

One to One Contacts Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of One to One Contacts Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of One to One Contacts Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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 One to One Contacts 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 One to One Contacts Public Company Limited and its subsidiaries and of One to One Contacts Public Company Limited as at 31 December 2018, 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.

Key Audit Matter

Key audit matter is a matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

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 this matter. 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 matter 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 this matter are described below.

Revenue recognition relating to long-term service contracts

The Group have disclosed its policies on revenue recognition for service provided under long-term contracts in Note 4.1 to the financial statements. The amount of revenue that the Group recognised revenue from such service contracts in each period forms a significant portion of the Group's total revenue and directly affect profit or loss of the Group. In addition, the service contracts side terms are varied. There are therefore risks with respect to amount and timing of the recognition of revenue for long-term service contracts.

I assessed and tested the internal controls of the Group with respect to the revenue cycle, including contract process, by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I selected long-term service contracts made with customers in order to read the contracts to consider the conditions relating to revenue recognition, including making enquiry of the management about the terms of these contracts relevant to revenue recognition. I also examined, on a sampling basis, the accounting transactions related to service revenue accounts during the year and near the end of the accounting period with supporting documents and reviewed credit notes issued after the period-end. In addition, I performed analytical procedures on disaggregated data to detect any irregularities in service revenue throughout the period, particularly for accounting entries made through journal vouchers, and reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue.

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.

Siriwan Suratepin
Certified Public Accountant (Thailand) No. 4604

EY Office Limited
Bangkok: 18 February 2019

One to One Contacts Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets					
Current assets					
Cash and cash equivalents	7	439,147,288	486,494,775	433,472,379	483,699,399
Temporary investment in trading securities	8	970,000	610,000	970,000	610,000
Trade and other receivables	6, 9	226,960,252	219,904,004	229,224,628	222,274,693
Accrued income	6, 10	100,004,381	82,494,504	100,004,381	82,538,004
Inventories	11	4,539,247	4,553,996	4,539,247	4,553,996
Other current assets	12	46,836,338	31,344,112	46,715,168	31,211,826
Total current assets		<u>818,457,506</u>	<u>825,401,391</u>	<u>814,925,803</u>	<u>824,887,918</u>
Non-current assets					
Investment in subsidiaries	13	-	-	19,786,467	15,786,497
Equipment	14	80,403,365	69,488,504	79,858,190	67,934,936
Intangible assets	15	24,396,743	26,379,130	24,072,162	25,867,528
Deferred tax assets	22	8,519,016	15,420,373	8,519,016	15,420,373
Other non-current assets		10,471,045	9,834,046	10,036,348	9,399,848
Total non-current assets		<u>123,790,169</u>	<u>121,122,053</u>	<u>142,272,183</u>	<u>134,409,182</u>
Total assets		<u>942,247,675</u>	<u>946,523,444</u>	<u>957,197,986</u>	<u>959,297,100</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 16	52,822,293	47,570,192	51,874,629	46,971,236
Income tax payable		4,218	4,249	-	-
Other current liabilities	17	21,436,390	22,338,219	21,329,772	22,311,040
Total current liabilities		<u>74,262,901</u>	<u>69,912,660</u>	<u>73,204,401</u>	<u>69,282,276</u>
Non-current liabilities					
Provision for long-term employee benefits	18	13,639,878	10,501,393	13,639,878	10,501,393
Other non-current liabilities		<u>2,580,278</u>	<u>2,639,422</u>	<u>2,578,278</u>	<u>2,637,422</u>
Total non-current liabilities		<u>16,220,156</u>	<u>13,140,815</u>	<u>16,218,156</u>	<u>13,138,815</u>
Total liabilities		<u>90,483,057</u>	<u>83,053,475</u>	<u>89,422,557</u>	<u>82,421,091</u>
Shareholders' equity					
Share capital					
Registered					
280,000,000 ordinary shares of Baht 1 each		<u>280,000,000</u>	<u>280,000,000</u>	<u>280,000,000</u>	<u>280,000,000</u>
Issued and fully paid up					
280,000,000 ordinary shares of Baht 1 each		280,000,000	280,000,000	280,000,000	280,000,000
Share premium		304,418,692	304,418,692	304,418,692	304,418,692
Retained earnings					
Appropriated - statutory reserve	19	25,200,000	24,000,000	25,200,000	24,000,000
Unappropriated		242,112,361	254,992,213	258,156,737	268,457,317
Other components of shareholders' equity		<u>33,565</u>	<u>59,064</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>851,764,618</u>	<u>863,469,969</u>	<u>867,775,429</u>	<u>876,876,009</u>
Total liabilities and shareholders' equity		<u>942,247,675</u>	<u>946,523,444</u>	<u>957,197,986</u>	<u>959,297,100</u>
		-	-	-	-

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

Directors

One to One Contacts Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Services income		695,969,378	796,723,597	690,666,329	790,702,827
Revenues from contract work	20	13,865,098	21,430,589	13,865,098	20,250,256
Revenues from sales		1,022,351	-	-	-
Other income		7,415,305	8,509,815	7,920,702	9,106,162
Total revenues		<u>718,272,132</u>	<u>826,664,001</u>	<u>712,452,129</u>	<u>820,059,245</u>
Expenses	21				
Cost of services		588,762,614	675,275,207	584,760,107	670,333,958
Cost of contract work	20	12,579,362	20,137,397	12,579,362	19,248,059
Cost of sales		202,873	-	-	-
Selling and services expenses		2,001,923	4,047,079	2,001,923	4,047,079
Administrative expenses		84,592,509	66,191,715	80,474,361	62,517,151
Other expenses		2,075,959	350,000	2,075,959	350,000
Total expenses		<u>690,215,240</u>	<u>766,001,398</u>	<u>681,891,712</u>	<u>756,496,247</u>
Profit before finance cost					
and income tax expenses		28,056,892	60,662,603	30,560,417	63,562,998
Finance cost		(111,062)	(111,728)	(98,708)	(99,264)
Profit before income tax expenses		<u>27,945,830</u>	<u>60,550,875</u>	<u>30,461,709</u>	<u>63,463,734</u>
Income tax expenses	22	(7,336,937)	(10,103,388)	(7,273,544)	(10,039,551)
Profit for the year		<u>20,608,893</u>	<u>50,447,487</u>	<u>23,188,165</u>	<u>53,424,183</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
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		(25,499)	(247,567)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(25,499)	(247,567)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) on defined benefit plan		(1,860,935)	3,978,794	(1,860,935)	3,978,794
Less: Income tax effect		372,187	(795,758)	372,187	(795,758)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,488,748)	3,183,036	(1,488,748)	3,183,036
Other comprehensive income for the year		(1,514,247)	2,935,469	(1,488,748)	3,183,036
Total comprehensive income for the year		19,094,646	53,382,956	21,699,417	56,607,219
Basic earnings per share					
Profit attributable to equity holders of the Company	23	0.07	0.18	0.08	0.19
Weighted average number of ordinary share (shares)		280,000,000	280,000,000	280,000,000	280,000,000

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements						
	Issued and paid up		Retained earnings		Other components of equity	Total
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	shareholders' equity
Balance as at 1 January 2017	280,000,000	304,418,692	21,300,000	268,461,608	306,631	874,486,931
Profit for the year	-	-	-	50,447,487	-	50,447,487
Other comprehensive income for the year	-	-	-	3,183,036	(247,567)	2,935,469
Total comprehensive income for the year	-	-	-	53,630,523	(247,567)	53,382,956
Dividend paid (Note 24)	-	-	-	(64,399,918)	-	(64,399,918)
Transferred retained earnings						
to statutory reserve (Note 19)	-	-	2,700,000	(2,700,000)	-	-
Balance as at 31 December 2017	<u>280,000,000</u>	<u>304,418,692</u>	<u>24,000,000</u>	<u>254,992,213</u>	<u>59,064</u>	<u>863,469,969</u>
Balance as at 1 January 2018	280,000,000	304,418,692	24,000,000	254,992,213	59,064	863,469,969
Profit for the year	-	-	-	20,608,893	-	20,608,893
Other comprehensive income for the year	-	-	-	(1,488,748)	(25,499)	(1,514,247)
Total comprehensive income for the year	-	-	-	19,120,145	(25,499)	19,094,646
Dividend paid (Note 24)	-	-	-	(30,799,997)	-	(30,799,997)
Transferred retained earnings						
to statutory reserve (Note 19)	-	-	1,200,000	(1,200,000)	-	-
Balance as at 31 December 2018	<u>280,000,000</u>	<u>304,418,692</u>	<u>25,200,000</u>	<u>242,112,361</u>	<u>33,565</u>	<u>851,764,618</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	280,000,000	304,418,692	21,300,000	278,950,016	884,668,708
Profit for the year	-	-	-	53,424,183	53,424,183
Other comprehensive income for the year	-	-	-	3,183,036	3,183,036
Total comprehensive income for the year	-	-	-	56,607,219	56,607,219
Dividend paid (Note 24)	-	-	-	(64,399,918)	(64,399,918)
Transferred retained earnings					
to statutory reserve (Note 19)	-	-	2,700,000	(2,700,000)	-
Balance as at 31 December 2017	<u>280,000,000</u>	<u>304,418,692</u>	<u>24,000,000</u>	<u>268,457,317</u>	<u>876,876,009</u>
Balance as at 1 January 2018	280,000,000	304,418,692	24,000,000	268,457,317	876,876,009
Profit for the year	-	-	-	23,188,165	23,188,165
Other comprehensive income for the year	-	-	-	(1,488,748)	(1,488,748)
Total comprehensive income for the year	-	-	-	21,699,417	21,699,417
Dividend paid (Note 24)	-	-	-	(30,799,997)	(30,799,997)
Transferred retained earnings					
to statutory reserve (Note 19)	-	-	1,200,000	(1,200,000)	-
Balance as at 31 December 2018	<u>280,000,000</u>	<u>304,418,692</u>	<u>25,200,000</u>	<u>258,156,737</u>	<u>867,775,429</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities					
Profit before tax		27,945,830	60,550,875	30,461,709	63,463,734
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation	14, 15	34,763,694	63,588,434	33,467,056	62,116,964
Allowance for doubtful accounts		1,835,960	-	1,835,960	-
(Gain) loss on disposal and write-off of equipment		28,244	(33,013)	28,244	(33,013)
Loss on change in value of temporary investment in trading securities	8	240,000	350,000	240,000	350,000
Provision for long-term employee benefits	18	1,277,550	2,314,013	1,277,550	2,314,013
Unrealised (gain) loss on exchange		(3,829)	(7,558)	13,344	320,469
Interest income		<u>(5,758,798)</u>	<u>(4,912,091)</u>	<u>(5,742,413)</u>	<u>(4,902,863)</u>
Profit from operating activities before changes in operating assets and liabilities		60,328,651	121,850,660	61,581,450	123,629,304
Operating assets (increase) decrease					
Trade and other receivables		(8,892,208)	124,425,865	(8,803,068)	124,988,762
Accrued income		(17,509,877)	22,364,009	(17,466,377)	22,185,313
Inventories		14,749	4,672,336	14,749	4,672,336
Other current assets		162,784	7,065,798	204,314	7,022,170
Other non-current assets		(636,999)	3,455,340	(636,500)	3,413,492
Operating liabilities increase (decrease)					
Trade and other payables		1,272,506	(36,661,793)	923,798	(36,555,424)
Other current liabilities		(901,829)	(8,701,915)	(981,268)	(8,611,685)
Other non-current liabilities		<u>(59,144)</u>	<u>(2,992,244)</u>	<u>(59,144)</u>	<u>(2,994,244)</u>
Cash flows from operating activities		33,778,633	235,478,056	34,777,954	237,750,024
Cash received from refundable withholding tax deduct at source		52,885	1,899,485	-	1,899,485
Cash paid for income tax		<u>(15,771,319)</u>	<u>(23,340,072)</u>	<u>(15,707,656)</u>	<u>(23,232,189)</u>
Net cash flows from operating activities		<u>18,060,199</u>	<u>214,037,469</u>	<u>19,070,298</u>	<u>216,417,320</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities					
Cash received from interest income		5,758,798	4,912,091	5,742,413	4,902,863
Cash outflows from purchase temporary investmet in trading securities	8	(600,000)	-	(600,000)	-
Proceeds from disposals of equipment		3,117	34,579	3,117	34,579
Cash paid for acquisition of equipment and intangible assets		(39,780,688)	(18,228,471)	(39,642,881)	(18,222,968)
Cash paid for investment in subsidiary	13	-	-	(3,999,970)	-
Net cash flows used in investing activities		<u>(34,618,773)</u>	<u>(13,281,801)</u>	<u>(38,497,321)</u>	<u>(13,285,526)</u>
Cash flows from financing activities					
Dividend paid	24	(30,799,997)	(64,399,918)	(30,799,997)	(64,399,918)
Net cash flows used in financing activities		<u>(30,799,997)</u>	<u>(64,399,918)</u>	<u>(30,799,997)</u>	<u>(64,399,918)</u>
Increase in translation adjustments		<u>11,084</u>	<u>444</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>(47,347,487)</u>	<u>136,356,194</u>	<u>(50,227,020)</u>	<u>138,731,876</u>
Cash and cash equivalents at beginning of year		<u>486,494,775</u>	<u>350,138,581</u>	<u>483,699,399</u>	<u>344,967,523</u>
Cash and cash equivalents at end of year	7	<u><u>439,147,288</u></u>	<u><u>486,494,775</u></u>	<u><u>433,472,379</u></u>	<u><u>483,699,399</u></u>
Supplement disclosures of cash flows information					
Non-cash item					
Increase (decrease) in equipment and intangible assets payables		3,983,424	(2,529,891)	3,983,424	(2,529,891)

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

One to One Contacts Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2018

1. General information

One to One Contacts Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Smart Corporation Public Company Limited which was incorporated in Thailand. The Company is principally engaged in providing customer contact center services. Its registered address is at 99/19, Moo 4, Software Park Building, 17th Floor, Chaengwattana Road, Klong Glur, Pak-Kred, Nonthaburi.

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 dated 11 October 2016, 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 statements of One to One Contacts Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
One to One Professional Company Limited	Provide company personnel to perform work regarding providing information, news and information center on-site and off-site	Thailand	100	100
One to One (Cambodia) Company Limited	Provide customer contact center services	Cambodia	100	100
Inno Hub Company Limited	Provide research and development related to software program, robot, equipment, tooling and artefact innovation	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 obtains 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 company 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 subsidiary companies 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) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Rendering of service

Service income is recognised when services have been rendered taking into account the stage of completion.

Facility rental service and customer service representative outsource are recognised as revenue on a monthly basis, as stipulated in the agreement.

Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of equipment including designation and installation

Sales of equipment including designation and installation are recognised as income by reference to the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 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.

4.3 Trade accounts receivable

Trade accounts 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 experience and analysis of debt aging.

4.4 Investment

- a) Investment in securities held for trading is stated at fair value. Changes in the fair value of these securities, which is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand, are recorded in profit or loss.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

- b) Investment in subsidiaries is accounted for in the separate financial statements using the cost method.

4.5 Equipment and depreciation

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

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

Tools and equipment	-	3 years and 5 years
Office equipment and computer	-	3 years 5 years and 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on equipment under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.6 Intangible asset

Intangible asset with finite life is 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 asset is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible asset, which is computer software, has useful life of 3 years, 5 years and 10 years.

No amortization is provided on computer software under installation.

4.7 Related party transactions

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

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

4.8 Long-term leases

Leases of building 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.

4.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company'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 the reporting period.

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 is recognised in profit or loss.

4.11 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

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Provision for vacation

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company's and its subsidiaries' policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

4.12 Provisions

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

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

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries 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 Company and its subsidiaries 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 observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries 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.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgements and estimates are as follows:

5.1 Construction contracts

The Company and its subsidiary recognise contract revenue by reference to the stage of completion of the contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that will affect the stage of completion. The management is required to make judgement and estimates based on past experience and knowledge of the project engineers.

5.2 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgements and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.3 Equipment and depreciation

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the Company's and its subsidiaries' equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review equipment for allowance for diminution in value on a periodical basis and record losses on diminution in value in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6. Related party transactions

During the years, the Company and its subsidiaries 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 Company and those related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales and service prices are determined at market price, if there is unknown market price, sales and service prices will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Outsourced Contact Center Services are determined at cost plus a margin not less than 10 percent.
3. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin not over 5 percent.
4. Management fees and rental expenses are charged at the amount stated in the agreement.
5. Other service income and expenses are charged at a mutually agreed price.
6. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
7. Directors and management's benefit expenses are charged as approved by shareholders' meeting or contractually agreed price.

Significant business transactions between the Company and its related parties were summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiary company</u>				
(eliminate from the consolidated financial statements)				
Other income	-	-	1	1
<u>Transactions with parent company</u>				
Service income	6	1	6	1
Cost of service	0.4	1	0.4	1
Management fee expenses	5	5	5	5
IT service fee expenses	15	15	15	15
Other expenses	0.1	0.1	0.1	0.1
<u>Transactions with related companies</u>				
Sales and service income	19	44	19	44
Purchase of goods and service	5	7	5	7
Purchase of fixed assets	0.1	-	0.1	-
Rental and utility expenses	10	12	10	12
Other expenses	2	0.8	2	0.8

The balances of the accounts as at 31 December 2018 and 2017 between the Company and its related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - related parties (Note 9)</u>				
Parent company	32	51	32	51
Related companies (related by shareholders and/or directors)	<u>7,984</u>	<u>12,624</u>	<u>7,984</u>	<u>12,624</u>
Total trade accounts receivable - related parties	<u>8,016</u>	<u>12,675</u>	<u>8,016</u>	<u>12,675</u>
<u>Other receivables - related parties (Note 9)</u>				
Subsidiary companies	-	-	<u>2,729</u>	<u>2,838</u>
Total other receivables - related parties	-	-	<u>2,729</u>	<u>2,838</u>
<u>Accrued income - related parties (Note 10)</u>				
Parent company	5,516	-	5,516	-
Subsidiary companies	-	-	-	43
Related companies (related by shareholders and directors)	<u>1,272</u>	<u>2,456</u>	<u>1,272</u>	<u>2,456</u>
Total accrued income - related parties	<u>6,788</u>	<u>2,456</u>	<u>6,788</u>	<u>2,499</u>
<u>Deposit - related parties</u>				
Related companies (related by shareholders and/or directors)	<u>1,630</u>	<u>2,004</u>	<u>1,630</u>	<u>2,004</u>
Total deposit - related parties	<u>1,630</u>	<u>2,004</u>	<u>1,630</u>	<u>2,004</u>
<u>Trade accounts payable - related parties (Note 16)</u>				
Parent company	46	75	46	75
Related companies (related by shareholders and directors)	<u>4,061</u>	<u>3,162</u>	<u>4,061</u>	<u>3,162</u>
Total trade accounts payable - related parties	<u>4,107</u>	<u>3,237</u>	<u>4,107</u>	<u>3,237</u>
<u>Other payables - related parties (Note 16)</u>				
Parent company	3,509	4,030	3,509	4,030
Related companies (related by shareholders and directors)	<u>25</u>	<u>34</u>	<u>25</u>	<u>34</u>
Total other payables - related parties	<u>3,534</u>	<u>4,064</u>	<u>3,534</u>	<u>4,064</u>
<u>Customer deposit - related parties</u>				
Related companies (related by shareholders and directors)	<u>505</u>	<u>505</u>	<u>505</u>	<u>505</u>
Total customer deposit - related parties	<u>505</u>	<u>505</u>	<u>505</u>	<u>505</u>

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	15,626	11,415
Post-employment benefits	95	111
Total	<u>15,721</u>	<u>11,526</u>

Agreements with related parties

Long-term rental and service agreements with related companies

- a) The Company entered into office space rental and facility service agreements with the parent company and a related company for its operation. These contracts were expired in April 2020. The Company has to pay a monthly rental and service fee totalling Baht 1.3 million. (2017: Baht 0.8 million)

The commitment under the operating lease agreements with the related parties are disclosed in Note 27.1 to the financial statements.

Service and management agreements with the parent company

- b) In January 2018, the Company entered into a one-year management agreement with Samart Corporation Public Company Limited, the parent company under which the Company has to pay a monthly service fee of Baht 0.4 million (2017: Baht 0.4 million). Subsequently, on 1 January 2019, the Company extended the service contract for a period of 1 year, expiring on 31 December 2019. The Company has to pay a monthly service fee approximately Baht 0.4 million.
- c) In May 2018, the Company entered into one-year information technology management agreement with Samart Corporation Public Company Limited, the parent company. The Company has to pay a monthly service fee of Baht 1.3 million (2017: Baht 1.3 million).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	151	117	131	102
Bank deposits	438,996	486,378	433,341	483,597
Total	<u>439,147</u>	<u>486,495</u>	<u>433,472</u>	<u>483,699</u>

As at 31 December 2018, bank deposits carried interests between 0.10 and 1.30 percent per annum (2017: between 0.10 and 1.30 percent per annum).

8. Temporary investment in trading securities

Common stock	Consolidated and separate financial statements					
	2018			2017		
	Shares	Cost	Fair value	Shares	Cost	Fair value
	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)
Samart Digital Plc. (formerly known as "Samart I-Mobile Plc.")	3,000	4,430	900	1,000	3,860	610
Less: Change in value		<u>(3,530)</u>			<u>(3,250)</u>	
Total		<u>900</u>			<u>610</u>	
Samart Digital Plc. (SDC-W1)	500	30	70	-	-	-
Add: Change in value		<u>40</u>			<u>-</u>	
Total		<u>70</u>			<u>-</u>	

Movements of the temporary investment in trading securities account for the year ended 31 December 2018 and 2017 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	<u>2018</u>	<u>2017</u>
Balance at beginning of the year	610	960
Purchase	600	-
Gain (loss) on change in value	<u>(240)</u>	<u>(350)</u>
Balance as at end of the year	<u>970</u>	<u>610</u>

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,503	4,289	1,503	4,289
Past due				
Up to 3 months	2,011	5,477	2,011	5,477
3 - 6 months	3,031	2,752	3,031	2,752
6 - 12 months	1,471	157	1,471	157
Total trade accounts receivable - related parties	8,016	12,675	8,016	12,675
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	60,244	58,209	59,780	57,742
Past due				
Up to 3 months	63,838	44,337	63,838	44,337
3 - 6 months	5,741	25,381	5,741	25,381
6 - 12 months	15,245	4,536	15,245	4,536
Over 12 months	75,541	74,645	75,541	74,645
Total trade accounts receivable - unrelated parties	220,609	207,108	220,145	206,641
Total trade accounts receivable	228,625	219,783	228,161	219,316
Less: Allowance for doubtful debts	(1,836)	-	(1,836)	-
Total trade accounts receivable - net	226,789	219,783	226,325	219,316
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	-	-	2,729	2,838
Other receivables	171	121	171	121
Total other receivables	171	121	2,900	2,959
Total trade and other receivables - net	226,960	219,904	229,225	222,275

On 2 November 2015, the Company filed a lawsuit with the Civil Court, seeking settlement to be made by a government agency as a trade accounts receivable (unrelated party) that were past due totaling approximately Baht 78.4 million (including accrued income of approximately Baht 3.7 million) for contact center service. On 21 November 2016, the Civil Court passed judgment and that such government agency settle the full the full amount of debt, with interest charged, to the Company. Later, on 19 January 2017, the government agency appealed against the Civil Court's judgment and on 15 August 2017, the Appeal Court affirmed the judgment of the Court of First Instance and such government agency is to settle the full amount of debt, with interest charged, to the Company. Subsequently, on 13 September 2017, the government agency appealed against the Appeal Court's verdict and filed an appeal with the Supreme Court. On 3 January 2018, the Supreme Court accepted the government agency's appeal against the verdict of the Appeal Court. Presently, the case is under consideration of the Supreme Court. However, the Company's management believes that full settlement will be received. Therefore, as at 31 December 2018 and 2017, the Company has not set aside an allowance for doubtful accounts for such debtor.

10. Accrued income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Accrued income - related parties</u> (Note 6)				
Aged on the basis of record dates				
Up to 3 months	6,724	2,456	6,724	2,499
6 - 12 months	64	-	64	-
Total accrued income - related parties	<u>6,788</u>	<u>2,456</u>	<u>6,788</u>	<u>2,499</u>
<u>Accrued income - unrelated parties</u>				
Aged on the basis of record dates				
Up to 3 months	82,107	76,093	82,107	76,093
3 - 6 months	7,080	204	7,080	204
6 - 12 months	287	-	287	-
Over 12 months	3,742	3,742	3,742	3,742
Total accrued income - unrelated parties	<u>93,216</u>	<u>80,039</u>	<u>93,216</u>	<u>80,039</u>
Total	<u>100,004</u>	<u>82,495</u>	<u>100,004</u>	<u>82,538</u>

11. Inventories

	(Unit: Thousand Baht)	
	Cost	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Service contracts in process	4,539	4,554
Total	<u>4,539</u>	<u>4,554</u>

12. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Withholding tax deducted at source	32,639	16,985	32,600	16,893
Prepaid expenses	10,650	12,375	10,630	12,335
Undue input value added tax	990	948	990	948
Others	2,557	1,036	2,495	1,036
Total	<u>46,836</u>	<u>31,344</u>	<u>46,715</u>	<u>31,212</u>

The Company and its subsidiaries have regarded withholding tax deducted at source as an asset since they intend to request and have the right to claim for refund of it. However, the net realisable value of tax is subject to the exercise of the claim right by the Company and its subsidiaries and the results of the Company's and its subsidiaries' tax audit by the Revenue officials.

During the year 2017, the Company received the refund of the withholding tax of 2015 approximately Baht 1.9 million.

However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

13. Investment in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method-net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
One to One Professional Company Limited	Baht 2 Million	Baht 1 Million	100	100	2,000	1,000	(35)	(35)	1,965	965
One to One (Cambodia) Company Limited	440,000 USD	440,000 USD	100	100	14,821	14,821	-	-	14,821	14,821
Inno Hub Company Limited	Baht 3 Million	-	100	-	3,000	-	-	-	3,000	-
Total					19,821	15,821	(35)	(35)	19,786	15,786

13.1 Establishment of new company

On 23 February 2018 a meeting of the Board of Director of the Company passed a resolution to approve the establishment of a new subsidiary under the name “Inno Hub Company Limited”, to provide research and development related to software program, robot, equipment, tooling and artefact innovation, with a registered share capital totalling Baht 3 million (consisting of 300,000 ordinary shares of Baht 10 each) in which, the Company hold a 100 percent interest. The Company registered the establishment of the new subsidiary company with the Ministry of Commerce on 6 March 2018. The share capital was fully paid in May 2018.

13.2 Addition registered share capital

On 27 April 2018, a meeting of Annual General Meeting of One to One Professional Company Limited, a subsidiary company, passed a resolution to approve the increase of its share capital from Baht 1 million (100,000 ordinary shares of Baht 10 each) to Baht 2 million (200,000 ordinary shares of Baht 10 each) through an issuance of addition 100,000 ordinary shares of Baht 10 each. The subsidiary company registered the addition share capital with the Ministry of Commerce on 9 May 2018. The Company share capital was fully paid in May 2018.

On 8 August 2018, a meeting of the Board of Director of the Company pass a resolution to approve the increase of One to One (Cambodia) Company Limited, a subsidiary company, share capital from USD 440,000 (88,000 ordinary shares of USD 5 each) to USD 600,000 (120,000 ordinary shares of USD 5 each) through an issuance of addition 32,000 ordinary shares of USD 5 each. Presently, there is under shares registration documents preparation process.

14. Equipment

(Unit: Thousand Baht)

Consolidated financial statements						
	Office equipment	Tools and equipment	Computer	Motor vehicles	Equipment under installation	Total
Cost						
1 January 2017	42,630	692,111	205,089	4,858	-	944,688
Additions	3,479	1,050	5,959	-	267	10,755
Disposals	(1,004)	(2,814)	(1,790)	-	-	(5,608)
Transfer in/(Transfer out)	90	177	-	-	(267)	-
Translation adjustment	(170)	(260)	(262)	-	-	(692)
31 December 2017	45,025	690,264	208,996	4,858	-	949,143
Additions	6,066	12,943	11,643	-	9,712	40,364
Disposals	(11,662)	(5)	-	-	-	(11,667)
Transfer in/(Transfer out)	262	-	-	-	(262)	-
Translation adjustment	(12)	(20)	(19)	-	-	(51)
31 December 2018	39,679	703,182	220,620	4,858	9,450	977,789
Accumulated depreciation						
1 January 2017	38,469	610,780	174,135	3,884	-	827,268
Depreciation for the year	2,130	42,400	13,440	523	-	58,493
Accumulated depreciation on disposals	(1,004)	(2,813)	(1,790)	-	-	(5,607)
Translation adjustment	(118)	(159)	(223)	-	-	(500)
31 December 2017	39,477	650,208	185,562	4,407	-	879,654
Depreciation for the year	2,011	15,623	11,303	451	-	29,388
Accumulated depreciation on disposals	(11,635)	(1)	-	-	-	(11,636)
Translation adjustment	(4)	(4)	(12)	-	-	(20)
31 December 2018	29,849	665,826	196,853	4,858	-	897,386
Net book value						
31 December 2017	5,548	40,056	23,434	451	-	69,489
31 December 2018	9,830	37,356	23,767	-	9,450	80,403
Depreciation for the year						
2017 (Baht 56.7 million included in cost of services, and the balance in selling and administrative expenses)						58,493
2018 (Baht 26.8 million included in cost of services, and the balance in selling and administrative expenses)						29,388

(Unit: Thousand Baht)

	Separate financial statements					
	Office equipment	Tools and equipment	Computer	Motor vehicles	Equipment under installation	Total
Cost						
1 January 2017	40,701	688,970	201,419	4,858	-	935,948
Additions	3,478	1,048	5,956	-	267	10,749
Disposals	(1,004)	(2,814)	(1,790)	-	-	(5,608)
Transfer in/(Transfer out)	90	177	-	-	(267)	-
31 December 2017	43,265	687,381	205,585	4,858	-	941,089
Additions	6,066	12,943	11,505	-	9,712	40,226
Disposals	(11,662)	(5)	-	-	-	(11,667)
Transfer in/(Transfer out)	262	-	-	-	(262)	-
31 December 2018	37,931	700,319	217,090	4,858	9,450	969,648
Accumulated depreciation						
1 January 2017	37,355	609,163	171,141	3,884	-	821,543
Depreciation for the year	1,767	41,827	13,101	523	-	57,218
Accumulated depreciation on disposals and write-off	(1,004)	(2,813)	(1,790)	-	-	(5,607)
31 December 2017	38,118	648,177	182,452	4,407	-	873,154
Depreciation for the year	1,679	15,096	11,046	451	-	28,272
Accumulated depreciation on disposals and write-off	(11,635)	(1)	-	-	-	(11,636)
31 December 2018	28,162	663,272	193,498	4,858	-	889,790
Net book value						
31 December 2017	5,147	39,204	23,133	451	-	67,935
31 December 2018	9,769	37,047	23,592	-	9,450	79,858
Depreciation for the year						
2017 (Baht 55.5 million included in cost of services, and the balance in selling and administrative expenses)						57,218
2018 (Baht 25.8 million included in cost of services, and the balance in selling and administrative expenses)						28,272

As at 31 December 2018, certain equipment items of the Company and its subsidiary company have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 822 million (2017: Baht 813.5 million) and separate financial statements: Baht 820 million (2017: Baht 812 million).

15. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer software under installation	Total	Computer software	Computer software under installation	Total
Cost						
1 January 2017	70,676	444	71,120	69,449	444	69,893
Additions	2,116	2,828	4,944	2,116	2,828	4,944
Transfer in/(Transfer out)	2,919	(2,919)	-	2,919	(2,919)	-
Translation adjustment	(11)	-	(11)	-	-	-
31 December 2017	75,700	353	76,053	74,484	353	74,837
Additions	2,611	788	3,399	2,611	788	3,399
Transfer in/(Transfer out)	1,036	(1,036)	-	1,036	(1,036)	-
Translation adjustment	(8)	-	(8)	-	-	-
31 December 2018	79,339	105	79,444	78,131	105	78,236
Accumulated amortisation						
1 January 2017	44,533	-	44,533	44,070	-	44,070
Amortisation for the year	5,095	-	5,095	4,899	-	4,899
Translation adjustment	46	-	46	-	-	-
31 December 2017	49,674	-	49,674	48,969	-	48,969
Amortisation for the year	5,376	-	5,376	5,195	-	5,195
Translation adjustment	(3)	-	(3)	-	-	-
31 December 2018	55,047	-	55,047	54,164	-	54,164
Net book value						
31 December 2017	26,026	353	26,379	25,515	353	25,868
31 December 2018	24,292	105	24,397	23,967	105	24,072

As at 31 December 2018, certain intangible assets items have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 38.8 million (2017: Baht 38.8 million).

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade accounts payable - unrelated parties	4,337	5,910	4,337	5,910
Trade accounts payable - related parties (Note 6)	4,107	3,237	4,107	3,237
Other payables - unrelated parties	7,109	1,382	6,992	1,338
Other payables - related parties (Note 6)	3,534	4,064	3,534	4,064
Accrued project cost	1,365	2,580	1,181	2,580
Accrued expenses	<u>32,370</u>	<u>30,397</u>	<u>31,724</u>	<u>29,842</u>
Total trade and other payables	<u>52,822</u>	<u>47,570</u>	<u>51,875</u>	<u>46,971</u>

17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Undue output VAT	14,552	14,191	14,560	14,205
Value added tax payable	4,955	6,164	4,913	6,140
Others	<u>1,929</u>	<u>1,983</u>	<u>1,857</u>	<u>1,966</u>
Total other current liabilities	<u>21,436</u>	<u>22,338</u>	<u>21,330</u>	<u>22,311</u>

18. 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 and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	10,501	12,166
Included in profit or loss:		
Current service cost	993	1,913
Interest cost	285	401
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	(3,448)
Financial assumptions changes	(1,652)	1,121
Experience adjustments	3,513	(1,652)
Provision for long-term employee benefits at end of year	<u>13,640</u>	<u>10,501</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Cost of service	1,033	1,949
Selling expenses	5	35
Administrative expenses	240	330
Total expenses recognised in profit or loss	<u>1,278</u>	<u>2,314</u>

The Company and its subsidiaries have no long-term employee benefits payment during the next year.

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 15 years (2017: 17 years).

Significant actuarial assumptions are summarised below:

	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	2.7	2.7
Salary increase rate	3 - 6	4 - 7
Turnover rate	0 - 30	0 - 30

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: million Baht)

	Consolidated and Separate financial statements			
	Increase 1 %		Decrease 1%	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	(1.4)	(1.3)	1.7	1.6
Salary increase rate	1.6	1.4	(1.4)	(1.2)

	Increase 20%		Decrease 20%	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Turnover rate	(1.9)	(2.0)	2.6

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 4.7 million. The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the comprehensive income statement of the period in which the law is effective.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to 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.

During the year 2018, the Company set aside an additional statutory reserve of its net profit of Baht 1.2 million (2017: Baht 2.7 million).

20. Supplemental disclosure for revenues from contract work

Supplemental disclosure for revenues from the contract work for the years ended 31 December 2018 and 2017 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues from the contract work recognised	13,865	21,431	13,865	20,250
Cost of the contract work recognised	(12,579)	(20,137)	(12,579)	(19,248)
Recognised profits	<u>1,286</u>	<u>1,294</u>	<u>1,286</u>	<u>1,002</u>
Cost of the contract work related to future activity recognised as work in progress - beginning balance	-	-	-	-
Cost of the contract work incurred in the year	12,579	20,137	12,579	19,248
The contract work incurred and recognised as contract expenses in the year	<u>(12,579)</u>	<u>(20,137)</u>	<u>(12,579)</u>	<u>(19,248)</u>
Cost of the contract work to future activity recognised as work in progress - ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unbilled contract revenue - beginning balance	8,771	16,701	8,771	16,653
Revenues from the contract work recognised	13,865	21,431	13,865	20,250
Progress billings	<u>(12,545)</u>	<u>(29,361)</u>	<u>(12,545)</u>	<u>(28,132)</u>
Unbilled contract revenue - ending balance	<u>10,091</u>	<u>8,771</u>	<u>10,091</u>	<u>8,771</u>

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	499,911	499,830	497,596	497,614
Depreciation	29,388	58,493	28,272	57,218
Purchase equipment and service of project for sales	9,610	20,777	9,407	20,017
Rental expenses from operating lease agreements	35,341	38,794	32,965	36,380
Repair and maintenance expenses	33,653	55,429	33,364	54,729
Changes in work in process	15	4,672	15	4,672
Amortisation expenses	5,376	5,095	5,195	4,899

22. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	63	6,818	-	6,755
Deferred tax:				
Relating to origination and reversal of temporary differences	7,274	3,285	7,274	3,285
Income tax expense reported in the statement of comprehensive income	<u>7,337</u>	<u>10,103</u>	<u>7,274</u>	<u>10,040</u>

The reconciliation between accounting profit and income tax expenses was shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	27,946	60,551	30,462	63,464
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	5,589	12,110	6,092	12,693
Effects of:				
Non-deductible expenses	17	33	17	33
Additional expense deductions allowed	(2,488)	(2,703)	(2,488)	(2,703)
Unrecognised tax losses from the Company and its subsidiaries	4,156	582	3,653	-
Others	63	81	-	17
Total	1,748	(2,007)	1,182	(2,653)
Income tax expenses reported in the statement of comprehensive income	7,337	10,103	7,274	10,040

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

	(Unit: Thousand Baht)	
	Statements of financial position	
	Consolidated and Separate financial statements	
	2018	2017
Deferred tax assets		
Unrealised loss from revaluation of temporary investment	698	650
Accrued project cost	236	516
Provision for long-term employee benefits	2,728	2,100
Accrued vacation leave	141	151
Depreciation difference from tax rate	3,842	9,882
Finance lease	-	1,796
Allowance for doubtful debts	367	-
Others	507	325
Deferred tax assets - net	8,519	15,420

As at 31 December 2018, the Company and its subsidiaries had unused tax losses of USD 0.44 million (equivalent to Baht 14.97 million) and Baht 19.36 million (2017: USD 0.40 million (equivalent to Baht 13.6 million) and Baht 0.08 million) on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow unused tax losses. The unused tax losses will expire by 2023.

23. Earnings per share

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

24. Dividends

	Approved by	Total dividends (Million)	Dividends per share (Baht)	Paid on
2018				
Dividends from 2017 earnings	Annual General Meeting of the shareholders on 27 April 2018	42.0	0.15	
Less: Interim dividend on earnings for the period as from January to June 2017	A meeting of Board of Directors on 8 August 2017	(22.4)	(0.08)	5 September 2017
Dividends from earnings for the year 2017 paid in 2018		19.6	0.07	21 May 2018
Add: Interim dividend on earnings for the period as from January to June 2018	A meeting of Board of Directors on 8 August 2018	11.2	0.04	6 September 2018
Total dividends for 2018		<u>30.8</u>	<u>0.11</u>	
2017				
Dividends from 2016 earnings	Annual General Meeting of the shareholders on 19 April 2017	64.4	0.23	
Less: Interim dividend on earnings for the period as from January to June 2016	A meeting of Board of Directors on 8 August 2016	(22.4)	(0.08)	2 September 2016
Dividends from earnings for the year 2016 paid in 2017		42.0	0.15	15 May 2017
Add: Interim dividend on earnings for the period as from January to June 2017	A meeting of Board of Directors on 8 August 2017	22.4	0.08	5 September 2017
Total dividends for 2017		<u>64.4</u>	<u>0.23</u>	

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.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 2 reportable segments as follows:

1. Outsourced Contact Center Services and System Maintenance. Outsourced Contract Center Services consists of fully outsource contact center management service, customer service representative outsourcing service and contact center facility outsourcing service.
2. Turnkey Total Solutions provides convergent and ready-made systems for organizations that want to invest and install systems that are compatible with their businesses in order to improve efficiency in customer service.

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 on a basis consistent with that used to measure operating profit or loss 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 information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017.

(Unit: Thousand Baht)

	Outsourced Contact		Center Services		Turnkey Total		Total reportable		Adjustments and		Consolidated	
	and System		Solutions		segments		eliminations					
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales, contract work												
and service income												
Revenue from												
external customers	671,002	751,258	14,888	21,431	685,890	772,689	-	-	685,890	772,689		
Revenue from												
related parties	24,967	45,465	-	-	24,967	45,465	-	-	24,967	45,465		
Total sales, contract												
work and service												
income	695,969	796,723	14,888	21,431	710,857	818,154	-	-	710,857	818,154		
Cost of sales, contract												
work and services	(588,763)	(675,590)	(12,782)	(20,137)	(601,545)	(695,727)	-	315	(601,545)	(695,412)		
Segment profit	107,206	121,133	2,106	1,294	109,312	122,427	-	315	109,312	122,742		
Other income											7,416	8,510
Selling and services												
expenses											(2,002)	(4,047)
Administrative												
expenses											(84,593)	(66,192)
Other expenses											(2,076)	(350)
Finance cost											(111)	(112)
Profit before income												
tax expense											27,946	60,551
Income tax expenses											(7,337)	(10,103)
Profit for the year											20,609	50,448

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<i>Revenue from external customers</i>		
Thailand	679,565	766,353
Cambodia	6,325	6,336
Total	<u>685,890</u>	<u>772,689</u>
<i>Non-current assets (Other than financial instruments and deferred tax assets)</i>		
Thailand	114,101	103,203
Cambodia	1,170	2,499
Total	<u>115,271</u>	<u>105,702</u>

Major customers

For the year 2018, the Company obtained revenue from one major customer in an amount of Baht 58.4 million, arising from Outsourced Contact Center Services and System Maintenance (2017: One major customer in an amount of Baht 70.9 million, arising from Outsourced Contact Center Services and System Maintenance)

26. Provident fund

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiary contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary, and the employees contributed to the fund monthly at the rate 3 percent to 15 percent of basic salary, the fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. During the year 2018, the Company and its subsidiary contributed amounting to Baht 5.7 million (2017: Baht 5.3 million) were recognised as expenses.

27. Commitments and contingent liabilities

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follow:

27.1 Operating lease and services commitments

The Company has entered into several lease agreements in respect of the rental and services. The terms of agreements are generally between 1 and 3 years.

As at 31 December 2018 and 2017, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Currency: Baht				
Payable within				
1 year	34.9	29.3	34.9	29.3
2 - 3 years	19.1	20.0	19.1	20.0
	<u>54.0</u>	<u>49.3</u>	<u>54.0</u>	<u>49.3</u>

	(Unit: Million)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Currency: US dollar				
Payable within				
1 year	0.05	0.06	-	-
2 - 3 years	-	0.05	-	-
	<u>0.05</u>	<u>0.11</u>	<u>-</u>	<u>-</u>

27.2 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 88.8 million (2017: Baht 74.9 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Performance guarantees	88.5	74.6
Guarantee electricity use	0.3	0.3
	<u>88.8</u>	<u>74.9</u>

28. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	Level 1	
	<u>2018</u>	<u>2017</u>
Assets measured at fair value		
Held for trade investments		
Equity instruments	0.97	0.6

29. Financial instruments

29.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, accrued income, investments, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to its trade and other accounts receivables and accrued income. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the majority of sales and services of the Company and its subsidiaries are supplied to creditworthy customers such as state enterprises, government agencies and financial institutions. In addition, it has a large customer base. The Company and its subsidiaries do not anticipate material losses from its debt collection. The maximum exposure to credit risk is limited to the carrying amounts of trade and other accounts receivables and accrued income as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its deposit with financial institutions. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

	Consolidated financial statements									
	Fixed interest rates within 1 year		Floating interest rate		Non- interest bearing		Total		Effective interest rate (% per annum)	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Financial Assets										
Cash and cash equivalent	379.0	461.8	59.9	24.6	0.1	0.1	439.0	486.5	0.10 - 1.30	0.10 - 1.30
Temporary investment in trading securities	-	-	-	-	1.0	0.6	1.0	0.6	-	-
Trade and other receivables	-	-	-	-	227.0	219.9	227.0	219.9	-	-
Accrued income	-	-	-	-	100.0	82.5	100.0	82.5	-	-
	<u>379.0</u>	<u>461.8</u>	<u>59.9</u>	<u>24.6</u>	<u>328.1</u>	<u>303.1</u>	<u>767.0</u>	<u>789.5</u>		
Financial liabilities										
Trade and other payables	-	-	-	-	52.8	47.6	52.8	47.6	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52.8</u>	<u>47.6</u>	<u>52.8</u>	<u>47.6</u>		

(Unit: Million Baht)

	Separate financial statements									
	Fixed interest rates		Floating interest		Non- interest		Total		Effective interest rate	
	within 1 year		rate		bearing				(% per annum)	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Financial Assets										
Cash and cash										
equivalent	379.1	461.8	54.3	21.8	0.1	0.1	433.5	483.7	0.10 - 1.30	0.10 - 1.30
Temporary										
investment in										
trading securities	-	-	-	-	1.0	0.6	1.0	0.6	-	-
Trade and other										
receivables	-	-	-	-	229.2	222.3	229.2	222.3	-	-
Accrued income	-	-	-	-	100.0	82.5	100.0	82.5	-	-
	<u>379.0</u>	<u>461.8</u>	<u>54.3</u>	<u>21.8</u>	<u>330.3</u>	<u>305.5</u>	<u>763.7</u>	<u>789.1</u>		
Financial liabilities										
Trade and other										
payables	-	-	-	-	51.9	47.0	51.9	47.0	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51.9</u>	<u>47.0</u>	<u>51.9</u>	<u>47.0</u>		

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from advance to subsidiaries and trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2018 and 2017 are summarised below.

Foreign currency	Consolidated		Separate		Exchange rate as at	
	financial statements		financial statements		31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	-	-	0.08	0.08	32.2848	32.4342
Financial liabilities						
US dollar	0.01	0.02	0.01	0.02	32.6148	32.8472

29.2 Fair values of financial instruments

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

30. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financing structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.1:1 (2017: 0.1:1) and the Company's debt-to-equity ratio was 0.1:1 (2017: 0.1:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 18 February 2019.