

**Vintcom Technology Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Vintcom Technology Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Vintcom Technology Public Company Limited and its subsidiaries (the "Group") and of Vintcom Technology Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Revenue from contracts recognition	
Refer to Notes 2 (c) 3 (r) and 19	
The key audit matter	How the matter was addressed in the audit
<p>Recognition of the Group’s revenue is complex due to a lot of customer contracts which several contracts involve multiple performance obligations that combines the sales of goods, rendering of services and subsequent services (maintenance services), allocation transaction price to the performance obligations in the contract and timing of revenue recognition.</p> <p>I focused on this area as recognition of revenue involves significant judgment made by Management including; determining performance obligations, determining the allocation on a relative stand-alone selling price basis, allocation calculation of multiple performance obligations and timing of revenue recognition.</p> <p>Therefore, this matter is key area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • understanding and assessing the design and implementation of relevant controls regarding revenue recognition of multiple performance obligations, consisted of management’s review of multiple performance obligations, a relative stand-alone selling price determination, allocation calculation and timing of revenue recognition; • sampling testing the relevant controls regarding revenue recognition of multiple performance obligations; including sampling testing the appropriateness of a relative stand-alone selling price determination, allocation with relevant document and timing of revenue recognition; • reading the contracts for key terms, testing separation relevant performance obligations, testing allocation calculation and timing of revenue recognition by sampling basis; • considering the adequacy of the disclosures in accordance with the Thai Financial Reporting Standards

Fair value assessment of assets and liabilities from business acquisition, impairment of goodwill and investment in subsidiary	
Refer to Notes 2 (c), 3, 4, 10 and 13	
The key audit matter	How the matter was addressed in the audit
<p>On 17 October 2018, the Group acquired a subsidiary, which is engaging in IT security services business. During 2019, the Group had completed reassessing the fair value of the assets acquired and liabilities assumed from a business acquisition; and consideration transferred including contingent consideration resulting in the adjustment of goodwill to reflect new information obtained about facts and circumstances that existed as of the acquisition date.</p> <p>The accounting for the business acquisition requires management to make judgements on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition; and consideration transferred including contingent consideration at a business acquisition date and during measurement period.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • reading the sale and purchase agreement and relevant minutes of meeting of management; • inquiring management to understand key terms and conditions including transaction that relevant to accounting for the business acquisition and recoverable amount estimation method for impairment assessment; • evaluating appropriateness of the identification of assets acquired and liabilities assumed; and consideration transferred including contingent consideration, and examining the relevant purchase and disbursement documents; • evaluating appropriateness of valuation technique used for recoverable amount of goodwill, and key assumptions such as forecast of revenue and expenses, profit rate, growth rate and discount rate by comparing to historical data, operation plan including information derived from external source, testing calculation and performing sensitivity analysis around the key assumptions;

Fair value assessment of assets and liabilities from business acquisition, impairment of goodwill and investment in subsidiary	
Refer to Notes 2 (c), 3, 4, 10 and 13	
The key audit matter	How the matter was addressed in the audit
<p>As the declining in economic in the present, the increasing of competition and rapid change in IT business affect to the subsidiary's future operation which goodwill, and investment in such subsidiary will be impaired. The impairment assessment requires management to make judgements on estimating recoverable amount of those assets.</p> <p>Due to complexity of the valuation approach and data inputs of fair value determination and recoverable amount estimation involved a significant level of judgment in determining the key assumptions of management. Therefore, this is an area of focus in my audit.</p>	<ul style="list-style-type: none"> • evaluating the key assumption used to determine the fair value of assets acquired and liabilities assumed; and consideration transferred including contingent consideration by referred from external source and internal source; • considering the adequacy of the disclosures in accordance with the Thai Financial Reporting Standards

Emphasis of Matter

I draw attention to note 4 to the financial statements. The finalization of the reassessment of assets and liabilities from business acquisition which the Company's acquired in October 2018 was completed in October 2019. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2018 after making the adjustments described in notes 4. My opinion is not modified in respect of this matter.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and 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 Group's and 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 consolidated and separate 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

(Marisa Tharathornbunpakul)
Certified Public Accountant
Registration No. 5752

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2020

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	6	260,736,928	186,624,597	124,706,418	83,800,805
Trade and other accounts receivable	5, 8	540,109,037	747,865,977	340,087,155	543,902,680
Short-term loans to related parties	5	-	-	35,972,061	24,866,956
Inventories	9	23,127,723	36,214,436	17,329,163	15,329,986
Total current assets		823,973,688	970,705,010	518,094,797	667,900,427
Non-current assets					
Restricted deposits with financial institutions	7, 15	17,473,351	18,132,574	16,725,000	16,725,000
Trade accounts receivable	8	3,922,669	-	-	-
Investments in subsidiaries	4, 10	-	-	362,078,952	310,240,789
Equipment	12	36,065,564	30,680,566	11,238,770	11,651,858
Goodwill	4, 13	210,007,302	210,007,302	-	-
Other intangible assets	4, 14	4,666,029	7,536,427	194,359	285,488
Deferred tax assets	22	10,674,121	5,128,633	10,066,875	5,378,465
Corporate income tax and withholding tax refund		46,846,634	36,415,316	33,369,589	28,343,886
Other non-current assets		7,420,467	7,349,460	2,231,767	2,156,411
Total non-current assets		337,076,137	315,250,278	435,905,312	374,781,897
Total assets		1,161,049,825	1,285,955,288	954,000,109	1,042,682,324

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
			(Restated)		(Restated)
		<i>(in Baht)</i>			
Current liabilities					
Short-term borrowings					
from financial institution	15	-	177,000,000	-	177,000,000
Trade and other accounts payable	5, 16	461,052,524	473,209,996	333,460,422	308,196,158
Business acquisition payable	4, 26	81,879,291	14,455,631	81,879,291	-
Current portion of long-term loans	15	3,141,204	3,429,648	-	-
Current portion of finance lease liabilities	15	439,117	570,655	439,117	570,655
Income tax payable		4,941,599	3,877,505	3,128,033	3,128,033
Total current liabilities		551,453,735	672,543,435	418,906,863	488,894,846
Non-current liabilities					
Long-term loans	15	-	2,454,774	-	-
Finance lease liabilities	15	2,630,981	852,875	2,630,981	852,875
Business acquisition payable	4	80,336,824	135,135,137	80,336,824	135,135,137
Non-current provisions					
for employee benefits	17	19,801,587	13,018,665	12,002,019	7,820,680
Total non-current liabilities		102,769,392	151,461,451	94,969,824	143,808,692
Total liabilities		654,223,127	824,004,886	513,876,687	632,703,538

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Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
			(Restated)		(Restated)
		<i>(in Baht)</i>			
Equity					
Share capital:					
Authorised share capital					
<i>(300 million ordinary shares, par value at Baht 0.5 per share)</i>		<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Issued and paid-up share capital					
<i>(300 million ordinary shares, par value at Baht 0.5 per share)</i>		150,000,000	150,000,000	150,000,000	150,000,000
Share premium:					
Share premium on ordinary shares	18	182,453,164	182,453,164	182,453,164	182,453,164
Retained earnings					
Appropriated					
Legal reserve	18	15,000,000	15,000,000	15,000,000	15,000,000
Unappropriated		93,506,019	62,727,815	93,624,878	62,846,674
Other component of equity	18	<u>(954,620)</u>	<u>(321,052)</u>	<u>(954,620)</u>	<u>(321,052)</u>
Equity attributable to owners of the parent					
		440,004,563	409,859,927	440,123,422	409,978,786
Non-controlling interests	11	<u>66,822,135</u>	<u>52,090,475</u>	<u>-</u>	<u>-</u>
Total equity		<u>506,826,698</u>	<u>461,950,402</u>	<u>440,123,422</u>	<u>409,978,786</u>
Total liabilities and equity		<u>1,161,049,825</u>	<u>1,285,955,288</u>	<u>954,000,109</u>	<u>1,042,682,324</u>

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Revenue from sale of goods and rendering of services	5, 19	1,773,790,577	1,801,478,940	951,120,952	1,289,649,841
Cost of sale of goods and rendering of services	5	<u>(1,390,698,220)</u>	<u>(1,526,508,007)</u>	<u>(812,342,746)</u>	<u>(1,152,701,004)</u>
Gross profit		383,092,357	274,970,933	138,778,206	136,948,837
Other income	5	8,035,990	12,870,559	5,012,291	7,916,166
Distribution costs	5	(55,594,847)	(43,767,754)	(28,863,777)	(26,896,383)
Administrative expenses	5	(235,912,865)	(152,281,938)	(87,290,037)	(61,396,632)
Finance costs		(4,453,494)	(2,361,090)	(3,741,227)	(1,614,870)
Share of profit of subsidiaries	10	<u>-</u>	<u>-</u>	<u>47,757,231</u>	<u>14,469,988</u>
Profit before tax expense		95,167,141	89,430,710	71,652,687	69,427,106
Tax expense	22	<u>(13,657,277)</u>	<u>(17,643,492)</u>	<u>(4,874,483)</u>	<u>(10,888,063)</u>
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations	10	<u>(633,568)</u>	<u>(286,393)</u>	<u>(633,568)</u>	<u>(286,393)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on remeasurements of defined benefit plans	17	-	1,743,699	-	1,392,025
Share of other comprehensive income of subsidiaries		-	-	-	179,354
Income tax relating to items that will not be reclassified subsequently	22	<u>-</u>	<u>(348,741)</u>	<u>-</u>	<u>(314,276)</u>
		<u>-</u>	<u>1,394,958</u>	<u>-</u>	<u>1,257,103</u>
Other comprehensive income (expense) for the year, net of tax		(633,568)	1,108,565	(633,568)	970,710
Total comprehensive income for the year		80,876,296	72,895,783	66,144,636	59,509,753

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Profit attributable to:					
Owners of parent		66,778,204	58,420,184	66,778,204	58,539,043
Non-controlling interests	11	14,731,660	13,367,034	-	-
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
Total comprehensive income					
attributable to:					
Owners of parent		66,144,636	59,390,894	66,144,636	59,509,753
Non-controlling interests	11	14,731,660	13,504,889	-	-
Total comprehensive income for the year		80,876,296	72,895,783	66,144,636	59,509,753
Basic earnings per share	23	0.22	0.19	0.22	0.20

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements							
		Retained earnings			Other component of equity		Equity		
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Translating foreign operations	attributable to owners of the parent	Non-controlling interests	Total equity
		<i>(in Baht)</i>							
Year ended 31 December 2018									
	Balance at 1 January 2018	150,000,000	182,453,164	15,000,000	22,549,326	(34,659)	369,967,831	38,585,586	408,553,417
Transactions with owners, recorded directly in equity									
<i>Distribution to owners of the parent</i>									
	Dividends to owners of the Company	24	-	-	(19,498,798)	-	(19,498,798)	-	(19,498,798)
	Total distribution to owners of the parent		-	-	(19,498,798)	-	(19,498,798)	-	(19,498,798)
Comprehensive income for the year									
	Profit or loss		-	-	58,420,184	-	58,420,184	13,367,034	71,787,218
	Other comprehensive income		-	-	1,257,103	(286,393)	970,710	137,855	1,108,565
	Total comprehensive income (expense) for the year		-	-	59,677,287	(286,393)	59,390,894	13,504,889	72,895,783
	Balance at 31 December 2018	150,000,000	182,453,164	15,000,000	62,727,815	(321,052)	409,859,927	52,090,475	461,950,402

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
		Retained earnings			Other component of equity	Equity		Total equity
Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Translating foreign operations	attributable to owners of the parent	Non-controlling interests	
(in Baht)								
Year ended 31 December 2019								
	150,000,000	182,453,164	15,000,000	62,727,815	(321,052)	409,859,927	52,090,475	461,950,402
Balance at 1 January 2019								
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the parent</i>								
	-	-	-	(36,000,000)	-	(36,000,000)	-	(36,000,000)
24	-	-	-	(36,000,000)	-	(36,000,000)	-	(36,000,000)
<i>Total distribution to owners of the parent</i>								
	-	-	-	(36,000,000)	-	(36,000,000)	-	(36,000,000)
Comprehensive income for the year								
	-	-	-	66,778,204	-	66,778,204	14,731,660	81,509,864
	-	-	-	-	(633,568)	(633,568)	-	(633,568)
Total comprehensive income (expense) for the year								
	-	-	-	66,778,204	(633,568)	66,144,636	14,731,660	80,876,296
Balance at 31 December 2019								
	150,000,000	182,453,164	15,000,000	93,506,019	(954,620)	440,004,563	66,822,135	506,826,698

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Other component of equity Translating foreign operations	Total equity
				Retained earnings			
				Legal reserve	Unappropriated		
<i>(in Baht)</i>							
Year ended 31 December 2018							
Balance at 1 January 2018		150,000,000	182,453,164	15,000,000	22,549,326	(34,659)	369,967,831
Transactions with owners, recorded directly in equity							
<i>Distribution to owners of the parent</i>							
Dividends to owners of the Company	24	-	-	-	(19,498,798)	-	(19,498,798)
Total distribution to owners of the parent		-	-	-	(19,498,798)	-	(19,498,798)
Comprehensive income for the year							
Profit or loss		-	-	-	58,539,043	-	58,539,043
Other comprehensive income		-	-	-	1,257,103	(286,393)	970,710
Total comprehensive income (expense) for the year		-	-	-	59,796,146	(286,393)	59,509,753
Balance at 31 December 2018		150,000,000	182,453,164	15,000,000	62,846,674	(321,052)	409,978,786

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Other component of equity Translating foreign operations	Total equity
				Retained earnings			
				Legal reserve	Unappropriated		
<i>(in Baht)</i>							
Year ended 31 December 2019							
Balance at 1 January 2019		150,000,000	182,453,164	15,000,000	62,846,674	(321,052)	409,978,786
Transactions with owners, recorded directly in equity							
<i>Distribution to owners of the parent</i>							
Dividends to owners of the Company	24	-	-	-	(36,000,000)	-	(36,000,000)
Total distribution to owners of the parent		-	-	-	(36,000,000)	-	(36,000,000)
Comprehensive income for the year							
Profit or loss		-	-	-	66,778,204	-	66,778,204
Other comprehensive income		-	-	-	-	(633,568)	(633,568)
Total comprehensive income (expense) for the year		-	-	-	66,778,204	(633,568)	66,144,636
Balance at 31 December 2019		150,000,000	182,453,164	15,000,000	93,624,878	(954,620)	440,123,422

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
			(Restated)		(Restated)
		<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>					
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
<i>Adjustments to reconcile profit to cash receipts</i>					
<i>(payments)</i>					
Tax expense		13,657,277	17,643,492	4,874,483	10,888,063
Finance costs		4,453,494	2,361,090	3,741,227	1,614,870
Depreciation		12,803,783	10,197,197	4,798,503	4,775,853
Amortisation		3,091,860	2,491,867	131,129	150,547
Unrealised (gain) loss on exchange		54,210	(103,558)	2,140,102	540,966
Share of profit of subsidiaries		-	-	(47,757,231)	(14,469,988)
(Reversal of) bad and doubtful debts expenses		28,548	(242,253)	-	228,404
Losses on inventories devaluation		135,193	79,955	135,193	79,955
(Gain) loss on disposals of equipment		289,004	(176,400)	-	(154,361)
Written-off withholding tax deducted at source		-	-	-	5,769
Interest income		(1,813,496)	(1,724,627)	(1,984,734)	(1,656,632)
Fair value adjustment of business					
acquisition payable	4	23,714,586	-	23,714,586	-
		137,924,323	102,313,981	56,571,462	60,542,489
<i>Changes in operating assets and liabilities</i>					
Trade and other accounts receivable		202,987,492	(335,063,679)	203,311,215	(277,170,075)
Inventories		12,951,520	12,699,055	(2,134,370)	24,649,692
Other non-current assets		(71,007)	(354,625)	(75,356)	68,657
Trade and other accounts payable		(10,882,412)	114,364,992	25,563,030	53,219,974
Non-current provisions for employee benefits		6,782,922	1,425,135	4,181,339	(614,267)
Net cash generated from (used in) operating		349,692,838	(104,615,141)	287,417,320	(139,303,530)
Taxes received		8,722,335	6,311,944	8,722,335	4,373,413
Taxes paid		(37,292,324)	(29,962,672)	(23,310,931)	(18,019,605)
Net cash from (used in) operating activities		321,122,849	(128,265,869)	272,828,724	(152,949,722)

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
			(Restated)		(Restated)
		<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>					
Payment for capital increase in subsidiary		-	-	(4,714,500)	(3,819,600)
Repayment of business acquisition payable	26	(14,911,576)	-	-	-
Acquisition of subsidiary, net of cash acquired	4,10	-	(86,503,444)	-	(115,000,000)
Proceeds from sale of equipments		964,198	461,705	17,806	58,892
Acquisition of equipment		(17,336,593)	(5,937,328)	(1,540,217)	(2,581,091)
Acquisition of intangible assets		(436,345)	(1,209,034)	(40,000)	(79,650)
Proceeds from repayment of short-term loans to related parties		-	-	19,800,000	-
Short-term loans to related parties		-	-	(32,859,044)	(24,949,325)
Increase in restricted deposits with financial institutions		-	(16,032,574)	-	(14,625,000)
Decrease in restricted deposits with financial institutions		659,223	2,500,000	-	2,500,000
Interest received		1,783,580	1,728,694	2,274,465	1,364,331
Net cash used in investing activities		(29,277,513)	(104,991,981)	(17,061,490)	(157,131,443)
<i>Cash flows from financing activities</i>					
Proceeds from short-term borrowings from financial institution		177,000,000	375,000,000	177,000,000	375,000,000
Repayment of short-term borrowings from financial institution		(354,000,000)	(198,000,000)	(354,000,000)	(198,000,000)
Repayment of borrowings		(2,743,218)	(20,485,930)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(1,353,432)	(531,312)	(1,353,432)	(531,312)
Dividends paid to owners of the Company	24	(36,000,000)	(19,498,798)	(36,000,000)	(19,498,798)
Interest paid		(668,979)	(1,365,074)	(411,690)	(1,275,922)
Net cash from (used in) financing activities		(217,765,629)	135,118,886	(214,765,122)	155,693,968

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
			(Restated)		(Restated)
		<i>(in Baht)</i>			
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		74,079,707	(98,138,964)	41,002,112	(154,387,197)
Effect of exchange rate changes on cash and					
cash equivalents		<u>32,624</u>	<u>130,624</u>	<u>(96,499)</u>	<u>(281,478)</u>
Net increase (decrease) in					
cash and cash equivalents		74,112,331	(98,008,340)	40,905,613	(154,668,675)
Cash and cash equivalents at 1 January		<u>186,624,597</u>	<u>284,632,937</u>	<u>83,800,805</u>	<u>238,469,480</u>
Cash and cash equivalents at 31 December	6	<u>260,736,928</u>	<u>186,624,597</u>	<u>124,706,418</u>	<u>83,800,805</u>
 <i>Non-cash transactions</i>					
Purchase of equipment under financial lease		3,000,000	-	3,000,000	-
Equipment and other intangible assets payable		261,688	1,337,476	38,032	175,028
Business acquisition payable	4	25,574,049	135,135,136	25,574,049	135,135,136

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2020.

1 General information

Vintcom Technology Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in December 2017. The Company’s registered office at 159/21 Serm-Mit Tower, 14th Floor, Sukhumvit 21 Road (Asoke), North-Klongtoey, Wattana, Bangkok.

The parent company during the financial year was Vnet Capital Co., Ltd. (68% shareholding) which was incorporated in Thailand.

The principal businesses of the Company and its subsidiaries are trading computer and equipment including related software and related services for computer. Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are disclosed in notes 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(r).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 29.

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3(r) and 19 Revenue recognition:

- whether performance obligations in a bundled sale of products and services are capable of being distinct;
- allocation of transactions to performance obligations in the contract by using the stand-alone selling prices of difference products or services;
- whether revenue from sales of products is recognised over time or at a point in time;

3(v) and 15 Leases: whether an arrangement containing a lease; and lease classification.

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

3(k) 10 and 13 Impairment test of goodwill: key assumptions underlying recoverable amounts;

3(o) and 17 Measurement of defined benefit obligations: key actuarial assumptions;

3(q) and 4 Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;

3(r) and 19 Revenue recognition: several performance obligations; and

27 Recognition and measurement of provisions and contingencies:

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

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Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

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(b) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivatives*

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

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(e) Trade and other accounts receivable and contract assets

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using specific identification basis in case of goods bought for specific customers and first in first out basis is applied for goods not specifically bought for specific customers. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the equity method.

Interests in subsidiaries are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the separate financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Disposal of investments

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

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Equipment

Recognition and measurement

Owned assets

Equipment are measured at cost less accumulated depreciation and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the asset, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Any gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Spare parts	5 years
Office equipment	1 - 6 years
Furniture and fixtures	1 - 6 years
Leasehold building improvement	3 - 10 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs. However, the incremental costs of obtaining a contract are expensed when incurred, if the expected amortisation period is one year or less.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis/on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

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(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. For equity instruments, In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 5 years
Service agreement	5 years 11 months

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment losses in respect of goodwill is not reversals. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(n) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(o) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are not based on unobservable inputs.

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If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(r) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The stage of completion is assessed based on cost-to-cost method. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

For multiple element sales contracts that combines the sales of goods, rendering of services and subsequent services (maintenance services) in the same contract. Total arrangement consideration is allocated at the inception of the arrangement to each element based on fair value. Revenue of each component and for single contracts are recognised as the followings;

Sale of goods

Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

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Rendering of services

Contract services is recognised when the outcome of a transaction can be estimate reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion of a transaction is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction. When the outcome of the transaction involving the rendering of services cannot be estimate reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Maintenance service is recognised rateably over the period of contract.

Other services is recognised as services are provided.

(s) *Rental income*

Rental income from finance lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(t) *Investment income*

Investment income comprises interest income from investments and bank deposits. Interest income is recognised in profit or loss as it accrues.

(u) *Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(v) *Lease payments*

Payments made under operating lease are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

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(w) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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(y) *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets, liabilities, other income, distribution costs and administrative expenses, finance costs and share of profit of subsidiaries.

4 Acquisition of subsidiary

On 17 October 2018 the Group obtained control of I-Secure Co., Ltd., a managed security service provider (MSSP), security operation center (SOC) and security consultancy by acquiring 100% of the shares and voting interests in the company from non-related persons of the Company (the "sellers").

Taking control of I-Secure Co., Ltd. will enable the Company to diversify its business to the managed security services which will relatively help boost its revenues. Moreover, the Company will benefit from the synergy through customer referral and transfer of knowledge, experience and expertise from the vendor which has engaged in such type of IT business for a long period of time and has a huge base of large-scale corporate customers. The performance of I-Secure Co., Ltd. will help generate income and good working results for the Company in the long run, as well as a favourable return on investment.

For the period from 17 October 2018 to 31 December 2018, I-Secure Co., Ltd. contributed revenue of Baht 47 million and profit of Baht 2 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been increased by Baht 141 million and consolidated profit for the year would have been increased by Baht 4 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

TFRS required Management to make preliminary assessment of the fair values of the assets, liabilities and contingent liabilities specified at the acquisition date. The Group reassessed the fair value of the assets acquired and liabilities assumed; and consideration transferred including contingent consideration from a business acquisition during the measurement period, which must not exceed one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Such information affects to the valuation of these amount which recognised on the acquisition date. Finalisation of the valuation of assets acquired and liabilities assumed; and consideration transferred including contingent consideration from a business acquisition was completed during the year 2019. The financial statements as at 31 December 2018 included in these financial statements have been restated to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Moreover, the Group recorded the change in fair values of contingent liabilities which occurred from events after acquisition date, amount to Baht 24 million in the consolidated statement of comprehensive income and separate statement of comprehensive income as of 31 December 2019.

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The following summarises the fair value of assets acquired and liabilities assumed; and consideration transferred including contingent consideration at the acquisition date:

	Fair value as prior recognised	Adjustment* <i>(in thousand Baht)</i>	Fair value after adjustment
<i>Identifiable assets acquired and liabilities assumed</i>			
Cash and cash equivalents	28,497	-	28,497
Trade and other accounts receivable	50,222	-	50,222
Inventories	6,812	-	6,812
Equipment	3,220	-	3,220
Other intangible assets	2,081	1,639	3,720
Corporate income tax and withholding tax refund	3,900	-	3,900
Other non-current assets	349	-	349
Trade and other accounts payable	(28,416)	-	(28,416)
Short-term loans	(19,800)	-	(19,800)
Deferred tax liabilities	(414)	(328)	(742)
Long-term loans	(6,570)	-	(6,570)
Non-current provisions for employee benefits	(1,366)	-	(1,366)
Total identifiable net assets	38,515	1,311	39,826
Goodwill arising from acquisition	154,669	55,338	210,007
Consideration transferred and contingent consideration, at acquisition date	193,184	56,649	249,833

Net cash outflows

	Fair value as prior recognised	Adjustment* <i>(in thousand Baht)</i>	Fair value after adjustment
Net cash obtained from the acquisition of subsidiary	28,497	-	28,497
Cash paid	(115,000)	-	(115,000)
Net cash outflows	(86,503)	-	(86,503)

Consideration transferred and contingent consideration

	Fair value as prior recognised	Adjustment* <i>(in thousand Baht)</i>	Fair value after adjustment
Cash paid	115,000	-	115,000
Contingent consideration as stipulated in the agreement (fair value at acquisition date)	78,184	56,649	134,833
Consideration transferred and contingent consideration, at acquisition date	193,184	56,649	249,833
Adjustment in fair value of contingent consideration during the year	-	23,715	23,715
Consideration transferred and contingent consideration, at acquisition date	193,184	80,364	273,548

* Fair value adjustment during measurement period

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	Fair value <i>(in thousand Baht)</i>
Consideration transferred, at acquisition date	
Cash paid	115,000
Contingent consideration, at acquisition date	158,548
Total	273,548
 <i>Contingent consideration</i>	
At acquisition date	158,548
Amortisation of deferred interest	3,668
At 31 December 2019	162,216
Current	81,879
Non-current	80,337
Total	162,216

The Company has agreed to pay the additional consideration to selling shareholders as stipulated in the agreement. The major factor is audited net profit after tax (NPAT) of I-Secure Co., Ltd. of the year 2019 and 2020 which have maturity date within year 2021.

The Group has contingent consideration related to the additional consideration determined by the best estimate at the reporting date, which represents its fair value at the reporting date, based on a discount rate rates of 1.92% per annum. The Company recorded contingent consideration in business acquisition payable. The fair value of the contingent consideration liability has been categorised as a Level 3 fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined by considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the calculation formula as stipulated in the agreement.	<ul style="list-style-type: none"> • Risk-adjusted discount rate (at 1.92% per annum) • Forecast NPAT in 2019 and 2020 (Baht 26 million per year) • Forecast annual revenue growth rate (17%) 	<p>The estimated fair value would increase if</p> <ul style="list-style-type: none"> • The risk-adjusted discount rate was lower; • NPAT was higher; or • The annual revenue growth rate was higher.

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the reporting date. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

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<i>Unobservable inputs</i>	Increase	Decrease
	<i>(in million Baht)</i>	
NPAT (Baht 1 million movement)	4.67	(4.67)
Annual revenue growth rate (1% movement)	7.25	(1.57)

Intangible assets

The fair value of intangible assets (service agreement) has been determined by an independent valuer using discounted cash flow within the income approach for valuation. The discount rate is calculated from weighted average cost of capital of the business.

Goodwill

The goodwill is attributable mainly to the skills and technical talent of I-SECURE Co., Ltd.'s work force, and the synergies expected benefit through customer referral and transfer of knowledge, experience and expertise from the vendor in IT business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Restatement of prior year's financial statement

The financial statements as at 31 December 2018 included in these financial statements have been restated to reflect new information obtained about facts and circumstances that existed as of the acquisition date and the subsequently recognised adjustments as follows;

The impacts to the consolidated statement of financial position as at 31 December 2018:

	<i>(in thousand Baht)</i>
<i>Assets</i>	
Increase in goodwill	55,338
Increase in other intangible assets	1,639
Total	56,977
<i>Liabilities</i>	
Increase in deferred tax liabilities	328
Increase in business acquisition payable	56,649
Total	56,977

The impacts to the separated statement of financial position as at 31 December 2018:

	<i>(in thousand Baht)</i>
<i>Assets</i>	
Increase in investment in subsidiary	56,649
Total	56,649
<i>Liabilities</i>	
Increase in business acquisition payable	56,649
Total	56,649

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5 Related parties

Relationships with subsidiaries are described in note 10. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Vnet Capital Co., Ltd.	Thailand	68% shareholding and common directors
BCBG Co., Ltd.	Thailand	Common shareholders and common directors
NTN Solution Limited	Thailand	Common shareholders and common directors
Blue Fish Solution Co., Ltd.	Thailand	Common shareholders and common directors
Copperwired Co., Ltd.	Thailand	Common shareholders and common directors
Vhealth Threesixty Co., Ltd.	Thailand	Common shareholders and common directors
Logistplus Co., Ltd.	Thailand	Common shareholders

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods and rendering of services	Price closed to market price or contractually agreed price
Interest income	Base on promissory notes at 2.15% - 6.25% per annum
Other income	Price closed to market price or contractually agreed price
Purchase of goods and rendering of services	Price closed to market price
Purchase of assets	Price closed to market price
Rental expense	Price closed to market price
Other expenses	Price closed to market price or contractually agreed price
Key management personnel compensation	Shareholders and/or Board of Directors approve/ employment contract

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Parent				
Sale of goods and rendering of services	24	24	24	24
Rental expense	367	376	367	376
Other expenses	311	282	267	280
Subsidiaries				
Sale of goods and rendering of services	-	-	6,795	1,769
Other income	-	-	114	-
Purchase of goods and rendering of services	-	-	551	563
Interest income	-	-	1,286	296
Other expenses	-	-	382	-
Other related parties				
Sale of goods and rendering of services	223	221	-	120
Other income	1,427	1,427	-	-
Purchase of goods and rendering of services	1,177	-	353	-
Purchase of assets	334	678	-	18
Other expenses	1,663	482	193	111
Key management personnel compensation	27,593	24,683	23,993	21,083

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Key management personnel compensation

Key management personnel compensation include as follows;

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Short-term benefits of management	25,024	23,627	21,424	20,027
Defined benefits obligation	2,569	1,056	2,569	1,056
Total	27,593	24,683	23,993	21,083

Balances as at 31 December with related parties were as follows:

Trade and other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Other related party	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other receivables				
Subsidiaries	-	-	1,465	1,630
Other related party	<u>315</u>	<u>-</u>	<u>315</u>	<u>-</u>
	315	-	1,780	1,630
Total trade and other accounts receivable	332	-	1,780	1,630

<i>Movement of short-term loans to</i>	Interest rate At 31 December (% per annum)	Separate financial statements			
		At 1 January	Increase	Decrease	At 31 December
		<i>(in thousand Baht)</i>			
2019					
Subsidiaries	2.15 - 2.35	<u>24,867</u>	<u>31,111</u>	<u>(20,006)</u>	<u>35,972</u>
2018					
Subsidiaries	2.15 - 6.25	<u>-</u>	<u>24,867</u>	<u>-</u>	<u>24,867</u>

As at 31 December 2019, the Company had short-term loans to related parties which are repayable on call. The loans are unsecured.

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Trade and other accounts payable

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts payable				
Subsidiary	-	-	173	410
Other payables				
Parent	69	16	30	14
Subsidiaries	-	-	406	117
Other related parties	611	86	230	15
Total	680	102	666	146
Total trade and other accounts payable	680	102	839	556

Significant agreements with related parties

Sales or services agreements

Office service contracts and employee payroll services

The Company entered into the Office and Payroll Service Agreement with Vnet Capital Co., Ltd. Vnet Capital Co., Ltd. would provide related office services such as office space support services, reception services, facility services, meeting room arrangement services including payroll services, withholding tax calculation, social security calculation and filing necessary tax forms. The service fee is fixed fee amounting to Baht 45,000 per month including the agreed amount eligible for reimbursement. The agreement had starting from 1 January 2020 to 31 December 2020.

Equipment and spare parts management agreement

The Company entered into equipment and spare parts management agreement with vServePlus Co., Ltd. vServePlus Co., Ltd. would provide storage service and logistic service for equipment and spare parts as agreed. Moreover, the relating services included fire insurance and accident insurance for the equipment and spare parts. The service fee is fixed fee amounting to Baht 31,000 per month. The agreement had starting from 1 October 2019 to 30 September 2020.

Software license agreement

vServePlus Co., Ltd. entered into a software license agreement with NTN Solution Limited granting right to use NIMBUS (ERP) for operation and providing relevant support services. The service fee is fixed fee amounting to Baht 80,000 per month. The agreement period is 1 February 2019 to 31 January 2020. Currently, the Company is in the process of renewal.

Commercial guarantee service agreement

The Company entered into the commercial guarantee service agreement for vServePlus Co., Ltd. The Company has guaranteed obligation for 51% according to the Company's interests in vServePlus Co., Ltd.

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6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	788	227	580	118
Cash at banks - current accounts	13,838	12,274	120	138
Cash at banks - savings accounts	224,015	173,970	121,950	83,391
Cash at banks - fixed deposit 3 months	20,044	4	4	4
Cheques on hand	2,052	150	2,052	150
Cash and cash equivalents in the statement of financial position and statement of cash flows	260,737	186,625	124,706	83,801

7 Restricted deposits with financial institutions

As at 31 December 2019, savings accounts and fixed deposit in the consolidated and separate financial statements amounting to Baht 17.47 million and Baht 16.73 million, respectively (2018: Baht 18.13 million and Baht 16.73 million, respectively) are pledged at banks due to the Company's bank overdraft, commitment and contingent liabilities.

8 Trade and other accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade accounts receivable					
Related parties	5	17	-	-	-
Other parties		344,686	599,811	206,119	460,359
Total		344,703	599,811	206,119	460,359
Less allowance for doubtful accounts		(706)	(678)	(228)	(228)
Net		343,997	599,133	205,891	460,131
Finance lease receivables					
Other parties		10,361	5,884	-	-
Unbilled trade accounts receivable					
Other parties	19	44,881	49,728	10,358	11,348
Other receivables					
Related parties	5	315	-	1,780	1,630
Other parties		144,478	93,121	122,058	70,794
Total		144,793	93,121	123,838	72,424
Total trade and other accounts receivable		544,032	747,866	340,087	543,903
Current		540,109	747,866	340,087	543,903
Non-current		3,923	-	-	-
Total		544,032	747,866	340,087	543,903
(Reversal of) bad and doubtful debts expense for the year		28	(242)	-	228

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Aging analyses for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	8	-	-	-
Overdue:				
Less than 3 months	9	-	-	-
Total	17	-	-	-
Other parties				
Within credit terms	276,329	336,303	179,089	252,332
Overdue:				
Less than 3 months	67,558	252,319	26,765	197,379
3 - 6 months	93	10,511	37	10,420
6 - 12 months	-	-	-	-
Over 12 months	706	678	228	228
Total	344,686	599,811	206,119	460,359
Less allowance for doubtful accounts	(706)	(678)	(228)	(228)
Net	343,980	599,133	205,891	460,131
Total	343,997	599,133	205,891	460,131

The normal credit term granted by the Group ranges from 30 days to 90 days.

Other receivables include as follows;

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Prepaid sales and services cost	120,008	77,372	113,410	64,752
Input value added tax suspense and Revenue Department receivable	18,433	6,517	6,802	1,762
Prepaid expense	3,939	3,409	1,335	1,734
Advance payment	1,928	3,369	1,647	1,849
Others	485	2,454	644	2,327
Total	144,793	93,121	123,838	72,424

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9 Inventories

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Finished goods		19,352	32,138	17,441	15,736
Work in progress		3,394	4,482	-	-
Spare parts		1,289	816	795	816
Goods in transit		476	26	476	26
Total		24,511	37,462	18,712	16,578
<i>Less</i> allowance for declining in value		(1,383)	(1,248)	(1,383)	(1,248)
Net		23,128	36,214	17,329	15,330
Inventories recognised in 'cost of sale of goods and rendering of services':					
- cost of sale of goods	21	984,790	1,162,818	597,261	975,094
- write-down to net realisable value		135	80	135	80
Total		984,925	1,162,898	597,396	975,174

10 Investments in subsidiaries

	Note	Separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
At 1 January		310,241	42,238
Share of net profits		47,757	14,470
Other component of equity		(634)	(286)
Share of other comprehensive income		-	143
Acquisitions		4,715	197,027
Adjustment from business acquisition	4	-	56,649
At 31 December		362,079	310,241

During the year ended 31 December 2019 and 2018, there were the following acquisitions of investments in subsidiaries:

On 15 February 2019, the Company made an additional investment in Vintcom Technology (Myanmar) Co., Ltd., incorporated in Myanmar, for a consideration of Baht 4.72 million. There was no change in the percentage of ownership.

On 16 May 2018, the Company established Vintcom Technology (SG) Pte. Ltd., incorporated in Singapore, with 100% of shares and voting right in such company. The principal business of Vintcom Technology (SG) Pte. Ltd. is trading computer and equipment including related software. Share capital is 100,000 Singapore Dollars which is called for share payment amounting to 21,000 Singapore Dollars (equivalent to Baht 0.51 million). On 7 August 2018, the Company made a first payment for a consideration of 20,000 Singapore Dollars (equivalent to Baht 0.49 million). The outstanding of share payable is 1,000 Singapore Dollars (equivalent to Baht 0.02 million).

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On 13 July 2018, the Company made an additional investments in Vintcom Technology (Myanmar) Co., Ltd., incorporated in Myanmar, for a consideration of Baht 3.33 million. There was no change in the percentage of ownership.

On 17 October 2018, the Company has the acquisition of shares of I-Secure Co., Ltd. (“I-SECURE”) referring to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2018 held on 12 October 2018 (100% of share in such company). The fair value of the investment as at the acquisition date after restatement is Baht 273.55 million (see note 4).

Impairment testing

Management of the Group performed an impairment test of carrying amount of investment in subsidiary by using valuation technical and key assumption same as described in note 13 relating in the part of impairment testing.

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Investments in subsidiaries as at 31 December 2019 and 2018 were as follows:

Name of subsidiary	Country of operation	Ownership interest		Paid-up capital/ Call-up capital		Separate financial statements							
		2019	2018	2019	2018	Cost		Equity		Impairment		At equity - net	
		2019 2018 (%)		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Vintcom Technology (Myanmar) Co., Ltd.	(1) Myanmar	100	100	16,556	11,842	16,556	11,842	109	15	-	-	109	15
Vintcom Technology (SG) Pte. Ltd.	(2) Singapore	100	100	513	513	513	513	14,431	4,200	-	-	14,431	4,200
I-Secure Co., Ltd.	(3) Thailand	100	100	40,000	40,000	249,833	249,833	277,990	252,114	-	-	277,990	252,114
vServePlus Co., Ltd.	(4) Thailand	51	51	40,000	40,000	20,400	20,400	69,549	53,912	-	-	69,549	53,912
Total						<u>287,302</u>	<u>282,588</u>	<u>362,079</u>	<u>310,241</u>	<u>-</u>	<u>-</u>	<u>362,079</u>	<u>310,241</u>

Type of business

- (1) Providing installation service, consulting service and computer system maintenance service
- (2) Trading computer and equipment including related software
- (3) Providing computer and network security monitoring services
- (4) Providing installation service, consulting service and computer system maintenance service

There was no dividend income from those investments for 2019 and 2018.

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11 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019 vServePlus Co., Ltd. (in thousand Baht)
Non-controlling interest percentage	49%
Current assets	173,826
Non-current assets	29,748
Current liabilities	(61,797)
Non-current liabilities	(5,405)
Net assets	136,372
Carrying amount of non-controlling interest	66,822
Intra-group eliminations	-
Total	66,822
Revenue	390,490
Profit	30,065
Other comprehensive income	-
Total comprehensive income	30,065
Profit allocated to non-controlling interest	14,732
Intra-group eliminations	-
Total	14,732
Other comprehensive income allocated to non-controlling interest	-
Intra-group eliminations	-
Total	-
Cash flows from operating activities	47,522
Cash flows from investing activities	(19,470)
Cash flows from financing activities	-
(Dividends to non-controlling interest: nil)	-
Effect of exchange rate changes on cash and cash equivalents	130
Net increase in cash and cash equivalents	28,182

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	31 December 2018 vServePlus Co., Ltd. (in thousand Baht)
Non-controlling interest percentage	49%
Current assets	183,334
Non-current assets	28,431
Current liabilities	(101,717)
Non-current liabilities	(3,741)
Net assets	106,307
Carrying amount of non-controlling interest	52,090
Intra-group eliminations	-
Total	52,090
Revenue	422,686
Profit	27,280
Other comprehensive income	281
Total comprehensive income	27,561
Profit allocated to non-controlling interest	13,367
Intra-group eliminations	-
Total	13,367
Other comprehensive income allocated to non-controlling interest	138
Intra-group eliminations	-
Total	138
Cash flows from operating activities	18,963
Cash flows from investing activities	(3,902)
Cash flows from financing activities	-
(Dividends to non-controlling interest: nil)	-
Effect of exchange rate changes on cash and cash equivalents	412
Net increase in cash and cash equivalents	15,473

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12 Equipment

	Consolidated financial statements					Assets under construction and installation	Total
	Office equipment	Spare parts	Furniture and fixtures	Leasehold building improvement (in thousand Baht)	Vehicles		
Cost							
At 1 January 2018	31,267	8,485	6,902	10,220	4,810	-	61,684
Additions	3,136	541	937	950	-	1,432	6,996
Acquisitions through business combination	10,818	-	2,824	1,953	-	-	15,595
Disposals	(587)	(413)	(25)	-	-	-	(1,025)
At 31 December 2018 and 1 January 2019	44,634	8,613	10,638	13,123	4,810	1,432	83,250
Additions	5,514	393	1,780	1,386	6,700	3,488	19,261
Transfers	309	-	18	4,641	-	(4,775)	193
Disposals	(922)	-	(1,882)	(1,953)	(1,670)	-	(6,427)
At 31 December 2019	49,535	9,006	10,554	17,197	9,840	145	96,277
Depreciation							
At 1 January 2018	20,508	3,218	2,427	2,959	1,624	-	30,736
Depreciation charge for the year	4,071	1,684	1,379	2,262	801	-	10,197
Acquisitions through business combination	8,180	-	2,609	1,586	-	-	12,375
Disposals	(421)	(299)	(19)	-	-	-	(739)
At 31 December 2018 and 1 January 2019	32,338	4,603	6,396	6,807	2,425	-	52,569
Depreciation charge for the year	5,735	1,685	3,749	670	965	-	12,804
Transfers	12	-	-	-	-	-	12
Disposals	(901)	-	(1,880)	(1,667)	(726)	-	(5,174)
At 31 December 2019	37,184	6,288	8,265	5,810	2,664	-	60,211
Net book value							
At 1 January 2018							
Owned assets	10,638	5,267	4,475	7,261	-	-	27,641
Assets under finance leases	121	-	-	-	3,186	-	3,307
	10,759	5,267	4,475	7,261	3,186	-	30,948
At 31 December 2018 and 1 January 2019							
Owned assets	12,207	4,010	4,242	6,316	1,137	1,432	29,344
Assets under finance leases	89	-	-	-	1,248	-	1,337
	12,296	4,010	4,242	6,316	2,385	1,432	30,681
At 31 December 2019							
Owned assets	12,294	2,718	2,289	11,387	3,380	145	32,213
Assets under finance leases	57	-	-	-	3,796	-	3,853
	12,351	2,718	2,289	11,387	7,176	145	36,066

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	Separate financial statements					
	Office equipment	Spare parts	Furniture and fixtures <i>(in thousand Baht)</i>	Leasehold building improvement	Vehicles	Total
Cost						
At 1 January 2018	25,611	8,485	992	608	3,140	38,836
Additions	2,116	541	15	-	-	2,672
Disposals	(442)	(413)	(6)	-	-	(861)
At 31 December 2018 and 1 January 2019	27,285	8,613	1,001	608	3,140	40,647
Additions	777	393	9	224	3,000	4,403
Disposals	(22)	-	-	-	-	(22)
At 31 December 2019	28,040	9,006	1,010	832	6,140	45,028
Depreciation						
At 1 January 2018	18,889	3,218	832	442	1,425	24,806
Depreciation charge for the year	2,402	1,684	57	166	467	4,776
Disposals	(282)	(299)	(6)	-	-	(587)
At 31 December 2018 and 1 January 2019	21,009	4,603	883	608	1,892	28,995
Depreciation charge for the year	2,458	1,685	57	146	452	4,798
Disposals	(4)	-	-	-	-	(4)
At 31 December 2019	23,463	6,288	940	754	2,344	33,789
Net book value						
At 1 January 2018						
Owned assets	6,601	5,267	160	166	-	12,194
Assets under finance leases	121	-	-	-	1,715	1,836
	6,722	5,267	160	166	1,715	14,030
At 31 December 2018 and 1 January 2019						
Owned assets	6,187	4,010	118	-	-	10,315
Assets under finance leases	89	-	-	-	1,248	1,337
	6,276	4,010	118	-	1,248	11,652
At 31 December 2019						
Owned assets	4,520	2,718	70	78	-	7,386
Assets under finance leases	57	-	-	-	3,796	3,853
	4,577	2,718	70	78	3,796	11,239

The gross amount of the Group and the Company's fully depreciated equipment that was still in use as at 31 December 2019 amounted to Baht 40.85 million and Baht 29.14 million, respectively (2018: Baht 31.15 million and Baht 20.65 million, respectively).

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13 Goodwill

		Consolidated		Separate	
	<i>Note</i>	financial statements		financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cost					
At 1 January		210,007	-	-	-
Acquired through business combinations	4	-	210,007	-	-
At 31 December		210,007	210,007	-	-
Impairment losses					
At 1 January		-	-	-	-
Impairment loss		-	-	-	-
At 31 December		-	-	-	-
Net book value					
At 1 January		210,007	-	-	-
At 31 December		210,007	210,007	-	-

Goodwill arose from the Company's purchase of shares at 100% shareholding of I-Secure Co., Ltd. (See note 4).

Impairment testing

The recoverable amount was based on the value in use of cash generating unit (CGU) with goodwill, determined by discounted future cash flows to be generated from the going concern of I-Secure Co., Ltd.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity with 9.03%.

Budgeted NPAT

Budgeted NPAT were based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate sale growth.

Management has identified that a reasonably possible change in two key assumptions, discount rate and budgeted EBITDA growth rate, which in 2019 if discount rate increases by 2.03% or revenue growth rate decreases by 8.75% could cause the recoverable amount to be equal to the carrying amount.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount. The Group did not recognise impairment in the financial statements.

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14 Other intangible assets

	Note	Consolidated financial statements			Separate financial statements
		Computer software	Service agreement <i>(in thousand Baht)</i>	Total	Computer software
Cost					
At 1 January 2018		7,515	6,109	13,624	6,134
Additions		1,106	-	1,106	80
Acquisitions through business combination	4	190	3,710	3,900	-
At 31 December 2018 and 1 January 2019		8,811	9,189	18,630	6,214
Additions		403	-	403	40
Transfers		(193)	-	(193)	-
Disposals		(87)	-	(87)	-
At 31 December 2019		8,934	9,819	18,753	6,254
Amortisation					
At 1 January 2018		5,978	2,444	8,422	5,778
Amortisation for the year		511	1,981	2,492	151
Acquisitions through business combination	4	180	-	180	-
At 31 December 2018 and 1 January 2019		6,669	4,425	11,094	5,929
Amortisation for the year		623	2,469	3,092	131
Transfers		(12)	-	(12)	-
Disposals		(87)	-	(87)	-
At 31 December 2019		7,193	6,894	14,087	6,060
Net book value					
At 1 January 2018		1,537	3,665	5,202	356
At 31 December 2018 and 1 January 2019		2,142	5,394	7,536	285
At 31 December 2019		1,741	2,925	4,666	194

Service agreement above is assets from business combination during 2016 and 2018 (see note 4).

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15 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Short-term loans from financial institution	-	-	-	177,000	-	177,000
Long-term loans from financial institution	3,141	-	3,141	5,884	-	5,884
Finance lease liabilities	-	3,070	3,070	-	1,424	1,424
Total interest-bearing liabilities	3,141	3,070	6,211	182,884	1,424	184,308

The Company has short-term loans from financial institution carry interest rates as at the fixed rate per annum. The condition of repayment is on call.

The Group has long-term loans from financial institution carry interest rates as at MLR - 0.25 per annum and the maturity date is within 2021.

	Separate financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Short-term loans from financial institution	-	-	-	177,000	-	177,000
Finance lease liabilities	-	3,070	3,070	-	1,424	1,424
Total interest-bearing liabilities	-	3,070	3,070	177,000	1,424	178,424

Assets pledged as security for liabilities as at 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Accounts receivable *	686	686	-	-
Deposits with financial institution	-	10,500	-	10,500
Total	686	11,186	-	10,500

* A subsidiary has transferred the right the right to a bank for receipt of trade accounts receivable under contracts to a bank.

As at 31 December 2019 the Group and the Company had unutilised credit facilities totalling Baht 816.03 million and Baht 713.11 million, respectively (2018: Baht 620.04 million and Baht 534.15 million, respectively).

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Consolidated/Separate financial statements						
2019						
2018						
<i>Finance lease liabilities</i>	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
			<i>(in thousand Baht)</i>			
<i>Maturity period</i>						
Within 1 year	582	143	439	668	97	571
1 - 5 years	2,972	341	2,631	862	9	853
Total	3,554	484	3,070	1,530	106	1,424

16 Trade and other payables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Trade accounts payable					
Related parties	5	-	-	173	410
Other parties		158,916	206,536	113,537	123,217
Total		158,916	206,536	113,710	123,627
Other payables					
Related parties	5	680	102	666	146
Other parties		301,457	266,572	219,084	184,423
Total		302,137	266,674	219,750	184,569
Total trade and other payables		461,053	473,210	333,460	308,196

Other payables include as follows:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Unearned income	19	166,704	106,867	136,079	81,916
Accrued expenses		103,510	69,730	62,945	37,465
Revenue Department payable		18,881	12,157	14,952	8,386
Deposits and advances received		4,890	65,306	3,444	52,850
Others		8,152	12,614	2,330	3,952
Total		302,137	266,674	219,750	184,569

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect on defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(1,942)	(1,223)	2,289	1,433
Future salary growth	2,470	1,419	(2,124)	(1,235)
Employee turnover rate	(2,082)	(1,307)	880	506
	1 year increase in assumption		1 year decrease in assumption	
Future mortality	118	75	(71)	(74)

<i>Effect on defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(969)	(670)	1,111	767
Future salary growth	1,197	740	(1,061)	(661)
Employee turnover rate	(1,034)	(714)	317	209
	1 year increase in assumption		1 year decrease in assumption	
Future mortality	57	39	(57)	(39)

18 Share premium and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

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Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Segment information and disaggregation of revenue

Management determined that the Group/Company has two reportable segments, as described below, which are the Group/Company's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group/Company's reportable segments.

Segment 1	Sale of goods
Segment 2	Rendering of services

Each segment's performance is measured based on gross profit, as included in the internal management reports that are reviewed by the Group's CODM. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	Consolidated financial statements				Total reportable segments	
	Sale of goods		Rendering of services			
	2019	2018	2019	2018	2019	2018
<i>For the year ended</i>	<i>(in thousand Baht)</i>					
<i>31 December</i>						
Information about reportable segments						
External revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>
Disaggregation of revenue						
Primary geographical markets						
Thailand	819,213	986,167	620,583	417,442	1,439,796	1,403,609
Myanmar	194,670	256,515	8,586	39,726	203,256	296,241
Cambodia	87,342	59,766	3,929	15,493	91,271	75,259
Other countries	25,273	13,956	14,195	12,414	39,468	26,370
Total revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>

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Consolidated financial statements						
<i>For the year ended 31 December</i>	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Major products and service lines						
Computer equipment and related software	1,118,300	1,316,038	-	-	1,118,300	1,316,038
Computer and network security monitoring services	-	-	69,281	17,923	69,281	17,923
Maintenance and other services	8,198	366	578,012	467,152	586,210	467,518
Total revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>
Timing of revenue recognition						
At a point in time	1,126,498	1,316,404	378,633	294,918	1,505,131	1,611,322
Over time	-	-	268,660	190,157	268,660	190,157
Total revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>
Gross profit	<u>139,600</u>	<u>109,164</u>	<u>243,492</u>	<u>165,807</u>	<u>383,092</u>	<u>274,971</u>
Separate financial statements						
<i>For the year ended 31 December</i>	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
Information about reportable segments						
External revenue	<u>689,244</u>	<u>1,060,414</u>	<u>261,877</u>	<u>229,236</u>	<u>951,121</u>	<u>1,289,650</u>
Disaggregation of revenue						
Primary geographical markets						
Thailand	614,738	774,944	251,586	179,449	866,324	954,393
Myanmar	45,383	216,018	6,362	36,811	51,745	252,829
Cambodia	29,123	59,604	3,929	12,976	33,052	72,580
Other countries	-	9,848	-	-	-	9,848
Total revenue	<u>689,244</u>	<u>1,060,414</u>	<u>261,877</u>	<u>229,236</u>	<u>951,121</u>	<u>1,289,650</u>

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<i>For the year ended</i> <i>31 December</i>	Separate financial statements				Total reportable segments	
	Sale of goods		Rendering of services		2019	2018
	2019	2018	2019	2018		
	<i>(in thousand Baht)</i>					
Major products and service lines						
Computer equipment and related software	681,047	1,060,414	-	-	681,047	1,060,414
Maintenance and other services	8,197	-	261,877	229,236	270,074	229,236
Total revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650
Timing of revenue recognition						
At a point in time	689,244	1,060,414	141,318	89,466	830,562	1,149,880
Over time	-	-	120,559	139,770	120,559	139,770
Total revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650
Gross profit	89,504	82,897	49,274	54,052	138,778	136,949

Reconciliations of reportable segment revenues, profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit or loss				
Gross profit for reportable segments	383,092	274,971	138,778	136,949
Unallocated amounts:				
- Other income	8,036	12,871	5,012	7,916
- Distribution costs	(55,595)	(43,768)	(28,863)	(26,896)
- Administrative expenses	(235,913)	(152,282)	(87,290)	(61,397)
- Finance costs	(4,453)	(2,361)	(3,741)	(1,615)
- Share of profit of investments in subsidiaries	-	-	47,757	14,470
Profit before income tax	95,167	89,431	71,653	69,427
Unallocated assets	1,161,050	1,285,955	954,000	1,042,682
Unallocated liabilities	654,223	824,005	513,877	632,704

Major customer

Revenues from one customer of the Group's and the Company's 1 and 2 segments represents approximately Baht 266 million and Baht 260 million, respectively, (2018: two customers; Baht 238 million and Baht 154 million, respectively) of the Group's and the Company's total revenues.

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	Consolidated		Separate	
	financial statements		financial statements	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	<i>(in thousand Baht)</i>			
At 1 January 2019	49,728	(106,867)	11,348	(81,916)
Recognised as revenue during the year	404,634	204,887	52,785	137,845
Advance received	-	(264,724)	-	(192,008)
Transfer to receivables	(441,480)	-	(53,775)	-
At 31 December 2019	44,881	(166,704)	10,358	(136,079)

The contract assets comprising of unbilled trade accounts receivable primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on sales of goods under finance lease, maintenance and other services. The contract assets are transferred to receivables when the rights become unconditional to the Group. This usually occurs when an invoice is issued to the customer.

The contract liabilities comprising of unearned income primarily relate to the advance consideration received from customers for sales of goods and rendering of services. The Group recognises such contract liabilities as revenue when transferring control of the goods to the customers and consideration allocated to unsatisfied service-type warranty, for which revenue is recognised on a straight-line basis over the term of the service-type warranty.

<i>Revenue expected to be recognised in the future related to performance obligations that are unsatisfied</i>	Consolidated financial statements			Separate financial statements		
	Within 1 year	After 1 year but within 5 years	After 5 years	Within 1 year	After 1 year but within 5 years	After 5 years
	<i>(in thousand Baht)</i>					
At 31 December 2019						
Sales of software license	18,177	6,235	-	18,177	6,235	-
Maintenance and other services	52,511	41,604	-	27,515	23,352	-
Finance leases	1,221	-	-	-	-	-
Total	71,909	47,839	-	45,692	29,587	-

Consideration from contracts with customers is included in the amounts presented above.

The Group applies the practical expedient not to disclose revenue expected to be recognised in the future related to performance obligations that are unsatisfied as at 31 December 2019 when it is initially expected that the contracts have original durations of one year or less.

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20 Employee benefit expenses

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salaries, wages, overtime and bonus	196,744	142,215	55,584	54,111
Commission fee	13,182	12,994	6,735	7,219
Defined benefit plans	7,470	4,055	4,181	2,016
Provident fund	4,125	2,380	1,164	1,038
Others	13,169	13,279	3,348	3,660
Total	<u>234,690</u>	<u>174,923</u>	<u>71,012</u>	<u>68,044</u>

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

21 Expenses by nature

	<i>Note</i>	Consolidated		Separate	
		financial statements	financial statements	financial statements	financial statements
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods	9	12,306	5,886	(2,134)	24,650
Purchase of goods	9	972,484	1,156,932	599,395	950,444
Changes in prepaid service cost		(43,972)	(8,625)	(50,639)	(8,625)
Purchase of services		390,459	321,471	254,149	174,113
Employee benefit expenses	20	234,690	174,923	71,012	68,044
Professional and consulting fees		9,275	8,811	4,382	5,665
Depreciation and amortisation	12, 14	15,896	12,689	4,930	4,927
Sale promotion expenses		9,230	5,003	6,887	4,937
Provision adjustment during the adjustment period		23,715	-	23,715	-
Office and equipment rental and service		14,517	13,800	3,207	3,267
Training and seminar expenses		8,080	9,523	6,579	7,089
Utilities expense		4,170	3,655	248	268
Others		31,356	18,490	6,766	6,215
Total cost of sale of goods and rendering of services, distribution costs and administrative expenses		<u>1,682,206</u>	<u>1,722,558</u>	<u>928,497</u>	<u>1,240,994</u>

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22 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	8,112	18,795	9,563	8,645
Deferred tax expense				
Movements in temporary differences	5,545	(1,152)	(4,689)	2,243
Total	13,657	17,643	4,874	10,888

<i>Income tax</i>	Consolidated financial statements					
	Before tax	2019 Tax expense	Net of tax	Before tax	2018 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Recognised in other comprehensive income						
Defined benefit plan actuarial gains	-	-	-	1,744	(349)	1,395
Total	-	-	-	1,744	(349)	1,395

<i>Income tax</i>	Separate financial statements					
	Before tax	2019 Tax expense	Net of tax	Before tax	2018 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Recognised in other comprehensive income						
Defined benefit plan actuarial gains	-	-	-	1,392	(278)	1,114
Share of comprehensive income in subsidiaries	-	-	-	179	(36)	143
Total	-	-	-	1,571	(314)	1,257

<i>Reconciliation of effective tax rate</i>	Consolidated financial statements			
	Rate (%)	2019 <i>(in thousand Baht)</i>	Rate (%)	2018 <i>(in thousand Baht)</i>
Profit before income tax expense		95,167		89,431
Income tax using the Thai corporation tax rate	20	19,032	20	17,886
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others		(5,375)		(243)
Total	14	13,657	20	17,643

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Reconciliation of effective tax rate

	Separate financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		71,653		69,427
Income tax using the Thai corporation tax rate	20	14,331	20	13,885
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others		(9,457)		(2,997)
Total	7	4,874	16	10,888

Deferred tax as at 31 December

	Consolidated financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	(in thousand Baht)			
Total	11,259	6,299	(585)	(1,171)
Set off of tax	(585)	(1,170)	585	1,171
Net deferred tax assets	10,674	5,129	-	-

Deferred tax as at 31 December

	Separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	(in thousand Baht)			
Total	10,067	5,378	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	10,067	5,378	-	-

Deferred tax

	Consolidated financial statements			
	(Charged) / Credited to			
	At 1 January	Profit or loss	Other comprehensive income	At 31 December
	(in thousand Baht)			
2019				
Deferred tax assets				
Trade accounts receivable	46	6	-	52
Inventories	250	27	-	277
Provisions	2,312	1,169	-	3,481
Unearned income	3,691	(1,658)	-	2,033
Deferred interest expenses	-	673	-	673
Fair value adjustment of contingent consideration	-	4,743	-	4,743
Total	6,299	4,960	-	11,259
Deferred tax liabilities				
Intangible assets	(1,077)	492	-	(585)
Deferred interest expenses	(93)	93	-	-
Total	(1,170)	585	-	(585)
Net	5,129	5,545	-	10,674

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	Consolidated financial statements				At 31 December
	At 1 January	Acquired in business combination	(Charged) / Credited to		
<i>Deferred tax</i>			Profit or loss	Other comprehensive income	
			<i>(in thousand Baht)</i>		
2018					
<i>Deferred tax assets</i>					
Trade accounts receivable	-	-	46	-	46
Inventories	234	-	16	-	250
Provisions	2,394	-	267	(349)	2,312
Unearned income	5,700	-	(2,009)	-	3,691
Total	8,328	-	(1,680)	(349)	6,299
<i>Deferred tax liabilities</i>					
Intangible assets	(733)	(742)	398	-	(1,077)
Deferred interest expenses	(223)	-	130	-	(93)
Total	(956)	(742)	528	-	(1,170)
Net	7,372	(742)	(1,152)	(349)	5,129
Separate financial statements					
	At 1 January		(Charged) / Credited to		At 31 December
<i>Deferred tax</i>			Profit or loss	Other comprehensive income	
			<i>(in thousand Baht)</i>		
2019					
<i>Deferred tax assets</i>					
Trade accounts receivable		46	-	-	46
Inventories		250	27	-	277
Provisions		1,564	836	-	2,400
Unearned income		3,518	(1,590)	-	1,928
Deferred interest expenses		-	673	-	673
Fair value adjustment of contingent consideration		-	4,743	-	4,743
Total		5,378	4,689	-	10,067
2018					
<i>Deferred tax assets</i>					
Trade accounts receivable		-	46	-	46
Inventories		234	16	-	250
Provisions		1,965	(123)	(278)	1,564
Unearned income		5,700	(2,182)	-	3,518
Total		7,899	(2,243)	(278)	5,378

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23 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>66,778</u>	<u>58,420</u>	<u>66,778</u>	<u>58,539</u>
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Basic earnings per share (in Baht)	<u>0.22</u>	<u>0.19</u>	<u>0.22</u>	<u>0.20</u>

24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Annual dividend	26 April 2019	May 2019	<u>0.120</u>	<u>36.00</u>
<i>2018</i>				
Annual dividend	27 April 2018	May 2018	<u>0.065</u>	<u>19.50</u>

25 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies for the subsequent period.

Consolidated financial statements				
2019				
Assets and liabilities denominated in the foreign currencies as at 31 December	United States Dollars	Singapore Dollars	Burmese kyat	Total
		<i>(in thousand Baht)</i>		
Cash and cash equivalents	30,714	2,296	14	33,024
Trade and other accounts receivable	78,221	368	-	78,589
Trade and other accounts payable	<u>(65,867)</u>	<u>-</u>	<u>-</u>	<u>(65,867)</u>
Gross balance sheet exposure	43,068	2,664	14	45,746
Currency forwards purchase (sell) - net	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>(9)</u>
Net exposure	<u>43,059</u>	<u>2,664</u>	<u>14</u>	<u>45,737</u>

Consolidated financial statements				
2018				
Assets and liabilities denominated in the foreign currencies as at 31 December	United States Dollars	Singapore Dollars	Burmese kyat	Total
		<i>(in thousand Baht)</i>		
Cash and cash equivalents	65,523	820	10	66,353
Trade and other accounts receivable	117,325	-	-	117,325
Trade and other accounts payable	<u>(147,933)</u>	<u>(60)</u>	<u>-</u>	<u>(147,993)</u>
Gross balance sheet exposure	34,915	760	10	35,685
Currency forwards purchase (sell) - net	<u>107</u>	<u>-</u>	<u>-</u>	<u>(107)</u>
Net exposure	<u>35,022</u>	<u>760</u>	<u>10</u>	<u>35,792</u>

Assets and liabilities denominated in the foreign currencies as at 31 December	Separate financial statements	
	2019	2018
	United States Dollars	United States Dollars
	<i>(in thousand Baht)</i>	
Cash and cash equivalents	9,939	48,585
Trade and other accounts receivable	16,820	98,201
Trade and other accounts payable	<u>(39,751)</u>	<u>(83,646)</u>
Gross balance sheet exposure	(12,992)	63,140
Currency forwards purchase (sell) - net	<u>(9)</u>	<u>107</u>
Net exposure	<u>(13,001)</u>	<u>63,247</u>

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

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Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated/ Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
31 December 2019					
<i>Financial liabilities measured at fair value</i>					
Foreign currency forward contracts (United States Dollars)	9	-	9	-	9
31 December 2018					
<i>Financial assets measured at fair value</i>					
Foreign currency forward contracts (United States Dollars)	107	-	107	-	107

Measurement of fair values

Valuation technique

The following table show the valuation technique used in measuring level 2

Type	Valuation technique
Foreign currency forward contracts	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Finance lease liabilities	Compared with interest fair value.
Business acquisition payable	Using interest risk which for adjusting credit risk as a discount rate.

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26 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within 1 year	13,993	14,186	2,288	1,739
1 - 5 years	6,817	12,673	-	-
Total	20,810	26,859	2,288	1,739
<i>Other commitments</i>				
Purchase orders for goods and services	182,225	47,010	116,158	22,855
Bank guarantees	4,972	4,585	893	850
Total	187,197	51,595	117,051	23,705

Rental and service agreement

The Group entered into office rental agreement, service agreement and warehouse rental agreements. These agreements have maturity period 5 months to 3 years which will expire within 2020 to 2022.

Other service agreements

Service agreement from business acquisition

As vServePlus Co., Ltd. purchased IT service business from VST ECS (Thailand) Co., Ltd. On 23 August 2016 amount Baht 14.45 million (book value as at 30 September 2018) which will be paid in 2019. The Company acquired transferred employees, equipment and service agreement in accordance with the Business Transfer Agreement and Service Level Agreement. VST ECS (Thailand) Co., Ltd. granted permission to vServePlus Co., Ltd. to provide services to clients and agreed to share revenue of each agreement as agreed rate. The agreement's period is 1 September 2016 to 31 July 2023. vServePlus Co., Ltd. fully paid for business acquisition payable in 2019.

In August 2017, VST ECS (Thailand) Co., Ltd. entered into novation agreement to certain transfer right and obligations under Business Transfer Agreement date 23 August 2016 to VST ECS Services (Thailand) Co., Ltd. (its subsidiary).

Service Level Agreement

vServePlus Co., Ltd. entered into Service Level Agreement with VST ECS Services (Thailand) Co., Ltd. granting right to provide services to VST ECS Services (Thailand) Co., Ltd. and agreed to share revenue of each agreement as agreed rate. The agreement's period is 1 January 2020 to 31 December 2022.

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27 Contingent liabilities

In 2011, the Company was sued at the Civil Court by another company on tort claim requesting for damage recovery of Baht 120.12 million and in 2012, by the same company at the Criminal Court for a criminal action on the same ground.

In 2013, the Company against that company on offense of taking false information for criminal case, and claimed of greater amount of damage recovery than the amount sued for by the company. The Criminal Court and Civil Court issued a temporary order to suspend the case awaiting result of the criminal case taken against the Company which is now pending at hearing process at the Criminal Court.

In 2016, the Criminal Court had order to dismiss the criminal case of which the Company was sued.

On 27 January 2017, the prosecutor had appealed, and the Company had cross-appealed on 16 May 2017. Currently, the case is at appeal court.

On 15 November 2018, the Court of Appeal dismissed the case and all of the 10 defendants were adjudged not guilty.

On 26 June 2019, such Criminal Case has rendered the final judgement by the Court of Appeal and the plaintiff has not been permitted to file to the Supreme Court. The Company has brought the result of this case to the Civil Court of Southern Bangkok of litigation proceeding civil case.

However, the Civil Court of Southern Bangkok has issued the notification dated on 7 October 2019, ordered the case to be await for the result of other cases with same cause of action from Central Administrative Court before the Civil Court of Southern Bangkok will make the further consideration.

28 Event after the reporting period

At the Board of Directors' meeting held on 23 February 2020, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2019 dividend payment at the rate of Baht 0.16 per share, amounting to Baht 48 million. This dividend is subject to the approval of the Shareholders at the Annual General Meeting.

29 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate/separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 20.81 million and Baht 2.29 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.