

S P V I Public Company Limited
Report and financial statements
31 December 2018



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Independent Auditor's Report

To the Shareholders of S P V I Public Company Limited

Opinion

I have audited the accompanying financial statements of S P V I Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S P V I Public Company Limited as at 31 December 2018, its 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit 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.



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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.

Revenue recognition

Revenue is a material accounting entry which directly affects profit or loss of the Company. In addition, the Company has many branches, and receives rebates and sales promotions from its vendors. There are therefore risks with respect to the amount and timing of the recognition of revenue and the rebates and sales promotions from the vendors. I have therefore focused on the revenue recognition of the Company.

I examined the revenue recognition of the Company by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sale transactions occurring during the year and near the end of the reporting period to check against the supporting documents and I reviewed credit notes that the Company issued after the end of the reporting period. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers. Moreover, I applied a sampling method to select supporting documents for rebate and sale promotion transactions during the year to examine the recognition of the rebates and sale promotion granted by vendors.

Inventories

Computers and mobile phone are technology products which are constantly developing. Any changes in technology could affect the values of inventories. Estimating the net realisable value of inventories, as disclosed in Note 5 and Note 10 to the financial statements, thus requires significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry, which impact the amount of provision set aside.



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I assessed and gained an understanding of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives. In addition, I assessed the criteria used in determining such provision and reviewed the consistency of the application. I also compared the inventory holding periods and inventory movements to identify product lines with indicators of lower-than-normal inventory turnover, and performed analysis to compare the net proceeds from sales of goods occurring after the date of the financial statements with the cost of inventories.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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



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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 Company'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 Company'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 Company to cease to continue as a going concern.



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- 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.

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.

S. Ratananurak

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 12 February 2019

S P V I Public Company Limited
Statement of financial position
As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets			
Current assets			
Cash and cash equivalents	7	45,274,027	33,341,192
Current investments	8	81,358,135	103,279,329
Trade and other receivables	6, 9	59,271,056	32,290,094
Inventories	10	295,492,489	217,207,197
Other current assets	11	10,922,161	6,432,794
Total current assets		<u>492,317,868</u>	<u>392,550,606</u>
Non-current assets			
Other long-term investments	12	10,000,000	10,000,000
Equipment	13	42,975,419	40,730,308
Intangible assets	14	20,818,094	19,847,238
Leasehold right	15	6,948,840	6,221,064
Other non-current assets	16	21,262,969	18,422,969
Deferred tax assets	22	7,332,332	5,138,376
Total non-current assets		<u>109,337,654</u>	<u>100,359,955</u>
Total assets		<u>601,655,522</u>	<u>492,910,561</u>

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



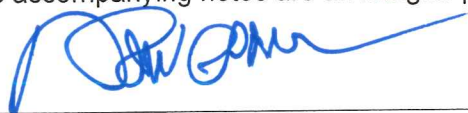


S P V I Public Company Limited
Statement of financial position (continued)
As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	6, 17	253,430,855	177,857,949
Dividend payable		70,955	59,385
Income tax payable		3,826,611	1,815,430
Other current liabilities		804,458	888,549
Total current liabilities		<u>258,132,879</u>	<u>180,621,313</u>
Non-current liabilities			
Provision for long-term employee benefits	18	14,803,521	10,805,814
Total non-current liabilities		<u>14,803,521</u>	<u>10,805,814</u>
Total liabilities		<u>272,936,400</u>	<u>191,427,127</u>
Shareholders' equity			
Share capital			
Registered			
400,000,000 ordinary shares of Baht 0.50 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid up			
400,000,000 ordinary shares of Baht 0.50 each		200,000,000	200,000,000
Share premium		39,809,592	39,809,592
Retained earnings			
Appropriated - statutory reserve	19	14,550,117	12,289,091
Unappropriated		74,359,413	49,384,751
Total shareholders' equity		<u>328,719,122</u>	<u>301,483,434</u>
Total liabilities and shareholders' equity		<u>601,655,522</u>	<u>492,910,561</u>

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




Directors



S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2018

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
Profit or loss			
Revenues			
Sales		2,545,218,797	2,059,646,504
Service income		15,291,286	17,662,718
Other income	20	<u>30,953,315</u>	<u>18,882,902</u>
Total revenues		<u>2,591,463,398</u>	<u>2,096,192,124</u>
Expenses			
Cost of sales		2,232,887,763	1,806,803,759
Cost of services		3,140,844	3,150,225
Selling and distribution expenses		233,298,799	186,501,283
Administrative expenses		<u>65,572,248</u>	<u>61,682,975</u>
Total expenses		<u>2,534,899,654</u>	<u>2,058,138,242</u>
Profit before finance cost and income tax expenses		56,563,744	38,053,882
Finance cost		<u>(867,705)</u>	<u>(685,423)</u>
Profit before income tax expenses		55,696,039	37,368,459
Income tax expenses	22	<u>(10,475,524)</u>	<u>(6,900,306)</u>
Profit for the year		<u>45,220,515</u>	<u>30,468,153</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss		(2,482,373)	-
Less: Income tax effect		<u>496,474</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(1,985,899)</u>	<u>-</u>
Other comprehensive income for the year		<u>(1,985,899)</u>	<u>-</u>
Total comprehensive income for the year		<u>43,234,616</u>	<u>30,468,153</u>
Basic earnings per share	23		
Profit		<u>0.11</u>	<u>0.08</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.

S P V I Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2018

(Unit: Baht)

	Note	Issued and	Share	Retained earnings		Total
		paid up		premium	Appropriated	
		share capital				
Balance as at 31 December 2016		200,000,000	39,809,592	10,765,683	25,239,486	275,814,761
Profit for the year		-	-	-	30,468,153	30,468,153
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	30,468,153	30,468,153
Dividend paid	26	-	-	-	(4,799,480)	(4,799,480)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	1,523,408	(1,523,408)	-
Balance as at 31 December 2017		<u>200,000,000</u>	<u>39,809,592</u>	<u>12,289,091</u>	<u>49,384,751</u>	<u>301,483,434</u>
Balance as at 31 December 2017		200,000,000	39,809,592	12,289,091	49,384,751	301,483,434
Profit for the year		-	-	-	45,220,515	45,220,515
Other comprehensive income for the year		-	-	-	(1,985,899)	(1,985,899)
Total comprehensive income for the year		-	-	-	43,234,616	43,234,616
Dividend paid	26	-	-	-	(15,998,928)	(15,998,928)
Unappropriated retained earnings transferred to statutory reserve	19	-	-	2,261,026	(2,261,026)	-
Balance as at 31 December 2018		<u>200,000,000</u>	<u>39,809,592</u>	<u>14,550,117</u>	<u>74,359,413</u>	<u>328,719,122</u>

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





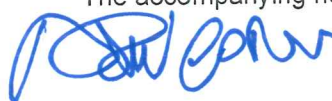
S P V I Public Company Limited

Cash flow statement

For the year ended 31 December 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Profit before tax	55,696,039	37,368,459
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	22,837,343	21,059,729
Increase in allowance for doubtful accounts	24,695	124,484
Write-off bad debts	7,200	-
Increase (decrease) in reduction of inventory to net realisable value	6,136,622	(690,644)
Loss on disposals/write-off of equipment	1,716,087	996,243
Increase in allowance for impairment of equipment	638,518	578,602
Write-off of intangible assets	949,358	-
Allowance for impairment loss of deposits of lease agreement	160,528	-
Provision for long-term employee benefits	1,515,334	1,278,942
Gain on disposals of investments in trading securities	(625,881)	(529,201)
Gain on changes in value of investments in trading securities	(29,398)	(20,299)
Interest income	(370,509)	(590,979)
Interest expenses	62	1,402
Profit from operating activities before changes in operating assets and liabilities	88,655,998	59,576,738
Operating assets (increase) decrease:		
Trade and other receivables	(27,010,062)	414,534
Inventories	(85,554,235)	(64,214,578)
Other current assets	(4,489,367)	(1,071,351)
Other non-current assets	(3,000,528)	(2,637,537)
Operating liabilities increase (decrease):		
Trade and other payables	75,572,906	67,124,772
Other current liabilities	(84,091)	143,723
Cash flows from operating activities	44,090,621	59,336,301
Cash received from interest income	367,714	1,103,932
Cash paid for income tax	(10,161,825)	(5,339,837)
Net cash flows from operating activities	<u>34,296,510</u>	<u>55,100,396</u>

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




S P V I Public Company Limited
Cash flow statement (continued)
For the year ended 31 December 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Cash flows from investing activities		
Decrease (increase) in current investments	22,576,473	(14,230,571)
Proceeds from sales of equipment	73,285	115,888
Acquisitions of equipment	(19,001,539)	(14,026,854)
Increase in intangible assets	(8,024,474)	(5,049,973)
Increase in leasehold right	<u>(2,000,000)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(6,376,255)</u>	<u>(33,191,510)</u>
Cash flows from financing activities		
Decrease in restricted bank deposit	-	160,000
Cash paid for interest expenses	(62)	(1,402)
Dividend paid	<u>(15,987,358)</u>	<u>(4,793,484)</u>
Net cash flows used in financing activities	<u>(15,987,420)</u>	<u>(4,634,886)</u>
Net increase in cash and cash equivalents	11,932,835	17,274,000
Cash and cash equivalents at beginning of year	<u>33,341,192</u>	<u>16,067,192</u>
Cash and cash equivalents at end of year	<u><u>45,274,027</u></u>	<u><u>33,341,192</u></u>

Supplemental disclosures of cash flows information:

Non-cash related transaction		
Dividend payable	70,955	59,385
Transfer inventory to equipment	1,099,021	932,150
Transfer inventory to intangible assets	33,300	-
Write off trade receivable as bad debt	3,210	-

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





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S P V I Public Company Limited
Notes to financial statements
For the year ended 31 December 2018

1. General 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, Phlaphla, Wangthonglang, Bangkok.

As at 31 December 2018, the Company operates 45 branches (2017: 40 branches).

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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.

3. New financial reporting standards

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

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance 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’s financial statements.

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

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

The management of the Company believes 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 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 the 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.

4. Significant accounting policies


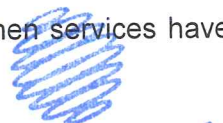
4.1 Revenue recognition

Sales of goods

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

Rendering of services

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



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Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Investments

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

4.5 Inventories

Finished goods are valued at the lower of cost (under first-in, first-out method) and net realisable value.

The net realisable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

Allowance for diminution in inventory value will be set up for obsolete, slow moving or deteriorated inventories.

4.6 Equipment/Depreciation

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

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

Leasehold improvement	-	5 years
Computer	-	3 years
Office equipment	-	5 years
Furniture and fixtures	-	5 years
Motor vehicles	-	5 years



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Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

4.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

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 are as follows:

	<u>Useful lives</u>
Computer software	5 years
Franchise fee	Agreement term (5 years)

4.8 Leasehold rights

Leasehold right is amortised on the straight-line basis over the lease period.

4.9 Related party transactions

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

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

4.10 Long-term lease agreements

Leases of 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 financial statements are presented in Baht, which is also the Company's functional currency.

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.

Gain and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and 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 employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats 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.




SPVI Public Company Limited
บริษัท เอส พี วี ไอ จำกัด (มหาชน)

4.14 Provisions

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

4.15 Income Tax

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

Current tax

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

Deferred tax

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

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

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



SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)

4.16 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 applies 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 measures 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 determines 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:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.



SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โฉ จำกัด (มหาชน)

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

Equipment/Depreciation

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

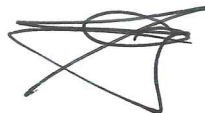
In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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 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.

	(Unit: Million Baht)		
	<u>2018</u>	<u>2017</u>	<u>Pricing policy</u>
<u>Transactions with major shareholder</u>			
<u>(IT City Public Company Limited)</u>			
Dividends	5	1	At the declared rate
<u>Transactions with related companies</u>			
Sales of goods	1	2	Market price
Purchases of goods	1	1	Market price
Service expenses	7	9	Prices agreed by the parties
Logistics and distribution fee	6	6	Prices agreed by the parties

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)	
	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 9)</u>		
Related companies (related by common shareholders and common directors)	311	268
Total trade and other receivables - related parties	<u>311</u>	<u>268</u>
<u>Trade and other payables - related parties (Note 17)</u>		
Related companies (related by common shareholders and common directors)	1,554	2,976
Total trade and other payables - related parties	<u>1,554</u>	<u>2,976</u>





SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)

Directors and management's benefits

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

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	22.3	20.7
Post-employment benefits	1.2	0.6
Total	<u>23.5</u>	<u>21.3</u>

7. Cash and cash equivalents



	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	3,036	5,231
Bank deposits	42,238	28,110
Total	<u>45,274</u>	<u>33,341</u>

As at 31 December 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.1 and 0.5 percent per annum (2017: between 0.10 and 1.00 percent per annum).

8. Current investments

	(Unit: Thousand Baht)					
	2018			2017		
	Number of units (Thousand units)	Cost	Fair value	Number of units (Thousand units)	Cost	Fair value
Investments in						
Krungsri Star Plus						
Fund	3,914	81,329	81,358	5,030	103,255	103,279
Total	<u>3,914</u>	<u>81,329</u>	<u>81,358</u>	<u>5,030</u>	<u>103,255</u>	<u>103,279</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.


SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)

9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	311	268
Total trade receivables - related parties	<u>311</u>	<u>268</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	48,862	26,613
Past due		
Up to 3 months	6,464	3,287
3 - 6 months	429	74
6 - 12 months	59	148
Over 12 months	425	190
Total	56,239	30,312
Less: Allowance for doubtful debts	(360)	(338)
Total trade receivables - unrelated parties, net	<u>55,879</u>	<u>29,974</u>
Total trade receivable - net	<u>56,190</u>	<u>30,242</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	<u>3,081</u>	<u>2,048</u>
Total other receivables	<u>3,081</u>	<u>2,048</u>
Total trade and other receivables - net	<u><u>59,271</u></u>	<u><u>32,290</u></u>





10. Inventories

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Finished goods	315,175	230,753
Less: Reduce cost to net realisable value	<u>(19,683)</u>	<u>(13,546)</u>
Inventories - net	<u>295,492</u>	<u>217,207</u>

During the current year, the Company reduced cost of inventories by Baht 6.1 million, to reflect the net realisable value. This was presented as cost of sales. (2017: reversed the write-down of cost of inventories by Baht 0.7 million, and reduced the amount of inventories recognised as expenses during the year).

11. Other current assets

The outstanding balance of other current assets as at 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Input tax and value added tax refundable	7,900	3,391
Advance payments for purchase of goods	289	904
Others	<u>2,733</u>	<u>2,138</u>
Total other current liabilities	<u>10,922</u>	<u>6,433</u>

12. Other long-term investments

As at 31 December 2018, the Company had other long-term investments amount of Baht 10 million (2017: Baht 10 million) in the form of fixed deposit account with maturity over 1 year carried interest 2.25 percent per annum (2017: 2.25 percent per annum).

SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โป จำกัด (มหาชน)

13. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Computer	Office equipment	Furniture and fixtures	Motor vehicles	Assets under installation	Total
Cost:							
1 January 2017	2,000	13,540	20,187	64,223	845	5	100,800
Additions	-	595	3,654	1,138	-	8,640	14,027
Disposals and write-off	-	(442)	(9)	(2,719)	-	(5)	(3,175)
Transfers in (out)	-	932	138	7,703	-	(7,841)	932
31 December 2017	2,000	14,625	23,970	70,345	845	799	112,584
Additions	-	970	4,663	1,061	-	12,307	19,001
Disposals and write-off	-	(1,149)	(583)	(10,579)	-	-	(12,311)
Transfers in (out)	-	976	2,109	10,807	-	(12,793)	1,099
31 December 2018	2,000	15,422	30,159	71,634	845	313	120,373
Accumulated depreciation:							
1 January 2017	1,425	10,480	8,648	36,608	821	-	57,982
Depreciation for the year	400	1,819	3,395	9,275	24	-	14,913
Depreciation on disposals and write-off	-	(136)	(6)	(1,921)	-	-	(2,063)
31 December 2017	1,825	12,163	12,037	43,962	845	-	70,832
Depreciation for the year	175	1,761	4,128	9,364	-	-	15,428
Depreciation on disposals and write-off	-	(1,134)	(522)	(8,867)	-	-	(10,523)
31 December 2018	2,000	12,790	15,643	44,459	845	-	75,737
Allowance for impairment loss:							
1 January 2017	-	-	-	443	-	-	443
Increase during the year	-	-	-	579	-	-	579
31 December 2017	-	-	-	1,022	-	-	1,022
Increase during the year	-	-	-	639	-	-	639
31 December 2018	-	-	-	1,661	-	-	1,661
Net book value:							
31 December 2017	175	2,462	11,933	25,361	-	799	40,730
31 December 2018	-	2,632	14,516	25,514	-	313	42,975
Depreciation for the year:							
2017 (Baht 13.2 million included in selling expenses, and the balance in administrative expenses)							14,913
2018 (Baht 13.4 million included in selling expenses, and the balance in administrative expenses)							15,428




 SPVI Public Company Limited

 บริษัท เอส พี วี โอล จำกัด (มหาชน)



As at 31 December 2018, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 45 million (2017: Baht 39 million).

14. Intangible assets

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

(Unit: Thousand Baht)

	Franchise fee	Computer software	Total
As at 31 December 2018			
Cost	18,769	17,792	36,561
Less: Accumulated amortisation	(5,188)	(10,555)	(15,743)
Net book value	<u>13,581</u>	<u>7,237</u>	<u>20,818</u>
As at 31 December 2017			
Cost	11,586	23,434	35,020
Less: Accumulated amortisation	(2,314)	(12,859)	(15,173)
Net book value	<u>9,272</u>	<u>10,575</u>	<u>19,847</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	19,847	20,486
Acquisition of computer software	841	464
Transferred in from inventories	33	-
Write-off computer software	(949)	-
Increase of franchise fee	7,183	4,586
Amortisation for the year	(6,137)	(5,689)
Net book value at end of year	<u>20,818</u>	<u>19,847</u>





SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)

15. Leasehold right

On 9 February 2011, the Company entered into a leasehold agreement for lease of space in Esplanade Cineplex from S P V Comretail Co., Ltd. The agreement is in force as from 11 February 2011 to 4 August 2031, or a total of 20 years, 5 months and 24 days. In addition, on 3 January 2018, the Company entered into a leasehold agreement for lease of space in IT Mall Fortune Town from C.P. Tower Growth Leasehold Property Fund. The agreement is in force as from 1 February 2018 to 30 April 2020, or total of 2 years and 3 months. The Company paid for the leasehold rights for the entire agreement period amounting to Baht 11.4 million and amortised leasehold rights using the straight line basis throughout the agreement period.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Leasehold right - cost	11,377	9,377
Less: Accumulated amortisation	<u>(4,428)</u>	<u>(3,156)</u>
Net book value	<u><u>6,949</u></u>	<u><u>6,221</u></u>

A reconciliation of the net book value of leasehold right for the years 2018 and 2017 is presented below.



	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	6,221	6,679
Leasehold right transferred during the year	2,000	-
Amortisation for the year	<u>(1,272)</u>	<u>(458)</u>
Net book value at end of year	<u><u>6,949</u></u>	<u><u>6,221</u></u>

16. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2018 and 2017 are deposits.

17. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - related parties	10	135
Trade payables - unrelated parties	234,606	159,681
Other payables - related parties	1,544	2,841
Other payables - unrelated parties	<u>17,271</u>	<u>15,201</u>
Total trade and other payables	<u><u>253,431</u></u>	<u><u>177,858</u></u>



SPVI
 S P V I Public Company Limited
 บริษัท เอส พี วี โส จำกัด (มหาชน)

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	10,806	9,527
Included in profit or loss:		
Current service cost	1,224	1,022
Interest cost	292	257
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	2,854	-
Financial assumptions changes	680	-
Experience adjustments	(1,052)	-
Provision for long-term employee benefits at end of year	<u>14,804</u>	<u>10,806</u>

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Selling and distribution expenses	315	37
Administrative expenses	1,201	1,242
Total expenses recognised in profit or loss	<u>1,516</u>	<u>1,279</u>

The Company does not expect to pay long-term employee benefits during the next year.

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2017: 11 years).





Significant actuarial assumptions used for the valuation are summarised below:

	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	2.85	2.70
Salary increase rate	4.00 - 7.00	4.00 - 6.50
Turnover rate	5.00 - 50.00	10.00 - 50.00

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

	(Unit: Million Baht)	
	As at 31 December 2018	
	Increase 1%	Decrease 1%
Discount rate	(1.1)	1.2
Salary increase rate	1.2	(1.0)
	Increase 20%	Decrease 20%
Turnover rate	(0.9)	1.1

	(Unit: Million Baht)	
	As at 31 December 2017	
	Increase 1%	Decrease 1%
Discount rate	(0.6)	0.7
Salary increase rate	0.9	(0.8)
	Increase 20%	Decrease 20%
Turnover rate	(0.7)	1.0

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 4.5 million. The Company 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.

19. Statutory reserve

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

During the year 2018, the Company set aside an additional statutory reserve of its net profit for 2018 of Baht 2.3 million (2017: the Company set aside statutory reserve of its net profit for 2017 totaling Baht 1.5 million).

20. Other income

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Selling support income	23,850	14,410
Selling promotion income	2,667	1,258
Commission income	1,005	698
Gain on exchange	604	1,029
Gain on disposal of investments in trading securities	650	529
Interest income	371	591
Others	1,806	368
Total	<u>30,953</u>	<u>18,883</u>

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Purchase of finished goods	2,307,458	1,870,852
Change in inventories of finished goods	(84,422)	(63,282)
Salaries and wages and other employee benefits	151,739	122,034
Rental and service center expenses from operating lease agreements	52,182	44,935
Credit card fee	33,683	26,677
Depreciation and amortisation	22,837	21,060
Logistics and distribution fee	6,328	5,455
Utilities expenses	5,602	4,762
Office supply expenses	2,719	2,293
Loss on disposals/write-off of assets	2,665	996
Impairment loss of assets	799	579

22. Income tax

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Current income tax:		
Current income tax charge	12,174	7,155
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(1,698)</u>	<u>(255)</u>
Income tax expense reported in the statement of comprehensive income	<u><u>10,476</u></u>	<u><u>6,900</u></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)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial loss	<u>(496)</u>	<u>-</u>

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>55,696</u>	<u>37,368</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	11,139	7,474
Effects of:		
Non-deductible expenses	139	237
Additional expense deductions allowed	(802)	(811)
Total	<u>(663)</u>	<u>(574)</u>
Income tax expenses reported in the statement of comprehensive income	<u><u>10,476</u></u>	<u><u>6,900</u></u>




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

(Unit: Thousand Baht)

	Statements of financial position	
	<u>2018</u>	<u>2017</u>
Deferred tax assets		
Allowance for doubtful accounts	72	68
Allowance for diminution in value of inventories	3,936	2,709
Allowance for impairment of equipment	332	204
Allowance for impairment of rental deposit	32	-
Provision for long-term employee benefits	2,961	2,161
Total	<u>7,333</u>	<u>5,142</u>
Deferred tax liabilities		
Unrealised gain on held for trade investments	1	4
Total	<u>1</u>	<u>4</u>
Deferred tax assets - net	<u><u>7,332</u></u>	<u><u>5,138</u></u>

23. Basic earnings per share

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

24. 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, 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.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributes to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 2.0 million (2017: Baht 1.7 million) were recognised as expenses.

26. Dividend

On 4 April 2017, the Annual General Meeting of Shareholders of the Company passed a resolution approving the payment of a dividend in respect of income for the year 2016 of Baht 0.012 per share, or a total of Baht 4.8 million. The Company paid such dividend in April 2017.

On 4 April 2018, the Annual General Meeting of Shareholders of the Company passed a resolution approving the payment of a dividend in respect of income for the year 2017 of Baht 0.04 per share, or a total of Baht 16.0 million. The Company paid such dividend in April 2018.

27. Commitments and contingent liabilities

27.1 Operating lease commitments

27.1.1 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.

27.1.2 The Company has entered into several operating lease contracts and service contracts 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 December 2018, the Company has future minimum lease payments required under these non-cancellable operating lease contracts and service contracts as follows.

	<u>2018</u>	<u>2017</u>
Payable within:		
Less than 1 year	57.2	38.4
In over 1 and up to 5 years	54.4	28.9
In over 5 years	2.0	5.5

  
SPVI Public Company Limited
บริษัท เอส พี วี โป จำกัด (มหาชน)

27.2 Guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 36.5 million (2017: Baht 29.2 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.

28. Financial instruments

28.1 Financial risk management

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

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company 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 does 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's exposure to interest rate risk relates primarily to its cash at banks. However, most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate.




Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2018					Effective interest rate (% per annum)
	Fixed interest rates		Floating	Non-	Total	
	within 1 year	more than 1 year	interest rate	interest bearing		
Financial Assets						
Cash and cash equivalent	-	-	29	16	45	0.10 - 0.50
Current investments	-	-	-	81	81	-
Trade and other receivables	-	-	-	59	59	-
Other long-term investments	-	10	-	-	10	2.25
	-	10	29	156	195	
Financial liabilities						
Trade and other payables	-	-	-	253	253	-
	-	-	-	253	253	

(Unit: Million Baht)

	As at 31 December 2017					Effective interest rate (% per annum)
	Fixed interest rates		Floating	Non-	Total	
	within 1 year	more than 1 year	interest rate	interest bearing		
Financial Assets						
Cash and cash equivalent	-	-	20	13	33	0.10 - 1.00
Current investments	-	-	-	103	103	-
Trade and other receivables	-	-	-	32	32	-
Other long-term investments	-	10	-	-	10	2.25
	-	10	20	148	178	
Financial liabilities						
Trade and other payables	-	-	-	178	178	-
	-	-	-	178	178	

SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchasing transactions that are denominated in foreign currencies.

The balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities as at		Average selling rate as at 31 December	
	31 December			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	(Baht per 1 foreign currency unit)
US dollar	33	11	32.6148	32.8472
EUR	-	3	37.4884	39.3938

28.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature and other long-term investments which 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 the statements of financial position.

29. 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 Company's debt-to-equity ratio was 0.83:1 (2017: 0.63:1).

30. Event after the reporting period

On 12 February 2019, the meeting of the Company's Board of Directors No.1/2019 passed a resolution approving the dividend payment for the year 2018 to the Company's shareholders at Baht 0.06 per share or a total dividend of approximately Baht 24 million. The Company will further propose this dividend payment for approval to the Annual General Meeting of the shareholders.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2019.



SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โอล จำกัด (มหาชน)