

Humanica Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Humanica Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Humanica 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 Humanica 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 Humanica Public Company Limited and its subsidiaries and of Humanica 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.

Emphasis of Matter

I draw attention to Note 12 to the consolidated financial statements regarding the acquisition of a business and Note 13 to the consolidated financial statements regarding the acquisition of investment in an associate company. The Company is currently in a process of measuring fair value at the acquisition dates of the identifiable assets acquired and liabilities assumed and have not yet completed the measurement. My opinion is not modified in respect of this matter.

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 matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales and services

The Group's revenue from sales and services is derived from various sources, such as revenue from provision of human resource outsourcing and payroll services, revenue from sales and implementation of software, and the agreements made with the customers contain different conditions for each customer. Moreover, the amount of revenue from sales and services is significant and directly affects the Group's profit or loss for the year. For this reason, I focused my audit on the amount and timing of the recognition of revenue from sales and services.

I have examined the revenue recognition of the Group by performing significant audit procedures as follows:

- Assessed and tested the Group'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.
- Selected representative samples of sales and service agreements to determine whether revenue recognition was in accordance with the conditions set forth in the sales and service agreements of the Group and in line with the Group's revenue recognition policies.
- Applied a sampling basis to examine supporting documents for actual sale and service transactions occurring during the year and near the end of the accounting period.

- Enquired with the project managers responsible for software implementation regarding the basis applied to assess the percentage of completion and estimations of the time spent on provision of service throughout the project, checking the actual time spent on provision of service, and compared the percentage of completion estimated by the project managers to the percentage of completion based on actual time spent on providing the service.
- Sent confirmation requests for the balances of accounts receivables as at the end of the year.
- Reviewed credit notes issued by the Group after the period-end date.
- Performed analytical procedures on disaggregated revenue data to detect possible irregularities in sales and service transactions throughout the period.

Goodwill

As at 31 December 2018, the Company had goodwill from business combination amounting to Baht 35 million. I focused on the determination of impairment of goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate, which affect the appropriateness of the value of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process to assess whether the decisions made were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following items.

- The significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in projecting cash flows.
- Assessed the discount rate applied by management through analysis of the weighted average cost of capital of the Company and of the industry.
- Tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate.



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- Reviewed the disclosures made with respect to the assessment of impairment of goodwill, and the impact of changes in key assumptions on the cash flow projections.

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.



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- 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.

Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 25 February 2019

Humanica Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	<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	111,335,497	88,142,222	64,486,792	62,096,492
Current investments	8	406,790,391	650,081,859	406,790,391	650,081,859
Trade and other receivables	9	113,864,740	138,477,769	88,152,813	105,986,637
Short-term loans to related party	6	-	-	-	12,085,550
Other current assets	10	6,590,031	12,684,228	5,482,025	10,788,919
Total current assets		638,580,659	889,396,078	564,912,021	841,039,457
Non-current assets					
Restricted bank deposits	11	4,889,059	5,109,760	4,889,059	5,109,760
Investment in subsidiaries	12	-	-	122,864,978	122,864,978
Investment in associate	13	22,700,000	-	22,700,000	-
Other long-term investments	14	263,003,771	-	263,003,771	-
Loan to related party	6	-	-	20,000,000	-
Building improvement and equipment	15	51,212,830	31,951,921	46,605,555	25,838,197
Intangible assets	16	160,621,478	151,558,402	117,938,450	101,328,903
Computer software under development	17	12,032,995	21,458,099	12,098,890	21,458,099
Goodwill	18	35,155,954	35,155,954	-	-
Unallocated costs of business acquisition	12	22,256,778	-	-	-
Deferred tax assets	25	3,887,785	5,549,274	3,644,864	5,420,751
Withholding tax deducted at source		4,802,687	9,401,476	3,857,056	8,455,845
Other non-current assets		6,840,790	6,529,101	5,653,412	5,240,411
Total non-current assets		587,404,127	266,713,987	623,256,035	295,716,944
Total assets		1,225,984,786	1,156,110,065	1,188,168,056	1,136,756,401

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

Humanica Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts		-	857,024	-	857,024
Trade and other payables	19	38,161,222	45,052,917	34,483,382	41,800,379
Advances from related party	6	-	41,442	-	-
Current portion of liabilities under hire-purchase and finance lease agreements	20	5,880,355	4,946,141	5,743,055	4,560,565
Service income received in advance		20,748,953	21,069,740	20,748,953	21,069,740
Income tax payable		3,227,752	2,138,144	-	-
Other current liabilities		9,327,699	8,412,424	6,612,700	6,363,874
Total current liabilities		77,345,981	82,517,832	67,588,090	74,651,582
Non-current liabilities					
Liabilities under hire-purchase and finance lease agreements, net of current portion	20	3,876,933	4,875,559	3,852,910	4,714,236
Provision for long-term employee benefits	21	15,134,058	14,987,490	13,919,455	14,344,875
Deferred tax liabilities	25	8,420,779	9,285,545	-	-
Other non-current liabilities		1,563,004	-	1,563,004	-
Total non-current liabilities		28,994,774	29,148,594	19,335,369	19,059,111
Total liabilities		106,340,755	111,666,426	86,923,459	93,710,693

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

Humanica Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered	22				
680,000,000 ordinary shares of Baht 0.5 each		<u>340,000,000</u>	<u>340,000,000</u>	<u>340,000,000</u>	<u>340,000,000</u>
Issued and fully paid up					
680,000,000 ordinary shares of Baht 0.5 each		340,000,000	340,000,000	340,000,000	340,000,000
Share premium		649,123,839	649,123,839	649,123,839	649,123,839
Capital reserve for share-based payment transactions		5,145,000	5,145,000	5,145,000	5,145,000
Capital deficit from changes in shareholding in subsidiary		(12,665,654)	(12,665,654)	-	-
Retained earnings					
Appropriated-statutory reserve	23	16,750,529	11,543,906	16,750,529	11,543,906
Unappropriated		122,712,235	51,613,805	90,507,833	37,167,476
Other components of shareholders' equity		<u>(1,422,641)</u>	<u>(317,792)</u>	<u>(282,604)</u>	<u>65,487</u>
Equity attributable to owners of the Company		1,119,643,308	1,044,443,104	1,101,244,597	1,043,045,708
Non-controlling interests of the subsidiaries		<u>723</u>	<u>535</u>	-	-
Total shareholders' equity		<u>1,119,644,031</u>	<u>1,044,443,639</u>	<u>1,101,244,597</u>	<u>1,043,045,708</u>
Total liabilities and shareholders' equity		<u>1,225,984,786</u>	<u>1,156,110,065</u>	<u>1,188,168,056</u>	<u>1,136,756,401</u>

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

Directors

Humanica Public Company Limited and Its subsidiaries

Statement of comprehensive Income

For the year ended 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income	26	515,112,261	478,876,783	377,359,984	343,517,134
Dividend income		1,607,340	-	18,607,000	29,136,078
Other income		<u>6,513,863</u>	<u>3,496,602</u>	<u>22,831,700</u>	<u>15,171,349</u>
Total revenues		<u>523,233,464</u>	<u>482,373,385</u>	<u>418,798,684</u>	<u>387,824,561</u>
Expenses					
Cost of sales and services		285,521,399	289,961,950	219,611,801	222,308,915
Selling expenses and distribution expenses		4,641,051	3,449,972	4,619,582	3,427,557
Administrative expenses		75,777,582	79,303,522	61,376,131	64,312,761
Loss on terminated agreements	9	<u>16,967,047</u>	<u>-</u>	<u>16,967,047</u>	<u>-</u>
Total expenses		<u>382,907,079</u>	<u>372,715,444</u>	<u>302,574,561</u>	<u>290,049,233</u>
Profit before finance cost and Income tax expenses		<u>140,326,385</u>	<u>109,657,941</u>	<u>116,224,123</u>	<u>97,775,328</u>
Finance cost		<u>(634,271)</u>	<u>(803,953)</u>	<u>(608,037)</u>	<u>(717,619)</u>
Profit before Income tax expenses		<u>139,692,114</u>	<u>108,853,988</u>	<u>115,616,086</u>	<u>97,057,709</u>
Income tax expenses	25	<u>(17,780,446)</u>	<u>(11,408,251)</u>	<u>(11,483,618)</u>	<u>(6,179,580)</u>
Profit for the year		<u>121,911,668</u>	<u>97,445,737</u>	<u>104,132,468</u>	<u>90,878,129</u>

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

Humanica 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		(756,758)	(141,693)	-	-
Gain (loss) on changes in value of available-for-sale investments, net of income tax	8, 14	(348,091)	65,487	(348,091)	65,487
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(1,104,849)	(76,206)	(348,091)	65,487
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarials gain, net of income tax	21	1,993,913	1,439,646	2,014,512	89,595
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,993,913	1,439,646	2,014,512	89,595
Other comprehensive income for the year		889,064	1,363,440	1,666,421	155,082
Total comprehensive income for the year		122,800,732	98,809,177	105,798,889	91,033,211
Profit attributable to:					
Equity holders of the Company		121,911,140	95,084,605	104,132,468	90,878,129
Non-controlling interests of the subsidiaries		528	2,361,132		
		<u>121,911,668</u>	<u>97,445,737</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		122,800,204	96,465,807	105,798,889	91,033,211
Non-controlling interests of the subsidiaries		528	2,343,370		
		<u>122,800,732</u>	<u>98,809,177</u>		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.18</u>	<u>0.27</u>	<u>0.15</u>	<u>0.26</u>

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

Humanica Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
Note	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Capital deficit from changes in shareholding in subsidiary	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Other components of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated		Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity			
Balance as at 1 January 2017	110,000,000	36,950,924	5,145,000	-	-	169,133,487	(241,586)	-	(241,586)	320,987,825	1,488,082	322,475,907	322,475,907
Profit for the year	-	-	-	-	-	95,084,605	-	-	-	95,084,605	2,361,132	97,445,737	97,445,737
Other comprehensive income for the year	-	-	-	-	-	1,439,619	(123,904)	65,487	(58,417)	1,381,202	(17,762)	1,363,440	1,363,440
Total comprehensive income for the year	-	-	-	-	-	96,524,224	(123,904)	65,487	(58,417)	96,465,807	2,343,370	98,809,177	98,809,177
Increase share capital	230,000,000	612,172,915	-	-	-	-	-	-	-	842,172,915	-	842,172,915	842,172,915
Capital deficit from changes in shareholding in subsidiary	-	-	-	(12,665,654)	-	-	(17,789)	-	(17,789)	(12,683,443)	(3,830,437)	(16,513,880)	(16,513,880)
Dividend paid	-	-	-	-	-	(202,500,000)	-	-	-	(202,500,000)	-	(202,500,000)	(202,500,000)
Dividend paid for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(480)	(480)	(480)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	11,543,906	(11,543,906)	-	-	-	-	-	-	-
Balance as at 31 December 2017	340,000,000	649,123,839	5,145,000	(12,665,654)	11,543,906	51,613,905	(383,279)	65,487	(317,792)	1,044,443,104	535	1,044,443,639	1,044,443,639
Balance as at 1 January 2018	340,000,000	649,123,839	5,145,000	(12,665,654)	11,543,906	51,613,905	(383,279)	65,487	(317,792)	1,044,443,104	535	1,044,443,639	1,044,443,639
Profit for the year	-	-	-	-	-	121,911,140	-	-	-	121,911,140	528	121,911,668	121,911,668
Other comprehensive income for the year	-	-	-	-	-	1,993,913	(756,756)	(348,091)	(1,104,849)	889,064	-	889,064	889,064
Total comprehensive income for the year	-	-	-	-	-	123,905,053	(756,756)	(348,091)	(1,104,849)	122,800,204	528	122,800,732	122,800,732
Dividend paid	-	-	-	-	-	(47,600,000)	-	-	-	(47,600,000)	-	(47,600,000)	(47,600,000)
Dividend paid for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(340)	(340)	(340)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	5,206,623	(5,206,623)	-	-	-	-	-	-	-
Balance as at 31 December 2018	340,000,000	649,123,839	5,145,000	(12,665,654)	16,750,528	122,712,235	(1,140,037)	(282,604)	(1,422,641)	1,119,643,308	723	1,119,644,031	1,119,644,031

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

Humanica Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (Continued)

For the year ended 31 December 2018

Separate financial statements											(Unit: Baht)
							Other components of equity				
							Other comprehensive income				
							Surplus (deficit)				
							on changes				
							in value of				
							available-for-sale				
							investments				
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The accompanying notes are an integral part of the financial statements.

Humanica Public Company Limited and its subsidiaries

Cash flow 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	139,692,114	108,853,988	115,616,086	97,057,709
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	46,356,542	45,769,872	36,817,482	35,934,459
Gain on sales of equipment	(1,174,380)	(1,378,356)	(6,157)	(817,540)
Loss on write-off of equipment	91,241	101,266	60	101,266
Allowance for doubtful accounts (reversal)	(4,133,208)	4,363,984	(4,133,208)	4,363,984
Provision for long-term employee benefits	2,952,807	2,315,694	1,775,898	2,028,125
Gain on sales of current investments and other long-term investments	(1,882,583)	-	(1,882,583)	-
Unrealized loss on foreign exchange	617,551	259,497	723,934	203,197
Dividend income	(1,607,340)	-	(18,607,000)	(29,136,078)
Interest expenses	634,271	803,953	608,037	717,619
Profit from operating activities before changes in operating assets and liabilities	181,547,015	161,089,898	130,912,549	110,452,741
Operating assets (Increase) decrease				
Trade and other receivables	31,454,595	(27,687,099)	22,037,384	(13,592,459)
Other current assets	(2,615,783)	(4,748,034)	(20,452)	(4,326,820)
Other non-current assets	(311,689)	(668,648)	(413,001)	(1,766,034)
Operating liabilities Increase (decrease)				
Trade and other payables	(7,601,811)	8,089,609	(7,334,940)	2,807,480
Service income received in advance	(320,787)	(27,047)	(320,787)	(27,047)
Other current liabilities	753,656	874,891	248,826	358,344
Other non-current liabilities	1,563,004	-	1,563,004	-
Cash flows from operating activities	204,468,200	136,923,570	146,672,583	93,906,205
Cash paid for interest expenses	(634,271)	(803,953)	(608,037)	(717,619)
Cash paid for income tax	(7,519,505)	(11,429,175)	(4,730,904)	(6,382,304)
Cash return from income tax	4,532,703	-	4,532,703	-
Net cash flows from operating activities	200,847,127	124,690,442	145,866,345	86,806,282

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

Humanica Public Company Limited and its subsidiaries

Cash flow 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					
Decrease (increase) in restricted bank deposits		220,701	(118,359)	220,701	(118,359)
Cash paid for acquisition of current and other long-term investments		(930,042,718)	(650,000,000)	(930,042,718)	(650,000,000)
Cash received from sales of current and other long-term investments		911,218,067	-	911,218,067	-
Decrease (Increase) in short-term loans to related party		-	-	12,085,550	(12,029,250)
Acquisition of building improvement and equipment		(37,188,176)	(21,214,256)	(36,264,780)	(14,712,457)
Acquisition/development of computer software		(22,943,699)	(27,994,160)	(22,966,154)	(23,104,100)
Proceeds from sales of equipment		1,326,449	2,035,238	102,149	934,579
Increase in long-term loans to related party		-	-	(20,000,000)	-
Dividend paid for non-controlling interests of subsidiaries		-	(480)	-	-
Dividend income		1,607,340	5,136,558	18,607,000	29,136,078
Cash paid for acquisition of entire business	12	(24,600,000)	-	-	-
Cash paid for investment in subsidiary		-	(16,513,880)	-	(16,513,880)
Cash paid for investment in associate	13	(22,700,000)	-	(22,700,000)	-
Net cash flows used in investing activities		(123,102,036)	(708,669,339)	(89,740,185)	(686,407,389)
Cash flows from financing activities					
Bank overdrafts		(857,024)	857,024	(857,024)	857,024
Repayment of advances from director		(41,442)	(4,869,774)	-	-
Repayment of long-term loans		-	(63,066)	-	(63,066)
Repayment of liabilities under hire-purchase and finance lease agreements		(5,664,412)	(5,143,564)	(5,278,836)	(4,075,638)
Proceeds from increase in share capital		-	860,000,000	-	860,000,000
Cash paid for direct costs related to the additional share offering		-	(22,283,856)	-	(22,283,856)
Dividend paid		(47,600,000)	(202,500,000)	(47,600,000)	(202,500,000)
Net cash flows from (used in) financing activities		(54,162,878)	625,996,764	(53,735,860)	631,934,464
Decrease in translation adjustments		(388,938)	(141,693)	-	-
Net increase in cash and cash equivalents		23,193,275	41,876,174	2,390,300	32,333,357
Cash and cash equivalents at beginning of year		88,142,222	46,266,048	62,096,492	29,763,135
Cash and cash equivalents at end of year		111,335,497	88,142,222	64,486,792	62,096,492

Supplemental cash flow information:

Non-cash transactions

Purchases of equipment under hire-purchase

and finance lease agreements

5,600,000

5,600,000

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

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

1. General information

Humanica Public Company Limited ("the Company") is a public limited company incorporated and domiciled in Thailand. The Company is principally engaged in providing human resource outsourcing and payroll services, sales of human resource systems and enterprise resource planning and providing implementation services. During the current period, the Company has changed its registered office address from 92/25, Sathornthani 2 Building, 11th floor, North Sathorn Road, Silom, Bangrak, Bangkok to 2 Soi Rong Muang 5, Rong Muang Road, Rong Muang, Pathumwan, Bangkok.

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 Humanica Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (Percent)	<u>2017</u> (Percent)
<u>Subsidiaries held directly by the Company</u>				
Professional Outsourcing Solutions Limited	Provide payroll services	Thailand	100	100
Humanica FAS Limited (formerly known as "Accounting & Business Advisory Company Limited")	Provide accounting outsourcing and financing services	Thailand	100	100
Humanica Asia Pte. Ltd.	Provide payroll outsourcing services and human resource management software consulting services	Singapore	100	100
<u>Subsidiary held by Humanica Asia Pte. Ltd.</u>				
Humanica SDN. BHD.	Provide payroll outsourcing services and human resource management software consulting services	Malaysia	100	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 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 subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries and associate 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 2018. 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 use 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 recognised 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 is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

(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

Sales

Revenue from sales is recognised when the significant risks and rewards of ownership passed to the buyer. Revenue from sales is the invoiced value, excluding value added tax, after deducting discounts and allowances.

Rendering of services

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

Service revenue from software implementation and service revenue under system development and implementation agreements is recognised when services have been rendered on the basis of the percentage of completion, as assessed by the Company's project manager. Revenues from unbilled services that have already been rendered under the agreements are presented under the caption of "Accrued income" in the statement of financial position, while revenue received before it is earned or before service is rendered is presented as "Service income received in advance" in the statement of financial position. A loss provision for a project is provided in full when it is highly likely that the total cost of the project will exceed total service revenues.

Revenue from providing system maintenance service is recognised by the period of service in the service agreement using the straight line method.

Revenue from other service contract is recognised when the service is rendered.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

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 receivables

Trade receivables are stated at the net realizable 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 Recognition and amortisation customers' deposits

Cash deposits received from customers for payments of payroll and other expenses for customers are recorded as assets and liabilities of the Company and its subsidiaries for their internal control purposes. As at the statement of financial position date, the Company and its subsidiaries exclude these amounts from both the assets and liabilities and present only the assets that belong to the Company and its subsidiaries.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

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.

4.6 Building improvement and equipment/Depreciation

Buildings improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Building improvement	-	3 and 5 years
Office equipment	-	5 years
Computer	-	3 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

An item of building improvement and 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.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The cost of an internally generated intangible asset comprises all salaries, other employee benefits and directly attributable cost necessary to prepare the asset to be capable of operating in the manner intended by management.

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. The amortisation expense is charged to profit or loss.

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

Computer software for operating	-	3 and 5 years
Internally generated computer software	-	10 years
Tradename	-	15 years
Customer relationship	-	7 years

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases of building or 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 shorter of the useful life of the asset and the lease period.

Leases of building or 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.

4.11 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 reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the building improvement and 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.

4.13 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 subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' 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 defined benefit plans are recognised immediately in other comprehensive income.

4.14 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.

4.15 Share-based payment transactions

Granting right to equity securities purchase to employees or individuals is considered share-based payment transaction when it does not appear that the right to equity securities purchase has an objective other than a payment for goods or services provided to the Company.

The Company will record the difference between fair value and purchase price of equity securities at the date on which the options are granted as expenses in profit or loss, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

4.16 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 they recognise 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.

4.17 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 from these estimates. Significant judgements and estimates are as follows:

Estimated of service revenues from software implementation and service revenue from system development contract with implementation

The Company recognises service revenue from software implementation and service revenue from system development contract with implementation by reference to the stage of completion, when the outcome of a service can be estimated reliably. The stage of completion is measured by reference to the management's judgement based on their best knowledge of the current events and arrangements and their experience of the business, based on information from the project managers.

Building improvement and equipment/Depreciation and intangible assets

In determining depreciation of building improvement and equipment and intangible assets, the management is required to make estimates of the useful lives and residual values of the building improvement and equipment and intangible assets and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review building improvement and equipment and intangible assets are subject to if there is an indication they may be impaired and impairment losses are recoded in the period when it is determined that their recoverable amount is lower than the carrying amount.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

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.

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		Pricing policy
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Service income	-	-	4,604	4,263	As agreed
Management fee	-	-	14,040	12,407	Contract price
Dividend income	-	-	17,000	24,000	As announcement
Interest income	-	-	336	6	At rate of 1.8 percent per annum
Rental income	-	-	2,580	-	As agreed
Other income	-	-	918	-	As agreed
Service expense	-	-	3,947	1,958	As agreed
Software development cost	-	-	1,384	2,935	As agreed
Other expense	-	-	9	-	As agreed
<u>Transactions with related parties</u>					
Service income	659	1,754	659	1,754	Market price
Rental expense	-	46	-	46	Contract price
<u>Transactions with the Company's director</u>					
Sales of fixed assets	-	1,615	-	935	Market price
Purchase of investment in subsidiary	-	16,514	-	16,514	Contract price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties (Note 9)</u>				
Associated company	5	-	-	-
Related company	284	-	284	-
Total trade receivables - related parties	<u>289</u>	<u>-</u>	<u>284</u>	<u>-</u>
<u>Other receivables - related parties (Note 9)</u>				
Subsidiary companies	-	-	12,628	10,043
Total other receivables - related parties	<u>-</u>	<u>-</u>	<u>12,628</u>	<u>10,043</u>
<u>Accrued income - related parties (Note 9)</u>				
Subsidiary companies	-	-	-	882
Associated companies	74	-	-	-
Total accrued income - related parties	<u>74</u>	<u>-</u>	<u>-</u>	<u>882</u>
<u>Accrued interests - related parties (Note 9)</u>				
Subsidiary companies	-	-	-	6
Total accrued interests - related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
<u>Short-term loans to related party (Note 6.1)</u>				
Subsidiary company	-	-	-	12,086
Total short-term loans to related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,086</u>
<u>Loan to related party (Note 6.2)</u>				
Subsidiary company	-	-	20,000	-
Total loan to related party	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<u>Other payables - related party (Note 19)</u>					
Subsidiary company		-	-	5,350	5,511
Total other payables - related party		-	-	5,350	5,511
<u>Accrued expenses - related party (Note 19)</u>					
Subsidiary company		-	-	-	70
Total accrued expenses - related party		-	-	-	70
<u>Advances from related party</u>					
Related person (Director)		-	41	-	-
Total advances from related party		-	41	-	-

- 6.1 On 8 December 2017, the Company entered into a short-term loan agreement to provide a loan to Humanica Asia Pte. Ltd. (Subsidiary) totaling SGD 500,000 or equivalent to approximately Baht 12 million. The loan carries interest at the rate of 1.8 percent per annum, no collateral and repayable at call. Subsequently, on 5 June 2018, the Company received loan payment in full.

During the current year, movements of short-term loans to related party were as follow:

		(Unit: Thousand Baht)			
		Separate financial statements			
Loans to	Related by	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Humanica Asia Pte. Ltd.	Subsidiary company	12,086	-	(12,086)	-
Total		12,086	-	(12,086)	-

- 6.2 On 15 June 2018, the Company entered into a loan agreement to provide a loan to Humanica FAS Limited (formerly known as "Accounting & Business Advisory Company Limited") (Subsidiary) totaling Baht 32 million. The loan carries interest at the rate of 1.8 percent per annum, no collateral and repayable at call. However, the Company has no plan to call the loan within one year, and therefore classified them as non-current asset in the financial statements.

During the current period, movement of loan to related party were as follow:

(Unit: Thousand Baht)

Loan to	Related by	Separate financial statements			Balance as at 31 December 2018
		Balance as at 1 January 2018	Increase during the period	Decrease during the period	
Humanica FAS Limited (formerly known as "Accounting & Business Advisory Company Limited")	Subsidiary company	-	32,000	(12,000)	20,000
Total		-	32,000	(12,000)	20,000

Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	23.3	23.4	17.9	17.1
Post-employment benefits	2.4	2.3	2.4	2.2
Total	25.7	25.7	20.3	19.3

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	591	626	541	576
Bank deposits	150,535	140,043	89,976	85,998
Less: Deposits in the Company and its subsidiaries' name for customer accounts	(39,791)	(52,527)	(26,030)	(24,478)
Total cash and cash equivalents	111,335	88,142	64,487	62,096

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carries interest at the rate of 0.10 to 0.80 percent per annum (2017: between 0.10 to 0.38 percent per annum).

8. Current investments

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Investment in available-for-sale securities - cost	309,012	650,000
Add: Unrealised gain (loss) on changes in value of investments	(2,222)	82
Total investments in available-for-sale securities - fair value	306,790	650,082
Structure notes	100,000	-
Total current investment	406,790	650,082

During the year 2018, the Company sold available-for-sale securities with book values totaling Baht 761 million and recognised gains (after tax) on the sales in profit or loss, amounting to Baht 1.4 million.

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Past due				
Up to 3 months	289	-	284	-
Total trade receivables - related parties	289	-	284	-
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	50,106	50,948	34,547	37,496
Past due				
Up to 3 months	27,749	36,407	18,215	29,506
3 - 6 months	4,386	8,300	3,761	7,864
6 - 12 months	1,590	3,871	1,577	3,053
Over 12 months	2,866	3,625	2,780	3,592
Total	86,697	103,151	60,880	81,511
Less: Allowance for doubtful debts	(1,449)	(5,582)	(1,449)	(5,582)
Total trade receivables - unrelated parties, net	85,248	97,569	59,431	75,929
Total trade receivables - net	85,537	97,569	59,715	75,929

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other receivables</u>				
Other receivables - related parties	-	-	12,628	10,043
Other receivables - unrelated parties	7,865	7,826	231	192
Accrued service income - related parties	74	-	-	882
Accrued service income - unrelated parties	22,289	33,083	15,579	18,935
Accrued interest - related parties	-	-	-	6
Total	30,228	40,909	28,438	30,058
Less: Allowance for doubtful debts	(1,900)	-	-	-
Total other receivables	28,328	40,909	28,438	30,058
Total trade and other receivables - net	113,865	138,478	88,153	105,987

During the current year, the Company has written off accrued service income of Baht 17 million to loss on terminated agreements because customers terminated agreements to install human resources systems.

Other receivables - unrelated parties included receivables under separation agreement as described in Note 31.1 to the consolidated financial statements.

10. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advances payments for services	1,871	2,257	1,871	2,257
Deposit	-	3,525	-	2,590
Withholding tax deducted at source	333	1,972	333	1,972
Others	4,386	4,940	3,278	3,970
Total other current assets	6,590	12,694	5,482	10,789

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure the issuance of bank guarantees by the bank.

12. Investments 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		(Unit: Thousand Baht) Dividend received during the years	
	2018	2017	2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)				
<u>Subsidiaries held directly by the Company</u>								
Professional Outsourcing Solutions Limited	Baht 10 million	Baht 10 million	100	100	72,889	72,899	17,000	16,000
Humanica FAS Limited (Formerly known as "Accounting & Business Advisory Company Limited")	Baht 1 million	Baht 1 million	100	100	29,999	29,999	-	8,000
Humanica Asia Pte. Ltd.	SGD 0.20 million	SGD 0.20 million	100	100	19,967	19,967	-	-
<u>Subsidiary held by Humanica Asia Pte. Ltd.</u>								
Humanica SDN. BHD.	MYR 0.5 million	MYR 0.5 million	100	100	-	-	-	-
Total					122,865	122,865	17,000	24,000

On 23 February 2018, a meeting of the Company's Board of Directors passed a resolution approving the acquisition by Humanica FAS Limited (formerly known as "Accounting & Business Advisory Co., Ltd."), one of the subsidiaries, of the entire business of Sigma Accounting and Tax Services Company Limited which is engaged in accounting and tax advisory business. The subsidiary entered into the entire business transfer agreement on 15 June 2018 and has paid Baht 24.6 million for the acquisition on 30 June 2018. The subsidiary acquired the entire business with the effective date of the transfer on 1 July 2018 (The effective date).

Details of the acquisition are as follows:

	(Unit: Thousand Baht)
Cash paid for acquisition of entire business	24,600
Proportionate share of net assets acquired	(2,343)
Unallocated costs of business acquisition	22,257

The proportionate share of net assets acquired as at the effective date of transfer are as follows:

(Unit: Thousand Baht)

Assets

Trade and other receivables	2,471
Equipment - net	28
Computer software - net	6
Total assets	2,505

Liabilities

Other current liabilities	162
Total liabilities	162
Net asset value	2,343

During the current year, the Company is in the process of assessing the fair value of business acquired at the acquisition date to allocate costs of the business acquisition to such identifiable items. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. It is to be completed within the period of 12 months from the acquisition date allowed under Thai Financial Reporting Standard No. 3 (revised 2017). During the measurement period, the Company will retrospectively adjust the provisional amounts recognised at the acquisition date, to recognise additional assets or liabilities, and adjust earnings to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company therefore recorded the excess of the acquisition cost of business over the net asset value as a separate item in the consolidated statement of financial position under the caption of "Unallocated costs of business acquisition".

13. Investment in associate

13.1 Details of associate:

(Unit: Thousand Baht)

Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding		Cost		Carrying amounts based on equity method	
			percentage					
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
Conical Company Limited	Consulting, design and sales software	Thailand	20	-	22,700	-	22,700	-
Total					22,700	-	22,700	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2018 (%)	2017 (%)	2018	2017
Conical Company Limited	Consulting, design and sales software	Thailand	20	-	22,700	-
Total					22,700	-

On 24 December 2018, the Company entered into a Shareholders Agreement to invest in 5,275 additional ordinary shares capital of Conicle Company Limited ("Conicle"), with a par value of Baht 100 each, at a price of Baht 4,303.32 per share, or a total of Baht 22.7 million. As a result of the acquisition, the Company held 20 percent of all issued shares of Conicle, and classified its investment as investment in an associate. The Company made a payment for these acquisition shares on 26 December 2018 (Acquisition date).

The Company's management made estimates of the assets and liabilities of Conicle as at 31 December 2018 and the acquisition date and determined that they were not significantly different. The carrying value of the assets and liabilities of Conicle as at 31 December 2018 were summarised below.

(Unit: Thousand Baht)

Assets

Cash and cash equivalent	19,158
Trade and other receivables	8,978
Other current assets	2,255
Equipment - net	661
Software under development	3,404
Other non-current assets	256
Total assets	34,712

Liabilities

Accrued expenses	1,386
Advance received	4,959
Other current liabilities	1,255
Total liabilities	7,600
Net asset value	27,112
Shareholding percentage (Percent)	20
Net assets in the portion held by the Company	5,422

The Company's management is currently in the process of determining the fair value of the assets and liabilities of Conicle at the acquisition date.

14. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
Investments in available-for-sale securities - cost	228,943	-
Add: Surplus on changes in value of investments	1,869	-
Investments in available-for-sale securities - fair value	230,812	-
Debt securities held-to maturity - amortised cost	32,192	-
Other investment - cost	7,173	7,173
Less: Allowance for impairment of investment	(7,173)	(7,173)
Other investment - net	-	-
Total other long-term investments	263,004	-

As at 31 December 2018, debt securities expected to be held to maturity are convertible notes, unsubordinated, totaling USD 1 million, with the interest rate of 8 percent per annum. The maturity date is 24 months from the date of issue of convertible notes (13 September 2018), with the conditions with respect to conversion stipulated in the agreement.

15. Building improvement and equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Building improvement	Office equipment	Computer	Motor vehicles
				Total
Cost:				
1 January 2017	16,918	14,605	65,583	9,468
Additions	7,131	4,340	9,743	-
Disposals/write-off	(460)	(963)	(234)	(5,419)
31 December 2017	23,589	17,982	75,092	4,049
Additions	14,645	6,546	15,915	5,600
Transfer from purchases of business	-	209	627	-
Disposals/write-off	(21,045)	(4,539)	(925)	(4,049)
Translation adjustment	(78)	(25)	(51)	-
31 December 2018	17,111	20,173	90,658	5,600
Accumulated depreciation:				
1 January 2017	13,060	11,509	40,149	7,753
Depreciation for the year	7,281	2,451	12,008	867
Depreciation on disposals/write-off	(460)	(862)	(234)	(4,762)
31 December 2017	19,881	13,098	51,923	3,858
Depreciation for the year	4,306	2,720	15,158	933
Depreciation on transfer from purchases of business	-	194	614	-
Depreciation on disposals/write-off	(21,045)	(4,420)	(800)	(4,049)
Translation adjustment	(22)	(8)	(12)	-
31 December 2018	3,120	11,584	66,883	742
Net book value:				
31 December 2017	3,708	4,884	23,169	191
31 December 2018	13,991	8,589	23,775	4,858
Depreciation for the year				
2017 (Baht 12 million included in cost of sales and services, and the balance in administrative expenses)				22,607
2018 (Baht 9 million included in cost of sales and services, and the balance in administrative expenses)				23,117

(Unit: Thousand Baht)

Separate financial statements

	Building improvement	Office equipment	Computer	Motor vehicles	Total
Cost:					
1 January 2017	12,694	11,351	61,005	3,200	88,250
Additions	4,586	3,505	6,621	-	14,712
Disposals/write-off	(460)	(963)	(234)	(3,200)	(4,857)
31 December 2017	16,820	13,893	67,392	-	98,105
Additions	14,137	6,231	15,897	5,600	41,865
Disposals/write-off	(16,821)	(2,070)	(104)	-	(18,995)
31 December 2018	14,136	18,054	83,185	5,600	120,975
Accumulated depreciation:					
1 January 2017	8,836	8,403	36,428	3,039	56,706
Depreciation for the year	6,826	2,242	11,088	44	20,200
Depreciation on disposals/write-off	(460)	(862)	(234)	(3,083)	(4,639)
31 December 2017	15,202	9,783	47,282	-	72,267
Depreciation for the year	3,728	2,473	14,057	743	21,001
Depreciation on disposals/write-off	(16,821)	(1,974)	(104)	-	(18,899)
31 December 2018	2,109	10,282	61,235	743	74,369
Net book value:					
31 December 2017	1,618	4,110	20,110	-	25,838
31 December 2018	12,027	7,772	21,950	4,857	46,606
Depreciation for the year					
2017 (Baht 10 million included in cost of sales and services, and the balance in administrative expenses)					20,200
2018 (Baht 7 million included in cost of sales and services, and the balance in administrative expenses)					21,001

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment with net book value of Baht 8.7 million (2017: Baht 8.8 million) (The Company only: Baht 8.6 million, 2017: Baht 8.2 million) which were acquired under hire-purchase and finance lease agreements.

As at 31 December 2018, certain items of building improvement and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation loss of those assets amounted to approximately Baht 47 million (2017: Baht 53 million) (The Company only: Baht 42 million, 2017: Baht 42 million).

16. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements
	Computer software	Tradename	Customer relationship	Total	Computer software
Cost:					
1 January 2017	158,819	20,478	38,441	217,738	154,017
Additions	5,044	-	-	5,044	154
Transfer in	7,669	-	-	7,669	7,669
31 December 2017	171,532	20,478	38,441	230,451	161,840
Additions	2,422	-	-	2,422	2,419
Transfer in	30,006	-	-	30,006	30,006
Transfer from purchases of business	100	-	-	100	-
Translation adjustment	(150)	-	-	(150)	-
31 December 2018	203,910	20,478	38,441	262,829	194,265
Accumulated amortisation:					
1 January 2017	49,211	1,298	5,221	55,730	44,777
Amortisation for the year	16,306	1,365	5,492	23,163	15,734
31 December 2017	65,517	2,663	10,713	78,893	60,511
Amortisation for the year	16,383	1,365	5,492	23,240	15,816
Transfer from purchases of business	94	-	-	94	-
Translation adjustment	(19)	-	-	(19)	-
31 December 2018	81,975	4,028	16,205	102,208	76,327
Net book value:					
31 December 2017	106,015	17,815	27,728	151,558	101,329
31 December 2018	121,935	16,450	22,236	160,621	117,938

17. Computer software under development

The net book value of computer software under development as at 31 December 2018 and 2017 is presented below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	21,458	6,025	21,458	6,025
Development of computer software	20,581	23,102	20,647	23,102
Transfer out	(30,006)	(7,669)	(30,006)	(7,669)
Net book value at end of year	<u>12,033</u>	<u>21,458</u>	<u>12,099</u>	<u>21,458</u>

18. Goodwill

For the purpose of impairment testing, the Company allocated goodwill acquired in business combinations to each of the cash generating units (CGUs), as presented below:

	(Unit: Thousand Baht)		
	Professional Outsourcing Solutions Limited	Humanica FAS Limited (Formerly known as "Accounting & Business Advisory Company Limited")	Total
Goodwill	19,679	15,477	35,156

The recoverable amount of each CGU is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period for Professional Outsourcing Solutions Limited and Humanica FAS Limited (Formerly known as "Accounting & Business Advisory Company Limited").

Key assumptions used in value in use calculations are summarised below:

	(Unit: percent per annum)			
	Professional Outsourcing Solutions Limited		Humanica FAS Limited (Formerly known as "Accounting & Business Advisory Company Limited")	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Growth rate	3% - 8%	3% - 7%	3% - 5%	9%
Pre-tax discount rate	12%	12%	12%	12%

The management determined the growth rate based on past performance and its expectations of market development. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

The management believes that there is no impairment loss for goodwill.

19. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	4,047	8,273	4,047	8,273
Other payables - unrelated parties	2,088	4,710	1,495	3,294
Other payables - related parties	-	-	5,350	5,511
Accrued expenses - unrelated parties	32,026	32,070	23,591	24,652
Accrued expenses - related party	-	-	-	70
Total trade and other payables	<u>38,161</u>	<u>45,053</u>	<u>34,483</u>	<u>41,800</u>

20. Liabilities under hire-purchase and finance lease agreements

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under hire-purchase and finance lease agreements	10,510	10,436	10,341	9,854
Less: Deferred interest	(753)	(614)	(745)	(579)
Total	<u>9,757</u>	<u>9,822</u>	<u>9,596</u>	<u>9,275</u>
Less: Portion due within one year	<u>(5,880)</u>	<u>(4,946)</u>	<u>(5,743)</u>	<u>(4,561)</u>
Liabilities under hire-purchase and finance lease agreements - net of current portion	<u>3,877</u>	<u>4,876</u>	<u>3,853</u>	<u>4,714</u>

The Company and its subsidiaries have entered into the hire-purchase and finance lease agreements with leasing companies for rental of equipment and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		1 - 5 years		Total	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	6,293	5,402	4,217	5,034	10,510	10,436
Deferred interest	(413)	(456)	(340)	(158)	(753)	(614)
Present value of future minimum lease payments	5,880	4,946	3,877	4,876	9,757	9,822

(Unit: Thousand Baht)

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	6,148	4,990	4,193	4,864	10,341	9,854
Deferred interest	(405)	(429)	(340)	(150)	(745)	(579)
Present value of future minimum lease payments	5,743	4,561	3,853	4,714	9,596	9,275

21. 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 financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	14,987	14,320	14,345	12,320
Included in profit or loss:				
Current service cost	2,341	1,948	1,632	1,724
Interest cost	298	519	244	456
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	446	-	407
Financial assumptions changes	(193)	(525)	(170)	(356)
Experience adjustments	(2,299)	(1,721)	(2,349)	(163)
Increase (decrease) from transferred of employee	-	-	217	(43)
Provision for long-term employee benefits at end of year	15,134	14,987	13,919	14,345

The Company and its subsidiaries expect that it will not pay for long-term employee benefits during next year. (Separate financial statements: Nil) (2017: Baht 3.8 million Separate financial statements: Baht 3.8 million)

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 19 years (2017: 20 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	1.76 - 4.16	1.43 - 4.00
Future salary increase rate	4.00 - 12.00	4.00 - 12.00
Turnover rate	0 - 24	0 - 24

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: Thousand Baht)

	2018			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1,519)	1,788	(1,348)	1,579
Future salary increase rate	1,727	(1,502)	1,526	(1,333)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
	(1,494)	2,015	(1,261)	1,692

(Unit: Thousand Baht)

	2017			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1,319)	1,589	(1,209)	1,451
Future salary increase rate	1,529	(1,300)	1,397	(1,192)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
	(1,632)	2,236	(1,496)	1,996

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 not less than 400 days, compensation at the latest wage rate. 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 3.6 million (The Company only: Baht 3.4 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the profit or loss of the period in which the law is effective.

22. Share capital

2017

On 3 April 2017, the General Meeting of the shareholders of the Company passed a special resolution to approve an increase in its share capital from Baht 110 million to Baht 200 million by issuing 9 million ordinary shares with a par value of Baht 10 each and at the price of Baht 10 each to offer to existing shareholders in the portion of 10 existing shares per 8.1818 new shares. The Company registered the increase in its paid-up capital with the Ministry of Commerce on 12 July 2017 and received share subscription payment in full on 26 July 2017. Subsequently on 31 July 2017 and 24 August 2017, the Extraordinary General Meetings of the Company's shareholders passed the following resolutions.

- a) Approved the change of its status from a company limited to a public company limited and change the Company's name to "Humanica Public Company Limited".
- b) Approved the change in the par value of its ordinary shares from Baht 10 each of 20 million shares to Baht 0.5 each of 400 million shares.
- c) Approved the increase of registered share capital from Baht 200 million to Baht 340 million through the issuance of 280 million new ordinary shares at a par value of Baht 0.5 each, which are to be allocated as follows:
 - 1) 100 million ordinary shares to be offered to existing shareholders in the portion of 4 existing shares per 1 new shares at the price of Baht 0.5 each.
 - 2) 153 million ordinary shares to be offered through an initial public offering.
 - 3) 27 million ordinary shares to be offered to the Company and its subsidiaries' directors or employees, for the shares remaining after such offering, they are to be offered through the public offering under item 2).

The Company registered the significant matters described in a) to c) with the Ministry of Commerce on 4 August 2017. Subsequently, the Company called up 100 percent of share capital offered to existing shareholders of 100 million ordinary shares with a par value of Baht 0.5 each and received share subscription payment in full on 9 August 2017.

During 30 November 2017 to 4 December 2017, the Company offered 180 million ordinary shares, with a par value of Baht 0.5 each, at the offered price of Baht 4 each through Initial Public Offering and the Company and its subsidiaries' directors and employees, or for a total of Baht 720 million. The Company registered the change of its issued and paid-up share capital from Baht 250 million (500 million ordinary shares with a par value of Baht 0.5 each) to Baht 340 million (680 million ordinary shares with a par value of Baht 0.5 each) with the Ministry of Commerce on 6 December 2017, and the Stock Exchange of Thailand approved the 680 million ordinary shares with a par value of Baht 0.5 each as listed securities to be traded, effective from 8 December 2017.

The Company incurred expenses relating to the share offering amounting to approximately Baht 17.8 million (net of income tax of Baht 4.5 million), and these expenses were recorded as a deduction against share premium in the shareholders' equity.

23. 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.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salary and wages and other employee benefits	217,960	215,828	168,442	164,215
Depreciation	23,117	22,607	21,001	22,200
Amortisation expenses	23,240	23,163	15,816	15,734
Rental expenses from operating lease contract	28,819	20,020	23,154	14,327
License fees	13,852	22,609	13,852	22,609
Maintenance expenses	19,003	15,308	19,003	15,308

25. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(15,477)	(10,963)	(8,207)	(4,475)
Adjustment in respect of income tax of previous year	(1,917)	-	(1,917)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(386)	4,012	(1,360)	2,752
Effects of income tax related to the share offering (Note 22)	-	(4,457)	-	(4,457)
Income tax expenses reported in the statement of comprehensive income	<u>(17,780)</u>	<u>(11,408)</u>	<u>(11,484)</u>	<u>(6,180)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on loss (gain) from the change in value of available-for-sale investments	87	(16)	87	(16)
Deferred tax on actuarial gain	(498)	(360)	(504)	(22)
	<u>(411)</u>	<u>(376)</u>	<u>(417)</u>	<u>(38)</u>

The reconciliation between accounting profit and income tax expense is 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	139,692	108,854	115,616	97,058
Applicable tax rate	20	20	20	20
Accounting profit before tax multiplied by				
income tax rate	27,938	21,771	23,123	19,412
Adjustment in respect of income tax of previous years	1,917	-	1,917	-
Difference in tax rate in group companies	(690)	(395)	-	-
Effects of:				
Promotional privileges (Note 26)	(10,107)	(7,368)	(10,107)	(7,368)
Exemption of income	-	(1,027)	(3,400)	(5,827)
Non-deductible expenses	372	619	257	506
Others	(1,651)	(2,190)	(306)	(543)
Total	(11,385)	(9,966)	(13,556)	(13,232)
Income tax expenses reported in the statement of comprehensive income	17,780	11,408	11,484	6,180

The tax rate enacted at the end of the reporting period of the subsidiaries in overseas countries are 17 percent to 18 percent.

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful accounts	290	1,117	290	1,117
Provision for long-term employee benefits	3,027	2,998	2,784	2,869
Accumulated depreciation - building improvement and equipment	-	1,087	-	1,087
Unrealised loss on changes in value of available-for-sale investments	71	-	71	-
Others	500	491	500	364
Total	3,888	5,693	3,645	5,437

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax liabilities					
Unrealised gain on changes in value of available-for-sale investments		-	(16)	-	(16)
Fair value of intangible assets arise in business acquisition		(7,737)	(9,109)	-	-
Others		(684)	(304)	-	-
Total		8,421	(9,429)	-	(16)
Deferred tax assets (liabilities) - net		(4,533)	(3,736)	3,645	5,421
Presentation in the statement of financial position					
Deferred tax assets		3,888	5,550	3,645	5,421
Deferred tax liabilities		(8,421)	(9,286)	-	-

26. Promotional privileges

The Company was granted investment promotional. Significant tax privileges granted to the Company are summarised below.

	Promotion certificate no.	Exemption from corporate income tax for 8 years commencing from
Software	1682(7)/2548	11 June 2010
Software	2103(7)/2555	12 July 2017

As a BOI promoted company, the Company must comply with certain conditions and restrictions stipulated in the investment promotion certificates.

The Company's operating revenues for the years ended 31 December 2018 and 2017 are below shown divided according to promoted and non-promoted operations.

		(Unit: Thousand Baht)					
		Promoted operations		Non-promoted operations		Total	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and service income							
Domestic		122,358	113,556	245,497	226,771	367,855	340,327
Export		8,118	2,517	1,387	673	9,505	3,190
Total sales and service income		130,476	116,073	246,884	227,444	377,360	343,517

27. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the year (Thousand Baht)	121,911	95,085	104,132	90,878
Weighted average number of ordinary shares (Thousand shares)	680,000	353,528	680,000	353,528
Earnings per share (Baht per share)	0.18	0.27	0.15	0.26

28. 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 services and have three reportable segments as follows:

- 1) Human resource management system services segment
- 2) Enterprise resource planning services segment
- 3) Accounting and financing services

No operating segments have been aggregated to form the above reportable operating segments.

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 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 years ended 31 December 2018 and 2017, respectively.

(Unit: Thousand Baht)

	Human resource management		Enterprise resource planning services		Accounting and financing services		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales and service income from external customers	396,991	358,099	98,940	96,992	19,181	23,786	-	-	515,112	478,877
Total revenue	396,991	358,099	98,940	96,992	19,181	23,786	-	-	515,112	478,877
Segment profit	109,183	89,076	25,250	17,311	6,529	6,631	-	-	140,962	113,018
Unallocated income (expenses):										
Other incomes									8,121	3,497
Allowance for doubtful account									(1,900)	-
Amortisation of intangible assets from purchase of subsidiaries									(6,857)	(6,857)
Finance cost									(634)	(804)
Profit before income tax expenses									139,692	108,854
Income tax expenses									(17,780)	(11,408)
Profit for the year									121,912	97,446

Geographic information

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	449,816	419,884
Singapore	54,324	53,913
Japan	4,706	2,435
Malaysia	6,266	2,645
Total	<u>515,112</u>	<u>478,877</u>

Major customers

For the year 2018, the Company and its subsidiaries have revenue from one major customer in amount of Baht 52 million, arising from human resource management services segment (2017: Baht 49 million derived from one major customer, arising from human resource management services segment).

29. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate between 4 to 15 percent of basic salary. The fund, which is managed by Krungsri Asset Management Company Limited and Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 8.5 million (2017: Baht 7.4 million) (The Company only: Baht 5.0 million, 2017: Baht 4.8 million) were recognised as expenses.

30. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 3 April 2017	90.0	8.18
Interim dividends for 2017	The Board of Directors' meeting of the Company on 14 July 2017	50.0	2.50
Interim dividends for 2017	The Board of Directors' meeting of the Company on 9 November 2017	62.5	0.13
Total dividends for 2017		202.5	10.81
Final dividends for 2017	Annual General Meeting of the shareholders on 2 April 2018	20.4	0.03
Interim dividends for 2018	The Board of Directors' meeting of the Company on 14 August 2018	27.2	0.04
Total dividends for 2018		47.6	0.07

31. Commitments and contingent liabilities

31.1 Separation agreements

On 23 February 2017, the Company entered into a separation agreement to sell its investment in Tricor Humatrix Asia Pte. Ltd. ("THA"), an associate, to Tricor Singapore Pte. Ltd. at a price of SGD 1 (equivalent to approximately Baht 25) and the shares were transferred since 31 December 2016. Under the separation agreement, THA agreed to transfer a group of customers to Humanica Asia Pte. Ltd., a subsidiary, in accordance with the conditions stipulated in the agreement.

In addition, the separation agreement included conditions specifying that the Company would receive dividend with respect to operating results for the years 2015 and 2016 based on its shareholding paid from retained earnings as at 31 December 2016, after the financial statements of THA had been audited by auditors. In this regard, the Company recognised other receivables amounting to Baht 12.8 million in the consolidated statements of financial position as at 31 December 2016. Subsequently on 3 May 2017, the Company received dividend with respect to operating results for the year 2015 amounting to Baht 5.1 million. As at 31 December 2018, outstanding balance of this other receivables net of allowance for doubtful account was Baht 5.8 million.

31.2 Operating lease and service agreements commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and other service agreements. The terms of the agreements are generally between 1 and 10 years.

Future minimum lease payments required under these operating leases and service contracts were as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Payable:				
In up to 1 year	24	22	19	17
In over 1 and up to 5 years	108	93	107	87
Over 5 years	78	85	78	85

31.3 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 4.7 million (2017: Baht 4.7 million) issued by a bank on behalf of the Company in respect of contractual performance.

32. Fair value hierarchy

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

	(Unit: Thousand Baht)			
	Consolidated Financial Statements/Separate Financial Statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Unit trust in fixed income funds	-	464,105	-	464,105
Unit trust in mixed fund	-	12,073	-	12,073
Equity instruments	61,423	-	-	61,423
Structure notes	-	100,000	-	100,000

(Unit: Thousand Baht)

Consolidated Financial Statements/Separate Financial Statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Unit trust in fixed income funds	-	650,082	-	650,082

33. Financial instruments

33.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, loans to related parties, restricted bank deposits, bank overdrafts, trade and other payables, advances from related party, and liabilities under hire-purchase and finance lease. 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 trade and other receivables and loans to related parties. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, loans to related parties, bank overdraft, and liabilities under hire-purchase and finance lease. Most of the Company's 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, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements

2018						
Fixed interest rates						
Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate	(% per annum)
Financial Assets						
Cash and cash equivalents	-	-	76,475	34,860	111,335	0.10 - 0.80
Current investments	-	-	-	406,790	406,790	-
Trade and other receivables	-	-	-	113,865	113,865	-
Restricted bank deposits	4,889	-	-	-	4,889	0.90
Other long-term loans	-	32,192	-	230,811	263,003	8.00
	4,889	32,192	76,475	786,326	889,882	
Financial liabilities						
Trade and other payables	-	-	-	38,161	38,161	-
Liabilities under hire-purchase and finance lease	5,880	3,877	-	-	9,757	5.80 - 8.41
	5,880	3,877	-	38,161	47,918	

(Unit: Thousand Baht)

Separate financial statements

2018						
Fixed interest rates						
Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate	(% per annum)
Financial Assets						
Cash and cash equivalents	-	-	50,577	13,910	64,487	0.10 - 0.80
Current investments	-	-	-	406,790	406,790	-
Trade and other receivables	-	-	-	88,153	88,153	-
Restricted bank deposits	4,889	-	-	-	4,889	0.90
Other long-term loans	-	32,192	-	230,811	263,003	8.00
Loans to related party	-	20,000	-	-	20,000	1.80
	4,889	52,192	50,577	739,664	847,322	
Financial liabilities						
Trade and other payables	-	-	-	34,483	34,483	-
Liabilities under hire-purchase and finance lease	5,743	3,853	-	-	9,596	5.80 - 7.55
	5,743	3,853	-	34,483	44,079	

(Unit: Thousand Baht)

Consolidated financial statements

2017

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	55,233	32,909	88,142	0.10 - 1.00
Current investments	-	-	-	650,082	650,082	-
Trade and other receivables	-	-	-	138,478	138,478	-
Restricted bank deposits	5,110	-	-	-	5,110	0.80 - 0.90
	5,110	-	55,233	821,469	881,212	
Financial liabilities						
Bank overdraft	-	-	857	-	857	6.87
Trade and other payables	-	-	-	45,053	45,053	-
Advances from related party	-	-	-	41	41	-
Liabilities under hire-purchase and finance lease	4,946	4,876	-	-	9,822	6.21 - 8.41
	4,946	4,876	857	45,094	55,773	

(Unit: Thousand Baht)

Separate financial statements

2017

	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalent	-	-	39,437	22,569	62,096	0.10 - 1.00
Current investments	-	-	-	650,082	650,082	-
Trade and other receivables	-	-	-	105,987	105,987	-
Short-term loans to related parties	12,086	-	-	-	12,086	1.80
Restricted bank deposits	5,110	-	-	-	5,110	0.80 - 0.90
	17,196	-	39,437	778,728	835,361	
Financial liabilities						
Bank overdraft	-	-	857	-	857	6.87
Trade and other payables	-	-	-	41,800	41,800	-
Liabilities under hire-purchase and finance lease	4,561	4,714	-	-	9,275	6.21 - 7.88
	4,561	4,714	857	41,800	51,932	

Foreign currency risk

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	0.2	-	-	32.4498	32.6809
JPY	2.5	3.7	-	-	0.2931	0.2898
MYR	0.2	0.2	-	-	7.8056	8.0584

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	0.2	-	-	32.4498	32.6809
SGD	0.4	0.9	0.2	0.2	23.6943	24.4503
JPY	2.5	3.7	-	-	0.2931	0.2898
MYR	0.2	0.2	-	-	7.8056	8.0584

33.2 Fair values of financial instruments

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

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.09:1 (2017: 0.11:1) and the Company's was 0.08:1 (2017: 0.09:1).

35. Events after the reporting period

On 25 February 2019, the Board of Directors' meeting of the Company passed a resolution to propose the payment of a dividend for the year 2018 at Baht 0.10 per share. However, since the Board of Directors previously approved an interim dividend from income of the year 2018 at Baht 0.04 per share, totaling Baht 27.2 million, so there are the remaining dividend payment at Baht 0.06 per share, totaling Baht 40.8 million. The Board of Directors will propose for approval by the Annual General Meeting of the Company.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2019.