

One to One Contacts Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of One to One Contacts Public Company Limited

I have audited the accompanying consolidated financial statements of One to One Contacts Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of One to One Contacts Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One to One Contacts Public Company Limited and its subsidiaries and of One to One Contacts Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Siriwan Suratepin
Certified Public Accountant (Thailand) No. 4604

EY Office Limited
Bangkok: 16 February 2015

One to One Contacts Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets					
Current assets					
Cash and cash equivalents	7	243,798,056	36,759,721	237,548,224	36,489,418
Temporary investment in trading securities	8	3,320,000	-	3,320,000	-
Trade and other receivables	9	209,673,213	162,438,760	219,979,292	164,548,958
Accrued income	10	148,603,441	116,364,889	148,603,441	116,364,889
Inventories	11	18,049,769	5,889,180	18,049,769	5,889,180
Other current assets	12	12,935,686	12,321,289	12,864,470	12,278,500
Total current assets		636,380,165	333,773,839	640,365,196	335,570,945
Non-current assets					
Investment in subsidiaries	13	-	-	6,718,120	255,154
Equipment	14	236,014,813	122,862,680	230,745,678	122,149,285
Intangible asset	15	19,517,182	25,798,757	18,442,257	25,798,757
Deferred tax assets	22	5,451,094	2,688,951	5,451,094	2,688,951
Other non-current assets - deposits		6,586,642	7,085,929	6,148,696	6,133,022
Total non-current assets		267,569,731	158,436,317	267,505,845	157,025,169
Total assets		903,949,896	492,210,156	907,871,041	492,596,114

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	16	64,678,723	73,330,633	64,297,839	73,255,756
Other current liabilities	17	19,466,386	13,472,711	19,415,411	13,418,090
Total current liabilities		84,145,109	86,803,344	83,713,250	86,673,846
Non-current liabilities					
Provision for long-term employee benefits	18	7,992,246	5,626,825	7,992,246	5,626,825
Other non-current liabilities		5,427,890	2,121,890	5,427,890	2,121,890
Total non-current liabilities		13,420,136	7,748,715	13,420,136	7,748,715
Total liabilities		97,565,245	94,552,059	97,133,386	94,422,561
Shareholders' equity					
Share capital	19				
Registered					
280,000,000 ordinary shares of Baht 1 each		280,000,000	280,000,000	280,000,000	280,000,000
Issued and fully paid up					
280,000,000 ordinary shares of Baht 1 each (2013: 210,000,000 ordinary shares of Baht 1 each)		280,000,000	210,000,000	280,000,000	210,000,000
Share premium		304,418,692	-	304,418,692	-
Retained earnings					
Appropriated-statutory reserve	20	13,500,000	10,000,000	13,500,000	10,000,000
Unappropriated		208,464,846	177,668,356	212,818,963	178,173,553
Other components of shareholders' equity		1,113	(10,259)	-	-
Total shareholders' equity		806,384,651	397,658,097	810,737,655	398,173,553
Total liabilities and shareholders' equity		903,949,896	492,210,156	907,871,041	492,596,114
		-	-	-	-

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

Directors

One to One Contacts Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss:					
Revenues					
	6				
Services income		634,002,347	616,650,215	631,089,718	616,650,215
Sales		139,877,568	67,593,074	141,069,317	67,593,074
Other income		16,553,278	7,661,638	16,557,433	7,647,094
Total revenues		790,433,193	691,904,927	788,716,468	691,890,383
Expenses					
	6, 21				
Cost of services		518,717,313	457,070,637	515,853,727	457,070,637
Cost of sales		120,424,471	61,153,443	121,616,221	61,153,443
Selling expenses		2,618,604	2,896,070	2,618,604	2,896,070
Administrative expenses		62,716,027	56,199,394	58,860,380	55,682,339
Other expenses		540,620	767,583	540,620	767,583
Total expenses		705,017,035	578,087,127	699,489,552	577,570,072
Profit before finance cost					
and income tax expenses		85,416,158	113,817,800	89,226,916	114,320,311
Finance cost		(341,631)	(1,673,435)	(332,595)	(1,670,750)
Profit before income tax expenses		85,074,527	112,144,365	88,894,321	112,649,561
Income tax expenses	22	(19,089,370)	(22,488,775)	(19,060,244)	(22,488,775)
Profit for the year		65,985,157	89,655,590	69,834,077	90,160,786
Other comprehensive income:					
Exchange differences on translation of financial statements					
in foreign currency		11,372	(10,259)	-	-
Actuarial loss on defined benefit plan		(1,112,501)	-	(1,112,501)	-
Less: Income tax effect	22	222,500	-	222,500	-
Other comprehensive income for the year		(878,629)	(10,259)	(890,001)	-
Total comprehensive income for the year		65,106,528	89,645,331	68,944,076	90,160,786
Basic earnings per share					
	23				
Profit attributable to equity holders of the Company		0.26	0.43	0.27	0.43
Weighted average number of ordinary share (shares)		255,452,055	210,000,000	255,452,055	210,000,000

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements						
	Issued and fully paid up		Retained earnings		Other components	Total
					of equity	
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Exchange differences	shareholders' equity
					on translation of financial statements in foreign currency	
Balance as at 1 January 2013	100,000,000	-	-	208,012,766	-	308,012,766
Profit for the year	-	-	-	89,655,590	-	89,655,590
Other comprehensive income for the year	-	-	-	-	(10,259)	(10,259)
Total comprehensive income for the year	-	-	-	89,655,590	(10,259)	89,645,331
Stock dividend paid (Note 19, 26)	110,000,000	-	-	(110,000,000)	-	-
Transferred retained earnings						
to statutory reserve (Note 20)	-	-	10,000,000	(10,000,000)	-	-
Balance as at 31 December 2013	<u>210,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>177,668,356</u>	<u>(10,259)</u>	<u>397,658,097</u>
Balance as at 1 January 2014	210,000,000	-	10,000,000	177,668,356	(10,259)	397,658,097
Profit for the year	-	-	-	65,985,157	-	65,985,157
Other comprehensive income for the year	-	-	-	(890,001)	11,372	(878,629)
Total comprehensive income for the year	-	-	-	65,095,156	11,372	65,106,528
Increase in share capital (Note 19)	70,000,000	304,418,692	-	-	-	374,418,692
Dividend paid (Note 26)	-	-	-	(30,798,666)	-	(30,798,666)
Transferred retained earnings						
to statutory reserve (Note 20)	-	-	3,500,000	(3,500,000)	-	-
Balance as at 31 December 2014	<u>280,000,000</u>	<u>304,418,692</u>	<u>13,500,000</u>	<u>208,464,846</u>	<u>1,113</u>	<u>806,384,651</u>

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

One to One Contacts Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid up share capital		Retained earnings		
	Share premium	statutory reserve	Appropriated -	Unappropriated	
Balance as at 1 January 2013	100,000,000	-	-	208,012,767	308,012,767
Profit for the year	-	-	-	90,160,786	90,160,786
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	90,160,786	90,160,786
Stock dividend paid (Note 19, 26)	110,000,000	-	-	(110,000,000)	-
Transferred retained earnings					
to statutory reserve (Note 20)	-	-	10,000,000	(10,000,000)	-
Balance as at 31 December 2013	210,000,000	-	10,000,000	178,173,553	398,173,553
Balance as at 1 January 2014	210,000,000	-	10,000,000	178,173,553	398,173,553
Profit for the year	-	-	-	69,834,077	69,834,077
Other comprehensive income for the year	-	-	-	(890,001)	(890,001)
Total comprehensive income for the year	-	-	-	68,944,076	68,944,076
Increase in share capital (Note 19)	70,000,000	304,418,692	-	-	374,418,692
Dividend paid (Note 26)	-	-	-	(30,798,666)	(30,798,666)
Transferred retained earnings					
to statutory reserve (Note 20)	-	-	3,500,000	(3,500,000)	-
Balance as at 31 December 2014	280,000,000	304,418,692	13,500,000	212,818,963	810,737,655

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

One to One Contacts Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Cash flows from operating activities					
Profit before tax		85,074,527	112,144,365	88,894,321	112,649,561
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation	14, 15	94,956,121	69,377,993	93,571,618	69,370,087
Allowance for doubtful accounts (reversal)		(1,760,864)	767,583	(1,760,864)	767,583
Cost decrease from debt reduction from supplier		(2,000,000)	-	(2,000,000)	-
Reversal of accounts payable		(7,291,245)	-	(7,291,245)	-
Gain on sales of equipment and intangible asset		(1,569,231)	(967,188)	(1,624,252)	(967,188)
Transfer equipment and intangible asset to cost of sales		1,444,188	-	1,444,188	-
Loss on change in value of temporary investment in trading securities	8	540,620	-	540,620	-
Provision for legal case		58,269	92,491	58,269	92,491
Provision for long-term employee benefits	18	1,252,920	666,864	1,252,920	666,864
Unrealised (gain) loss on exchange		(56,611)	683,888	(140,884)	698,431
Interest income		(2,297,738)	(399,728)	(2,294,249)	(399,728)
Interest expenses		220,582	1,567,517	220,582	1,567,517
Profit from operating activities before changes in operating assets and liabilities		168,571,538	183,933,785	170,871,024	184,445,618
Operating assets (increase) decrease					
Trade and other receivables		(46,761,849)	66,547,108	(54,083,483)	64,436,873
Accrued income		(32,238,552)	563,411	(32,238,552)	563,411
Inventories		(12,406,964)	1,411,791	(12,406,964)	1,411,791
Other current assets		1,002,618	2,352,211	1,030,903	2,395,000
Other assets		499,287	(595,372)	(15,674)	357,535
Operating liabilities increase (decrease)					
Trade and other payables		3,018,744	(144,150,029)	2,712,738	(143,521,101)
Other current liabilities		6,095,472	(12,623,564)	6,102,035	(12,678,185)
Other non-current liabilities		3,306,000	26,346	3,306,000	26,346
Cash flows from operating activities		91,086,294	97,465,687	85,278,027	97,437,288

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

One to One Contacts Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities (continued)					
Cash received from repayment of short-term loans to employees		-	55,818	-	55,818
Cash paid for acquisition of temporary investment in trading securities	8	(3,860,620)	-	(3,860,620)	-
Cash paid for interest expense		(220,582)	(1,613,214)	(220,582)	(1,613,214)
Cash paid for income tax		(22,992,885)	(22,214,984)	(22,966,534)	(22,214,984)
Net cash flows from operating activities		64,012,207	73,693,307	58,230,291	73,664,908
Cash flows from investing activities					
Cash received for interest income		2,034,208	333,423	2,030,719	333,423
Proceeds from sales of equipment		2,377,502	2,343,612	2,377,502	2,343,612
Cash paid for acquisition of equipment and intangible asset		(204,036,359)	(41,170,973)	(197,848,313)	(41,163,240)
Cash paid for investment in subsidiaries	13	-	-	(6,462,966)	(40,546)
Cash flows used in investing activities		(199,624,649)	(38,493,938)	(199,903,058)	(38,526,751)
Cash flows from financing activities					
Decrease in bank overdrafts		-	(148,759)	-	(148,759)
Proceeds from short-term loans from financial institutions		144,000,000	150,000,000	144,000,000	150,000,000
Repayment of short-term loans from financial institutions		(144,000,000)	(190,000,000)	(144,000,000)	(190,000,000)
Repayment of long-term loans from financial institutions		-	(38,000,000)	-	(38,000,000)
Repayment of liabilities under finance lease agreement		-	(1,039,905)	-	(1,039,905)
Dividend paid	26	(30,791,792)	-	(30,791,792)	-
Proceed from increase in ordinary shares	19	373,523,365	-	373,523,365	-
Net cash flows from (used in) financing activities		342,731,573	(79,188,664)	342,731,573	(79,188,664)
Decrease in translation adjustments		(80,796)	(10,259)	-	-
Net increase (decrease) in cash and cash equivalents		207,038,335	(43,999,554)	201,058,806	(44,050,507)
Cash and cash equivalents at beginning of year		36,759,721	80,759,275	36,489,418	80,539,925
Cash and cash equivalents at end of year		243,798,056	36,759,721	237,548,224	36,489,418
Supplement disclosures of cash flows information					
Non-cash item					
Decrease in equipment payable		(295,764)	(4,421,836)	(295,764)	(5,135,404)
Increase in accounts receivable from disposal of equipment and intangible asset		-	-	(789,975)	-
Increase in share capital from stock dividend paid	19	-	110,000,000	-	110,000,000
Transfer work in process to equipment		246,375	-	246,375	-
Income tax effect from additional ordinary share expenses	19	(895,327)	-	(895,327)	-
Increase in dividend payable	26	6,874	-	6,874	-
Offset accounts payable with accounts receivable		2,092,177	-	2,092,177	-

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

One to One Contacts Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2014

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of One to One Contacts Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014 Percent	2013 Percent
One to One Professional Company Limited	Provide company personnel to perform work regarding providing information, news and information center on-site and off-site	Thailand	100	100
One to One (Cambodia) Company Limited	Provide customer contact center	Cambodia	100	100

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Rendering of service

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

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

Sales of goods

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

Sales of equipment including designation and installation

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

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. Cost includes cost of equipment, wages and related project cost.

4.5 Investment

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

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

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

4.6 Equipment and depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on tools and equipment under installation.

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

4.7 Intangible asset

Intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible asset with finite life is amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible asset is reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

4.8 Related party transactions

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

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

4.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while interest element is charged to profit or loss over the lease period.

Leases of building which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

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

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

Provision for vacation

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

4.13 Provisions

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

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Derivatives

Forward exchange contracts

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

5. Significant accounting judgements and estimates

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

5.1 Leases

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

5.2 Allowance for doubtful accounts

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

5.3 Equipment and depreciation

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

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

5.4 Deferred tax assets

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

5.5 Post-employment benefits under defined benefit plans

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

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales and service prices are determined at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin not over 5 percent.

3. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of fixed assets.
4. Management fees and rental expenses are charged at the amount stated in the agreement.
5. Other service income and expenses are charged at a mutually agreed price.
6. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
7. Directors and management's benefit expenses are charged as approved by shareholders' meeting or contractually agreed price.

Significant business transactions between the Company and those related parties are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Transactions with subsidiary company</u>				
(eliminate from the consolidated financial statements)				
Sales income	-	-	1.2	-
Sales of fixed assets	-	-	0.8	-
<u>Transactions with parent company</u>				
Sales and service income	1.9	0.7	1.9	0.7
Management fee expenses	4.8	4.8	4.8	4.8
IT service fee expenses	7.6	7.6	7.6	7.6
Other expenses	0.01	0.09	0.01	0.09
<u>Transactions with related companies</u>				
Sales and service income	105.5	53.3	105.5	53.3
Sales of fixed assets	-	2.2	-	2.2
Cost of sales and service	12.2	16.2	12.2	16.2
Purchase of fixed assets	0.2	2.9	0.2	2.9
Rental and utility expenses	11.8	11.4	11.8	11.4
Other expenses	1.1	4.7	1.1	4.7

The balances of the accounts as at 31 December 2014 and 2013 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade accounts receivable - related parties</u>				
(Note 9)				
Parent company	50	63	50	63
Subsidiary companies	-	-	1,275	-
Related companies (related by shareholders)	46,122	1,325	46,122	1,325
Total trade accounts receivable - related parties	46,172	1,388	47,447	1,388
<u>Other receivables - related parties</u> (Note 9)				
Subsidiary companies	-	-	9,352	2,110
Total other receivables - related parties	-	-	9,352	2,110
<u>Accrued income - related parties</u> (Note 10)				
Related companies (related by shareholders)	5,854	3,976	5,854	3,976
Total accrued income - related parties	5,854	3,976	5,854	3,976
<u>Deposit - related parties</u>				
Related companies (related by director)	1,854	1,854	1,854	1,854
Total deposit - related parties	1,854	1,854	1,854	1,854
<u>Trade accounts payable - related parties</u> (Note 16)				
Related companies (related by shareholders or director)	1,299	8,922	1,299	8,922
Total trade accounts payable - related parties	1,299	8,922	1,299	8,922
<u>Other payables - related parties</u> (Note 16)				
Parent company	1,080	1,139	1,080	1,139
Related companies (related by shareholders or director)	10	133	10	133
Total other payables - related parties	1,090	1,272	1,090	1,272
<u>Customer deposit - related parties</u>				
Related companies (related by shareholders)	505	505	505	505
Total customer deposit - related parties	505	505	505	505

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
Short-term employee benefits	13,483	12,650
Post-employment benefits	99	25
Total	<u>13,582</u>	<u>12,675</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	80	164	77	94
Bank deposits	23,718	6,680	17,471	6,479
Bills of exchange	220,000	29,916	220,000	29,916
Total	<u>243,798</u>	<u>36,760</u>	<u>237,548</u>	<u>36,489</u>

As at 31 December 2014, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.30 and 2.00 percent per annum (2013: between 0.50 and 2.45 percent per annum).

8. Temporary investment in trading securities

As at 31 December 2014 and 2013, the Company and its subsidiaries had temporary investment in trading securities as follows:

Common stock	Consolidated and separate financial statements					
	2014			2013		
	Shares	Cost	Fair value	Shares	Cost	Fair value
(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	
Samart I-Mobile Plc.	1,000	3,860	3,320	-	-	-
Less: Change in value		(540)			-	
Total		<u>3,320</u>			<u>-</u>	

Movements of the temporary investment in trading securities account for the year ended 31 December 2014 and 2013 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2014</u>	<u>2013</u>
Balance at beginning of the year	-	-
Purchase during the year	3,860	-
Loss on change in value	(540)	-
Balance as at end of the year	<u>3,320</u>	<u>-</u>

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade accounts receivable - related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,612	1,352	1,612	1,352
Past due				
Up to 3 months	1,286	36	1,286	36
3 - 6 months	3,223	-	3,223	-
6 - 12 months	40,051	-	41,326	-
Total trade accounts receivable - related parties	46,172	1,388	47,447	1,388
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	92,255	92,978	91,934	92,978
Past due				
Up to 3 months	25,467	52,236	25,467	52,236
3 - 6 months	337	12,375	337	12,375
6 - 12 months	44,725	3,465	44,725	3,465
Over 12 months	53	1,575	53	1,575
Total	162,837	162,629	162,516	162,629
Less: Allowance for doubtful debts	(53)	(1,814)	(53)	(1,814)
Total trade accounts receivable - unrelated parties - net	162,784	160,815	162,463	160,815
Total trade accounts receivable - net	208,956	162,203	209,910	162,203
<u>Other receivables</u>				
Advance payment	387	97	387	97
Other receivables - related parties (Note 6)	-	-	9,352	2,110
Other receivables - unrelated parties	330	139	330	139
Total other receivables	717	236	10,069	2,346
Total trade and other receivables - net	209,673	162,439	219,979	164,549

10. Accrued income

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
<u>Accrued income - related parties</u> (Note 6)		
Aged on the basis of record dates		
Up to 3 months	5,854	3,976
Total accrued income - related parties	5,854	3,976
<u>Accrued income - unrelated parties</u>		
Aged on the basis of record dates		
Up to 3 months	76,049	73,693
3 - 6 months	25,629	8,249
6 - 12 months	26,168	7,725
Over 12 months	14,903	22,722
Total accrued income - unrelated parties	142,749	112,389
Total	148,603	116,365

11. Inventories

	(Unit: Thousand Baht)	
	Cost	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
Finished goods	-	5,026
Work in process	18,050	863
Total	18,050	5,889

12. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Withholding tax deducted at source	3,757	1,495	3,757	1,495
Prepaid expenses	7,715	7,711	7,644	7,711
Undue input value added tax	966	2,718	966	2,718
Others	498	397	498	355
Total	12,936	12,321	12,865	12,279

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

13. Investment in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(%)	(%)						
One to One Professional Company Limited	0.25 Million Baht	0.25 Million Baht	100	100	250	250	(35)	(35)	215	215
One to One (Cambodia) Company Limited	200,000 USD	1,250 USD	100	100	6,503	40	-	-	6,503	40
Total					6,753	290	(35)	(35)	6,718	255

On 13 February 2014, the meeting of the Board of Directors of the Company passed a resolution approving the increase of registered capital of One to One (Cambodia) Company Limited from the existing registered capital of USD 5,000 to the new registered capital of USD 200,000 by issuing new 39,000 ordinary shares at a par value of USD 5 each. The Company paid for the additional share subscription totaling USD 195,000 (equivalent to approximately Baht 6.3 million) in June 2014.

In addition, in March 2014, One to One (Cambodia) Company Limited has called up the remaining 75% of its registered capital, or equivalent to USD 3,750. The Company paid for the share subscription for 750 shares at USD 5 each, totaling USD 3,750 (equivalent to approximately Baht 0.12 million).

14. Equipment

(Unit: Thousand Baht)

Consolidated financial statements						
	Office equipment	Tools and equipment	Computer	Motor vehicles	Tools and equipment under installation	Total
Cost						
1 January 2013	37,579	471,480	175,303	5,291	105	689,758
Additions	3,185	3,437	12,739	2,617	13,243	35,221
Disposals	(278)	(2,094)	(18,450)	(3,050)	-	(23,872)
Transfer in/(Transfer out)	472	-	47	-	(7,026)	(6,507)
31 December 2013	40,958	472,823	169,639	4,858	6,322	694,600
Additions	439	55,875	13,390	-	131,437	201,141
Disposals	(2,895)	(4,776)	(5,476)	-	-	(13,147)
Transfer in/(Transfer out)	2,760	126,076	(782)	-	(131,329)	(3,275)
Translation adjustment	19	31	42	-	-	92
31 December 2014	41,281	650,029	176,813	4,858	6,430	879,411
Accumulated depreciation						
1 January 2013	21,372	348,460	160,066	3,615	-	533,513
Depreciation for the year	5,699	43,332	11,303	386	-	60,720
Accumulated depreciation on disposals	(278)	(2,083)	(18,449)	(1,686)	-	(22,496)
31 December 2013	26,793	389,709	152,920	2,315	-	571,737
Depreciation for the year	6,225	69,556	9,763	523	-	86,067
Accumulated depreciation on disposals	(2,887)	(4,292)	(5,159)	-	-	(12,338)
Accumulated depreciation on transfer out	(126)	(1,728)	(234)	-	-	(2,088)
Translation adjustment	5	4	9	-	-	18
31 December 2014	30,010	453,249	157,299	2,838	-	643,396
Net book value						
31 December 2013	14,165	83,114	16,719	2,543	6,322	122,863
31 December 2014	11,271	196,780	19,514	2,020	6,430	236,015
Depreciation for the year						
2013 (Baht 58.4 million included in manufacturing cost, and the balance in selling and administrative expenses)						60,720
2014 (Baht 83.5 million included in manufacturing cost, and the balance in selling and administrative expenses)						86,067

(Unit: Thousand Baht)

Separate financial statements

	Office equipment	Tools and equipment	Computer	Motor vehicles	Tools and equipment under installation	Total
Cost						
1 January 2013	37,579	471,480	175,303	5,291	105	689,758
Additions	2,490	3,410	12,739	2,617	13,243	34,499
Disposals	(278)	(2,094)	(18,450)	(3,050)	-	(23,872)
Transfer in/(Transfer out)	472	-	47	-	(7,026)	(6,507)
31 December 2013	40,263	472,796	169,639	4,858	6,322	693,878
Additions	223	55,025	10,988	-	129,570	195,806
Disposals	(2,895)	(5,110)	(6,442)	-	-	(14,447)
Transfer in/(Transfer out)	1,915	125,111	(788)	-	(129,463)	(3,225)
31 December 2014	39,506	647,822	173,397	4,858	6,429	872,012
Accumulated depreciation						
1 January 2013	21,372	348,460	160,066	3,615	-	533,513
Depreciation for the year	5,692	43,331	11,303	386	-	60,712
Accumulated depreciation on disposals	(278)	(2,083)	(18,449)	(1,686)	-	(22,496)
31 December 2013	26,786	389,708	152,920	2,315	-	571,729
Depreciation for the year	5,938	69,237	9,134	523	-	84,832
Accumulated depreciation on disposals	(2,887)	(4,470)	(5,850)	-	-	(13,207)
Accumulated depreciation on transfer out	(126)	(1,728)	(234)	-	-	(2,088)
31 December 2014	29,711	452,747	155,970	2,838	-	641,266
Net book value						
31 December 2013	13,477	83,088	16,719	2,543	6,322	122,149
31 December 2014	9,795	195,075	17,427	2,020	6,429	230,746
Depreciation for the year						
2013 (Baht 58.4 million included in manufacturing cost, and the balance in selling and administrative expenses)						60,712
2014 (Baht 82.3 million included in manufacturing cost, and the balance in selling and administrative expenses)						84,832

As at 31 December 2014, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 437.9 million (2013: Baht 414.4 million).

15. Intangible asset

The net book value of intangible asset as at 31 December 2014 and 2013 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Computer software - cost	50,741	48,481	49,514	48,481
Less: Accumulated amortisation	(31,224)	(22,682)	(31,072)	(22,682)
Net book value	<u>19,517</u>	<u>25,799</u>	<u>18,442</u>	<u>25,799</u>

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	25,799	27,614	25,799	27,614
Addition	2,600	1,528	1,747	1,528
Transfer in (out)	(11)	5,314	(61)	5,314
Disposal - net book value	-	-	(304)	-
Amortisation for the year	(8,889)	(8,657)	(8,739)	(8,657)
Translation adjustment	18	-	-	-
Net book value at end of year	<u>19,517</u>	<u>25,799</u>	<u>18,442</u>	<u>25,799</u>

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payable - unrelated parties	13,412	24,610	13,412	24,610
Trade payable - related parties (Note 6)	1,299	8,922	1,299	8,922
Other payables - unrelated parties	1,993	3,912	1,797	3,907
Other payables - related parties (Note 6)	1,090	1,272	1,090	1,272
Accrued project cost	19,204	5,653	19,204	5,653
Accrued expenses	27,681	28,962	27,496	28,892
Total trade and other payables	<u>64,679</u>	<u>73,331</u>	<u>64,298</u>	<u>73,256</u>

17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Value added tax payable	6,003	475	5,979	475
Undue output VAT	11,313	9,973	11,313	9,973
Others	2,150	3,025	2,123	2,970
Total other current liabilities	<u>19,466</u>	<u>13,473</u>	<u>19,415</u>	<u>13,418</u>

18. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year	5,627	4,960
Current service cost	963	472
Interest cost	289	195
Actuarial loss	1,113	-
Defined benefit obligation at end of year	<u>7,992</u>	<u>5,627</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Current service cost	963	472
Interest cost	289	195
Total expenses recognised in profit or loss	<u>1,252</u>	<u>667</u>
Line items in profit or loss under which such expenses are included		
Cost of service	992	512
Selling expenses	13	13
Administrative expenses	247	142

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 1.3 million (2013: 0.2 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)
Discount rate	4.3	4.1
Future salary increase rate (depending on age of employees)	4 - 7	4 - 6
Staff turnover rate (depending on age of employees)	0 - 24	0 - 20

The amounts of defined benefit obligations for the current year and the past three years are as follows:

	(Unit: Thousand Baht)
	<u>Defined benefit obligation</u>
	Consolidated and Separate financial statements
Year 2014	7,992
Year 2013	5,627
Year 2012	4,960
Year 2011	4,147

19. Share capital

19.1 On 22 May 2013, the Extraordinary Meeting of the Company's shareholders passed a resolution to approve the increase in the Company's registered share capital from Baht 100 million (100 million ordinary shares of Baht 1 per share) to Baht 280 million (280 million ordinary shares of Baht 1 per share) by issuing 180 million new ordinary shares with a par value of Baht 1 each to be reserved for a stock dividend payment of 110 million ordinary shares and initial public offering of 70 million ordinary shares (considering granting the right to shareholders of Smart Corporation Public Company Limited to subscribe the additional shares of the Company based on shareholding ratio of totaling not exceeding 20 million shares or equivalent to 28.57% of 70 million shares that are offered to the public). The Company registered the increase in its registered share capital with the Ministry of Commerce on 27 May 2013. Following the distribution of the above stock dividend payment, the Company registered the increase in its issued and fully paid up share capital to Baht 210 million (210 million ordinary shares of Baht 1 per share) with the Ministry of Commerce on 28 May 2013.

19.2 During 28 April - 2 May 2014, the Company offered 17.57 million new ordinary shares, with a par value of Baht 1 each, at a price of Baht 5.40 per share, to the existing shareholders of Samart Corporation Public Company Limited, in proportion to their shareholding in Samart Corporation Public Company Limited.

19.3 During 6 - 8 May 2014, the Company offered 52.43 million new ordinary shares, with a par value of Baht 1 each, at a price of Baht 5.40 per share, through the Initial Public Offering.

During such periods in 19.2 and 19.3, the Company received share subscription amounting to Baht 378 million for 70 million additional issued shares. As a result, the issued and fully paid-up share capital increase from Baht 210 million (210 million ordinary shares with a par value of Baht 1 per share) to Baht 280 million (280 million ordinary shares with a par value of Baht 1 per share). The Company registered the increase in its paid up share capital with the Ministry of Commerce on 12 May 2014 and the Stock Exchange of Thailand approved the 280 million ordinary shares with a par value of Baht 1 each as listed securities for trading, effective from 15 May 2014. The Company incurred expenses relating to the share offering totaling Baht 3.58 million (net of income tax of Baht 0.9 million), which were presented as a deduction from the share premium.

20. Statutory reserve

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

During the year 2014, the Company set aside an additional statutory reserve of its net profit of Baht 3.5 million (2013: Baht 10 million).

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	393,336	335,164	392,346	335,164
Depreciation	86,067	60,720	84,832	60,712
Amortisation expense	8,889	8,657	8,739	8,657
Rental expenses from operating lease agreements	36,834	34,894	34,364	34,648
Repair and maintenance expenses	28,829	17,567	28,696	17,567
Changes in inventories of finished goods and work in process	(12,161)	1,412	(12,161)	1,412
Purchase equipment and service cost of project for sales	75,032	38,448	76,167	38,448

22. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	21,629	19,300	21,600	19,300
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,540)	3,189	(2,540)	3,189
Income tax expense reported in the statement of comprehensive income	<u>19,089</u>	<u>22,489</u>	<u>19,060</u>	<u>22,489</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
Deferred tax relating to actuarial loss on defined benefit plan	<u>223</u>	<u>-</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>85,075</u>	<u>112,144</u>	<u>88,894</u>	<u>112,650</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	17,015	22,429	17,779	22,530
Effects of:				
Non-deductible expenses	1,922	419	1,922	419
Additional expense deductions allowed	(633)	(471)	(633)	(471)
Unrecognised tax losses from subsidiaries	764	101	-	-
Others	21	11	(8)	11
Total	<u>2,074</u>	<u>60</u>	<u>1,281</u>	<u>(41)</u>
Income tax expenses reported in the statement of comprehensive income	<u>19,089</u>	<u>22,489</u>	<u>19,060</u>	<u>22,489</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	Consolidated and Separate financial statements	
	As at 31 December 2014	As at 31 December 2013
Deferred tax assets		
Allowance for doubtful accounts	11	363
Unrealised loss from revaluation of temporary investment	108	-
Accrued project cost	3,656	1,131
Provision for long-term employee benefits	1,598	1,125
Accrued vacation leave	71	70
Others	7	-
Total	<u>5,451</u>	<u>2,689</u>

23. Earnings per share

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

24. Segment information

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

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

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2014 and 2013.

(Unit: Thousand Baht)

	Outsourced Contact		Turnkey Total		Total reportable		Adjustments and		Consolidated	
	Center Services and System Maintenance		Solutions		segments		eliminations			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales and service income										
Revenue from external customers	578,059	563,042	88,457	67,593	666,516	630,635	-	-	666,516	630,635
Revenue from related parties	55,943	53,608	52,612	-	108,555	53,608	(1,192)	-	107,363	53,608
Total sales and service income	634,002	616,650	141,069	67,593	775,071	684,243	(1,192)	-	773,879	684,243
Cost of sales and services	(518,717)	(457,071)	(121,616)	(61,153)	(640,333)	(518,224)	1,192	-	(639,141)	(518,224)
Segment profit	115,285	159,579	19,453	6,440	134,738	166,019	-	-	134,738	166,019
Other income									16,553	7,662
Selling expenses									(2,618)	(2,896)
Administrative expenses									(62,716)	(56,199)
Other expenses									(541)	(768)
Finance cost									(342)	(1,673)
Profit before income tax expense									85,074	112,145
Income tax expenses									(19,089)	(22,489)
Profit for the year									65,985	89,656

Geographic information

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

(Unit: Thousand Baht)

	<u>2014</u>	<u>2013</u>
Revenue from external customers		
Thailand	663,603	630,635
Cambodia	2,913	-
Total	666,516	630,635
Non-current assets (Other than financial instruments and deferred tax assets)		
Thailand	249,188	147,948
Cambodia	6,344	713
Total	255,532	148,661

Major customers

For the year 2014, the Company and its subsidiaries obtained revenue from one major customer in an amount of Baht 156.2 million, arising from Outsourced Contact Center Services and System Maintenance (2013: Baht 170.6 million and Baht 77.8 million, arising from Outsourced Contact Center Services and System Maintenance and Turnkey Total Solutions).

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules.

During the year 2014, the Company contributed Baht 3.9 million (2013: Baht 3.3 million) to the fund.

26. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>	<u>Paid on</u>
		(Million Baht)	per share (Baht)	
Dividends from income for the six-month period ended 30 June 2014	Board of Directors' meeting on 7 August 2014	30.8	0.11	3 September 2014
Total dividends for 2014		<u>30.8</u>	<u>0.11</u>	
Stock dividend from retained earnings as at 31 December 2012	Extraordinary Meeting of the shareholders on 22 May 2013	110.0	1.10	27 May 2013
Total dividends for 2013		<u>110.0</u>	<u>1.10</u>	

27. Commitments and contingent liabilities

The Company has commitments and contingent liabilities other than those disclosed in other notes as follow:

27.1 Operating lease commitments

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

As at 31 December 2014 and 2013, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Currency: Baht				
Payable within				
1 year	24.1	31.9	24.1	31.9
2 - 3 years	2.8	23.1	2.8	23.1
	<u>26.9</u>	<u>55.0</u>	<u>26.9</u>	<u>55.0</u>
Currency: US dollar				
Payable within				
1 year	0.06	0.06	-	-
2 - 3 years	0.06	0.12	-	-
	<u>0.12</u>	<u>0.18</u>	<u>-</u>	<u>-</u>

27.2 Service agreement with the parent company

In May 2011, the Company entered into five-year information technology management agreement with Smart Corporation Public Co., Ltd., the parent company. The Company has to pay a monthly service fee of Baht 0.6 million (2013: Baht 0.6 million).

27.3 Management agreement with the parent company

In January 2014, the Company entered into a one-year management agreement with Smart Corporation Public Co., Ltd., the parent company under which the Company has to pay a monthly service fee of Baht 0.4 million (2013: Baht 0.4 million).

27.4 Guarantees

As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 122.6 million (2013: Baht 135.1 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

	(Unit: Million Baht)	
	Consolidated and Separate financial statements	
	<u>2014</u>	<u>2013</u>
Performance guarantees	122.3	134.8
Guarantee electricity use	0.3	0.3
	<u>122.6</u>	<u>135.1</u>

28. Litigation

In 2010, the Company was sued by a private company for a payment of equipment and call center system installation fee amounting to approximately Baht 1.3 million with interest at the rate of 7.5% per annum. Subsequently on 11 August 2011, the court ruled that the Company shall make such payment and pay for charges and lawyer fee to that company. The Company lodged an appeal with the Court of Appeal, but the Court of Appeal upheld the verdict of the Court of First Instance. The Company therefore lodged an appeal with the Supreme Court. Subsequently on 6 August 2014, Supreme Court upheld the verdict of the Court of Appeal and ruled that the Company shall settle the compensation payment with interest totaling approximately Baht 2.1 million. The Company already made such payment on 11 September 2014.

29. Financial instruments

29.1 Financial risk management

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

Credit risk

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and bills of exchange. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2014 and 2013, significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

Consolidated financial statements

	Fixed interest rates within 1 year		Floating interest rate		Non- interest bearing		Total		Effective interest rate (% per annum)	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Financial Assets</u>									
Cash and cash equivalent	220.0	30.0	23.7	6.8	-	-	243.7	36.8	0.30 - 2.00	0.50 - 2.45
Temporary investment in trading securities	-	-	-	-	3.2	-	3.2	-	-	-
Trade and other receivables	-	-	-	-	209.7	162.4	209.7	162.4	-	-
Accrued income	-	-	-	-	148.6	116.3	148.6	116.3	-	-
	<u>220.0</u>	<u>30.0</u>	<u>23.7</u>	<u>6.8</u>	<u>361.5</u>	<u>278.7</u>	<u>605.2</u>	<u>315.5</u>		
<u>Financial liabilities</u>										
Trade and other payables	-	-	-	-	64.7	73.3	64.7	73.3	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64.7</u>	<u>73.3</u>	<u>64.7</u>	<u>73.3</u>		

Separate financial statements

	Fixed interest rates within 1 year		Floating interest rate		Non- interest bearing		Total		Effective interest rate (% per annum)	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Financial Assets</u>									
Cash and cash equivalent	220.0	30.0	17.5	6.5	-	-	237.5	36.5	0.300 - 2.00	0.50 - 2.45
Temporary investment in trading securities	-	-	-	-	3.2	-	3.2	-	-	-
Trade and other receivables	-	-	-	-	220.0	164.5	220.0	164.5	-	-
Accrued income	-	-	-	-	148.6	116.3	148.6	116.3	-	-
	<u>220.0</u>	<u>30.0</u>	<u>17.5</u>	<u>6.5</u>	<u>371.8</u>	<u>280.8</u>	<u>609.3</u>	<u>317.3</u>		
<u>Financial liabilities</u>										
Trade and other payables	-	-	-	-	64.3	73.3	64.3	73.3	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64.3</u>	<u>73.3</u>	<u>64.3</u>	<u>73.3</u>		

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2014 and 2013 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	-	-	0.2	0.06	32.8182	32.6778
Financial liabilities						
US dollar	-	0.09	-	0.09	33.1132	32.9494

Foreign exchange contracts outstanding as at 31 December 2013 is summarised below (2014: nil).

As at 31 December 2013			
Foreign currency	Bought amount	Contractual exchange rate Bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.08	32.4358	3 February 2014

29.2 Fair values of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

30. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financing structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.1:1 (2013: 0.2:1) and the Company's debt-to-equity ratio was 0.1:1 (2013: 0.2:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 16 February 2015.