

S P V I Public Company Limited
Report and interim financial statements
For the three-month period ended 31 March 2019



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EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลคไรจดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S P V I Public Company Limited

I have reviewed the accompanying statement of financial position of S P V I Public Company Limited as at 31 March 2019, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 7 May 2019

S P V I Public Company Limited
Statement of financial position

(Unit: Thousand Baht)

	Note	As at	As at
		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Assets			
Current assets			
Cash and cash equivalents	4	36,699	45,274
Current investments	5	46,460	81,358
Trade and other receivables	3, 6	60,822	59,271
Inventories	7	288,728	295,492
Other current assets	8	8,923	10,922
Total current assets		441,632	492,317
Non-current assets			
Other long-term investments	9	10,000	10,000
Equipment	10	42,523	42,975
Intangible assets		19,352	20,818
Leasehold right		6,686	6,949
Other non-current assets		21,916	21,264
Deferred tax assets		7,566	7,332
Total non-current assets		108,043	109,338
Total assets		549,675	601,655

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

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S P V I Public Company Limited
Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	As at	As at
		31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	3, 11	183,905	253,431
Dividend payable		62	71
Income tax payable		6,050	3,826
Other current liabilities		717	804
Total current liabilities		<u>190,734</u>	<u>258,132</u>
Non-current liabilities			
Provision for long-term employee benefits		15,303	14,804
Total non-current liabilities		<u>15,303</u>	<u>14,804</u>
Total liabilities		<u>206,037</u>	<u>272,936</u>
Shareholders' equity			
Share capital			
Registered			
400,000,000 ordinary shares of Baht 0.50 each		<u>200,000</u>	<u>200,000</u>
Issued and fully paid up			
400,000,000 ordinary shares of Baht 0.50 each		200,000	200,000
Share premium		39,810	39,810
Retained earnings			
Appropriated - statutory reserve		14,550	14,550
Unappropriated		89,278	74,359
Total shareholders' equity		<u>343,638</u>	<u>328,719</u>
Total liabilities and shareholders' equity		<u>549,675</u>	<u>601,655</u>

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




Directors



(Unaudited but reviewed)

S P V I Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Profit or loss			
Revenues			
Sales		762,671	604,664
Service income		4,385	3,492
Other income	12	<u>9,158</u>	<u>6,104</u>
Total revenues		<u>776,214</u>	<u>614,260</u>
Expenses			
Cost of sales		674,212	531,313
Cost of services		1,275	581
Selling and distribution expenses		62,498	54,057
Administrative expenses		<u>19,448</u>	<u>16,823</u>
Total expenses		<u>757,433</u>	<u>602,774</u>
Profit before finance cost and income tax expenses		18,781	11,486
Finance cost		<u>(187)</u>	<u>(180)</u>
Profit before income tax expenses		18,594	11,306
Tax income expense	13	<u>(3,675)</u>	<u>(2,093)</u>
Profit for the period		14,919	9,213
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>14,919</u>	<u>9,213</u>
Basic earnings per share	14		
Profit		<u>0.04</u>	<u>0.02</u>
Weighted average number of ordinary shares (shares)		<u>400,000,000</u>	<u>400,000,000</u>

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

(Unaudited but reviewed)

S P V I Public Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	200,000	39,810	12,289	49,385	301,484
Total comprehensive income for the period	-	-	-	9,213	9,213
Balance as at 31 March 2018	<u>200,000</u>	<u>39,810</u>	<u>12,289</u>	<u>58,598</u>	<u>310,697</u>
Balance as at 1 January 2019	200,000	39,810	14,550	74,359	328,719
Total comprehensive income for the period	-	-	-	14,919	14,919
Balance as at 31 March 2019	<u>200,000</u>	<u>39,810</u>	<u>14,550</u>	<u>89,278</u>	<u>343,638</u>

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



(Unaudited but reviewed)

S P V I Public Company Limited

Cash flow statement

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Profit before tax	18,594	11,306
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	5,978	5,393
Allowance for doubtful accounts reversal	-	(21)
Increase (decrease) in reduction of inventories to net realisable value	2,659	(464)
Loss on disposals/write-off of equipment	1,661	783
Reversal of allowance for impairment of equipment	(1,661)	(57)
Allowance for impairment of intangible assets	-	949
Allowance for impairment of guarantee fund (reversal)	(161)	296
Provision for long-term employee benefits	499	379
Gain on disposals of investments in trading securities	(270)	(155)
Unrealised loss on changes in value of current investments in trading securities	18	5
Interest expenses	-	1
Profit from operating activities before changes in operating assets and liabilities	27,317	18,415
Operating assets (increase) decrease:		
Trade and other receivables	(1,551)	1,612
Inventories	4,031	19,948
Other current assets	1,999	904
Other non-current assets	(491)	(955)
Operating liabilities increase (decrease):		
Trade and other payables	(69,526)	(57,302)
Other current liabilities	(87)	393
Cash flows used in operating activities	(38,308)	(16,985)
Cash paid for income tax	(1,685)	(1,440)
Net cash flows used in operating activities	<u>(39,993)</u>	<u>(18,425)</u>

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

(Unaudited but reviewed)

S P V I Public Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities		
Decrease in current investments	35,150	29,126
Proceeds from sales of equipment	9	13
Acquisitions of equipment	(3,518)	(5,168)
Increase in intangible asset	(214)	(248)
Increase in leasehold right	-	(2,000)
Net cash flows from investing activities	<u>31,427</u>	<u>21,723</u>
Cash flows from financing activities		
Cash paid for interest expenses	-	(1)
Cash paid for dividend	(9)	-
Net cash flows used in financing activities	<u>(9)</u>	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	(8,575)	3,297
Cash and cash equivalents at beginning of period	<u>45,274</u>	<u>33,341</u>
Cash and cash equivalents at end of period	<u><u>36,699</u></u>	<u><u>36,638</u></u>

Supplemental disclosures of cash flows information:

Non-cash related transaction

Dividend payable	62	59
Transfer inventory to equipment	68	242
Transfer inventory to intangible assets	6	-
Write off trade receivable as bad debt	191	-

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

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S P V I Public Company Limited
Notes to interim financial statements
For the three-month periods ended 31 March 2019

1. General information

1.1 Company information

S P V I Public Company Limited (“the Company”) is a limited company incorporated under Thai laws on 6 January 2011 and registered the change of its status to a public limited company under the Public Limited Companies Act on 10 April 2013 and domiciled in Thailand. Its major shareholder is IT City Public Company Limited, a company incorporated in Thailand. The Company is principally engaged in the distribution of computers, mobile phone, related accessories and related service. Its registered address is No. 1213/58-59 Soi Ladprao 94 Sriwara Road, Phlapphla, Wangthonglang, Bangkok.

As at 31 March 2019, the Company operates 45 branches (31 December 2018: 45 branches).

1.2 Basis for the preparation of interim financial statements

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

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

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



1.3 New financial reporting standards

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

During the period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are 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.

This standard does not have any significant impact on the Company's financial statements.

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(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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



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TFRS 16 Leases

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

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

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Revenue recognition

Sale of goods

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

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

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(Unaudited but reviewed)

3. Related party transactions

During the periods, the Company 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 based agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Pricing policy
	2019	2018	
<u>Transactions with major shareholder</u>			
(IT City Public Company Limited)			
Purchases of goods	551	50	Approximate market price
Purchases of fixed assets	-	10	Market price
<u>Transactions with related parties</u>			
Sales of goods	219	163	Market price
Purchases of goods	338	132	Market price
Service expenses	1,803	1,349	Prices agreed by the parties
Logistics and distribution fee	1,565	1,459	Prices agreed by the parties

The balances of the accounts as at 31 March 2019 and 31 December 2018 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
<u>Trade and other receivables - related parties (Note 6)</u>		
Related companies (related by common shareholders and common directors)	99	311
Total trade and other receivables - related parties	99	311
<u>Trade and other payables - related parties (Note 11)</u>		
Major shareholder	411	-
Related companies (related by common shareholders and common directors)	2,470	1,554
Total trade and other payables - related parties	2,881	1,554

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, the Company had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	5.4	5.4
Post-employment benefits	0.4	0.2
Total	<u>5.8</u>	<u>5.6</u>

4. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
Cash	3,552	3,036
Bank deposits	33,147	42,238
Total	<u>36,699</u>	<u>45,274</u>

As at 31 March 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.1 and 0.5 percent per annum (31 December 2018: between 0.1 and 0.5 percent per annum).

5. Current investments

(Unit: Thousand Baht)

	31 March 2019			31 December 2018		
	Number of units (Thousand units)	Cost	Fair value	Number of units (Thousand units)	Cost	Fair value
Investments in Krungsri Star Plus Fund	2,227	46,449	46,460	3,914	81,329	81,358
Total	<u>2,227</u>	<u>46,449</u>	<u>46,460</u>	<u>3,914</u>	<u>81,329</u>	<u>81,358</u>

Current investments in held for trade investments for which fair value is measured or disclosed in the financial statements are categorised within Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly.

(Unaudited but reviewed)

6. Trade and other receivables

(Unit: Thousand Baht)


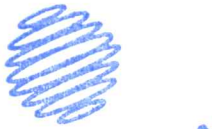
	31 March 2019	31 December 2018
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	99	311
Total trade receivables - related parties	99	311
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	46,805	48,862
Past due		
Up to 3 months	10,021	6,464
3 - 6 months	164	429
6 - 12 months	245	59
Over 12 months	199	425
Total	57,434	56,239
Less: Allowance for doubtful debts	(169)	(360)
Total trade receivables - unrelated parties, net	57,265	55,879
Total trade receivable - net	57,364	56,190
<u>Other receivables</u>		
Other receivables - unrelated parties	3,458	3,081
Total other receivables	3,458	3,081
Total trade and other receivables - net	60,822	59,271

7. Reduction of inventories to net realisable value

Movements in the reduction of inventories to net realisable value account during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2019	19,683
Add: Reduction of inventory value during the period	2,659
Balance as at 31 March 2019	22,342



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8. Other current assets

The outstanding balance of other current assets as at 31 March 2019 and 31 December 2018 are as follows:

	(Unit: Thousand Baht)	
	31 March 2019	31 December 2018
Input tax and value added tax refundable	5,735	7,900
Advance payments for purchase of goods	335	289
Others	2,853	2,733
Total other current liabilities	8,923	10,922

9. Other long-term investments

As at 31 March 2019, the Company had other long-term investments amount of Baht 10 million (31 December 2018: Baht 10 million) in the form of fixed deposit account with maturity over 1 year carried interest 2.25 percent per annum (31 December 2018: 2.25 percent per annum).

10. Equipment

Movements of equipment account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2019	42,975
Acquisitions during the period - at cost	3,518
Transfer from inventory	68
Disposals and write-off during the period - net book value as at disposed and written-off date	(1,670)
Decrease in allowance for impairment	1,661
Depreciation for the period	(4,029)
Net book value as at 31 March 2019	42,523




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(Unaudited but reviewed)

11. Trade and other payables

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
Trade payables - related parties	587	10
Trade payables - unrelated parties	167,000	234,606
Other payables - related parties	2,294	1,544
Other payables - unrelated parties	14,024	17,271
Total trade and other payables	183,905	253,431

12. Other income

(Unit: Thousand Baht)

For the three-month
periods ended 31 March

	<u>2019</u>	<u>2018</u>
Selling support income	8,659	5,210
Commission income	193	225
Gain on exchange	-	302
Gain on disposal investments in trading securities	270	155
Others	36	212
Total	9,158	6,104

13. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Current income tax:		
Interim corporate income tax charge	3,909	2,315
Deferred tax:		
Relating to origination and reversal of temporary differences	(234)	(222)
Income tax income reported in the statements of comprehensive income	3,675	2,093

14. Basic earnings per share

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

15. Commitments and contingent liabilities

15.1 Operating lease and service commitments

15.1.1 The Company has entered into a logistics and distribution services agreement with a related company whereby the Company was obliged to pay for the service fee on a basis and at a rate as stipulated in the agreement. The term of agreement is 1 year and shall be renewal for another year each time, unless cancelled by either party.

15.1.2 The Company has entered into several operating lease agreements and service agreement in respect of the lease of office building, warehouse and branch areas. The terms of the agreements are generally between 1 and 21 years.

As at 31 March 2019 and 31 December 2018, future minimum lease payments required under these non-cancellable operating lease contracts and service contracts were as follows:

	(Unit: Million Baht)	
	31 March 2019	31 December 2018
Payable:		
In up to 1 year	53.2	57.2
In over 1 year and up to 5 years	51.7	54.4
In over 5 years	3.0	2.0

15.2 Guarantees

As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 37.7 million (31 December 2018: Baht 36.5 million) issued by bank on behalf of the Company in respect of the purchase of goods and services as required in the ordinary course of business of the Company.



16. Segment information

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

The one main reportable operating segment of the Company is the distribution of computers, mobile phone, related accessories and related service, which revenue is recognised at a point in time, and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

17. Event after the reporting period

17.1 Dividend

On 4 April 2019, the meeting of the Annual General Meeting of the Company's shareholders passed a resolution approving the dividend payment for year 2018 to the Company's shareholders at Baht 0.06 per share or a total dividend of Baht 24 million. The Company will pay the dividend within 22 April 2019.

17.2 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 4.5 million as a result. The Company will reflect the effect of the change by recognising past service costs as expenses in the profit or loss of the period in which the law is effective, which is the second quarter of 2019.

18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 May 2019.




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