12	18	With reference to market price
Service expenses	16	5	15	5	Contract Price

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	12,319	5,445
Related companies (related by common shareholder)	23,176	35,337	10	185
Total trade and other receivables - related parties	23,176	35,337	12,329	5,630
<u>Rental deposits</u>				
Related company (related by common shareholder)	2,000	2,000	1,838	1,838
Total rental deposits	2,000	2,000	1,838	1,838
<u>Trade and other payables - related parties (Note 13)</u>				
Subsidiaries	-	-	275,904	49,939
Related companies (related by common shareholder)	2,010	676	1,722	394
Total trade and other payables - related parties	2,010	676	277,626	50,333
<u>Advance receive for program rights - related parties</u>				
Subsidiaries	-	-	-	21,879
Total advance received for program rights - related parties	-	-	-	21,879
<u>Lease liabilities - related party</u>				
Related company (related by common shareholder)	42,188	-	34,690	-
Total lease liabilities - related party	42,188	-	34,690	-

Loans to related party

As at 31 December 2020 and 2019, the balance of loans between the Group and those related party and the movement are as follows:

Loans to	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2019	Increase during the year	Decrease during the year	Balance as at 31 December 2020
<u>Subsidiary</u>				
JKN News Company Limited	-	10,000	(10,000)	-
Total	-	10,000	(10,000)	-

Loans to related party bearing interest at the rate of 5.025% per annum, repayable at call and no guarantee.

Directors and management's benefits

During the year ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	37,757	54,001	31,374	46,601
Post-employment benefits	1,074	2,756	946	2,625
Total	<u>38,831</u>	<u>56,757</u>	<u>32,320</u>	<u>49,226</u>

8. Cash and cash equivalents

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash on hand	286	291	218	224
Bank deposits	806,805	116,649	759,990	100,230
Total	<u>807,091</u>	<u>116,940</u>	<u>760,208</u>	<u>100,454</u>

As at 31 December 2020, bank deposits in saving accounts carried interests at 0.03% - 0.50% per annum (2019: 0.2% - 1.0% per annum).

9. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	812	33,921	4,355	4,227
Past due				
Up to 3 months	6,364	1,284	4,563	1,271
3 - 6 months	-	-	85	-
6 - 12 months	16,000	132	1,790	132
Total	<u>23,176</u>	<u>35,337</u>	<u>10,793</u>	<u>5,630</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	946,940	759,529	945,113	757,618
Past due				
Up to 3 months	312,244	219,679	311,999	219,113
3 - 6 months	186,083	312,846	186,083	312,846
6 - 12 months	97,452	508,801	97,452	503,986
Over 12 months	549	1,952	443	1,846
Total	1,543,268	1,802,807	1,541,090	1,795,409
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(54,274)	(23,675)	(54,168)	(22,767)
Net	1,488,994	1,779,132	1,486,922	1,772,642
Total trade receivable - net	1,512,170	1,814,469	1,497,715	1,778,272
<u>Other receivables</u>				
Other receivable - unrelated parties	133	550	133	12
Accrued income - related party	-	-	1,536	-
Accrued income - unrelated party	356	1,185	263	1,150
Total other receivables	489	1,735	1,932	1,162
Trade and other receivables - net	1,512,659	1,816,204	1,499,647	1,779,434

As at 31 December 2020, the balance of trade receivables consisted of first 15 major customers which presented 96% of total balances (revenue from program rights for the year ended 31 December 2020 from these customers as percentage of approximately 96% of a total revenue from program rights), 2 domestic customers of these 15 customers were guaranteed by a major customer and customer's business partners.

In addition, in 2019, 6 major overseas customers whose place of business and operations are in different countries but having the same Asia region domain name service provider (Registrar) in a particular country. The Company's management clarified that the major customers are various groups of individuals who have been in business relationships and have conducted business with each other in the program rights trading business, and therefore, it can be believed that the customers may have recommended the domain service provider to each other. During the first quarter of the current year, the Company has entered into partial debt payment insurance agreements for 3 of these debtors with a local financial institution. Therefore, the management believes that the fact that all 6 major customers having the same domain would not have any impact on the undertaking of transactions between the Company and the 6 customers. However, in 2020, 3 major customers changed their domain name registrar to other domain service providers while 2 of these 3 customers changed to the same domain service provider.

During the first quarter of the current year, the Company sold and delivered products, in the form of program rights, to a major customer in the normal course of business. However, during the second quarter of the current year, the major customer entered into a negotiation with the Company over the return of program rights amounting to approximately Baht 83 million that had previously been contracted and delivered and to exchange these for new program rights. The Company issued a credit note to the major customer to maintain the business relationship, and also delivered and recorded sales of the new program rights, amounting to approximately Baht 118 million.

During the current year, the Group has considered setting up an allowance for expected credit losses for long outstanding trade receivables of Baht 54 million (Separate financial statements: Baht 54 million) and the Company has been able to make partial collection of over Baht 68 million from major customers after the year-end. The Company is accelerating the debt repayment to increase the effectiveness of accounts receivable collection in the future in order to use money for working capital and settlement of liabilities, including loans and debentures that came due.

10. Restricted bank deposits

These represent bank deposits pledged with the financial institutions to secure credit facilities.

11. Investment in subsidiaries

Details of investment in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)						
Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			(Percent)	(Percent)		
JKN Global Content Pte. Ltd.	USD 7.6					
	million	-	100	-	249,093	-
JKN Channel Company Limited	100,000	100,000	100	100	100,000	100,000
JKN News Company Limited	80,000	60,000	100	100	80,000	60,000
JKN IMC Company Limited	10,000	10,000	100	100	10,000	10,000
Cafe Anne Company Limited						
(Formerly known as "JKN						
Knowledge Company Limited")	-	1,000	-	100	-	1,000
Total					439,093	171,000

During the current year, the Company additional invested in share capital in subsidiaries are as follows:

- a) On 2 April 2020, the Company additional invested in an increase share capital of JKN News Company Limited of 200,000 shares at a par value of Baht 100 per shares, totaling Baht 20,000,000, its shareholding in such subsidiary is unchanged at 100%.
- b) On 17 April 2020 and 12 May 2020, the Company invested in share capital of JKN Global Content Pte. Ltd., which was newly incorporated in Singapore of 9,253,937 shares at a par value of USD 1 per shares, totaling USD 9.3 million. The amount of share invested is 100% of paid-up capital. Afterward, the subsidiary decreased paid-up share capital from 9,253,937 shares at a par value of USD 1 per share, totaling USD 9.3 million to 7,605,137 shares at a par value of 1 per share, totaling USD 7.6 million, its shareholding in such subsidiary is unchanged at 100%.

On 26 October 2020, the Company's Board of Directors' meeting passed the following significant resolutions:

- a) Approved the change of the name of the Company's subsidiary from "JKN Channel Company Limited" to "JKN Live Company Limited" and change the nature of business of the subsidiary from satellite TV station business and airtime service for advertisement to production service, studio leasing, costume rental (apparel and / or accessories), event organizer and artist management.
- b) Approved the acquisition of all shares in JKN Global Living Network Company Limited of 1,000,000 shares (a par value Baht 100 per shares) at the price Baht 49 per shares, totaling Baht 49,000,000.
- c) Approved the investment in JKN MNB Company Limited, a newly registered company in Thailand. The amount of share invested is 51% of issued share capital.

On 26 November 2020, the Company's Board of Directors' meeting passed the following significant resolutions:

- a) Approved the investment in JKN Hair Now Company Limited, a newly registered company in Thailand. The amount of share invested is 70% of issued share capital.
- b) Approved the investment in JKN Wandee College Company Limited, a newly registered company in Thailand. The amount of share invested is 30% of issued share capital.
- c) Approved the investment in JKN Aura Company Limited, a newly registered company in Thailand. The amount of share invested is 50% of issued share capital.

The Company expected to complete the transactions by the second quarter of 2021.

On 30 November 2020, the Company disposed an investment in share capital of Cafe Anne Company Limited (Formerly known as “JKN Knowledge Company Limited”) totaling 9,998 ordinary shares of Baht 100 each to related party at Baht 25,595. The Company recognised loss on sale of the investment in profit or loss in the consolidated financial statement amounting to Baht 8,678 (Separate financial statement: Approximately Baht 1 million).

12. Advance payment for purchase of program rights and intangible assets

The net book value of intangible assets - program rights as at 31 December 2020 and 2019 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Program rights - cost	6,454,101	4,343,822	6,459,432	4,349,067
Less: Accumulated amortisation	(3,739,671)	(2,896,723)	(3,739,761)	(2,896,723)
Net book value	<u>2,714,340</u>	<u>1,447,099</u>	<u>2,719,671</u>	<u>1,452,344</u>

Movements of the advance payment for purchased program rights and intangible assets - program right accounts during the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)			
	Advance payment for		Intangible assets -	
	purchased program rights		program rights	
	Consolidated	Separate	Consolidated	Separate
	financial	financial	financial	financial
	statements	statements	statements	statements
Net book value as at 1 January 2020	411,817	411,817	1,447,099	1,452,344
Addition during the year - at cost	2,023,862	2,023,862	60,517	60,603
Amortisation for the year	(2,047)	(2,047)	(843,038)	(843,038)
Transfer in (out)	(2,049,762)	(2,049,762)	2,049,762	2,049,762
Net book value as at 31 December 2020	<u>383,870</u>	<u>383,870</u>	<u>2,714,340</u>	<u>2,719,671</u>

The Company made a large advance payment for purchased program rights during the year 2020 because the Company’s management believes that it was a good and appropriate time to make such a purchase. As a result, the outstanding balance of advance payments as at 31 December 2020 was approximately Baht 400 million and the Company has an outstanding balance of intangible assets - program rights of approximately Baht 2,700 million (higher than that as at 31 December 2019, of approximately Baht 1,400 million).

The Coronavirus disease 2019 pandemic (COVID-19) has severely affected to economy and business during the year and this is expected to continue into the future. The Company has to make efforts to preserve business continuity. Therefore, it depends on the ability of the Company to choose appropriate program rights that can be sold at a reasonable price, as well as to amend its future business plans and sale plans in line with the economic situation and current circumstances.

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - related parties	-	-	274,777	46,991
Trade payables - unrelated parties	83,910	42,939	81,155	41,403
Other payables - related parties	2,010	475	2,849	264
Other payables - unrelated parties	13,981	31,375	11,914	20,813
Accrued expenses - related parties	-	201	-	3,078
Accrued expenses - unrelated parties	64,104	59,399	59,680	56,592
Total	<u>164,005</u>	<u>134,389</u>	<u>430,375</u>	<u>169,141</u>

14. Long-term loan from financial institution

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
Long-term loan from financial institution	414,800
Less: Portion due within one year	(127,800)
Long-term loan from financial institution, net of current portion	<u>287,000</u>

Movements of the long-term loan from financial institution during the year ended 31 December 2020 are summarized below.

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
Balance as at 1 January 2020	-
Add: Additional borrowings during the year	500,000
Less: Repayment during the year	(85,200)
Balance as at 31 December 2020	<u>414,800</u>

In April 2020, the Company entered into a long-term loan agreement with a financial institution with a total credit facility not exceeding Baht 500 million. This long-term loan is an unsecured loan and has a tenor of 4 years, bearing interest at MLR-1.375% per annum. The repayment of principal and interest are made on monthly basis commencing on 30 May 2020.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

15. Debentures

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	(Unit: Thousand Baht)	
						Consolidated/Separate financial statements	
						Carrying amount	
						2020	2019
1	Entirely redeemed on 19 July 2020 (2 years)	400	1,000	6.50	Quarterly	-	400,000
2	Entirely redeemed on 12 November 2020 (2 years)	500	1,000	6.50	Quarterly	-	500,000
3	Entirely redeemed on 10 May 2021 (2 years)	270	1,000	7.00	Quarterly	270,000	270,000
4	Entirely redeemed on 12 July 2021 (2 years)	130	1,000	7.00	Quarterly	130,000	130,000
5	Entirely redeemed on 24 April 2023 (2 years 9 months)	400	1,000	6.60	Quarterly	400,000	-
6	Entirely redeemed on 1 September 2023 (2 years 9 months)	600	1,000	6.60	Quarterly	600,000	-
Total						1,400,000	1,300,000
Less: Deferred debenture issuing costs						(10,684)	(11,253)
Debentures - net						1,389,316	1,288,747
Less: Current portion						(398,751)	(893,335)
Debentures - net of current portion						990,565	395,412

The Company's debentures issued to institutional investors or high net worth investors. Debentures are unsubordinated, unsecured debenture with debenture holders' representative in the name - registered certificate. The proceeds were used as the working capital for its operations.

The debenture contains terms of issue relating to the maintenance of a certain financial ratio at the end of quarterly period and at the end of year.

16. Convertible debentures

On 24 January 2020, the Company has issued the convertible debentures (Private Placement) to the North Haven Thai Private Equity ("NHTPE"). Key terms and conditions of the convertible debentures are as the following:

Type of debentures	Unsecured and unsubordinated convertible debentures
Maturity	5 years, commencing from the issue date
Issue size	Baht 1,200 million
Currency	Thai Baht
Maturity date	24 January 2025
Put option	At any time after 24 October 2023, for the amount in excess of Baht 500 million the Company shall have the option to extend the Bondholder's put option until at any time after 24 October 2024
Coupon	3% per annum, the interest will be paid on a quarterly basis
Conversion period	1 year after the issue date up to date falling 10 close of business days before maturity date
Conversion price	Baht 8 per share, subject to the event that the Company will adjust the conversion price in order to ensure that the benefits of the holders of the convertible debentures upon exercise of the conversion rights shall not be less favorable (31 December 2020: Baht 6.9 per share) which the conversion price of the convertible debenture is not lower than 90% of the market price which is calculated based on weighted average price of the Company's shares trading on the Stock Exchange of Thailand for the past 15 consecutive business days during the period from 24 October 2019 to 13 November 2019, which is equivalent to 6.17 Baht per share.
Conversion ratio	The principal of the convertible debentures divided by the conversion price

Thai Accounting Standard No. 32 "Financial Instruments: Presentation", requires the issuer of convertible debentures to present the debentures' liability and equity components separately in the statement of financial position. Therefore, upon issuing the convertible debentures, the Company separated these components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component was then determined by deducting the liability component from the total carrying value of the convertible debenture.

The liability component is presented at amortised cost until the conversion or maturity of the debentures. The value of the equity component determined upon the issue of the debentures does not change in subsequent periods.

Movements of convertible debentures net from convertible debenture expenses during the year ended 31 December 2020 are summarised below.

	(Unit:Thousand Baht)			
	Consolidated/ Separate financial statements			
	Convertible debentures - liability component	Convertible debenture expenses	Total	Convertible debentures - equity component
Balance as at 1 January 2020	-	-	-	-
Issuing during the year	1,020,440	(15,524)	1,004,916	176,828
Amortisation of deferred convertible debentures issuing cost	-	2,711	2,711	-
Balance as at 31 December 2020	1,020,440	(12,813)	1,007,627	176,828

17. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	16,650	12,227	15,628	11,667
Recognised in profit or loss				
Current service cost	2,337	2,472	1,990	2,043
Interest cost	350	284	326	266
Past service cost	-	1,667	-	1,652
Provision for long-term employee benefits at end of year	<u>19,337</u>	<u>16,650</u>	<u>17,944</u>	<u>15,628</u>

The Group expects that there are no long-term employee benefits pay during the next year (2019: None).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2019: 12 years) and subsidiaries 23 years (2019: 23 years).

Significant actuarial assumptions are summarised below.

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Discount rate	2.57 - 3.24	2.57 - 3.24	2.57	2.57
Salary increase rate	0 - 3	0 - 3	0 - 3	0 - 3
Turnover rate	5 - 13	5 - 13	5	5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below.

	(Unit: Thousand Baht)			
	2020			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,800)	2,111	(1,629)	1,905
Salary increase rate	1,946	(533)	1,802	(414)
Turnover rate	(1,887)	401	(1,705)	336
	(Unit: Thousand Baht)			
	2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,566)	1,842	(1,446)	1,696
Salary increase rate	1,611	(377)	1,514	(297)
Turnover rate	(1,641)	328	(1,512)	281

18. Share capital

On 24 January 2020, the Company registered the increase of the Company's registered share capital with the Ministry of Commerce from Baht 324 million (648,000,000 shares at a par value of Baht 0.5 each) to Baht 399 million (798,000,000 shares at a par value of Baht 0.5 each) to support the conversion rights of convertible debenture.

On 17 April 2020, the Annual General Meeting of the Company's shareholders passed the solutions approving the increase of the Company's registered share capital by Baht 52.4 million (104,839,834 shares at a par value of Baht 0.5 each) from amounting to Baht 399 million (798,000,000 shares at a par value of Baht 0.5 each) to new registered share capital of Baht 451.4 million (902,839,834 shares at a par value of Baht 0.5 each) to support the stock dividend, the exercise of warrants and the conversion rights of convertible debentures.

19. Statutory reserve

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

20. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expenses on debentures and convertible debentures	139,053	85,798	139,053	85,798
Interest expenses on borrowings	17,044	7,982	17,044	7,982
Interest expenses on lease liabilities	3,229	938	2,790	938
Total	<u>159,326</u>	<u>94,718</u>	<u>158,887</u>	<u>94,718</u>

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salary, wages and other employee benefits	102,074	131,820	81,438	112,813
Amortisation expenses	843,038	929,956	843,038	929,956
Advertising expenses	35,224	40,485	39,694	55,618
Voice overs and script translation expenses	8,904	24,380	9,176	24,385
Loss on exchange rate	-	34,885	-	34,911
Bad debts and expected credit losses (2019: doubtful debts)	31,907	21,648	32,709	20,740

22. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	95,568	66,614	95,568	66,614
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(7,665)</u>	<u>(1,214)</u>	<u>(7,751)</u>	<u>(940)</u>
Income tax expenses reported in profit or loss	<u><u>87,903</u></u>	<u><u>65,400</u></u>	<u><u>87,817</u></u>	<u><u>65,674</u></u>

The reconciliation between accounting profit and income tax expense is shown below.

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>400,377</u>	<u>318,214</u>	<u>440,704</u>	<u>331,820</u>
Applicable tax rate	17%, 20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	80,124	63,643	88,141	66,364
Effects of preparing the consolidated financial statements	(4,686)	1,203	-	-
Effects relating to tax losses	12,611	1,197	-	-
Effects of:				
Non-deductible expenses	847	278	633	195
Additional expense deductions allowed	(993)	(921)	(957)	(885)
Income tax expenses reported in profit or loss	<u><u>87,903</u></u>	<u><u>65,400</u></u>	<u><u>87,817</u></u>	<u><u>65,674</u></u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax assets				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	10,855	4,735	10,834	4,553
Provision for long-term employee benefits	3,868	3,330	3,589	3,126
Unrealised fair value loss on derivatives	178	-	178	-
Lease	173	-	173	-
Deferred tax liabilities				
Deferred debenture issuing costs	(5,246)	(5,902)	(5,246)	(5,902)
Total deferred tax assets, net	<u>9,828</u>	<u>2,163</u>	<u>9,528</u>	<u>1,777</u>

23. Warrants

The issuance and offering of the warrants have been approved by the Securities and Exchange Commission on 25 May 2018.

Type of Warrants	:	Warrants purchasing ordinary shares of JKN Global Media Public Company Limited No. 1 (JKN-W1) allocate to existing shareholders at the ratio of 5 ordinary shares per 1 unit of warrant
Type	:	Specified warrant's holder and transferable.
Term of Warrants	:	2 years from the issuing date of warrants.
Number of Warrants	:	not exceeding 108,000,000 units
Offering Price	:	0 Baht per unit
Exercise Ratio	:	1 warrant to 1.125 ordinary shares
Exercise Price	:	Baht 13.3333
Exercise Period	:	First time on 14 December 2018, second time on 14 June 2019, third time on 13 December 2019 and last time on 8 May 2020
First Exercise Date	:	14 December 2018
Last Exercise Date	:	8 May 2020

On 8 May 2020, 25 JKN-W1 warrants were exercised to 27 ordinary shares by a warrant holder at a price of Baht 13.3333 per share.

On 9 May 2020, warrants of the Company (JKN-W1) was delisted.

24. Earnings per share

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

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

The prior year's basic and diluted earnings per shares has been calculated as if the stock dividend had been distributed, at the beginning of the earliest period reported.

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

Consolidated financial statements					
For the years ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company	312,474	252,814	607,498	607,498	0.51 0.42
Effect of dilutive potential ordinary shares					
Convertible debentures (Note 16)	34,008	-	173,842	-	
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of convertible debentures to ordinary shares	<u>346,482</u>	<u>252,814</u>	<u>781,340</u>	<u>607,498</u>	0.44 0.42

Separate financial statements						
For the years ended 31 December						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company	352,887	266,146	607,498	607,498	0.58	0.44
Effect of dilutive potential ordinary shares						
Convertible debentures (Note 16)	<u>34,008</u>	<u>-</u>	<u>173,842</u>	<u>-</u>		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of convertible debentures to ordinary shares	<u>386,895</u>	<u>266,146</u>	<u>781,340</u>	<u>607,498</u>	0.50	0.44

No calculation of diluted earnings per share from warrants for the years ended 31 December 2020 and 2019 was made because warrants (JKN-W1) expired in May 2020 and their exercise price was in excess of the weighted average fair value of the Company's ordinary shares, respectively.

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operation decision maker has been identified as the Company's Board of Directors.

For management purposes, the Group are organised into business units based on its products and services and have three reportable segments as follows:

- Sales of program rights
- Advertising services
- Other business

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

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit and total assets information regarding Group's operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

	Sales of program rights		Advertising services		Other business		Total		Eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues												
External customers												
- Domestic sales	964	1,133	15	10	-	-	979	1,143	-	-	979	1,143
- Export sales	665	518	-	-	-	-	665	518	-	-	665	518
Inter-segment	6	32	23	75	3	4	32	111	(21)	(77)	11	34
Total revenues	<u>1,635</u>	<u>1,683</u>	<u>38</u>	<u>85</u>	<u>3</u>	<u>4</u>	<u>1,676</u>	<u>1,772</u>	<u>(21)</u>	<u>(77)</u>	<u>1,655</u>	<u>1,695</u>
Segment profit (loss)	764	698	(34)	28	3	4	733	730	10	(34)	743	696
Other income											26	15
Gain on exchange rate											20	-
Selling and servicing expenses											(41)	(48)
Administrative expenses											(190)	(216)
Loss on exchange rate											-	(35)
Finance income											1	1
Finance cost											(159)	(95)
Income tax expenses											(88)	(65)
Profit for the year											<u>312</u>	<u>253</u>

	Sales of program rights		Advertising services		Other business		Total		Eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Total assets	6,056	4,077	188	250	277	-	6,521	4,327	(801)	(321)	5,720	4,006

Geographic information

The Group are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the year 2020, the Group has revenue from three major customers in amount of Baht 495 million, Baht 197 million and Baht 172 million (2019: Baht 278 million, Baht 276 million and Baht 208 million derived from three major customers).

26. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions of the Group for the year 2020 amounting to Baht 2 million (2019: Baht 2 million) were recognised as expenses and Baht 2 million for the Company only (2019: Baht 2 million).

27. Dividend

On 26 April 2019, the Annual Shareholders Meeting of the Company passed the resolutions approving the payment of a dividend from the profit for the year 2018 of Baht 0.17 per share of 540,000,000 ordinary shares, or a total of Baht 91.8 million. The dividend has been paid to shareholders on 23 May 2019.

On 17 April 2020, the Annual General Meeting of the Company's shareholders passed the resolutions approving the payment of a dividend for the year 2019 of Baht 0.2025 per shares, or a total of Baht 109.4 million which comprised by

1. A cash dividend of Baht 0.14 per share or a total of Baht 75.6 million.
2. A stock dividend at a rate of 1 dividend share for every 8 shares held total stock dividend 67,500,000 shares at par value of Baht 0.5 each, or a total of Baht 33.75 million equivalent to a dividend payment of Baht 0.0625 per share. In case there is any shareholders that have a remaining share after appropriated stock dividend, the dividend payment will be a cash dividend of Baht 0.0625 per share.

The dividend has been paid to shareholders on 29 April 2020.

28. Operating lease commitments

28.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of approximately USD 19 million, relating to purchasing of program rights (2019: the Group had capital commitments of approximately USD 19 million relating to purchasing of program rights and Baht 1 million relating to purchasing equipment and computer software).

28.2 Operating lease and service commitments

The Group has entered into several lease and service agreements in respect of the lease of office space rental, advertising space rental, satellite service and the service for the center area and utility system. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating leases contracts and related services were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Payable:				
In up to 1 year	14	30	10	22
In over 1 and up to 3 years	5	19	4	14

28.3 Long-term service commitments

The Company has entered into license and technical assistance agreements with an overseas unrelated company for the use of a trademark and the technical services. Under the conditions of the license agreement, the Company has commitments to pay the royalty fee as stipulated in the agreement amounting to approximately USD 3 million (2019: USD 3 million).

29. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2020			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Liabilities for which fair value are disclosed				
Long-term loan from financial institution	-	415	-	415
Debentures	-	1,404	-	1,404
Convertible debentures	-	1,008	-	1,008

(Unit: Million Baht)

	Consolidated financial statements			
	2019			
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Short-term loans from financial institutions	-	300	-	300
Debentures	-	1,307	-	1,307

(Unit: Million Baht)

	Separate financial statements			
	2020			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Liabilities for which fair value are disclosed				
Long-term loan from financial institution	-	415	-	415
Debentures	-	1,404	-	1,404
Convertible debentures	-	1,008	-	1,008

(Unit: Million Baht)

	Separate financial statements			
	2019			
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Short-term loans from financial institutions	-	300	-	300
Debentures	-	1,307	-	1,307

30. Financial instruments

30.1 Derivatives not designated as hedging instruments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2020	2019
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	889	-
Total derivative liabilities	889	-

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally not over 12 months.

30.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and deposits with banks and financial institution. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and entered into partial debt payment insurance agreements for some major customers with reputable financial institution.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by other forms of credit insurance. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on a regular basis every 6 months and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising interest rate risk and currency risk.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchasing the program right that is denominated in foreign currencies. The Group seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	22.87	24.11	2.65	0.86	30.04	30.15

As at 31 December 2020 and 2019, foreign exchange contracts outstanding are summarised below.

2020					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought amount (Baht per 1 foreign currency unit)	Sold amount	
US dollar	1.30	0.73	30.43 - 31.27	30.07 - 30.18	21 January 2021 - 15 November 2021

2019				
Foreign currency	Bought amount (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)		Contractual maturity date
US dollar	0.03	30.03		9 November 2020

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its short-term loans from banks, long-term loans from banks, convertible debentures and debentures. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, 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: Million Baht)

	Consolidated financial statements					
	2020					
	Fixed interest rates					Interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	
Financial assets						
Cash and cash equivalent	-	-	655	152	807	Note 8
Trade and other receivables	-	-	-	1,513	1,513	-
Restricted bank deposits	17	-	5	-	22	0.20 - 0.80
	17	-	660	1,665	2,342	
Financial liabilities						
Trade and other payables	-	-	-	164	164	-
Long-term loans from financial institutions	-	-	415	-	415	Note 14
Convertible debentures	-	1,008	-	-	1,008	Note 16
Debentures	399	990	-	-	1,389	Note 15
Lease liabilities	11	34	-	-	45	3.81 - 7.05
	410	2,032	415	164	3,021	

(Unit: Million Baht)

Consolidated financial statements

2019

	Fixed interest rates				Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<u>Financial assets</u>						
Cash and cash equivalent	-	-	82	35	117	Note 8
Trade and other receivables	-	-	-	1,816	1,816	-
Restricted bank deposits	16	-	4	-	20	0.50 - 1.05
	16	-	86	1,851	1,953	
<u>Financial liabilities</u>						
Short-term loans from financial institutions	200	-	100	-	300	3.60 - 3.70 and MMR
Trade and other payables	-	-	-	134	134	-
Debentures	893	396	-	-	1,289	Note 15
Liabilities under hire purchase agreements	4	4	-	-	8	5.28 - 9.42
	1,097	400	100	134	1,731	

(Unit: Million Baht)

Separate financial statements

2020

	Fixed interest rates				Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
<u>Financial assets</u>						
Cash and cash equivalent	-	-	646	114	760	Note 8
Trade and other receivables	-	-	-	1,500	1,500	-
Other current financial assets	17	-	5	-	22	0.20 - 0.80
	17	-	651	1,614	2,282	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	430	430	-
Long-term loans from financial institutions	-	-	415	-	415	Note 14
Convertible debentures	-	1,008	-	-	1,008	Note 16
Debentures	399	990	-	-	1,389	Note 15
Liabilities under lease agreements	10	28	-	-	38	3.81 - 7.05
	409	2,026	415	430	3,280	

(Unit: Million Baht)

Separate financial statements						
2019						
Fixed interest rates					Total	Interest rate (% p.a.)
Within 1 year	1-5 years	Floating interest rate	Non- interest bearing			
<u>Financial assets</u>						
Cash and cash equivalent	-	-	73	27	100	Note 8
Trade and other receivables	-	-	-	1,779	1,779	-
Restricted bank deposits	16	-	4	-	20	0.50 - 1.05
	16	-	77	1,806	1,899	
<u>Financial liabilities</u>						
Short-term loans from financial institutions	200	-	100	-	300	3.60 - 3.70 and MMR
Trade and other payables	-	-	-	169	169	-
Debentures	893	396	-	-	1,289	Note 15
Liabilities under hire purchase agreements	4	4	-	-	8	5.28 - 9.42
	1,097	400	100	169	1,766	

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate long-term loans to financial institution affected as at 31 December 2020.

Currency	Increase/decrease	Effect on profit before tax
	(%)	(Thousand Baht)
Baht	+0.50	2,074
	-0.50	(2,074)

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of long-term loan from financial institution, debentures, convertible debentures and lease contracts. As of 31 December 2020, the Group has 23% of the liabilities, which will mature within one year, based on the carrying value of borrowings reflected in the financial statements (2019: 77%). The Group has assessed the concentration of risk with respect to refinancing its debt and concluded the risk is low. Furthermore, the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

		Consolidated financial statements			
	Note	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives					
Trade and other payables	13	2,010	161,995	-	164,005
Long-term loans from financial institution	14	-	127,800	287,000	414,800
Debentures	15	-	400,000	1,000,000	1,400,000
Convertible debentures	16	-	-	1,200,000	1,200,000
Liabilities under lease agreements		-	13,540	37,144	50,684
Total non-derivatives		2,010	703,335	2,524,144	3,229,489

(Unit: Thousand Baht)

		Separate financial statements			
	Note	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives					
Trade and other payables	13	277,626	152,749	-	430,375
Long-term loans from financial institution	14	-	127,800	287,000	414,800
Debentures	15	-	400,000	1,000,000	1,400,000
Convertible debentures	16	-	-	1,200,000	1,200,000
Liabilities under lease agreements		-	11,601	30,680	42,281
Total non-derivatives		277,626	692,150	2,517,680	3,487,456

30.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

31. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 1.19:1 (2019: 0.81:1) and the Company's was 1.25:1 (2019: 0.82:1).

32. Events after the reporting period

On 24 February 2021, a meeting of the Company's Board of Directors passed the following significant resolutions:

- a) Passed the resolution to propose the appropriation of Baht 12.74 million of the retained earnings to the statutory reserve and the payment of a dividend from the profit for the year 2020 of Baht 0.207 per shares, or a total of Baht 125.75 million.
- b) Approved the decrease of the Company's registered share capital by Baht 60.8 million (121,499,079 shares at a par value of Baht 0.5 each) from amounting to Baht 451.4 million (902,839,834 shares at a par value of Baht 0.5 each) to new registered share capital of Baht 390.7 million (781,340,755 shares at a par value of Baht 0.5 each) to reduce the share capital that has not been exercised of warrants and stock dividend.
- c) Approved the increase of the Company's registered share capital by Baht 2.1 million (4,119,832 shares at a par value of Baht 0.5 each) from amounting to Baht 390.7 million (781,340,755 shares at a par value of Baht 0.5 each) to new registered share capital of Baht 392.7 million (785,460,587 shares at a par value of Baht 0.5 each) to support the conversion rights of convertible debentures.
- d) Approved the cancellation of investments in 3 newly registered companies in Thailand as follows: 1) JKN Hair Now Company Limited 2) JKN Wandee College Company Limited and 3) JKN Aura Company Limited.

The resolutions a) - c) will be proposed for approval by the Annual General Meeting of the Company's shareholders.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.