



ANNUAL REPORT 2018



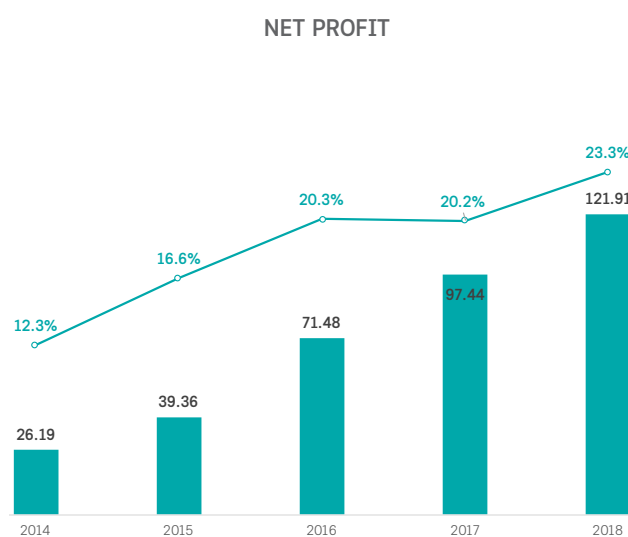
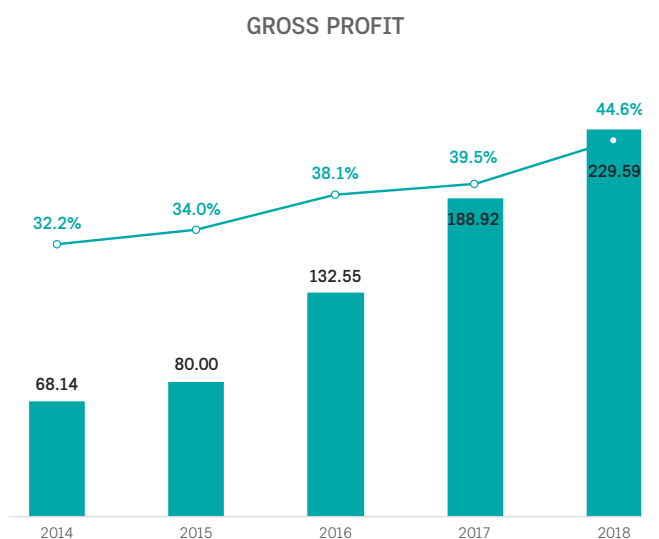
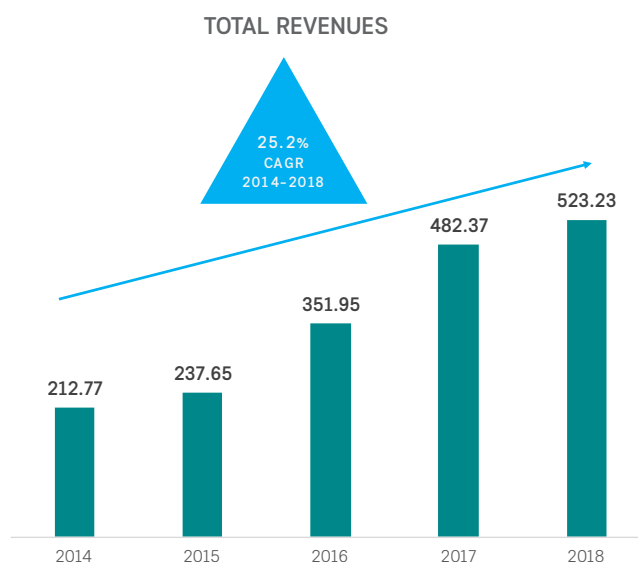
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# Financial Information

Unit: million baht

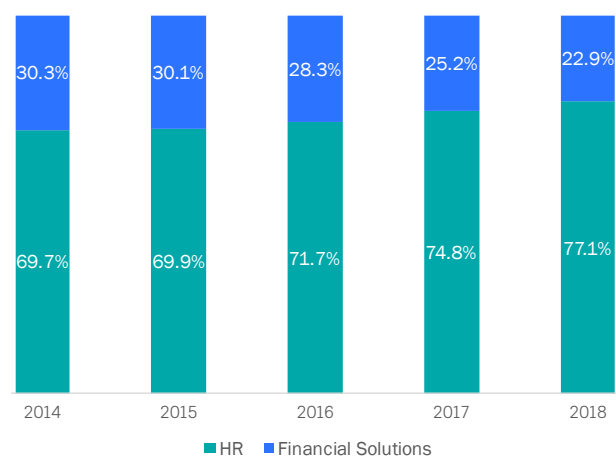
Type	2018	2017	2016	2015	2014
Sales and service income	515.11	478.88	347.68	235.59	211.43
Total revenues	523.23	482.37	351.95	237.65	212.77
Gross profit	229.59	188.92	132.55	80.00	68.14
Net profit	121.91	97.44	71.48	39.36	26.19
Total assets	1,225.98	1,156.11	433.58	366.05	197.62
Total Liabilities	106.34	111.67	111.10	166.01	78.32
Shareholders' equity	1,119.64	1,044.44	322.48	200.04	119.30



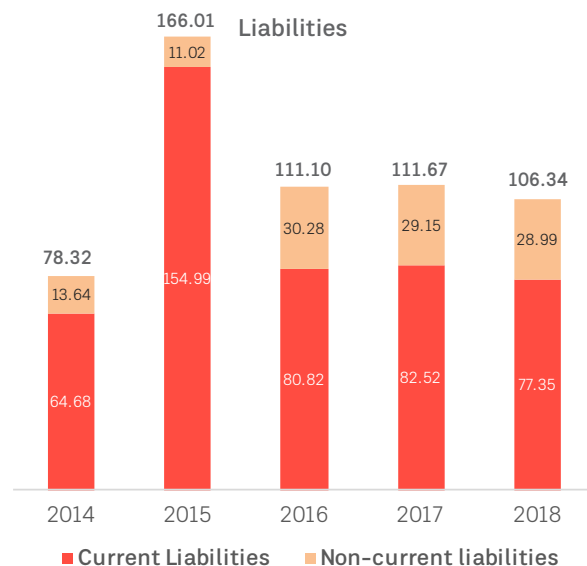
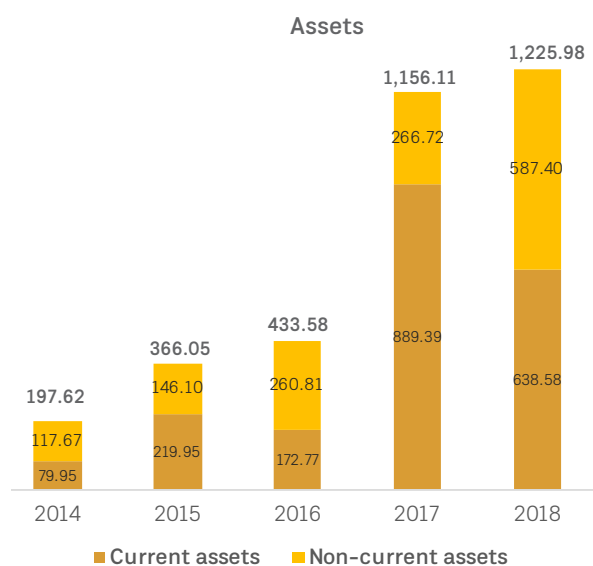
### RECURRING VS NON-RECURRING 78.4% OF REVENUES ARE RECURRING



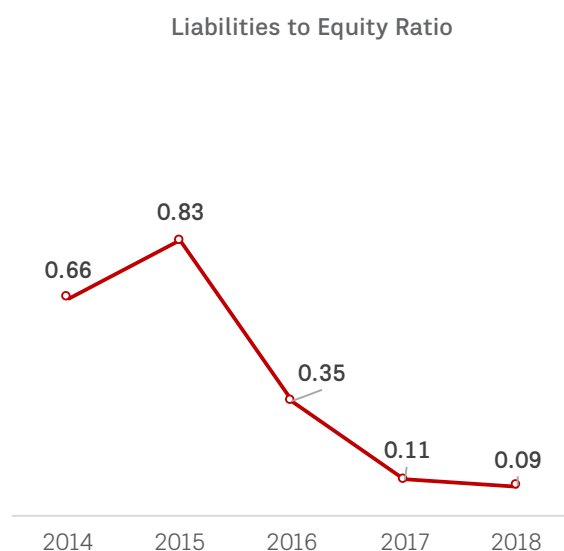
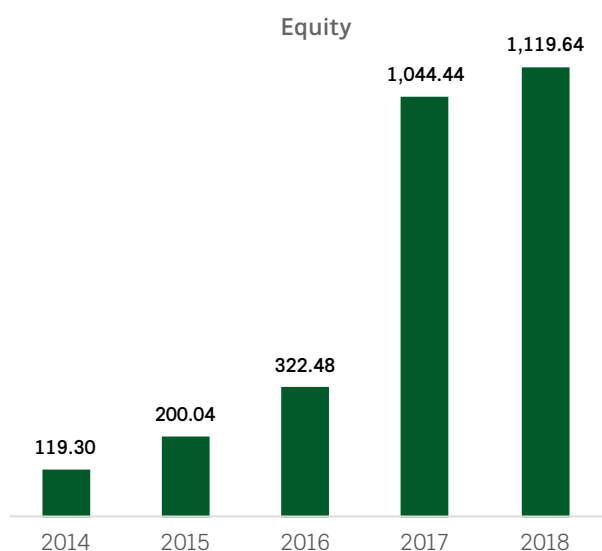
### REVENUE BREAKDOWN



### ASSETS AND LIABILITIES



### EQUITY AND LIABILITIES TO EQUITY RATIO





## **Our Vision**

We are a happy family of good attitude talents who share the same meaningful dreams and walk our values together to deliver world-class products and services to meet even unrecognized needs of our clients as well as their employees.

## **Our Mission**

We help the employees of our clients work better and live happier.

## **Our Core Value**

Excellence

Teamwork

Integrity

Openness

# Message from Chairman



Dear Shareholders,

On behalf of the Board of Directors of Humanica Public Company Limited (“HUMAN” or “the Company”), I am pleased to report another year of good performance with sale and earnings growth, some important new product approvals and continued cash returns to shareholders in line with expectations.

Some key highlights for the year includes:

- **Corporate Governance.** Following the introduction of the revised Corporate Governance by the Stock Exchange of Thailand in 2017, we reviewed aspects of our corporate governance framework and made changes to ensure we remain in line with both the latest regulatory requirements and best practice in the industry.
- **Dividends.** The Board is mindful of the value that many shareholders attach to dividends. Under our framework, any material acquisitions have a lower priority and would have to meet our strict returns criteria. Cash generation remains a key focus for the Board and we were pleased to see increased free cash flow for the year. We approved a dividend of 0.10 baht per share for 2018 representing 65.3% of our net profit.
- **Board changes during the year.** We continue to bring in new skills and capabilities to the Board. During the year, we welcomed Mr. Patai Padungtin as an Independent Non-Executive Director and Member of the Audit Committee. Mr. Patai Padungtin is the CEO of a high growth tech start-up company, I believe he has vast knowledge in the area of Technology to contribute to the Board. During the year, Mr. Supot Singhasaneh had stepped-down. I thank Mr. Supot Singhasaneh for his hard work and insight during his time on the Board. This has been a busy year for the Board, and I am grateful to all of my Board colleagues for the dedication, challenge and expertise they have brought to the Boardroom this year.

Mr. Thanwa Laohasiriwong  
Chairman

On behalf of the Board, I would like to thank the current Management and the staff for their commitment and continued dedication towards the Group throughout the year. We are also thankful for the continued support and positive alliance from our various stakeholders and, last but not least, the continuing support of our shareholders.

We begin the next financial year with a healthy financial position and a strong cash position that we anticipate will increase substantially over time. The Group’s Board and Management has the experience, knowledge, talent and tenacity to take another leap of growth, and I look forward to what may come.



## Message from CEO



I am delighted to report that HUMAN has had a good year in strengthening our business, in which we continued to strive to deliver excellent service to our customers and furthered business growth. We now have 523.23 mb (2017: 482.37 mb) of total revenue, of which 403.60 mb (2017: 364.42 mb) or 78.4% of were recurring revenue, up from 76.1%; the Group's customer retention rate is stable at 97.0%.

Strategically, this year has been another important year for the Company, in which the Management has taken a series of decisions to move us closer to achieving our objective of being the most trusted provider of HR technology and services, building an ecosystem providing end-to-end solutions for all HR needs.

Organic growth augmented by strategic acquisition is central to our strategy in pursuit of the Company's vision in delivering World-Class products and services to meet even unrecognized needs of our clients as well as their employees. We have continued the development of our business model both from our internal development and with key partnerships. In 2018, we have invested in the development of our core HCM for Enterprise and SMEs, and also completed 3 investments in strategic partners as follows:

1. Acquired a 20% stake in Conicle Company Limited, a start-up company developing learning management system.
2. Acquired 100% business of Sigma Accounting and Tax Services Company Limited to strengthen the size and talent pool of our financial solutions.
3. Invested in convertible bond of CXA Group Private Limited, an integrated flex and wellness solutions provider.

These investments are in line with our strategy to differentiate ourselves and seek long-term sustainable growth from business model and product innovation.

The year in review

Here are some highlights

- We delivered moderate growth of 40.86 mb or 8.5% to a total revenue of 523.23 mb (2017: 482.37 mb)
- We grew net profit after tax by 25.1% in local currency to a record 121.91 mb (2017: 97.44 mb)
- Our net profit margin has improved to 23.3% compared to 20.2% in 2017.

A stylized black ink signature of Mr. Soontorn Dentham.

**Mr. Soontorn Dentham**

Vice Chairman and Chief Executive Officer



## Segmental Analysis During the year under review

We delivered revenue at 523.23 mb (2017: 482.37 mb), an increase of 40.86 mb or 8.5%. In 2018, revenue from HR Solutions is the main contributor to our growth compared to revenue from financial solutions.

Revenue from HR solutions closed at 396.99 mb (2017: 358.10 mb), growing by 38.89 mb or 10.9%. We continue to see strong domestic demand in Thailand, customers are seeking good HR technology and catching up on the wave of HR digitalization. Increasingly more companies see value in outsourcing HR/payroll services, to allow their own HR team to focus on the more strategic HR roles.

The growth in Financial solutions have slowed in 2018, revenue from Financial solutions closed at 118.12 mb (2017: 120.78 mb), decreasing by 2.66 mb or 2.2%. The reduction is mainly due to the lost jobs in accounting and financial outsourcing revenue. For the ERP business, it was a year that we were busy fulfilling the backlog from last year, hence booking higher implementation revenue but license income slowed down compared to 2017.

## Dividend

Given the Group's performance this year and the Company's confidence in its future prospects, the Company is proposing a final dividend of 0.06 baht per share, bringing the total dividend for the year to 0.10 baht per share. The proposed dividend is 65.3% of the year's net profit, in line with the dividend payment policy of not less than 50.0% of net profit

## People

Underpinning HUMAN's ambitious growth strategy is a clear focus on making sure we have the right people in the right positions at every level across the Group, and on giving them the knowledge and skills they need to deliver exceptional performance, and rewarding our people competitively. We have immensely emphasized the importance of building a culture based on our core values which are Excellence, Teamwork, Integrity and Openness. I am encouraged by the everyday evidence I see of how true we are to our core values.

I would like to take this opportunity to say thank you to everyone at HUMAN who has gone the extra mile this year in service of our customers. I also would like to thank partners, communities and shareholders for their continued support.

# Board of Directors



1. **Mr. Thanwa Laohasiriwong**  
Chairman of the Board and Independent Director
2. **Mr. Soontorn Dentham**  
Vice Chairman and Chief Executive Officer
3. **Mr. Anuphan Kitnitchiva**  
Director
4. **Mr. Anotai Adulbhan**  
Director
5. **Mr. Patara Yongvanich**  
Chairman of the Audit Committee and Independent Director
6. **Mr. Thanachart Numnonda**  
Audit Committee and Independent Director
7. **Mr. Patai Padungtin<sup>1</sup>**  
Audit Committee and Independent Director

<sup>1</sup> Mr. Patai Padungtin was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced Mr. Supot Singhasaneh who resigned on November 13, 2018.

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# Board of Management



1. **Mr. Soontorn Dentham**  
Vice Chairman and Chief Executive Officer
2. **Mr. Sayan Wairangkoon<sup>1</sup>**  
Director of Financial and Accounting Service
3. **Mr. Thanawat Thawornpradit<sup>2</sup>**  
Chief Accounting and Finance Officer and Company Secretary
4. **Ms. Chuenchom Techarungkiat**  
Chief Operating Officer – Human Resources Solutions
5. **Ms. Lim Bee Bee**  
Chief Operating Officer – Commercial and International
6. **Mrs. Sasithorn Hirunsak**  
Chief Operating Officer – Accounting and Financial Solutions
7. **Ms. Hathaichanok Suwanjang**  
Chief Technology Officer

<sup>1</sup> Mr. Sayan Wairangkoon was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019

<sup>2</sup> Thanawat Thawornpradit was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced Ms. Valeephorn Chairune who resigned on January 31, 2019.





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# Company Profile and Success

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Humanica Public Company Limited (“Company” or “HUMAN”) was established on July 29, 2003 with the registered capital of 30.00 million Baht by Mr. Soonthorn Dentham, the former partner and executive of Pricewaterhouse Coopers Thailand (PwC). Mr. Soonthorn used to head global risk management solutions. He initiated many new businesses in Thailand for PwC, including operational risk and technology risk management and the Large Scale Business Process Outsourcing (BPO) business. In 2003, PwC adjusted their business structure to define its service scope which led to the discontinue of the BPO business Mr. Soonthorn envisioned that technology will raise work efficiency and improve human resources managed , and thus he decided to take over the BPO business and establish a new enterprise with Seagate Technology (Thailand) Co., Ltd. being the first customer.

Initially, the Company offered HR solutions using imported software with in-house modifications to support operations in Thailand. Over time, this model was not adequate in addressing the expectations from customers. In 2005 the Company decided to develop its own software under the name “Humatrix” to meet the requirement of Thai government agencies and income tax system.

Today, HUMAN is the Thailand’s leading provider of HR Technology and Outsourcing Services, as well as one of the leading reseller of SAP Business One solution. It employ approximately 350 people and operates in three countries.



The significant milestone of the Company can be summarized as follows;



#### Year 2018

- Acquired the business of Sigma Accounting and Tax Services Company Limited
- Acquired 20% of Conicle Company Limited

#### Year 2016

- Acquired Professional Outsourcing Solutions Limited ("POS") and Humanica FAS Limited<sup>1</sup> ("FAS")  
<sup>1</sup>Formerly known as Accounting and Business Advisory CO., Ltd.
- Humatrix software received the Thailand ICT Awards (TICTA) for Best in Industry Application from The Association of Thai ICT Industry
- Accredited ISO/IEC 27001:2013 for the information security management
- Established first overseas office in Singapore

#### Year 2010

- Awarded "Top Ten Business Innovation" by the National Innovation Agency, Ministry of Science and Technology.

#### Year 2003

- Started development of proprietary Humatrix

#### Year 2017

- Established second overseas office in Malaysia
- Company's stock was listed in SET under the name "HUMAN" on 8 December 2017.

#### Year 2015

- Received "Bai Po Business Awards by SASIN" from Sasin Graduate Institute of Business Administration and Siam Commercial Bank.

#### Year 2011

- Released full web-based Humatrix 5

#### Year 2005

- Started development of proprietary Humatrix



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# Outlook and New Development

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## General

Growth in the Thailand economy picked up over the course of 2018, exceeding previous year's growth. The main drivers were private consumption, spurred by on-going favourable conditions on the labour market, and solid wage gains, along with rising investments and exports. On the whole, HUMAN expects to see stable improvement in its revenue in Thailand, although the uncertain political environment may have negative effects on the economy and investment in general.

## Research and Development

In the area of research and development, HUMAN continues to focus in HR technologies. We've developed our new HR technology for SMEs, namely Workplaze, which will be ready for launch in Q2 this year and enhanced the functionality of our flagship, Humantrix via collaboration with partners to make our solutions a complete end-to-end HR Solutions covering both HRM and HRD processes. Another area of R&D was vertical solutions for specific industry. We have successfully developed and deployed the benefit module to a large scale F&B group of companies with more than 20,000 headcount in February 2019.

## HR Solutions

In the HR Solutions division, which accounts for 75.9% of HUMAN's revenue, we supplied our customers with specialized HR system solutions and HR BPO. Our clients are from all industries especially those industries with many employees and multi locations such as retail, food and beverages, hospitality and manufacturing industries which are industries with very complex time attendance management. Our systems are used to automate and enhance the efficiency of HR processes with the option for our clients to outsource whatever processes they don't want to do themselves. With this hybrid model, their HR team can focus on their strategic roles rather than working on administrative HR activities which are compliance and important but do not create real business value to the organization.

In 2019, we will collaborate with a partner in launching flexi benefits services that comprise consulting, provision of flexi benefits platform and benefit outsourcing services in Thailand. The solution is Asia's leading health and benefits platform, allowing employees to make their own benefit choices which will improve employees' engagement and retention. The concept of flexi benefits is relatively new to the Thai market but it is the trend globally. We believe the demand for flexi benefit solutions will gain momentum very fast in the near future.

This year we will also launch our new SMEs solutions, Workplaze. It will be an affordable mobile based all-in-one HR solutions fitting to the needs of SMEs. Features of Workplaze include full HRM processes such as payroll, time attendance, claims and reimbursements, task management, tax calculation. It will also serve employee's financial needs for insurance, loans and investments. We are excited to launch a product that not only fulfils the needs of employers but also their employees. This is true to our mission to help the employees of our client to work better and live happier.

## Financial Solutions

The financial solutions division encompasses 22.9% of our revenue, HUMAN supplies customers with process-driven world-class ERP products and accounting outsourcing services. This segment includes the product ranges aimed at small to mid-size customers as well as Multi-national Companies operating in Thailand.

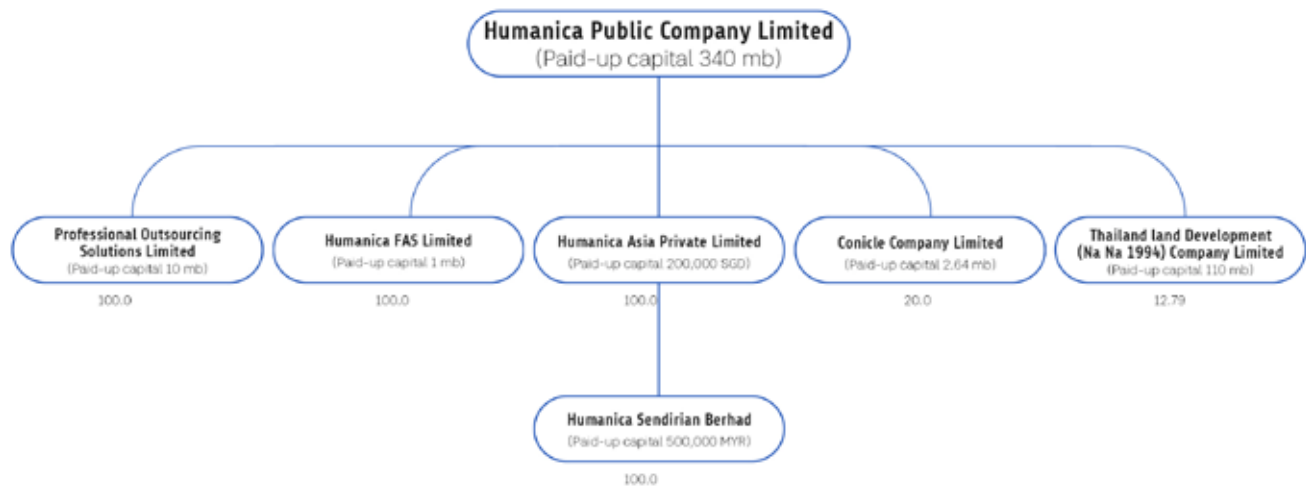
In the SAP Business One ERP business segment of our Financial Solutions, HUMAN continues to strive to maintain its position as one of the largest resellers by offering a wide range of SAP Business One products for diverse applications in various industrial sectors, including product ranges developed by ourselves especially for the Thai market. Our team of experienced consultants are adeptly tuned to provide the best in class experience to help our customers in their digitalization journey.

In the Accounting outsourcing segment, whose business is focused on providing services to companies in need of qualified accountants for a wide range of accounting and finance activities. Our services include daily accounting and finance operation, bookkeeping, VAT filing, preparation of financial statements and reporting package. We can also offer tailored solutions for specific functions including performing the consolidation and review of accounts prepared in-house in accordance to Thai's accounting standard. We leverage on our strength in ERP, HR technology and IT services, to provide end-to-end back office support, ranging from Finance/ Accounting, IT, HR payroll.

## Overall

Based on the continued investment in research and development leading to innovative products, HUMAN expects to strengthen its market position. HUMAN anticipates that 2019 will bring a better sales growth with operating EBIT margin slightly improved above the previous year's figure.

# Company Structure



HUMAN comprises 6 operation entities, headquartered in Bangkok in the name of Humanica Public Company Limited. We also operate Professional Outsourcing Solutions Limited (“POS”) for small to mid-market payroll outsourcing and Humanica FAS Limited (“FAS”) for accounting and financial outsourcing.

Humanica Asia Private Limited (“HAP”), domiciled in Singapore, is our regional hub for services in Asia. Together with Humanica Sendirian Berhad (“HSB”), it provides regional outsourcing services in payroll and accounting services. HAP also works in developing network of partners for regional engagement. The Company is serving clients in 6 countries.

Conicle Company Limited provides consulting, design, content development and sales of modern mobile based learning management solutions.

Thailand Land Development (Na Na 1994), Co., Ltd. (“TLD”) has ceased operation but possessed plots of land and constructions in Phetchaburi and Nakhon Chai Si District in Nakhon Pathom. TLD is seeking prospective buyers to purchase its assets.



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# Our Business

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The Company and its subsidiaries have two main business units, HR solutions and financial solutions. HR solutions comprise HR software licensing and HR & payroll outsourcing services. Financial solutions include implementation of SAP Business One (SAP B1) Enterprise Resource Planning (ERP) solutions and accounting outsourcing services.

## HR Solutions

Since the inception of the Company, we have pioneered the business model of large scale HR outsourcing service using an advance HR technology from India as a platform and localized the software to suit the need of Thai companies. Realizing that it was not easy to find an advance HR technology with best-in-class features to serve the complex needs of large companies and yet comply with Thailand's labour, tax laws and social security, we have taken the bold step to build our own HR technology.

The Company has our own proprietary HR technologies, namely Humatrix and Workplaze (rebranded and upgraded from ESSpace). Humatrix is our flagship HR system, catering to the mid-to-large size clients with complex requirement, or clients with sophisticated work rules or work flow. Workplaze, on the other hand, serves the needs of small to mid-size clients who appreciate an easy-to-deploy solutions with configurable work rules fitting to most of their needs.

### A) Humatrix

After a few years of research and tireless hard work, we launched a full web based Humatrix 5 using dot net technology in year 2011. Humatrix 5 was a break through, both in term of technology and innovations, unparalleled in Thailand. With the new technology, we were named one of the Top Ten Business Innovation in year 2010 by National Innovation Agency Public Organization, Ministry of Science and Technology of Thailand.

We continue our quest to improve Humatrix over the years and in 2016, we launched Humatrix 8 as the next generation to Humatrix 5. Apart from an improved user interfaces with modern looks and feels. Humatrix 8's framework was further developed to support multi-company, multi-country with multi-dimension capability. We were focusing in matching or ever surpassing the capability of some well-known HR technology, working toward building our own world-class solutions. By 2016, we have localized Humatrix 8 beyond



the shores of Thailand, now serving clients in Singapore, Malaysia and Japan. In the same year, we won the Best Industrial Application award given by the Association of Thai ICT Industry, Thailand's first Information Technology professional association.

### Features of Humatrix 8 includes:

Humatrix is a pure web-based HR solutions, allowing access anytime, and anywhere on computers, tablets and mobile phones. It has unique workflow designer to facilitate different workflow by employee category or level, enabling end-to-end transaction to take place digitally. Eligibility of entitlement, condition of application and approval workflow are all parts of configurable components, allowing great flexibility to meet most demanding work rules.

### Mobility

Humatrix has its own mobile application, available on iOS and Android, providing great mobility to workforce on the move. It transforms the way employee does access their HR records and how they perform HR related transactions, everything now fit nicely in their pocket and is accessing anything at their fingertip.



#### **Connection with other systems via Humatrix Utility Gateway (HUG)**

Humatrix is designed to connect with third party HR system, such as SAP SuccessFactors, IBM Kenexa, Workday, PeopleSoft, Oracle, etc. It can efficiently and safely connect to exchange data on both organizational and employee data automatically using a scheduler. Our system can also make the real time connection via Application Program Interface (API) or Web Service.

#### **Add-ons**

Humanica is the first partner in Thailand to be appointed as a Business Process Outsourcing Partner (BPO Partner) of SuccessFactors, an international renowned brand of leading developer of HRD software, SAP. This appointment allows us to seamlessly integrate SuccessFactor's talent management suite into Humatrix, offering a wider selection of services to the HR community. Collaboration with SuccessFactors, not only brings us the benefits of working with a world-class HCM vendor, it helps us to build capabilities in providing consulting solutions in other HR module to complete our value proposition to our clients.

#### **B) Workplace**

Workplaze is an HR software specially developed for small to medium-sized enterprises (SME), with pre-set work rules fitting to SMEs, hence allowing for quick deployment at an affordable pricing. It has most features that SMEs need to allow them to rely on HR technology to manage their workforce and rid themselves of the tedious and error-prone reliance on paperwork.

#### **HR and Payroll Outsourcing Services**

Humanica is responsible for end-to-end transactional and compliance tasks relating to HR and payroll outsourcing services administration, allowing our clients to focus on their core business and delivering what matters to them most. As a BPO partner, the Company collaborate with the clients to support their growth with high scalable BPO solutions.

Our team of experts has deep knowledge of statutory rules and best practices, work tirelessly to guarantee our clients' payroll is always accurate and be on-time. We are the reliable pairs of hand whom our client can depend upon for timely processing of their HR or payroll matters. Most important, with our expertise, we help to drive productivity with automation using HR technology and reduces compliance risks for our clients.



## Our Key Offerings



### Payroll Administration

Calculations and Reporting  
Statutory Compliance  
Year-end Activities  
Reimbursements

Employee self-service and Manager self-service



### Benefit Administration

Integrated benefit administration services Manage  
unique country specific mandatory contributions  
and benefits schemes



### Tax Processing

Designed to ensure compliance  
Manage evolving tax structures  
Stay abreast with legislative changes

We conduct our BPO businesses in accordance with ISO 27001 accredited standards, employing like-minded people to serve our clients.

### Financial Solutions

Humanica provides services in accounting and financial management including enterprise resource planning system and accounting services as follows;

#### SAP B1 Enterprise Resource Planning (ERP)

Humanica is an ERP implementer of SAP Business One (SAP B1), which is the world's leading software since 2006, and later we became a gold partner. Apart from standard functions we have we also developed additional add-ons to support the needs of Thai Companies such as Thai localization (VAT and withholding tax), Consignment, Consolidation, Fixed Assets Management, Purchase Requisition, Billing and Bank Transfer.

The executives who oversee the ERP team have more than 25 years of experience in ERP and more than 10 years in SAP implementation. The Humanica team has attended trainings in SAP Certified Application Associate – SAP B1 and also attended several of SAP courses such as SAP B1 Sales Training, SAP Product Training and etc. The Humanica team providing advisory services of ERP systems installation for customers in Thailand over 100 operations / projects over past 10 years.

The Company has created and developed a team of consultants, who specialize in providing services that meet the customers' requirements and jointly develop the system to improve work processes and rules to be in line with the customers'

business. The main revenue of this business unit comes from software licensing fees, implementation fees and annual maintenance fees. Additional revenue comes from software customization.

### Finance and Accounting Services

Currently, Humanica FAS Company Limited (FAS) is one of the subsidiaries companies of Humanica PLC. FAS provides comprehensive accounting and financial services, which consist of managing accounting information, financial planning advisory services, accounting services, financial management, tax services and payroll services.

FAS serves both large international and domestic organizations in the field of Business Process Outsourcing by using accounting information technology and internal operating system designed for reducing time and / or saving operating costs of customers.

Moreover, FAS also provides comprehensive services to SMEs from business planning, financial planning, Value Based Management, accounts preparation, cash-flow management or human resource management and payroll services. FAS can also provide information technology tools and equipment for the customers. FAS focuses on providing one-stop-service to the customers in order to allow them to focus on core functions.



# Risk Factors

## 1. Business Risks

The Company's key marketing strategy aims to further expand market share by strengthening and expanding its market channels, including its subsidiaries and partnership network. We will continue to enhance end-user product experience in the ever changing landscape of HR and Financial industry. We believe in collaborating with partners, strengthening our capabilities in distributing a wider range of products, which will eventually bring us more opportunities and allow us to differentiate our product with distinct advantages.

Apart from introducing and implementing products, we will continue to add on outsourcing services to further strengthen our relationship with our client as our strategy to keep our competitor at a distance.

**We summarized our business risk as follows:**

- **Risk from market entry of international companies**

We may face competition from international HR software companies entering Thailand market to compete with us. However, to develop an effective HR software for Thai market is not easy due to the complexity of Thai tax system and requirements. The new entrants will require time and fund to research and develop software for Thailand market. Most international software companies likely to opt to be a partner of local software developers in Thailand to manage their clients or distribute their product. This may be an advantage for us as we can be the partner of choice for leading HR companies like SAP, IBM and Workday

- **Risk of copyright violation**

As a software developer, we closely guard our most valued intellectual property, preventing it from being reproduced or modified for economic gains. The Company's software is protected by Copyright Act B.E 2537. The Company registers the copyright of Humatrix 5, Humatrix 7 and Humatrix 8 with Department of Intellectual Property to prevent the reproduction, adaptation or unauthorized usage. The customers have to receive the valid license key from the Company which is configured according to requirements of each customer. We also take steps to ensure that we safeguard our source code in our day-to-day operation.

- **Risk of reliance on third party partners**

We have contractual arrangement with various third party partners in distributing their products or white label their product and enhance it for our business. There are risk on our business if any of the partners decide to terminate our agreement.

However, as most of our partners are well established international companies and we diligently fulfil or even surpass our obligations toward the agreement, we believe that the risks are low. The Company continually give full support to our partners, invest in developing and promoting their product. We also maintain long established good relationship with our partners.

## 2. Operational Risks

- **Risk of disruption in information technology system**

Data security and disruption in our information system remains high on our risk as it will directly and severely impact our services. The Company will continue to invest in improving our technology and infrastructure, apply industrial best practices and diligently monitor our activities to adhere to policies and procedures certified by professional assessor to ensure that we watch our risks carefully. We will continue to work with security expert for yearly certification, as well as, have knowledge on new security product or services to strengthen our information technology system.

- **Risk of reliance on key management staff**

As in any businesses, people is the important asset. The loss of key management staff can impact our business, including the morale of the employees and the confidence of our clients and business partners, even causes a dent in our Company image.

The Company realizes the risk of reliance on key management staff. Apart from putting in place a good remuneration package and cultivating good culture with exciting career progression, we will take measures to reduce impact of loss of key management staff by rotating roles and duties and ensuring that we have sufficient job coverage. Most of our key management employees has been with the Company for 5 years and above, and they are committed to serve the Company in many more years to come.

## 3. Financial Risks

- **Exchange Rate Risk**

The Company and its subsidiaries collect its dues and make payment mainly in local currencies, except for a very small amount of receivables and an inter company loan extended to its subsidiaries to fund operating expenses.

- **Interest Rate Risk**

The Company and its subsidiaries expose to interest rate risk related primarily to their interest-bearing cash at banks, short-term loans and long-term

loans. However, since most of the Company and its subsidiaries' financial assets and liabilities bear fixed interest rates or floating interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

- **Credit Risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to the trade receivables. Such risk is managed by adopting appropriate credit control policies and procedures to mitigate the credit risk.

- **Liquidity Risk**

The Company can be subject to unforeseen shortfall in cash. Our corporate finance unit actively monitors the liquidity position of the Group and always maintains an adequate level of cash and/or credit lines to meet our financial obligations and to mitigate the effects of fluctuations in cash flows.

# General Information and Other Important Information

Company's name	Humanica Public Company Limited
Stock code	Human
Registration	0107560000338
Business type	To provide the Human Resources Solutions (HR Solutions) comprising HR and Payroll Outsourcing Service (HPO) and distribution and implementation of HR solutions (HRS) and to provide financial solutions, comprising distribution and implementation of Enterprise Resource Planning (ERP) and accounting and finance outsourcing services.
Head office	No.2 Soi Rongmuang 5, Rongmuang Road, Rongmuang Sub-district, Pathumwan District, Bangkok 10330
Tel.	+66 2 636 6999
Fax	+66 2 636 7168
Website	www.humanica.com
Registered capital	340,000,000 Baht
Paid-up capital	340,000,000 Baht

Information about the legal entities held by the Company for over 10% of Paid-up Capital, as at December 31, 2018.

Company's name	Country of incorporation	Nature of business	Registered capital	Paid-up shares (million shares)	Shareholding percentage (%)
<b>Held directly by the Company</b>					
1. Professional Outsourcing Solutions Limited	Thailand	Payroll outsourcing	10 mb	0.10	100
2. Humanica FAS Limited	Thailand	Accounting and financial outsourcing	1 mb	0.10	100
3. Humanica Asia Pte.Ltd.	Singapore	Payroll and accounting outsourcing	0.2 million SGD	0.20	100
4. Conicle Company Limited	Thailand	Consulting, design and sales software	2.64 mb	0.03	20
5. Thailand land Development (Na Na 1994) Company Limited	Thailand	Real estate	110 mb	11.00	12.79
<b>Held by Humanica Asia Pte.Ltd.</b>					
1. Humanica SDN.BHD.	Malaysia	Payroll outsourcing	0.5 million MYR	0.5	100

Professional Outsourcing Solutions Limited	No.2 Soi Rongmuang 5, Rongmuang Road, Rongmuang Sub-district, Pathumwan District, Bangkok 10330 Tel. +66 2 646 4222 Fax. +66 2 646 4200
Humanica FAS Limited	No.2 Soi Rongmuang 5, Rongmuang Road, Rongmuang Sub-district, Pathumwan District, Bangkok 10330 Tel. +66 2 646 4222 Fax. +66 2 646 4200
Humanica Asia Pte.Ltd.	146 Robinson Road #10-01 Singapore 068909 Tel. +65 6904 0866
Humanica Sdn.Bhd.	5-3-17, Promenade, Persiaran Mahsuri, 11950 Bayan Lepas Baru, Penang, Malaysia Tel. +604 611 7772
Conicle Company Limited	No.32/168 Moo 1, Khlong Kluew Sub-district, Pak Kret District, Nonthaburi 11120 Tel. +66 2 077 2868
Thailand land Development (Na Na 1994 Company Limited)	No.17/6 Moo 3, Pet Kasem Road,Sisa Thong Sud-district, Nakhon Chai Si District, Nakhon Pathom 73120

# Major Shareholders

## Major Shareholders

### Number of Registered Capital and Paid-Up Capital

The Company's issued and paid up capital is at 340 mb and the registered capital is at 680 mb common shares with the par value of 0.50 baht and all shares has been paid up .

### Shareholders

The shareholder's structure of the Company as of December 28, 2018 can be summarized as followed:

Unit: million

No.	List of Shareholder Name	As of Dec 28,2018	
		No.of Shares	%
1.	<b>Group of Mr. Soontorn Dentham</b>	258,477,200	37.9
	Mr. Soontorn Dentham	257,977,200	37.9
	Mrs. Pensiri Dentham	500,000	0.0
2.	STATE STREET EUROPE LIMITED	57,346,500	8.4
3.	Bualuang Long Term Equity Fund	26,902,900	4.0
4.	BBHISL NOMINEES LIMITED	17,348,200	2.6
5.	TISCO Master Pooled Fund (PVD)	14,962,400	2.2
6.	Ms.Pathiya Tonkarn	14,677,500	2.2
7.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	11,766,300	1.7
8.	Bualuang -Infrastructure- RMF	11,383,600	1.7
9.	Mr.Choengchai Charoenchitseriwong	10,084,000	1.5
10.	MERRILL LYNCH INTERNATIONAL-FOR CLIENT GENERAL OMNI NON-COLLATERAL-PB	9,229,400	1.4
<b>Total number of 10 major shareholders</b>		<b>432,178,000</b>	<b>63.6</b>
<b>Other Shareholders</b>		<b>247,822,000</b>	<b>36.4</b>
<b>Total No. of Shares</b>		<b>680,000,000</b>	<b>100.0</b>



# Dividend Payment Policy



The Company has a policy to pay dividends at a rate of not less than 50% of net profit from the separate financial statements of the Company, after the deduction of corporate income tax and legal reserve allocation of the Company. However, the Company may consider paying dividends differently from the above mentioned policy depending on Company's performance, liquidity and working capital requirement for business expansion, as well as, external factors such as economic conditions

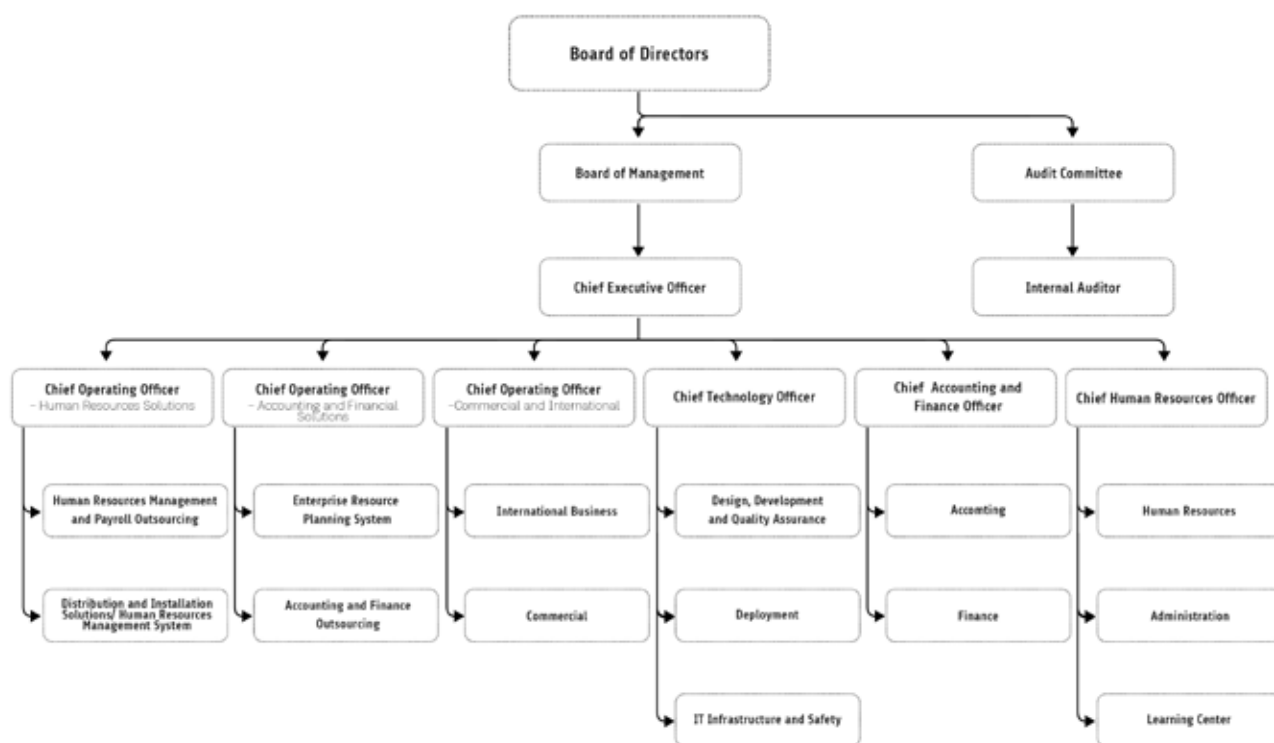
## Explanation

This dividend payment policy has been approved by the Board of Directors' meeting No. 1/2017 on August 11, 2017, which defined the basic principle for dividend payment. However, the Company must proposed the amount of dividends for the shareholders' approval according to Thai law and regulation. Dividend payment must be paid from the net profit of the Company according to the separate financial statements of the Company, in the event that the net profit of the Company is lower or there is no profit, the dividend payment must be adjusted in accordance with those circumstances.

## In 2018, the Company paid dividend as follows:

- The Board of Directors approved the payment of interim dividends from the net profit for the six-month period on August 14, 2018, amounting to 0.04 baht per share to the shareholders of the Company whose names appear in the shareholders' register book (Record Date) on August 29, 2018, totaling 27.20 mb
- The Board of Directors proposed that shareholders consider and approve the dividend payment for the net profit for the second half of fiscal period 2018 on April 29, 2019, amounting to 0.06 baht per share, totaling 40.80 mb to shareholders according to the list of shareholders whose names appear in the register book (Record Date) as of May 8, 2019 and pay dividend on May 24, 2019.
- The Company paid dividend for the year 2018 performance in the amount of 0.10 baht per share, or a total amount of 68 mb, equivalent to the dividend payment rate of 65.3% of net profit of separate financial statement of the Company.

# Management Structure



## Company's Board of Directors

The Company's Board of Directors consists of 7 directors, which are:

Name-Surname		Position
1. Mr. Thanwa	Laohasiriwong	Chairman of the Board and Independent Director
2. Mr. Soontorn	Dentharn	Vice Chairman of the Board
3. Mr. Anuphan	Kitnitchiva	Director
4. Mr. Anotai	Adulbhan	Director
5. Mr. Patara	Yongvanich	Chairman of Audit Committee and Independent Director
6. Mr. Thanachart	Numnonda	Independent Director and Audit Committee
7. Mr. Patai	Padungtin <sup>1</sup>	Independent Director and Audit Committee

<sup>1</sup> Mr. Patai Padungtin was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced Mr. Supot Singhasaneh who resigned on November 13, 2018

<sup>2</sup> Mr. Thanawat Thawornpradit was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced Ms. Valeephorn Chairune who resigned on January 31, 2019.

Mr. Thanawat Thawornpradit<sup>2</sup> (Chief Finance Officer) was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, to be Company Secretary

## Audit Committee

The Company has the total number of 3 Audit Committees, which are:

Name-Surname		Position
1.	Mr. Patara Yongvanich <sup>1</sup>	Chairman of Audit Committee
2.	Mr. Thanachart Numnonda	Audit Committee
3.	Mr. Patai Padungtin <sup>2</sup>	Audit Committee

<sup>1</sup> Is the Director with the adequate knowledge and experience that can review the reliability of the financial statement

<sup>2</sup> Mr. Patai Padungtin was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, Replaced Mr. Supot Singhasaneh who resigned on November 13, 2018.

<sup>3</sup> Mr. Thanawat Thawornpradit was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, Replaced Ms. Valeephorn Chairune who resigned on January 31, 2019.

Mr. Thanawat Thawornpradit<sup>3</sup> (Chief Finance Officer) was appointed to be the Secretary of the Audit Committee.

## Meeting of Company's Board of Directors and Audit Committee

Name-Surname		Number of Meeting Attendance/Number of Total Meeting	
		Board of Directors	Audit Committee
1.	Mr. Thanwa Laohasiriwong	5/5	
2.	Mr. Soontorn Dentham	5/5	
3.	Mr. Anuphan Kitnitchiva	5/5	
4.	Mr. Anotai Adulbhan	4/5	
5.	Mr. Patara Yongvanich	3/5	4/4
6.	Mr. Thaachart Numnonda	5/5	4/4
7.	Mr. Supot Singhasaneh <sup>1</sup>	3/5	3/4

<sup>1</sup> Mr. Supot Singhasaneh has resigned from the Directorship on November 13, 2018. In the place of position, Company appointed new Director, Mr. Patai Padungtin from the Meeting of Company's BOD No. 1/2019 on January 31, 2019.

## Management Board

The Company has the total number of 7 Executive Directors, which are:

Name-Surname		Position
1.	Mr. Soontorn Dentham	Vice Chairman and Chief Executive Officer
2.	Ms. Chuenchom Techarungkiat	Chief Operating Officer – Human Resources Solutions
3.	Mrs. Sasithorn Hirunsak	Chief Operating Officer – Accounting and Financial Solutions
4.	Ms. Hathaichanok Suwanjang	Chief Technology Officer
5.	Mr. Thanawat Thawornpradit <sup>1</sup>	Chief Accounting and Finance Officer
6.	Ms. Lim Bee Bee	Chief Operating Officer – Commercial and International
7.	Mr. Sayan Wairangkoon <sup>2</sup>	Director of Financial and Accounting Service

<sup>1</sup> Thanawat Thawornpradit was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced, Ms. Valeephorn Chairune who resigned on January 31, 2019.

<sup>2</sup> Mr. Sayan Wairangkoon was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019

With Ms. Chuenchom Techarungkiat as the Secretary of Management Board, which had been appointed from the Meeting of the Company's Board of Directors No. 4/2017 on July 14, 2017.

# Information of Directors, Management and Company Secretary

**Name-Last Name** Mr. Thanwa Laohasiriwong  
**Position** Chairman of the Board and Independent Director  
**Age (Year)** 53

## Educational Qualification

- Bachelor of Engineering (Computer Engineering)  
King Mongkut's Institute of Technology Ladkrabang

## Training

- National Defense College course National Defense Studies Institute (Po 60)
- Boardroom Success through Financing & Investment (BFI 2/2017)
- Director Certification Program (DCP), Batch 43/2014
- Finance for Non-Finance Director (FND), Batch 10/2004
- Successful Formulation & Execution of Strategy (SFE), Batch 22/2014
- Advanced Audit Committee Program (AACP), Batch 20/2015
- Ethical Leadership Program (ELP), Batch 1/2015
- Driving Company Success with IT Governance (ITG), Batch 2/2016

## Work Experiences in the Past 5 Years

Period	Position	Company's Name / Business Type
2018 - Present	Director	Thailand Research Fund Research
2018 - Present	Director	BCPG Plc Energy
2016 - Present	Audit Committee/ Independent	Krungthai Bank Plc Commercial Bank
2015 - Present	Chairman of the Board and Independent	Humanica Plc Corporate Software and Payroll Service
2014 - Present	Chairman of the Audit Committee/Director	TPBI Plc Packaging
2014 - 2018	Director	TOT Plc. Telecommunication

**Name-Last Name** Mr. Soonthorn Dentham  
**Position** Vice Chairman of the Board and Chief Executive Officer  
 (Authorized Director of the Company)

**Age (Year)** 61

## Educational Qualification

- Bachelor of Accountancy, Thammasat University
- Graduate Diploma in Auditing, Chulalongkorn University

## Training

- Successful Formulation & Execution of Strategy (SFE), Batch 22/2014
- Director Certification Program (DCP), Batch 219/2016
- Executive Program: Strategic Planning- Sasin & University of Michigan
- Finance for Non-Finance Director (FND), Batch 10/2004
- E Business Program-University of Melbourne

## Work Experiences in the Past 5 Years

Period	Position	Company's Name / Business Type
2003 - Present	Vice Chairman of the Board and Chief Executive Officer	Humanica Plc Corporate Software and Payroll Service
2018 - Present	Director	Conicle Co.,Ltd Corporate Software
2017 - Present	Director	Humanica Sdn. Bhd. Payroll Services
2016 - Present	Director	Humanica Asia Pte. Ltd Payroll Service
2016 - Present	Director	Professional Outsourcing Solution Ltd Payroll Service
2016 - Present	Director	Humanica FAS Ltd Accounting Service
2006 - Present	Director	Than Khun Thai Co., Ltd. Produce Chemical Fertilizer
2003 - Present	Director	Phatthana Tidin Thai (Nana 1994) Co., Ltd. Real Estate
2003 - 2018	Director	Docuxpert Corporation Co., Ltd. Typing Service



**Name-Last Name** Mr. Anuphan Kitnitchiwa

**Position** Director

**Age (Year)** 56

**Educational Qualification**

- Doctor of Philosophy, National Institution of Development Administration
- Master of Laws, Thammasat University
- Bachelor of Laws, Thammasat University

**Training**

- Director Certification Program (DCP), Batch 130/2010
- Advanced Audit Committee Program (AACP), Batch 17/2014
- Role of the Chairman Program (RCP), Batch 38/2016
- Successful Formulation & Execution of Strategy (SFE), Batch 26/2016

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**Work Experiences in the Past 5 Years**

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Period	Position	Company's Name / Business Type
2014 - Present	Director	Humanica Plc Corporate Software and Payroll Service
2014 - Present	Chairman of the Audit Committee	Thai Poly Acrylic Plc Distribute Acrylic
2004 - Present	Director and Managing Director	Dherakupt Law Office Co., Ltd Legal and Tax Consultant
2014 - 2018	Chairman of the Audit Committee	TOT Plc Telecommunication

**Name-Last Name** Mr. Anotai Adulbhan

**Position** Director

(Authorized Director of the Company)

**Age (Year)** 45

**Educational Qualification**

- Master of Business Administration  
Kellogg School of Management, Northwestern University, U.S.A
- Bachelor of Engineering, Chulalongkorn University

**Training**

- Director Accreditation Program (DAP), Batch 122/2015

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**Work Experiences in the Past 5 Years**

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Period	Position	Company's Name / Business Type
2014 - Present	Director	Humanica Plc Corporate Software and Payroll Service
2018 - Present	Director	AAA Assets Co., Ltd. Investment
2018 - Present	Director	Pharma Management Co., Ltd. Investment
2018 - Present	Director	Devakam Apothecary Hall Company Limited Medical
2017 - Present	Director	Aisance Co., Ltd. Distribute Cosmeceuticals
2015 - Present	Director	KT Restaurant Co., Ltd. Restaurant
2012 - Present	Director	Selic Corp Co., Ltd Distribute Chemical
2009 - Present	Director	Lakeshore Capital Partners Co., Ltd Business and Management Consultant
2000 - Present	Director	Business Commercial Networks Co., Ltd. Advertising Space and Internet Advertising



**Name-Last Name** Mr. Patara Yongvanich

**Position** Chairman of Audit Committee and Independent Director

**Age (Year)** 43

**Educational Qualification**

- Master of Business Administration, Cornell University, U.S.A
- Master of Industrial Engineering, Stanford University, U.S.A.
- Bachelor of Mechanical Engineering, Cornell University, U.S.A.

**Training**

- Director Accreditation Program (DAP), Batch 134/2017

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2014 - Present	Chairman of Audit Committee	Humanica Plc Corporate Software and Payroll Service
2013 - Present	Director	Rhipe Technology (Thailand), Co. Ltd. Distribute Software

**Name-Last Name** Mr. Thanachart Numnonda

**Position** Audit Committee and Independent Director

**Age (Year)** 53

**Educational Qualification**

- Doctor of Electrical and Electronic Engineering  
The University of Auckland, NZ.
- Master of Electrical and Electronic Engineering  
The University of Auckland, NZ.
- Bachelor of Electrical Engineering  
Khon Khaen University

**Training**

- Director Accreditation Program (DAP), Batch 121/2015
- Advanced Audit Committee Program (AACP), Batch 25/2017

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2015 - Present	Audit Committee	Humanica Plc Corporate Software and Payroll Service
2017 - Present	Chairman of Audit Committee	Thanachart Bank Plc Commercial Bank
2016 - Present	Chairman of the Board and Chairman of Audit Committee	Siameast Solutions Plc Industrial Products
2015 - Present	Audit Committee	Vintcom Technology Plc Computer Hardware
2013 - Present	Member of University Council	Ubon Ratchathani University Educational Institution
2013 - Present	Director	IMC Outsourcing (Thailand) Co., Ltd. Data Storage Service and Marketing
2015 - 2017	Association President	The Association of Thai ICT Industry Consultant Government Sector

**Name-Last Name** Mr. Patai Padungtin <sup>1</sup>

**Position** Audit Committee and Independent Director

**Age (Year)** 39

**Educational Qualification**

- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

**Training**

- Director Accreditation Program (DAP), Batch 158/2019

**Name-Last Name** Miss Chuenchom Techarungkiat

**Position** Chief Operating Officer - Human Resources Solutions

**Age (Year)** 45

**Educational Qualification**

- Master of Technology Management, Thammasat University
- Bachelor of International Relations, Thammasat University

**Training**

- (None)-

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2019 - Present	Audit Committee	Humanica Plc Corporate Software and Payroll Service
2018 - Present	Director	Bulk One Group Co.,Ltd Corporate Software
2011 - Present	Director	Bulk Asia Co.,Ltd Construction

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2011 - Present	Chief Operating Officer -Human Resources Solutions	Humanica Plc Corporate Software and Payroll Service
2017 - Present	Director	Professional Outsourcing Solutions Co., Ltd. Payroll Service
2017 - 2018	Director	Humanica FAS Co., Ltd. Accounting Service

**Name-Last Name** Mr. Supot Singsane <sup>1</sup>

**Position** Audit Committee and Independent Director

**Age (Year)** 69

**Educational Qualification**

- Master of Finance , Michigan State University, U.S.A.
- Bachelor of Accountancy, Thammasat University

**Training**

- Director Certification Program (DCP), Batch 90/2007
- Successful Formulation & Execution of Strategy (SFE), Batch 4/2009
- The Role of Chairman (RCP), Batch 18/2008

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2016 - Present	Director	Marui Real Estate Co., Ltd Real Estate
1988 - Present	Director	Phisan Co., Ltd. Building Rental
2017 - 2018	Audit Committee	Humanica Plc Corporate Software and Payroll Service
2015 - 2017	Chairman of the Board and Chairman of Audit Committee	Sak Siam Plc Leasing
1995 - 2015	Audit Partner	KPMG Phoomchai Audit Audit

<sup>1</sup> Mr. Supot Singhasaneh had been resigned from the Audit Committee on November 13, 2018.  
In the place of position . Company appointed new Audit Committee , Mr. Patai Padungtin from the Meeting of company's BOD No. 1/2019 on January 31, 2019

**Name-Last Name** Mrs. Sasithon Hirunsak

**Position** Chief Operating Officer - Accounting and Financial Solutions

**Age (Year)** 51

**Educational Qualification**

- Bachelor of Accountancy  
Thammasat University

**Training**

- (None)-

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**Work Experiences in the Past 5 Years**

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Period	Position	Company's Name / Business Type
2004 - Present	Chief Operating Officer	Humanica Plc Corporate Software and Payroll Service
2004 - 2019	Director	Humanica FAS Co., Ltd. Accounting Service

**Name-Last Name** Ms Hathaichanok Suwanjang

**Position** Chief Technology Officer

**Age (Year)** 38

**Educational Qualification**

- Master of Software Engineering  
Chulalongkorn University
- Bachelor of Management Information System  
Chulalongkorn University

**Training**

- (None)-

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**Work Experiences in the Past 5 Years**

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Period	Position	Company's Name / Business Type
2003 - Present	Chief Technology Officer	Humanica Plc Corporate Software and Payroll Service

**Name-Last Name** Mr.Thanawat Thawornpradit <sup>1</sup>

**Position** Chief Accounting and Finance Officer and Company Secretary

**Age (Year)** 41

**Educational Qualification**

- Master of Professional Accounting ,Australia
- Bachelor of Economics,Thammasat University

**Training**

- Strategic CFO in capital market, SET 5/2017
- Company Secretary Program (CSP), Batch 96/2019

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2003 - Present	Chief Accounting and Finance Officer and Company Secretary	Humanica Plc Corporate Software and Payroll Service
2019 - Present	Director	Professional Outsourcing Solutions Co., Ltd. Payroll Service
2019 - Present	Director	Humanica FAS Co., Ltd. Accounting Service

**Name-Last Name** Ms. Lim Bee Bee

**Position** Chief Operating Officer  
- Commercial and International

**Age (Year)** 48

**Educational Qualification**

- Bachelor of Management Studies  
University of London, U.K.

**Training**

- -(None)-

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2017 - Present	Chief Operating Officer - Commercial and International	Humanica Plc Corporate Software and Payroll Service
2017 - Present	Director	Humanica Asia Pte. Ltd. Payroll Service
2017 - Present	Director	Humanica Sdn. Bhd. Payroll Service
2015 - 2016	Director	Tricor Humatrix Asia Pte. Ltd. Payroll Service
2004 - 2014	Senior Manager	Tricor Singapore Pte. Ltd. Payroll Service

**Name-Last Name** Miss Valeephorn Chairuen

**Position** Chief Accounting and Finance Officer

**Age (Year)** 59

**Educational Qualification**

- Master of Management in Financial Management  
Macquarie Graduate School of Management, Australia
- Master of Accountancy, Thammasat University
- Bachelor of Accountancy, Chulalongkorn University

**Training**

- Company Secretary Program (CSP), Batch 68/2016

Work Experiences in the Past 5 Years		
Period	Position	Company's Name / Business Type
2015 - 2019	Chief Accounting and Finance Officer	Humanica Plc. Corporate Software and Payroll Service
2016 - 2019	Director	Professional Outsourcing Solutions Co., Ltd. Payroll Service
2016 - 2019	Director	Humanica FAS Co., Ltd. Accounting Service

<sup>2</sup> Miss Valeephorn Chairuen had been resigned from the Secretary on January 31,2019. In the place of position . Company appointed new Secretary , Mr. Thanawat Thawornpradit from the Meeting of Company's BOD No. 1/2019 on January 31, 2019

**Name-Last Name** Mr.Sayan Wairangkoon

**Position** Director

**Age (Year)** 47

**Educational Qualification**

- Master of Business Economics , National Institution of Development Administration, THAILAND
- Bachelor of Accounting Chiang Mai University, THAILAND

**Training**

- -(None)-

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**Work Experiences in the Past 5 Years**

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Period	Position	Company's Name / Business Type
2019 – Present	Director	Humanica Plc Corporate Software and Payroll Service
2019 – Present	Director	Humanica FAS Co.,Ltd Accounting Service
2017	Vice President	Wuttisak Clinic Inter Group Co., Ltd. Medical Care
2015 – 2016	General Manager	Business Coach & Consulting Co., Ltd. Business Consulting

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## Company Secretary

In the Meeting of Company's Board of Directors No. 1/2019 on January 31, 2019, the Company's Board of Directors had the resolution to appoint Mr. Thanawat Thawornpradit<sup>1</sup> to take a position of Company Secretary as in Section 89/15 of the Securities and Exchange Act, B.E. 2535 (1992) as amended by the Securities and Exchange Act (No. 4), B.E. 2551 (2008). Mr. Thanawat Thawornpradit had been trained in the Company Secretary Program (CSP) Batch 96/2019 during February 7 -8, 2019. Hence, the responsibilities of the Company Secretary are:

1. Supervise and provide suggestions to Directors and Managements about the compliance in laws, requirements, regulations, and rules of the Company and monitor for the accurate and regular practice.
2. Be responsible in arranging the Meeting of the Company's Board of Directors and Shareholders' Meeting as well as coordinating to have the practice according to the meeting's resolution.
3. Supervise the disclosure and report the information in the responsible area according to the regulations and rules of the Securities Exchange of Thailand and Securities and Exchange Commission as well as the relevant laws.
4. Prepare and store the following documents:
  - 4.1 Directors' Register
  - 4.2 Invitation to the Meeting of Board of Directors and Minutes of Board of Directors' Meeting
  - 4.3 Invitation to the Shareholders' Meeting and Minutes of Shareholders' Meeting

Details of Remuneration of Director in year 2018 are as follow;

Name-Surname		Remuneration of the Directors	Remuneration of Audit Committee	Total Remuneration
1.	Mr. Thanwa Laohasiriwong	175,000		175,000
2.	Mr. Soontorn Dentham	-	-	-
3.	Mr. Anuphan Kitnitchiva	125,000	-	125,000
4.	Mr. Anotai Adulbhan	100,000	-	100,000
5.	Mr. Patara Yongwanit	75,000	120,000	195,000
6.	Mr. Thanachart Numnonda	125,000	100,000	225,000
7.	Mr. Supot Singhasaneh <sup>1</sup>	75,000	75,000	150,000
<b>Total</b>		<b>675,000</b>	<b>295,000</b>	<b>970,000</b>

<sup>1</sup> Mr. Supot Singhasaneh has resigned from Directorship on November 13, 2018 .In the place of position, Company appointed new Director, Mr. Patai Padungtin from the Meeting of Company's BOD No. 1/2019 on January 31, 2019

## 4.4 Company's Annual Report

## 4.5 Report on Interest of Directors and Managements

<sup>1</sup> Mr. Thanawat Thawornpradit was appointed by the Meeting of Company's BOD No. 1/2019 on January 31, 2019, replaced Ms. Valeephorn Chairune who resigned on January 31, 2019.

## Remuneration of Directors and Management

### Cash Remuneration

#### Remuneration of Directors

The Company considers many factors in determining remuneration for the Board of Directors and the Audit Committee, such as the nature of business, operating results of the Company, normal practice in the industry and general economic conditions of the country.

In the Meeting of Annual General Meeting of Shareholders on April 2, 2018 had the resolution to determine the remuneration of Directors of the Year 2018 with the details as followed:

- Meeting Allowance of Chairman of Directors in the amount of 35,000 baht/person/time
- Meeting Allowance of Directors in the amount of 25,000 baht/person/time
- Meeting Allowance of Chairman of Audit Committee in the amount of 30,000 baht/person/time
- Meeting Allowance of Audit Committee in the amount of 25,000 baht/person/time
- Meeting Allowance of Nomination and Compensation Committee in the amount of 5,000 baht/person/time

## Personnel

### Number of Personnel

As of December 31, 2017 and 2018, the Company had the total number of 342 employees and 339 employees respectively (excluding 6 Managements) in the details as follows:

Division	Number of Employees	
	31 December 2017	31 December 2018
1. Human Resources Solutions (HR Solutions)		
• Human Resources Management and Payroll Outsourcing (HPO)	157	153
• Distribution and Resources Management System Solutions (HRS)	17	15
2. Management, Accounting, and Finance Solutions -(Financial Solutions)		
• Enterprise Resource Planning (ERP)	35	35
• Accounting and Finance Outsourcing	15	16
3. International Business	17	18
4. Technology		
• Design, Development, and Quality Assurance	43	32
• Deployment	13	15
• IT Infrastructure and Security	8	6
5. Solution Delivery	-	16
6. Accounting and Finance	8	8
7. Human Resources and Administration (HR and Admin)	29	25
<b>Total</b>	<b>342</b>	<b>339</b>

### Labor Dispute

-None-

### Remuneration of Employees

#### Monetary Remuneration

In the year 2017 and 2018 , the Company had paid the remuneration to employees (excluding Management) in the amount of 191.72 mb and 193.61 mb respectively, by which the remunerations are in the forms of salary, bonus, overtime pay, provident fund contribution and other welfares.

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# Corporate Management and Governance

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## 1. Corporate Governance Policy

The Company is aware of the importance of complying with a good corporate governance code. The Company's Board of Directors aims to apply corporate governance to all levels of operations and all its subsidiaries to enhance its competitiveness and long-term performance; build an ethical and responsible business, be good corporate citizens and, more importantly, foster a spirit of corporate resilience.

The Company's Board of Directors has mapped out the Corporate Governance Policy depicting principles and guidelines on Corporate Governance, and operational guidelines in writing.

The Company adopted the Corporate Governance Code for Listed Companies 2017 set out by the Stock Exchange of Thailand (SET) and the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD). The Company's Board of Directors is well aware of and firmly adheres to the principle that ethical, social and environmental impacts must be accounted for alongside financial turnovers in the success of business operations.

The Board of Directors has put in place practices to ensure availability of communication to all Directors, Executives and employees for them to comprehensively understand and have sufficient mechanisms to support their live operations in accordance with the policies above.

The Board of Directors actively monitors controls and reviews the Corporate Governance Policy and the Code of Business Conduct, and prepares communications and trainings on the follow-ups and assessments annually.

### Principle 1:

#### Establish Clear Leadership Role and Responsibilities of the Board

The Board of Directors should understand and be aware of their leadership's role and responsibilities to ensure that the organization adopts good corporate governance by setting objectives and goals for the business, approving vision and mission, core values, directions, policies and strategies,

and allocating vital resources for use in Company business operations. The Board of Directors will also reconsider and review the Company's vision, mission and strategies on a regular basis such that Management and employees have unified aims and direction going forward. In addition, the Board of Directors should review and approve business plan and annual budget every year to be in line with the corporate objectives and goals as well as ensuring that the work plans implemented by the Management are closely monitored through regular performance evaluations and reporting of operational results.

The Board of Directors has a good understanding of their roles and responsibilities, which are clearly defined and separated from those of the Management, Chairman of the Board and Chief Executive Officer to provide a balance of power and transparency in management.

### Principle 2:

#### Define Objectives that Promote Sustainable Value Creation

The Board of Directors is responsible for overseeing that the business has clear and suitable and sustainable objectives in designing the business model and communicating the Company's values and vision to everyone to drive the Company as a whole in a unified direction.

#### HUMAN's vision, mission, core values and objectives are:

##### Vision

We are a happy family of good attitude talents who share the same meaningful dreams and walk our values together to deliver world-class products and services to meet even unrecognized needs of our clients as well as their employees.

##### Mission

We help employees of our clients work better and live happier.

##### Core Values

1. **Excellence:** We are passionate about meeting even the unrecognized needs of our customers and delivering values for our shareholders. We are committed to excellence and innovation.
2. **Teamwork:** We work together as a team. We respect each other and celebrate our diversity.
3. **Integrity:** We act with integrity and we are accountable for all of our action, including safety, protecting the environment and supporting our communities.

4. **Openness:** We uphold our values and communicate honestly and openly.

#### **Objectives**

1. Encourage most companies to digitalise their HR & Payroll processes with Humanica as we strive to provide a versatile solution, combining the flexibility for both technology and services.
2. Develop our Humatrix software to be generally accepted as one of the best HR systems in Asia within 5 years.
3. Expand our eco-system to include end-to-end modules for HR solution and Finance & Accounting through partnership with like-minded partners.
4. Be among the market leading service provider for one stop back office support service provider, including finance & accounting outsourcing services in Thailand.
5. Expand business to strategic countries in Asia in five years by Merger & Acquisition, organic growth or the establishment of business partnerships.
6. Build B-B-C digital business and expand the reach to our virtual community.

The Company includes our vision, mission and core values, and the objectives of the Company in the orientation of new employees and always communicate them to employees during Company events.

In defining such objectives, the Board of Directors has taken into account environmental conditions, changing factors, adoptions of innovation and suitable technologies, the needs of customers and stakeholders as well as the business readiness, expertise and competitiveness while displaying the attributes of corporate governance, accountability, integrity and transparency. The Board of Directors has defined both financial and non-financial objectives suitably consistent with the business environment and potential while being mindful of setting goals that may lead to unlawful acts or unethical conduct.

#### **Principle 3: Strengthen Board Effectiveness**

The Board of Directors regularly determine and review the Board Structure, in term of size, composition, and proportion of independent Directors so as to ensure its leadership in achieving the main objectives.

#### **Principle 3.1: Board Structure**

The Board of Directors has entrusted the Nomination and Compensation Committee (NC) to make consideration and proposal on the Board Structure, in term of size, composition, and the proportion of independent Directors as suitable for its determination and review.

The NC shall ensure that the Board of Directors consists of fully qualified Directors in accordance with the law and related rules with diversified qualifications on the aspects of specific skills, experiences, competencies and characteristics necessary for successful attainment of the Company's objectives and can foster understanding and respond to the needs of stakeholders.

The proportion of the Board of Directors shall consist of not less than 1/3 non-executive Directors that reflect an appropriate balance of power. In the current structure of the Board of Directors, there are 4 non-executive Directors among a total of 7 Directors, which is appropriate to its size, category and business complications in accordance with the Corporate Governance Code.

#### **Principle 3.2: Board Chairman and Board's Operating Elements**

The Board of Directors, under the leadership of the Chairman, perform their duties in overseeing the Company with impartiality and transparency, take into account the best interests of the Company and refrain from giving any advantages to any persons. The Board Chairman and Chief Executive Officer (CEO) must not be the same person and their duties shall clearly be divided:

#### **The main duties of the Chairman and CEO are as follows: Roles of the Chairman**

The Chairman has the duties pursuant to the law and is the leader of the Board of Directors for the following operations:

- Monitor controls and keep follow-ups to ensure that the Board has efficiently discharged their duties to attain the Company's objectives;
- Oversee that all Directors have participated in enhancing the creation of an organizational culture with ethics and good corporate governance;



- Ensure important matters are included into the meeting agenda and jointly determine the agenda with the CEO;
- Allow ample time for the management to propose the matters and allocate sufficient time for Directors to discuss important matters, prudentially and thoroughly. Empower Directors to use their prudential discretions; and provide ample opportunities for discussions and expression of opinions independently.

#### **Roles of the CEO**

- The CEO is appointed by the Board of Directors, and chairs the Management Committee;
- The CEO is responsible for management of the Company in general and shall report to the Board of Directors.

#### **The Board of Directors**

##### **Qualifications**

The Board of Directors consist of fully qualified members, free from prohibited characteristics, under the Public Limited Companies Act B.E. 2535, Securities and Exchange Act B.E. 2535, as well as relevant rules and notifications determined by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and other governing bodies, and has diversified skills, professions, specialized expertise, useful experience, and knowledge and understanding of the Company business.

##### **Term of Office**

The Company requires that term of directorship be in accordance with its Articles of Association and consistent with the Public Limited Companies Act B.E. 2535 and that one third of the Directors shall retire by rotation at each Annual General Meeting of the Shareholders

#### **Roles and Responsibilities of the Board of Directors**

Roles and responsibilities of the Board of Directors set forth under the Charter of Board of Directors are as follows:

- 1) Consider and approve important issues on Company operations, such as vision, mission, strategies, goals, plans, financial budget, and risk management
- 2) Follow up and care to ensure the Management Committee carry out the established policies and work plans with efficiency and effectiveness;
- 3) Ensure long-term business continuity, staff development and Management succession plan;
- 4) Provide an approved corporate governance policy in writing and review the policy and its implementation at least once a year;

- 5) Promote the production of the Code of Business Conduct in writing for Directors, Executives, and all employees to understand the standards of the Code of Business Conduct used by the Company in its operations, with monitoring to ensure that the Code of Business Conduct is strictly followed;
- 6) Carefully consider any potential conflicts of interests to ensure a clear guideline towards the overall interests of the Company and shareholders when it comes to transactions with potential conflicts of interests. The Board shall ensure full compliance with procedural and disclosure requirements for transactions with potential conflicts of interests;
- 7) Establish risk management policy covering the whole organization, to be implemented by Management with regular reporting to the Board of Directors. The effectiveness of risk management should be reviewed at least once a year, and disclosing significant changes in risk factors, including issuing early warning and disclosing irregular transactions;
- 8) Give opinions about the sufficiency of internal control and risk management in the annual report ;
- 9) Outline clear procedures for whistle blowers or interested parties to “blow the whistle” through established procedures or by reporting directly to the Company; and
- 10) Provide a regulatory mechanism of monitoring the operation of subsidiaries or investment of the Company; consider appointing suitable persons as subsidiary’s Director to promote control in accordance with Company’s policies in line with applicable laws and rules.

#### **Committees**

##### **1. Audit Committee**

Structure of the Audit Committee (AC) comprises 3 independent Directors, appointed by the Board of Directors and are selected from the list of non-executive Directors with the approval of the Board of Directors.

##### **Qualification**

All members of the AC shall, in the judgment of the Board, be financially literate, which at a minimum means being familiar with basic finance and accounting practices. At least one member of the AC shall, in the judgment of the Board, have accounting or adequate financial management expertise.



### **Term of Office**

#### **1. Term of Office**

The Term of office for members of AC including the Chairman shall be three years. In the case that a member of the AC leaves for reasons other than normal expiration of term of office, the Board shall appoint a fully qualified person to fill in as a replacement. In this respect, such person shall assume the remaining term of office of the replaced member.

#### **2. Term of Office Re-election**

Upon completing term of office, a member of Audit Committee shall be eligible for re- election with total time in office not exceeding 9 years.

#### **3. Resignation prior to Completing Term of Office**

If any of the Audit Committee members desire to relinquish his term of office prior to the normal expiration of his term of office, his resignation shall be made in writing stating reason for the resignation. Such resignation must be submitted to the Chairman of the Board.

### **Roles and Responsibilities of the Audit Committee**

Roles and responsibilities of the AC set forth under the Charter of AC are as follows:

1. Review the Company and the entities of the Group's financial reporting processes to ensure their accuracy and adequacy while coordinating with external auditors and members of the Management Committee responsible for preparing financial reports. The AC may suggest issues to be reviewed or audited by external auditors during their audit of the Company and the entities of the Group
2. Review internal control and internal audit processes including business operations and IT framework to ensure that they are suitable and efficient.
3. Decide on the organization and qualification of individuals of the Internal Auditor of the Company and to determine the degree of independence from the Management, as well as to appoint or dismiss the Internal Auditor.
4. Review related party transactions or transactions that may lead to conflicts of interest, including the accuracy and completeness of the Company's disclosure of such information, to ensure that they comply with the laws and SET regulations, and are reasonable and for optimal benefit for the Company.

5. Perform any other tasks as assigned by the Company's Board of Directors, with the approval of the AC.

### **Meetings of the Audit Committee**

The AC meeting is to be arranged at least once every quarter, and set up in advance for the whole year.

The AC reports its findings and gives its suggestions to the Board of Directors on significant issues found. Occasionally, the Chairperson of AC may call for a special meeting of the AC or invite any Executives of the Company to join and consider a particular financial matter. If it is found or suspected that there is a transaction or any acts which may materially affect the Company's financial and operating results, the AC shall report to the Board of Directors within the period of time that the AC deems fit.

## **2. Nomination and Compensation Committee**

Nomination and Compensation Committee (NC)'s structure consists of, at least 3 Directors and, at least one of them must be an independent Director.

### **Qualification**

Members of the NC shall possess knowledge and experience and shall be well-versed in the Company's business as well as having management experience with leading companies displaying good corporate governance

### **Term of Office**

Term of office of the members and Chairman of the NC is 3 (three) years or the remaining term of the directorship, whichever is earlier

### **Roles and Responsibilities of the Nomination and Compensation Committee**

The roles and responsibilities of the NC set forth under the Charter of the NC are as follows:

1. Review the structure and the composition of the Board annually and submit the structure to the Board for consideration and/or to the Annual General Meeting (AGM) for approval;
2. Recruit qualified candidates to be company's Directors by the transparent mechanism, including considering candidates proposed by retail investors for Board of Directors' consideration;
3. Review with the CEO the succession plans including proposing the succession name list annually;

4. Review and recommend to the Board the remuneration of each member of the Board, its Committees and Chairman;
5. Review the performance of the CEO and recommend his/her remuneration to the Board for approval; and
6. Carry out such other duties as may be assigned by the Board of Directors.

#### **Meetings of Nomination and Compensation Committee**

The NC shall meet to consider the criteria and method for nominating Directors and independent Directors. Additionally, the NC must regularly review criteria and methods of nomination to be suitable with the Company's business.

### **3. Management Committee**

The Management Committee comprises the 7 highest Managers of Operations, Technology, Commercials, Finance, Human Resources, and one Director as the CEO to perform as the Management Committee Chairman.

#### **Qualification**

The Management Committee (MC) shall possess knowledge and experience in business, management and be good leaders with skills in determining business strategies while also possessing high responsibility and competency to drive and manage the Company to achieve goals, vision and mission

#### **Roles and Responsibilities of the Management Committee**

The MC must report on performance, clarify and give recommendations to the Board of Directors on significant issues, market development, goal and strategy; and must immediately report to the Board of Directors if there is any irregularities in business operations of the Company

The MC is crucial driving the Company to achieve good performance, corporate governance, and attract talented personnel to work with.

Duties of MC are as follows:

1. Organize, carry out and supervise business operations of the Company and Group for the accomplishment of the business and budget plan of each year
2. Understand the resolution of the Board of Directors and prepare the business operations by implementing Company's policies and continuing development of such policies;
3. Prepare the Company budget and business plan;
4. Implement designated strategies of the Company in order to improve the sustainability of the Company and the Group;
5. Develop, care for and review the performance of personnel assigned in their care;
6. Act with integrity in assessing the operation of the Company and report to the Board of Directors in a timely manner in the event of any irregularities affecting the Company or the Group;
7. Review risk management processes and impact mitigation measures, and assess work plan in carrying out the business and corporate governance risk of the Group and report its findings to the Board of Directors; and
8. Define the remuneration policies and structure throughout the Group to be appropriate, fair and competitive with the market based on performance and values of the Company.

#### **Meetings of the Management Committee**

The Management Committee holds meetings at least once every quarter but not less than 6 times a year and may call for additional meetings as necessary. The Management Committee shall consider significant issues regarding safety, occupational health, operations, business administration, finance and accounting, risk management, important financial transactions, Company's plan and Company's budget. The Management Committee should further propose any significant issues to the Board of Directors for acknowledgement and/or approval.

#### **Principle 3.3:**

##### **Nomination of the Directors**

When nominating independent Directors, Directors and CEO; the Board of Directors shall ensure that the process of nominating candidates is transparent. The NC is assigned to screen and select candidates who are fully qualified with the

right knowledge, expertise and records of accomplishment useful for the Company's business operation and possess a good understanding of the business, and is able to lead the Company to achieve the set objectives, goals, business plans as determined by the Board of Directors.

Subsequently, the NC shall propose the candidates for the Board of Directors' consideration. In the case of directorship, NC shall, with the approval of the Board of Directors, propose the candidates to the shareholders with adequate information about the candidates to support their decision-making.

Election of each Director is made by the majority of votes of shareholders during shareholders' meeting. Every year, the Board of Directors shall invite the shareholders and Directors to propose suitable candidate for NC's consideration.

The nominated Directors must meet the qualifications of the AOA, laws, regulations of SET, SEC and Capital Market Supervisory Committee.

**Principle 3.4:**  
**Remuneration of the Directors**

In determining remuneration (either in cash or in kinds) of Directors, the Board of Directors has assigned the NC to carry out a transparent process and propose its recommendations to the shareholders' for approval during the AGM. The policy, basis of calculation and criteria for remuneration payment for each Director position must be proposed for shareholders' approval. The proposed remuneration shall be suitable and sufficient to predispose the Board of Directors to lead the Company to achieve both short-term and long-term goals, without making excessive remuneration payment.

The NC evaluates the performance of the CEO in accordance with the norm and criteria agreed with the CEO, based on Company operating results, achieved performance of long-term strategic objectives, and management development. The results of the evaluation are tabled to the Board of Directors for approval on an annual basis, and are communicated to CEO by the NC.

Remuneration of the CEO is in accordance with the criteria approved by the Board of Directors within a framework.

**Principle 3.5:**

**Meetings of the Board of Directors**

Board Meeting schedule is determined yearly in advance and communicated to individual Directors, allowing them to spare time to attend the meetings.

The Chairman and CEO shall jointly consider and ensure that important matters are included in the meeting agenda, and give each Director the opportunity and freedom to propose agenda matters beneficial to the Company. The Notices of Meeting and supporting document will be sent to Directors at least 7 days in advance.

The number of meetings of the Board of Directors is determined to suit the duties and responsibilities of Company Directors and the nature of Company business. The Company provides its performance report regularly to the Board to enable the Board to provide timely supervision of the Management's performance. Most of Directors shall attend not less than 2/3 of all Board Meetings held in a year.

The Chairman shall allocate enough time for the Management to propose matters and discuss crucial problems in a careful and thorough manner and shall promote careful exercise of discretion. In this connection, all Directors should pay attention to all issues brought to the meeting, including corporate governance issues. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

At every meeting, there should be at least half of the number of Directors present to form a quorum for a Board of Directors' meeting. The resolution passed by the Board of Directors needs the majority of the number of Directors attending the meeting.

All Directors shall have a good understanding of their roles, responsibilities and the nature of Company business, and all of them have dedicated reasonable time and effort in the carrying out their duties. To ensure that the Company has a strengthened Board of Directors, all its members are free to express their opinions independently, committed to keeping themselves updated at all time, and are committed to performing their duties with honesty and integrity in best interests of the Company with fairness towards all the shareholders.



**Principle 3.6:****Corporate Governance for Subsidiaries and Associated Companies**

The Board of Directors will appoint qualified candidates for the primary corporate governance of subsidiaries and associated companies. The appointment shall be determined according to shareholding proportion of subsidiaries and Associated Companies.

The Directors and/or Executives appointed by the Board of Directors shall have the duty to manage and administrate the businesses of subsidiaries and/or associated Companies to be in line and in compliance with the Company's policies and direction. The scope of duties and responsibilities of the appointed Directors and Executives shall be clearly determined and reviewed from time to time.

In making decisions for key business operations of the subsidiaries, the Directors of the subsidiaries are required to seek approval from the Board of Directors before implementing any plans. Approvals from the Board of Directors is also necessary for significant activities, such as the change in share capital and cessation of subsidiaries' businesses. The Company has set up suitable and comprehensive monitoring and internal control mechanism within the subsidiaries such that any significant transactions of the subsidiaries are to be resolved by the Board or the Company shareholder meetings.

**Principle 3.7:****Evaluation of the Board of Directors**

The Board of Directors and Board Committee conducts a self-evaluation at least once a year to jointly considered their achievements, problems and corrective actions. The Company also arranges for individual Director's self-assessment on an annual basis, using assessment tools following guidelines from SEC and SET covering all aspect of requirements.

After the assessment, the results showed that the Company's Directors are qualified and have duly performed their duties in accordance with the principles of good practice for Directors.

**Principle 3.8:****Development of the Board of Directors and the Executives**

The Board of Directors promotes and facilitates training for those involved in corporate governance, such as Directors, Audit Committee members, Nomination and Compensation Committee members, Executives, the Company Secretary, and personnel whose functions are related to continuous

corporate governance, including attendance of such training courses organized by the Thai Institute of Directors (IOD), other courses by other entities, and in-house training.

Following the subsequent appointment of a new Director, the Company will have important documents and useful information such as the Directors Manual, Organizational Standard Operating Procedures (SOP), and Code of Business Conduct delivered to them. In addition, the new Director's orientation will include an introduction to the nature of business, policies, and business operational guidelines of the Company to get the new Director acquainted with the Company's policy and corporate governance.

The Board of Directors has made available a leadership development program, and the CEO has reported to the Board of Directors on the results of the regular implementation of the program along with consideration of a succession plan.

The Board of Directors requires CEO to provide a development and succession plan annually, with consultation with the Nomination and Compensation Committee, in preparation for its succession planning of key management position.

**Principle 3.9:****The Board and Company Secretary Operations**

The Board ensures meeting agendas are provided in advance to enable Directors to manage their time for participation in the meetings.

The Board of Directors has access to additional information from the CEO, Company Secretary, or other delegated Executives within the established policy and, where necessary, the Board of Directors may seek independent opinions from third party consultants or professionals.

The Board of Directors has appointed a Company Secretary to perform duties in providing legal advice and regulatory requirements as well as overseeing the Board's activities and coordinating among Board of Directors to ensure that the Board's resolutions are complied with.

**Principle 4:**  
**Ensure Effective CEO and People Management**

**Principle 4.1:**  
**CEO Nomination and Development of Key Executives**

The Board has entrusted the Nomination and Compensation Committee (NC) to carry out actions on the nomination and development of the CEO and key executives to ensure that they possess necessary knowledge, skills and experience to drive the organization to achieve its objectives.

**Nomination of the CEO**

The NC has been entrusted by the Board of Directors to make considerations on the nomination rules and procedures in nominating persons possessing the qualifications to hold the position of CEO the Company's top management positions.

NC shall review and recommend the list of potential candidates subject to appropriate qualification and experience for consideration and approval of the Board of Directors.

**Key Executives Development and People Management**

The Board of Directors supports and enhances the ongoing in-house training and development program for Directors, Executives and personnel relating to corporate governance including the training and development programs in various fields that increase knowledge and experience useful to performing their corporate duties.

**Principle 4.2:**  
**Appropriate Remuneration Structure and Performance Evaluation**

The Board of Directors, under the recommendation of the Nomination and Compensation Committee, has defined the remuneration structure that motivates the CEO key executives and other personnel of all levels to perform their duties in alignment with the objectives of the organization and business in the long term.

The Board of Directors, at the recommendation of the Management Committee, has approved the appropriate combination of salary and other short-term remuneration, such as bonuses, and long-term remuneration and ensured that the Management Board has clearly defined and communicated policies relating to the performance evaluations to the whole organization.

The CEO's performance evaluation is conducted every year by the NC, which is entrusted to conduct such evaluation and submit the result of the evaluation and suggested remuneration to CEO to the Board of Directors for approval.

The Board of Directors has considered and given its approval on the criteria in the performance evaluation and the remuneration structure of CEO and monitoring the CEO to ensure that he/she conducts the performance evaluations of key executives in alignment with said performance evaluation principles.

**Principle 4.3:**  
**Effective Human resources management and development programmes**

All Employees are the most valuable resource in driving the Company towards its objectives, thus, they are the most important factor contributing to the corporate success of the Company. Our employees are required to carry out their duties in alignment with our corporate commitment and culture. Our employees shall thrive to achieve excellence on their work by collaborating as a team, doing what is right, challenging current convention and constantly innovating. At all times, adhere to the highest standards ethically and to care for our environment and communities, as we would care for our future.

In order to motivate our employees, the Company has define a remuneration administration scheme based on the principle of impartiality and equity, taking into consideration factors such as competency and accountability of each position, labour market rates and Company's pay scale. We reply upon workforce analytics tools such as performance appraisal, labour market surveys and corporate compensation structure to determinate comprehensive and competitive remunerations appropriate for the work scope and responsibility. We strive to pay competitively to boost morale and enthusiasm of the employees to work toward achieving the objectives of the Company. We offer bonus payments to all employees which is tie to the achievement of the Company's annual performance target.

Apart from the salaries and bonuses, we provide other welfares to all employees to help lessen their burdens on the expenses in their lives and sustain their financial well-being such as provident fund contributions, free transport buses, life insurances, and health insurances including OPD& IPD except for providing by Social Security Fund etc.





The Company periodically reviewed and altered its welfare scheme to align with the economic and social situation and allow flexibility to suit employee's need that may change overtime. We offer scheme such as the ability to select percentage of provident fund to contribute into their accounts, flexible working hours etc.

Furthermore, Company provide on-going trainings to educate the Company's employees in financial planning and the Company encourages all employee to participate in ownership of the Company by giving them the right to buy during the initial Public Offering (IPO) when listed in SET.

The Company and the subsidiaries place an important in the human resources development by encouraging and giving the opportunity for employees in all levels to develop their abilities appropriate for their position and the assigned responsibilities, as well as, for the progress of oneself and contributes to the Company in the future. We arranged trainings for the employees regularly, which can be divided as follows:

#### 1. In-house training

Providing training on matters relevant with the service of the Company, such as Project Management and Coding for software development. Also the courses for soft skill development such as New Manager Program. The training is provided by the Company's specialists and supplement with external trainers' lecturers tailored specifically to our needs, to pass on knowledge, experiences, and suggestions to the enable our employees to apply what they learn in carrying out their duties.

#### 2. Public training

Identify suitable courses offered by training specialist or training center and send our employees to attend these seminar or courses in the matters relevant with the service of the Company. This is to enhance the performance and knowledge of our employees in new area of technology such as Big Data, Cloud Computing, as well as, to consistently update on compliance matters such as labor legislation, to increase the potential of the employees in our Company.

In the future, the Company will establish Learning Center, which will support the development of the personnel in the Company and its subsidiaries and be well prepared to support the growth of the Company.

### Principle 5

#### Nurture Innovation and Responsible Business

##### Principle 5.1:

##### Innovation Creation

The Company understands the importance of innovation in our industry. We constantly bring new products and business ideas in a commercially viable manner to stay ahead of our competitors and create value for stakeholders. In addition, the Company wishes to embrace innovative activities as part of its overall business strategy.

Innovation projects are typically riskier than most other kinds of investment and likely to require a long-term investment horizon. The Company will benefits from a more productive governance framework for innovation, promoting a more cooperative and flexible business culture that embraces risk-taking and uncertainty as an intrinsic aspect of our business activity.

The board sees themselves as less of a controller, and more as an advisor and source of tangible and intangible resources. They also have a key role to play in ensuring that creativity and experimentation is guided with professional management and a strong focus on the commercially viable innovations.

##### Principle 5.2:

##### Business Operations with Corporate Social and Environmental Responsibilities

The Company sees the importance of the continuous care of all stakeholders. The Company encourages co-operation and trust between the Company and all groups of stakeholders continuously at all times, be it its employees, communities around the business establishments, shareholders, customers, suppliers, creditors, government, competitors and auditors.

The Company realizes the importance of ensuring that all stakeholders' rights are properly observed and engage various groups of stakeholder in a manner in line with the rules and regulations of SET, SEC as well as related laws.

#### 1. Shareholders

The Company respects the rights of its shareholders and recognizes its duty in ensuring fair treatment of all shareholders as well as the fundamental rights stipulated by laws and the Articles of Association of the Company, such as the rights to attend the Annual General Meeting of Shareholders, the opportunity to

propose agenda items in advance, election of directors, receive Company's information, including financial information, etc. The Company is committed to conduct the business with transparency and to create long-term growth and returns to the shareholders.

## 2. Customers

The Company is committed to continuously creating innovative technology to offer products and services that meet the true needs of its customers in terms of both quality and fair price. The Company provides maintenance services and updates for software and other services as agreed with our customers. The Company continuously upgrade its information security measures to meet industry's standards and appoint third parties to certify its data centres or process management.

## 3. Suppliers/Business Partners

The Company adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon. The Company determines appropriate and fair sale prices, taking into account the reasonableness, quality, and entailed services. In addition, regulations regarding procurement and operations are clearly established, including refrain from demanding benefits from suppliers and avoid purchasing products from suppliers that violate human rights or laws.

## 4. Creditors

The Company treats creditors fairly and complies strictly with all agreed terms and payment schedules. In the case, any event that might significantly impacts the Company's financial position, the Company shall promptly inform its lenders and will together work out potential solutions to minimise damages to all parties.

## 5. Competitors

The Company abides by the framework of international fair trade and competition and will not damage the reputation of competitors through false accusations.

## 6. Communities

The Company carries out its business in fairness for every stakeholder and is committed to be a socially responsible Company by cultivating and encouraging its employees to be conscious of becoming a good and responsible citizen who strives for the betterment of their communities and society.

## 7. Employees

The Company considers its employees a valuable asset and treats them fairly about work opportunities, remuneration, training and development, and quality and safety of working environment. The Company establishes an employee benefits management policy with clear practice guidelines. The benefits include provident fund, annual check-ups, reimbursement of medical expenses at certain amount for each level, group health insurance (IPD), group accident insurance etc.

The Code of Business Conduct applies to all employees who works for the Company and its subsidiaries. Violating the standards will subject an employee to severe disciplinary action, including immediate termination. In addition, the Company also relies on each employee to report any violations of the law or any of these standards in accordance with the Company procedures.

### Principle 5.3:

#### Resource Allocation and Management

The Board of Directors ensure that in attaining business objectives, the Management has reviewed, developed, and supervised the efficient and effective use of resources by always taking into account the internal and external factors.

### Principle 5.4:

#### Corporate Level Information Technology Management

The Board has established a framework for governance of enterprise information technology (IT) align with the Company's business needs complies with the relevant laws, regulatory requirements and standards relating to the use of technology. The Board has overseen the Management Committee in carrying out measures of risk management covering IT management risks, such as business continuity plan, incident management and asset management, etc.

The Management Committee has implemented policies and measures on IT security that was accredited with ISO/IEC 270001:2013 under the category of the information security management system applicable for system and network administration for our industry.

The code of business conduct require employees to be mindful of the intellectual property rights of the Company and others, including using the name, trademarks, logos or printed materials.



## **Principle 6**

### **Strengthen Effective Risk Management and Internal Control**

#### **Principle 6.1:**

##### **Risk Management and Internal Control**

The Board has monitored controls to ensure that the Company has risk management and internal control systems to enable it to achieve its objectives effectively while in compliance with the relevant laws up to both domestic and international standards. Thus, an appropriate and adequate internal control is defined for Company's business operations align with the relevant laws, rules, regulations and requirements to reduce operational risks.

In addition, the Board of Directors engage the services of qualified independent internal auditor to carry out internal control audit as determined by the Audit Committee and approved by the Board of Directors.

The Board of Directors places importance in evaluating risk management consistently and look out for early warning signals and keeps tabs to ensure that Management Committee regularly review its risk management policy, at least, once a year.

#### **Principle 6.2:**

##### **Formation of the Audit Committee**

The Board of Directors has set up the Audit Committee that can perform their duties effectively and independently. All Committee members are independent Directors fully qualified in accordance with the criteria prescribed by SET and SEC.

The Board has defined the role and duties of the Audit Committee in the Charter of Audit Committee.

#### **Principle 6.3:**

##### **Management and Monitoring Conflicts of Interest**

The Board of Directors has set up procedure in managing conflicts of interest that might occur between the Company, the Management and Directors, including preventing the inappropriate use of Company's assets, information, and any transactions between related parties.

##### **Monitoring the Use of Insider Information**

The Company's Code of Business Conduct set preventive measures for a Director, an Executive or an employee may use insider information to exploit benefits for them-

selves or for the benefit of another person. In this respect, the Board of Directors has implemented the Blackout Period Policy where Directors, Executives and any employees perceived having insider information are prohibited from trading the Company's shares during the period of 30 days before the disseminations of the significant financial information to the public. Directors and Executives must declare changes to their shareholding in accordance with the requirements of SEC under Section 59 of the Security and Exchange Act, B.E. 2535 within 3 days from the date of the change. The Company Secretary shall be notified accordingly such that a summary on the number of the securities held by the Directors and Executives can be submitted to the Board of Directors as needed.

##### **Possible Conflict of Interest Transaction**

The Company places importance in monitoring controls over possible conflict of interest transaction. The Board therefore oversees to ensure that possible conflict of interest transactions are managed and monitored through practical guidelines and procedures so that such transactions are undertaken in accordance with the guidelines with proper disclosure as required by law.

In the situations whereby employees think that conflicts may arise and it might impair or even appear to impair their judgement, they must immediately inform their supervisor to resolve the situation in a fair and transparent manner. In the event of such situation, the affected personnel shall refrain from participating in any decision making or procuring a product or services

##### **Report Preparation on Conflict of Interest**

The Board has set up guidelines that Directors must declare his/her interest prior to the consideration of Board meeting agenda and such interests must be documented in the Minutes of Meeting every time. In addition, the Board of Directors also ensures that the Directors having significant interest must not participate in the meeting of such agenda. Moreover, Directors and Executives shall report their own interests and those of related persons whenever there is a change. The Company Secretary shall prepare report to advise the Board of Directors during each Board of Directors' Meeting.

**Principle 6.4:****Policy and Practical Procedures of Anti-Bribery and Anti-Corruption**

The Code of Business Conduct for Directors and Employees incorporates the policy and procedures of Anti-Bribery and Anti-Corruption with established guidelines as follows:

1. All directors, executives and employees shall be responsible for and is to strictly comply with this standard operating procedure.
2. Establish procedural guidelines on the recording of financial information and internal control measures by assigning the Finance and Accounting Department to monitor strict controls, review documentary evidences, substantiating business reasons in disbursing money to the third persons.
3. Assign Internal Auditor to audit internal control system regularly and to check any irregularities that may lead to corruption.
4. If any information or complaints bearing reasonable ground indicate the presence of corruption or a violation of the law or Company's code, the HR department shall take action to improve or correct the situation immediately. The complainant or informant can be assured of confidentiality of his/her reporting or whistle blowing.
5. The Company communicates the guidelines on anti-bribery and anti-corruption constantly and regularly both through training and online media. Training on Anti Bribery and Anti-Corruption is also included as a part of a new employee's orientation and communicated to contractors and suppliers at the beginning of business relations establishment.

**Principle 6.5:****Mechanism for Handling Complaints and Actions in case of Whistle Blowing.**

The Board has established a mechanism and process for handling complaints and whistle blowing by having multiple channels in place to record, track, resolve, and report complaints and feedback of stakeholders.

The Board of Directors has monitored controls to ensure that the Company has clear whistle blowing guidelines including processes on information verification, operations and reporting to the Board as well as oversight to ensure that the appropriate whistle bower protection measures are in good faith. In addition, set up protections of the informants and whistle blowers

including persons whom the complaints are lodged against. The Company also set up alternate channel to enable all groups of stakeholders to make their reports or lodge their complaints on matter that may cause damages to the Company directly to the Board of Directors. There will be persons assigned to receive the reports or complaints, carry out the investigation and report to the Company's Board of Directors to settle complaints lodged with clear policy protecting people giving information.

**Principle 7****Ensure Disclosure and Financial Integrity****Principle 7.1:****Financial Report Preparation and Significant Information Disclosure**

The Board of Directors is responsible in ensuring the quality in financial report preparation process so that information stated in the financial report is accurate and in accordance with the generally acceptable accounting standard and that duly audited by independent auditors. The Board take into its considerations factors such as adequacy of the internal control system, observations of the auditors and comments of Audit Committee to determine the quality of the financial report preparation.

The Board is also responsible for approving the disclosure of financial information in accordance with relevant rules, standards and practical guideline. The Board has monitored controls over disclosed information, such as financial statements and annual reports to adequately reflect the Company's financial status and operational result. The Board also conduct management discussions and analysis or MD&A to supplement the quarterly financial statement disclosure to enable the investors to understand changes occurring to the Company's financial statements and operational result.

**Principle 7.2:****Financial Liquidity and Solvency**

The Board has monitored controls to ensure that the Management regularly assess the Company's financial status and submit relevant reports to the Board on a regular basis. The Board shall jointly collaborate with the Management to find remedial solutions to correct any adverse situation in a timely manner should there be any indicative signal of a problem with financial liquidity and solvency

**Principle 7.3:****Remedial Actions to Solve Financial Problems**

In approving any transactions or presenting any recommendations to shareholders, the Board ensure that such transactions will not affect the continuity of the business operations or its solvency.

The Board must monitor controls to ensure that Company has plans or other mechanisms to solve financial problems closely monitored such plans or mechanism to ensure that operations are carried on with due care and in compliance with the requirements in disclosing information in a manner impartial to various group of stakeholders. The Management should also monitor the follow-up actions to solve problems and regularly report the latest situation. The Board must ensure that any decision made in solving financial problems to be carried out in a reasonable manner.

**Principle 7.4:****Sustainability Report Preparation**

The Board consider the need to disclose information in accordance with domestic and international laws, ethical code, anti-corruption policy, fair treatments of employees and stakeholders, respects of human rights, social and environmental responsibilities when defining its policy. Such policy shall be disclosed in the annual report.

The Board of Directors has monitored controls to ensure that the Management has appoint a person to be responsible for investor relations, performs duties in communicating with shareholders and other stakeholders in an appropriate, and timely manner.

The appointed person undertakes to communicate with third parties; including investors, institutional investors, analysts, and government agencies with equality and fairness and the Company gives such parties opportunities to visit our Executives where appropriate. The information provided is information disclosed to the public, which is accurate, not misleading and sufficient for investors to make investment decisions. The Board must ensure that the communication and information disclosed to the public is appropriate, equal, timely, and communicated through proper channels.

**Principle 7.5:****Person responsible for Investor Relations**

The Company regularly had meetings with individual investors, institutional investors, and securities analysts in person or via calls. We also publish our information through the Company's website on a regular basis. Investors can direct their enquiries to the CEO or designated person looking after Investor Relations.

**Principle 7.6:****Application of IT Technology for Use in Information Disseminations**

Apart from disseminating information such as Annual Registration Statement (Form 56-1) and annual report, through capital market channel in accordance with the established criteria, the Company will regularly disclosed information in Thai and English through the Company's website at [www.humanica.com](http://www.humanica.com) according to Corporate Governance Code for Listed Companies.

**Principle 8****Ensure Engagement and Communication with Shareholders****Principle 8.1:****Participating in Decision Making**

The Company's Board of Directors is aware of and places importance on the rights of our shareholders (including institutional shareholders) and the Company shall not perform any acts in a manner likely to violate the rights of our shareholders. The Company adopts the policy of encouraging, and facilitating our shareholders to exercise their fundamental rights such as participating in shareholders' meetings, casting ballots during meeting in person or by proxy. Allowing shareholders to appoint or remove Directors, fix Directors' remunerations, appoint auditor, and vote on other significant matters such as allocation of dividends, stipulations or revisions of Articles of Association, capital decrement or increment etc.

The Board of Directors ensures that the shareholders can take part in making important decisions and issues specified by laws. Issues affecting the direction of the business operation are listed in the meeting agenda and proposed for the shareholders' approval.

The Company's Board of Directors supports shareholders' participation by allowing minority shareholders to propose the meeting agenda prior to the shareholders' meeting. The Board



will consider including such proposed matters as the meeting agenda. If the Board reject any request, they shall provide an explanation at the shareholders' meeting. Additionally, the Board provides a mechanism allowing minority shareholders suggest candidate to participate in the nominations and appointments of Directors. The threshold of eligible shareholding is set at five percentage (5%) of the Company's total number of the eligible voting shares. The Board shall disclose such criteria to shareholders in advance before the date of the shareholders' annual general meeting. The Company will also encourage and allow allowing shareholders to submit questions before AGM by specifying the criteria for question submission in advance and disseminating such criteria on the Company's website.

The Board of Directors shall ensure that the Notices of Shareholders' Meeting contain correct, complete and adequate information. The notice must clearly specified the meeting agendas and forwarded to the shareholders along with related document. The said information should be uploaded to the Company's website, at least 30 days before the date of the meeting. Such Notices of Shareholders' meeting and relevant documents shall be made entirely in English and disseminated altogether along with the Thai versions every time.

#### **Principle 8.2:**

##### **Actions on Shareholders Meeting Date**

The Board of Directors ensures that information, date, time, and place of the meeting, as well as, the meeting agendas are provided with adequate supportive explanations and reasons on each agenda specified in the Notices of Shareholders' Meeting without to enable the shareholders to understand and study the information of the Company prior to the meeting

The Board has monitored controls to ensure the shareholders' meeting is carried out in an orderly manner with transparency, efficiency and facilitation to shareholders to be able to exercise their rights.

The Board of Directors shall not limit the opportunity of any shareholders in attending meeting or cause undue burden on shareholders to attend meeting. The Company shall send Proxy Letters along with the Notices of Meeting, to allow shareholder to appoint their proxies to represent them in the meeting. The Board will not ask shareholders or proxies to produce any documents or evidences of identification that exceed applicable legal and regulatory requirements.

The Board of Directors provides the opportunity for shareholders unable to attend meeting themselves to appoint the independent Directors or other persons as the proxies to participate and cast their votes in the meeting and encourages the shareholders to use Form B Proxy Letter and nominate the independent Directors as their options in delegating their proxies.

All Directors, relevant Executives and Directors of committees should attend the meeting to answer questions from shareholders on Company-related matters.

The Company conducts the meetings in a transparent manner. At the start of the meeting, the Chairman of the Board shall assign the Company Secretary to explain number of attendance, proportion of shareholders attending the meeting themselves and by proxies, steps and methods in displaying result of the ballots including giving shareholders the opportunity to discuss issues and make inquiries on the issues. The ballot result on each agenda showing number of votes in agreement, disagreement or abstained from voting should be displayed. The Board ensures that copies of the shareholders' minutes of meeting will be submitted to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date and ensure that the Minutes of Shareholders' Meeting consists of following information, at least:

1. Names of Directors and Management in attendance and proportion of attending and non-attending Directors.
2. Method of vote casting and counting, meeting resolutions and vote casting result ("approved", "disapproved" and "abstained from voting") on each agenda.
3. Issues of inquiries and replies in the meeting including names of inquirers (where possible) and repliers.

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# Related Party Transactions

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Related parties or companies that are related to the Company refer to individuals or businesses that have control over the Company or controlled by the Company whether directly or indirectly or under common control. In addition, related parties also include companies and individuals with significant influence over the Company, such as key executives, directors or employees with the power to plan and control the operations of the Company.

During the year, the Company and the group have business transactions with related parties. Such business transactions are conducted in accordance with commercial terms and criteria agreed between the parties in the normal course of business. The Company has summarized the related party transactions in the notes to the consolidated financial statements for the year ended December 31, 2018 and December 31, 2017.

The Company has set up policies for the Audit Committee to determine the appropriateness of any transactions which may have a conflict of interest. The Audit Committee will consider the necessity of entering into such transaction, reasonableness and the appropriateness of the price of the item by considering various conditions to be in accordance with the normal business operation.

## **Criteria for consideration of related party transactions**

When there is a need to have related party transactions, the Company has considered and approved on the conditions of the transaction to be in line with that of a transaction with unrelated company (i.e. at Arm's length). For example, selling or buying a product or service is determined by the reasonable market price, profit margins are inclusive of reasonable service costs to ensure that the Company that entered the transaction has appropriate benefits.

## **Reasonable mechanisms and approval methods**

The Company complies with the regulations of the Stock Exchange of Thailand regarding information disclosure for listed companies. In addition, the Audit Committee has reviewed the related party transactions of the Company and ensure it is properly disclosed as required by regulation



**CORPORATE SOCIAL RESPONSIBILITY**

# Corporate Social Responsibility

Humanica's policy is to primarily promote responsibility to the communities and societies. We are committed to maintaining the highest standards of corporate governance. We keep continuously developing quality control of our products and services, all along the Human Resource Development, as well as the environmental and social responsibility, has created a balance between business profits and social returns. We strongly hope that business operations under social responsibility will serve public interest along with the growth of the Company.

In 2018, the Company has organized CSR activities for the communities and the societies as follows.

CSR activities at Ban Na Pa Nad, Khao Kaeo sub-district, Chiang Khan district, Loei to promote Tai Dam local culture.

The Company is determined to participate in community and social development. In the Company's outing activities, in early 2018, we visited Ban Na Pa Nad, Khao Kaeo Subdistrict, Chiang Khan District, Loei Province, which is a village of Tai Dam. The charitable donation we made is to preserve local culture, to maintain local knowledge, and the tradition of Tai Dam



## Scholarships to Khon Kaen University students

We realize the importance of providing necessary educational opportunities. We believe that education is the basis that helps foster people's thoughts and minds, which lead to the creation of decent, talented people for the country. The Company, therefore, has given scholarships to students for a long time. This year, we gave 10 scholarships to Khon Kaen University in order to promote educational opportunities for students who study well, but cannot afford the administration fee until graduating with a bachelor's degree in Academic year 2018.

In addition, the Company has continued to support the internship program by providing opportunities for students from all universities to take the internship. The objectives of the internship program is to aim to provide learning in real work experience in the Company, providing students



confidence and take it as a guide in deciding on the right and proper career path in the future.

## Donation to the Thai with Disability Foundation

Besides participating in community and social developments, supporting the scholarship, the Company also promotes the assistance to help disabled people who cannot afford, even with donations, the purchase of prosthetic limbs from Thai with Disability Foundation. The Company realizes that people with disabilities do have the ability and competence personnel to work like other people. Therefore, the Company has hired a number of disabled people to promote their ability and support their hard work.

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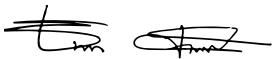
# Report of the Board of Directors' Responsibilities for Financial Statements

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The financial statements of Humanica Public Company Limited and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543. The Company has chosen with careful consideration its accounting policies, which are proper to its business operations, and has always strictly adhered to these policies in all material respect. All material information has been sufficiently disclosed in the notes to the financial statements.

The Board of Directors of the Company is held accountable for correctness, completeness and timelines of the aforementioned financial statements, including financial data as shown in the annual report. The Board has also adopted effective internal control system which provides a reasonable basis and assurance that the financial data reported are accurate, complete and adequate to protect assets and prevent possible misappropriation including other operational irregularities in the operations of the Company.

The Audit Committee, consisting of three independent directors performing its duties in compliance with The Stock Exchange of Thailand guidelines under the Best Practice Guidelines for Audit Committees, assists the Board of Directors by overseeing internal and external audit matters on its behalf, and operates under a written charter adopted by the Committee and the Board of Directors. The report of the Audit Committee and the report of the independent auditor appear in this annual report.



**Mr. Thanwa Laohasiriwong**  
Chairman



**Mr. Soontorn Dentham**  
Director and Chief Executive Officer



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# Report of the Audit Committee

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The Audit Committee comprises 3 independent directors and performed its duties as assigned by the Board of Directors under a written Charter adopted by the Audit Committee and approved by the Board of Directors and in compliance with the regulations of the Stock Exchange of Thailand (SET).

In 2018, the Audit Committee held 4 meetings. In the meetings, the Audit Committee discussed with the Management, the Internal Audit and the Company's External Auditors as appropriate and/or necessary. The Audit Committee's main activities are summarized below:

**1. Financial Reports Review:**

The Audit Committee reviewed quarterly, annually and consolidated financial statements for the year 2018 of Humanica Public Company Limited and subsidiaries, including connected party transactions and items with potential conflicts of interest with the Management and the Internal Auditor and External Auditor. The Audit Committee discussed with the External Auditor on the accuracy and completeness of the financial statements, significant adjustment which affected to the financial statements, adequacy and suitability of account recording methods, audit scope, accuracy and adequacy of information disclosure as well as the External Auditors' independence. These were to ensure that the financial statements were prepared in conformity with legal requirements and generally accepted accounting principles, reliable and timely, and information was sufficiently disclosure.

**2. Internal Audit Oversight**

The Audit Committee reviewed and approved an Internal Audit annual plan 2018 including the budget to support the plan. The Audit Committee reviewed the audit performance, audit findings and recommendation on a monthly basis. The Audit Committee provided recommendations and monitored corrective actions for significant aspects for good governance and adequate internal control. Where the improvements were required, the Audit Committee was satisfied that management had taken appropriate remedial actions.

**3. Internal Control Effectiveness Review:**

The Audit Committee reviewed the internal control system together with Internal Auditor and External Auditors on a quarterly basis by reviewing stewardship of properties, resource assumption, prevention or reduction of errors or damage, losses, waste, or corrupt practices, operations, credibility of financial reports, and compliance with relevant laws and regulations. The Company's External Auditor agreed that no significant issues or shortcomings were found.

**4. Risk Management Review:**

The Audit Committee reviewed the Company's risk management mechanism of the risks arising from both internal and external. The Audit Committee also reviewed the efficiency and suitability of risk management processes regularly and provided recommendations for improvement.

**5. Appointment of the External Auditors for 2018:**

The Audit Committee recommended the appointment of auditors as listed below;

- |                             |                               |
|-----------------------------|-------------------------------|
| 1. Ms.Sirirat Sricharoensup | Certified auditor No. 5419 or |
| 2. Ms.Watoo Kayankannavee   | Certified auditor No. 5423 or |
| 3. Ms.Siraphorn Ouaanunkun  | Certified auditor No. 3844    |

from EY Company Limited as the Company's External Auditors for 2018, including the audit fee which has been proposed to the Board of Directors for consideration and approved at the annual shareholders' meeting 2018.

The Audit Committee performed its duties and responsibilities stated in its Board-approved charter with competence, experience, care, prudence, and adequate independence for the equitable benefit of stakeholders. Whilst reviewing the quarterly and annual financial statements for 2018, and the above-mentioned assessments performed by the External and Internal Auditors, the Audit Committee did not note noncompliance of the Company's activities with the Securities and Exchange Act and with rules and regulations of the Stock Exchange of Thailand.

For and on behalf of the Audit Committee  
Humanica Public Company Limited



**Mr. Patara Yongvanich**  
Chairman of the Audit Committee



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# Independent Auditor's Report

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## Independent Auditor's Report

To the Shareholders of Humanica Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Humanica Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Humanica Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humanica Public Company Limited and its subsidiaries and of Humanica Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

### Recognition of revenue from sales and services

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



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

- Assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Selected representative samples of sales and service agreements to determine whether revenue recognition was in accordance with the conditions set forth in the sales and service agreements of the Group and in line with the Group's revenue recognition policies.
- Applied a sampling basis to examine supporting documents for actual sale and service transactions occurring during the year and near the end of the accounting period.
- Enquired with the project managers responsible for software implementation regarding the basis applied to assess the percentage of completion and estimations of the time spent on provision of service throughout the project, checking the actual time spent on provision of service, and compared the percentage of completion estimated by the project managers to the percentage of completion based on actual time spent on providing the service.
- Sent confirmation requests for the balances of accounts receivables as at the end of the year.
- Reviewed credit notes issued by the Group after the period-end date.
- Performed analytical procedures on disaggregated revenue data to detect possible irregularities in sales and service transactions throughout the period.

#### **Goodwill**

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

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

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

### Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. I am responsible for the audit resulting in this independent auditor's report.



Sirirat Sricharoensup  
Certified Public Accountant (Thailand) No. 5419

EY Office Limited  
Bangkok: 25 February 2019

# Statement of financial position

Humanica Public Company Limited and its subsidiaries  
As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	111,335,497	88,142,222	64,486,792	62,096,492
Current investments	8	406,790,391	650,081,859	406,790,391	650,081,859
Trade and other receivables	9	113,864,740	138,477,769	88,152,813	105,986,637
Short-term loans to related party	6	-	-	-	12,085,550
Other current assets	10	6,590,031	12,694,228	5,482,025	10,788,919
Total current assets		638,580,659	889,396,078	564,912,021	841,039,457
Non-current assets					
Restricted bank deposits	11	4,889,059	5,109,760	4,889,059	5,109,760
Investment in subsidiaries	12	-	-	122,864,978	122,864,978
Investment in associate	13	22,700,000	-	22,700,000	-
Other long-term investments	14	263,003,771	-	263,003,771	-
Loan to related party	6	-	-	20,000,000	-
Building improvement and equipment	15	51,212,830	31,951,921	46,605,555	25,838,197
Intangible assets	16	160,621,478	151,558,402	117,938,450	101,328,903
Computer software under development	17	12,032,995	21,458,099	12,098,890	21,458,099
Goodwill	18	35,155,954	35,155,954	-	-
Unallocated costs of business acquisition	12	22,256,778	-	-	-
Deferred tax assets	25	3,887,785	5,549,274	3,644,864	5,420,751
Withholding tax deducted at source		4,802,687	9,401,476	3,857,056	8,455,845
Other non-current assets		6,840,790	6,529,101	5,653,412	5,240,411
Total non-current assets		587,404,127	266,713,987	623,256,035	295,716,944
Total assets		1,225,984,786	1,156,110,065	1,188,168,056	1,136,756,401

# Statement of financial position (continued)

Humanica Public Company Limited and its subsidiaries  
As at 31 December 2018

(Unit: Baht)

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



# Statement of financial position (continued)

Humanica Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

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

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

# Statement of comprehensive income

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

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

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

# Statement of comprehensive income (continued)

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(756,758)	(141,693)	-	-
Gain (loss) on changes in value of available-for-sale					
investments, net of income tax	8, 14	(348,091)	65,487	(348,091)	65,487
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods		(1,104,849)	(76,206)	(348,091)	65,487
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarials gain, net of income tax	21	1,993,913	1,439,646	2,014,512	89,595
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		1,993,913	1,439,646	2,014,512	89,595
<b>Other comprehensive income for the year</b>		<b>889,064</b>	<b>1,363,440</b>	<b>1,666,421</b>	<b>155,082</b>
<b>Total comprehensive income for the year</b>		<b>122,800,732</b>	<b>98,809,177</b>	<b>105,798,889</b>	<b>91,033,211</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		121,911,140	95,084,605	104,132,468	90,878,129
Non-controlling interests of the subsidiaries		528	2,361,132		
		<u>121,911,668</u>	<u>97,445,737</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		122,800,204	96,465,807	105,798,889	91,033,211
Non-controlling interests of the subsidiaries		528	2,343,370		
		<u>122,800,732</u>	<u>98,809,177</u>		
<b>Earnings per share</b>					
27					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.18	0.27	0.15	0.26

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

# Statement of changes in shareholders' equity

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

Consolidated financial statements												(Unit: Baht)
Equity attributable to owners of the Company												
	Note	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Capital deficit from changes in shareholding in subsidiary	Retained earnings		Unappropriated statutory reserve	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated -	-					
<b>Balance as at 1 January 2017</b>												
Profit for the year												
Other comprehensive income for the year												
Total comprehensive income for the year												
Increase share capital												
Capital deficit from changes in shareholding												
In subsidiary												
Dividend paid												
Dividend paid for non-controlling interests												
Transfer unappropriated retained earnings to statutory reserve												
<b>Balance as at 31 December 2017</b>												
<b>Balance as at 1 January 2018</b>												
Profit for the year												
Other comprehensive income for the year												
Total comprehensive income for the year												
Dividend paid												
Dividend paid for non-controlling interests												
Transfer unappropriated retained earnings to statutory reserve												
<b>Balance as at 31 December 2018</b>												

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

# Statement of changes in shareholders' equity (continued)

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

Separate financial statements										(Unit: Baht)
Note	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Unappropriated	Other components of equity			Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		Other comprehensive income		Total other components of shareholders' equity	
							Surplus (deficit) on changes in value of available-for-sale investments			
<b>Balance as at 1 January 2017</b>	110,000,000	36,950,924	5,145,000	-	160,243,658	-	-	-	-	312,339,582
Profit for the year	-	-	-	-	90,878,129	-	-	-	-	90,878,129
Other comprehensive income for the year	-	-	-	-	89,595	-	65,487	65,487	-	155,082
Total comprehensive income for the year	-	-	-	-	90,967,724	-	65,487	65,487	-	91,033,211
Increase share capital	230,000,000	612,172,915	-	-	-	-	-	-	-	842,172,915
Dividend paid	30	-	-	-	(202,500,000)	-	-	-	-	(202,500,000)
Transfer unappropriated retained earnings to statutory reserve	23	-	-	-	(11,543,906)	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	340,000,000	649,123,839	5,145,000	11,543,906	37,167,476	11,543,906	65,487	65,487	-	1,043,045,708
<b>Balance as at 1 January 2018</b>	340,000,000	649,123,839	5,145,000	11,543,906	37,167,476	11,543,906	65,487	65,487	-	1,043,045,708
Profit for the year	-	-	-	-	104,132,468	-	-	-	-	104,132,468
Other comprehensive income for the year	-	-	-	-	2,014,512	-	(348,091)	(348,091)	-	1,666,421
Total comprehensive income for the year	-	-	-	-	106,146,980	-	(348,091)	(348,091)	-	105,798,889
Dividend paid	30	-	-	-	(47,600,000)	-	-	-	-	(47,600,000)
Transfer unappropriated retained earnings to statutory reserve	23	-	-	-	(5,206,623)	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	340,000,000	649,123,839	5,145,000	16,750,529	90,507,833	16,750,529	(282,604)	(282,604)	-	1,101,244,597

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

# Cash flow statement

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	139,692,114	108,853,988	115,616,086	97,057,709
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	46,356,542	45,769,872	36,817,482	35,934,459
Gain on sales of equipment	(1,174,380)	(1,378,356)	(6,157)	(817,540)
Loss on write-off of equipment	91,241	101,266	60	101,266
Allowance for doubtful accounts (reversal)	(4,133,208)	4,363,984	(4,133,208)	4,363,984
Provision for long-term employee benefits	2,952,807	2,315,694	1,775,898	2,028,125
Gain on sales of current investments and other long-term investments	(1,882,583)	-	(1,882,583)	-
Unrealized loss on foreign exchange	617,551	259,497	723,934	203,197
Dividend income	(1,607,340)	-	(18,607,000)	(29,136,078)
Interest expenses	634,271	803,953	608,037	717,619
Profit from operating activities before changes in operating assets and liabilities	181,547,015	161,089,898	130,912,549	110,452,741
Operating assets (increase) decrease				
Trade and other receivables	31,454,595	(27,687,099)	22,037,384	(13,592,459)
Other current assets	(2,615,783)	(4,748,034)	(20,452)	(4,326,820)
Other non-current assets	(311,689)	(668,648)	(413,001)	(1,766,034)
Operating liabilities increase (decrease)				
Trade and other payables	(7,601,811)	8,089,609	(7,334,940)	2,807,480
Service income received in advance	(320,787)	(27,047)	(320,787)	(27,047)
Other current liabilities	753,656	874,891	248,826	358,344
Other non-current liabilities	1,563,004	-	1,563,004	-
Cash flows from operating activities	204,468,200	136,923,570	146,672,583	93,906,205
Cash paid for interest expenses	(634,271)	(803,953)	(608,037)	(717,619)
Cash paid for income tax	(7,519,505)	(11,429,175)	(4,730,904)	(6,382,304)
Cash return from income tax	4,532,703	-	4,532,703	-
<b>Net cash flows from operating activities</b>	<b>200,847,127</b>	<b>124,690,442</b>	<b>145,866,345</b>	<b>86,806,282</b>

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



# Cash flow statement (continued)

Humanica Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from investing activities</b>					
Decrease (increase) in restricted bank deposits		220,701	(118,359)	220,701	(118,359)
Cash paid for acquisition of current and other long-term investments		(930,042,718)	(650,000,000)	(930,042,718)	(650,000,000)
Cash received from sales of current and other long-term investments		911,218,067	-	911,218,067	-
Decrease (increase) in short-term loans to related party		-	-	12,085,550	(12,029,250)
Acquisition of building improvement and equipment		(37,188,176)	(21,214,256)	(36,264,780)	(14,712,457)
Acquisition/development of computer software		(22,943,699)	(27,994,160)	(22,966,154)	(23,104,100)
Proceeds from sales of equipment		1,326,449	2,035,238	102,149	934,579
Increase in long-term loans to related party		-	-	(20,000,000)	-
Dividend paid for non-controlling interests of subsidiaries		-	(480)	-	-
Dividend income		1,607,340	5,136,558	18,607,000	29,136,078
Cash paid for acquisition of entire business	12	(24,600,000)	-	-	-
Cash paid for investment in subsidiary		-	(16,513,880)	-	(16,513,880)
Cash paid for investment in associate	13	(22,700,000)	-	(22,700,000)	-
<b>Net cash flows used in investing activities</b>		<b>(123,102,036)</b>	<b>(708,669,339)</b>	<b>(89,740,185)</b>	<b>(686,407,389)</b>
<b>Cash flows from financing activities</b>					
Bank overdrafts		(857,024)	857,024	(857,024)	857,024
Repayment of advances from director		(41,442)	(4,869,774)	-	-
Repayment of long-term loans		-	(63,066)	-	(63,066)
Repayment of liabilities under hire-purchase and finance lease agreements		(5,664,412)	(5,143,564)	(5,278,836)	(4,075,638)
Proceeds from increase in share capital		-	860,000,000	-	860,000,000
Cash paid for direct costs related to the additional share offering		-	(22,283,856)	-	(22,283,856)
Dividend paid		(47,600,000)	(202,500,000)	(47,600,000)	(202,500,000)
<b>Net cash flows from (used in) financing activities</b>		<b>(54,162,878)</b>	<b>625,996,764</b>	<b>(53,735,860)</b>	<b>631,934,464</b>
Decrease in translation adjustments		(388,938)	(141,693)	-	-
<b>Net increase in cash and cash equivalents</b>		<b>23,193,275</b>	<b>41,876,174</b>	<b>2,390,300</b>	<b>32,333,357</b>
Cash and cash equivalents at beginning of year		88,142,222	46,266,048	62,096,492	29,763,135
<b>Cash and cash equivalents at end of year</b>		<b>111,335,497</b>	<b>88,142,222</b>	<b>64,486,792</b>	<b>62,096,492</b>

## Supplemental cash flow information:

### Non-cash transactions

Purchases of equipment under hire-purchase and finance lease agreements

5,600,000 - 5,600,000 -

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

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# Notes to consolidated financial statements

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Humanica Public Company Limited and its subsidiaries

For the year ended 31 December 2018

## 1. General information

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

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (Percent)	<u>2017</u> (Percent)
<b><u>Subsidiaries held directly by the Company</u></b>				
Professional Outsourcing Solutions Limited	Provide payroll services	Thailand	100	100
Humanica FAS Limited (formerly known as “Accounting & Business Advisory Company Limited”)	Provide accounting outsourcing and financing services	Thailand	100	100
Humanica Asia Pte. Ltd.	Provide payroll outsourcing services and human resource management software consulting services	Singapore	100	100
<b><u>Subsidiary held by Humanica Asia Pte. Ltd.</u></b>				
Humanica SDN. BHD.	Provide payroll outsourcing services and human resource management software consulting services	Malaysia	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.



- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

### **3. New financial reporting standards**

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being

recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.



#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales*

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

###### *Rendering of services*

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

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

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

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

###### *Interest income*

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

###### *Dividends*

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

##### **4.2 Cash and cash equivalents**

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

##### **4.3 Trade receivables**

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



#### 4.4 Recognition and amortisation customers' deposits

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

#### 4.5 Investments

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

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

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

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

#### 4.6 Building improvement and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

#### **4.7 Intangible assets**

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

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

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

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

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

#### **4.8 Goodwill**

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

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

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

#### **4.9 Related party transactions**

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

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

#### **4.10 Long-term leases**

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

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

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

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

An impairment loss is recognised in profit or loss.



#### **4.13 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

###### ***Defined contribution plans***

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

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### **4.14 Provisions**

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

#### **4.15 Share-based payment transactions**

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

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

#### **4.16 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:



Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

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

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

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

### **Building improvement and equipment/Depreciation and intangible assets**

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

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



## Goodwill and intangible assets

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

## Post-employment benefits under defined benefit plans

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

## 6. Related party transactions

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

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

(Unit: Thousand Baht)

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

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

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

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

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

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

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



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

(Unit: Thousand Baht)

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

#### Directors and management's benefits

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

(Unit: Million Baht)

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

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

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

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

## 8. Current investments

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

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

## 9. Trade and other receivables

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

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

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

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

#### 10. Other current assets

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

#### 11. Restricted bank deposits

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



## 12. Investments in subsidiaries

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

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

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

Details of the acquisition are as follows:

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

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

(Unit: Thousand Baht)

**Assets**

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

**Liabilities**

Other current liabilities	162
<b>Total liabilities</b>	<b>162</b>
<b>Net asset value</b>	<b>2,343</b>

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

### 13. Investment in associate

#### 13.1 Details of associate:

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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

(Unit: Thousand Baht)

**Assets**

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

**Liabilities**

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



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

#### 14. Other long-term investments

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

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

## 15. Building improvement and equipment

	Consolidated financial statements					(Unit: Thousand Baht)
	Building improvement	Office equipment	Computer	Motor vehicles	Total	
<b>Cost:</b>						
1 January 2017	16,918	14,605	65,583	9,468	106,574	
Additions	7,131	4,340	9,743	-	21,214	
Disposals/write-off	(460)	(963)	(234)	(5,419)	(7,076)	
31 December 2017	23,589	17,982	75,092	4,049	120,712	
Additions	14,645	6,546	15,915	5,600	42,706	
Transfer from purchases of business	-	209	627	-	836	
Disposals/write-off	(21,045)	(4,539)	(925)	(4,049)	(30,558)	
Translation adjustment	(78)	(25)	(51)	-	(154)	
31 December 2018	17,111	20,173	90,658	5,600	133,542	
<b>Accumulated depreciation:</b>						
1 January 2017	13,060	11,509	40,149	7,753	72,471	
Depreciation for the year	7,281	2,451	12,008	867	22,607	
Depreciation on disposals/write-off	(460)	(862)	(234)	(4,762)	(6,318)	
31 December 2017	19,881	13,098	51,923	3,858	88,760	
Depreciation for the year	4,306	2,720	15,158	933	23,117	
Depreciation on transfer from purchases of business	-	194	614	-	808	
Depreciation on disposals/write-off	(21,045)	(4,420)	(800)	(4,049)	(30,314)	
Translation adjustment	(22)	(8)	(12)	-	(42)	
31 December 2018	3,120	11,584	66,883	742	82,329	
<b>Net book value:</b>						
31 December 2017	3,708	4,884	23,169	191	31,952	
31 December 2018	13,991	8,589	23,775	4,858	51,213	
<b>Depreciation for the year</b>						
2017 (Baht 12 million included in cost of sales and services, and the balance in administrative expenses)					22,607	
2018 (Baht 9 million included in cost of sales and services, and the balance in administrative expenses)					23,117	

(Unit: Thousand Baht)

## Separate financial statements

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

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

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

## 16. Intangible assets

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

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



## 17. Computer software under development

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

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

## 18. Goodwill

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

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

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

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

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

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

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

## 19. Trade and other payables

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

## 20. Liabilities under hire-purchase and finance lease agreements

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

## 21. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

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

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

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

Significant actuarial assumptions are summarised below:

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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



On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days, compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 3.6 million (The Company only: Baht 3.4 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the profit or loss of the period in which the law is effective.

## **22. Share capital**

### **2017**

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

Subsequently on 31 July 2017 and 24 August 2017, the Extraordinary General Meetings of the Company's shareholders passed the following resolutions.

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

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

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

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

## 23. Statutory reserve

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

## 24. Expenses by nature

Significant expenses by nature are as follows:

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



## 25. Income tax

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

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

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

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



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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	139,692	108,854	115,616	97,058
Applicable tax rate	20	20	20	20
Accounting profit before tax multiplied by				
income tax rate	27,938	21,771	23,123	19,412
Adjustment in respect of income tax of previous years	1,917	-	1,917	-
Difference in tax rate in group companies	(690)	(395)	-	-
Effects of:				
Promotional privileges (Note 26)	(10,107)	(7,368)	(10,107)	(7,368)
Exemption of income	-	(1,027)	(3,400)	(5,827)
Non-deductible expenses	372	619	257	506
Others	(1,651)	(2,190)	(306)	(543)
Total	(11,385)	(9,966)	(13,556)	(13,232)
Income tax expenses reported in the statement of comprehensive income	17,780	11,408	11,484	6,180

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

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

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

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

## 26. Promotional privileges

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

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

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

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

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

## 27. Earnings per share

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

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

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

## 28. Segment information

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

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

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

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

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

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

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

## Geographic information

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

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

## Major customers

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

## 29. Provident fund

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

### 30. Dividends

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

### 31. Commitments and contingent liabilities

#### 31.1 Separation agreements

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

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

### 31.2 Operating lease and service agreements commitments

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

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

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

### 31.3 Guarantees

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

### 32. Fair value hierarchy

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

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



(Unit: Thousand Baht)

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

### 33. Financial instruments

#### 33.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, loans to related parties, restricted bank deposits, bank overdrafts, trade and other payables, advances from related party, and liabilities under hire-purchase and finance lease. The financial risks associated with these financial instruments and how they are managed is described below.

##### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans to related parties. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

##### ***Interest rate risk***

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, loans to related parties, bank overdraft, and liabilities under hire-purchase and finance lease. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

## Consolidated financial statements

2018

## Fixed interest rates

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

(Unit: Thousand Baht)

## Separate financial statements

2018

## Fixed interest rates

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

(Unit: Thousand Baht)

## Consolidated financial statements

	2017					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	55,233	32,909	88,142	0.10 - 1.00
Current investments	-	-	-	650,082	650,082	-
Trade and other receivables	-	-	-	138,478	138,478	-
Restricted bank deposits	5,110	-	-	-	5,110	0.80 - 0.90
	5,110	-	55,233	821,469	881,212	
<b>Financial liabilities</b>						
Bank overdraft	-	-	857	-	857	6.87
Trade and other payables	-	-	-	45,053	45,053	-
Advances form related party	-	-	-	41	41	-
Liabilities under hire-purchase and finance lease	4,946	4,876	-	-	9,822	6.21 - 8.41
	4,946	4,876	857	45,094	55,773	

(Unit: Thousand Baht)

## Separate financial statements

	2017					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	39,437	22,569	62,096	0.10 - 1.00
Current investments	-	-	-	650,082	650,082	-
Trade and other receivables	-	-	-	105,987	105,987	-
Short-term loans to related parties	12,086	-	-	-	12,086	1.80
Restricted bank deposits	5,110	-	-	-	5,110	0.80 - 0.90
	17,196	-	39,437	778,728	835,361	
<b>Financial liabilities</b>						
Bank overdraft	-	-	857	-	857	6.87
Trade and other payables	-	-	-	41,800	41,800	-
Liabilities under hire-purchase and finance lease	4,561	4,714	-	-	9,275	6.21 - 7.88
	4,561	4,714	857	41,800	51,932	

### **Foreign currency risk**

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

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

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

### **33.2 Fair values of financial instruments**

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

### **34. Capital management**

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

**35. Events after the reporting period**

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

**36. Approval of financial statements**

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

# Management's Discussion and Analysis for Financial Year End 2018

## Consolidated Financial Statements

For Financial Year ended December 31, 2018

## Overall Group Performance

**Table 1: Overall Financial Performance of Humanica Group**

	FY'2017	%	FY'2018	%	Change	% YoY
Unit: mb						
Revenue	482.37	100.0%	523.23	100.0%	40.86	8.5%
Cost	289.96	60.1%	285.52	54.6%	(4.44)	(1.5%)
Gross Profit <sup>1</sup>	188.92	39.5%	229.59	44.6%	40.67	21.5%
SG&A	82.75	17.2%	97.39	18.6%	14.64	17.7%
EBITDA	155.43	32.2%	186.69	35.7%	31.26	20.1%
EBIT	109.66	22.7%	140.33	26.8%	30.67	28.0%
Interest Expenses	(0.80)	(0.2%)	(0.63)	(0.1%)	0.17	(21.3%)
EBT	108.85	22.6%	139.69	26.7%	30.84	28.3%
Tax	(11.41)	(2.4%)	(17.78)	(3.4%)	(6.37)	55.8%
Net profit after Tax	97.45	20.2%	121.91	23.3%	24.46	25.1%

<sup>1</sup> Gross Profit = Sales and service income deduct with the Cost of sales services

### Revenue

The Humanica Group of Companies ("HUMAN") delivered a revenue at 523.23 mb (2017: 482.37 mb), increased by 40.86 mb or 8.5 %. In 2018, revenue from HR Solution is the main contributor to our growth, comparing to the financial solution. We continue to see strong domestic demand in Thailand, customers are seeking good HR technology and catching up on the wave of HR digitalization. Increasing, more companies see value in outsourcing HR/payroll services, to allow their own HR team to focus on their own businesses. We experienced better growth in Thailand and Malaysia than Singapore, which was in line with our expectation that the outsourcing markets in both Thailand and Malaysia is less mature and hence, providing greater opportunities.

The growth in Financial solution has slowed in 2018, our resources were tied up in delivering the implementation for orders we have booked in late 2017 and hence limited our ability to generate more license sales in 2018.

### Cost of Sales and Services

Despite an 8.5% increase in revenue, our cost of service decreased by 4.44 mb or 1.5 % to 285.52 mb (2017: 289.96 mb),

the reduction is mainly due to the smaller payment of license fee to partners as we registered less sales in the financial solution division. It is worth mentioning that we have managed to drive productivity and delivered our services with better efficiency in the use of resources

### Gross Profit

As a combined result of improved revenue and reduced cost of services, we booked a gross profit of 229.59 mb (2017: 188.92 mb), a significant increase of 40.67mb or 21.5% improvement. The reduction in cost of service also contributed positively to a better gross profit margin at 44.6% from 39.5% in previous year.

### Selling and administration expense.

Selling and administration expense ("SG&A") closed at 97.39 mb (2017: 82.75 mb), an increase of 14.64 mb or 17.7 %. SG&A is composed of mainly direct staff cost, office rental and depreciation & amortization. The increase in SG&A is mainly attributed to the write off of 16.97 mb of accrued work-in-progress resulting from termination of implementation projects. After adjusting the one-off impact of this write-off, the SG&A was marginally lower at 2.33 mb compared to last year.



## Net profit after Tax

The net profit after tax closed the year at 121.91 mb (2017: 97.45 mb) and increased by 24.46 mb or 25.1%. The strong improvement in net profit after tax is backed by growth in

revenue and more efficient use of resources that improves our gross margin, as well as, our effort in managing SG&A.

### 1. Revenue Structure

**Table 2: The break down revenue by business entities.**

Type of Revenue	Year 2017		Year 2018	
	mb	%	mb	%
<b>1. HR solutions</b>				
1.1 Human Resources and Payroll Outsourcing services	226.89	47.0%	237.35	45.4%
1.2 Income from software and human resources system	131.21	27.2%	159.64	30.5%
<b>Revenues from HR solutions</b>	<b>358.10</b>	<b>74.2%</b>	<b>396.99</b>	<b>75.9%</b>
<b>2. Financial solutions</b>				
2.1 Enterprise Resource Planning	96.99	20.1%	98.94	18.9%
2.2 Accounting & Finance Outsourcing	23.79	4.9%	19.18	3.7%
<b>Total revenue from financial solutions</b>	<b>120.78</b>	<b>25.0%</b>	<b>118.12</b>	<b>22.6%</b>
<b>3. Other income<sup>1</sup></b>	<b>3.49</b>	<b>0.8%</b>	<b>8.12</b>	<b>1.5%</b>
<b>Total revenues</b>	<b>482.37</b>	<b>100.0%</b>	<b>523.23</b>	<b>100.0%</b>

<sup>1</sup> Other income consist of interest income, dividend income, gain from sale of fixed assets and gain on investment.

In Table 2, HUMAN's revenue structure comprise of 2 business units, HR service and Financial solution with HR services representing 75.9% of our revenue, Financial services representing 22.6% and other income representing a small 1.5%. In 2018, the HR services has grown at a higher rate than Financial services, hence its weightage has steadily increased from 74.2% in 2017 to 75.9% in 2018.

#### HR Solutions

Revenue from HR solutions closed at 396.99 mb (2017: 358.10 mb), growing by 38.89 mb or 10.9%. The increase is in line with our expectation of demand of HR technology and services in local and overseas markets. Our order book remains strong and the sales pipe lines is healthy, especially in Thailand.

#### Financial Solutions

In 2018, revenue from Financial solutions closed at 118.12 mb (2017: 120.78 mb), decreasing by 2.66 mb or 2.25%. The reduction is mainly due to the lost jobs in accounting and financial outsourcing revenue. Of the revenue we have lost, there was a larger value contract with very thin margin. Hence, despite the lost in revenue, the overall margin for accounting and financial outsourcing did not suffered. For the ERP business, it was a year that we were busy fulfilling the backlog from last year. We have booked higher implementation revenue but the license income slowed down compared to 2017. Overall, the growth in implementation revenue was offset with the reduction in license revenue. At year-end, we have a sizable order backlog for ERP implementation and good sales pipeline.



**The recurring and non-recurring income of HMCG :**

**Table 3: The break down revenue by recurring & non-recurring revenue**

	Unit: mb				
HR Solutions	FY17	%	FY18	%	%YoY
Revenues-Recurring	305.67	85.4%	341.50	86.0%	11.7%
Revenues-Non Recurring	52.43	14.6%	55.49	14.0%	5.8%
Total revenues	358.10	100.0%	396.99	100.0%	10.9%
Financial Solutions	FY17	%	FY18	%	%YoY
Revenues-Recurring	58.75	48.6%	62.10	52.6%	5.7%
Revenues-Non Recurring	62.03	51.4%	56.02	47.4%	(9.7%)
Total revenues	120.78	100.0%	118.12	100.0%	(2.2%)
Grand Total Recurring	364.42	76.1%	403.60	78.4%	10.8%
Grand Total Non- recurring	114.46	23.9%	111.51	21.6%	(2.6%)
Gran Total Revenue	478.88	100.0%	515.11	100.0%	

We continue to report a high proportion of recurring income, improving from 76.1% in 2017 to 78.4% in 2018. Both HR services and Financial services showed positive increase in proportion of recurring income as we continue to expand our customer base for recurring revenue. For ERP services, as a result of booking more license sales in 2017, we have increased the base for maintenance services and hence bringing an additional 5.7% in recurring income.

For HR Solution, recurring income continued to grow 35.83 mb, making up 86.0% of total revenue from HR services as compared to 85.4% in 2017. This is a good indicator that customers are warming up to outsourcing as they undergo their own journey of HR transformation.

## 2. Financial position

**Table 4: Overall Financial position**

	2017	%	2018	%	change	% YoY
<b>Assets</b>						
Cash	88.14	7.6%	111.34	9.1%	23.20	26.3%
Current Investment	650.08	56.2%	406.79	33.2%	(243.29)	(37.4%)
Other Current Assets	151.18	13.1%	120.45	9.8%	(30.73)	(20.3%)
Non-Current Assets	266.71	23.1%	587.40	47.9%	320.69	120.2%
Total Asset	1,156.11	100.0%	1,225.98	100.0%	69.87	6.0%
<b>Liabilities</b>						
Current liabilities	82.52	7.2%	77.35	6.3%	(5.17)	(6.3%)
Non-Current liabilities	29.15	2.5%	28.99	2.4%	(0.16)	(0.5%)
Total liabilities	111.67	9.7%	106.34	8.7%	(5.33)	(4.8%)
Net Assets	1,044.44	90.3%	1,119.64	91.3%	75.20	7.2%
Equity	1,044.44	90.3%	1,119.64	91.3%	75.20	7.2%

### (a) Total assets

Total assets as at December 31, 2018 stand at 1,225.98 mb, an increase of 69.87 mb or 6.0%. The main reasons for the increase is the capitalization of leased-hold assets due to the use of the new building and the capitalization of our software as we introduced more features.

Cash surplus increased by 23.20 mb or 26.3% due to cash flow generated from operation and good working capital management.

### (b) Total Liabilities

Total liabilities as of December 31, 2018 was 106.34 mb, a decrease of 5.33 mb or 4.8%. The decline is due to the quicker payment to supplier and financial leasing.

### (c) Shareholders' equity

Total shareholder's equity as of December 31, 2018 was 1,119.64 mb, increasing by 75.20 mb or 7.2%. This is in line with the increase in operating profit for 2018.

### 3. Cash Flow Statement

Million Baht	2017	2018
Net cash provided by (used in)		
Cash Flow from Operating (CFO)	124.69	200.84
Cash Flow from Investing (CFI)	(708.67)	(123.10)
Cash Flow from Financing (CFF)	626.00	(54.16)
Decrease in translation adjustments	(0.14)	(0.39)
Net increase in cash and cash equivalents	41.88	23.19

#### Cash Flow from Operating Activities

CFO as of December 31, 2018 was 200.84 mb, increasing from last year due to the higher earnings in 2018 compared to 2017. The management will consider using the surplus CFO in other activities to create better value for the group.

#### Cash Flow from Investing Activities

CFI as of December 31, 2018 was (123.10) mb. We have actively spent money in M&As where they generate synergies with our business. We also invested surplus funding that we received from our IPO in mutual fund in accordance with our investment policies which adopted a conservative asset allocation.

#### Cash Flow from Financing Activities

CFF as of December 31, 2018 was (54.16) mb, mainly due to dividend distribution to our shareholders. After IPO fund raising, the Company does not have any financing project as we have ample fund for working capital.

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