TPS

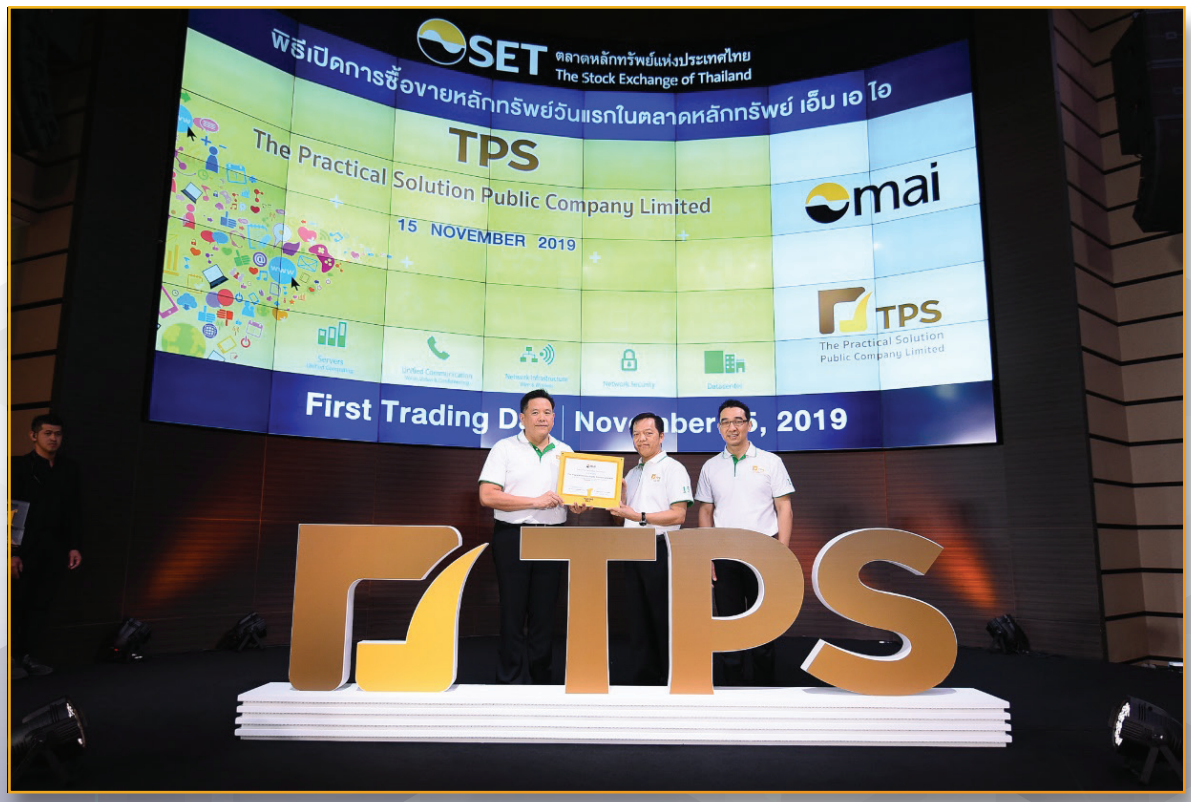
The Practical Solution Public Company Limited

Annual Report 2019

The Practical Solution Public Company Limited

Contents

	PAGE
Financial Highlights	2
Message from the Chairman of the Board of Directors and the President	3
Board of Directors	5
Organization Chart	11
Policy and Business Overview	12
Nature of Business	19
Risk Factors	65
Assets for Business	70
Future Project	72
Legal Dispute	73
General Information about the Company	74
Details about Company's Securities and Shareholders	76
Management Structure	78
Corporate Governance	95
Corporate Social Responsibilities	126
Internal Control and Risk Management	133
Report of the Audit Committee	136
Related Party Transactions	138
The Board of Directors' Responsibility for the Financial Statements	152
Independent Auditor's Report	153
Financial Statement	157
Financial Statement and Note	164
Management Discussion and Analysis	207



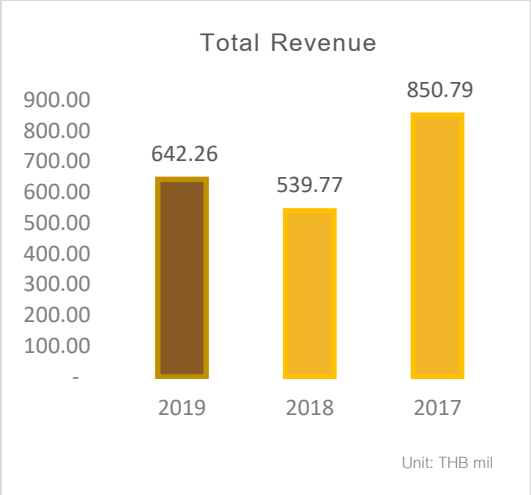
The Practical Solution Public Company Limited
November 15, 2019

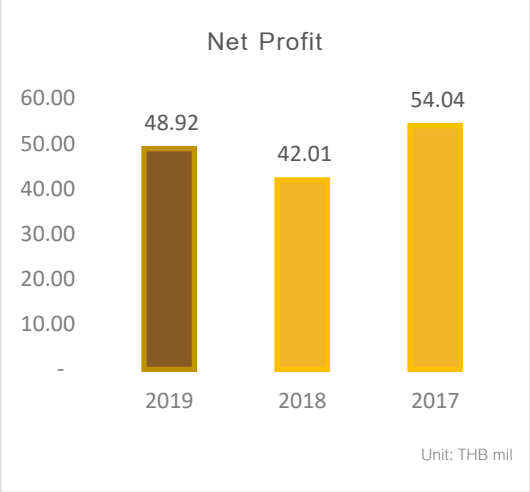
On November 15, 2019 the opening ceremony of "**First trading day of the Market for Alternative Investment (mai)**", at Sukree Kaewcharoen Auditorium, 3rd floor, The Stock Exchange of Thailand (SET)

cisco Gold Partner

TÜV SÜD ISO 9001

Financial Highlights





(Unit : THB mil)

Financial Highlights	2019	2018	2017
Financial Position			
Total Assets	631.61	380.56	327.97
Total Liabilities	251.77	196.01	160.51
Total Shareholder's Equity	379.84	184.55	167.46
Performance			
Total Revenues	642.26	539.77	850.79
Total Expense	580.63	485.74	782.90
Net Profits	48.92	42.01	54.04
Financial Ratio			
Gross Profit Margin (%)	30.99%	31.33%	20.44%
Net Profit Margin (%)	7.62%	7.78%	6.35%
Return on Equity (%)	17.34%	23.87%	33.68%
Earnings per Share* (Baht/Share)	0.23	0.21	0.34
Debt to Equity Ratio (Time)	0.66	1.06	0.96
Book Value per Share* (Baht/Share)	1.79	0.94	1.05

* The extraordinary general meeting of Shareholders, No. 1/2019 held on 28 June 2019 passed a resolution changing par value of the Company's share from Baht 100 per share to Baht 0.50 per share. Therefore, for the purpose of comparison of earnings per share 2017 – 2019, we adjusted the weighted average number of shares issued during the year and the number of common shares in proportion to the par value of 0.50 baht per share.

Message from the Chairman of the Board and the President

In 2019, it was an important year for the Company. The Company increased capital and was listed on the Market for Alternative Investment (mai) stock exchange for the first time on November 15, 2019. This improved the Company's ability to access funds, which is one of the important factors in continuing business growth. IT It also represented the great standard in reliable business operation of the Company business at the national level.

Overall Thai economy in 2019 had both internal and external pressure factors from the global economic slowdown and the trade war between the US and China. Although, Thailand had an election and a new government, the political situation was still uncertain and unstable. As a result, the government investment was delay. However, private investment in information communication technology sector has expanded. The private sector is active to transfer the organization into the digital era (Digital Transformation) in order to maintain business competitiveness.

With all of the factors mentioned above, the Company's performance in 2019 increased in both revenues and profits. The Company had sales and service revenues of THB 639.54 million, an increase of THB 102.96 million or 19.19 percent and net profit of THB 48.92 million, an increase of THB 6.91 million or 16.45 percent. As of December 31, 2019, the Company had Strong financial position with assets of THB 631.61 million, liabilities of THB 251.77 million, debt-to-equity ratio of 0.66 and liquidity with cash of THB 197.58 million to support business expansion opportunities.

On behalf of The Board of Directors of The Practical Solution Public Company Limited, we would like to express our sincere thanks to all shareholders, customers, business partners, financial institutes, Management, all employees, and all stakeholders for continuous support and trust which brought positive operating results over the last year. We will continue growing and conduct the business with honesty for sustainable prosperity and thank in advance for your support as always.

Mr. Anocha Wongrungroj
Chairman of the Board

Mr. Bunsom Kitkasetsathaporn
Chief Executive Officer

Board of directors

Detail of the Board of Directors and Management

Mr. Anocha Wongrungroj

Chairman of the Board of Directors / Independent Director / Member of Nomination and Remuneration Committee

Age 52

Educational Background

: Master of Computer Engineering Management, Assumption University

: Bachelor of Electrical Engineering, King Mongkut's Institute of Technology Ladkrabang

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.09% (250,000 shares)

Training Record

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

Work Experience for the past 5 years

: 2007 – Present Executive Chairman, Binary Tec Co., Ltd.

: 2004 – Present Executive Chairman, Code Label Co., Ltd.

: 1998– Present Managing Director Thaisquare Center LP.

Mr. Bunsom Kitkasetsathaporn

Director / Executive Chairman / Chief Executive Officer

Age 53

Educational Background

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Science, King Mongkut's University of Technology Thonburi

Personal Relationship with the Management

: Husband of Mrs.Jarunya Kitkasetsathaporn

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 38 % (106,400,000 shares)

Training Record

: Director Certification Program (DAP) 130/2016

Work Experience for the past 5 years

: 2006 – Present Chief Executive Officer, The Practical Solution Public Company Limited

Mr. Matee Witawasiri

Director / Executive Director / Executive Vice President, Operations

Age 45

Educational Background

: MBA, Kasetsart University

: Bachelor of Science, King Mongkut's University of Technology Thonburi

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 10.36% (29,000,000 shares)

Training Record

: Director Certification Program (DAP) 131/2016

Work Experience for the past 5 years

: 2006 – Present Executive Vice President, Operations, The Practical Solution Public Company Limited

Ms. Janchay Wetpanya

Director / Executive Director / Chief Financial Officer

Age 39

Educational Background

: MBA (Innovation Management), Ramkhamhaeng University

: Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.82% (2,299,000 shares)

Training Record

: Director Certification Program (DAP) 149/2018

Work Experience for the past 5 years

: 2006 – Present Chief Financial Officer, The Practical Solution Public Company Limited

Ms. Aumaporn Sengsui

Director / Executive Director / Senior Vice President, Sales

Age 41

Educational Background

: Bachelor of Business Administration (Marketing), Ramkhamhaeng University

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 2.31 % (6,473,000 shares)

Training Record

: Director Certification Program (DAP) 153/2018

Work Experience for the past 5 years

: 2006 – Present Senior Vice President, Sales, The Practical Solution Public Company Limited

Mr. Wuttichai Chartisaranuwat

Director / Chairman of Audit Committee / Member of the Nomination and Remuneration Committee

Age 50

Educational Background

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Civil Engineering, Rajamangala Institute of Technology

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.09% (250,000 shares)

Training Record

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

Work Experience for the past 5 years

: 2004 – Present Vice President, Siam Retail Development Co., Ltd.

Mrs. Ratchanee Pattanalertphan

Director / Member of Audit Committee / Chairman of Risk Management Committee

Age 48

Educational Background

: MBA, National Institute of Development Administration (NIDA)

: Bachelor of Accounting, University of the Thai Chamber of Commerce

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.09% (250,000 shares)

Training Record

: Director Certification Program (DAP) 157/2019

: Advanced Audit Committee Program (AACP) 32/2019

Work Experience for the past 5 years

: 2014 – Present Vice President, Finance, Bravo Asia Co., Ltd.

Mrs. Jarunya Kitkasetsathaporn

Senior Vice President, General Administration

Age 52

Educational Background

: MBA, St. John's University

: Bachelor of Nursing Science Kueakarun College of Nursing, Srinakharinwirot University

Personal Relationship with the Management

: Wife of Mr. Bunsom Kitkasetsathaporn

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 5.86% (16,400,000 shares)

Training Record

: Director Certification Program (DAP) 166/2019

Work Experience for the past 5 years

: 2008 – Present Senior Vice President, General Administration, The Practical Solution Public Company Limited

Mr. Kan Thasana-ekachit

Senior Vice President, Operations

Age 34

Educational Background

: Bachelor of Computer Engineering, King Mongkut's University of Technology Thonburi

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.36 % (1,000,000 shares)

Training Record

: -

Work Experience for the past 5 years

: 2009 – Present Senior Vice President, Operations, The Practical Solution Public Company Limited

Mrs. Daonapa Sukduang

Assistant Vice President, Accounting

Age 37

Educational Background

: Bachelor of Cost Accounting, Rajamangala University of Technology Phra Nakhon

Personal Relationship with the Management

: None

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.07% (200,000 shares)

Training Record

: -

Work Experience for the past 5 years

: 2015 – Present Assistant Vice President, Accounting, The Practical Solution Public Company Limited

Ms. Supawadee Thirachat

Assistant Vice President, Finance

Age 36

Educational Background

: Bachelor of Business Administration (Industrial Management), Ramkhamhaeng University

Personal Relationship with the Management

: Daughter-in-law of Mr. Bunsom Kitkasetsathaporn and Mrs. Jarunya Kitkasetsathaporn

Illegal record in the past

: None

% Shareholding (as of 27 November 2019)

: 0.04% (120,000 shares)

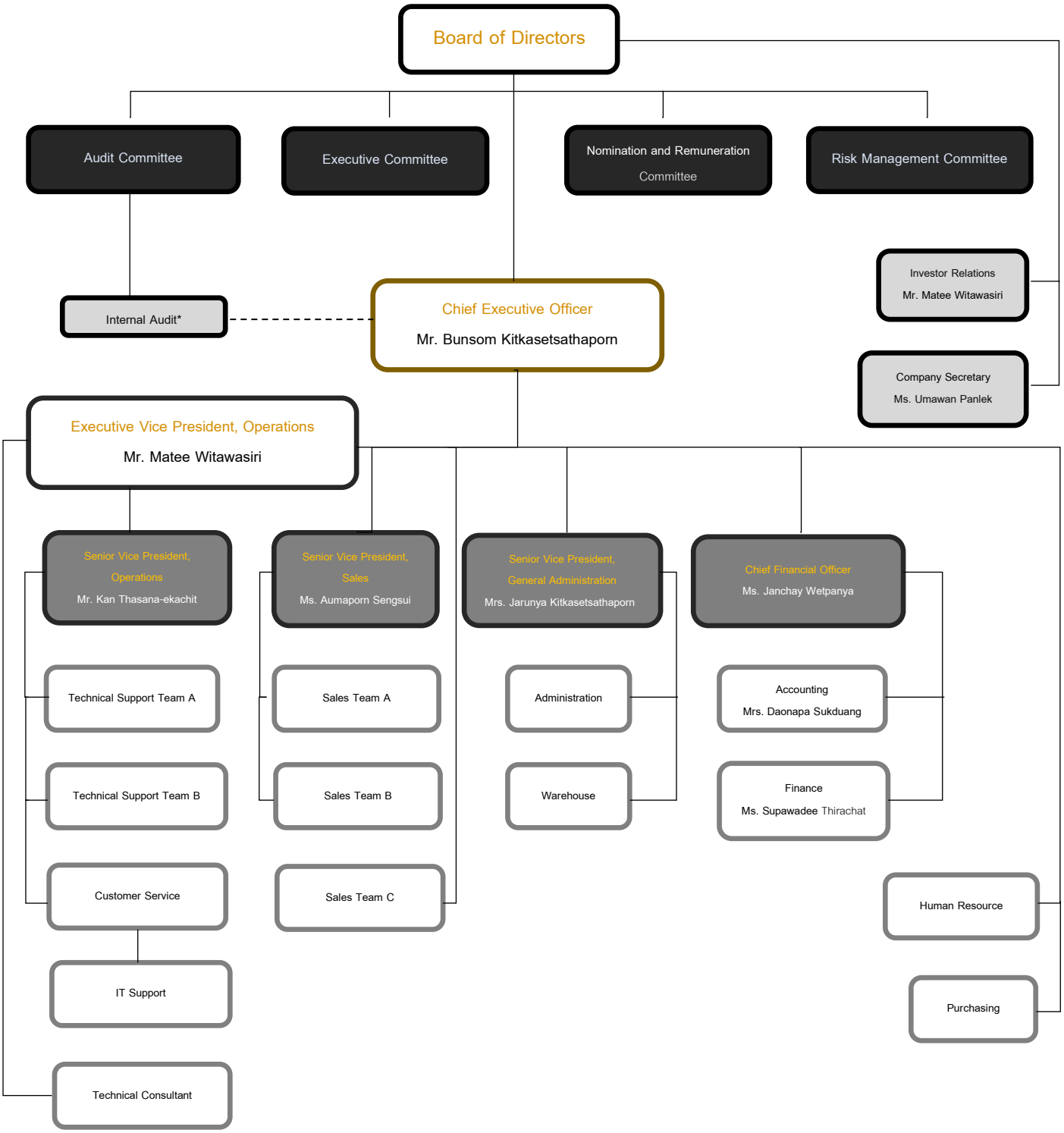
Training Record

: -

Work Experience for the past 5 years

: 2011 – Present Assistant Vice President, Finance, The Practical Solution Public Company Limited

Organization Chart



Remarks: The Company's internal audit is an internal auditor from P&L International Audit Company Limited (Outsourcing). In the future, the Company will consider having its own internal audit.

Policy and Business Overview

The Practical Solution Public Company Limited (the "Company" or "TPS") was established on May 20, 2004 with the initial paid-up registered capital of THB 1 million with the objective to provide consulting, design, procurement, installation and distribution of products and equipment related to information technology systems (Information Technology Solutions Provider: ITP). The Company aims to provide high quality products and services with efficiency, effectiveness and international reputation in order to meet requirements of customers at all levels from small businesses to large companies including private companies, government agencies and state-owned enterprises. In addition, the Company also provides maintenance services and other information technology services.

The Company has been appointed as a business partner with Cisco Systems Inc. ("Cisco Systems: Cisco"), NetApp Inc. (NetApp), Palo Alto Networks Inc. (Palo Alto Networks), Symantec Corporation (Symantec), VMware Inc. (VMware), and Fortinet Inc. (Fortinet), and has been upgraded to Gold Certified Partner from Cisco.

On 28 June, 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 passed a resolution approving the Company to be transformed into a public company, including increasing its registered capital by THB 40 million from THB 100 million to THB 140 million. On 15 November, 2019, the Company was listed on the Market for Alternative Investment (mai) with the initial public offering (IPO) of 80,000,000 shares at the price of 2.50 baht per share, resulting in the Company to have a total paid-up capital of THB 140 million.

The Company has business operations classified into 3 main groups as follows:

(1) System Integration

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to information technology systems by offering various important solutions to customers which can be classified into 6 types as follows:

(1) Computer Network Infrastructure
(2) Wireless LAN
(3) Network Security
(4) Unified Communication
(5) Data Center Solution
(6) Network Management System

The Company has clients in both government and private sectors. The Company is a business partner with product owners of world-class companies such as Cisco, NetApp, Palo Alto Networks, Symantec, VMware and Fortinet, etc. The Company mainly sells Cisco products, of which Cisco is the world leader in

equipment and Software related to Data Networking, which is the hallmark of the Company. In the past, the Company is responsible from the small project with a value from hundreds of thousands baht to medium-sized projects worth hundreds of millions baht, including experts to give advice on various systems related to computer applications such as network systems, server and storage sizes, as well as databases such as Oracle, DB2 and SQL. The Company has many experts who have received the highest certification of Cisco or CCIE (Cisco Certified Internetwork Expert) to provide advice to customers.

(2) Maintenance Service Agreement (MA)

The Company provides system maintenance services to clients to ensure that customers can operate their business continuously. The service is divided into 3 main categories as follows:

(1) Preventive Maintenance
(2) Collective Maintenance
(3) Warranty

(3) Other Information Technology Services (Other IT Services)

Other services provided by the Company include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer and make the payment on a one-time basis and software system design and development.

Vision, Mission, and Business Goals

Vision

The Company has a vision to be a system integrator to provide integrated information technology solutions with efficientcy, effectiveness and high quality products. The Company aims to provide excellent services with punctuality and experts to meet all requirements and achieve business goals of customers as if they were corporate partners.

Mission

The Company targets to become a leader in delivering information technology solutions and services in Thailand to meet all needs of businesses of different levels of customers from individuals, organizations to the national level with maximum satisfaction in products and services.

Business Goals

The Company aims to continuously increase revenue and profit by creating a new customer base, and presenting new products to keep up with the changes as well as creating new business.

Corporate Culture

- **Have the family environment** – Pay attention to the value of employees as members of the family. Listen and always open the opportunity for employees.
- **Value for customers** – Adhere to customer service and have flexibility in both internal and external operations for the highest satisfaction of customers.
- **Learning culture** – Provide knowledge and continuously improve the quality of staff. Give employees the opportunity to use their knowledge and abilities to develop themselves.
- **Strong financial performance** – Operate business continuously and sustainably.

Major Changes and Development of the Company

- Business Operations

Year	Major Development
2004	▪ Established and registered as a limited company with a registered capital of THB 1 million (with a par value of 100 baht each, a total of 10,000 shares), the primary objective was initially to conduct the business of distribution and installation of equipment related to information technology systems.
2006	▪ The Company is registered with Cisco as a Premier Certified Partner. Cisco has expertise in products related to Server, Storage, Network Security, Wireless, Networking Devices and Routers, Conference and IP Phone.
2007	▪ The Company was upgraded to Silver Certified Partner[1] of Cisco.

[1] Silver Certified Partner is no longer available.

Year	Major Development
2010	▪ The Company was upgraded to Gold Certified Partner of Cisco ▪ The Company was appointed as a business partner of Blue Coat Systems (now is Symantec), which specializes in software products for Network Security.
2013	▪ The Company was appointed as an Innovator Authorized Reseller under the Palo Alto Networks trademark, which specializes in Network Security products. ▪ The Company was appointed as an Authorized Partner under the Fortinet trademark. Fortinet has expertise in Network Security products.
2014	▪ The Company was certified ISO 9001: 2008.
2015	▪ The Company was registered as a business alliance with NetApp as Gold Authorized Distributor. NetApp is specialized in products related to Storage systems.
2017	▪ The Company established a branch office in Chonburi province to provide maintenance services to customers in the Eastern region.
2018	▪ Purchase land and invest in the construction of the new headquarters of the Company. The total value is approximately THB 140 million. ▪ The Company was appointed as a Professional Partner under the VMware trademark. VMware has expertise in System Software products.
2019	▪ The Company closed the branch office in Chonburi province because the Company changed management plans for providing maintenance services.

- Capital

Year	Major Development
2004	▪ Registered as "The Practical Solution Company Limited" with registered capital of THB 1 million (par value of 100 baht per share, a total of 10,000 shares)
2006	▪ The Company increased the registered capital of THB 4 million, from THB 1 million to THB 5 million (with a par value of 100 baht, a total of 50,000 shares) to use as working capital for business operations.
2007	▪ The Company increased the registered capital of THB 5 million, from THB 5 million to THB 10 million (with a par value of 100 baht, a total of 100,000 shares) to use as working capital for business operations.
2009	▪ The Company increased the registered capital of THB 10 million, from THB 10 million to THB 20 million (with a par value of 100 baht, a total of 200,000 shares) to use as working capital for business operations.
2013	▪ The Company increased the registered capital of THB 20 million, from THB 20 million to THB 40 million (with a par value of 100 baht, a total of 400,000 shares) to use as working capital for business operations.
2016	▪ The Company increased the registered capital of THB 40 million, from THB 40 million to THB 80 million (with a par value of 100 baht, a total of 800,000 shares) to use as working capital for business operations.
2018	▪ The Company increased the registered capital of THB 20 million, from THB 80 million to THB 100 million (with a par value of 100 baht, a total of 1,000,000 shares) to use as working capital for business operations.
2019	▪ On 28 June, 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 passed a resolution approving the Company to be transformed into a public company, including increasing its registered capital by THB 40 million from THB 100 million to THB 140 million. ▪ On 15 November, 2019, the Company was listed on the Market for Alternative Investment (mai) with the initial public offering (IPO) of 80,000,000 shares at the price of 2.50 baht per share, resulting in the Company to have a total paid-up capital of THB 140 million.

- <u>Standards and Awards</u>

Year	Major Development
2006	▪ The Company is registered with Cisco as a Premier Certified Partner because the Company foresees the competition and the market share of information technology products. Cisco has a relatively high market share compared to competitors and trustworthy in both the public and private markets. In addition, Cisco products can meet requirements of customers in a complete range. Cisco products include Routing, LAN Switching, Wireless LAN, Security, Collaboration, Data Center and so on. To become a Premier Certified Partner, the Company must have 1 expert with CCNA certification (Cisco Certified Network Associate) or higher and 1 expert with CCNA certification or higher or 1 expert with CCDA certification (Cisco Certified Design Associate) or higher.
2007	▪ The Company was appointed as a Cisco Silver Certified Partner. As a Silver Certified Partner, the Company will receive more support from Cisco in terms of access to products and services, technical support, online training tools, marketing promotion and sales promotion. The Company must have at least 2 CCIE (Cisco Certified Internetwork Expert) certified professionals.
2010	▪ The Company was appointed as a Cisco Gold Partner. As a Gold Certified Partner, the Company will receive the highest support both in terms of trade discounts and rebate including the access to new Cisco products. The Company must have at least 4 CCIE certified professionals.
2012	▪ Received FY1 1 Top YoY Growth of the Year at Thailand Partner Conference from Cisco in February 2 0 1 2 in Cambodia. The reward is for the highest sales growth in the Two-Tier Partner.

Year	Major Development
2014	▪ The Company received the official ISO9001: 2008 from TÜV SÜD Thailand on 16 December, 2014, which is a quality management certification for organization.
2017	▪ The Company was awarded Cisco FY1 6 Partner Plus Winner's Circle, an award that the Company can achieve sales targets set by Cisco.
2018	▪ The Company was awarded the Cisco Thailand and Indochina Partner Conference 2 0 1 8 FY1 7 Architectural Excellence: Collaboration, which is an award that the company can achieve sales targets set by Cisco in Collaboration. ▪ The Company received the official ISO9001:2015 from TÜV SÜD Thailand on 28 February, 2018 as a quality management certification for organization. ISO9001:2015 is the standard for quality assurance to ensure that the processes are controlled and validated to provide consistently good quality products/services and continuous improvement towards sustainable development and international acceptance.
2019	▪ The Company was awarded Cisco Top Commercial Sales Partner 2 0 1 9, an award that the Company can achieve sales targets set by Cisco. ▪ The Company received Best Strategic Win Value award from Solarwinds, which is the award that the Company can achieve sales target set by Solarwinds. ▪ The Company received 2019 Fastest Growing Partner Award from Sangfor, an award that the Company can achieve sales target set by Sangfor.

Nature of Business

The Practical Solution Public Company Limited provides consulting, design, procurement, installation and distribution of products and equipment related to information technology systems (Information Technology Solutions Provider: ITP). The Company aims to provide high quality products and services with efficiency, effectiveness and international reputation in order to meet requirements of customers at all levels from small businesses to large companies including private companies, government agencies and state-owned enterprises. In addition, the Company also provides maintenance services and other information technology services.

The Company has teams with knowledge and experience in information technology for so long and understanding clients' business. Therefore, they can help and support all levels of customer groups by bringing efficient information technology systems to support various operational processes in customers' business with full efficiency in order to maximize customer satisfaction.

Revenue Structure

The Company's main revenues come from revenues from sales and services. Revenues can be divided into 3 main groups consisting of (1) Revenue from System Integration (SI) (2) Revenue from Maintenance Service Agreement (MA) (3) Revenue from Other Information Technology Service (Other IT Service). The revenue structure of the Company during 2017 – 2019 is as follows:

Business	2017		2018		2019	
	THB Million	%	THB Million	%	THB Million	%
Revenues from Sales and Services						
1. System Integration (SI)	680.47	79.98	371.76	68.87	461.15	71.80
2. Maintenance Service Agreement (MA)	122.88	14.44	156.75	29.04	160.25	24.95
3. Other Information Technology Service (Other IT Service)	44.19	5.20	8.07	1.50	18.14	2.82
Total Revenue from Sales and Services	847.54	99.62	536.58	99.41	639.54	99.57
Other Revenue*	3.25	0.38	3.19	0.59	2.73	0.43
Total Revenue	850.79	100.00	539.77	100.00	642.27	100.00

Note: *Other revenue includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

From the revenue structure according to the type of business above, it can be classified as private companies and government agencies in 2017 – 2019 as follows:

Type of Customer	2017		2018		2019	
	THB Million	**%**	**THB Million**	**%**	**THB Million**	**%**
1. System Integration (SI)	680.47	100.00	371.76	100.00	461.15	100.00
▪ Private Companies	308.07	45.27	275.66	74.15	367.64	79.72
▪ Government Agencies	372.40	54.73	96.10	25.85	93.51	20.28
2. Maintenance Service Agreement (MA)	122.88	100.00	156.75	100.00	160.25	100.00
▪ Private Companies	87.76	71.42	105.45	67.27	109.83	68.54
▪ Government Agencies	35.12	28.58	51.30	32.73	50.42	31.46
3. Other Information Technology Service (Other IT Service)	44.19	100.00	8.07	100.00	18.14	100.00
▪ Private Companies	5.88	13.31	7.95	98.51	10.53	58.05
▪ Government Agencies	38.31	86.69	0.12	1.49	7.61	41.95

Details of Products and Services

The company provides consulting, design, procure, install and distribute products and equipment related to information technology (Information Technology Solutions Provider: ITP) which can classify details of products and services according to revenue structure into 3 main groups as follows:

(1) System Integration

(2) Maintenance Service Agreement

(3) Other Information Technology Service

1. System Integration

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology by offering various important solutions to both public and private customers in 2 types as follows: (1) General trade and (2) Financial lease. In 2017 – 2019, the Company has revenue structure in 2 types as follows:

Type of Revenue	2017		2018		2019	
	THB Million	**%**	**THB Million**	**%**	**THB Million**	**%**
System Integration						
1. General trade	668.81	98.29	370.06	99.54	434.16	94.15
2. Financial lease	11.66	1.71	1.70	0.46	26.99	5.85
Total Revenue from System Integrator	680.47	100.00	371.76	100.00	461.15	100.00

The Company offers product solutions to customers into 6 categories as follows:

1.1 Computer Network Infrastructure

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to computer network infrastructure. Computer network is an important infrastructure of the information technology system of the organization equivalent to a road or expressway that was built to support different types of cars to run. Cars are equivalent to the data of various applications that is used in the organization. If the infrastructure is not well designed at the beginning, it may cause traffic congestion or various limitations causing the expansion of the infrastructure inefficient.

Computer network infrastructure is the backbone of various departments and organizations, used as a path for linking systems together. The Company realizes the importance of computer network infrastructure, thus it focuses on developing personnel to be proficient in different products to keep up with the technology changes. The Company has employees with expertise in networking equipment with a variety of technologies and solutions as follows:

(1) Network Backbone

Network Backbone is the network system for transmitting main signals with high speed and stable data transmission to resuce the loss of the signal through the long distance. If there is a problem sending data, there will be a backup path to sending data instead. Network Backbone is considered as an important infrastructure for every organization from small organizations to large organizations, because every organization needs information and applications for business operations.

(2) WAN Network

WAN network (WAN, short for Wide Area Network) is a network that serves to link between offices or branches, covering areas at provincial and national levels for data transmission over long distance networks. Therefore, WAN network will be used in organizations with branches in other provinces or abroad in order that each branch can access the organization's information.

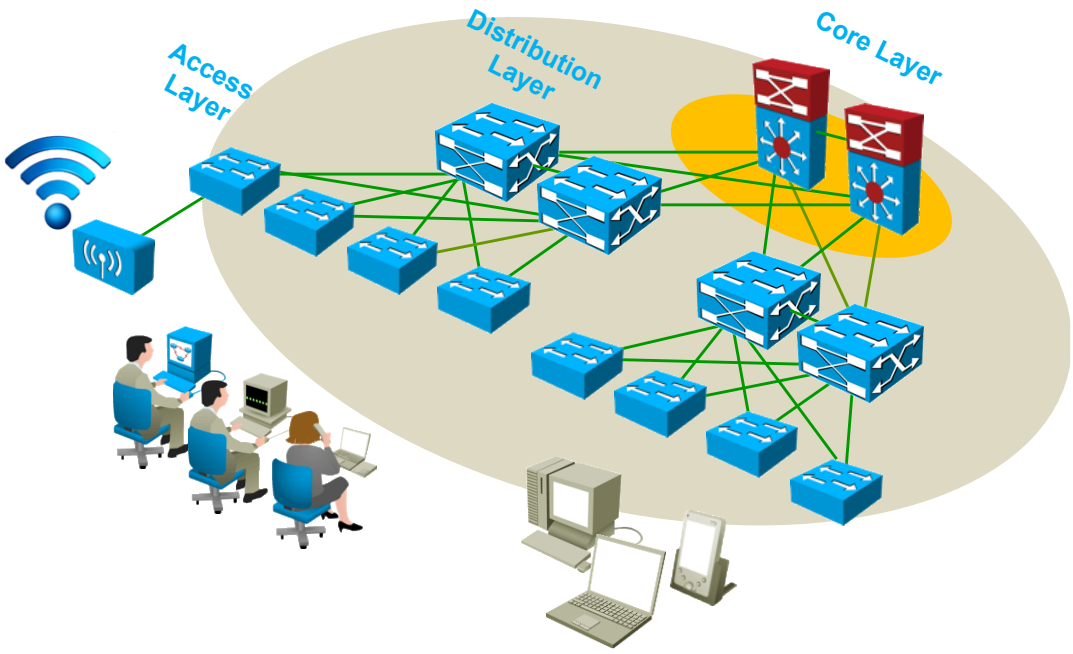
(3) Cabling System

Cable system is an intermediary used for receiving-sending and exchanging information either internal or external organization. It includes UTP Copper and Fiber Optic. Using different types of cables will affect the signal transmission at different speeds. At Present, fiber optic can transmit data faster than 100 Gbps.

The Company is trusted by Cisco Systems, Inc. ("Cisco Systems: Cisco"), a leading company with expertise in computer network infrastructure, and is appointed as an official Gold Certified Partner.

Product details for Computer Network Infrastructure

Brand	Model/Product	Qualification	Customer
Cisco	Network Switch	A network broadcasting device to connect the computer network within an organization	Private organizations and government agencies
	Router	A device that connects the network between offices and branches through leased circuits such as Lease Line, MPLS and Internet etc.	Private organizations and government agencies
	Software Defined Network	A network management system that uses software to configure and control the operation of the network automatically	Private organizations and government agencies
Cisco	Software Define WAN	A technology that helps network operators to upgrade SDN to be more efficient and can service through MPLS, even LTE and Broadband. It also help to maintain control connection devices between corporate networks, including branches and data centers that are separated from each other	Private organizations and government agencies



Sample Picture of Computer Network System

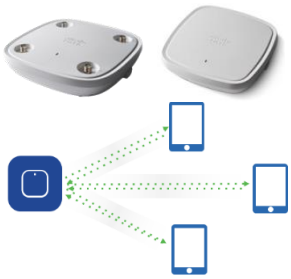
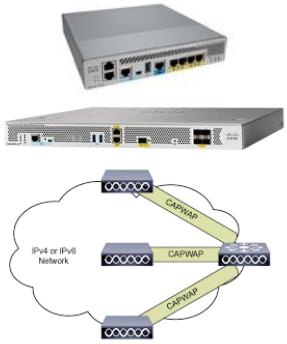
1.2 Wireless LAN

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to wireless LAN. Wireless LAN has a form of communication using radio frequency transmission in the radio frequency area to receive and send data between each computer through the air. It can be transmitted through walls, ceilings or other buildings without the need for wiring. In addition, Wireless LAN also has all same features as a LAN system.

Wireless LAN is the technology developed to make it easier to connect various devices into the network with radio signals using the 2.4 GHz and 5 GHz frequency band. Currently, it can receive – send data for up to 2 Gbps for wireless communication systems. The Company has experts in installation and design systems including consultation and presenting the system that is suitable for the customer requirements.

The Company is trusted by Cisco Systems, Inc. ("Cisco Systems: Cisco"), a leading company with expertise in wireless LAN, and is appointed as an official Gold Certified Partner.

Product Details for Wireless LAN

Brand	Model/Product	Qualification	Customer
Cisco	Access Point 	Wireless network broadcasting equipment which supports standardized connections 802.11a/b/g/n/ac/ax at the highest speed of wireless connections up to 2.6 Gbps	Private organizations and government agencies
	Wireless Controller 	Control and management equipment for centralized wireless network signal distribution equipment	Private organizations and government agencies
	Meraki Access Point	Wireless communication equipment with cloud services management to fulfill customers from small to large number of branches with management through the internet	Private organizations and government agencies

Sample Picture of Wireless LAN Infrastructure

1.3 Network Security

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to network security. The network system has many participants, thus there are people who wish well and bad at the same time. It is commonly seen that there are many types of computer network crimes such as trapping the signal and secretly recording the signal, hackers who are computer experts to penetrate computer network systems, virus computer which is the computer program written to attack data in network security.

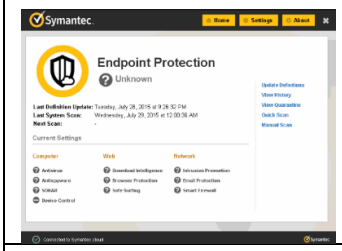
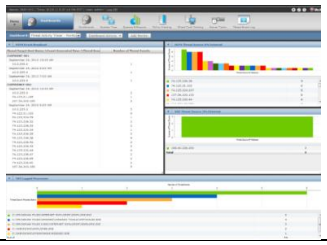
To protect the system and data for customers, the Company provides design, procurement, installation and distribution of products and equipment related to network security to solve complicated network connection problems both internal and external of organizations. Network security will help reduce many threats that may affect the network of organizations and increase the potential and efficiency of operations in organizations. Products and equipment related to network security are available in both hardware and software such as Firewall System, IPS/IDS System, VPN System, Antivirus Software etc.

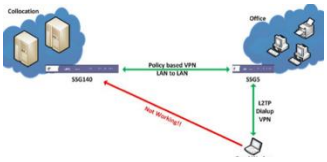
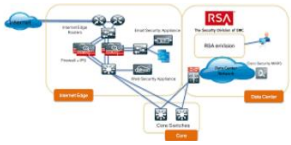
The Company is trusted by leading companies with expertise in network security and is appointed as business partners of Cisco Systems, Inc. (Cisco), Fortinet Inc. (Fortinet), Palo Alto Networks Inc. (Palo Alto Networks) and Symantec Corporation (Symantec).

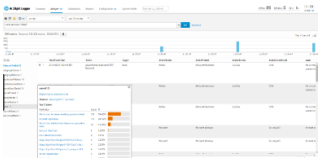
Product Details for Network Security

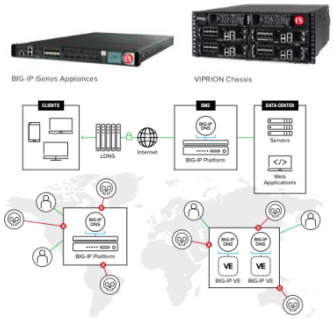
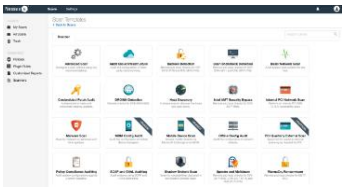
Brand	Model/Product	Qualification	Customer
Cisco	Next Generation Firewall	Network security that protects and checks the access between network, server and internet. Currently, the device can check and separate the types of use, such as playing games, sending messages, sending images, watching videos, etc., in order to restrict the usage	Private organizations and government agencies
	IPS/IDS (Intrusion Prevention System)	Intrusion Prevention System acts to prevent intrusion from both inside and outside the network by monitoring the nature of the data that is risky or affecting the existing system and can suggest solutions for the system to prevent	Private organizations and government agencies
	VPN (Virtual Private Network)	Virtual private network works via public internet networks or may run on other IP networks by providing services as if we were able to connect directly to the organization's system with data encryption before transmission to provide accurate and safe information and prevent smuggling	Private organizations and government agencies

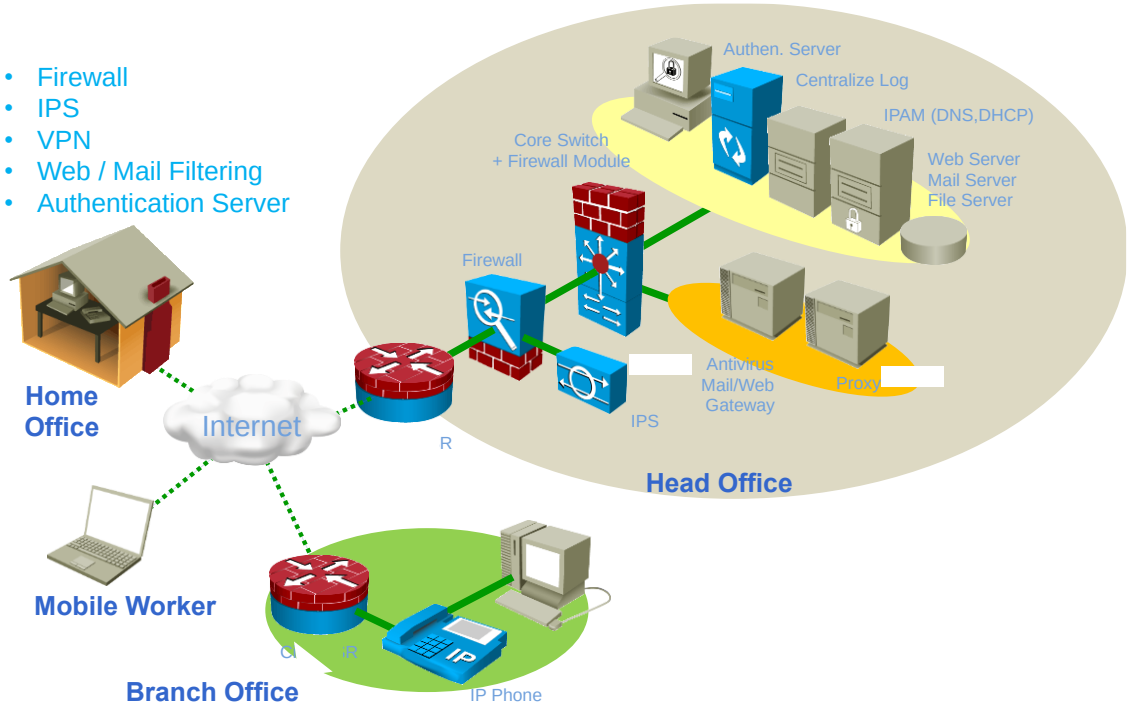
Brand	Model/Product	Qualification	Customer
Cisco	Web/Mail Filtering	Security system for website and email that protect and filter bad websites and emails such as viruses, malware that will destroy data in the device, etc. in order that the organization can use the website and emails safely	Private organizations and government agencies
	Authentication Server	Authentication Server to prove the right to use the internet that will check the user of the internet network. The system will check the Username and Password before using and grant rights to access the internet network	Private organizations and government agencies
	NAC (Network Admission Control)	Network Admission Control can set the network access policy with different usage rights according to the type of equipment used (Computer, Notebook, Mobile Phone and Tablet), the location of use, time and software inside the device, etc.	Private organizations and government agencies
Fortinet	Next Generation Firewall	Network security that protects and checks the access between network, server and internet. Currently, the device can check and separate the types of use, such as playing games, sending messages, sending images, watching videos, etc., in order to restrict the usage	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
Palo Alto Networks	Next Generation Firewall	Network security that protects and checks the access between network, server and internet. Currently, the device can check and separate the types of use, such as playing games, sending messages, sending images, watching videos, etc., in order to restrict the usage	Private organizations and government agencies
Symantec	Anti Virus 	Software for protecting and removing viruses and malware on the computer.	Private organizations and government agencies
	Web/Mail Filtering	Security system for website and email that protect and filter bad websites and emails such as viruses, malware that will destroy data in the device, etc. in order that the organization can use the website and emails safely	Private organizations and government agencies
	Proxy Server	Computer systems that provide various services instead of the real server	Private organizations and government agencies
McAfee	IPS/IDS (Intrusion Prevention System) 	Intrusion Prevention System acts to prevent intrusion from both inside and outside the network by monitoring the nature of the data that is risky or affecting the existing system	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
		and can suggest solutions for the system to prevent	
McAfee	Log management	System for storage keeping and analyzing log, which is data that records usage on the network. It is responsible for storing log for network and internet access then analyze the data and help find the behavior of network attacks and alert system administrators	Private organizations and government agencies
Juniper	VPN (Virtual Private Network) 	Virtual private network works via public internet networks or may run on other IP networks by providing services as if we were able to connect directly to the organization's system with data encryption before transmission to provide accurate and safe information and prevent smuggling	Private organizations and government agencies
RSA	Log management 	System for storage keeping and analyzing log, which is data that records usage on the network. It is responsible for storing log for network and internet access then analyze the data and help find the behavior of network attacks and alert system administrators	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
ArcSight	Log management 	System for storage keeping and analyzing log, which is data that records usage on the network. It is responsible for storing log for network and internet access then analyze the data and help find the behavior of network attacks and alert system administrators	Private organizations and government agencies
Sangfor	Authentication Server	Authentication Server to prove the right to use the internet that will check the user of the internet network. The system will check the Username and Password before using and grant rights to access the internet network	Private organizations and government agencies
ForeScout	NAC (Network Admission Control)	Network Admission Control can set the network access policy with different usage rights according to the type of equipment used (Computer, Notebook, Mobile Phone and Tablet), the location of use, time and software inside the device, etc.	Private organizations and government agencies
Imperva	Web Application Firewall (WAF)	Prevention System for intruding, attack applications and APIs via the web, which will inspect and protect attacking from data transmissions. It also examines application risks and open services to be safe from hacker and to ensure smooth business operations with highly effective.	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
		This system is necessary for various E-Commerce websites.	
F5	DDos Protection 	Distributed Denial-of-Service (DDoS) network attack protection system will monitor and protect attacking from data transmissions. It also examines application risks and open services in corporate network to be safe from hacker and to ensure smooth business operations with highly effective.	Private organizations and government agencies
Rapid7	Vulnerability Assessment tool	Vulnerability Assessment tool is responsible for searching and analyzing system vulnerabilities in operating systems, applications or devices on various networks and advises on how to fix those vulnerabilities.	Private organizations and government agencies
Tenable	Vulnerability Assessment Tool 	Vulnerability Assessment tool is responsible for searching and analyzing system vulnerabilities in operating systems, applications or devices on various networks and advises on how to fix those vulnerabilities.	Private organizations and government agencies



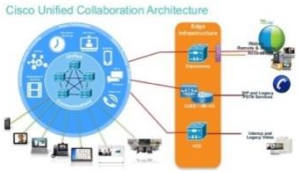
Sample Picture of Network Security

1.4 Unified Communication

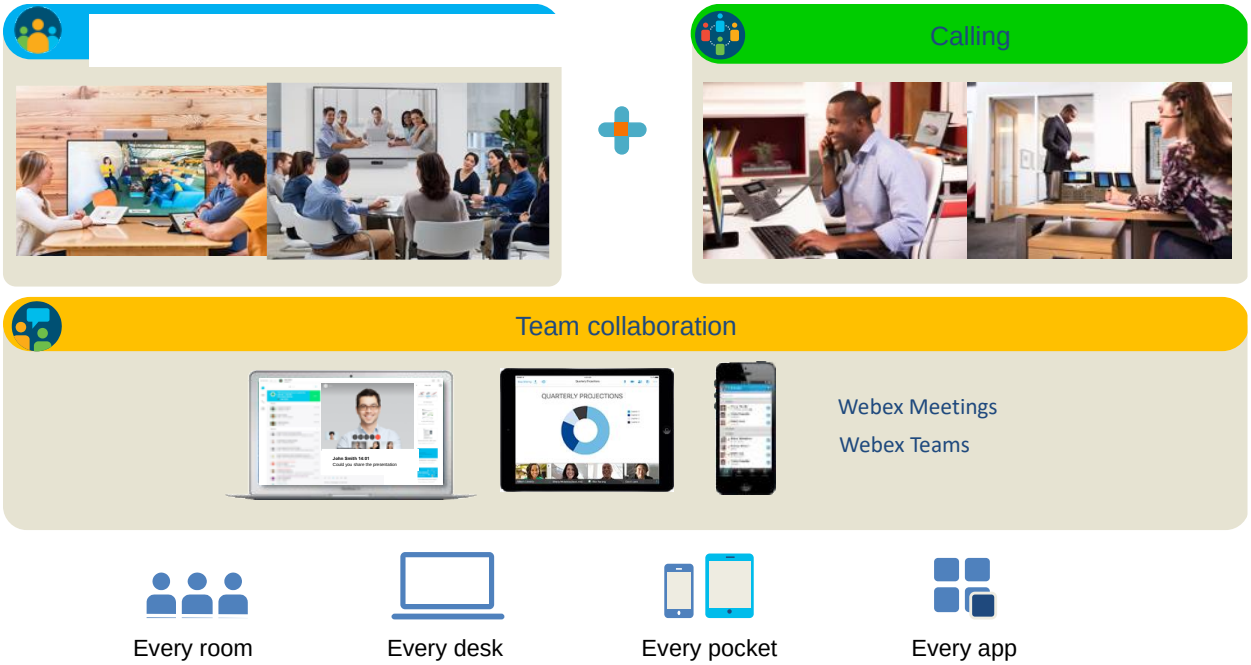
The Company provides consulting, design, procurement, installation and distribution of products and equipment related to unified communications. Unified communications will combine voice, video, data and mobility communications to increase the operational efficiency of the Company and be able to collaborate from anywhere in order to make decisions faster. In addition, unified communication systems help the Company to save telephone expenses, improve security systems from inside and outside, gather customer information and enable employees to work more efficiently.

The Company is trusted by Cisco Systems, Inc. (Cisco), a leading company with expertise in systems and support equipment related to unified communications, which appointed the company, and is appointed as an official Gold Certified Partner.

Product Details for Unified Communication

Brand	Model/Product	Qualification	Customer
Cisco	Unified Communications 	Unified communication system is a combination of both video and audio communication and various information in the network system to make communication in the organization efficient and easier to use. Large or small businesses can easily coordinate and reduce work complexity.	Private organizations and government agencies
	Contact Center	Contact Center system is a center for contact and interaction between companies and customers, not only by phone but also by contacting the customer through other methods such as newsletters, Emails, catalogs, mails, website inquiries and chats. Contact Center provides software that helps send contact information to the following list of people and can collect data. At present, Contact Center is an important component of multi-channel marketing.	Private organizations and government agencies
	Conferencing	Video communication system for multiple participants which can send and receive image and audio data, including presentation documents.	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
Cisco	Collaboration Endpoints	The destination communication device is available for using in many forms, consisting of ▪ Collaboration Desk Endpoints ▪ Collaboration Room Endpoints ▪ IP Phones	Private organizations and government agencies



Sample Picture of Unified Communication

1.5 Data Center Solution

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to data center. The data center system is an infrastructure that gathers system resources, including server storage, network equipment and other support systems. It requires the ability to automatically allocate and modify resources in order that business applications can provide services that respond promptly to business needs with efficiency, stability, continuity and safety. In addition, the data center must support the amount of data, server storage and increased connection. The Company provides the following solutions for data center.

(1) Server is a computer or operating system or computer program, which provides services for computers or computer programs in the network system.

(2) Data Storage is the data storage system of the data center. A good data storage system will help preserve data and quickly retrieve data for use.

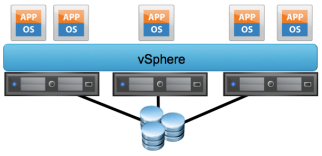
(3) Backup Software is a program that helps to backup data. In the event that the data is damaged, it can retrieve the backed up data for use.

(4) WAN Optimization is a device or system responsible for improving the efficiency of various applications through the WAN network which will save bandwidth and increase the speed of data transmission.

The Company is trusted by leading companies with expertise in data center and is appointed as business partners of Cisco Systems, Inc. (Cisco), Netapp Inc. (Netapp) and VMware Inc. (VMware).

Product Details for Data Center

Brand	Model/Product	Qualification	Customer
Cisco	Data Center Switch	The signal distribution equipment is designed to be highly efficient, to support the expansion of the system as well as to work in the environment of Virtualization at full capacity in order to connect to the server and storage in the same data center or different data centers and connect various services from inside data center to users and customize as needed as Software-defined Network	Private organizations and government agencies
Cisco	Servers - Unified Computing	Server computers created by combining network processing, storage and virtualization together with a high-performance integrated management system	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
NetApp	Dat a Storage System	Storage system and backup including software for data management to easier managing information	Private organizations and government agencies
VMware	Data Center and Cloud Infrastructure 	Software for creating virtual machines (VMs) or virtual computers	Private organizations and government agencies
HP	Server	Server computer	Private organizations and government agencies
Dell EMC	Data Storage System	Storage system and backup including software for data management to easier managing information	Private organizations and government agencies
	Server	Server computer	Private organizations and government agencies

Sample Picture of Data Center Room

1.6 Network Management System

The Company provides consulting, design, procurement, installation and distribution of products and equipment related to network management system. Network management system will act as a network controlling and monitoring center with a warning system. When any part of the network is malfunction or crash, it will notify the system administrator immediately so that the administrator can quickly repair. The main function of the network management system is to constantly monitor the network, report network usage statistics such as quantity of data and user volume. The statistical data can be written in graph for administrators to analyze and plan for network expansion. Administrators can also check and fix the system from a central location, including software installation, system configuration for remote network devices in order to monitor and manage the network efficiently and reliably for a long time. Therefore, the Company provides the following solutions in network management system.

(1) Fault Management is to keep the history (Log), checking and fixing various errors occurred in the network.

(2) Configuration Management is to manage the prerequisites of the network equipment.

(3) Account Management is to collect history (Log) of creating, using, controlling usage of network resources and various devices of network users in order to determine their quotas and rights.

(4) Performance Management is to create host accounts and related equipment, monitor, report, analyze, and control network performance.

(5) Security Management is to control the access to network resources in accordance with the policy.

The Company has collaborated with leading companies that are renowned for network management systems to sell their products as follows:

Product Details for Network Management System

Brand	Model/Product	Qualification	Customer
Cisco	Network Management Software	To manage devices from the branch to the data center and manage devices on the wired and wireless network, starting from the installation, control, surveillance and maintenance from one screen	Private organizations and government agencies

Brand	Model/Product	Qualification	Customer
Solarwinds	Network Management Software	To manage network systems, applications, servers, data storage and virtualization that can manage many devices and have special capabilities such as creating connection diagram, showing data transfer routes, monitoring insight information, supporting very large systems and monitoring application or harddisk on storage.	Private organizations and government agencies
ManageEngine	Network Management Software	To monitor comprehensive network, cover entire network, monitor real-time network performance and control the network with proactive flaw detection to ensure business continuity by maintaining high availability and supporting many products	Private organizations and government agencies

2. Maintenance Service Agreement (MA)

In order that computer network systems can work correctly and continuously, the company provides system maintenance services to customers. The maintenance service contract will be approximately 1 - 5 years, including the repair service, replacement of damaged equipment at the installation point. This service is divided into 3 main categories as follows:

(1) Preventive Maintenance

(2) Collective Maintenance

(3) Warranty

The Company can provide maintenance services to ensure the smooth operation of the system both while working as normal and after an unusual event, including sit-in service at the client office. The

Company has an expert engineering team with training and certificate from product owners. The Company can serve customers quickly and fulfill customers' requirements with 2 types of services as follows:

(1) Maintenance Gold (7 days x 24 hours) The Company provides services to customers everyday, including public holidays.

(2) Maintenance Silver (5 days x 8 hours) The Company provides services to customers during business hours, Monday through Friday from 8:30 am – 5:30 pm.

In addition, the Company has a service to send employees to sit-in at the client's site to provide services and system maintenance and solve problems immediately according to the agreed contract with customers.

3. Other Information Technology Services (Other IT Services)

Other services provided by the company include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer and make the payment on a one-time basis.

In addition, the Company provides software design and development services. Due to the Company oversee that the hardware business related to information technology is stable, the Company is looking for new business opportunities and foresee the growing trend in system design and development services. Therefore, the Company expands the business to software. In 2017, the company together with business partners got the first project to design and develop software systems to increase the efficiency of wireless internet for public use (Free Wi-Fi) for a government agency. Later in August 2019, the Company, together with its business partners, won the bidding for Train Driving Simulator software system project for a government agency with the project value of THB 58.76 million, which was signed the contract in September 2019

Strengths of Products and Services

(1) Business Partner with World-Class Information Network Equipment Manufacturers

The Company is entrusted as Cisco Gold Partner Partner. At present, only 11 companies in Thailand receive the Gold Certified Partner. In addition, the Company is a business partner with equipment manufacturers and other leading information network software such as NetApp, Palo Alto Networks, Symantec, VMware, and Fortinet.

(2) Warranty and After-sales Service

The Company has a policy to guarantee the project for a period of 1 year to provide customers the confidence in the quality of products and services. The Company has a team with experts in providing

after-sales services to ensure that the client's system can operate business continuously 24 hours a day, with the call center and engineering team with specialized expertise.

(3) Providing Financial Lease to Customers

The Company provides financial services in the form of financial leases to customers in both the public and private sectors. The contract is scheduled between 36 months to 60 months as an option for customers who do not want to pay the entire project at one time.

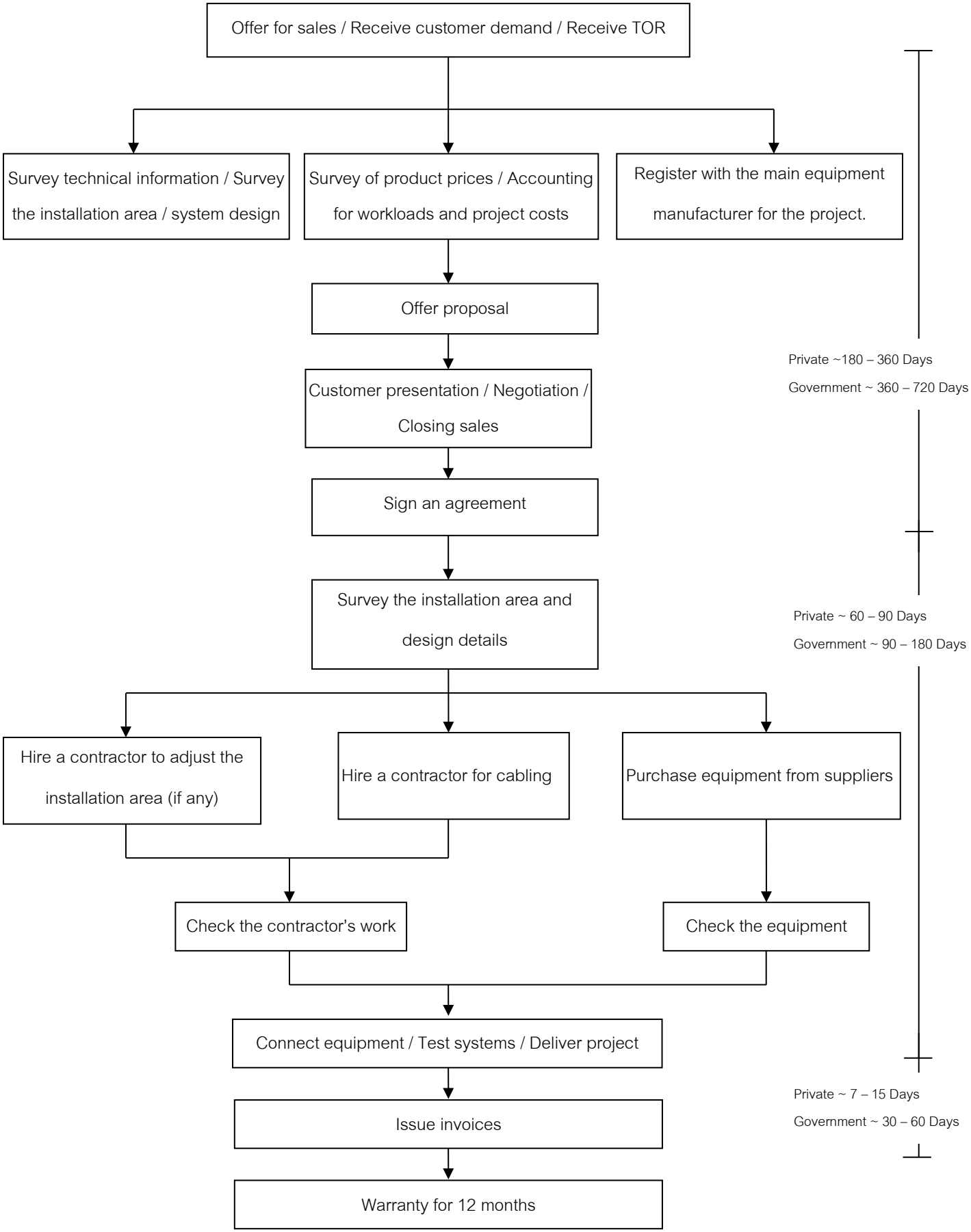
(4) Specialized Experts to fulfill Customer Requirements.

The Company has 7 CCIE (Cisco Certified Internetwork Expert) experts. Moreover, the Company has experts in other products such as NetApp, Palo Alto Networks, Symantec, VMware and Fortinet. Therefore, the Company has personnel that can provide efficient customer service and meet the customer standard. In addition, the Company focuses on the development of employees' potential to learn new knowledge to increase work efficiency, including team work and technology tracking that employees can respond promptly to technology changes.

(5) Maintaining Good Relations with Customers and Partners

The Company maintains a good relationship with customers and partners for a long time. Due to the Company's management group previously worked with a reputable telecommunications company, the Company can understand the needs of customers. In addition, the management team has the opportunity to work with many product owners, allowing the Company to select the product and project appropriately and to deliver products and services to customers with quality and within the schedule specified by the customer.

Service Procedures of the Company



Considering the duration of the project, starting from accepting customer requirements until signing an agreement, it takes about 180 – 360 days for private companies and about 360 – 720 days for government agencies. Processes from installation to delivery will take approximately 60 – 90 days for private companies and approximately 90 – 180 days for government agencies. After the project is completed, the Company will provide the warranty for 12 months.

Marketing and Competition

1. Competitive Strategy

1.1 Products and Services

(1) Business Partner with World-Class Information Network Equipment Manufacturers

The Company has been trusted to be a partner of Cisco since 2006. The Company began with a Premier Certified Partner and it was promoted to the highest Gold Certified Partner in 2010 until present. Only 11 companies in Thailand receive the Gold Certified Partner. In addition, the Company is a business partner with equipment manufacturers and other leading information network software such as NetApp, Palo Alto Networks, Symantec, VMware, and Fortinet. Business partner with product owners will help the Company to receive the support in term of knowledge, training on technology and products, accessing the distributor network and receiving on products to meet customer requirements, including discounts on product purchases that will enhance the Company's competitiveness.

(2) Warranty and After-sales Service

To provide customers the confidence in the quality of products and services, the Company has a policy to guarantee the project for a period of 1 year. The Company has the department that provides after-sales and maintenance services, which consists of engineers with knowledgeable expertise in each type of products and services. Service and maintenance department will be divided into Preventive Maintenance which is the periodic maintenance as specified in the contract and Collective Maintenance which is the repairing of the immediate breakdown. The Company's service and maintenance department can serve customers quickly and fulfill customer requirements resulting that customers satisfy and trust in the service of the Company.

(3) Providing Financial Lease Option to Customers

The Company provides financial services in the form of financial leases to customers in both the public and private sectors. The contract is scheduled between 36 months to 60 months as an option for customers who do not want to pay the entire project at one time. Providing financial lease services

will increase the opportunity for the Company in receiving more projects from customers that have insufficient budgets for projects.

1.2 Employee

Business of providing consulting, design, procurement, installation and distribution of products and equipment related to information technology systems requires the personnel with knowledge and expertise. At present, the Company has 7 CCIE (Cisco Certified Internetwork Expert) experts, which are more than the minimum of Cisco that requires the Company to have at least 4 experts with CCIE. Therefore, the Company has personnel that can provide efficient customer service and meet the customer standard. In addition, the Company focuses on the development of employees' potential to learn new knowledge to increase work efficiency, including team work and technology tracking that employees can respond promptly to technology changes and have more adaptability.

1.3 Cost Management

The Company focuses on cost management and providing services for a competitive advantage while maintaining product quality and services to meet global standards. The Company is a partner of Cisco Gold Certified Partner, which allows the Company to buy products at a lower cost, to increase competitive advantage with other organizations in the long run.

1.4 Building Good Relationships with Customers and Partners

The Company maintains a good relationship with customers and partners for a long time. Due to the Company's management group previously worked with a reputable telecommunications company, the Company can understand the needs of customers. In addition, the management team has the opportunity to work with many product owners, allowing the Company to select the product and project appropriately and to deliver products and services to customers with quality and within the schedule specified by the customer. Therefore, the Company has been trusted by both government and private customers continuously.

1.5 Expanding Project Size

The Company has the strategy to expand the business by increasing the size of the project and focusing on more value projects from both government agencies which have an investment plan to promote the digital society and create equal access to communication services according to the 20-year national strategy, and private companies which tend to increase information technology investment. In order to receive a larger project, the Company needs to use more working capital for Bid Bond, Performance Bond and Retention Bond. Therefore, the Company searches for business

partners to join in more valuable projects. To select business partners, the Company will consider business conditions and support of each partner to maximize benefits for the Company.

2. Distribution Channels and Target Customers

2.1 Target Customers

Customer group of the Company covers both private companies and government agencies in various industries: telecommunications industry, automotive industry, oil and refinery industry, cement industry, hospitals, financial institutions educational institutions and logistics that requires products and services related to computer networks and information technology systems to operate the business and to increase efficiency and security of information technology system. The Company will have a higher proportion of the project value of private companies than government agencies. The Company offers projects from small projects with a value of hundreds of thousands to medium-sized projects with a value of hundreds of millions. The revenue structure of the Company Classified by target customers in 2017 – 2019 as follows:

Revenue Structure	2017		2018		2019	
	THB Million	%	THB Million	%	THB Million	%
1. Private Companies	401.71	47.40	389.06	72.51	488.00	76.30
2. Government Agencies	445.83	52.60	147.52	27.49	151.54	23.70
Total	847.54	100.00	536.58	100.00	639.54	100.00

Private companies and government agencies customers can be divided into various groups as follows:

(1) General private companies

The general private company customers of the Company consist of public companies listed on the Stock Exchange of Thailand, multinational companies, limited companies, hospitals and private health agencies, and private educational institutions etc.

(2) Government agencies

The government agency customers of the company consist of government agencies, state enterprises, hospitals and government health agencies, and public educational institutions that have procurement methods under government regulations.

2.2 Distribution Channels

The Company has a sales team that specializes in providing fast and complete service. Sales department is responsible for finding new customers and sustaining existing customers by contacting and negotiating with customers directly. The Company's sales department can be divided into 2 parts: (1) Sales and (2) Telesales. Each sales member will take care of customers without dividing by

customer group or type. Sales staffs will be responsible for customers from the beginning and will continue to look after those customers in order to maintain their relationship. Telesales will be responsible for calling new customers to offer products and solutions.

For government agency customers, sales department will follow up procurement announcements from government agencies. The period from acquiring customers' specifications until making an agreement is approximate 360 - 720 days. There are 3 methods of procurement by government agencies as follows:

(1) Invitation method is that government agencies will invite general entrepreneurs who meet criteria specified by government agencies to submit proposals. Invitation method can be classified in 3 ways as follows:

(1.1) Electronic market (E-Market) can be divided into 2 types as follows:

(1.1.1) Quotation

(1.1.2) Electronic auction

(1.2) Electronic bidding (E-Bidding)

(1.3) Price examination

(2) Selection method is that government agencies will invite only entrepreneur who meets criteria specified by government agencies. Participants must not be less than 3 to submit the proposal except that there are less than 3 qualified entrepreneurs.

(3) Specific method is that government agencies will invite a particular entrepreneur who meets criteria specified by government agencies to submit proposals or negotiate prices, including directly purchasing materials from entrepreneurs

For private companies, sales department will contact the staff of the information technology department for future projects and present products and services. The period from acquiring customers' specifications until making an agreement is approximate 180 - 360 days. There are 2 methods of procurement by private companies as follows:

(1) Quotation

(2) Electronic auction (E-Auction)

For private company customers, sales team and technical consultant will introduce the new technical and systems to customers in order to convince customers to realize benefits of using various systems in working. Then, if customers are interested in products and services, sales department will enter into price negotiations and contract signing.

2.3 Price Policy

(1) System Integrator

The Company determines sales and service prices by mainly referring to the cost of the project. The Company will consider procuring appropriate products in terms of price and technic, including planning for effective project management at the lowest cost. The project cost includes the cost of equipment and installation services, plus an appropriate margin (Cost-Plus Pricing). In addition, the Company determines prices by considering projects that can be extended or ordered additional equipment in the future and consider the competitive conditions of that project. The Company has set a target of gross profit margin for each project. If the project has been evaluated to have more gross profit than specified gross profit, the sales department can approve the project. The salesperson can offer the price that is lower than the specified gross margin, but it must be approved according to the authority limit. The Company also has a discount policy for customers to increase competitiveness with competitors.

In term of financial leases, the Company will determine sales and services prices with interest charged on installments for products and services throughout the contract in addition to the general offering price.

(2) Maintenance Service Agreement and Other IT Service

For maintenance service agreement and other IT service, the Company will determine price by referring to the cost of procurement of products and services plus an appropriate gross margin (Cost-Plus Pricing), including considering former prices offered to customers and adjusting prices based on the amount of purchase, service conditions and other conditions such as payment terms delivery period, warranty period, shipping and taxes etc.

3. Industrial Situation and Competition

3.1 Overview of Communication Market in Thailand

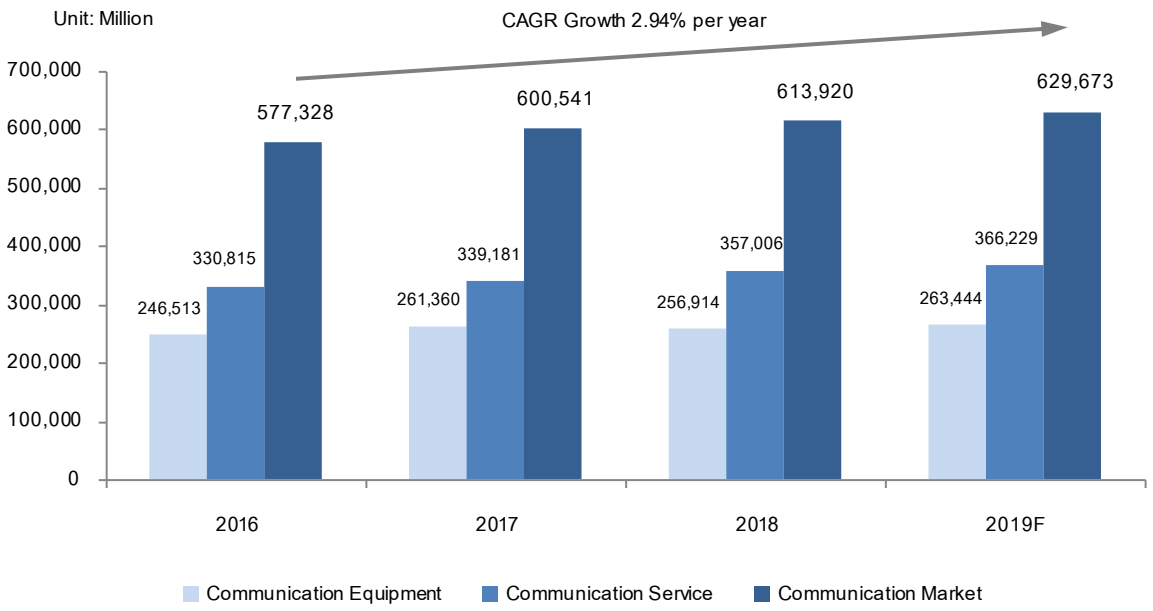
The communication industry is a large market worth around THB 61 billion in 2018, accounting for 3.9% of GDP, with a growth rate of 2.2% from 2017. The communication market in Thailand is one of the important markets that help drive growth of the national economic and social sectors. The communication market is divided into 2 groups:

(1) Communication Equipment

(2) Communication Service

ประเภท	2016 (THB Million)	Growth (%)	2017 (THB Million)	Growth (%)	2018 (THB Million)	Growth (%)	2019F (THB Million)	Growth (%)
Communication Equipment	246,513	8.82	261,360	6.02	256,914	-1.70%	263,444	2.54
Communication Service	330,815	6.90	339,181	2.53	357,006	5.26%	366,229	2.58
Total Communication Market	577,328	7.71	600,541	4.02	613,920	2.23%	629,673	2.57

Communication Market in Thailand



Source: Office of the National Broadcasting and Telecommunications Commission (NBTC)

Based on data on the value of communication market in Thailand in 2017, 2018 and 2019 forecast by Office of the National Broadcasting and Telecommunications Commission (NBTC) found that the value of the communication market in Thailand in 2017 totaled THB 600,541 million, an increase of THB 23,213 million from 2016 at THB 577,328 million, or a growth rate of 4.02 percent, mainly from the communication service market. In 2017, the communication service market is worth THB 339,181 million, representing 56.48 percent compared to the total market value. While the

communication equipment market is worth THB 261,360 million, representing 43.52 percent compared to the total market value.

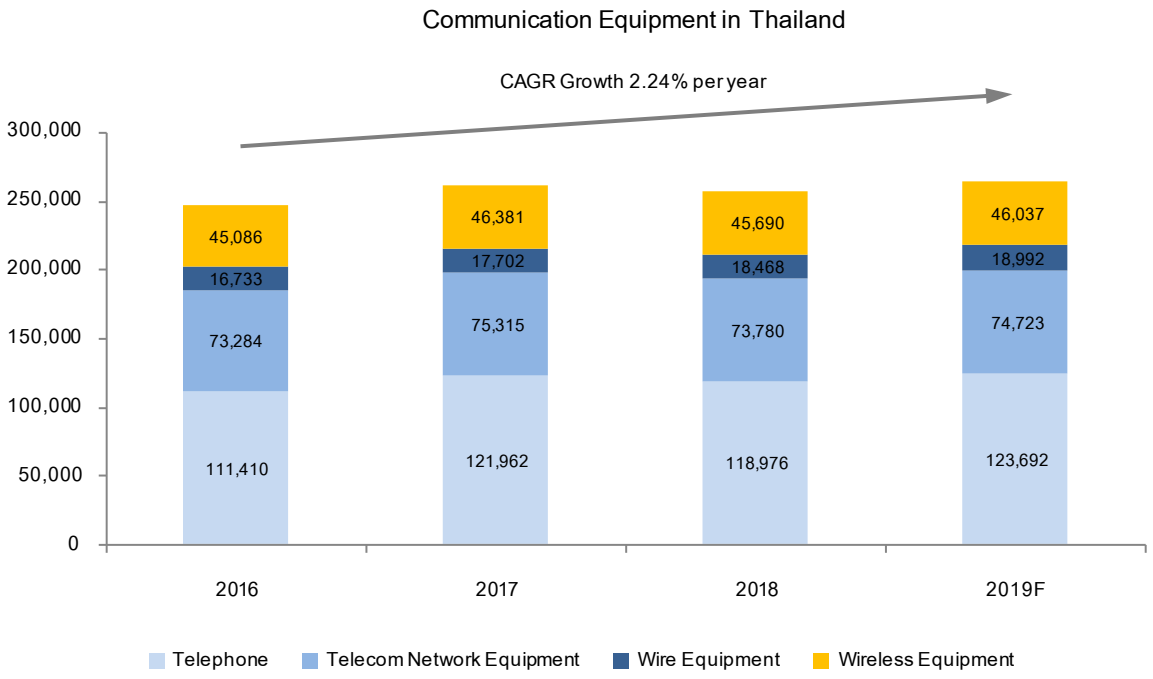
In 2018, the value of the communication market in Thailand is THB 613,920 million, an increase of THB 13,379 million from THB 600,541 million in 2017, or 2.23 percent growth.The majority of the market value comes from the communication service market. In 2018, the communication service market is worth THB 357,006 million, representing 58.15 percent compared to the total market value. While the communication equipment market is worth THB 256,914 million, representing 41.85 percent compared to the total market value.

For 2019 forecast, the value of the communication market in Thailand is estimated at THB 629,673 million, an increase of THB 15,753 million from 2018 at THB 613,920 million or 2.57 percent growth. The majority of the market value comes from the communication service market. It is estimated that in 2019, the communication service market is worth THB 366,229 million, representing 58.16 percent compared to the total market value. While the communication equipment market is expected to be worth THB 263,444 million, representing 41.84 percent compared to the total market value.

3.1.1 Communication Equipment

The communication equipment market consists of 4 sub-groups as follows: (1) Telephone (2) Telecom Network Equipment (3) Wire Equipment and (4) Wireless Equipment.

Communication Equipment	2016 (THB Million)	Growth (%)	2017 (THB Million)	Growth (%)	2018 (THB Million)	Growth (%)	2019F (THB Million)	Growth (%)
Telephone	111,410	6.08	121,962	9.47	118,976	-2.45	123,692	3.96
Telecom Network Equipment	73,284	5.17	75,315	2.77	73,780	-2.04	74,723	1.28
Wire Equipment	16,733	4.39	17,702	5.79	18,468	4.33	18,992	2.84
Wireless Equipment	45,086	25.91	46,381	2.87	45,690	-1.49	46,037	0.76
Total Market	**246,513**	**8.82**	**261,360**	**6.02**	**256,914**	**-1.70**	**263,444**	**2.54**



Source: Office of the National Broadcasting and Telecommunications Commission (NBTC)

In 2017, the value of the communication equipment market was THB 261,360 million, increased from THB 246,513 million in 2016 or 6.02 percent growth. In 2018, the communication equipment market was THB 256,914 million, slightly decreased from THB 261,360 million in 2017, representing a regression rate of 1.70 percent in accordance with the economic slowdown. It is estimated that in 2019, the communication equipment market is expected to grow again, with the value of THB 263,444 million, up from THB 256,914 million in 2018, or a growth rate of 2.54 percent. Telecom network equipment directly related to the company's business is expected to be worth THB 74,723 million in 2019 or 1.28% growth from 2018.

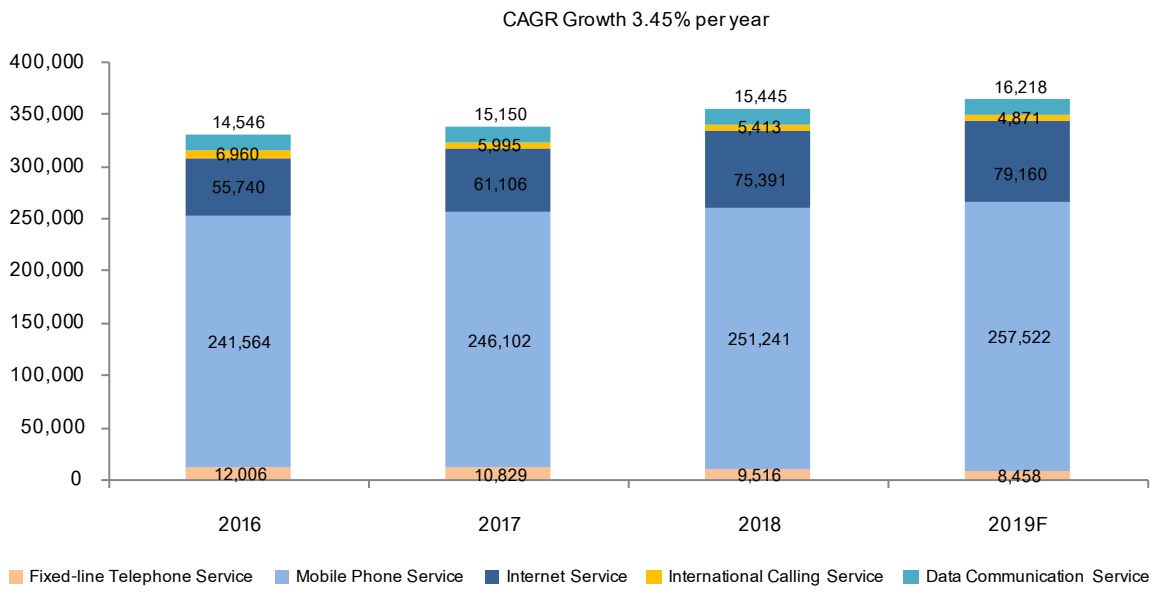
3.1.2 Communication Service

The communication service market consists of 5 sub-groups as follows (1) Fixed-line Telephone Service (2) Mobile Phone Service (3) Internet Service (4) International Calling Service and (5) Data Communication Service.

Internet service market and the data communication service market affects the business operations of the Company. Due to the expansion of internet services and data communication services, it will drive the expansion of the network infrastructure, wireless network and data center.

Communication Service	2016 (THB Million)	Growth (%)	2017 (THB Million)	Growth (%)	2018 (THB Million)	Growth (%)	2019F (THB Million)	Growth (%)
Internet Service	55,740	4.04	61,106	9.63	75,391	23.38	79,160	5.00
Data Communication Service	14,546	1.71	15,150	4.15	15,445	1.95	16,218	5.00
Fixed-line Telephone Service	12,006	-18.93	10,829	-9.80	9,516	-12.12	8,458	-11.12
Mobile Phone Service	241,564	11.63	246,102	1.88	251,241	2.09	257,522	2.50
International Calling Service	6,960	-32.80	5,995	-13.86	5,413	-9.71	4,871	-10.01
Total Market	**330,816**	**6.90**	**339,182**	**2.53**	**357,006**	**5.25**	**366,229**	**2.58**

Communication Service in Thailand



Source: Office of the National Broadcasting and Telecommunications Commission (NBTC)

The communication service market has been continuously growing. In 2017, the communication service market is worth THB 339,182 million, up from THB 330,816 million in 2016, or 2.53% growth. In 2018, the communication service market is worth THB 357,006 million, increased from THB 339,182 million in 2017, representing a growth rate of 5.25 percent. For 2019 forecast, the communication service market will continue to grow with a value of THb 366,229 million, increasing from THB 357,006

million in 2018, representing a growth rate of 2.58 percent. Internet service and data communication service are directly related to the company's business. They are expected that to be worth THB 79,160 million and THB 16,218 million in 2019 or equivalent to the growth rate of 5.00 percent and 5.00 percent from 2018 respectively.

The growth of the communications market is a result of rapidly changing technology along with investment from government agencies to promote the digital society and private investment for supporting the need for more communication services including changes in consumer behavior that requires flexibility, convenience, using social media, watching online media and increasing online transactions. These factors will help promote the value of the communication market to expand in both the communication equipment and the communication service market in the future.

3.2 Supporting factors for the growth of the communication market in 2019

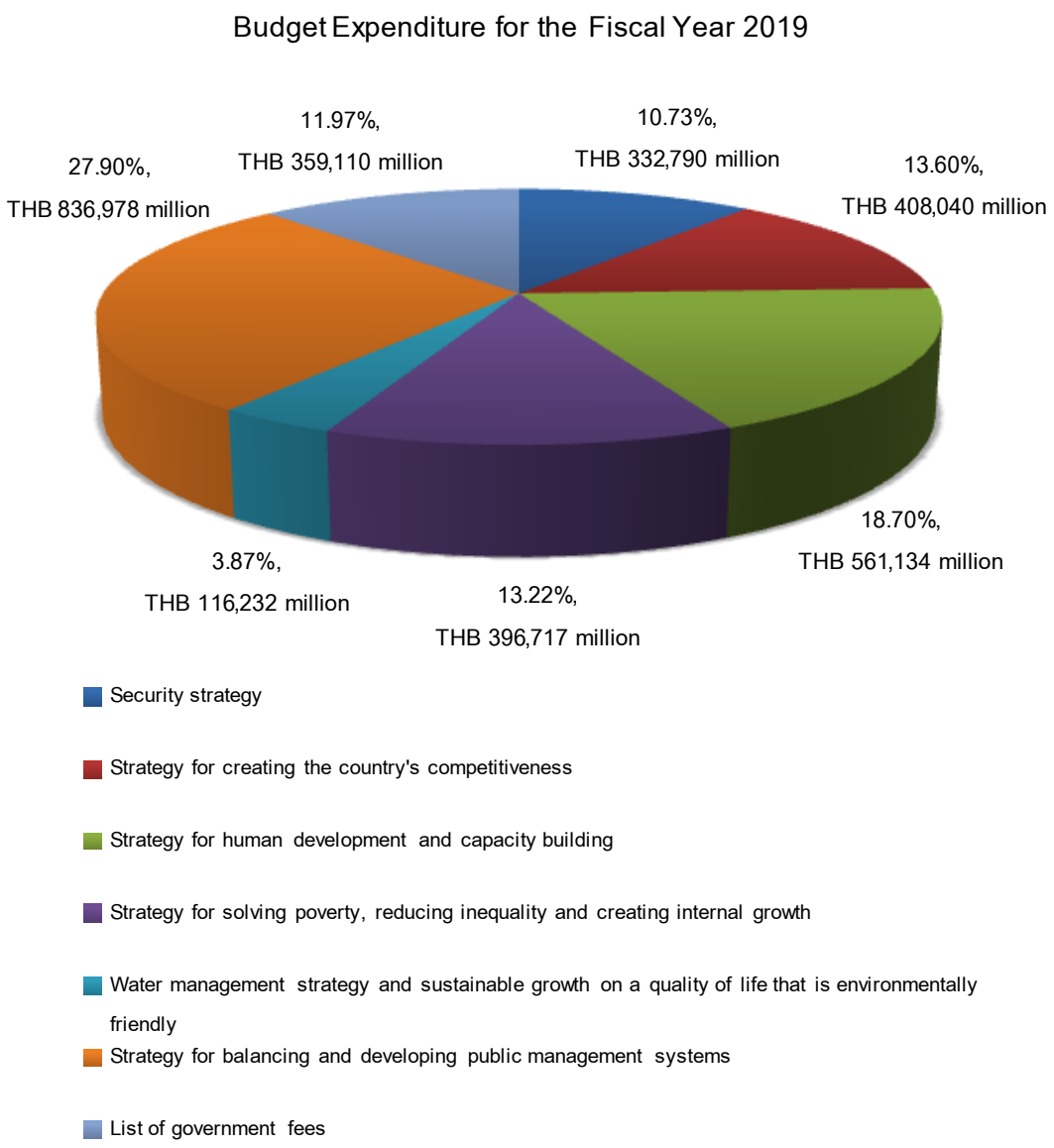
Office of the Broadcasting and Telecommunications Commission (NBTC) has predicted factors that will support the growth of the communication market in 2019 as follows:

3.2.1 Government investment to promote digital society and create equal access to communication services

The government investment in promoting digital society and creating equal access to communication services is in line with the 20-year national strategy, in which the government will use the annual budget allocation to drive Thailand 4.0 Policy and Digital Development Plan for Economy and Society for driving Thailand towards stability, prosperity and sustainability.

3.2.1.1 Annual expenditure budget in 2019 of more than THB 3 trillion for driving the national strategy

The budget allocation strategy for the fiscal year 2019 is prepared in accordance with the national strategy (2018 – 2037), the 12th National Economic and Social Development Plan (2017 – 2021), Thailand 4.0 Policy, National Security Policy (2015 – 2021), Government Policy, Country Reform Plan and National Master Plan. It considers principles of moderation, reasoning and good immunity to drive the government policy with concrete results and to provide the country stability and sustainable wealth for people, with the budget THB 3 trillion.



Souce: Revised budget in accordance with the Annual Budget Expenditure Act B.E. 2562

From the budget allocation for the fiscal year 2019, the budget for the digital economic and social integration plan and for the science, technology and innovation capability development plan has been allocated in the country's competitiveness strategy with a budget of THB 408,040 million.

3.2.1.2 The country's economic structure reform with an emphasis on the use of innovation and technology (Thailand 4.0)

"Thailand 4.0" focuses on the reform of the country's economic structure driven by the use of innovation and technology. It is developed from "Thailand 1.0" that focuses on agriculture to "Thailand 2.0" that focuses on light industry and "Thailand 3.0" that is driven by innovation and technology by relying on development in 3 areas as follows:

(1) Change from producing commodities to innovative products

(2) Change from driving the country with industrialization to driving with technology, creativity and innovation

(3) Change from focusing on the product manufacturing sector to more focusing on the service sector.

The government will use Thailand 4.0 as the starting point for driving the national strategy 20-year to lead the country to stability, prosperity and sustainability. The government establishes industries that are targeted to drive the country's economy, such as the first S-Curve and the New S-Curve with industry details as follows:

Industry continued from Existing Potential Industries (First S-Curve)	Future Industry (New S-Curve)
1. Modern automotive industry	1. Robot industry
2. Intelligent electronic industry	2. Aviation and logistics industry
3. Tourism industry for high income groups and health tourism	3. Biofuels and biochemistry industry
4. Agricultural industry and biotechnology	4. Digital industry
5. Food processing industry	5. Comprehensive medical industry

Source: Strategy for Industrial Development of Thailand 4.0 for 20 years (2017 – 2036), Ministry of Industry October 2016

3.2.1.3 Digital development plan for the economy and society (Digital Economy) that focuses on digital infrastructure development.

The Ministry of Information and Communication Technology has presented a digital development plan for economy and society along with the 20-year national strategy. The plan will apply information technology to economic and social activities that will benefit the information and communication technology industry in the future by focusing on the development of digital infrastructure. Digital development plan aims to provide a data connection covering all areas and having sufficient size for use with stability that consumers can access the connection at an affordable price as a basis for national development activities both economic and social with the highest efficiency. The digital infrastructure includes infrastructure for information technology (IT), telecommunication and broadcasting as well as the convergence in 3 areas that are innovative in digital development for economy and society.

Digital development plan for economy and society has determined 6 development strategies to drive digital development in Thailand as follows:

(1) Develop high-performing digital infrastructure across the country

The strategy is to develop high-speed internet infrastructure to cover the whole country with modernization, stability, responding to the needs of every sector and reasonable and fair price. The strategy plans to push Thailand to be one of the hub of connectivity and exchanging information with the ASEAN region and ot have the policy and spectrum infrastructure management plan to support the efficient use of national resources and adjust telecommunications enterprises to suit the situation and the progress of the digital industry in order to keep up with future changes.

(2) Drive the economy with digital technology

The strategy is to increase the competitiveness of the business to create economic value and promote competitiveness by using digital technology to increase career opportunities in agriculture and community trade through digital technology by collaborating with private and public sectors to accelerate the creation of Digital Technology Startup to drive the digital economy and develop the strong and competitive digital technology in the future.

(3) Create a quality society with equality in digital technology

The strategy is to develop Thailand in which all groups of people, especially farmers, people in remote communities, elders, disadvantaged people, and disabled can access and utilize various services of the government through digital technology to develop the potential of the people in using digital technology to benefit and create creative media, media libraries and digital learning sources for lifelong learning that people can easily access through telecommunication system and broadcasting system and can increase the opportunity to receive modern medical and health services thoroughly and equally to support the aging society with digital technology.

(4) Change the government to become the digital government

The strategy is to apply digital technology to improve management efficiency of government agencies both central and provincial region with systematic until completely developed into the digital government. The nature of government services or public services will be driven by the needs of people or users and support the disclosure of useful information as well as develop basic government service platform into a central form to facilitate communication or transactions.

(5) Develop manpower to prepare for the digital economy and society era

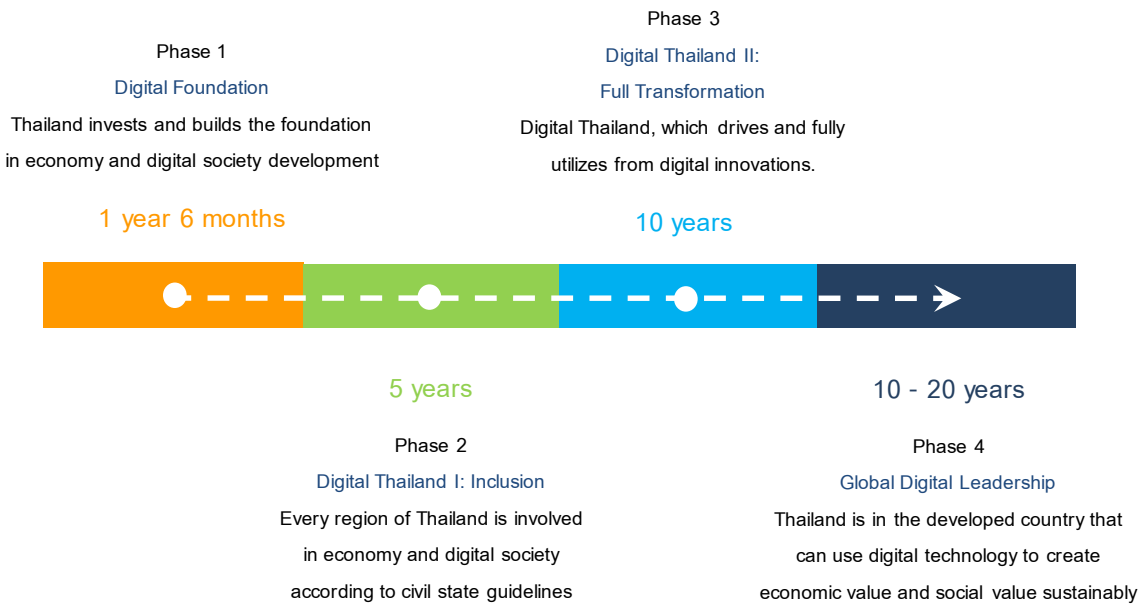
The strategy is to create and develop public and private sector personnel in all professions to have technology skills, creative ability and digital technology in the career and develop senior management of the government to understand and plan strategies for using digital technology to develop the organization's mission.

(6) Build confidence in using digital technology.

The strategy is to provide an ecosystem that is suitable for business operations and improve the quality of life of people by creating security in the use of digital technology by setting standards, rules and regulations to be modern and effective, as well as improving laws related to the economy and digital society in accordance with the dynamics of digital technology and social context, and creating a system security and protection mechanism for consumers using online transactions

Digital economy and social development of Thailand focuses on long-term sustainable development in line with the 20-year national strategy development. However digital technology is changing rapidly, digital development plan for economy and society is defined the digital landscape with development directions and goals into 4 phases as follows:

Digital Landscape of Thailand in 20 years



Source: Digital development plan for economy and society, approved by the Cabinet on 5 April 2016, Ministry of Information and Communication Technology

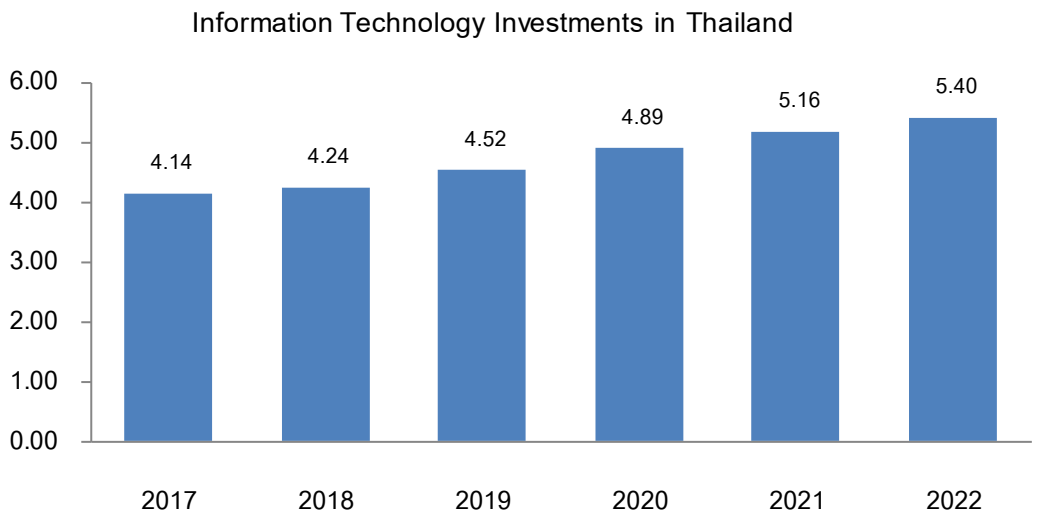
Digital Landscape of Thailand in line with 20-year National Strategy (2018 – 2037)

	Phase 1 Digital Foundation Thailand invests and builds the foundation in economy and digital society development	Phase 2 Digital Thailand I : Inclusion Every region of Thailand is involved in economy and digital society according to civil state guidelines	Phase 3 Digital Thailand II :Full Transformation Digital Thailand, which drives and fully utilizes from digital innovations	Phase 4 Global Digital Leadership Thailand is in the developed country that can use digital technology to create economic value and social value sustainably
Planned Timeline	1 year 6 month	5 year	10 year	20 year
Infrastructure	High-speed internet to all villages around the country for other socio-economic activities	High speed internet in all villages and connecting with countries in other regions.	High speed internet in all villages and supporting fusion and connectivity for all devices.	Internet connects anytime, anywhere, to all devices seamlessly.
Economy	Conducting business through digital systems is streamlined and armed with digital for SMEs, community enterprises and farmers to come online and lay the foundation for investment in digital clusters.	The agricultural production and services shift to doing business with digital and data, as well as digital technology startup and digital clusters begin to play a role in Thai economy	The agricultural production and services can compete with digital innovations and connect Thailand to trade at the regional and global levels	Every economic activity connects within and between countries with digital technology, bringing Thailand to prosperity
Society	All groups of people have equal access to high-speed internet and basic government services	People believe in using digital and access digital education, health, information and lifelong learning	People utilize technology/information in every activity in their daily lives	Become the country without digital inequality, as well as communities using digital to develop their own local
Government	Government agencies have integrated information across departments	Working between the government sectors linked and integrated as a single organization	Government provides services that are driven by the needs of the people, information disclosure and public participation	Become the leading country in the digital government region, for both public management and public services
Human Capital	Manpower (all branches) has recognized digital skills in the domestic and international labor markets	Manpower can work through digital without borders. There are foreign digital experts working in Thailand	Thailand creates high-value jobs and manpower with digital expertise sufficient to the needs	Become one of the regional digital workforce centers, both in the field and digital experts
Confidence	The government issues comprehensive digital laws and reforms the organizations involved in driving the work.	Thailand has an environment that facilitates digital transactions, provides a convenient and standardized system	Thailand does not have laws/regulations that hinder trade and digital transactions	Become the model country that has seriously developed and evaluated digital rules and regulations

Source: Digital development plan for economy and society, approved by the Cabinet on 5 April 2016, Ministry of Information and Communication Technology

From Thailand 4.0 policy and digital development plan for economy and society to drive the Thai economy to grow sustainably, cause more opportunities to grow in the communication market of Thailand both the communication equipment market and the communication service market, including other services which has a positive impact on the Company's core businesses such as computer network infrastructure, wireless network and data center, which are important to help various organizations conducting business in the digital economy era.

3.2.2 Information technology investments in Thailand tend to grow continuously



Source: http://inews.bangkokbiznews.com/read/361156

Overview of information technology investments in Thailand, IDC predicts that the investment trend continues to grow from the positive factors of Digital Transformation. It is expected that between 2017 – 2022, IT investment will grow by an average of 5.4% from THB 4.14 billion in 2017 to about THB 4.24 billion, THB 4.52 billion, THB 4.89 billion, THB 5.16 billion and THB 5.40 billion respectively. Information technology investment in Thailand mainly comes from the 3rd generation platform technology, which includes cloud mobility, big data analytics and social media. It is expected that public cloud services, big data analytics and internet of things (IoT) will grow at an average of about 20%, 18.6% and 11.4% respectively (source: inews.bangkokbiznews.com).

For the technological development trend that will occur in 2019, IDC estimates that by 2022, more than 61% of Thailand's GDP will be influenced by digital technology and every industry will bring technology to increase its potential. By 2022, about 60% of businesses will focus on investing in 3rd generation platform technology, and over 30% will focus on self-

development towards digital organizations (Digital-native) and use technology as a machine to drive business.

In addition, IDC also predicted that Digital Transformation will play an important role as a business tool. Approximately 20% of large organizations in Thailand will clearly define a strategy for creating Digital Transformation platform. Digital helper and bot will play a role of about 3% of all transactions, but will help increase value by about 10% of sales.

By 2020, Digital Transformation is expected to be used as the main tool in business competition. It is estimated that approximately 1 in 3 of the 500 largest companies in Thailand use digital services through an open API to help expand digital services beyond just their customers, and about 25% of new technical positions will need applicants with analytical and AI skills. Also, mobile payment trends are a payment brand. It is estimated that around 60% of consumers will not use cash to make payments and it is predicted that by 2021, 5G service will help drive more usage of internet of things (IoT) and will encourage about half of the 500 largest companies in Thailand to invest in connection management solutions worth over THB 200 million.

3.2.3 Changes in consumer behavior from technology changes

When the technology changes customer behavior naturally changes. Therefore, it is imperative that each organization must adjust their thinking and business methods, especially investment and development of information technology. At the same time, organizations must look for ways to expand technology, whether connecting products and services delivered directly to customers as well as creating value and marketing differentiation with new information technology innovations, in depth technology, including the creation of technology that can work closely to the human brain, such as AI, Big Data, Cloud, etc. These technologies will help organizations in Thailand. 4.0 to create new "alternatives" for businesses to compete amid the fierce digital trade war.

In addition, the data is an important part of business success in Thailand 4.0, which each organization must prepare for the development of current information management systems to be efficient and focus on managing Big Data, which will play an important role in improving the efficiency of the core business processes, enhancing revenue and reducing operating costs. In addition, organizations expect the benefits of the Big Data to increase the capacity of advanced analytics for accurate predictions (Advanced Analytics and Predictive), which points out the business feasibility, expanding marketing strategies and evaluating consumer behavior correctly to meet changing consumer needs.

For new information technology innovations that occurred in the Thailand 4.0, affecting the change in consumer behavior are as follows:

1. Blockchain

Blockchain is designed to create "Good security for the database" which can be applied to every business. Blockchain is a division of database storage by setting up a separate Ledger account. The activities that occur in transaction accounts will be saved in the form of data blocks, but will be compiled into one set of data. In the event that a problem occurs, the damage will be limited to only data block that transaction account without affecting other data blocks within the same account. This will help the business information system become more secure.

2. Artificial Intelligence: AI)

Artificial Intelligence (AI) technology will help create business values in various dimensions, including supporting research and development of new innovations, forecasting various trends in the future more accurately, strengthening and improving production processes appropriately as well as increasing the efficiency of sales and marketing to the target group, which leads to creating a good customer experience for the products and services such as opening the convenience store without employees, medical robots to help patients with surgery or to work instead of humans in high-risk production processes. Business organizations that can apply AI to create new business innovations, is difficult to imitate and create a competitive advantage.

3. Cloud

Cloud Computing helps business organizations access the performance of computers and applications through online and can organize and share technology resources to meet the needs and in accordance with the budget without investing on their own and studying technical knowledge. Business organizations that are well-equipped with budgets and personnel can choose to invest in building cloud service for their own. Smaller organizations are able to access technology that is as effective as large organizations by choosing public cloud services to start or expand business opportunities immediately.

4. Internet of Things: IoT

Internet of Things (IoT) is used to connect organizations with customers, partners and society by extending the network from the connection between basic equipment in the information technology system to the creation of the remote communication network with the internet ready to handle large amounts of data, which can seize and transfer data and transactions wirelessly to the target customers, providing customers with instant access to the information or services. On the other hand, organizations can use data from customer behavior to develop different types of products and services that meet customer needs. IDC predicts that in 2015 – 2020, the use of IoT technology in Thailand tend to grow by an average of

13.2% per year. While in 2019, Thai population will use an average of 2.2 devices using IoT technology per person.

When the rapid change in technology affects people and organizations (Disruptive) in both the ways of thinking, lifestyle and business processes, organizations in Thailand 4.0 must determine the goals of investment, development and utilization of technologies in all directions both to strengthen the current business and to prepare for emerging businesses in the future

4. Market Competition

The information technology business has changed significantly in the past 2-3 years due to the development and application of information and communication technology in all aspects, together with the government policy that plans to make Thailand a full digital society. Therefore, both public and private sectors have to adapt to keep up with the changes in the future. Government agencies and private sectors need to plan investments in network infrastructure, development of data centers and information technology systems to support access, sending and receiving Big Data etc.

For information technology systems in Thailand, product owners who have products and services covering both wired and wireless networks, network security system and data center systems and become leaders in the market share are as follows Cisco, Huawei, Nokia Networks (Alcatel-Lucent) and HPE (Aruba). They conduct the business through business partners which IT companies can register with product owners to become a business partner. Business partners can sell products and services of product owners to customers. Since any of IT companies can register with product owners, there are many players in this business causing a high level of competition in the business.

<u>Major competitors of the Company in the business are summarized as follows:</u>

1. Huawei Products
   - Sky ICT Public Company Limited
   - Turnkey Communication Services Company Limited
   - G-Able Company Limited

2. Nokia Networks (Alcatel-Lucent)
   - Information and Communication Networks Public Company Limited

3. HPE (Aruba)
   - Yip In Tsoi Company Limited
   - G-Able Company Limited

- Universal Information Technology Company Limited

4. Cisco
   - Datapro Computer Systems Company Limited
   - Dimension Data (Thailand) Limited
   - NetONE Network Solution Company Limited

However, the Company does not focus on price competition in the information technology business, but pay more attention to providing solutions that are suitable for customers' needs. In addition, the Company provides after sales service to ensure customer satisfaction and continuous relationships with customers. Besides, the Company is a business partner with Cisco, one of the leaders in the market share in this business, and the Company has also received Gold Certified Partner, which is the highest certificate that Cisco will grant to business partners in Thailand. This allows the Company to receive discounts on both product and services, and sales support. Therefore, the Company's competitors are limited to competitors who receive Gold Certified Partner from Cisco.

In Thailand, as of 31 December 2019, there are 11 companies that have received Gold Certified Partner as follows:

- Advance Information Technology Public Company Limited (AIT)
- Datapro Computer Systems Company Limited (DCS)
- Dimension Data (Thailand) Limited (Dimension Data)
- IBM Thailand Company Limited (IBM)
- MFEC Public Company Limited (MFEC)
- Metro Systems Corporation Public Company Limited (MSC)
- NEC Corporation (Thailand) Company Limited (NEC)
- NetONE Network Solution Company Limited (NETONE)
- Samart Corporation Public Company Limited (SAMART)
- Tangerine Company Limited (Tangerine)
- The Practical Solution Public Company Limited (TPS)

Competition in information technology systems can be separated into 3 levels according to the required capital for business operations as follows:

(1) Large Project

For large projects, the required capital for business operations is worth 500 million baht or more. Most companies that can provide large-scale projects are listed companies or multinational companies. They are also the partners with international product manufacturers that can provide

complete solutions and have strong financial position, such as Advance Information Technology Public Company Limited, Fujitsu System Business (Thailand) Company Limited, IBM Thailand Company Limited, NEC Corporation (Thailand) Company Limited and Samart Corporation Public Company Limited etc.

(2) Medium Project

For medium projects, the required capital for business operations is worth from 10 million baht to less than 500 million baht. The companies in this segment are partners with international product manufacturers, but have financial restrictions and limited potential to bidding on large projects, such as Datapro Computer Systems Company Limited and Dimension Data (Thailand) Limited etc.

(3) Small Project

For small projects, the required capital for business operations is worth less than 10 million baht. Most companies in this segment are small. They are not the partners with product owners and have limited working capital.

The Company's direct competitors will be from small to medium-sized projects. The competition will focus on Gold Certified Partner from Cisco, since they will receive a special discount on products and services, resulting in a competitive advantage compared to competitors that do not have Gold Certified Partner.

Moreover, the Company focuses on providing products and solutions that are suitable for customers' needs. Therefore, designing, providing right solutions, after-sales services, on time delivery, experience and reliability of the company are considered as a competitive advantage when especially competing with small companies.

For the major competitors who provides consulting, design, procure, install and distribute products and equipment related to information technology for small to medium-sized projects, are Datapro Computer Systems Limited, Dimension Data (Thailand) Limited and NetOne Network Solution Company Limited.

5. Sources of Supply

5.1 Procurement of equipment and products

The Company supplies products and equipment most customers with other services including design, system installation, maintenance, training and warranty. The Company selects products and services from Cisco for customers. The Company has received a Gold Certified Partner since 2010

(with a certificate review every year). Cisco is a worldwide leader in information technology systems with efficient Zero Downtime Management System.

From the nature of the information technology business model, product owners will not sell products and services directly to customers or vendors. They will sell products and services through distributors. The major domestic distributors of information technology products are as follows: VST ECS (Thailand) Company Limited, Synnex (Thailand) Public Company Limited and Ingram Micro (Thailand) Company Limited, etc.

However, in order to reduce the risk of relying solely on products from Cisco, the Company also uses network products and services from other leading manufacturers such as NetApp, Palo Alto Networks, Symantec, VMware, Fortinet, Dell EMC, Lenovo, Solarwinds and ManageEngine, etc. Cisco does not have terms or conditions to prohibit the Company from selling products and services from Cisco's competitors.

Comparison table of product selection from various hardware and software manufacturers

The company has selected hardware and software from leading manufacturers in order to meet customers' specifications and provide high satisfaction to customers. Each hardware and software manufacturer has different expertise in products and services of each solution. The Company can divided hardware and software according to the expertise of each manufacturer in the following table:

Product	Cisco	Fortinet	Palo Alto Networks	Symantec	HP	Dell EMC	NetApp	VMware	Solarwinds
Hardware									
Server	✓				✓	✓			
Storage					✓	✓	✓		
Network Security	✓	✓	✓	✓					
Wireless	✓								
Networking Devices and Router	✓								
Conference	✓								
IP Phone	✓								
ซอฟต์แวร์ (Software)									
System Software	✓							✓	
Network Management	✓								✓

Source: Company Information

5.2 Procurement of services

In system integration, maintenance service agreement and other IT services business, the Company will outsource subcontracts to work on some projects that the Company has limited resources or higher operating costs. Most of outsourcing works are cabling services, labor intensive works and repetitive works. The subcontractor hired by the Company is a third party with no conflicts of interest. The company will employ subcontractors in accordance with the procurement rules and regulations. The purchasing department will consider quotations and select subcontractors from 2 or more participants.

6. Environmental Impact

-None-

7. Backlog

As of December 31, 2019, the Company has the backlog in the amount of THB 458.80 million, which will gradually be recognized as revenue in 2020.

Risk Factors

1. **Risk from relying on the owner of the main product and not receiving the renewal of the business partner contract from the main owner, Cisco**

The Company has been appointed as a business partner from the product owner, which is an important factor in business operations. Generally, the term of the business partner contract is approximately 6 months to 1 year and the contract will be renewed every 6 months or every year if the Company can comply with the agreement with the product owner. Therefore, if the product owner changes the conditions or the renewal of a business partner contract is not possible, which may be caused by the Company unable to comply with product owner agreements, it may affect income and the Company's profits.

Currently, the Company has a business partner agreement with product owners from Cisco, NetApp, Palo Alto Networks, Symantec, VMware and Fortinet. The Company is not a sole authorized agent in Thailand to buy the products. The Company will receive various benefits such as discounts on product purchases, marketing support, training and sales promotion etc.

The important agreement that may have an impact on the Company's operations if not renewed is Gold Certified Partner with Cisco. The Cisco products are the Company's primary product. Therefore, if Cisco withdraws its business partnership, it may affect the Company's competitiveness and performance significantly because Cisco products are well accepted by customers and have high market share. Therefore, in order that the Company can continue Cisco Gold Certified Partner, the Company must comply with key conditions. The Company must have at least 4 CCIE experts and must be Specialization at least 4 solutions. In the past, the Company has always been able to comply with the conditions in the agreement. As of 31 December 2019, the Company has 7 CCIE experts and has Specialization in 4 solutions.

However, the Company expects that the chance of not getting a business partner agreement from Cisco is very small. In the past, the Company has been able to maintain the qualifications and conditions of being a business partner of Cisco for over 10 years. Therefore, the Company has the knowledge and understanding with ability to consistently comply with agreements. The Company has always maintained a good relationship with Cisco. The Company is confident that it will continue to renew its partnership with Cisco.

The Company has been appointed as a distributor from other product owners as of 31 December, 2019 with a total of 5 companies including NetApp, Palo Alto Networks, Symantec, VMware and Fortinet. The Company has the opportunity to become a business partner with additional product owners in the future in order to diversify the risk if the contract of business partnership is not renewed

by some product owners. In addition, if there is a force majeure that may cause the Company is canceled or not renewed contract from Cisco, the Company needs to switch to other partners, the Company believes that the Company's engineers are able to change to provide services for other products within the period of not more than 3 months.

2. Risk relating to dependency on major suppliers

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology, so the Company has ordered various devices from an authorized dealer in Thailand. The Company sells Server, Storage, Network Security, Wireless, Networking Devices, Router, Conference System and IP Phone. Therefore, the Company is at risk relating to dependency on suppliers to procure products and services. If there is an event that the suppliers are unable to supply or deliver products or equipment required to provide the Company services in time, it may affect the Company's operations.

However, the Company is a trading partner of one of the leading information technology distributor for more than 12 years and has maintained a good relationship consistly. It is confident that suppliers can procure and deliver products within the specified time. In addition, the Company has procured and ordered products from other suppliers in order to reduce the risk of dependency on one supplier.

3. Risk relating to dependency on major customers

The Company's main revenues come from consulting, design, procure, install and distribute products and equipment related to information technology to major customers in both public and private organizations. Due to the nature of the Company's business, most of the projects are proposing quotations or bidding for government projects. If the Company win the bidding or being selected for a large project, it may affect the Company's revenues significantly.

The Company realizes the risk of relying on major customers. Therefore the Company tried to expand its customer base to diversify the risk including expanding the service to Maintenance Agreement (MA) which can generate stable revenue. MA helps the Company to reduce the impact of the uncertainty of revenue from projects which depends on the ability to win the bidding and budgeting from government and private agencies. From the past track record, the Company is acceptable by private clients because the Company is able to provide services to meet customer requirement and deadline and also able to comply with various conditions from customers. In addition, The Company is a business partner with a well-known international product owner, thus the Company can offer quality products and services to meet the standards and price that is suitable for the budget of the customers.

The Company also provides great after-sales service in order to continually create relationships with customers.

4. Risk relating to change of technology

The nature of the Company's business is related to technology that changes rapidly and improves continuously in order to support the continuously increasing demand of consumer data communication. If the Company is unable to track and adjust to the technology change in order to offer advance and efficient products and services, the customers may turn to use services with other operators. This may decrease the number of customers and the company's total revenues along with the risk from the decrease in product value if the Company cannot sell outdated products.

The Company has guidelines to reduce the risk from changes in technology by closely monitoring news and changes in industry related to business and adapting to keep up the changes including offering products and services in the trend in order to avoid any potential opportunity loss, or loss of its competitiveness. In addition, the Company encourages its engineers and sales and marketing people, to regularly monitor technological developments and to attend seminars to stay at the top of their game, including searching for suitable products and equipment to provide advance services to support changes. Apart from publicly available information, the Company works closely with its partners to clearly understand all aspects of developments in the target markets and key technology areas.

5. Risk relating to dependency on key management

The Company started the business by Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri in 2007. Both of them are executives with knowledge and expertise in technology for over 20 years. They also have good relationships with both suppliers and customers. In addition, both executives also understand the nature of the Company. From these reasons, both executives are able to drive the Company to have consistently good performance. Therefore, if there is a change in management, it may affect the Company.

However, both executives are major shareholders. They have policies and guidelines for managing the Company to grow continuously in the long run. In addition, the Company still has a policy to improve the knowledge and ability of employees to inherit the management position. This can help reducing the risk from dependency on key management.

6. Risk relating to dependency on key employees

The information and communication technology business highly depend on qualified human resources in terms of engineering and project operation, because they have to be a consultant and

receive customer requirements in order to design the system to meet customer requirements, including procurement and installation of equipment, testing and system maintenance. All of these tasks require skills, expertise and experience of engineers. Therefore, if the engineers resign or the company doesn't have enough engineers for operations, it may affect the Company's business.

In order to reduce the risk, the Company has a policy of providing compensation and benefits that are comparable to other companies in the same industry, including providing ongoing training and knowledge to motivate and retain engineers to work with the Company in the long term. The Company also has a plan to continuously recruit engineers to support the expansion of the business or promptly replace resigned engineer.

7. Risk relating to late delivery and fines

The Company has a policy to focus on selling products and services to maximize customer satisfaction by delivering quality products and services on time. Normally, the projects from the beginning until the completion and delivering to the customers last an average of 3 – 6 months. If the Company is unable to operate and deliver the project as specified in the contract, the Company may have to pay fines to customers as agreed in the contract. This will result in the Company to have higher costs and expenses and affecting the Company's gross profit margin including affecting the image and credibility of the Company.

For products and services projects of both government and private companies, if the Company is unable to supply products for customers in time as specified in the contract, there will be a daily fine of approximately 0.1 – 0.2 percent of the value of products and services. For maintenance agreement project, if the equipment or system fails more than the specific hour in each month, there will be an hourly fine as specified in the contract.

However, if the company has hired subcontractors for any projects, the Company can negotiate to collect fines from subcontractors when the late delivery is caused by subcontractors.

The Company has a risk prevention system for project operations and delivery by specifying methods of working on various projects systematically with discussions, coordination and planning between all relevant parties, including customers, product suppliers and all employees involved etc. The Company also has periodic monitoring and inspection of project delivery in order to operate and deliver the project as planned. In addition, the Company has developed software within the organization to assist in the management and control of the project, strengthen systems and work standards to help reducing the risks from these factors.

8. Risk relating to instability of revenue

The Company provides consulting, design, procure, install and distribute products and equipment related to information technology which has the main revenues based on the project as follows: (1) Revenues from System Integrator and (2) Revenues from Other IT Services. Revenues from most projects are generated in accordance with the client's investment plan. Therefore, if customers delay the investment in information technology, it may affect the Company's performance. In addition, the ability to win the bidding, finding new customers and maintaining the existing customer base are important factors that affect revenue instability. To mitigate the risk, the Company focuses on increasing the revenue proportion from Maintenance Agreement (MA) which has more consistent revenue than the revenue from the project. MA increase more continuous income to the Company since the agreement has the tenor between 1 – 5 years, which helps the Company's to stabilize revenue.

9. Risk relating to foreign exchange rate risk

The nature of business is to provide consulting, design, procure, install and distribute products and equipment related to information technology. It is necessary to order products and services from partners with foreign product owners and directly from foreign product owners. In addition, The Company has revenues from seling products and services to customers located in foreign countries. Therefore, the Company will receive revenues from sales and services in foreign currency, while the Company's income is in Thai Baht currency, thus the Company will have the risk from fluctuation in foreign exchange rate, which may affect the performance and profit margin. However, the Company prevents the risk of exchange rates by including an allowance for exchange rate fluctuations in the calculation of costs of goods and services for determining sales prices to support the risk of exchange rate fluctuation.

Assets for Business

Details of assets for business

As of December 31, 2018 and December 31, 2019, the Company has assets for business operations with details as follows.

1. Fixed Assets

Details of Assets	Usability	Book Value As of 31 Dec, 2018 (THB mil)	Book Value As of 31 Dec, 2019 (THB mil)	Ownership	Collateral
1. Land 1.1 Title deed no. 41088, Lat Yao Subdistrict, Chatuchak District, Bangkok 10900, area 399 sq.w.	Office building location	42.22	42.22	Ownership	Collateral for loans from a commercial bank
2 Office Equipment	Used in offices for the Company's business operations.	3.88	4.67	Ownership	-None-
3 Office Furniture	Used in offices for the Company's business operations.	0.71	0.88	Ownership	-None-
4 Vehicle	Used in offices for the Company's business operations.	10.01	12.30	Hire Purchase	-None-
		0.13	0.16	Ownership	-None-
5 Construction in Progress 5.1 1 building, 6 floors high, area 3,470 sq.m.	New office building for the Company	14.64	-	Ownership	Collateral for loans from a commercial bank
5.2 Equipment under installation	Used in offices	-	2.24	Ownership	-None-
6 Building	Used in offices for business operations	-	67.33	Ownership	Collateral for loans from a commercial bank
7 Building Improvement	Used in offices for business operations	-	13.76	Ownership	-None-
8 Land Improvement	Used in offices for business operations	-	1.57	Ownership	-None-
Total Property, Plant and Equipment – net		71.59	145.13		

2. Intangible Assets

Details of Assets	Usability	Book Value As of 31 Dec, 2018 (THB mil)	Book Value As of 31 Dec, 2019 (THB mil)	Ownership	Collateral
1. Computer Software	Software for business operations	0.33	0.28	Ownership	-None-
Total Intangible Assets		0.33	0.28		

3. Office Building Lease Agreement

Office Building	Contract Party	Contract	Tenor	Details
Office building (Olympia Thai Tower Building, 11th Floor (partial))	Olympia Thai Tower Company Limited	Office building lease agreement	7 months 1 May 2019 to 30 Nov 2019 End of lease and move to a new office	Leased property Office with approximately 435 square meters Rental rate Office rental fee 107,880 baht per month Service fee 161,820 baht per month Renewal conditions The contract is automatically renewed for 1 year, unless the counterparty issues a written notice canceling the contract at least 3 months before the contract expiration date.
Office building (Olympia Thai Tower Building, 3th Floor (partial))	Olympia Thai Tower Company Limited	Office building lease agreement	11 months 1 Jan 2019 to 30 Nov 2019 End of lease and move to a new office	Leased property Office with approximately 62 square meters Rental rate Office rental fee 15,376 baht per month Service fee 23,064 baht per month Renewal conditions The contract is automatically renewed for 1 year, unless the counterparty issues a written notice canceling the contract at least 3 months before the contract expiration date.
Staff home (rent 2 storey commercial building, Chonburi)	Ms. Kanyarat Wirakankham	2 storey building lease agreement	12 months 1 Jul 2019 to 30 Jun 2020	Leased property 2 storey building Rental rate Rental fee 6,300 baht per month Renewal conditions The Company must notify at least 30 days before the expiration of the contract.

Future Project

The Company plans to expand more comprehensive information technology services. Therefore, there are future project plans as follows.

(1) Network Operation Center (NOC) aims to support the monitoring and movement of information technology systems in the customer's organization. It will provide services such as Network Monitoring, Incident Response, Email, Voice and Video, Performance Quality and Optimizing Reporting, Troubleshooting and Updating of Network Elements, Backup and Security Operations. NOC will increase another way of earning money from target customers which are government and private customers that have insufficient staffs. The Company will set up NOC at the new office building with an investment of approximately THB 6 million for various devices related to information technology systems. NOC is expected to use the funds from IPO. It is expected to take approximately 4 months to prepare and install the system. The service center is expected to open in April 2020.

(2) Demo Data Center, Security & Collaboration aims to be used as a promotional tool to increase the opportunity to sell the company's products and services by allowing customers to see the actual systems and the efficiency of various systems. The Data Center consists of Power Management, Network Security, Physical Security and Collaboration to target both government and private customers. The Company will set up the center at the new office building with an investment of approximately THB 10 million for the equipment related to the system. The center is expected to use the funds from IPO. It is expected to take approximately 6 months to prepare and install the system. The center is expected to open in June 2020.

Legal Dispute

As of 31 December 2020, the Company has no legal dispute.

General Information about the Company

1. General Information

Details about the Company

Company Name	:	The Practical Solution Public Company Limited
Type of Business	:	Provides consulting, design, procure, install and distribute products and equipment related to information technology (Information Technology Solutions Provider : ITP)
Head Office	:	99 Soi Cement Thai, Ratchadapisek Road, Lad Yao, Chatuchak Bangkok 10900
Company's Registration	:	0107562000301
Tel	:	0-2112-9999
Fax	:	0-2112-9998
Website	:	http://www.thepractical.co.th
Registered Capital	:	140,000,000 Baht Par value 0.50 Baht
Paid-up Capital	:	140,000,000 Baht Par value 0.50 Baht
Number of Registered Shares	:	280,000,000 Shares
Number of Shareholders	:	1,180 (As of 27 November 2019)
% Free Float	:	32.92% (As of 11 November 2019)
Investor Relations	:	Mr. Matee Witawasiri Tel : 02-112-9999 E-mail: matee@thepractical.co.th

Securities Registrar

Company Name	:	Thailand Securities Depository Company Limited
Head Office	:	93 Ratchadaphisek Road, Dindang, Bangkok 10400
Tel	:	0-2900-9000
Fax	:	0-2900-9991
Website	:	www.set.or.th/tsd

Details about Company's Securities and Shareholders

1. Securities

As of 31 December 2019, the company has registered and paid-up capital of 140,000,000 Baht, 280,000,000 ordinary shares with a par value of 0.50 baht per share.

2. Shareholders

The major shareholder structure as of 27 November 2019 is summarized as follows.

Major Shareholders	No. Of Shares	% Shares
1. Kitkasetsathaporn Family	145,965,000	52.13
1.1 Mr. Bunsom Kitkasetsathaporn	106,400,000	38.00
1.2 Mrs. Jarunya Kitkasetsathaporn	16,400,000	5.86
1.3 Ms. Wipha Kitkasetsathaporn	85,000	0.03
1.4 Mrs. Wanna Lapsongphol	12,000,000	4.29
1.5 Mr. Pramuanchai Choonsa-Ad	10,000,000	3.57
1.6 Mr. Arr Saetae	500,000	0.18
1.7 Ms. Uthaiwan Chunsard	380,000	0.14
1.8 Ms. Phoungphan Saetae	200,000	0.07
2. Witawasiri Family	45,972,000	16.42
2.1 Mr. Matee Witawasiri	29,000,000	10.36
2.2 Ms. Udomluck Jaisuekul	16,150,000	5.77
2.3 Mr. Prapat Witawasiri	800,000	0.29
2.4 Mr. Montree Witawasiri	22,000	0.01
3. Ms. Aumaporn Sengsui	6,473,000	2.31
4. Mr. Wannasorn Anuruckwongsri	3,700,000	1.32
5. Mr. Surachai Puttapornprasit	3,610,000	1.29
6. Mr. Wisut Anuruckwongsri	3,367,700	1.20
7. Mr. Nuttawut Jantarasittiphol	2,373,000	0.85
8. Mr. Thongchai Subin	2,303,000	0.82
9. Ms. Janchay Wetpanya	2,299,000	0.82
10. Mr. Supachai Akejindakul	2,015,100	0.72
Minor Shareholders	61,922,200	22.12

3. Other Securities

-None-

4. Dividend Policy

The Company has dividend policy to pay dividend to shareholders at the rate of not less than 40% of net profit after tax and all reserves specified by law. Such dividend payments are subject to changes depending on necessity and other suitability as the Board of Directors deemed appropriate. The Company will consider operating results, cash flow, financial liquidity, financial position, investment plan, required working capital to managing and expanding the business, economic conditions and other factors. Annual dividend payout shall be approved by the Shareholders' Meeting, except interim dividend which may be approved by the Board of Directors occasionally when the Company's profit allows to do so. In such case, the interim dividend payout shall be reported to the next Shareholders' Meeting.

Auditor

Company Name	:	Dharmniti Auditing Co., Ltd.
Head Office	:	178 Dharmniti Building 6-7th Floor, Soi Permsap (Prachachuen 20), Prachachuen Road,Bangsue, Bangkok, 10800
Tel	:	0-2596-0500
Fax	:	0-2596-0539
Website	:	www.dharmniti.co.th

Internal Auditor

Company	:	P&L Internal Audit Co., Ltd.
Head Office	:	281/157 The Fifth Avenue B Building 2nd Floor, Krungtepnon Road, Bang Khen, Mueang Nonthaburi District, Nonthaburi 11000
Tel	:	0-2526-6100
Website	:	www.plcorporation.com

2. Other Important Information

-None-

Management Structure

As of 31 December 2019, the Company has 5 committees consisting of the Board of Directors, Audit Committee, Executive Committee, Risk Management Committee and Nomination and Remuneration Committee.

The Board of Directors consists of:

Full Name	Position
1. Mr. Anocha Wongrungroj[1,2]	Chairman of the Board of Directors / Independent Director / Member of the Audit Committee
2. Mr. Bunsom Kitkasetsathaporn	Director / Chief Executive Officer
3. Mr. Matee Witawasiri	Director
4. Ms. Janchay Wetpanya[1]	Director
5. Ms. Aumaporn Sengsui[1]	Director
6. Mr. Wuttichai Chartisaranuwat[1]	Independent Director
7. Mrs. Ratchanee Pattanalertphan[1]	Independent Director

Remarks: [1] Appointed as Director from the Extraordinary General Meeting of Shareholders No. 2/2018 on October 30, 2018.
[2] Appointed as the Chairman of the Board of Directors from the Extraordinary General Meeting of Shareholders No. 2/2018 on 30 October 2018

Ms. Umawan Panlek is the secretary to the Board of Directors and the company secretary which was appointed from the Board of Directors meeting No. 9/2018 on 12 November 2018

Authorized Directors

Mr. Bunsom Kitkasetsathaporn jointly signs with Mr. Matee Witawasiri or either jointly signs with either Ms. Janchay Wetpanya or Ms. Aumaporn Sengsui and with the Company's seal affixed.

Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors has an important role in governing the management of the Company including determining policy directions and business strategy for the best benefit of the Company and shareholders and monitoring the management of the various sub-committees. The Board of Directors also has the authority and responsibility as specified in the law, regulations and the objectives and resolutions of the shareholders' meetings of the Company, including the following actions.

(1) Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and all resolutions of the Annual General Shareholders Meeting in order to carefully protect the Company's interests.

(2) Determine the Company's policies, objectives, direction, business plans, and budgets including the supervision and management of the Company executives in accordance with the agreed business policies. Promote the use of information technology to increase business opportunities and business performance in order to comply with the policy with efficiency and effectiveness in order to maximize the value of the Company and shareholders.

(3) Control, regulate, and evaluate the management team's performances as well as the Company's performance.

(4) Appoint and consider the compensation package and the terms & conditions of the employment of the CEO.

(5) Ensure that the Company and subsidiaries have appropriate and efficient accounting system with reliable financial reporting and auditing. Create the Company's control systems in order to maintain creditability and confidence. Promote the use of information technology for information dissemination

(6) Acknowledging the audit reports of the Audit Committee and other sub-committees and supervise the business to have a mechanism to receive complaints and take action.

(7) Consider and approve the disposal of assets (in case that the size of the transaction does not need to be considered by the shareholders' meeting) and approve any new business investment and operations in accordance with the law and related notices and regulations.

(8) Consider and approve the connected transactions. (in case that the size of the transaction does not need to be considered by the shareholders' meeting) in accordance with the law and related notices and regulations.

(9) Consider and approve interim dividend payment to the shareholders of the Company.

(10) Ensure that management has in place risk management policies, processes and controls.

(11) Ensure that no conflict of interest between the Company's stakeholders. In the event that the Directors have interests in any transactions with the Company or increase/decrease a stake in the Company or subsidiaries, The Directors must informed the Company without delay.

(12) Determine a policy regarding good corporate governance and social responsibility including anti-corruption with effective policy implementation

(13) The Board of Directors may appoint certain directors to form a part of a sub-committee as deemed appropriate, such as to the Executive Board Committee, the Audit Committee, or the Nomination and Remuneration Committee including the CEO in order to perform their duties as given by the Board of Directors.

(14) Appoint the Company Secretary to help the Board of Directors In various operations to ensure business operations in accordance with the law and related notices and regulations.

(15) Seek professional opinions from third parties, if necessary, to support appropriate decisions.

(16) Approve quarterly and annual financial statements in order to present to the shareholders at the Annual General Shareholders Meeting.

(17) Arrange for the Annual General Shareholders Meeting within 4 months from the end of fiscal year as well as any Extraordinary General Meetings as required under the regulations as stated in the company's Articles of Association.

(18) Consider and approve various matters for the best benefit all groups of stakeholders.

(19) Assign one or more directors or other persons to perform any tasks on behalf of the Board of Directors.

The delegation of authority and responsibilities of the Board of Directors will not delegate authority to the Board of Directors or a representative from the Board of Directors who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

The Audit Committee consists of:

Full Name	Position
1. Mr. Wuttichai Chartisaranuwat	Chairman of the Audit Committee
2. Mr. Anocha Wongrungroj	Director of the Audit Committee
3. Mrs. Ratchanee Pattanalertphan	Director of the Audit Committee

Mrs. Ratchanee Phatthanalertphan is the director of the Audit Committee with sufficient knowledge and experience in reviewing the reliability of financial statements. Ms. Umawan Panlek is the secretary of the Audit Committee appointed by the Board of Directors meeting no. 9/2018 on 12 November 2018.

Authority, Duties and Responsibilities of the Audit Committee

(1) Review the accuracy of the Company's quarterly and annual financial reports in accordance with generally accepted accounting principles and ensure there is adequate disclosure.

(2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and ensure the independence of the internal audit department. In addition, the Audit Committee may appoint, change or remove the head of the internal audit department or any other department responsible for internal audit tasks.

(3) Review the Company's compliance with the laws on securities and exchange; the regulations of the Stock Exchange of Thailand (SET); and the laws relating to the Company's business.

(4) Review, select, propose, appoint, or terminate the independent person to act as the Company's auditor and offer remuneration to such person, including attending the meeting with the auditor without a participation from management team at least once a year.

(5) Review all connected transactions or transactions that may lead to conflicts of interest and so ensure that they are in compliance with the related laws and the regulations of the SET and that they are reasonable and bring the highest possible benefits to the Company

(6) Prepare reports to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. These reports must contain the following information.

(a) An opinion on the accuracy, completeness and reliability of the Company's financial report. An opinion on the adequacy of the Company's internal control system.

(b) An opinion on the compliance with the laws on securities and exchange, the regulations of the SET and the laws relating to the Company's business.

(c) An opinion on the suitability of the external auditor.

(d) An opinion on transactions that may lead to conflicts of interest.

(e) The number of Committee meetings held and the members' attendance record.

(f) Any comments or opinions received by the Committee regarding its performance in accordance with its Charter.

(g) Any other transaction which, according to the Committee's opinion, should be known to the shareholders and general investors.

(7) Review and propose to the Board of Directors to consider and amend the scope of duties and responsibilities of the Audit Committee in accordance with the situation.

(8) Examine relevant persons under the authority of the Audit Committee and have the power to hire or bring in a specialist to help with the inspection. The company will be responsible for the expenses.

(9) If suspected that the following items or actions may have a significant impact on the Company's financial status and operating results, the Audit Committee will report to the Board of Directors in order to solve the issues within the due date.

(a) Transactions that cause conflicts of interest.

(b) Fraud or irregularities or significant defects in the internal control system.

(c) Violation of the law on Securities and Exchange Regulations and Notifications of the Stock Exchange of Thailand or other relevant law that is applicable to the Company and/or the Company's business. If the Board of Directors does not solve the violation, the Audit Committee may report the transactions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

(10) Provide opinions to management regarding the appointment, termination, performance, budget and compensation of the internal audit department.

(11) Review and provide opinions on corporate governance and social responsibility policies and anti-corruption.

(12) Review and comment on the Annual Corporate Governance and Social Responsibility Assessment Report and the Anti-Corruption Report of the Company.

(13) Perform other tasks as requested by the Board of Directors and other tasks which the Audit Committee agrees to perform.

The Executive Committee consists of:

Full Name	Position
1. Mr. Bunsom Kitkasetsathaporn	Chairman of the Executive Committee
2. Mr. Matee Witawasiri	Executive Director
3. Ms. Janchay Wetpanya	Executive Director
4. Ms. Aumaporn Sengsui	Executive Director

The Executive Committee was appointed by the Board of Directors meeting No. 9/2018 on 12 November 2018, with Ms. Umawan Panlek as the secretary of the Executive Committee.

Authority, Duties and Responsibilities of the Executive Committee

(1) Determine vision, strategy, business direction, policy, goal, business plan, budget, management structure and authority limit of the Company and subsidiaries to propose to the Board of Directors for approval and take action as approved by the Board of Directors, including inspecting and following up such action to be efficient and effective

(2) Manage the Company's business operations relating to the general administration of the Company.

(3) Approve an agreement and/or any transaction related to the normal business operations of the Company (such as buying, selling, investing, or joint ventures for normal business transactions for the benefit of operations according to the objectives of the Company) within Authority Limits.

(4) Approve the borrowing and lending of money or applying for credit approval from a financial institution; including a guarantee or payment of ordinary business transactions with a specific credit limit of each transaction that has already been agreed and assigned. The amount incurred in these transactions must be under a limit in accordance with the Company guidelines and Authority Limits which have already been reviewed by the Board of Directors.

(5) Approve the appointment of various consultants that are necessary for the Company's operations within the budget approved by the Board of Directors each year.

(6) Have the authority to invite the management team, executives, or any related persons of the Company to attend a meeting to provide an opinion or relevant information as necessary.

(7) Approve the Company's compensation structure and benefits of management and employees (holding a position lower than the Managing Director/Chief Executive Officer).

(8) Report the significant performance of the Executive Committee to the Board of Directors, regularly.

(9) Assess the performance of the overall Executive Committee and self-assessment and propose to the Board of Directors annually.

(10) Review and propose to the Board of Directors to revise the scope of duties and responsibilities of the Executive Committee in accordance with the situation.

(11) Perform any other tasks assigned by the Board of Directors or according to the policies set by the Board of Directors.

(12) Delegate the authority one or more persons to take any action on behalf of the Executive Committee. The delegation of authority and responsibilities of the Executive Committee will not

delegate authority to the Executive Committee or a representative from the Executive Committee who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

The Risk Management Committee consists of:

Full Name	Position
1. Mrs. Ratchanee Pattanalertphan	Chairman of the Risk Management Committee
2. Mr. Matee Witawasiri	Risk Management Director
3. Ms. Aumaporn Sengsui	Risk Management Director

The Risk Management Committee was appointed by the Board of Directors meeting No. 3/2019 on 13 June 2019 with Mr Thongchai Subin is the secretary of the Risk Management Committee.

Authority, Duties and Responsibilities of the Risk Management Committee

(1) Consider, evaluate and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite

(2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows:

(a) Financial Risk

(b) Operational Risk

(c) Strategic Risk

(d) Compliance Risk

(3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.

(4) Supervise a responsible person to comply with the risk management policy so that the Company has an effective risk management system throughout the organization and continual implementation.

(5) Consider the structure and appointment of the risk management team in order to assess and monitor risk management results.

(6) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.

(7) Review the appropriateness and adequacy of the Company's risk management policies, strategies, and practices to ensure that policies, strategies and guidelines are in line with the Company's strategy and direction and be able to monitor the risk level to an acceptable level including giving advice and support to the Board regarding corporate risk management, promoting and supporting continuous improvement and development of risk management system.

(8) Report to the Board of Directors about risks and risk management.

(9) Assess the annual performance of the overall risk management committee and the individual risk management committee and propose to the Board of Directors annually.

(10) Review and propose to the Board of Directors to consider revising the Authority Limits, duties and responsibilities of the Risk Management Committee in accordance with the situation.

(11) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

The Nomination and Remuneration Committee consists of:

Full Name	Position
1. Mr. Anocha Wongrungroj	Chairman of the Nomination and Remuneration Committee
2. Mr. Wuttichai Chartisaranuwat	Nomination and Remuneration Director
3. Mr. Bunsom Kitkasetsathaporn	Nomination and Remuneration Director

Appointed by the Board of Directors meeting No. 3/2019 on 13 June 2019, with Ms. Passarapan Panmapraw is the secretary of the Nomination and Remuneration Committee.

Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

(1) Specify qualifications and criteria for nominating directors, sub-committee and the President / Chief Executive Officer of the Company as well as selecting appropriate candidates for knowledge, experience, and expertise to be nominated to the Board of Directors to consider the appointment and/or present to the shareholders' meeting for further appointment. (As the case may be)

(2) Consider the independence of each independent director to ensure that the independent directors of the Company are fully qualified.

(3) Consider the format and process for the development of the President/Chief Executive Officer to be consistent with the business of the Company and the situation.

(4) Consider the form and criteria of compensation (whether in cash, securities or otherwise) including the determination of wage, compensation, reward, bonus and salary increase for directors and sub-committees and the President/Chief Executive Officer to be appropriate, fair and in accordance with relevant laws to propose to the Board of Directors meeting and/or the shareholders' meeting for further approval. (As the case may be)

(5) Consider the evaluation criteria for the President/Chief Executive Officer and present to the Board of Directors for approval.

(6) Report the performance of the Nomination and Remuneration Committee to the Board of Directors for acknowledgment.

(7) Assess the annual performance of the Nomination and Remuneration Committee and the individual nomination committee and propose to the Board of Directors for acknowledgement annually.

(8) Review and propose to the Board of Directors to consider revising the scope of Authority Limits, duties and responsibilities of the Nomination and Remuneration Committee in accordance with the situation.

(9) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

Authority, Duties and Responsibilities of the Chief Executive Officer

(1) Responsible for managing and operating normal business for the benefit of the Company to follow the vision, business directions, policies, business strategies, goals, operational plans and annual budget plans approved by the Executive Committee and/or the Board of Directors and/or as assigned by the Executive Committee and/or the Board of Directors.

(2) Approve entering into a contract and/or any transaction related to the normal business operations of the Company (such as trading, investing, or jointly investing with other people for normal business transactions of the Company and for the benefit of operations according to the objectives of the Company) within the limit specified in the Authority Limits and/or as the Executive Committee and/or the Board of Directors determine and/or according to relevant laws and regulations and/or in accordance with the regulations of the Company.

(3) Approve lending and requesting credit facilities from financial institutions, loans, mortgages or becoming guarantors of the Company and subsidiaries within the limit as specified in the Authority Limits) or as the Executive Committee and/or the Board of Directors determine.

(4) Supervise the Company's overall business operations such as finance, marketing, human management and other operations in accordance with the business strategy policy, target, operational plan and annual budget plan as approved by the Executive Committee and/or the Board of Directors.

(5) Drive continuous development of the organization and human resource including taking care and maintaining the good image of the organization.

(6) Appoint various advisors that are necessary for the Company's operations within the power and credit limit as specified in the Authority Limits and/or as specified by the Executive Committee and/or the Board of Directors.

(7) Establish rules, regulations, guidelines and requirements for the organization structure in the next position from the Chief Executive Officer, including the employment, appointment, transfer, dismissal and termination of employees in positions lower than the Chief Executive Officer.

(8) Determine the wage, compensation, reward, bonuses and salary increases for executives and employees in the next position from the Chief Executive Officer within the framework and policies set by the Executive Committee and/or the Board of Directors.

(9) Issue and amend orders, regulations, announcements and notes within the Company for the operations of the Company in accordance with the policy and for the benefit of the Company including maintaining discipline within the organization.

(10) Perform other duties as assigned by the Executive Committee and/or the Board of Directors including the authority to take any action necessary to perform such duties.

(11) Authorize one or more persons to take any action on behalf of the Chief Executive Officer.

The delegation of authority and responsibilities of the Chief Executive Officer will not delegate authority to the Chief Executive Officer or a representative from the Chief Executive Officer who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by the Board of Directors.

The Company's Management consists of

Full Name	Position
1. Mr. Bunsom Kitkasetsathaporn	Chief Executive Officer
2. Mr. Matee Witawasiri	Executive Vice President, Operations
3. Ms. Janchay Wetpanya	Chief Financial Officer
4. Ms. Aumaporn Sengsui	Senior Vice President, Sales
5. Mrs. Jarunya Kitkasetsathaporn	Senior Vice President, General Administration
6. Mr. Kan Thasana-ekachit[1]	Senior Vice President, Operations
7. Mrs. Daonapa Sukduang	Assistant Vice President, Accounting
8. Ms. Supawadee Thirachat	Assistant Vice President, Finance

Remarks: [1] The executive appointed by the Board of Directors Meeting No. 2/2019 on 13 May 2019.

Company Secretary

In the Board of Directors Meeting no. 9/2018 on 12 November 2018, the Board of Directors appointed Ms. Umawan Panlek as the Company Secretary to comply with Section 89/15 of the Securities and Exchange Act B.E. 2535 (1992), amended by the Securities and Exchange Act (No.4) 2551 (2008). Ms. Umawan Panlek attended the Corporate Secretary Certification Program (CSP), Class 78/2017, on 30 – 31 March, 2017. The Role of the Company Secretary is as follows:

(1) To prepare and maintain the documents, as follows: The Board of Directors Registration, The Notice of the Board of Directors meeting, The Minute of the Board of Directors meeting, The Annual Report and The Notice of the Shareholders' meeting and the Minute of the Shareholders' meeting.

(2) Keep conflict of interest report from directors or executives under the section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) (as amended), including sending a copy of the report to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the date the Company Received that report.

(3) To provide primary legal advices, associated rules, and the Code of Conduct to the Board of Directors, accordance with the law.

(4) To schedule the meeting of the Board of Directors and Sub-committee and conduct the Board of Directors' meeting and shareholders' meeting.

(5) To coordinate with the regulatory authorities, such as the Security and Exchange Commission and the Stock Exchange of Thailand, in disclosure the information to the authorities and the public with legally accurate.

(6) To facilitate the activities of the Board of Directors and other actions in accordance with the law and/or as specified by the Capital Market Supervisory Board and/or as assigned by the Board of Directors.

(7) To act on duties announce by the Capital Market Supervisory Board.

Executive assigned to be directly responsible for controlling and monitoring accountancy

Ms. Janchay Wetpanya, Chief Finance Officer, is assigned to be directly responsible for controlling and monitoring accountancy of the Company.

The Attendance of the Directors in 2019

Full Name	The Board of Directors	The Audit Committee	The Risk Management Committee	The Nomination and Remuneration Committee
1. Mr. Anocha Wongrungroj	8/8	6/6	-	1/1
2. Mr. Bunsom Kitkasetsathaporn	7/8	-	-	1/1
3. Mr. Matee Witawasiri	8/8	-	2/2	-
4. Ms. Janchay Wetpanya	8/8	-	-	-
5. Ms. Aumaporn Sengsui	8/8	-	2/2	-
6. Mr. Wuttichai Chartisaranuwat	8/8	6/6	2/2	-
7. Mrs. Ratchanee Pattanalertphan	8/8	6/6	-	1/1

The Directors' Remunerations in the year of 2019

1. Monetary Remuneration

1.1 Committee Remunerations

At the Extraordinary Shareholders' meeting of the year 2019, held on 28 June, 2019, passed a resolution to determine the remuneration of directors for the year 2019 with the following details:

Committee	Meeting Fee (Baht/Time/Person)
1. The Board of Directors	
Chairman of the Board	20,000. -
Director	20,000. -
2. The Audit Committee	
Chairman of the Audit Committee	20,000. -
Director of the Audit Committee	20,000. -
3. The Nomination and Remuneration Committee	
Chairman of the Nomination and Remuneration Committee	20,000. -
Director of the Nomination and Remuneration Committee	20,000. -
4. The Risk Management Committee	
Chairman of the Risk Management Committee	20,000. -
Director of the Risk Management Committee	20,000. -

Remarks: Directors who involve in business management of the Company and have a regular salary will not receive meeting fee.

The Company paid the compensation to the Board of Directors, the Audit Committee, the Risk Management Committee and the Remuneration and Nomination Committee for the year ended 31 December 2019 with the details as follows:

Full Name	2019				
	Meeting Fee (Baht)				
	The Board of Directors	The Audit Committee	The Risk Management Committee	The Nomination and Remuneration Committee	Total
1. Mr. Anocha Wongrungroj	-	-	-	-	-
2. Mr. Bunsom Kitkasetsathaporn	-	-	-	-	-
3. Mr. Matee Witawasiri	-	-	-	-	-
4. Ms. Janchay Wetpanya	-	-	-	-	-
5. Ms. Aumaporn Sengsui	160,000.00	120,000.00	40,000.00	-	320,000.00
6. Mr. Wuttichai Chartisaranuwat	160,000.00	120,000.00	-	20,000.00	300,000.00
7. Mrs. Ratchanee Pattanalertphan	160,000.00	120,000.00	-	20,000.00	300,000.00
Total	480,000.00	360,000.00	40,000.00	40,000.00	920,000.00

1.2 Managements Remuneration

Year	No. of Management	Amount of Compensation (THB mil)
2018	6[1]	22.32
2019	6[2]	31.56

Remarks: [1] Ms. Saowanee Homsuwan resigned from the Company's management on April 18, 2018.

[2] Mr. Kan Thasana-ekachit is a management appointed by the Board of Directors meeting no. 2/2019 on 13 May 2019.

2. Non-monetary Compensation

Directors and Management's Remuneration

The Company has a policy to provide other remuneration to executives such as company car, mobile phone, life insurance as well as expenses related for use in business, etc. in accordance with the employee and executive welfare policy approved by the Board of Directors Meeting No. 3/2019 on 13 June 2019.

The Board of Directors Meeting No. 3/2019, dated 13 June 2019 had the resolution to approve the allocation of not more than 8,000,000 common shares of the Company for sale to the directors, executives, and employees of the Company from the initial public offering (IPO). The offering price will be the same as the price offered to the public. The Board of Directors assigned the Chief Executive Officer as the authorized person to consider other details related to the allocation of newly issued common shares to the directors and managements with details as follows:

No.	Full Name	Position	Relationship with Major Shareholder[1]	Allotment (Share)	No. of Share before IPO (Share)	No. of Share after IPO (Share)	Proportion of Share after IPO (%)
1	Mr. Anocha Wongrungroj	Chairman of the Board of Directors / Independent Director / Director of the Audit Committee	None	Not exceed 250,000	-	Not exceed 250,000	Not exceed 0.09
2	Mr. Wuttichai Chartisaranuwat	Independent Director/ Chairman of the Audit Committee	None	Not exceed 250,000	-	Not exceed 250,000	Not exceed 0.09
3	Mrs. Ratchanee Pattanalertphan	Independent Director/ Director of the Audit Committee	None	Not exceed 250,000	-	Not exceed 250,000	Not exceed 0.09
4	Ms. Aumaporn Sengsui	Director/Executive Director	None	Not exceed 473,000	6,000,000	Not exceed 6,473,000	Not exceed 2.31
5	Ms. Janchay Wetpanya	Director/Executive Director	None	Not exceed 299,200	2,000,000	Not exceed 2,299,200	Not exceed 0.82
6	Mr. Kan Thasana-ekachit	Executive	None	Not exceed 458,000	500,000	Not exceed 958,000	Not exceed 0.34
7	Ms. Supawadee Thirachat	Executive	Daughter-in-law of Mr. Bunsom	Not exceed 120,000	-	Not exceed 120,000	Not exceed 0.04
8	Mrs. Daonapa Sukduang	Executive	None	Not exceed 200,000	-	Not exceed 200,000	Not exceed 0.07

[1]Major shareholder groups are Mr. Bunsom Kitkasetsathaporn, which holds shares after this offering of 51.25% and Mr. Matee Witawasiri, which hold the shares after this offering of 15.72%

Employees

1. The Number of Employees

As of 31 December 2019, the Company has the following number of employees.

Department	Number of Employee (Person)
1. Accounting	6
2. Finance	4
3. Sales	19
4. Purchasing	2
5. Administration	2
6. Warehouse	1
7. Human Resource	2
8. Operations	7
9. Technical Support	37
10. Technical Consultant	6
11. Customer Service	13
รวม	**99**

Remarks: The number of employees in the table includes the executives 6 persons.

2. Employee Compensation

Compensation for employees (excluding executives) for the year ended 31 December 2018 and for the year ending 31 December 2019, consisting of salary, welfare, professional fee, bonus, commission, social security and provident fund totaling THB 68.77 million and THB 80.79 million respectively.

3. Provident fund

The Company has established a provident fund by joining with "K Master Pool Fund" which is under the management of Kasikorn Asset Management Company Limited from 1 February 2013 with the objective to build morale for employees and motivate employees to work with the Company in the long run.

4. Labor Disputes

-None-

5. Human Resources Development Policy

The human resources development policy focuses on building up employees' competences to compete with the market to support the expansion of business in the future by planning the organizational structure and human resources appropriately. The human resources development takes place at all levels, preparing to perform well to achieve the business goals.

Corporate Governance

1. Corporate Governance

The Board of Directors has established a good corporate governance policy in accordance with good corporate governance principles for listed companies in 2017 of the Securities and Exchange Commission in order to be a guideline for business operations and corporate management to create sustainable value for the business, with the following 8 good corporate governance practices.

Section 1: **Recognizing role and responsibilities as the leader of the organization who creates value for sustainable business**

(1) The Board of Directors understands the roles and recognizes the responsibility as a leader to supervise the organization to have good management The Company has established a charter of the Board of Directors to clearly sets the authority and responsibility both in performing duties and supervising the business of the Company in accordance with the law, objectives, regulations, resolutions of the Board of Directors' meeting and resolutions of Shareholders' meeting with responsibility, caution and integrity in order to protect the rights and interests of all shareholders, including the duty to set the vision, strategy, business direction, policy, target, budget together with the management and supervise, monitor and evaluate the performance of the management and report the results.

(2) The Board of Directors has established policies regarding the Corporate Social Responsibility Policy, Anti-Corruption Policy, Business Ethics and Code of Conduct to benefit the society and the environment to create sustainable value for the business. The Company also focuses on a follow-up of the policy implementation as well as provides regular policy reviewing.

(3) The Board of Directors has duty to ensure that directors and executives perform their duties with responsibility, duty of care and duty of loyalty) as well as to comply with laws, objectives, regulations, resolutions of the Board of Directors' meeting and resolutions of the Shareholders' meeting. The Company must provide sufficient systems and mechanisms to ensure that the Company's operations in accordance with the law, objectives, regulations, resolutions of the Board of Directors' meeting and the resolutions of the Shareholders' meetings, as well as various policies. The Company must have the Audit Committee and internal audit department to supervise the compliance with relevant laws, regulations, and resolutions of the meeting and have mechanisms for accepting complaints and taking action in the event of corruption etc. The Company must also have

a process to approve important operations such as investment, transactions that have an impact on the Company, transactions with connected persons, acquisition or disposition of assets and dividend payment etc. in accordance with the laws and policies of the Company.

Section 2: Specifying business objectives and major goals for sustainability

The Board of Directors has specified the objectives and goals of the organization in conducting business to achieve sustainability and creating value for the business, customers, all stakeholders and overall society, including communication for personnel at all levels to perform their duties to achieve the specified objectives and goals and creating the culture of the organization.

In addition, the Committee will promote the introduction of technology and new innovations to be used effectively conduct business in accordance with the specified policies, including the review of objectives goals and annual strategic plans, to ensure that they are consistent with the economic conditions and potential of the organization and monitor the evaluation closely.

Section 3: Strengthening the effectiveness of the Board of Directors

The Company has a policy in determining the structure of the Board of Directors in accordance with the business and size of the Company and the law as follows:

(1) The Board of Directors consists of people with various qualifications in terms of knowledge, ability and experience that can benefit the Company. The Board of Directors plays an important role to determine the policy and organization overview, including overseeing, inspecting and evaluating the Company's operations according to the plan.

(2) The Board of Directors has at least 5 people but not more than 12 people. The Board of Directors must have independent directors at least 1 in 3 of the total number of the directors, but not less than 3 people. This will create the balance of consideration and voting on various matters appropriately. The independent directors must have the qualifications in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Nomination and Remuneration Committee is responsible for recruiting persons with appropriate knowledge, expertise and experience to perform duties that are beneficial to the Company's business and presenting to the meeting of the Board of Directors and/or the Shareholders' meeting to consider and appoint the directors of the Company. However, after the company is listed on the Stock Exchange of Thailand, the Company will disclose information of directors and sub-committees such as age, gender, educational background, experience,

shareholding proportion, tenor in the position, number of meetings attended, the remuneration of the Board of Directors both monetary and non-monetary, director positions in other listed companies, roles, duties and responsibilities and report the performance of the Board and the Committees in the Company's annual report and/or on the Company's website.

(3) The Board of Directors has a term of not more than 3 years in accordance with the relevant laws. The independent directors shall have a term not exceeding 9 years unless there are reasons and necessities as the Board of Directors deems appropriate.

(4) Director and management of the Company can be a director or management of the Company's subsidiaries or other companies, but must comply with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand including other relevant laws. However, each director will hold the position of director for listed companies not more than 5 companies in order to perform duties and allocate time appropriately and will attend the Board's meetings not less than 75 percent of the total meetings in that year.

(5) The Chairman and the Chief Executive Officer of the Company will not be the same person in order to clarify the responsibility between the policy determination, supervision and routine management. The Company has determined the authority, duty and responsibility of the Chief Executive Officer clearly and assigned the Chairman of the Board of Directors must be an independent director.

(6) The Board of Directors has appointed four sub-committees, consists of the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee to operate on specific matters and propose the matters to the Board of Directors for an approval by setting a charter for the sub-committee to define the scope of authority and reviewing a charter regularly.

(6.1) The Executive Committee consists of at least 4 Executive Directors to support the Board of Directors in managing the business of the Company in accordance with the policies, plans, regulations and any orders, including goals set out under the framework by the Board of Directors. The details of the components, qualifications, authorities, duties and responsibilities appear in the Executive Committee Charter.

(6.2) The Audit Committee consists of at least 3 Audit Committee members to support the Board of Directors in supervision, inspection of administration, internal control and compliance with relevant laws including the preparation of financial reports to ensure that the operation and disclosure of the Company information is transparent and reliable. The details of the components, qualifications, authorities, duties and responsibilities appear in the charter of the Audit Committee.

(6.3) The Nomination and Remuneration Committee consists of at least 3 members of the Nomination and Compensation Committee to recruit qualified persons to be appointed as the Company's directors, subcommittee and the Chief Executive Officer of the Company including considering the form and criteria of remuneration of the directors, subcommittee and the Chief Executive Officer of the Company to reflect obligations and individual responsibility and present the opinion to the Board of Directors' meeting and/or the Shareholders' meeting for further consideration and approval (as the case may be). The details of the components, qualifications, powers, duties and responsibilities appear in the Charter of the Nomination and Remuneration Committee.

(6.4) The Risk Management Committee consists of at least 3 members of the Risk Management Committee to support the Board of Directors in determining risk management policies that are appropriate, sufficient, effective, and overseeing the overall risk management system or process at an acceptable level. The details of the components, qualifications, powers, duties and responsibilities appear in the Charter of the Risk Management Committee.

In addition, the Company has appointed the Company Secretary to perform duties related to the Board of Directors' meeting and the Shareholders' meeting including supporting the Board of Directors by giving advice on legal requirements and regulations relating to the Board of Directors' performance

(7) In overseeing the operations of the subsidiaries or affiliated companies, the Company will consider sending representatives of the Company which has qualifications and experience as a director in the subsidiaries or affiliated companies to supervise the business management and report the performance of the subsidiaries and affliated companies to the Board of Directors' meeting. The Board's seat in the subsidiaries or affiliated companies will be at least in accordance with the Company's shareholding proportion and/or as agreed between the Shareholders of the subsidiaries and affiliated companies.

(8) The Company has specified in the Charter of the Board of Directors and the subcommittees that each committee is responsible for evaluating the annual performance of the Board of Directors and the subcommittee and individually. The subcommittees are required to report the evaluation results to the Board of Directors annually.

Section 4: Recruiting and developing of High-Level Executives and Managing of personnel

(1) The Board of Directors has assigned the Nomination Committee to consider the criteria and methods for recruiting suitable persons for the position of the Chief Executive Officer. However, the Board of Directors has specified the qualifications of the Chief Executive Officer, high-level executives, succession plan, with details as according to the policy on recruiting executives to inherit important positions of the Company

(2) The Board of Directors will oversee that the remuneration structure and the evaluation of high-level executives have been carried on appropriately by comparing to the duties, responsibilities, and estimated remuneration level among other businesses in the same industry, the company performance as well as performance and capabilities of each high-level executive.

(3) The Board of Directors has established a Succession Plan to prepare for succession of the Chief Executive Officer, high-level executives with the objective to continue the business operations.

(4) The Board of Directors will monitor the management and development of personnel regarding the number of personnel, knowledge obtained skills, experience and appropriate motivation. Besides, the Board of Directors will promote the training and educating for those involved in the corporate governance system of the company such as directors, audit committee, executives and company secretary.

(5) The Company has established a provident fund so that employees have sufficient savings to guarantee retirement including encouraging employees to have knowledge and understanding in money management to ensure that employees will have a good quality of life and work with the company in the long run.

Section 5: Promoting innovation and operating business with responsibility

The Board of Directors was conscious of the importance and the support of innovations development since it creates business value and contributes to the company's sustainable growth. In the meantime, the Company has created mutual benefits for the Company, customers, business partners or related parties and adheres to its

responsibility to society and the environment. The Company also has allocated and efficiently managed resources. The Board of Directors will promote innovation then will monitor and encourage the management to use innovation as part of the operational development strategy and to use it to define business model and thinking methods, improve operational process, manage the information technology management as well as supervise the risk management for the Company will be able to achieve objectives, business strategy and the main goal. In this regard, the guidelines for each group of stakeholders are as follows:

Shareholder	:	The Company is determined to operate the business to ensure sustainability in order to increase the value of the Company so it will benefit the shareholders with good returns they have expected.
Employees	:	The Company will ensure that all employees' capabilities will be promoted and developed to their fullest. The Company also has provided fair employment conditions, appropriate compensation and channels for commenting moreover providing good welfare and a good working environment. Last but not least, the processes of hiring,
Business Partners	:	The Company will respect the rights and treat all partners with equality and fairness also strictly fulfilling the contract or various conditions agreed. In addition, the Company has had guidelines for monitoring and evaluating business partners for sustainable business development.
Customers	:	The Company is committed to providing quality service which will meet the standards required, being punctual, offering a variety of services and abiding strictly by the agreement to meet the needs of customers both short and long term and to build customers confidence and maximum satisfaction in the service.
Creditors	:	The Company will comply with the contractual conditions with the creditors, including the repayment of principal, interest, and collaterals under the related contract.
Competitors	:	The Company will operate the business openly, transparently and the Company will not initiate an unfair competition or encourage corruption.
Community, society and environment	:	The Company brings business knowledge and experience to develop projects that can materially benefit the community. For the environmental aspect, the Company will ensure that the Company will not cause a negative impact on the environment.

In addition, stakeholders can inquire about details, report complaints or clues to legal violations, inaccuracies in financial reports, defective internal control systems, or the breach of the Code of Conduct of the Company through the channel specified by the Company. The information of the complaints and clues informed to the Company will be kept confidentially and the person designated by the Company will proceed to check the information and find solutions (if any) and/or proposing important complaints with comments to the Board of Directors for further consideration.

In this regard, the Board of Directors will provide a framework for overseeing and managing information technology in accordance with the requirements of the Company, including overseeing the use of information technology to increase business opportunities and improve operations and risk management so that the Company can achieve the objectives and goals of the organization.

Section 6: Ensuring that there is an appropriate risk management and internal control system

(1) To ensure an effective risk management system, the Board of Directors has appointed the Risk Management Committee to help the Board of Directors in managing risks that may occur to the Company. The Risk Management Committee has various duties, including:

(1.1) Consider, evaluate and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite

(1.2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows

(1.2.1) Financial Risk

(1.2.2) Operational Risk

(1.2.3) Strategic Risk

(1.2.4) Compliance Risk

(1.3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.

(1.4) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.

(1.5) Report to the Board of Directors about risks and risk management.

The authorities and duties and responsibilities of the Risk Management Committee appear in the Risk Management Committee Charter as follows.

(1) The Board of Directors has appointed the Audit Committee to oversee and supervise the Board of Directors regarding its operational duty towards the Company. Moreover, the Audit Committee will also provide honest opinions on financial reports, internal control system and risk management so the Company will effectively achieve the objectives desired.

(2) The Board of Directors will monitor and resolve the issues concerning the conflicts of interest that may occur among the Company, management department, Board of Directors and shareholders. The Board will assure that there have measures or methods in contemplation of preventing improper use of the property, information and opportunities of the Company as well as dealing with doing transactions improperly with persons who have a relationship with the company.

(3) The Company provides the code of conduct and the policy of the use of insider information to prevent the improper use of property and information. The Company also creates the policy for conducting transactions with connected persons in order to prevent inappropriate transactions with connected persons.

(4) The Board of Directors has established a clear anti-corruption policy and communicated to employees at all levels of the organization and outsider for real implementation. The Board of Directors will arrange a project or guidelines to resist corruption, including supporting activities that promote all employees to comply with relevant laws and regulations and arranging for accepting complaints and handling cases as specified in the anti-corruption policy. The Company will provide communication channels to allow employees and stakeholders to report clues or complaints. The Company has established measures to protect the whistleblower or the complainant and the witness from any harm arising from whistleblowing, complaint, witnessing or giving information to the Company.

(5) Director and management of the Company are responsible for reporting conflict of interest and related parties to the Company. The Company has set a duty to report conflict of interest in the Charter of the Board of Directors. It is required that the Company's directors to inform the Company immediately in the event that directors have conflict of interest in any transactions with the Company.

Section 7: Maintaining financial reliability and disclosing of information

(1) The Board of Directors adhere to the importance to the disclosure of financial information that is accurate, sufficient, timely, by ensuring that there will be sufficient number of personnel involved in the preparation and disclosure of information who have knowledge, ability and are suitable for their responsibilities.

(2) The Board of Directors will ensure that the disclosure of information, financial statements, annual report, Form 56 - 1 and preparation of Management Discussion and Analysis (MD&A) have adequately reflected financial status and performance of the Company. The Audit Committee is responsible for the quality of financial reports and give an opinion to the Board of Directors.

(3) The Board of Directors will monitor the adequacy of the company's liquidity and Long-term debt paying ability. In which the management has to quarterly report to the Board of Directors and there must be a discussion between the management and the Board of Directors to find a solution in the event that there have business factors indicating liquidity problems.

(4) After listing on the Stock Exchange of Thailand, the Company will publish the information of the Company to shareholders and the public through the channels and media of the Stock Exchange of Thailand and the Company's website and provide a responsible person to contact and provide information to shareholders, investors, securities analysts or related departments including any person.

(5) The Board of Directors will promote the use of information technology in the dissemination of information. In addition to the dissemination of information in accordance with the rules determined by the Stock Exchange of Thailand, the Board of Directors will provide information disclosure in both Thai and English through other channels, such as the Company's website and keep information up to date.

Section 8: Supporting participation and communication with shareholders

The Board of Directors recognizes importance to basic rights of shareholders both as investors in the securities and the owner of the Company, such as the right to buy, sell, transfer the securities, the right to receive a profit sharing from the Company, the right to receive sufficient information and the right to attend the meeting to exercise the voting right at the shareholders' meeting to appoint or remove directors, appoint auditors, approve important transactions that affect the Company's business, allot dividend, determine or amend of the company's memorandum and articles of association, decrease or increase the capital and approve special transactions etc.

The Company has a mission to promote and facilitate the shareholders to exercise of their rights as follows:

(1) Provide date, time, location, and agenda with explanations and reasons for each agenda or the resolution as requested in the invitation letter for the Annual General Meeting and Extraordinary General Meeting or in the attachment of the meeting agenda for the decision of the shareholders and refrain from any actions which limit the opportunity of the shareholders to study the information of the Company.

(2) Facilitate all groups of shareholders to fully exercise their rights to attend the meeting and vote and refrain from any actions which limit the opportunity for shareholders to attend the meeting, such as using a meeting location that is convenient for travel including a map for meeting location in the invitation letter, the right date and time and sufficient time for the meeting. Attending the meeting to vote should not have a complicated or expensive process.

(3) Before the date of the shareholders' meeting, the Company will allow the shareholders to send comments, suggestions or questions in advance of the meeting date by clearly specifying criteria for submitting questions in advance and notify the shareholders together with the delivery of the invitation letter and the Company will disseminate the criteria on the Company's website.

(4) Encourage shareholders to use a proxy form in which shareholders can specify voting directions and propose at least 1 independent director as an alternative to shareholders' proxies.

(5) In the shareholders' meeting, the chairman of the meeting will allocate the time appropriately and the Company will open the opportunity for shareholders to express their views, suggestions or questions on various agendas before voting on any agenda.

(6) Encourage the directors and high-level executives of the Company to participate in the shareholders 'meeting to answer shareholders' questions.

(7) Arrange the meeting resolution for each agenda in case there are many agendas such as the appointment of the directors.

(8) The Company will support the use of ballots in important agendas, such as connected transactions, acquisition or disposition of assets, etc., for transparency and accountability in counting votes.

(9) The Company will provide independent persons to assist in the counting or checking of votes in each agenda and disclose to the meeting together with the minutes of meeting.

(10) After the shareholders' meeting is completed, the Company will prepare the minutes of meeting recorded the correct and complete information, including important issues, questions, opinions and recommendations for validating from the shareholders. In addition, the Company will bring voting results in each agenda, the minutes of meeting on the Company's website.

(11) The Company will send a copy of the minutes of meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting.

(12) Encourage the Company to use technology in the shareholders' meeting including shareholder registration and counting and displaying results to facilitate the meeting instantly, accurately and precisely.

The Board of Directors has determined the fair treatment for all shareholders whether a major shareholder or a minor shareholder, shareholders who are executives or not executives, Thai or foreign shareholders with the following guidelines.

(1) Send a meeting invitation letter with agendas and opinions of the Board of Directors to the Stock Exchange of Thailand and disseminate the meeting agenda via the Company's website in accordance with related rules, regulations, and laws.

(2) Specify rules and procedures for minority shareholders to nominate candidates for the position of the Company's directors which can be nominated through the Nomination and Remuneration Committee in advance of the meeting date including the dissemination of information of the qualifications of the nominated persons.

(3) Determine rules for minority shareholders to raise additional agendas in advance of the meeting date to demonstrate fairness and transparency in considering whether to add agendas proposed by minority shareholders.

(4) Shareholders, who are executives, should not add unnecessary agenda without prior notice, especially the important agenda that shareholders need to spend time to study information before making a decision.

(5) In conducting each shareholder's meeting, the Company will give every shareholder equal opportunity. Before starting the meeting, the Chairman of the meeting will explain to the shareholders the rules and regulations that are used in the meeting, exercise of voting rights, voting rights for each type of share and the method of counting votes of shareholders.

(6) In the agenda regarding the election of directors, the Company will support the election of each director.

(7) Determine the Board of Directors to report a conflict of interest on any agenda at least before considering the relevant agenda in the Board of Directors' meeting and record the said interest in the minutes of the Board of Directors' meeting including prohibiting the Board of Directors who have a significant interest to give an independent opinion on the relevant agenda and participate in the meeting on that agenda.

(8) Set guidelines for the storage and prevention of the use of internal information of the Company in writing and inform the said guidelines to everyone in the Company to comply with. The Board of Directors determines that every director and executives responsible to report securities holding report to the Company Secretary and present to the Board of Directors for acknowledgment in the next meeting and disclosed in the annual report of the Company.

The Company will provide the review of the appropriateness of the policy on good corporate governance and apply to the business of the Company in the board meeting in February every year.

2. Structure of the Board of Directors

The structure of the Board of Directors of the Company has 5 sets of committees consisting of the Board of Directors, the Audit Committee, the Executive Committee, the Risk Management Committee and the Nomination and Compensation Committee. The scopes of duties of the Committees are as follows:

2.1 Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors has an important role in governing the management of the Company including determining policy directions and business strategy for the best benefit of the Company and shareholders and monitoring the management of the various sub-committees. The Board of Directors also has the authority and responsibility as specified in the law, regulations and the objectives and resolutions of the shareholders' meetings of the Company, including the following actions.

(1) Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and all resolutions of the Annual General Shareholders Meeting in order to carefully protect the Company's interests.

(2) Determine the Company's policies, objectives, direction, business plans, and budgets including the supervision and management of the Company executives in accordance with the agreed business policies. Promote the use of information technology to increase business opportunities and business performance in order to comply with the policy with efficiency and effectiveness in order to maximize the value of the Company and shareholders.

(3) Control, regulate, and evaluate the management team's performances as well as the Company's performance.

(4) Appoint and consider the compensation package and the terms & conditions of the employment of the CEO.

(5) Ensure that the Company and subsidiaries have appropriate and efficient accounting system with reliable financial reporting and auditing. Create the Company's control systems in order to maintain creditability and confidence. Promote the use of information technology for information dissemination

(6) Acknowledging the audit reports of the Audit Committee and other sub-committees and supervise the business to have a mechanism to receive complaints and take action.

(7) Consider and approve the disposal of assets (in case that the size of the transaction does not need to be considered by the shareholders' meeting) and approve any new business investment and operations in accordance with the law and related notices and regulations.

(8) Consider and approve the connected transactions. (in case that the size of the transaction does not need to be considered by the shareholders' meeting) in accordance with the law and related notices and regulations.

(9) Consider and approve interim dividend payment to the shareholders of the Company.

(10) Ensure that management has in place risk management policies, processes and controls.

(11) Ensure that no conflict of interest between the Company's stakeholders. In the event that the Directors have interests in any transactions with the Company or increase/decrease a stake in the Company or subsidiaries, The Directors must informed the Company without delay.

(12) Determine a policy regarding good corporate governance and social responsibility including anti-corruption with effective policy implementation

(13) The Board of Directors may appoint certain directors to form a part of a sub-committee as deemed appropriate, such as to the Executive Board Committee, the Audit Committee, or the Nomination and Remuneration Committee including the CEO in order to perform their duties as given by the Board of Directors.

(14) Appoint the Company Secretary to help the Board of Directors In various operations to ensure business operations in accordance with the law and related notices and regulations.

(15) Seek professional opinions from third parties, if necessary, to support appropriate decisions.

(16) Approve quarterly and annual financial statements in order to present to the shareholders at the Annual General Shareholders Meeting.

(17) Arrange for the Annual General Shareholders Meeting within 4 months from the end of fiscal year as well as any Extraordinary General Meetings as required under the regulations as stated in the company's Articles of Association.

(18) Consider and approve various matters for the best benefit all groups of stakeholders.

(19) Assign one or more directors or other persons to perform any tasks on behalf of the Board of Directors.

The delegation of authority and responsibilities of the Board of Directors will not delegate authority to the Board of Directors or a representative from the Board of Directors who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

2.2 Authority, Duties and Responsibilities of the Audit Committee

(1) Review the accuracy of the Company's quarterly and annual financial reports in accordance with generally accepted accounting principles and ensure there is adequate disclosure.

(2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and ensure the independence of the internal audit department. In addition, the Audit Committee may appoint, change or remove the head of the internal audit department or any other department responsible for internal audit tasks.

(3) Review the Company's compliance with the laws on securities and exchange; the regulations of the Stock Exchange of Thailand (SET); and the laws relating to the Company's business.

(4) Review, select, propose, appoint, or terminate the independent person to act as the Company's auditor and offer remuneration to such person, including attending the meeting with the auditor without a participation from management team at least once a year.

(5) Review all connected transactions or transactions that may lead to conflicts of interest and so ensure that they are in compliance with the related laws and the regulations of the SET and that they are reasonable and bring the highest possible benefits to the Company

(6) Prepare reports to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. These reports must contain the following information.

(a) An opinion on the accuracy, completeness and reliability of the Company's financial report. An opinion on the adequacy of the Company's internal control system.

(b) An opinion on the compliance with the laws on securities and exchange, the regulations of the SET and the laws relating to the Company's business.

(c) An opinion on the suitability of the external auditor.

(d) An opinion on transactions that may lead to conflicts of interest.

(e) The number of Committee meetings held and the members' attendance record.

(f) Any comments or opinions received by the Committee regarding its performance in accordance with its Charter.

(g) Any other transaction which, according to the Committee's opinion, should be known to the share holders and general investors.

(7) Review and propose to the Board of Directors to consider and amend the scope of duties and responsibilities of the Audit Committee in accordance with the situation.

(8) Examine relevant persons under the authority of the Audit Committee and have the power to hire or bring in a specialist to help with the inspection. The company will be responsible for the expenses.

(9) If suspected that the following items or actions may have a significant impact on the Company's financial status and operating results, the Audit Committee will report to the Board of Directors in order to solve the issues within the due date.

(a) Transactions that cause conflicts of interest.

(b) Fraud or irregularities or significant defects in the internal control system.

(c) Violation of the law on Securities and Exchange Regulations and Notifications of the Stock Exchange of Thailand or other relevant law that is applicable to the Company and/or the Company's business. If the Board of Directors does not solve the violation, the Audit Committee may report the transactions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

(10) Provide opinions to management regarding the appointment, termination, performance, budget and compensation of the internal audit department.

(11) Review and provide opinions on corporate governance and social responsibility policies and anti-corruption.

(12) Review and comment on the Annual Corporate Governance and Social Responsibility Assessment Report and the Anti-Corruption Report of the Company.

(13) Perform other tasks as requested by the Board of Directors and other tasks which the Audit Committee agrees to perform.

2.3 Authority, Duties and Responsibilities of the Executive Committee

(1) Determine vision, strategy, business direction, policy, goal, business plan, budget, management structure and authority limit of the Company and subsidiaries to propose to the Board of Directors for approval and take action as approved by the Board of Directors, including inspecting and following up such action to be efficient and effective.

(2) Manage the Company’s business operations relating to the general administration of the Company.

(3) Approve an agreement and/or any transaction related to the normal business operations of the Company (such as buying, selling, investing, or joint ventures for normal business transactions for the benefit of operations according to the objectives of the Company) within Authority Limits.

(4) Approve the borrowing and lending of money or applying for credit approval from a financial institution; including a guarantee or payment of ordinary business transactions with a specific credit limit of each transaction that has already been agreed and assigned. The amount incurred in these transactions must be under a limit in accordance with the Company guidelines and Authority Limits which have already been reviewed by the Board of Directors.

(5) Approve the appointment of various consultants that are necessary for the Company's operations within the budget approved by the Board of Directors each year.

(6) Have the authority to invite the management team, executives, or any related persons of the Company to attend a meeting to provide an opinion or relevant information as necessary.

(7) Approve the Company's compensation structure and benefits of management and employees (holding a position lower than the Managing Director/Chief Executive Officer).

(8) Report the significant performance of the Executive Committee to the Board of Directors, regularly.

(9) Assess the performance of the overall Executive Committee and self-assessment and propose to the Board of Directors annually.

(10) Review and propose to the Board of Directors to revise the scope of duties and responsibilities of the Executive Committee in accordance with the situation.

(11) Perform any other tasks assigned by the Board of Directors or according to the policies set by the Board of Directors.

(12) Delegate the authority one or more persons to take any action on behalf of the Executive Committee.

The delegation of authority and responsibilities of the Executive Committee will not delegate authority to the Executive Committee or a representative from the Executive Committee who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board

announcement) except for approved transactions in accordance with the policy and criteria approved by Shareholders Meeting or the Board of Directors.

2.4 Authority, Duties and Responsibilities of the Risk Management Committee

(1) Consider, evaluate and review the risk characteristics and identify the Company's risk and determine the Company's risk appetite

(2) Consider and set risk management policies, both internal and external in accordance with the strategy and direction of the business, which must cover at least 4 risks as follows:

(a) Financial Risk

(b) Operational Risk

(c) Strategic Risk

(d) Compliance Risk

(3) Consider and determine strategies and guidelines for risk management in accordance with the risk management policy to assess, monitor, and supervise risk levels within an acceptable level.

(4) Supervise a responsible person to comply with the risk management policy so that the Company has an effective risk management system throughout the organization and continual implementation.

(5) Consider the structure and appointment of the risk management team in order to assess and monitor risk management results.

(6) Consider budgeting and methods of responding to risks that may occur to the Company in order to be used as rules for the operation of each type of risk situation and propose the budget and methods to the Board of Directors for approval.

(7) Review the appropriateness and adequacy of the Company's risk management policies, strategies, and practices to ensure that policies, strategies and guidelines are in line with the Company's strategy and direction and be able to monitor the risk level to an acceptable level including giving advice and support to the Board regarding corporate risk management, promoting and supporting continuous improvement and development of risk management system.

(8) Report to the Board of Directors about risks and risk management.

(9) Assess the annual performance of the overall risk management committee and the individual risk management committee and propose to the Board of Directors annually.

(10) Review and propose to the Board of Directors to consider revising the Authority Limits, duties and responsibilities of the Risk Management Committee in accordance with the situation.

(11) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

2.5 Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

(1) Specify qualifications and criteria for nominating directors, sub-committee and the President / Chief Executive Officer of the Company as well as selecting appropriate candidates for knowledge, experience, and expertise to be nominated to the Board of Directors to consider the appointment and/or present to the shareholders' meeting for further appointment. (As the case may be)

(2) Consider the independence of each independent director to ensure that the independent directors of the Company are fully qualified.

(3) Consider the format and process for the development of the President/Chief Executive Officer to be consistent with the business of the Company and the situation.

(4) Consider the form and criteria of compensation (whether in cash, securities or otherwise) including the determination of wage, compensation, reward, bonus and salary increase for directors and sub-committees and the President/Chief Executive Officer to be appropriate, fair and in accordance with relevant laws to propose to the Board of Directors meeting and/or the shareholders' meeting for further approval. (As the case may be)

(5) Consider the evaluation criteria for the President/Chief Executive Officer and present to the Board of Directors for approval.

(6) Report the performance of the Nomination and Remuneration Committee to the Board of Directors for acknowledgment.

(7) Assess the annual performance of the Nomination and Remuneration Committee and the individual nomination committee and propose to the Board of Directors for acknowledgement annually.

(8) Review and propose to the Board of Directors to consider revising the scope of Authority Limits, duties and responsibilities of the Nomination and Remuneration Committee in accordance with the situation.

(9) Perform any other tasks as assigned by the Board of Directors or the policies set by the Board of Directors.

2.6 Authority, Duties and Responsibilities of the Chief Executive Officer

(1) Responsible for managing and operating normal business for the benefit of the Company to follow the vision, business directions, policies, business strategies, goals, operational plans and annual budget plans approved by the Executive Committee and/or the Board of Directors and/or as assigned by the Executive Committee and/or the Board of Directors.

(2) Approve entering into a contract and/or any transaction related to the normal business operations of the Company (such as trading, investing, or jointly investing with other people for normal business transactions of the Company and for the benefit of operations according to the objectives of the Company) within the limit specified in the Authority Limits and/or as the Executive Committee and/or the Board of Directors determine and/or according to relevant laws and regulations and/or in accordance with the regulations of the Company.

(3) Approve lending and requesting credit facilities from financial institutions, loans, mortgages or becoming guarantors of the Company and subsidiaries within the limit as specified in the Authority Limits) or as the Executive Committee and/or the Board of Directors determine.

(4) Supervise the Company's overall business operations such as finance, marketing, human management and other operations in accordance with the business strategy policy, target, operational plan and annual budget plan as approved by the Executive Committee and/or the Board of Directors.

(5) Drive continuous development of the organization and human resource including taking care and maintaining the good image of the organization.

(6) Appoint various advisors that are necessary for the Company's operations within the power and credit limit as specified in the Authority Limits and/or as specified by the Executive Committee and/or the Board of Directors.

(7) Establish rules, regulations, guidelines and requirements for the organization structure in the next position from the Chief Executive Officer, including the employment, appointment, transfer, dismissal and termination of employees in positions lower than the Chief Executive Officer.

(8) Determine the wage, compensation, reward, bonuses and salary increases for executives and employees in the next position from the Chief Executive Officer within the framework and policies set by the Executive Committee and/or the Board of Directors.

(9) Issue and amend orders, regulations, announcements and notes within the Company for the operations of the Company in accordance with the policy and for the benefit of the Company including maintaining discipline within the organization.

(10) Perform other duties as assigned by the Executive Committee and/or the Board of Directors including the authority to take any action necessary to perform such duties.

(11) Authorize one or more persons to take any action on behalf of the Chief Executive Officer.

The delegation of authority and responsibilities of the Chief Executive Officer will not delegate authority to the Chief Executive Officer or a representative from the Chief Executive Officer who can approve transactions that they may have conflicts of interest (as defined in the Securities and Exchange Commission and/or the Capital Market Supervisory Board announcement) except for approved transactions in accordance with the policy and criteria approved by the Board of Directors.

2.7 Regulations, approvals, and actions for entering into transactions

Authorized Person			
Transaction	Chief Executive Officer	Executive Committee	Board of Directors
Transactions from normal business operations			
1. Annual budget approval for operations / investments	-	-	Approve
2. Changing the approved annual budget for operations / investments	Not more than 20% of the approved limit	Not more than 30% of the approved limit	More than 30% of the approved limit
3. Approval of expenses that are not in the budget	Not more than THB 2.5 million	Not more than THB 5 million	More than THB 5 million
4. Approving for the credit term to customers	More than 30 days	-	-

Authorized Person			
Transaction	Chief Executive Officer	Executive Committee	Board of Directors
5. Requesting a credit line from a bank	-	Not more than THB 50 million	More than THB 50 million
Other transactions			
6. Short-term investment	-	Not more than THB 3 million	More than THB 3 million
7. Purchasing land / buildings / improvements / corporate cars	-	-	Approve
8. Approval of additional investment budget	Not more than THB 10 million per project	Not more than THB 20 million per project	More than THB 20 million per project

Remarks: Directors and executives can approve transactions to the amount specified above. However, such approval must comply with the rules on significant transactions that are considered acquisition or disposal of assets and criteria for entering into connected transactions in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand or related laws the Company's business.

2.8 Authority, Duties and Responsibilities of the Company Secretary

The Company Secretary has important duties as specified by the Securities and Exchange Act. The Board of Directors has determined the authority, duties and responsibilities of the Company Secretary which has been appointed in the Board of Directors Meeting no. 9/2018 on 12 November 2018.

(1) To prepare and maintain the documents, as follows: The Board of Directors Registration, The Notice of the Board of Directors meeting, The Minute of the Board of Directors meeting, The Annual Report and The Notice of the Shareholders' meeting and the Minute of the Shareholders' meeting

(2) Keep conflict of interest report from directors or executives under the section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) (as amended), including sending a copy of the report to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the date the Company Received that report.

(3) To provide primary legal advices, associated rules, and the Code of Conduct to the Board of Directors, accordance with the law.

(4) To schedule the meeting of the Board of Directors and Sub-committee and conduct the Board of Directors' meeting and shareholders' meeting.

(5) To coordinate with the regulatory authorities, such as the Security and Exchange Commission and the Stock Exchange of Thailand, in disclosure the information to the authorities and the public with legally accurate.

(6) To facilitate the activities of the Board of Directors and other actions in accordance with the law and/or as specified by the Capital Market Supervisory Board and/or as assigned by the Board of Directors.

(7) To act on duties announce by the Capital Market Supervisory Board.

3. Nomination and Appointment of Directors and Top Executives

Selection of persons to be appointed as the Company's directors and executives must have qualifications under Section 68 of the Public Limited Company Act B.E. 1992 and must comply with the regulations of the Company and not being under any of the prohibitions under the Notification of the Capital Market Supervisory Board No. 39/2016 regarding the request for permission and permission to offer new issued shares dated 30 September 2016 with the criteria for selecting and appointing directors and executives as follows:

3.1 The Board of Directors

The composition of the Board of Directors is as follows:

(1) The Board of Directors does not have to be a shareholder of the Company.

(2) The Board of Directors consists of directors a total of not less than 5 members. The directors not less than half of the total number of directors shall have residence in the Kingdom and shall have qualifications as according to the law.

(3) There shall have independent directors not less than 1 in 3 of the total number of directors and not less than 3 persons.

The Board of Directors will nominate one director to be the Chairman of the Board and in the case that the Board of Directors deems appropriate, it may consider selecting one or several other directors to be the Vice Chairman of the Board of Directors and proposing the names of such persons to the Shareholders' meeting for approval in the next election. The qualifications of the Company's directors are as follows

(1) Directors must be knowledgeable, capable, honest, and ethical in conducting business and have sufficient time to devote knowledge, ability to perform duties for the Company.

(2) Directors must have qualifications and are not under any prohibition under the law on public limited companies and other related laws. Moreover, they must not have characteristics that indicate lack of appropriateness to be entrusted with the management of a public-owned business as stipulated by the Office of the Securities and Exchange Commission (SEC).

(3) Not being a person who operates a similar business and is in competition with the business of the Company, or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Shareholders' meeting before appointment.

(4) Independent directors must have qualifications concerning independency as specified by the Company and in accordance with the same guidelines as the qualifications of the Audit Committee according to the announcement of the SET, Subject: Qualifications and Scope of Work of the Audit Committee. The independent directors must be able to look after the interests of all shareholders equally as well as prevent conflicts of interest. In addition, they must also be able to attend meetings of the Board of Directors with independent opinions.

Independent Directors are defined as Directors who do not hold any management position and are not employees of the Company or Subsidiary. They must additionally be independent of any major shareholders, management, and of any other related persons - and they must have the responsibility to determine if there is anything that may affect the equitable treatment of Shareholders. The qualifications to be an Independent Director are as follows:

(a) Hold not more than 1% of the total voting shares of the Company, its parent company, its subsidiaries, its associated companies, major shareholders or a controlling person, including stocks that held by related persons of the Independent Director.

(b) Is not, or has not ever been an executive director, employee, staff member, or advisor who received a salary or a controlling person of the Company, its parent company, its subsidiaries, its associated companies, major shareholders or a controlling person unless the foregoing status has been ended for at least 2 years. This shall not include the Independent Director who used to be a government

official or advisor of a government agency which was a major shareholder or acted as controlling persons of the Company.

(c) Is not be a person that related to blood or legal registration, such as father, mother, spouse, sibling or child, including a spouse of the children, managements, major shareholders, controlling persons, or persons to be nominated as management or a controlling person of the Company or its subsidiaries.

(d) Has not, or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies or a controlling persons in the manner that may interfere with their independent judgement, or is not, or has not ever been, a major shareholders, managements or controlling persons of any person having a business relationship with the Company, its parent company, its subsidiaries, its associated companies or controlling person unless the foregoing relationship has been ended at least 2 years.

The business relationship includes business transactions that are normally undertaken for the business of leasing or leasing real estate, transactions relating to assets or services or granting or receiving financial assistance by accepting or lending guarantees, providing assets as collateral, any other similar circumstances, resulting in the Company or contractual party having an obligation to pay to the other party from 3% of the Company's net tangible assets or from THB 20 million Baht or more, whichever is lower. The calculation of liabilities shall be in accordance with the method of calculating the value of the connected transaction under the Notification of the Securities and Exchange Commission on rules for related transactions. Mutatis mutandis for the consideration of the said liabilities shall include the liabilities incurred during one year prior to the date of having a business relationship with the same person.

(e) Has not, or has not ever been, an auditor of the Company, its parent company, its subsidiaries, its associated companies or a controlling persons and is not a major shareholders, non-independent directors, managements, controlling persons or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies or a juristic person who may

have a conflict of interest unless the foregoing relationship has been ended for at least 2 years.

(f) Has not, or has not ever been, any professional advisor including legal or financial advisor who received an annual service fee exceeding Baht 2 million from the Company, its parent company, its subsidiaries, its associated companies or a controlling persons, and is not a major shareholders, nonindependent directors, managements, controlling persons or partner of the professional advisor unless the foregoing relationship has been ended for at least 2 years.

(g) Does not represent as the Company's Board Member or its major shareholders or shareholders who related to the Company's major shareholders.

(h) Does not operate any business similar to, or materially competing with the Company or its subsidiaries or not being a material partner in any partnership, executive director, employee, staff, advisor who receives salary or holds more than 1% of total voting shares of the company which operates similar to, or materially competing business with the Company or its subsidiaries.

(i) Has no characteristics which make incapable of expressing independent opinions with regard to the Company's business.

3.2 The Audit Committee

The Board of Directors or the Shareholders' meeting appoints the independent directors of the Company to the Audit Committee. The Audit Committee must have at least 3 members; all of them must be independent directors. At least 1 member of the Audit Committee must have sufficient knowledge and experience in accounting or finance to review financial statements. In this regard, the Audit Committee must have the following qualifications:

(1) Qualified as an independent director according to the rules and conditions set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

(2) Not being a director assigned by the Board of Directors to decide the business operations of the Company, parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or the person with power of controlling the Company.

(3) Not being a director of the parent company, subsidiary company and same-level subsidiary company in the listed company only.

(4) Have sufficient knowledge and experience to be able to perform duties as an Audit Committee. At least one person of the Audit Committee has the sufficient knowledge and experience to review the reliability of the financial statements.

3.3 The Executive Committee

The Board of Directors selects and appoints persons to be executives. The Executive Committee comprised of at least 4 members. The Executive Committee is not required to hold the position of the Board of Directors. Executives must have the following qualifications:

(1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.

(2) Has complete qualifications and does not have any characteristics prohibited under relevant law.

(3) Not being a person who operates a similar business and is in competition with the business of the Company, or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

3.4 The Risk Management Committee

The Board of Directors selects and appoints persons to be directors of the Risk Management Committee. The Risk Management Committee comprised of at least 3 members. The directors of Risk Management Committee are not required to hold the position of the Board of Directors. The directors of the Risk Management Committee must have the following qualifications:

(1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.

(2) Has complete qualifications and does not have any characteristics prohibited under relevant law.

(3) Not being a person who operates a similar business and is in competition with the business of the Company, or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

3.5 The Nomination and Remuneration Committee

The Board of Directors selects and appoints persons to be directors of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprised of at least 3 members. The Nomination and Remuneration Committee selects 1 independent director as the Chairman of the Nomination and Remuneration Committee to be the main driver to perform duties independently as the Nomination and Remuneration Committee. The directors of the Nomination and Remuneration Committee must have the following qualifications:

(1) Have sufficient knowledge, honesty and business ethics and have sufficient time to devote knowledge and capability to perform duties for the Company.

(2) Has complete qualifications and does not have any characteristics prohibited under relevant law.

(3) Not being a person who operates a similar business and is in competition with the business of the Company, or is a partner or director of another juristic person operating a similar business and in competition with the business of the company, whether for benefit of oneself or others, unless notified to the Board of Directors' meeting before appointment.

3.6 Chief Executive Officer

When the position of Executive Committee or Chief Executive Officer becomes vacant or the persons holding the position cannot perform their duties, the Nomination and Remuneration Committee will assign a person holding a similar position or a second position to acting temporary until the Company select qualified persons according to the specified criteria. The Nomination and Remuneration Committee will determine the qualifications and criteria for the selection of the Chief Executive Officer of the Company and consider selecting suitable candidates with knowledge, experience, expertise, vision and understanding corporate culture. Candidates must also have business ethics with neutral in politics and are propose to the Board of Directors for appointment.

4. Control and Supervisory of Subsidiaries, Associate Companies and Joint Ventures

At present, the Company does not have investments in subsidiaries or associates. However, if the Company will invest in a subsidiary or an associate in the future, the Company has set policy on supervisory and management of subsidiaries, associate companies and joint ventures to benefit and support the business operations and strengthen the Company's performance. The Company will

consider the investment proportion, expected profit, risks that may occur and financial status of the company before investing in various projects. The investment approval must be considered from the Board of Directors' meeting and/or the Shareholders' meeting as specified in the authorization table for the operations and enter into transactions of the Company.

The Company will send its representative with qualifications and experience suitable for the business to position as a director of each subsidiary, associated companies. The said representative may be the Chairman of the Board of Directors, (Managing Director / Chief Executive Officer) Director of the Company, High-level Executive or any person of the Company without conflict of interest with the business of those subsidiaries and associates. To oversee the business and operations of its subsidiaries and associates, the representative must manage the business of the subsidiaries and associates in accordance with the rules and regulations of subsidiaries and/or that associated company. The representative must also report the performance of subsidiaries and associated companies to the Board of Directors' meeting. In addition, the Company may consider sending a representative to be the director in subsidiaries and associated companies according to the shareholding proportion of the Company and/or according to the agreements between the shareholders of subsidiaries and associated companies.

In this regard, the Company will closely monitor the performance and the operations of the subsidiaries and associated companies including supervising the data collection and accounting records of subsidiaries and associated companies for the Company's inspection.

5. Supervision on the use of Insider Information

The Company realizes the importance of the prevention of the use of insider information. The Company requires that directors, executives, and employees must not disclose confidential information of the Company that may have an impact on the price or value of the Company's securities ("Insider Information") to anyone outside of the Company or seek to benefit from for themselves or for others, whether directly or indirectly and whether or not they will be awarded. They must not trade securities or enter into future contracts related to the Company's securities by using internal information. In this regard, the Company has established guidelines to prevent the use of insider information as follows:

(1) The Company provides knowledge to directors and executives concerning the duty to report the securities holdings of themselves, their spouses, their children who have not yet become sui juris and directors and executives who hold the Company's shares more than 30 percent of total number of voting rights to the Office of the Securities and Exchange Commission under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E. 2535(1992), including reporting of acquisition or disposition of securities of themselves, their spouses, their children who have not yet become sui juris the Office of the Securities and

Exchange Commission under Section 246 and the penalty under Section 298 of the Securities and Exchange Act.

(2) The Company requires directors and executives including their spouses or their children who have not yet become sui juris to notify changes and report changes the Office of the Securities and Exchange Commission within the period in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) and relevant announcements, including submitting a copy of the report to the Company Secretary on the same day that the report is submitted to the Office of the Securities and Exchange Commission.

(3) The Company requires that directors, executives, executives in accounting or financial positioning as assistant managing director or higher or equivalent to the said position and related employees who were informed of the substantial internal information which will affect the price of securities, must suspend the trading of the Company's securities prior to the distribution of the information regarding financial statements, financial status and the Company status which means the period of 30 days before and until the date of the company's financial statements and performance will be disclosed to the public both quarterly and annually and a period of 24 hours after the information has been disclosed to the public. In case of any violation of the said regulations, the Company will be considered a disciplinary offense according to the regulations of the Company by considering the punishment as appropriate to the case from verbal warning, written warning, wage reduction, taking a leave without pay and termination of employment.

6. Conflict of Interest Policy

The Company has established policies regarding the prevention of conflict of interest that any decision in conducting business activities must be for the best interest of the Company and its shareholders and should avoid actions that may cause conflict of interest. Any action that related persons receive benefits or loses benefits whether directly or indirectly from the transaction of the Company or subsidiaries must be notified their relationship or interest in the said transaction to the Company. In addition, related persons must not participate in approval consideration and have the authority to approve the transaction.

7. Auditor's remuneration

For the year ended 31 December 2019 and 31 December 2018, the Company has paid audit fees to the auditor of Dharmniti Auditing Co., Ltd. as follows:

Unit: Baht

Detail	2019	2018
Audit Fee	930,000.00	815,000.00
Non-Audit Fee	150,000.00*	-
Total	**1,080,000.00**	**815,000.00**

Remarks: * a compensation for other services that are incurred in preparation for the Company's listing on the Stock Exchange

Corporate Social Responsibilities

The Company operates its business under a framework of good governance, transparency, and accountability, with the determination to develop the business in parallel with balancing the economy, society and environment. The Company is committed to be Good Corporate Citizen for sustainable business growth under Corporate Social Responsibilities based on ethics and good corporate governance principles, as well as creating effective returns for shareholders by considering the impact of business operations on stakeholders in all aspects.

1. Overview Policy

The Practical Solution Public Company Limited has a primary mission of conducting business under a framework of good ethics and good governance, transparency and accountability in accordance with the principles of corporate social responsibility of the business determined by the Stock Exchange of Thailand. The Company is also aware of the importance of operating a sustainable business growth under Corporate Social Responsibilities by focusing on the operation of business with care for stakeholders, economy, society and environment with morality and ethics. Conducting business under social responsibility will bring benefits to the public along with the growth of the Company concurrently.

In this regard, the Company has established a social responsibility policy which is divided into social operations or environmental activities which are part of normal business operations (in-process) and social and environmental activities that are outside of normal business operations. (after-process)

2. Operation and Report Preparation

<u>CSR in-process</u>

The Company has a policy regarding social and environmental responsibility as part of its business operations, with details as follows:

(1) Fair Business Operation

The Company is committed to conducting business with honesty, fairness, transparency, disclosure of important information and can be audited as well as determined to compete equally by following the relevant laws, regulations and international code of business ethics, including rejecting any behavior that prevents fair competition, such as seeking confidential information of competitors, accepting and providing any benefits for dishonest trade, etc.

(2) Anti-Corruption

The Company has managed the business on the basis of transparency, ethics, adhering to the principles of corporate governance and compliance with laws related to prevention and anti-corruption, including bribery to government officials or private sector. The Company has established an organizational structure that clearly separates duties, responsibilities, work processes, and chain of command in each department to balance the power and tighten the inspection. In addition, the Company has set guidelines for the Company's directors, executives and employees including subsidiaries as follows:

(2.1) Directors, executives, and employees of the Company are prohibited from conducting or accepting or supporting corruption of all forms, both direct and indirect. This also applies to the subsidiaries. Compliance with the anti-corruption policy shall be reviewed on a regular basis.

(2.2) Executives and employees of the Company shall report any actions that are considered corruption which may be negatively affected the Company by reporting to the supervisor or responsible person via the specified reporting channels and the employees shall cooperate in the investigation.

(2.3) The Company will provide fairness and protection to whistleblowers, including those who cooperate in reporting and in the process of fraud investigation.

(2.4) The Board of Directors has a duty and responsibility to set policies and supervise to provide an efficient anti-corruption system to ensure that the management realizes and gives importance to anti-corruption and cultivate a good corporate culture.

(2.5) Persons who commit corruption shall be subject to disciplinary consideration in accordance with the regulations of the Company and may be punished by law if the act is illegal.

(2.6) The Company communicates anti-corruption policy to all departments in the Company through various channels such as training for internal communication systems for the concerned parties to acknowledge and implement the policy etc.

(2.7) The Company has established a channel for reporting clues by promoting various communication channels so that employees and relevant parties can report suspicious clues and provide measures to protect the whistleblowers by concealing the identity of the whistleblower and to avoid unfair penalties or transfers, including appointment of inspectors to monitor all clues that have been reported.

(2.8) The Company encourages suppliers, trade partners, or other parties to perform duties related to the Company to report a violation of the Company's anti-corruption policy.

(2.9) The Company has a policy for recruiting or selecting personnel, promotion, training, performance appraisal, and determination of remuneration for employees of the Company with fairness and sufficiency to prevent corruption within the organization and to create security for the employees of the Company.

(2.10) The Company has established the disbursement and procurement regulations by setting approval authority limits for operations and entering various transactions of the Company. The purpose of the transaction and the recipients must have clear documents and evidence and determine approval authority limits for each level.

(2.11) The Board of Directors, executives and employees of the Company must act with caution and clear inspection for operating high risk of corruption in the following matters.

(2.11.1) Giving or accepting gifts and entertainment must be transparent, legal, in accordance with normal trade practices or traditions in the appropriate price.

(2.11.2) Giving or receiving donations or grants must be transparent and legal to ensure that giving or receiving such donations or grants does not conceal bribery.

(2.11.3) In conducting business, contacting, negotiating, bidding, and other operations with government or private agencies must be transparent and legal. In addition, the Company's directors, executives and employees must not give or receive bribes at all stages of the business operation.

(3) Respect to Human Rights

The Company realizes the importance of human rights as the foundation of human resource development which is strongly related to creating value in our business. This includes fair and equitable treatment of labor without discrimination based on race, religion, sex, color, ethnicity and actions against child labor and sexual harassment. In addition, the Company has promoted the monitoring of human rights compliance by providing participation in expressing opinions and channel to complaining for those who have suffered due to infringement of rights arising from the Company's business operations and take appropriate remedies.

(4) Fair Treatment to Labor

The Company is aware of the importance of human resource development and fair treatment to labor. This will increase the value of the business and enhance the competitiveness and sustainable growth of the Company in the future. The Company creates policies and guidelines as follows:

(4.1) Respect the rights of employees in accordance with human rights principles and comply with labor laws.

(4.2) Establish a fair employment process and conditions, including determining compensation and consideration of merit under a fair evaluation process.

(4.3) Promote human resource development by arranging training seminars, including sending employees to participate in academic training in various fields in order to develop knowledge, capabilities and potential, including good attitude, morality, ethics and teamwork. In addition, the Company also supports the development of organization and human resources by focusing on efficient work processes, clear defining roles and duties, determining suitable remuneration, developing systems for evaluating and increasing employee performance.

(4.4) Provide various benefits for employees as required by law, such as social security etc. and beyond the law, such as health insurance and accident insurance, etc. including providing various types of grants to employees, such as funeral expenses etc.

(4.5) Ensure employees to work safely with good hygiene in the workplace by providing measures to prevent accidents and strengthen employees' awareness of safety, including training, promoting and maintaining hygiene workplace.

(4.6) Open the opportunity for employees to express opinions or make complaints about unfair practices or wrong action in the Company, as well as to protect employees reporting such matters.

(5) Responsibility to Customers

The Company is committed to developing its products and services and subsidiaries for the highest satisfaction and benefit of the customers and to treating customers with responsibility, honesty and attention to customers as follows:

(5.1) The Company considers the quality and standard of products and production efficiency by focusing on manufacturing safe products to meet international standards, as well as

developing service systems for customers to receive the quality services and the highest satisfaction.

(5.2) The Company is committed to fair marketing by having a policy of providing customers with correct information about its products and services without distorting, ambiguous, or exaggerated advertisements so that customers will have accurate and sufficient information to make decisions.

(5.3) The Company considers the safety of customers and intend to providing customers with quality products and services and safety in accordance with international safety standards and regulations as required by law, including designing, creating and developing products and services on a regular basis so that customers are confident in the quality, standards and safety of the Company's products and services.

(5.4) The Company has established a customer relationship system for use in communicating with customers, including receiving complaints about the quality of products and services in order to respond to customer needs promptly.

(5.5) The Company will keep customer information confidential and will not misuse the information from customers.

(6) Caring for the Environment

The Company gives priority to social responsibility in protecting the environment by operating and controlling the production of products and services of the Company to strictly comply with laws related to environmental preservation. In the past, the Company has managed the business with regard to environmental safety. In addition, the Company also places importance on the management of natural resources for maximum efficiency.

(7) Community or Social Development

The Company realizes its responsibility to the community and society. The Company has a policy to operate a business that is beneficial to the economy and society and adheres to being a good citizen as well as fully complying with relevant laws and regulations. The Company is committed to develop, promote and enhance the quality of life of society and community in the neighborhood along with the growth of the Company in order to strengthen the community and truly return to society.

In addition, the Company has a business policy under environmental standards, with production systems and operations that use resources and energy efficiently, have controls to prevent environmental

pollution, as well as implement environmental management systematically with follow up, evaluate, and review for continuous development.

3. CSR-after-process

The Company has conducted activities for the benefit of society and the environment in the past as follows:

3.1 TPS donated scholarships and educational equipment to children at Ban Bung Toei School

- At Ban Bung Toei School, Nakhon Ratchasima Province on Friday 19 January 2020

3.2 TPS save the World Project

- Planting activities at Rayong Botanical Garden on Saturday 12 January 2019.

3.3 TPS share kindness to Thammanurak House Project

- Donate items for Thammanurak Foundation, Kanchanaburi Province on Friday 13 January 2017.

3.4 TPS Protect Mangrove Forest Project

- Planting mangrove forest at Chai Lane Village, Samut Songkhram Province, on Friday 16 January 2015.

Internal Control and Risk Management

Project Risk Management

As the Company revenues are mainly coming from project bidding, the Company confers serious attention on risks from project sales. Therefore, the Company has established a Risk Management Policy and Framework as a major part of business management. The Company also set up the Risk Committee to be responsible for evaluating the Company's risks including financial performance, project management, and technical from both internal and external factors in order to mitigate risks to acceptable level and appropriated return.

Internal Control

The Board of Directors and the executives are directly responsible for maintaining the internal control system including reviewing its efficiency on a regular basis in order to prevent the shareholders' investments and the Company's assets. The internal control system covers the areas of finance, operation, compliance and risk management. The effectiveness of the international control and risk management systems provide the Company a reasonable assurance that the following objectives and goals will be achieved:

- Reliability and integrity of information and financial reports
- Compliance with regulations, policies, procedures and related laws
- Prevention of the Company's assets including proper control and maintain
- Efficiency, effectiveness business operation and maximize our resources
- Effective achievement of the Company's objectives and strategies

The summarize of the key internal control systems implemented by the Company are as follows:

1. Organization & Control Environment

The Company has facilitated the appropriated organization chart and environmental as a core internal control foundation. The Company has formulated business plans complete with vision, objectives, strategies, and budgets as well as determined evaluation criteria from the operation. It has continued restructured the organization to align it with these business plans. The Company has implemented a good corporate governance system, hires qualified personnel and continuously develops its human resources. It has established key policies and procedures to be used as guidelines in order to control transactions of financial, purchasing and risk management, etc.

2. Risk Assessment

All departments are required to evaluate the effectiveness of the business transaction's risks. The Risk Management Committee and the Audit Committee play major roles in overseeing the implementation of the Company's risk management system to an acceptable level.

3. Management Control

The Company has separated responsibilities over the various management duties and their segregation in order to ensure that there is a control system of checks and balances through the use of proper written authority and approval levels and limits. Guidelines for connected and related transactions have also been developed to ensure compliance with all relevant laws.

4. Information & Communication

The Company has implemented a management information & Communication system to assist in decision making. Critical information and data are collected, analyzed and stored in the Company's database. Two-way communications are both effective and efficient within the Company. At the Board of Directors level, information and supporting documentation are provided to all members in order to make more informed decision making possible.

5. Monitoring Activities

The Company's external auditors, Dharmniti Auditing Co., Ltd., who appointed as the audit of the 2019 financial statements of The Practical Solution Public Company Limited in accordance with the generally accepted accounting standards. The Board of Directors has evaluated the Company's internal control system and has the opinion that the overall internal control system is adequate and appropriate, with the company providing sufficient personnel to implement the said system efficiently in accordance with the principles of good corporate governance and transparency. In addition, the Company also provides a monitoring system to protect the Company's assets from misusing and unauthorized action from the directors or executives. The Company also provides monitoring system for transactions with related persons and conflict of interest persons to enable the efficient internal control system

The Company appointed P&L Internal Audit Co., Ltd., as the Company's internal audit. The internal audit department reports directly to the Audit Committee every quarter. Its duties and responsibilities include consulting, monitoring and assessing the effectiveness of the Company' and its subsidiaries' internal control systems, risk management systems and corporate governance to ensure that these are adequate and effective according to the Company's objectives.

The internal audit department has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might impact on the Company's business objectives and the accuracy of financial reports. This plan is reviewed and approved by the Audit Committee on an annual basis and reviewed the audit results and progress reports on a quarterly basis. The internal audit of the Company proposed an internal audit plan for the year 2019 and has been approved by the Board of Directors at the Board of Directors Meeting No. 1/2019 on February 25, 2019 with the details of the internal audit plan as follows:

Quarter	Internal Audit	Audit Date	Propose to Audit Committee
1	Application Control for Account Closing Process	May 2019	June 2019
2	Revenue Control System	July 2019	August 2019
3	Expense Control System	October 2019	November 2019
4	After Sale Service and Management for Demo	January 2020	February 2020

The Audit Committee reviews and approves this annual audit plan and follow up on results of internal audits quarterly. In addition, the Audit Committee has considered the qualifications of P&L International Audit Co., Ltd. and Miss Wanwimon Jeongsuriyaphas that the company and has the opinion that they have the appropriate educational background, training experience to perform the duties of the Company's internal auditors and have independence and fairness.

Report of the Audit Committee

The Audit Committee performs its duties in accordance with the scope of authorities and responsibilities assigned by the Board of Directors. These duties are monitored to ensure that the executives and members of the Executive Committee perform their duties and manage the affairs of all stakeholders with integrity and responsibility in accordance with the Company policies.

In 2019, the Audit Committee was held 6 times with the management and the auditors for attending in order to monitor the progress of the operations as discussed and suggested by the auditors. The Audit Committee has reported the results of their duties and recommendations to the Board of Directors quarterly. Its main activities can be summarized as below.

1. To consider the quarterly and annual financial statements before present to the Board of Directors. The Audit Committee has questioned and listened to the explanations from the management and the auditors in order to the accuracy and completeness of the financial statement as well as the adequacy of disclosure, situations after the disclosure period and accounting adjustments that have significant impact on the financial statements to ensure that the financial statement was accurate in accordance with the regulations and standards of accounting principles that accounting system and financial statements are accurate and reliable. This including ensuring that the financial statement disclosures are adequate and timely in order to beneficial to the investors and the users of financial statements.

2. To review and evaluate the internal control systems, the Audit Committee reviewed and gave opinions on the internal audit report of 2019, by reviewing the document and the assessment form the management. It can be concluded that the Company's internal control system is adequate and appropriate in respect of internal control, risk assessment, operations control of information system and data communication and tracking system. The Company has provided sufficient personnel to implement the system efficiently to protect the Company's assets from misusing and unauthorized action from the directors or executives. The Company also provides monitoring system for transactions with related persons and conflict of interest persons to enable the efficient internal control system.

3. To realize the importance of the approval process procedure of the conflict of interest transactions in compliance with regulatory requirements and good corporate governance principles.

4. At each meeting, the Audit Committee reviewed and gave opinions regarding to their compliance with the Law of the Securities and Exchange Commission, the regulations of the Stock Exchange of Thailand, or other Laws relating to the Company's business. The report of the Company's operations for the year 2019 showed no significant issues regarding to non-compliance with the Securities and Exchange Commission Law, the regulations of the Stock Exchange of Thailand, or other laws relating to the Company's business.

5. The Audit Committee reviewed the performance of 2019, independence and appropriate of the remuneration and agrees to appoint P&L Internal Audit Co., Ltd. as the Company's internal auditor in 2020. Its inspections and reports are useful for CG procedures in accordance with the regulations of the Stock Exchange of Thailand.

6. The Audit Committee considered, selected, appointment proposed and remuneration proposed for the Company's auditor for 2019 in order to present to the Board of Directors for an approval by the Annual General of Shareholders Meeting of 2019, the Audit Committee reviewed the performance, independence and appropriate of the remuneration and agrees to appoint Mr. Peeradech Phongsathiensak, a certified auditor of License No. 4752, or Ms. Soraya Tintasuwan, a certified auditor of License No. 8658, or Ms. Sulalit Atsawang, a certified auditor of License No. 7517, on behalf of Dharmniti Auditing Co., Ltd. as the Company's auditor for 2020 as the following reasons:

- The standard of good performance, the professional practice of auditing, and the consistently of good performance;
- The recommendation and clearly advice on the new standards of the accounting principles and guidelines. The Auditor's fee for the year 2020 is totaling 980,000 Baht (Nine hundred and Eighty thousand Baht)
- The audit firm and the auditors as the proposed lists above, have no relationship or conflict of interest with the Company, managements, major shareholders, or anyone related to such a person; therefore, the Audit Committee carried out its independent in audit and comment on the Company's financial statements.

7. The Audit Committee performed within the full scope of the authority as set in the Charter of the Audit Committee, and in accordance with the laws of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand.

The Audit Committee's opinion that the Company's operation results for the year ended 31 December 2019 have been performed under the proper internal control system and appropriate internal control process. The financial reports are accurate, complete and reliable and in accordance with the laws, rules, and regulation related to the Company's business including the accurate disclosure to regulator institutions that are consistent with good corporate governance, transparency and reliability.

(Mr. Wuttichai Chartisaranuwat)

Chairman of Audit Committee

Related Party Transactions

1. Relationship

For 2018 and 2019, ended December 31, the company has related party transactions with conflict of interest consisting of shareholders, directors, executives and/or related companies as follows.

Conflict of Interest Person		Relationship
1.	Mr. Bunsom Kitkasetsathaporn	President/CEO and Shareholder
2.	Mr. Matee Witawasiri	EVP Opetations and Shareholder
3.	Mrs. Jarunya Kitkasetsathaporn	SVP General Administration and Shareholder
4.	Mr. Arr Saetae	Father of Mr. Bunsom Kitkasetsathaporn
5.	Mr. Aviruth Chirayuttanasak	Brother-in-law of Mr. Bunsom Kitkasetsathaporn
6.	Mr. Prapat Witawasiri	Father of Mr. Matee Witawasiri
7.	Ms. Aumaporn Sengsui	VP Sales and Shareholder
8.	Mrs. Daonapa Sukduang	AVP Accounting

2. Value and Outstanding of Related Party Transactions

2.1 Granting/receiving financial assistance

Conflict of Interest Person	Related Party Transaction	Guarantee Limit	Outstanding	Guarantee Limit	Outstanding	Necessity and Reasonableness
		31 Dec 2018	31 Dec 2018	31 Dec 2019	31 Dec 2019	
31 December 2018 Mr. Bunsom Kitkasetsathaporn Mr. Matee Witawasiri Mrs. Jarunya Kitkasetsathaporn Mr. Arr Saetae Mr. Aviruth Chirayuttanasak Mr. Prapat Witawasiri	Providing guarantees for combined credit facilities	255 Million Baht	32.24 Million Baht	-	-	The Company entered a credit agreement and pledged the land of the following persons as collateral for such credit facilities. 1. Mr. Bunsom Kitkasetsathaporn had the land pledged to 7.80 million Baht 2. Mr. Matee Witawasiri had the land pledged to 8.41 million Baht 3. Mrs. Jarunya Kitkasetsathaporn had the land pledged to 9.87 million Baht 4. Mr. Arr Saetae had the land pledged to 3.74 million Baht 5. Mr. Aviruth Chirayuttanasak had the land pledged to 4.79 million Baht 6. Mr. Prapat Witawasiri had the land pledged to 9.61 million Baht
31 December 2019 Mr. Bunsom Kitkasetsathaporn Mr. Matee Witawasiri		-	-	255 Million Baht	28.35 Million Baht	

Conflict of Interest Person	Related Party Transaction	Guarantee Limit 31 Dec 2018	Outstanding 31 Dec 2018	Guarantee Limit 31 Dec 2019	Outstanding 31 Dec 2019	Necessity and Reasonableness
						In addition, the Company pledged 9.54 million baht of cash to be used as collateral. Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri were the guarantors. However, on 23 November 2018, the Company requested the financial institution to release all land and using the land building of the Company instead. The Company still pledge the Company's cash in the amount of 9.54 million Baht <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company. However, the management should negotiate with the financial institution to release the personal guarantee after the Company has been approved to be listed on the Stock Exchange of Thailand <u>Additional Information</u> On 13 February 2020, the financial institution has released the collateral.

Conflict of Interest Person	Related Party Transaction	Guarantee Limit 31 Dec 2018	Outstanding 31 Dec 2018	Guarantee Limit 31 Dec 2019	Outstanding 31 Dec 2019	Necessity and Reasonableness
Mr. Bunsom Kitkasetsathaporn Mr. Matee Witawasiri	Providing guarantees for letter of guarantee credit facilities	50 Million Baht	32.19 Million Baht	50 Million Baht	3.13 Million Baht	The company entered the credit agreements with the financial institution by using cash in the amount of 10.00 million Baht to guarantee the letter of guarantee credit and using cash in the amount of 1.00 million Baht to guarantee OD facility. Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri were the guarantors in accordance with the regulations of the financial institution without any compensation. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company. However, the management should negotiate with the financial institution to release the personal guarantee after the Company has been approved to be listed on the Stock Exchange of Thailand <u>Additional Information</u> At present, it is in the process of filing a request to release the collateral with the financial institution.
	Providing guarantees for OD	1 Million Baht	-	1 Million Baht	-	

Conflict of Interest Person	Related Party Transaction	Guarantee Limit 31 Dec 2018	Outstanding 31 Dec 2018	Guarantee Limit 31 Dec 2019	Outstanding 31 Dec 2019	Necessity and Reasonableness
Mr. Bunsom Kitkasetsathaporn Mr. Matee Witawasiri	Providing guarantees for office building construction credit facilities	55 Million Baht	-	55 Million Baht	31.90 Million Baht	The company entered the credit agreements for office building construction with the financial institution by using the land building of the Company and the Company's cash in the amount of 9. 54 million Baht to guarantee. Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri were the guarantors in accordance with the regulations of the financial institution without any compensation. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company. However, the management should negotiate with the financial institution to release the personal guarantee after the Company has been approved to be listed on the Stock Exchange of Thailand <u>Additional Information</u> On 13 February 2020, the financial institution has released the collateral.

Conflict of Interest Person	Related Party Transaction	Guarantee Limit 31 Dec 2018	Outstanding 31 Dec 2018	Guarantee Limit 31 Dec 2019	Outstanding 31 Dec 2019	Necessity and Reasonableness
Mr. Bunsom Kitkasetsathaporn	Providing guarantees for the Company's car leasing with financial institution.	3.44 Million Baht	-	-	-	The Company entered into the car leasing agreement for business operation. The leasing agreement was guaranteed by Mr. Bunsom Kitkasetsathaporn in accordance with the regulations of the financial institution without compensation. However, the guarantee obligation ended in November 2018 due to the expiration of the contract. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation.
Mr. Bunsom Kitkasetsathaporn	Providing guarantees for the Company's car hire purchase with financial institution.	12.11 Million Baht	5.97 Million Baht	12.59 Million Baht	6.66 Million Baht	The Company entered into 10 car hire purchase agreements for business operation. The agreements were guaranteed by Mr. Bunsom Kitkasetsathaporn in accordance with the regulations of the financial institution without compensation. Later in 2019, The Company entered into additional 3 car hire purchase agreements for business operation and had 1 car

Conflict of Interest Person	Related Party Transaction	Guarantee Limit 31 Dec 2018	Outstanding 31 Dec 2018	Guarantee Limit 31 Dec 2019	Outstanding 31 Dec 2019	Necessity and Reasonableness
						hire purchase agreement expired. As a result, the Company has 12 car hire purchase agreements as of 31 December 2019. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation.

2.2 Transactions related to assets

Conflict of Interest Person	Related Party Transaction	Transaction Value		Necessity and Reasonableness
		2018	2019	
1. Ms. Aumaporn Sengsui	The Sale of asset of the Company (Yamaha motorcycles, Grand Filano Model 2017, Bue Color, Registration number 8 GorYor 5976) on 20 September 2018	32,710.28 Baht	-	In the 3rd quarter of 2018, the Company received the motorcycle award from the supplier without any expense. However, the Company did not have itsown messenger, it was no need to use a motorcycle. Therefore, the Company considered to sell the motorcycle to the employees of the company who are interested by drawing the lottery in accordance with the resolution of the Board of Directors Meeting No. 7/2018. The net book value of the motorcycle at the selling date was 51,654.86 Baht. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because the Company was not required to use this asset. However, the Audit Committee has the opinion that the asset management policy regarding prize was unclear. Therefore, the Audit Committee proposed the Company to develop the prize policies in the asset management policies and enforce the policies strictly

Conflict of Interest Person	Related Party Transaction	Transaction Value		Necessity and Reasonableness
		2018	2019	
				<u>Additional Information</u> The Company developed the prize policies in the asset management policies. It was approved by the Board of Directors Meeting No. 3/2019 on 13 June 2019.
2. Mrs. Daonapa Sukduang	The sale of asset of the Company (Computer) on 20 November 2018	1,121.50 Baht	-	The Company announced the sale of expired assets (Computer) to employees of the Company in accordance with the conditional price. The buying right will be given to the owner of the computer first. The net book value of the computer on the selling date was 1 Baht. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation, since the property was expired and the Company followed the computer policy. However, the Audit Committee proposed the Company to revise the computer pricing criteria from condition evaluated price to the market price and conform to the asset management and the employee and executive welfare policies.

Conflict of Interest Person	Related Party Transaction	Transaction Value		Necessity and Reasonableness
		2018	2019	
				<u>Additional Information</u> The Company revised the computer pricing criteria in accordance with the asset management and the employee and executive welfare policies. It was approved by the Board of Directors Meeting No. 3/2019 on 13 June 2019.
3. Mr. Bunsom Kitkasetsathaporn	The sale of asset of the company (Computer) on 23 August 2019	-	4,906.54 Baht	The Company considered selling the expired asset to employees in accordance with the asset management and the employee and executive welfare policies. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation, since the property was expired and the Company followed the asset management and the employee and executive welfare policies.
4. Mr. Matee Witawasiri	The sale of asset of the company (Computer) on 23 August 2019	-	4,906.54 Baht	The Company considered selling the expired asset to employees in accordance with the asset management and the employee and executive welfare policies.

Conflict of Interest Person	Related Party Transaction	Transaction Value		Necessity and Reasonableness
		2018	2019	
				<u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation, since the property was expired and the Company followed the asset management and the employee and executive welfare policies.
5. Ms. Aumaporn Sengsui	The sale of asset of the company (Computer) on 23 August 2019	-	4,158.87 Baht	The Company considered selling the expired asset to employees in accordance with the asset management and the employee and executive welfare policies. <u>The Opinion of the Audit Committee</u> The Audit Committee had the opinion that transactions are reasonable and beneficial to the Company, because it was the financial assistance transaction without any compensation, since the property was expired and the Company followed the asset management and the employee and executive welfare policies.

3. Measures or procedures for approving related party transactions

The Company will comply with the laws of the Securities and Exchange Commission and the regulations of laws the Stock Exchange of Thailand. Directors, Executives, or conflict of interest parties will not be able to participate in the approval of the transaction.

In the event that the law requires approval from the Board of Directors' meeting, the Company will have the Audit Committee to attend the meeting to consider and comment on the necessity and justification of the In this regard, transactions that are general trade terms and are not general trade terms shall have the following principles:

(1) General trade terms transactions

The Company allows the management to approve the related party transactions that have general trade terms between the Company, Directors, Executives, or related persons approved as from the Board of Directors, such as buying/selling products, renting, guarantees by major shareholders and/or directors, etc. and are necessary and beneficial to the Company's business.

In this regard, the Company will prepare the summary report of the transactions to report in the Audit Committee meeting and the Board of Directors meeting every quarter.

(2) Transactions are not general trade terms

Transactions that are not a general trade terms must be considered and commented by the Audit Committee before submitting to the Board of Directors and/or the Shareholders' meeting for approval. The approval must comply with the laws of the Securities and Exchange Commission and the regulations of laws the Stock Exchange of Thailand in accordance with the disclosure requirements of the related party transactions.

In the event that the Audit Committee is not proficiency to consider any related party transactions, the Company will appoint independent experts or the Company's auditors to propose the opinions on related party transactions. Such opinions will be utilized to support the decision from the Audit Committee and/or the Board of Directors and/or Shareholders to ensure that such transactions are necessary and reasonable, taking into account the interests of the Company. The company will disclose the connected transactions in the annual report and the notes of the financial statements audited by the Company’s auditors.

4. Policy for future related party transactions

Future related party transactions will be considered only those which are necessary and reasonable for the benefit of the Company. The transactions must be considered, commented and approved by the Audit Committee and/or the Board of Directors. They must examine the price and various conditions of the transactions to be competitive and fair compared to third parties. The Audit Committee is responsible for the consideration of the rules and guidelines for such transactions. In the event that the Audit Committee is not proficiency to consider any related party transactions, the Company will appoint independent experts or the Company's auditors to propose the opinions on related party transactions. Such opinions will be utilized to support the decision from the Audit Committee and/or the Board of Directors and/or Shareholders to ensure that such transactions are necessary and reasonable, taking into account the interests of the Company. The conflict of interest parties will not be able to participate in the approval of the transactions. The company will disclose the connected transactions in the annual report and the notes of the financial statements audited by the Company's auditors.

5. Future trend of related party transactions

The Company expects to continue the transaction with the Directors, Major Shareholders and conflict of interest persons in the future. The transactions that are necessary to business operations, are as follows:

(1) General business transactions and general business support transactions

The sale of assets of the Company to the employees and the management of the Company in accordance with the employee and executive welfare policy with the conditions to obtaining the right to purchase, selling price and discount for each type of asset. It is expected that in the future, the transactions will continue to occur in accordance with the welfare policy of the Company.

(2) Providing / receiving financial assistance transactions

(2.1) Financial assistance transaction from Mr. Bunsom Kitkasetsathaporn to guarantee the car lease and car hire purchase agreements of the Company, the Company is expected that such transactions will not occure after the Company listed on the Stock Exchange of Thailand.

(2.2) Financial assistance transaction from Mr. Bunsom Kitkasetsathaporn and Mr. Matee Witawasiri to guarantee the credit facilities from the financial institutions, the Company

is expected that such transactions will not occure after the Company listed on the Stock Exchange of Thailand.

(2.3) Financial assistance transaction from third parties to guarantee the credit facilities from the financial institutions, the Company is expected that such transactions will not occure after the Company listed on the Stock Exchange of Thailand.

(2.4) Financial assistance transactions to related parties such as loans, guarantees, etc, the Company does not have a policy to provide financial assistance to related parties and such transactions will not occur in the future.

The Company will comply with the Securities and Exchange Act B.E. 2535 (1992) (including amendments), regulations, announcements, orders or requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, including the policies and related announcements of the company such as business ethics, connected transactions policy and announcements regarding transactions between the Company and the Directors, the Executives, or related parties.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the financial statements of The Practical Solution Public Company Limited including other related financial information which publish in the Annual Report. The financial statements are prepared in accordance with the generally accepted accounting principles that are appropriate in the circumstances and reasonableness of accounting estimates with careful consideration including transparent disclosures of important information in the notes to the financial statements which beneficial to shareholders and investors.

The Board of Directors established the appropriated risk management and internal control systems as well as evaluation to be efficient and up to standard and ensure that the Company's financial statements contain adequate and appropriated information in order to prevent any fraudulent activities or detect significantly abnormal operating. The Board of Directors appointed the Audit Committee to responsible for review of the accounting policy and quality of the Company's financial statements, internal control system, internal audit system, risk management system as well as consider any related transactions. The Audit Committee's opinion shall be provided in the Report of the Audit Committee which represented in this Annual Report.

The accompanying the consolidate financial statements and the separate financial statements of The Practical Solution Public Company Limited which comprise the statement of financial position as at 31 December 2019, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements were audited by an independent external auditor, EY Company Limited. The Board also responsible to prepare and disclose information to support the auditor to review and gave opinion in accordance with Thai Standards on Auditing. The auditor's opinion shall be provided in the Report of the independent external auditor which represented in this Annual Report.

In conclusion, the Board of Directors gave opinions that the internal control systems of the Company are appropriate and ensure that the Company's financial statements of the Advanced Information Technology Public Company Limited are accurate in accordance with the generally accepted accounting standards and the related regulations.

Mr. Anocha Wongrungroj
Chairman of the Board

Mr. Bunsom Kitkasetsathaporn
CEO

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
The Practical Solution Public Company Limited
(Formerly, The Practical Solution Company Limited)

Opinion

I have audited the financial statements of The Practical Solution Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Practical Solution Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements and separate 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.

- The revenue from sales and services recognition

The Company has revenue from sales with computer network installation, full service communication system, wireless communication system, network security system, data center solution and network system management including revenue from rendering maintenance service related to such system for the year ended December 31, 2019 in the amount of Baht 639.54 million. The Company has entered into numerous agreements and may have agreement that the Company is obligated to render additional service to the customer as included in the selling agreement with installation at the same time such as product warranty apart from regular warranty, preventive maintenance service, etc which cause the risk of valuation and period of revenue recognition. Therefore, I have stated that the revenue recognition from sales and service is a significant risk that requires special attention in the audit. The Company has disclosed the accounting policy and amount related to revenue recognition from sales and service in Note 3.1 and 23, respectively.

Regarding my audit approach on such matter, I have understood the internal control system of revenue and related accounting transactions, tested the design and efficiency of the internal control related to the recognition of revenue and related accounting transactions especially the control of valuation and period of revenue recognition from sales and service. In addition, I sampled revenue transactions to test the details with the agreement or related documents to check the accuracy of the revenue recognition in accordance with the agreement and consistency with the accounting policy including cut-off revenue from sales and service before and after the end of the accounting period as well as performed analytical review. In addition, I have considered the appropriateness and adequacy of the information disclosure in the financial statements and notes to the financial statements.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide those charged with governance with a statement that we 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Thanawut Piboonsawat.

(Mr. Thanawut Piboonsawat)
Certified Public Accountant
Registration No. 6699

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 25, 2020

Financial Statement

Financial position and operation results during the past 3 years, the auditor for 2017-2019, the list of auditors for financial statements are as follows:

Financial Statement	Auditor
Audited financial statement of the Company for the fiscal year ending December 31, 2017	Mr. Thanawut Piboonsawat CPA (Thailand) registration no. 6699 Dharmniti Auditing Co., Ltd.
Audited financial statement of the Company for the fiscal year ending December 31, 2018	Mr. Thanawut Piboonsawat CPA (Thailand) registration no. 6699 Dharmniti Auditing Co., Ltd.
Audited financial statement of the Company for the fiscal year ending December 31, 2019	Mr. Thanawut Piboonsawat CPA (Thailand) registration no. 6699 Dharmniti Auditing Co., Ltd.

Independent Auditor's Report

Independent auditor's reports reported the audited or reviewed the financial statements for the year 2017 - 2019 of the company can be summarized as follows:

Independent Auditor's Report of Financial Statement 2017

In my opinion, the financial statements which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income and cash flows for the year then ended, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Independent Auditor's Report of Financial Statement 2018

In my opinion, the financial statements which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income and cash flows for the year then ended, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards. In this regard, the auditor has provided information and events focusing on 2 matters as follows:

1) In the presentation of financial information for the year ended 31 December 2018, the Company changed the basis of financial statements preparation from Non-Publicly Accountable Entities (NPAEs) used in 2017 to Publicly Accountable Entities (PAEs). As a result, the Company had to present the financial statements for the year ended December 31, 2018 according to the

requirements of financial reporting standards for PAEs. Furthermore, The Company used the above basis to prepare the financial statements for the year ended 31 December 2017 as comparative information by retroactively adjusting the financial statements for the year ended December 31, 2017 and presenting the statement of financial position as of January 1, 2017 as comparative information to reflect the change in the basis of the financial statements preparation

2) The financial statements for the year ended 31 December 2018, as disclosed by the auditor's report dated 25 February 2019, were revised and presented with this new financial statement. Due to the amendment of the financial statements as discussed in the note 2.6 to the financial statements, the new financial statements for the year ended 31 December 2018 were approved by the Board of Directors of the Company on 13 September 2019. However, the auditor's opinion on the financial statements does not have any conditions regarding the matters that the auditor has noted above.

Independent Auditor's Report of Financial Statement 2019

In my opinion, the financial statements which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income and cash flows for the year then ended, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Financial Positions and Operation Results

Statement of financial position 2017 – 2019

Financial Statement	2017		2018		2019	
	Audited		Audited		Audited	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Current assets						
Cash and cash equivalents	17.19	5.24	10.17	2.67	197.58	31.28
Short-term investments	0.02	0.01	0.00	0.00	0.00	0.00
Trade and other receivables	159.30	48.57	170.12	44.70	149.43	23.66
Current portion of finance lease receivables	8.04	2.45	8.12	2.13	9.58	1.52
Unbilled revenue	31.85	9.71	12.74	3.35	0.00	0.00
Inventories	34.45	10.50	56.76	14.92	47.29	7.49
Other current assets	1.60	0.49	2.19	0.58	4.03	0.64
Total current assets	252.45	76.97	260.10	68.35	407.91	64.58
Non-current assets						
Bank deposit pledged as collateral	20.68	6.31	20.92	5.50	21.15	3.35
Finance lease receivables	9.79	2.98	2.84	0.75	25.05	3.97
Property, plant and equipment	17.64	5.38	71.60	18.81	145.13	22.98
Intangible assets	0.36	0.11	0.33	0.09	0.28	0.04
Withholding tax deducted at sources	1.22	0.37	2.77	0.72	3.09	0.49
Other non-current assets	25.83	7.88	22.00	5.78	29.00	4.59
Total non-current assets	75.52	23.03	120.46	31.65	223.70	35.42
Total assets	327.97	100.00	380.56	100.00	631.61	100.00
Current liabilities						
Trade and other payables	114.60	34.94	148.82	39.11	152.44	24.14
Current portion of long-term loans from financial institutions	-	-	-	-	5.43	0.86
Current portion of finance lease liabilities	2.96	0.91	2.45	0.64	3.15	0.50
Income tax payable	2.06	0.63	1.98	0.52	0.37	0.06
Other current liabilities	5.33	1.62	6.00	1.58	4.1	0.65
Total current liabilities	124.95	38.10	159.25	41.85	165.49	26.20
Non-current liabilities						
Long-term loans from financial institutions	-	-	-	-	26.10	4.13
Finance lease liabilities	4.62	1.41	4.48	1.18	4.70	0.74
Provision for long-term employee benefits	5.92	1.80	10.92	2.87	18.33	2.90
Other non-current liabilities	25.02	7.63	21.36	5.61	37.15	5.88
Total non-current liabilities	35.56	10.84	36.76	9.66	86.28	13.66
Total liabilities	160.51	48.94	196.01	51.51	251.77	39.86

Financial Statement	2017		2018		2019	
	Audited		Audited		Audited	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Shareholders' equity						
Share capital						
Registered						
800,000 ordinary shares of Baht 100 each	80.00	24.39				
1,000,000 ordinary shares of Baht 100 each			100.00	26.28		
280,000,000 ordinary shares of Baht 0.50 each					140.00	22.17
Issued and fully paid-up						
800,000 ordinary shares of Baht 100 each	80.00	24.39				
1,000,000 ordinary shares of Baht 100 each			100.00	26.28		
280,000,000 ordinary shares of Baht 0.50 each					140.00	22.17
Share premium	-	-	-	-	153.30	24.27
Share-based Payment	6.75	2.06	6.75	1.77	6.75	1.07
Retained earnings						
Appropriated						
Legal Reserve	7.42	2.26	10.00	2.63	12.45	1.97
Unappropriated	73.29	22.35	67.80	17.81	67.34	10.66
Profit from valuation of available-for-sale investments	0.00	0.00	0.00	0.00	0.00	0.00
Total shareholders' equity	167.46	51.06	184.55	48.49	379.84	60.14
Total liabilities and shareholders' equity	327.97	100.00	380.56	100.00	631.61	100.00

Statement of comprehensive income 2017 – 2019

Statement of comprehensive income	2017		2018		2019	
	Audited		Audited		Audited	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues						
Sales and service income	847.54	99.62	536.58	99.41	639.54	99.58
Other income	3.25	0.38	3.19	0.59	2.73	0.43
Total revenues	850.79	100.00	539.77	100.00	642.26	100.00
Expenses						-
Cost of sales and service	674.30	79.25	368.48	68.27	441.35	68.72
Selling and distribution expenses	29.83	3.51	30.46	5.64	34.26	5.33
Administrative expenses	78.47	9.22	86.45	16.02	104.54	16.28
Total expenses	782.60	91.98	485.39	89.93	580.15	90.33
Profit before finance cost and income tax expenses	68.19	8.02	54.38	10.07	62.11	9.67
Finance cost	0.30	0.04	0.34	0.06	0.48	0.07
Profit before income tax expenses	67.89	7.98	54.04	10.01	61.63	9.60
Income tax expenses	13.85	1.63	12.03	2.23	12.71	1.98
Profit for the year	54.04	6.35	42.01	7.78	48.92	7.62
Other comprehensive income:						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
- Actuarial loss - net of income tax	-	-	(2.92)	(0.55)	(1.93)	(0.30)
Other comprehensive income to be classified to profit or loss in subsequent periods						
- Gain (loss) from measure of available-for-sale investments - net of tax	0.00	0.00	(0.00)	0.00	0.00	0.00
Total comprehensive income for the year	54.04	6.35	39.09	7.23	46.99	7.32
Basic earnings per share						
Basic earnings per share * (Baht/Share)	0.34		0.21		0.23	

Note *The extraordinary general meeting of Shareholders, No. 1/2019 held on 28 June 2019 passed a resolution changing par value of the Company's share from Baht 100 per share to Baht 0.50 per share. Thus, we adjusted the number of shares to 200 million shares to reflect changing in par value to Baht 0.50 per share for the purpose of comparison in 2017 – 2019

Cash flow statement 2017 – 2019

Cash flow statement	2017	2018	2019
	Audited	Audited	Audited
	Mil. Baht	Mil. Baht	Mil. Baht
Cash flows from operating activities			
Profit (Loss)	54.04	42.01	48.92
Adjustments to reconcile profit before tax to net cash			
Depreciation	4.74	4.96	5.42
Amortization	0.05	0.05	0.05
Allowance for diminution in value of inventories (reversal)	(1.66)	(0.16)	0.14
Loss (profit) from sales of property, plant and equipment	(0.21)	0.45	0.18
Loss (profit) from disposal of investment	(0.83)	(0.00)	0.00
Provision for long-term employee benefits	0.87	1.40	5.32
Deferred interest income	(1.83)	(1.40)	(1.99)
Finance cost	0.31	0.34	0.48
Income tax expenses (income)	13.85	12.03	12.71
Profit from operating activities before changes in operating assets and liabilities	69.33	59.68	70.94
Operating assets (increase) decrease			
Trade and other receivables	(26.64)	(10.83)	20.69
Finance lease receivables	(4.16)	6.86	(23.67)
Unbilled revenue	(31.85)	19.11	12.74
Inventories	39.65	(22.16)	9.61
Other current assets	1.16	(0.59)	(1.85)
Other non-current assets	(13.51)	3.83	(7.00)
Trade and other payables	(24.39)	34.22	3.63
Other current liabilities	0.23	0.68	(1.90)
Cash paid for long-term employee benefits	(0.20)	(0.06)	(0.32)
Other non-current liabilities	13.17	(3.66)	15.79
Cash from operating activities	22.79	87.08	98.68
Interest received	1.82	1.40	1.99
Income tax paid	(20.36)	(12.91)	(14.17)
Net cash from (used in) operating activities	4.25	75.57	86.51
Cash flows from investing activities			
Cash received from sales of investment	330.81	0.02	-
Cash paid for purchase of investment	(330.00)	-	-
Bank deposit pledged as collateral (increased) decreased	9.45	(0.24)	(0.23)
Proceeds from sales of equipment	0.40	0.92	0.77

Cash flow statement	2017	2018	2019
	Audited	Audited	Audited
	Mil. Baht	Mil. Baht	Mil. Baht
Cash payment for purchase of land Building and equipment	(4.37)	(58.85)	(75.37)
Cash paid for purchase of intangible assets	(0.01)	(0.02)	-
Net cash used in investing activities	6.28	(58.17)	(74.82)
Cash flows from financing activities			
Cash received from long-term loans from financial institutions	-	-	31.49
Cash paid for repayment of liabilities under financial lease agreements	(2.90)	(2.08)	(3.63)
Proceeds from capital increase	-	20.00	200.00
Cash payment of expenses related to IPO	-	-	(6.71)
Interest expense	(0.30)	(0.34)	(0.44)
Dividend payment	(40.00)	(42.00)	(45.00)
Net cash from (used in) financing activities	(43.20)	(24.42)	175.71
Cash and cash equivalents increase (decrease) - net	(32.67)	(7.02)	187.41
Cash and cash equivalents at the beginning of the period	49.86	17.19	10.17
Cash and cash equivalents at the end of the period	17.19	10.17	197.58

Additional Information

Purchase assets by entering into financial lease agreements	8.27	2.66	4.54
Sell assets by deducting the amount from the financial lease	-	0.64	-

Financial Ratios 2017 – 2019

Finanicial Ratio	Unit	2017	2018	2019
		Audited	Audited	Audited
Liquidity Ratio				
Current ratio	Time	2.02	1.63	2.46
Quick ratio [1]	Time	1.37	1.01	1.96
Cash flow ratio	Time	0.03	0.53	0.53
Account receivable turnover ratio	Time	6.48	3.72	4.92
Account receivable turnover ratio – adjusted[2]	Time	5.78	3.22	4.69
Average account receivable day	Day	55.56	96.74	73.24
Average account receivable day – adjusted[2]	Day	62.32	111.70	76.83
Inventory turnover ratio	Time	12.62	8.08	8.48
Average inventory day	Day	28.53	44.56	42.44
Account payable turnover ratio	Time	8.06	4.28	4.16
Average account payable day	Day	44.64	84.13	86.47
Cash Cycle	Day	39.45	57.17	29.21
Cash Cycle – adjusted[2]	Day	46.22	72.13	32.80
Profitability Ratio				
Gross profit margin	%	20.44	31.33	30.99
Operating margin	%	7.66	9.54	9.29
Other revenue margin	%	0.38	0.59	0.42
Cash to profitability ratio	%	6.23	138.97	139.28
Net profit margin	%	6.35	7.78	7.62
Return on equity	%	33.68	23.87	17.34
Efficiency Ratio				
Return on assets	%	16.56	11.86	9.67
Return on fixed assets	%	426.51	105.26	50.15
Asset turnover	Time	2.61	1.52	1.27
Financial Ratio				
Debt to equity ratio	Time	0.96	1.06	0.66
Interest coverage ratio	Time	82.00	261.39	229.24
Debt service coverage ratio	Time	0.09	0.73	0.70
Dividend payout ratio	%	74.02	99.98	91.99

Note [1]Quick ratio = (cash and cash equivalents + short-term investment + trade receivable + accrued income + current portion of financial lease receivable) / average current liabilities

[2] Account receivable turnover ratio – adjusted = revenue from sales and service / (average trade receivable + average unbilled revenue)

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

		Baht	
	Notes	2019	2018
Current assets			
Cash and cash equivalents	5	197,575,211.34	10,166,009.85
Trade and other receivable	6	149,432,405.53	170,122,306.58
Current portion of finance lease receivables	7	9,579,165.92	8,122,961.03
Unbilled receivable		-	12,741,000.00
Inventories	8	47,292,148.84	56,764,128.83
Other current assets		4,033,393.62	2,187,350.90
Total current assets		407,912,325.25	260,103,757.19
Non-current assets			
Restricted bank deposit	9	21,148,058.09	20,922,479.06
Finance lease receivables	7	25,052,927.81	2,842,846.10
Property, plant and equipment	10	145,126,213.80	71,595,572.56
Intangible assets	11	283,326.75	332,896.68
Deferred tax assets	12	3,092,665.27	2,765,723.54
Other non-current assets		28,995,251.20	21,997,836.76
Total non-current assets		223,698,442.92	120,457,354.70
TOTAL ASSETS		631,610,768.17	380,561,111.89

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht 2019	Baht 2018
Current liabilities			
Trade and other payables	14	152,443,213.37	148,817,220.95
Current portion of long-term loan from financial institution	16	5,425,135.74	-
Current portion of liability under finance lease agreements	17	3,147,934.51	2,452,864.69
Income tax payable		374,688.27	1,982,690.56
Other current liabilities	15	4,098,766.08	5,998,347.03
Total current liabilities		165,489,737.97	159,251,123.23
Non-current liabilities			
Long-term loan from financial institution	16	26,102,945.19	-
Liability under finance lease agreements	17	4,698,649.32	4,484,197.83
Employee benefit obligations	18	18,330,893.03	10,916,987.03
Other non-current liabilities		37,151,535.49	21,359,179.29
Total non-current liabilities		86,284,023.03	36,760,364.15
TOTAL LIABILITIES		251,773,761.00	196,011,487.38

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht	
	Notes	2019	2018
Shareholders' equity			
Share capital	20		
Authorised share capital			
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	
1,000,000 ordinary shares of Baht 100.00 each			100,000,000.00
Issued and paid-up share capital			
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	
1,000,000 ordinary shares of Baht 100.00 each			100,000,000.00
Premium on share capital	20	153,294,618.30	-
Surplus on share-based payment transactions		6,754,000.00	6,754,000.00
Retained earnings			
Appropriated			
Legal reserve	21, 22	12,446,049.54	10,000,000.00
Unappropriated		67,342,339.33	67,795,624.51
TOTAL SHAREHOLDERS' EQUITY		379,837,007.17	184,549,624.51
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		631,610,768.17	380,561,111.89

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		Baht	
	Notes	2019	2018
Revenues			
Revenues from sales and services		639,537,556.62	536,581,038.34
Other income		2,726,526.08	3,191,984.05
Total revenues		642,264,082.70	539,773,022.39
Expenses			
Cost of sales and services		441,347,940.55	368,485,673.32
Selling expenses		34,260,440.04	30,456,858.75
Administrative expenses		104,540,820.90	86,455,798.10
Finance cost		481,679.09	339,795.95
Total expense		580,630,880.58	485,738,126.12
Profit before income tax expense		61,633,202.12	54,034,896.27
Income tax expense	26	12,712,211.36	12,026,724.90
Profit for the year		48,920,990.76	42,008,171.37
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plans, net of tax	18	(1,928,226.40)	(2,920,047.20)
Items that will be reclassified subsequently to profit or loss			
Loss on remeasuring available-for-sale investment, net of tax		-	(65.42)
Other comprehensive income (expense) for the period, net of tax		(1,928,226.40)	(2,920,112.62)
Total comprehensive income for the year		46,992,764.36	39,088,058.75
Earnings per share	27		
Basic earnings per share		0.23	0.21

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

		Baht						
		share capital	Premium on	Surplus on	Retained earnings		Gain on	Total
		issued and	share capital	Share-based	Appropriated	Unappropriated	remeasuring	
		paid-up		Payment	Legal reserve		Available-for-	
	Notes			transactions			Sale investment	
Balance as at January 1, 2018		80,000,000.00	-	6,754,000.00	7,421,147.65	73,286,352.69	65.42	167,461,565.76
Share capital increase	20	20,000,000.00	-	-	-	-	-	20,000,000.00
Legal reserve	22	-	-	-	2,578,852.35	(2,578,852.35)	-	-
Dividend	22	-	-	-	-	(42,000,000.00)	-	(42,000,000.00)
Profit for the year		-	-	-	-	42,008,171.37	-	42,008,171.37
Other comprehensive income (expense) for the year								
Actuarial loss on defined employee benefit plans	18	-	-	-	-	(2,920,047.20)	-	(2,920,047.20)
Loss on remeasuring available-for-sale investment		-	-	-	-	-	(65.42)	(65.42)
Balance as at December 31, 2018		100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	-	184,549,624.51
Share capital increase	20	40,000,000.00	160,000,000.00	-	-	-	-	200,000,000.00
Attributable expenses of public offering the initial, net of		-	(6,705,381.70)	-	-	-	-	(6,705,381.70)
Legal reserve	22	-	-	-	2,446,049.54	(2,446,049.54)	-	-
Dividend	22	-	-	-	-	(45,000,000.00)	-	(45,000,000.00)
Profit for the year		-	-	-	-	48,920,990.76	-	48,920,990.76
Other comprehensive income (expense) for the year								
Actuarial loss on defined employee benefit plans	18	-	-	-	-	(1,928,226.40)	-	(1,928,226.40)
Balance as at December 31, 2019		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	-	379,837,007.17

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit for the year	48,920,990.76	42,008,171.37
Reconciliations of profit for the year to net cash provided by		
(used in) operating activities		
Depreciation	5,419,402.86	4,956,774.89
Amortization of intangible assets	49,569.93	48,950.21
Provision of allowance for decline in value of inventories		
(reversal)	(142,083.24)	(155,375.00)
(Gain) loss on disposal of building improvement and equipment	177,760.06	452,270.61
(Gain) loss on disposal of investment	-	(248.24)
Employee benefits expenses	5,318,823.00	1,403,835.00
Interest income	(1,993,471.54)	(1,400,000.14)
Finance costs	481,679.09	339,795.95
Income tax expense	12,712,211.36	12,026,724.90
Profit from operating before changes in		
operating assets and liabilities	70,944,882.28	59,680,899.55
(Increase) decrease in operating assets		
Trade and other accounts receivable	20,689,901.05	(10,826,766.58)
Finance lease receivables	(23,666,286.60)	6,859,793.38
Unbilled receivables	12,741,000.00	19,111,500.00
Inventories	9,614,063.23	(22,159,543.35)
Other current assets	(1,846,042.72)	(587,174.85)
Other non-current assets	(6,997,414.44)	3,828,336.71

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
Increase (decrease) in operating liabilities		
Trade and other payables	3,625,992.42	34,216,607.15
Other current liabilities	(1,899,580.95)	674,522.57
Employee benefits obligations	(315,200.00)	(60,600.00)
Other non-current liabilities	15,792,356.20	(3,659,708.86)
Cash generated (paid) from operating	98,683,670.47	87,077,865.72
Interest received	1,993,471.54	1,400,000.14
Income tax paid	(14,165,098.78)	(12,911,482.45)
Net cash provided by (used in) operating activities	86,512,043.23	75,566,383.41
CASH FLOWS FROM INVESTING ACTIVITIES :		
(Increase) decrease in restricted bank deposit	-	19,156.31
Cash payments to acquire property, plant and equipment	(225,579.03)	(236,741.56)
Cash receipts from sale of equipment	(75,365,769.10)	(58,853,915.67)
Cash payments to acquire intangible assets	774,714.94	917,158.69
Net cash provided by (used in) investing activities	-	(19,500.00)
CASH FLOWS FROM FINANCING ACTIVITIES :	(74,816,633.19)	(58,173,842.23)
Cash receipts from long-term loan from financial institution	31,487,500.00	-
Cash payments for liabilities under finance lease agreements	(3,627,228.69)	(2,074,776.08)
Cash receipts from capital increase	200,000,000.00	20,000,000.00
Cash payment for directly attributable expenses of public offering the initial	(6,705,381.70)	-
Interest paid	(441,098.16)	(339,795.95)
Dividend paid	(45,000,000.00)	(42,000,000.00)
Net cash provided by (used in) financing activities	175,713,791.45	(24,414,572.03)

Note to the interim financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
Increase (decrease) in cash and cash equivalent	187,409,201.49	(7,022,030.85)
Cash and cash equivalent, at beginning of period	10,166,009.85	17,188,040.70
Cash and cash equivalent, at end of period	197,575,211.34	10,166,009.85
Supplement disclosure for cash flows information :		
Purchase of asset under financial lease agreements	4,536,750.00	2,658,284.00
Sale of asset by net of financial lease agreement	-	639,408.66

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited Company on May 20, 2004. According to the Meeting of Shareholders No. 1/2019 held on June 28, 2019, the shareholders approved to registered the Company's status to change into public company limited. The Company had registered to the public company limited with Department of Business Development on July 9, 2019 and registered with the Market for Alternative Investment (mai) on November 15, 2019.

The registered address of the Company, 99 Cement Thai Alley, Lat Yao, Chatuchak, Bangkok, Thailand.

(b) Nature of the Company's business

The main business of the Company is engaged in the distribution and installation of computer network systems, fully integrated of communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai language.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

2.2Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.3Financial reporting standards that will become effective in the future

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized 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.

TFRS 16 Leases

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

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

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

3. SIGNIFICATION ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

Revenue from sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from seles of goods that are conditional on instullation and inspection is recognized at the point in time when control of the asset is transferred to the customer, generally upon the buyer accepting the goods, when installation is complete and the goods is passed inspection.

Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognized as revenue over the period in which the service is provided.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Revenue from rendering of services

Revenue from providing maintenance service is recognized over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from project development services is recognized over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances, the Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expect to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognize revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation

The recognized revenue which is not yet due per the contracts has been presented as "Accrued service income /Unbilled receivables" in the statement of financial position, which is classified as trade receivables when the Company has right to receive without condition such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or service to a customer for which the Company have received consideration or an amount of consideration is due from the customer is presented as "Deferred revenue" in the statement of financial position, which is classified as other payables under trade and other payable. Deferred revenue will be recognized as revenue when the Company completely perform the obligation stated in the contract.

Revenue from other providing service is recognized when the services is recognized are rendered.

Interest income and other income

Interest income is recognized over the period of time in consideration of the effective rate.

Other income is recognized on the accrual basis.

Expenses

Other expenses are recognized on an accrual basis.

3.2 Cash and cash equivalents

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

3.3 Trade account receivable and allowance for doubtful accounts

Trade account receivable

Trade accounts receivable are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in profit or loss as part of administrative expenses.

Allowance for doubtful accounts

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

3.4 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the specific method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present and condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

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

An allowance for decline in sale of inventories is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3.5 Property, plant and equipment / Depreciation

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Repair and maintenance costs are recognized as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line basis over the following estimated useful life:-

Type of assets	Estimated useful live (years)
Land improvement	5 - 10
Building	40
Building improvement	5 - 20
Office equipment	3 - 5
Office furniture and fixture	5
Vehicles	5

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate component when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and asset under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from the sale or write-off of assets are recognized in the statement of comprehensive income.

3.6 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing

3.7 Intangible asset / Amortization

Intangible assets are stated at cost less accumulated amortization and allowance on impairment (if any). Intangible assets are amortized in the statement of income on a straight-line basis over their estimated useful life from the date that they are available for use. The estimated useful life is as follows:

Type of assets	Estimated useful live (years)
Software	5 - 10

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.8 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.9 Trade accounts payable and others payable

Trade and other accounts payable are stated at cost.

3.10 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.11 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Post-employment benefits (Defined benefit plans)

The Company have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retain earing.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.12 Share-based payment

The fair value of the shares as at grant date to the management and employees is recognized as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognized is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.13 Finance lease

The contract of leased asset carried the risk and owner remuneration is mainly transferred to lesser will be classified as financial leased contract. The contract of financial lease is recorded as capital expenditure by fair value of leased asset or present value of minimum amount which has to repay in accordance with the leased contract whichever amount is lower. The amount which has to repay in each time is divided as liability portion and financial expenditure so that fixed interest rate over outstanding liability obligation burden in accordance with the financial leased contract will be recorded as long term liability. Interest payable will be recorded in profit or loss throughout the leased contract life by the effective rate.

3.14 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.15 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, (if any), based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.16 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

3.17 Foreign currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.18 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.19 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

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

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense.

The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales in profit or loss.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Property, plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

4. RELATED PARTIES TRANSACTION

The Company has certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon between the Company and related parties as an ordinary course of business.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The nature of relationship with related parties can be summarized as follows:

Name of related parties	Nature of relationship
Related persons	
Director and key management personnel	Persons having authority and responsibility of management

Pricing policy for transaction with related parties as follows:

Type of business	Pricing policy
Sale of assets	Market price less discount
Management benefit expenses	As approved by the director and shareholder

As at December 31, 2019 and 2018, the Company has no balance with the related parties.

Revenue and expense transactions with related parties for the years ended December 31, 2019 and 2018 were as follows:

	Baht	
	2019	2018
Sale of assets	13,971.95	32,710.28
Management benefit expenses		
Short-term employee benefits	32,380,005.00	21,778,017.79
Post-term employee benefits	1,203,698.00	383,857.00
	33,583,703.00	22,161,874.79

MANAGEMENT BENEFIT EXPENSES

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the managing director level.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of:

	Baht	
	2019	2018
Cash on hand	40,000.00	40,000.00
Cash at banks - current accounts	159,051,651.62	921,633.71
Cash at banks - savings accounts	38,482,421.65	9,203,247.05
Cash at banks - fixed deposits	1,138.07	1,129.09
Total	197,575,211.34	10,166,009.85

As at December 31, 2019 and 2018, savings accounts earned interest at the rate of 0.50% per annum and 0.50% per annum, respectively.

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of:

	Baht	
	2019	2018
Trade accounts receivable	64,126,626.75	110,024,797.49
Accrued income - sale of goods and services	53,219,026.32	32,854,528.40
	117,345,653.07	142,879,325.89
Other receivable	32,086,752.46	27,242,980.69
Total	149,432,405.53	170,122,306.58

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Trade accounts receivable and accrued income - sale of goods and services classified by age of account:

	Baht	
	2019	2018
Not due	90,355,836.58	97,175,605.27
Over 1 days to 90 days	25,426,578.48	45,301,400.62
Over 91 days to 180 days	1,002,149.16	402,320.00
Over 181 days to 360 days	561,088.85	-
Over 361 days	-	-
Total	117,345,653.07	142,879,325.89

Other receivables consisted of:

	Baht	
	2019	2018
Prepaid expenses	25,509,151.24	13,553,553.52
Others	6,577,601.22	13,689,427.17
Total	32,086,752.46	27,242,980.69

7. FINANCE LEASE RECEIVABLES

Finance lease receivables consisted of:

	Baht	
	2019	2018
Finance lease receivables	38,211,607.24	11,571,258.11
Less Deferred interest	(3,579,513.51)	(605,450.98)
Net	34,632,093.73	10,965,807.13
Less Current Potion	(9,579,165.92)	(8,122,961.03)
Finance lease receivables - net	25,052,927.81	2,842,846.10

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at December 31, 2019 and 2018, were as follows:

	Baht			
	2019		2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	11,180,387.71	9,579,165.92	8,608,487.28	8,122,961.03
Over 1 year but less than 5 years	27,031,219.53	25,052,927.81	2,962,770.83	2,842,846.10
	38,211,607.24	34,632,093.73	11,571,258.11	10,965,807.13
Less Deferred interest	(3,579,513.51)	-	(605,450.98)	-
	34,632,093.73	34,632,093.73	10,965,807.13	10,965,807.13

8. INVENTORIES

Inventories consisted of :-

	Baht	
	2019	2018
Work in process	39,232,080.37	30,354,546.08
Material for project work	8,095,375.23	26,586,972.75
	47,327,455.60	56,941,518.83
Less allowance for decline in value of inventories	(35,306.76)	(177,390.00)
Total	47,292,148.84	56,764,128.83

	Baht	
	2019	2018
Decline in value of inventory recognized as cost of goods sold for the years	-	-
Reversal of the decline in value of inventory for the years	142,083.24	155,375.00

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

9. RESTRICTED BANK DEPOSIT

As at December 31, 2019 and 2018, the Company had fixed deposit, 6 and 12 months in the amount of Baht 21.15 million and Baht 20.92 million, respectively which used for pledge letter of guarantee from a local bank (see note 13).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:

	Baht				
	Balance per book	Movement during the year			Balance per book
	Dec. 31, 2018	Addition	Deduction	Transfer	Dec. 31, 2019
At cost					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	-	-	-	1,600,000.00	1,600,000.00
Building	-	-	-	67,466,147.55	67,466,147.55
Building improvement	-	-	-	13,863,306.85	13,863,306.85
Office equipment	10,800,858.68	2,386,103.49	(148,304.30)	411,501.75	13,450,159.62
Office furniture and fixture	3,484,441.24	469,534.94	(1,997,863.67)	-	1,956,112.51
Vehicles	21,829,869.16	6,107,728.97	(1,324,299.07)	-	26,613,299.06
Works in progress	14,639,119.61	70,938,933.38	-	(83,340,956.15)	2,237,096.84
Total	92,976,118.69	79,902,300.78	(3,470,467.04)	-	169,407,952.43
Accumulated depreciation					
Land improvement	-	26,301.37	-	-	26,301.37
Building	-	138,629.07	-	-	138,629.07
Building improvement	-	107,035.55	-	-	107,035.55
Office equipment	6,916,265.08	2,001,367.08	(139,758.26)	-	8,777,873.90
Office furniture and fixture	2,773,511.86	256,297.80	(1,958,514.75)	-	1,071,294.91
Vehicles	11,690,769.19	2,889,771.99	(419,937.35)	-	14,160,603.83
Total	21,380,546.13	5,419,402.86	(2,518,210.36)	-	24,281,738.63
Property, plant and equipment, net	71,595,572.56				145,126,213.80

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht			
	Balance per book	Movement during the year		Balance per book
	Dec. 31, 2017	Addition	Deduction	Dec. 31, 2018
At cost				
Land	-	42,221,830.00	-	42,221,830.00
Office equipment	11,273,563.45	1,106,761.20	(1,579,465.97)	10,800,858.68
Office furniture and fixture	3,218,766.22	299,204.86	(33,529.84)	3,484,441.24
Vehicles	21,246,168.23	2,018,000.00	(1,434,299.07)	21,829,869.16
Buldings in progress	-	14,639,119.61	-	14,639,119.61
Total	35,738,497.90	60,284,915.67	(3,047,294.88)	92,976,118.69
Accumulated depreciation				
Office equipment	6,623,214.99	1,690,886.69	(1,397,836.60)	6,916,265.08
Office furniture and fixture	2,598,673.68	208,211.38	(33,373.20)	2,773,511.86
Vehicles	8,879,749.15	3,057,676.82	(246,656.78)	11,690,769.19
Total	18,101,637.82	4,956,774.89	(1,677,866.58)	21,380,546.13
Property, plant and equipment, net	17,636,860.08			71,595,572.56

	บาท	
	2019	2018
Depreciation of the year	5,419,402.86	4,956,774.89
Gain (loss) on disposal for the year	(177,760.00)	(452,270.61)

During the year 2018, the Company purchased the land for use in the construction of a new office building with the total cost of land amounted to Baht 42.22 million and during the year 2018 - 2019 the Company has invested in the construction of a new office building, as at December 31, 2018, the Company has completed the construction of the said office building.

As at December 31, 2019 and 2018, the Company had vehicles under the finance lease agreements at the carrying amount in the amount of Baht 13.20 million and Baht 10.01 million, respectively.

As at December 31, 2019 and 2018, equipment which was fully depreciated but is still in use had its gross carrying amount before depreciation in the amount of Baht 10.36 million and Baht 11.64 million, respectively.

As at December 31, 2019 and 2018, the land was mortgaged as collateral for credit facilities from bank (Note 13).

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

11. INTANGIBLE ASSETS

Intangible assets consisted of:

	Baht			
	Balance per book Dec. 31, 2018	Movement during the year		Balance per book Dec. 31, 2019
		Addition	Deduction	
At cost				
Software license	563,200.00	-	-	563,200.00
Less accumulated amortization	(230,303.32)	(49,569.93)	-	(279,873.25)
Intangible, net	332,896.68			283,326.75

	Baht			
	Balance per book Dec. 31, 2017	Movement during the year		Balance per book Dec. 31, 2018
		Addition	Deduction	
At cost				
Software license	610,105.72	19,500.00	(66,405.72)	563,200.00
Less accumulated amortization	(247,757.83)	(48,950.21)	66,404.72	(230,303.32)
Intangible, net	362,347.89			332,896.68

	Baht	
	2019	2018
Amortization for the year	49,569.93	48,950.21

12. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and liabilities for the year ended December 31, 2019 and 2018 were summarized as follows:

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht			
	Balance as at Dec. 31, 2018	Income (expenses) during the year		Balance as at Dec. 31, 2019
		In profit or loss	In other comprehensive income	
Deferred tax assets :				
Finance lease receivables	350,468.90	(350,468.90)	-	-
Allowance for declining in value of inventories	35,478.00	(28,416.65)	-	7,061.35
Liability under finance lease agreement	196,379.23	(43,173.75)	-	153,205.48
Employees benefit obligations	2,183,397.41	1,000,724.60	482,056.60	3,666,178.61
Total	2,765,723.54	578,665.30	482,056.60	3,826,445.44
Deferred tax liabilities				
Receivable under finance lease agreement	-	(733,780.17)	-	(733,780.17)
Total	-	(733,780.17)	-	(733,780.17)
Deferred tax assets (liabilities), net	2,765,723.54	(155,114.87)	482,056.60	3,092,665.27

	Baht			
	Balance as at Dec. 31, 2017	Income (expenses) during the year		Balance as at Dec. 31, 2018
		In profit or loss	In Other comprehensive income	
Deferred tax assets :				
Finance lease receivables	-	350,468.90	-	350,468.90
Allowance for declining in value of inventories	66,553.00	(31,075.00)	-	35,478.00
Liability under finance lease agreement	176,199.61	20,179.62	-	196,379.23
Employees benefit obligations	1,184,738.61	268,647.00	730,011.80	2,183,397.41
Total	1,427,491.22	608,220.52	730,011.80	2,765,723.54
Deferred tax liabilities				
Receivable under finance lease agreement	(202,843.57)	202,843.57	-	-
Gain (losses) on remeasuring available-for-sale investments	(16.35)	-	16.35	-
Total	(202,859.92)	202,843.57	16.35	-
Deferred tax assets (liabilities), net	1,224,631.30	811,064.09	730,028.15	2,765,723.54

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

13. CREDIT FACILITIES FROM FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, the Company had credit facilities with 2 local commercial banks under the total credit facilities of Baht 361 million and Baht 361 million, respectively, as follows:

	Interest rate	Million Baht	
Types of credit limit	(% per annum)	2019	2018
(1) Bank overdrafts	MOR	11	11
(2) Short-term loans	MLR - 1.50	65	65
(3) Letter of guarantee	1.25 - 1.50	230	230
(4) Long-term loan	MLR - 1.75	55	55
Total		361	361

On November 23, 2018, the Company has entered into loan agreement with a local bank for construction of an office building in amount of Baht 55 million with the interest rate MLR - 1.75 per annum. Repayment the principle, excluding interest are 60 installment at the amount of Baht 920,000.00 per mount. The final payment will pay the remaining amount.

As at 31 December 2019 and 2018, the credit facilities was secured by the mortgage of the Company's land and construction thereon (Note 10), fixed deposits (Note 9) and directors of the Company.

14. TRADE AND OTHER PAYABLES

Trade and other payables consisted of:

	Baht	
	2019	2018
Trade accounts payable	112,765,095.59	99,243,380.96
Accrued expenses	19,119,873.00	28,412,791.73
Deferred revenue	20,558,244.78	21,161,048.26
Total	152,443,213.37	148,817,220.95

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

15. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

	Baht	
	2019	2018
Withholding taxes payable	3,848,960.08	2,649,914.30
Others	249,806.00	3,348,432.73
Total	4,098,766.08	5,998,347.03

16. LONG-TERM LOAN FROM FINANCIAL INSTITUTION

Movements of long-term loan from financial institution for the year ended December 31, 2019 were as follows :

	Baht
Balance as at January 1, 2019	-
Add additional loan during the year	31,900,000.00
Less repayments during the year	-
Balance as at December 31, 2019	31,900,000.00
Less Deferred financial cost	(371,919.07)
	31,528,080.93
Less Current portion	(5,425,135.74)
	26,102,945.19

On November 23, 2018, the Company entered into a long-term loan agreement with a local commercial bank at the total amount of Baht 55 million for investment in a new office building. The loan bears interest at the rate of MLR - 1.75% per annum and has to installments of principal repayment excluding interest in monthly installments of Baht 920,000 per installment by the first installment in July 2020. The loan is secured by land and buildings of the Company (Note 10) and there is no conditions regardings maintaining financial ratio from the bank.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

17. LIABILITY UNDER FINANCE LEASE AGREEMENTS

Liability under finance lease agreements had due repayment as follows:

	Baht					
	2019			2018		
	Principal	Deferred interest	Net	Principal	Deferred interest	Net
Within 1 year	3,147,934.51	256,331.45	3,404,265.96	2,452,864.69	216,732.77	2,669,597.46
Over 1 - 5 years	4,698,649.32	235,333.64	4,933,982.96	4,484,197.83	175,430.35	4,659,628.18
Total	7,846,583.83	491,665.09	8,338,248.92	6,937,062.52	392,163.12	7,329,225.64

During the years 2019 and 2018, the Company had entered into 5 contracts and 3 contracts for vehicles and equipment lease. The total amount of the contracts are Bath 4,959,215.52 and Baht 2,883,188.00, respectively.

As at December 31, 2019, the Company had vehicles and equipment long-term lease agreements in the form of finance lease with 4 local leasing companies, with 14 contracts. The total amounts of the contacts value are of Baht 14,531,500.44 Installments period are 48 - 60 months and the total repayments are of Baht 329,019.00 per month.

18. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2019 and 2018, the Company has defined benefit obligations as follows:

The statement of financial position

	Baht	
	2019	2018
Employee benefit obligations at beginning of the year	10,916,987.03	5,923,693.03
Actuarial loss on defined employee benefit plan		
- In profit or loss	-	552,243.00
- In other comprehensive income	2,410,283.00	3,650,059.00
Past service costs and interest		
- Change a considered a post employment plan amendment	3,245,433.00	-
Current service cost and interest cost during the year	2,073,390.00	851,592.00
Benefit paid by the plan during the plan	(315,200.00)	(60,600.00)
Employee benefit obligations at ending of the year	18,330,893.03	10,916,987.03

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Expenses which are recognized in the statement of comprehensive income

	Baht	
	2019	2018
Past service costs	3,245,433.00	-
Current service cost		
Cost of sales	847,588.00	301,362.00
Administrative expense	135,041.00	88,670.00
Management and directors' benefit expenses	1,090,761.00	461,560.00
	2,073,390.00	851,592.00
	5,318,823.00	851,592.00

Principal actuarial assumptions at the reporting date

	Percentage	
	2019	2018
Discount rate	1.90	3.1
Salary increase rate	11.0	11.0
Employee turnover rate	0 - 15	0 - 15
Disability rate	100% of Thai's Mortality Rate 2017	100% of Thai's Mortality Rate 2017

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 were summarized below:

	Baht	
	2019	2018
Discount rate - increase 1%	(2,153,626)	(1,203,856)
Discount rate - decrease 1%	2,582,473	1,426,418
Salary increase rate - increase 1%	2,329,353	1,272,018
Salary increase rate - decrease 1%	(2,007,695)	(1,103,316)

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change was recognized past service costs as expenses in the profit or loss.

19. CAPITAL MANAGEMENT

The primary objective of capital management of the Company is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2019 and 2018, the Company's debt-to-equity ratio 0.66 : 1 and 1.06 : 1, respectively.

20. SHARE CAPITAL

Year 2019

According to the resolution of the Extraordinary Shareholders' Meeting No.1/2019 held on June 28, 2019, the shareholders had the resolution on the following significant matters.

(1) Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 100 per share to Baht 0.50 per share resulting in an increase of the Company's ordinary shares (after the capital increase) from 1,000,000 shares to 200,000,000 shares.

(2) Approve the registered capital increase for Baht 40 million from formerly Baht 100 million to the registered capital Baht 140 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share as the Company intends to list all its ordinary shares as registered securities on the Stock Exchange by the Initial Public Offering.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

(3) Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company for additional Baht 40 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share. The details are as follows:

(3.1) Allocate ordinary share capital increase of 72 million shares at the par value of Baht 0.50 per share for Initial Public Offering.

(3.2) Allocate the ordinary share capital increase 8 million shares at the par value of Baht 0.50 per share for offering to the director, management and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.

(4) Approve listing the ordinary shares as registered securities on Market Alternative Investment (mai).

On July 9, 2019, the Company has registered to change the share value and capital increase with the Ministry of Commerce.

During November 5 - 7, 2019, the Company has made the initial public offering for 80 million shares to the subscribers at Baht 2.50 per share. On November 8, 2019, the Company has received the shares payment at the amount of Baht 200 million and has registered the increased paid-up capital with the Ministry of Commerce on November 8, 2019. The Stock Exchange of Thailand has received the Company's ordinary shares as listed securities in the Market for Althernative Investment (mai). The commencing trading is on November 15, 2019. The Company has the direct expenses related to the Initial Public Offering in the amount of Baht 6.71 million (net of income tax), shown as a deduction from the premium on ordirary share received from shareholders. As a result, the Company has the premium on ordinary shares amounting to Baht 153.29 million shown as a separate item under "shareholders' equity" in the statement of financial position. This share premium cannot be paid as dividend.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

As at December 31, 2019, the Company has 280 million registered ordinary shares with a par value of 0.50 Baht per share, equivalent to a registered share capital of Baht 140 million, which has been fully paid up.

The details of share capital are as follows:

	Registered capital		Issued and paid up capital	
	share	Baht	share	Baht
As at January 1, 2019	1,000,000.00	100,000,000.00	1,000,000.00	100,000,000.00
Increase registered capital and call for share payment	-	-	-	-
Balance before change the par value of ordinary shares	1,000,000.00	100,000,000.00	1,000,000.00	100,000,000.00
Balance after the change in par value of the ordinary shares	200,000,000.00	100,000,000.00	200,000,000.00	100,000,000.00
Increase in registered capital	80,000,000.00	40,000,000.00	80,000,000.00	40,000,000.00
As at December 31, 2019	280,000,000.00	140,000,000.00	280,000,000.00	140,000,000.00

Year 2018

According to the Extraordinary Shareholders Meeting No. 1/2018 held on January 24, 2018, the shareholders approved the share capital increase from Baht 80 million to Baht 100 million. The share capital increase of Baht 20 million is from issuing 200,000 ordinary shares at the par value of Baht 100 per share by allocating the shares to the shareholders at the same proportion. The Company has fully received the paid-up capital and has registered the share capital increase at the Ministry of Commerce on February 7, 2018.

21. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5 % of its annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10 % of authorized share capital. The reserve is not available for dividend distribution.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

22. APPROPRIATION OF RETAINED EARNINGS

2019

According to the 2019 Annual General Meeting of Shareholders on April 9, 2019, the shareholders approved the payment of dividends from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 20 per share in the amount of Baht 20 million. The Company paid the dividend on April 25, 2019.

According to the Board of Directors' Meeting No. 3/2019 held on June 13, 2019, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 25 per share in the amount of Baht 25 million. The Company paid the dividend on July 5, 2019.

For the year ended December 31, 2019, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2019 amounted to Baht 2.05 million.

2018

At the Extraordinary Shareholders' Meeting No. 1/2018 held on January 24, 2018, the shareholders unanimously approved to pay dividend from the operating results for the year ended December 31, 2016, in the amount of Baht 22,000,000.00 appropriated by 800,000 shares of Baht 27.50 each. Legal reserve is set aside in the amount of Baht 578,852.35 The Company already paid the dividend on January 31, 2018.

At the Board of Directors' Meeting No. 6/2018 held on August 6, 2018, the Board approved to pay dividend from the operating results for the year ended December 31, 2017, in the amount of Baht 20,000,000.00 appropriated by 1,000,000 shares of Baht 20.00 each. Legal reserve is set aside in the amount of Baht 2,000,000.00 The Company already paid the dividend on August 17, 2018.

23. OPERATING SEGMENT

The Company operates its main business in reportable operating segments according to the type of products and services provided with the main geographical area in Thailand as follows:

Type of operating segments	Type of products and services of segment
- Sales including installment segment (main segment)	Computer network systems, fully integrated of communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems
- Other segments	System development installation including related services and other services

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the basis consistent with that used to assess operating profit or loss in the financial statements.

Details of financial information classified by operating segments for the years ended December 31, 2019 and 2018 were as follows:

	Million Baht							
	Sales including instalment		Maintenance services		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from sales and services	461.15	371.76	160.25	156.75	18.14	8.07	639.54	536.58
Cost of sales and services	(346.85)	(267.96)	(85.36)	(96.31)	(9.14)	(4.21)	(441.35)	(368.48)
Gross profit	114.30	103.80	74.89	60.44	9.00	3.86	198.19	168.10
Other income							2.73	3.19
Selling expense							(34.26)	(30.46)
Administration expense							(104.54)	(86.45)
Finance cost							(0.48)	(0.34)
Income tax expense							(12.71)	(12.03)
Profit for the year							48.93	42.01

Geographic information

The Company operates its business in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customer

For the year ended December 31, 2019 and 2018, the Company had no revenues from sales and services from any customers with the amount over 10% of the total revenue.

24. EXPENSES BY NATURE

Significant expenses by nature were as follow:

	Baht	
	2019	2018
Changes in work in process	(8,877,534.29)	(3,121,049.59)
Material used	301,852,118.86	214,014,358.29
Project service expenses	124,098,996.29	146,801,112.93
Employee benefit expenses	88,229,788.08	72,940,885.42
Depreciation and amortization	5,468,972.79	5,005,725.10
Special incentive	36,981,257.87	29,065,430.24
Rental expenses for buildings and vehicles	3,645,614.50	3,453,990.00
Marketing activities	3,676,520.76	3,820,357.70

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

25. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act.

The Company's contributions for the years ended December 31, 2019 and 2018 were amounted to Baht 2.57 million and Baht 1.73 million, respectively.

26. INCOME TAX EXPENSE (TAX INCOME)

26.1 Major components of income tax expense (tax income) for the year ended December 31, 2019 and 2018 consist of

	Baht	
	2019	2018
Income tax expense shown in for profit or loss:		
Current income tax expense:		
Income tax expense for the year	12,557,096.49	12,837,788.99
Deferred tax expense (income):		
Change in temporary differences relating to the original recognition and reversal	155,114.87	(811,064.09)
Total	12,712,211.36	12,026,724.90
Income tax relating to components of other comprehensive income:		
Deferred tax relation to:		
Actuarial loss on defined employee benefit plan	(482,056.60)	(730,011.80)
Loss on remeasuring available-for-sale investment	-	(16.35)
Total	(482,056.60)	(730,028.15)

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

26.2 A numerical reconciliation between income tax expense and the product of accounting profit and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows:

	Baht	
	2019	2018
Accounting profit for the year	61,633,202.12	54,034,896.27
The applicable tax rate (%)	20.00	20.00
Tax expense at the applicable tax rate	12,326,640.42	10,806,979.25
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses that are forbidden expenses in determining taxable profit	798,786.27	1,689,779.72
Tax effect of expense for tax deductible	(413,215.33)	(470,034.07)
Total reconciliation items	385,570.94	1,219,745.65
Total income tax expense	12,712,211.36	12,026,724.90

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows:

	2019		2018	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	61,633,202.12		54,034,896.27	
Income tax expense at the applicable tax rate	12,326,640.42	20.00	10,806,979.25	20.00
Reconciliation items	385,570.94	0.63	1,219,745.65	2.26
Income tax expense at the average effective tax rate	12,712,211.36	20.63	12,026,724.90	22.26

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
Profit for the year (Baht)	48,920,990.76	42,008,171.37
Weighted average number of ordinary shares (Share)	211,835,616	195,945,205
Basic earnings per share (Baht/share)	0.23	0.21

On June 28, 2019, the par value of the Company's ordinary shares was changed from Baht 100.00 to Baht 0.50 per share (Note 20). For comparative purposes, the earnings per share for the year ended December 31, 2018 have been restated to reflect the change in the number of shares in the current year, as if the reduction of par value had occurred at the beginning of the period.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

	Baht			
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Liability under a finance lease agreements	6,937,062.52	(3,627,228.69)	4,536,750.00	7,846,583.83
Total	6,937,062.52	27,860,271.31	4,536,750.00	39,334,083.83

	Baht			
	Balance as at January 1, 2018	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2018
Liability under a finance lease agreements	7,580,838.60	(3,302,060.08)	2,658,284.00	6,937,062.52
Total	7,580,838.60	(3,302,060.08)	2,658,284.00	6,937,062.52

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

29. FINANCIAL INSTRUMENTS

29.1 Risk management

The Company manages their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company and does not hold or issue derivative financial instruments for speculative or trading purposes.

29.2 Credit risk

The Company is exposed to credit risk primarily relating to trade_accounts receivable. The management of the Company manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

29.3 Interest rate risk

The Company is exposed to interest rate risk relates primarily to its cash at financial institutions, finance lease receivables, restricted bank deposits, long-term loan from financial institution and liabilities under finance lease agreements. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provided significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarized as follow:

	Baht				
	2019				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
Assets					
Cash and cash equivalents	1,138.07	38,482,421.65	159,091,651.62	197,575,211.34	0.50
Trade and other accounts receivable	-	-	149,432,405.53	149,432,405.53	-
Finance lease receivables	34,632,093.73	-	-	34,632,093.73	3.53 - 9.00
Restricted bank deposits	21,148,058.09	-	-	21,148,058.09	0.80 - 1.25
Liabilities					
Trade and other account payable	-	-	152,443,213.37	152,443,213.37	-
Long-term loan from financial institution	31,528,080.93	-	-	31,528,080.93	MLR-1.75
Liabilities under finance lease agreements	7,846,583.83	-	-	7,846,583.83	2.54 - 5.33

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht				
	2018				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
Assets					
Cash and cash equivalents	1,129.09	9,203,247.05	961,633.71	10,166,009.85	0.50
Trade and other accounts receivable	-	-	170,122,306.58	170,122,306.58	-
Finance lease receivables	10,965,807.13	-	-	10,965,807.13	3.53 - 9.00
Unbilled receivable	-	-	12,741,000.00	12,741,000.00	-
Restricted bank deposits	20,922,479.06	-	-	20,922,479.06	0.80 - 1.25
Liabilities					
Trade and other account payable	-	-	148,817,220.95	148,817,220.95	-
Liabilities under finance lease agreements	6,937,062.52	-	-	6,937,062.52	2.54 - 5.33

29.4 Foreign currency risk

The Company has foreign currency exchange rate risk because the Company has transaction of volume rebate on purchases of goods which were denominated in foreign currencies. However, the Company believe that the fluctuating exchange rate in the future will not significantly affect the operating performance and cash flows of the company. The Company did not use other derivative to hedge against such risk.

29.5 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

29.6 Fair value of financial instruments

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

30. COMMITMENTS

30.1 Capital expenditure commitments

As at December 31, 2019, the Company had capital expenditure commitments relating to office building under the agreement in the amount of Baht 93.83 million. The Company has already paid the obligation for Baht 85.22 million. Therefore, the outstanding commitment is Baht 8.61 million.

30.2 Purchase of goods commitment

As at December 31, 2019, the Company had purchase of goods commitments under the agreement in the amount of Baht 43.07 million. The Company has already paid the obligation for Baht 8.79 million. Therefore, the outstanding commitment is Baht 34.28 million.

31. CONTINGENT LIABILITIES

As at December 31, 2019 and 2018, the Company had contingent liabilities for the letter of guarantees issued by a local bank in the total amount of Baht 31.48 million and Baht 64.43 million, respectively. If the Company cannot comply with the buying/selling agreement, the bank will demand the Company to pay for the damage from the agreement default back to the bank.

32. EVENT AFTER THE REPORTING PERIOD

According to the minutes of the Board of Directors' Meeting held on February 21, 2020, it had the resolution to pay the dividend from the retained earnings as of December 31, 2019 to the shareholders at Baht 0.20 per share totaling Baht 56.00 million and to appropriate the net profit for the year ended December 31, 2019 as legal reserve totaling Baht 2.45 million. The Company sets the name list of shareholders who are entitled to receive the dividend as appeared on the shareholders' registration book as at May 11, 2020 and is scheduled to pay the dividend in May 22, 2020.

33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 25, 2020.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS

		Baht	
	Notes	2019	2018
Current assets			
Cash and cash equivalents	5	197,575,211.34	10,166,009.85
Trade and other receivable	6	149,432,405.53	170,122,306.58
Current portion of finance lease receivables	7	9,579,165.92	8,122,961.03
Unbilled receivable		-	12,741,000.00
Inventories	8	47,292,148.84	56,764,128.83
Other current assets		4,033,393.62	2,187,350.90
Total current assets		407,912,325.25	260,103,757.19
Non-current assets			
Restricted bank deposit	9	21,148,058.09	20,922,479.06
Finance lease receivables	7	25,052,927.81	2,842,846.10
Property, plant and equipment	10	145,126,213.80	71,595,572.56
Intangible assets	11	283,326.75	332,896.68
Deferred tax assets	12	3,092,665.27	2,765,723.54
Other non-current assets		28,995,251.20	21,997,836.76
Total non-current assets		223,698,442.92	120,457,354.70
TOTAL ASSETS		631,610,768.17	380,561,111.89

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht 2019	Baht 2018
Current liabilities			
Trade and other payables	14	152,443,213.37	148,817,220.95
Current portion of long-term loan from financial institution	16	5,425,135.74	-
Current portion of liability under finance lease agreements	17	3,147,934.51	2,452,864.69
Income tax payable		374,688.27	1,982,690.56
Other current liabilities	15	4,098,766.08	5,998,347.03
Total current liabilities		165,489,737.97	159,251,123.23
Non-current liabilities			
Long-term loan from financial institution	16	26,102,945.19	-
Liability under finance lease agreements	17	4,698,649.32	4,484,197.83
Employee benefit obligations	18	18,330,893.03	10,916,987.03
Other non-current liabilities		37,151,535.49	21,359,179.29
Total non-current liabilities		86,284,023.03	36,760,364.15
TOTAL LIABILITIES		251,773,761.00	196,011,487.38

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht	
	Notes	2019	2018
Shareholders' equity			
Share capital	20		
Authorised share capital			
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	
1,000,000 ordinary shares of Baht 100.00 each			100,000,000.00
Issued and paid-up share capital			
280,000,000 ordinary shares of Baht 0.50 each		140,000,000.00	
1,000,000 ordinary shares of Baht 100.00 each			100,000,000.00
Premium on share capital	20	153,294,618.30	-
Surplus on share-based payment transactions		6,754,000.00	6,754,000.00
Retained earnings			
Appropriated			
Legal reserve	21, 22	12,446,049.54	10,000,000.00
Unappropriated		67,342,339.33	67,795,624.51
TOTAL SHAREHOLDERS' EQUITY		379,837,007.17	184,549,624.51
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		631,610,768.17	380,561,111.89

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		Baht	
	Notes	2019	2018
Revenues			
Revenues from sales and services		639,537,556.62	536,581,038.34
Other income		2,726,526.08	3,191,984.05
Total revenues		642,264,082.70	539,773,022.39
Expenses			
Cost of sales and services		441,347,940.55	368,485,673.32
Selling expenses		34,260,440.04	30,456,858.75
Administrative expenses		104,540,820.90	86,455,798.10
Finance cost		481,679.09	339,795.95
Total expense		580,630,880.58	485,738,126.12
Profit before income tax expense		61,633,202.12	54,034,896.27
Income tax expense	26	12,712,211.36	12,026,724.90
Profit for the year		48,920,990.76	42,008,171.37
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined employee benefit plans, net of tax	18	(1,928,226.40)	(2,920,047.20)
Items that will be reclassified subsequently to profit or loss			
Loss on remeasuring available-for-sale investment, net of tax		-	(65.42)
Other comprehensive income (expense) for the period, net of tax		(1,928,226.40)	(2,920,112.62)
Total comprehensive income for the year		46,992,764.36	39,088,058.75
Earnings per share	27		
Basic earnings per share		0.23	0.21

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

		Baht						
		share capital	Premium on	Surplus on	Retained earnings		Gain on	Total
		issued and	share capital	Share-based	Appropriated	Unappropriated	remeasuring	
		paid-up		Payment	Legal reserve		Available-for-	
	Notes			transactions			Sale investment	
Balance as at January 1, 2018		80,000,000.00	-	6,754,000.00	7,421,147.65	73,286,352.69	65.42	167,461,565.76
Share capital increase	20	20,000,000.00	-	-	-	-	-	20,000,000.00
Legal reserve	22	-	-	-	2,578,852.35	(2,578,852.35)	-	-
Dividend	22	-	-	-	-	(42,000,000.00)	-	(42,000,000.00)
Profit for the year		-	-	-	-	42,008,171.37	-	42,008,171.37
Other comprehensive income (expense) for the year								
Actuarial loss on defined employee benefit plans	18	-	-	-	-	(2,920,047.20)	-	(2,920,047.20)
Loss on remeasuring available-for-sale investment		-	-	-	-	-	(65.42)	(65.42)
Balance as at December 31, 2018		100,000,000.00	-	6,754,000.00	10,000,000.00	67,795,624.51	-	184,549,624.51
Share capital increase	20	40,000,000.00	160,000,000.00	-	-	-	-	200,000,000.00
Attributable expenses of public offering the initial, net of		-	(6,705,381.70)	-	-	-	-	(6,705,381.70)
Legal reserve	22	-	-	-	2,446,049.54	(2,446,049.54)	-	-
Dividend	22	-	-	-	-	(45,000,000.00)	-	(45,000,000.00)
Profit for the year		-	-	-	-	48,920,990.76	-	48,920,990.76
Other comprehensive income (expense) for the year								
Actuarial loss on defined employee benefit plans	18	-	-	-	-	(1,928,226.40)	-	(1,928,226.40)
Balance as at December 31, 2019		140,000,000.00	153,294,618.30	6,754,000.00	12,446,049.54	67,342,339.33	-	379,837,007.17

Notes to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit for the year	48,920,990.76	42,008,171.37
Reconciliations of profit for the year to net cash provided by		
(used in) operating activities		
Depreciation	5,419,402.86	4,956,774.89
Amortization of intangible assets	49,569.93	48,950.21
Provision of allowance for decline in value of inventories		
(reversal)	(142,083.24)	(155,375.00)
(Gain) loss on disposal of building improvement and equipment	177,760.06	452,270.61
(Gain) loss on disposal of investment	-	(248.24)
Employee benefits expenses	5,318,823.00	1,403,835.00
Interest income	(1,993,471.54)	(1,400,000.14)
Finance costs	481,679.09	339,795.95
Income tax expense	12,712,211.36	12,026,724.90
Profit from operating before changes in		
operating assets and liabilities	70,944,882.28	59,680,899.55
(Increase) decrease in operating assets		
Trade and other accounts receivable	20,689,901.05	(10,826,766.58)
Finance lease receivables	(23,666,286.60)	6,859,793.38
Unbilled receivables	12,741,000.00	19,111,500.00
Inventories	9,614,063.23	(22,159,543.35)
Other current assets	(1,846,042.72)	(587,174.85)
Other non-current assets	(6,997,414.44)	3,828,336.71

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
Increase (decrease) in operating liabilities		
Trade and other payables	3,625,992.42	34,216,607.15
Other current liabilities	(1,899,580.95)	674,522.57
Employee benefits obligations	(315,200.00)	(60,600.00)
Other non-current liabilities	15,792,356.20	(3,659,708.86)
Cash generated (paid) from operating	98,683,670.47	87,077,865.72
Interest received	1,993,471.54	1,400,000.14
Income tax paid	(14,165,098.78)	(12,911,482.45)
Net cash provided by (used in) operating activities	86,512,043.23	75,566,383.41
CASH FLOWS FROM INVESTING ACTIVITIES :		
(Increase) decrease in restricted bank deposit	-	19,156.31
Cash payments to acquire property, plant and equipment	(225,579.03)	(236,741.56)
Cash receipts from sale of equipment	(75,365,769.10)	(58,853,915.67)
Cash payments to acquire intangible assets	774,714.94	917,158.69
Net cash provided by (used in) investing activities	-	(19,500.00)
CASH FLOWS FROM FINANCING ACTIVITIES :	(74,816,633.19)	(58,173,842.23)
Cash receipts from long-term loan from financial institution	31,487,500.00	-
Cash payments for liabilities under finance lease agreements	(3,627,228.69)	(2,074,776.08)
Cash receipts from capital increase	200,000,000.00	20,000,000.00
Cash payment for directly attributable expenses of public offering the initial	(6,705,381.70)	-
Interest paid	(441,098.16)	(339,795.95)
Dividend paid	(45,000,000.00)	(42,000,000.00)
Net cash provided by (used in) financing activities	175,713,791.45	(24,414,572.03)

Note to the interim financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Baht	
	2019	2018
Increase (decrease) in cash and cash equivalent	187,409,201.49	(7,022,030.85)
Cash and cash equivalent, at beginning of period	10,166,009.85	17,188,040.70
Cash and cash equivalent, at end of period	197,575,211.34	10,166,009.85
Supplement disclosure for cash flows information :		
Purchase of asset under financial lease agreements	4,536,750.00	2,658,284.00
Sale of asset by net of financial lease agreement	-	639,408.66

Note to the financial statements form an integral part of these statements.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited Company on May 20, 2004. According to the Meeting of Shareholders No. 1/2019 held on June 28, 2019, the shareholders approved to registered the Company's status to change into public company limited. The Company had registered to the public company limited with Department of Business Development on July 9, 2019 and registered with the Market for Alternative Investment (mai) on November 15, 2019.

The registered address of the Company, 99 Cement Thai Alley, Lat Yao, Chatuchak, Bangkok, Thailand.

(b) Nature of the Company's business

The main business of the Company is engaged in the distribution and installation of computer network systems, fully integrated of communication system, wireless communication system , network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai language.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

2.2Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.3Financial reporting standards that will become effective in the future

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized 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.

TFRS 16 Leases

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

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

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

3. SIGNIFICATION ACCOUNTING POLICIES

3.1 Recognition of revenues and expenses

Revenue from sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from seles of goods that are conditional on instullation and inspection is recognized at the point in time when control of the asset is transferred to the customer, generally upon the buyer accepting the goods, when installation is complete and the goods is passed inspection.

Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications is recognized as revenue over the period in which the service is provided.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Revenue from rendering of services

Revenue from providing maintenance service is recognized over time when services have been rendered considering the straight-line method over the term of the contracts.

Revenue from project development services is recognized over time in accordance with the measuring progress towards complete satisfaction of a performance obligation, based on the costs incurred to the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation. In some circumstances, the Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expect to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Company shall recognize revenue only to the extent of costs incurred until such time that it can reasonably measure the outcome of the performance obligation

The recognized revenue which is not yet due per the contracts has been presented as "Accrued service income /Unbilled receivables" in the statement of financial position, which is classified as trade receivables when the Company has right to receive without condition such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or service to a customer for which the Company have received consideration or an amount of consideration is due from the customer is presented as "Deferred revenue" in the statement of financial position, which is classified as other payables under trade and other payable. Deferred revenue will be recognized as revenue when the Company completely perform the obligation stated in the contract.

Revenue from other providing service is recognized when the services is recognized are rendered.

Interest income and other income

Interest income is recognized over the period of time in consideration of the effective rate.

Other income is recognized on the accrual basis.

Expenses

Other expenses are recognized on an accrual basis.

3.2 Cash and cash equivalents

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

3.3 Trade account receivable and allowance for doubtful accounts

Trade account receivable

Trade accounts receivable are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in profit or loss as part of administrative expenses.

Allowance for doubtful accounts

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Allowances made are based on historical write-off patterns and the aging of accounts receivable. Bad debts are written off when incurred.

3.4 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the specific method.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present and condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

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

An allowance for decline in sale of inventories is made for all deteriorated, damaged, obsolete and slow-moving inventories.

3.5 Property, plant and equipment / Depreciation

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Allowance for impairment loss of assets will be made when there is any event or circumstance indicating that the recoverable values of these assets are less than their carrying values.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

Expenditure incurred in addition, renewal or betterment are recorded add in involve fixed asset, if it is certainly probable the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Repair and maintenance costs are recognized as an expense when incurred.

Depreciation is calculated by cost less residual value on the straight-line basis over the following estimated useful life:-

Type of assets	Estimated useful live (years)
Land improvement	5 - 10
Building	40
Building improvement	5 - 20
Office equipment	3 - 5
Office furniture and fixture	5
Vehicles	5

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate component when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and asset under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from the sale or write-off of assets are recognized in the statement of comprehensive income.

3.6 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing

3.7 Intangible asset / Amortization

Intangible assets are stated at cost less accumulated amortization and allowance on impairment (if any). Intangible assets are amortized in the statement of income on a straight-line basis over their estimated useful life from the date that they are available for use. The estimated useful life is as follows:

Type of assets	Estimated useful live (years)
Software	5 - 10

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.8 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

3.9 Trade accounts payable and others payable

Trade and other accounts payable are stated at cost.

3.10 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.11 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Post-employment benefits (Defined benefit plans)

The Company have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees will be recognized immediately in other comprehensive income as a part of retain earing.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.12 Share-based payment

The fair value of the shares as at grant date to the management and employees is recognized as employee expense along with the increase in shareholder's equity throughout the period that employee is able to access the rights without restriction. The amount recognized is expense to be adjusted to reflect the rights to purchase shares under the term of service that is not the term of equity market.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.13 Finance lease

The contract of leased asset carried the risk and owner remuneration is mainly transferred to lesser will be classified as financial leased contract. The contract of financial lease is recorded as capital expenditure by fair value of leased asset or present value of minimum amount which has to repay in accordance with the leased contract whichever amount is lower. The amount which has to repay in each time is divided as liability portion and financial expenditure so that fixed interest rate over outstanding liability obligation burden in accordance with the financial leased contract will be recorded as long term liability. Interest payable will be recorded in profit or loss throughout the leased contract life by the effective rate.

3.14 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

3.15 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, (if any), based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

3.16 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.

3.17 Foreign currency transactions

Transactions in foreign currencies throughout the years are recorded in Baht at prevailing Bank of Thailand rates at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the prevailing rates at those dates. Gain or loss arising from translation are credited or charged against current operations.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

3.18 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.19 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

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

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense.

The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales in profit or loss.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Property, plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

4. RELATED PARTIES TRANSACTION

The Company has certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon between the Company and related parties as an ordinary course of business.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The nature of relationship with related parties can be summarized as follows:

Name of related parties	Nature of relationship
Related persons	
Director and key management personnel	Persons having authority and responsibility of management

Pricing policy for transaction with related parties as follows:

Type of business	Pricing policy
Sale of assets	Market price less discount
Management benefit expenses	As approved by the director and shareholder

As at December 31, 2019 and 2018, the Company has no balance with the related parties.

Revenue and expense transactions with related parties for the years ended December 31, 2019 and 2018 were as follows:

	Baht	
	2019	2018
Sale of assets	13,971.95	32,710.28
Management benefit expenses		
Short-term employee benefits	32,380,005.00	21,778,017.79
Post-term employee benefits	1,203,698.00	383,857.00
	33,583,703.00	22,161,874.79

MANAGEMENT BENEFIT EXPENSES

Management benefit expenses represents the benefits paid to the Company's management and directors such as salaries, related benefit and directors' remuneration, including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised managing director or the managements who have the top position at the management level from the four lists following by the managing director level.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of:

	Baht	
	2019	2018
Cash on hand	40,000.00	40,000.00
Cash at banks - current accounts	159,051,651.62	921,633.71
Cash at banks - savings accounts	38,482,421.65	9,203,247.05
Cash at banks - fixed deposits	1,138.07	1,129.09
Total	197,575,211.34	10,166,009.85

As at December 31, 2019 and 2018, savings accounts earned interest at the rate of 0.50% per annum and 0.50% per annum, respectively.

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of:

	Baht	
	2019	2018
Trade accounts receivable	64,126,626.75	110,024,797.49
Accrued income - sale of goods and services	53,219,026.32	32,854,528.40
	117,345,653.07	142,879,325.89
Other receivable	32,086,752.46	27,242,980.69
Total	149,432,405.53	170,122,306.58

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Trade accounts receivable and accrued income - sale of goods and services classified by age of account:

	Baht	
	2019	2018
Not due	90,355,836.58	97,175,605.27
Over 1 days to 90 days	25,426,578.48	45,301,400.62
Over 91 days to 180 days	1,002,149.16	402,320.00
Over 181 days to 360 days	561,088.85	-
Over 361 days	-	-
Total	117,345,653.07	142,879,325.89

Other receivables consisted of:

	Baht	
	2019	2018
Prepaid expenses	25,509,151.24	13,553,553.52
Others	6,577,601.22	13,689,427.17
Total	32,086,752.46	27,242,980.69

7. FINANCE LEASE RECEIVABLES

Finance lease receivables consisted of:

	Baht	
	2019	2018
Finance lease receivables	38,211,607.24	11,571,258.11
Less Deferred interest	(3,579,513.51)	(605,450.98)
Net	34,632,093.73	10,965,807.13
Less Current Potion	(9,579,165.92)	(8,122,961.03)
Finance lease receivables - net	25,052,927.81	2,842,846.10

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

The minimum lease payments and present value of minimum lease payments which receivable will be paid under the financial lease agreements as at December 31, 2019 and 2018, were as follows:

	Baht			
	2019		2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Collection period				
Within 1 year	11,180,387.71	9,579,165.92	8,608,487.28	8,122,961.03
Over 1 year but less than 5 years	27,031,219.53	25,052,927.81	2,962,770.83	2,842,846.10
	38,211,607.24	34,632,093.73	11,571,258.11	10,965,807.13
Less Deferred interest	(3,579,513.51)	-	(605,450.98)	-
	34,632,093.73	34,632,093.73	10,965,807.13	10,965,807.13

8. INVENTORIES

Inventories consisted of :-

	Baht	
	2019	2018
Work in process	39,232,080.37	30,354,546.08
Material for project work	8,095,375.23	26,586,972.75
	47,327,455.60	56,941,518.83
Less allowance for decline in value of inventories	(35,306.76)	(177,390.00)
Total	47,292,148.84	56,764,128.83

	Baht	
	2019	2018
Decline in value of inventory recognized as cost of goods sold for the years	-	-
Reversal of the decline in value of inventory for the years	142,083.24	155,375.00

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

9. RESTRICTED BANK DEPOSIT

As at December 31, 2019 and 2018, the Company had fixed deposit, 6 and 12 months in the amount of Baht 21.15 million and Baht 20.92 million, respectively which used for pledge letter of guarantee from a local bank (see note 13).

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:

	Baht				
	Balance per book	Movement during the year			Balance per book
	Dec. 31, 2018	Addition	Deduction	Transfer	Dec. 31, 2019
At cost					
Land	42,221,830.00	-	-	-	42,221,830.00
Land improvement	-	-	-	1,600,000.00	1,600,000.00
Building	-	-	-	67,466,147.55	67,466,147.55
Building improvement	-	-	-	13,863,306.85	13,863,306.85
Office equipment	10,800,858.68	2,386,103.49	(148,304.30)	411,501.75	13,450,159.62
Office furniture and fixture	3,484,441.24	469,534.94	(1,997,863.67)	-	1,956,112.51
Vehicles	21,829,869.16	6,107,728.97	(1,324,299.07)	-	26,613,299.06
Works in progress	14,639,119.61	70,938,933.38	-	(83,340,956.15)	2,237,096.84
Total	92,976,118.69	79,902,300.78	(3,470,467.04)	-	169,407,952.43
Accumulated depreciation					
Land improvement	-	26,301.37	-	-	26,301.37
Building	-	138,629.07	-	-	138,629.07
Building improvement	-	107,035.55	-	-	107,035.55
Office equipment	6,916,265.08	2,001,367.08	(139,758.26)	-	8,777,873.90
Office furniture and fixture	2,773,511.86	256,297.80	(1,958,514.75)	-	1,071,294.91
Vehicles	11,690,769.19	2,889,771.99	(419,937.35)	-	14,160,603.83
Total	21,380,546.13	5,419,402.86	(2,518,210.36)	-	24,281,738.63
Property, plant and equipment, net	71,595,572.56				145,126,213.80

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht			
	Balance per book	Movement during the year		Balance per book
	Dec. 31, 2017	Addition	Deduction	Dec. 31, 2018
At cost				
Land	-	42,221,830.00	-	42,221,830.00
Office equipment	11,273,563.45	1,106,761.20	(1,579,465.97)	10,800,858.68
Office furniture and fixture	3,218,766.22	299,204.86	(33,529.84)	3,484,441.24
Vehicles	21,246,168.23	2,018,000.00	(1,434,299.07)	21,829,869.16
Buldings in progress	-	14,639,119.61	-	14,639,119.61
Total	35,738,497.90	60,284,915.67	(3,047,294.88)	92,976,118.69
Accumulated depreciation				
Office equipment	6,623,214.99	1,690,886.69	(1,397,836.60)	6,916,265.08
Office furniture and fixture	2,598,673.68	208,211.38	(33,373.20)	2,773,511.86
Vehicles	8,879,749.15	3,057,676.82	(246,656.78)	11,690,769.19
Total	18,101,637.82	4,956,774.89	(1,677,866.58)	21,380,546.13
Property, plant and equipment, net	17,636,860.08			71,595,572.56

	บาท	
	2562	2561
Depreciation of the year	5,419,402.86	4,956,774.89
Gain (loss) on disposal for the year	(177,760.00)	(452,270.61)

During the year 2018, the Company purchased the land for use in the construction of a new office building with the total cost of land amounted to Baht 42.22 million and during the year 2018 - 2019 the Company has invested in the construction of a new office building, as at December 31, 2018, the Company has completed the construction of the said office building.

As at December 31, 2019 and 2018, the Company had vehicles under the finance lease agreements at the carrying amount in the amount of Baht 13.20 million and Baht 10.01 million, respectively.

As at December 31, 2019 and 2018, equipment which was fully depreciated but is still in use had its gross carrying amount before depreciation in the amount of Baht 10.36 million and Baht 11.64 million, respectively.

As at December 31, 2019 and 2018, the land was mortgaged as collateral for credit facilities from bank (Note 13).

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

11. INTANGIBLE ASSETS

Intangible assets consisted of:

	Baht			
	Balance per book Dec. 31, 2018	Movement during the year		Balance per book Dec. 31, 2019
		Addition	Deduction	
At cost				
Software license	563,200.00	-	-	563,200.00
Less accumulated amortization	(230,303.32)	(49,569.93)	-	(279,873.25)
Intangible, net	332,896.68			283,326.75

	Baht			
	Balance per book Dec. 31, 2017	Movement during the year		Balance per book Dec. 31, 2018
		Addition	Deduction	
At cost				
Software license	610,105.72	19,500.00	(66,405.72)	563,200.00
Less accumulated amortization	(247,757.83)	(48,950.21)	66,404.72	(230,303.32)
Intangible, net	362,347.89			332,896.68

	Baht	
	2019	2018
Amortization for the year	49,569.93	48,950.21

12. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and liabilities for the year ended December 31, 2019 and 2018 were summarized as follows:

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht			
	Balance as at	Income (expenses) during the year		Balance as at
	Dec. 31, 2018	In profit or loss	In other comprehensive income	Dec. 31, 2019
Deferred tax assets :				
Finance lease receivables	350,468.90	(350,468.90)	-	-
Allowance for declining in value of inventories	35,478.00	(28,416.65)	-	7,061.35
Liability under finance lease agreement	196,379.23	(43,173.75)	-	153,205.48
Employees benefit obligations	2,183,397.41	1,000,724.60	482,056.60	3,666,178.61
Total	2,765,723.54	578,665.30	482,056.60	3,826,445.44
Deferred tax liabilities				
Receivable under finance lease agreement	-	(733,780.17)	-	(733,780.17)
Total	-	(733,780.17)	-	(733,780.17)
Deferred tax assets (liabilities), net	2,765,723.54	(155,114.87)	482,056.60	3,092,665.27

	Baht			
	Balance as at	Income (expenses) during the year		Balance as at
	Dec. 31, 2017	In profit or loss	In Other comprehensive income	Dec. 31, 2018
Deferred tax assets :				
Finance lease receivables	-	350,468.90	-	350,468.90
Allowance for declining in value of inventories	66,553.00	(31,075.00)	-	35,478.00
Liability under finance lease agreement	176,199.61	20,179.62	-	196,379.23
Employees benefit obligations	1,184,738.61	268,647.00	730,011.80	2,183,397.41
Total	1,427,491.22	608,220.52	730,011.80	2,765,723.54
Deferred tax liabilities				
Receivable under finance lease agreement	(202,843.57)	202,843.57	-	-
Gain (losses) on remeasuring available-for-sale investments	(16.35)	-	16.35	-
Total	(202,859.92)	202,843.57	16.35	-
Deferred tax assets (liabilities), net	1,224,631.30	811,064.09	730,028.15	2,765,723.54

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

13. CREDIT FACILITIES FROM FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, the Company had credit facilities with 2 local commercial banks under the total credit facilities of Baht 361 million and Baht 361 million, respectively, as follows:

Types of credit limit	Interest rate (% per annum)	Million Baht 2019	Million Baht 2018
(1) Bank overdrafts	MOR	11	11
(2) Short-term loans	MLR - 1.50	65	65
(3) Letter of guarantee	1.25 - 1.50	230	230
(4) Long-term loan	MLR - 1.75	55	55
Total		361	361

On November 23, 2018, the Company has entered into loan agreement with a local bank for construction of an office building in amount of Baht 55 million with the interest rate MLR - 1.75 per annum. Repayment the principle, excluding interest are 60 installment at the amount of Baht 920,000.00 per mount. The final payment will pay the remaining amount.

As at 31 December 2019 and 2018, the credit facilities was secured by the mortgage of the Company's land and construction thereon (Note 10), fixed deposits (Note 9) and directors of the Company.

14. TRADE AND OTHER PAYABLES

Trade and other payables consisted of:

	Baht 2019	Baht 2018
Trade accounts payable	112,765,095.59	99,243,380.96
Accrued expenses	19,119,873.00	28,412,791.73
Deferred revenue	20,558,244.78	21,161,048.26
Total	152,443,213.37	148,817,220.95

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

15. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

	Baht	
	2019	2018
Withholding taxes payable	3,848,960.08	2,649,914.30
Others	249,806.00	3,348,432.73
Total	4,098,766.08	5,998,347.03

16. LONG-TERM LOAN FROM FINANCIAL INSTITUTION

Movements of long-term loan from financial institution for the year ended December 31, 2019 were as follows :

	Baht
Balance as at January 1, 2019	-
Add additional loan during the year	31,900,000.00
Less repayments during the year	-
Balance as at December 31, 2019	31,900,000.00
Less Deferred financial cost	(371,919.07)
	31,528,080.93
Less Current portion	(5,425,135.74)
	26,102,945.19

On November 23, 2018, the Company entered into a long-term loan agreement with a local commercial bank at the total amount of Baht 55 million for investment in a new office building. The loan bears interest at the rate of MLR - 1.75% per annum and has to installments of principal repayment excluding interest in monthly installments of Baht 920,000 per installment by the first installment in July 2020. The loan is secured by land and buildings of the Company (Note 10) and there is no conditions regardings maintaining financial ratio from the bank.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

17. LIABILITY UNDER FINANCE LEASE AGREEMENTS

Liability under finance lease agreements had due repayment as follows:

	Baht					
	2019			2018		
	Principal	Deferred interest	Net	Principal	Deferred interest	Net
Within 1 year	3,147,934.51	256,331.45	3,404,265.96	2,452,864.69	216,732.77	2,669,597.46
Over 1 - 5 years	4,698,649.32	235,333.64	4,933,982.96	4,484,197.83	175,430.35	4,659,628.18
Total	7,846,583.83	491,665.09	8,338,248.92	6,937,062.52	392,163.12	7,329,225.64

During the years 2019 and 2018, the Company had entered into 5 contracts and 3 contracts for vehicles and equipment lease. The total amount of the contracts are Bath 4,959,215.52 and Baht 2,883,188.00, respectively.

As at December 31, 2019, the Company had vehicles and equipment long-term lease agreements in the form of finance lease with 4 local leasing companies, with 14 contracts. The total amounts of the contacts value are of Baht 14,531,500.44 Installments period are 48 - 60 months and the total repayments are of Baht 329,019.00 per month.

18. EMPLOYEE BENEFIT OBLIGATIONS

As at December 31, 2019 and 2018, the Company has defined benefit obligations as follows:

The statement of financial position

	Baht	
	2019	2018
Employee benefit obligations at beginning of the year	10,916,987.03	5,923,693.03
Actuarial loss on defined employee benefit plan		
- In profit or loss	-	552,243.00
- In other comprehensive income	2,410,283.00	3,650,059.00
Past service costs and interest		
- Change a considered a post employment plan amendment	3,245,433.00	-
Current service cost and interest cost during the year	2,073,390.00	851,592.00
Benefit paid by the plan during the plan	(315,200.00)	(60,600.00)
Employee benefit obligations at ending of the year	18,330,893.03	10,916,987.03

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

Expenses which are recognized in the statement of comprehensive income

	Baht	
	2019	2018
Past service costs	3,245,433.00	-
Current service cost		
Cost of sales	847,588.00	301,362.00
Administrative expense	135,041.00	88,670.00
Management and directors' benefit expenses	1,090,761.00	461,560.00
	2,073,390.00	851,592.00
	5,318,823.00	851,592.00

Principal actuarial assumptions at the reporting date

	Percentage	
	2019	2018
Discount rate	1.90	3.1
Salary increase rate	11.0	11.0
Employee turnover rate	0 - 15	0 - 15
Disability rate	100% of Thai's Mortality Rate 2017	100% of Thai's Mortality Rate 2017

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 were summarized below:

	Baht	
	2019	2018
Discount rate - increase 1%	(2,153,626)	(1,203,856)
Discount rate - decrease 1%	2,582,473	1,426,418
Salary increase rate - increase 1%	2,329,353	1,272,018
Salary increase rate - decrease 1%	(2,007,695)	(1,103,316)

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change was recognized past service costs as expenses in the profit or loss.

19. CAPITAL MANAGEMENT

The primary objective of capital management of the Company is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statement of financial position as at December 31, 2019 and 2018, the Company's debt-to-equity ratio 0.66 : 1 and 1.06 : 1, respectively.

20. SHARE CAPITAL

Year 2019

According to the resolution of the Extraordinary Shareholders' Meeting No.1/2019 held on June 28, 2019, the shareholders had the resolution on the following significant matters.

(1) Approve the change of par value to be in line with the company conversion from a limited company to a public company by changing the par value from Baht 100 per share to Baht 0.50 per share resulting in an increase of the Company's ordinary shares (after the capital increase) from 1,000,000 shares to 200,000,000 shares.

(2) Approve the registered capital increase for Baht 40 million from formerly Baht 100 million to the registered capital Baht 140 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share as the Company intends to list all its ordinary shares as registered securities on the Stock Exchange by the Initial Public Offering.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

(3) Approve the allocation of ordinary shares capital increase as approved at the meeting to increase the registered capital of the Company for additional Baht 40 million by issuing ordinary shares capital increase 80 million shares at the par value of Baht 0.50 per share. The details are as follows:

(3.1) Allocate ordinary share capital increase of 72 million shares at the par value of Baht 0.50 per share for Initial Public Offering.

(3.2) Allocate the ordinary share capital increase 8 million shares at the par value of Baht 0.50 per share for offering to the director, management and/or employees at the same price as with the public offering. Any leftover ordinary share capital increase from the allocation to director, management and/or employees, then allocate the remaining ordinary shares by the Initial Public Offering.

(4) Approve listing the ordinary shares as registered securities on Market Alternative Investment (mai).

On July 9, 2019, the Company has registered to change the share value and capital increase with the Ministry of Commerce.

During November 5 - 7, 2019, the Company has made the initial public offering for 80 million shares to the subscribers at Baht 2.50 per share. On November 8, 2019, the Company has received the shares payment at the amount of Baht 200 million and has registered the increased paid-up capital with the Ministry of Commerce on November 8, 2019. The Stock Exchange of Thailand has received the Company's ordinary shares as listed securities in the Market for Althernative Investment (mai). The commencing trading is on November 15, 2019. The Company has the direct expenses related to the Initial Public Offering in the amount of Baht 6.71 million (net of income tax), shown as a deduction from the premium on ordirary share received from shareholders. As a result, the Company has the premium on ordinary shares amounting to Baht 153.29 million shown as a separate item under "shareholders' equity" in the statement of financial position. This share premium cannot be paid as dividend.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

As at December 31, 2019, the Company has 280 million registered ordinary shares with a par value of 0.50 Baht per share, equivalent to a registered share capital of Baht 140 million, which has been fully paid up.

The details of share capital are as follows:

	Registered capital		Issued and paid up capital	
	share	Baht	share	Baht
As at January 1, 2019	1,000,000.00	100,000,000.00	1,000,000.00	100,000,000.00
Increase registered capital and call for share payment	-	-	-	-
Balance before change the par value of ordinary shares	1,000,000.00	100,000,000.00	1,000,000.00	100,000,000.00
Balance after the change in par value of the ordinary shares	200,000,000.00	100,000,000.00	200,000,000.00	100,000,000.00
Increase in registered capital	80,000,000.00	40,000,000.00	80,000,000.00	40,000,000.00
As at December 31, 2019	280,000,000.00	140,000,000.00	280,000,000.00	140,000,000.00

Year 2018

According to the Extraordinary Shareholders Meeting No. 1/2018 held on January 24, 2018, the shareholders approved the share capital increase from Baht 80 million to Baht 100 million. The share capital increase of Baht 20 million is from issuing 200,000 ordinary shares at the par value of Baht 100 per share by allocating the shares to the shareholders at the same proportion. The Company has fully received the paid-up capital and has registered the share capital increase at the Ministry of Commerce on February 7, 2018.

21. LEGAL RESERVE

Under the provisions of the Limited Public Company Act B.E 2535, the Company is required to appropriate at least 5 % of its annual net profit after deduction of the deficit brought forward (if any) as legal reserve until the reserve equal to 10 % of authorized share capital. The reserve is not available for dividend distribution.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

22. APPROPRIATION OF RETAINED EARNINGS

2019

According to the 2019 Annual General Meeting of Shareholders on April 9, 2019, the shareholders approved the payment of dividends from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 20 per share in the amount of Baht 20 million. The Company paid the dividend on April 25, 2019.

According to the Board of Directors' Meeting No. 3/2019 held on June 13, 2019, the Board approved to pay interim dividend from the operating results for the year ended December 31, 2018 to the shareholders of 1,000,000 shares at Baht 25 per share in the amount of Baht 25 million. The Company paid the dividend on July 5, 2019.

For the year ended December 31, 2019, the Company appropriated the legal reserve at the rate 5% of net profit for the year 2019 amounted to Baht 2.05 million.

2018

At the Extraordinary Shareholders' Meeting No. 1/2018 held on January 24, 2018, the shareholders unanimously approved to pay dividend from the operating results for the year ended December 31, 2016, in the amount of Baht 22,000,000.00 appropriated by 800,000 shares of Baht 27.50 each. Legal reserve is set aside in the amount of Baht 578,852.35 The Company already paid the dividend on January 31, 2018.

At the Board of Directors' Meeting No. 6/2018 held on August 6, 2018, the Board approved to pay dividend from the operating results for the year ended December 31, 2017, in the amount of Baht 20,000,000.00 appropriated by 1,000,000 shares of Baht 20.00 each. Legal reserve is set aside in the amount of Baht 2,000,000.00 The Company already paid the dividend on August 17, 2018.

23. OPERATING SEGMENT

The Company operates its main business in reportable operating segments according to the type of products and services provided with the main geographical area in Thailand as follows:

Type of operating segments	Type of products and services of segment
- Sales including installment segment (main segment)	Computer network systems, fully integrated of communication system, wireless communication system, network security system, data centre solution and management system and network system management including to provide maintenance services related to such systems
- Other segments	System development installation including related services and other services

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2019

The operating segment's performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company assesses the performance of the operating segment by using the operating profit or loss as the basis consistent with that used to assess operating profit or loss in the financial statements.

Details of financial information classified by operating segments for the years ended December 31, 2019 and 2018 were as follows:

	Million Baht							
	Sales including instalment		Maintenance services		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from sales and services	461.15	371.76	160.25	156.75	18.14	8.07	639.54	536.58
Cost of sales and services	(346.85)	(267.96)	(85.36)	(96.31)	(9.14)	(4.21)	(441.35)	(368.48)
Gross profit	114.30	103.80	74.89	60.44	9.00	3.86	198.19	168.10
Other income							2.73	3.19
Selling expense							(34.26)	(30.46)
Administration expense							(104.54)	(86.45)
Finance cost							(0.48)	(0.34)
Income tax expense							(12.71)	(12.03)
Profit for the year							48.93	42.01

Geographic information

The Company operates its business in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customer

For the year ended December 31, 2019 and 2018, the Company had no revenues from sales and services from any customers with the amount over 10% of the total revenue.

24. EXPENSES BY NATURE

Significant expenses by nature were as follow:

	Baht	
	2019	2018
Changes in work in process	(8,877,534.29)	(3,121,049.59)
Material used	301,852,118.86	214,014,358.29
Project service expenses	124,098,996.29	146,801,112.93
Employee benefit expenses	88,229,788.08	72,940,885.42
Depreciation and amortization	5,468,972.79	5,005,725.10
Special incentive	36,981,257.87	29,065,430.24
Rental expenses for buildings and vehicles	3,645,614.50	3,453,990.00
Marketing activities	3,676,520.76	3,820,357.70

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

25. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E.2530.

Under the provident fund plan, employees' and Company's contributions are equivalent to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act.

The Company's contributions for the years ended December 31, 2019 and 2018 were amounted to Baht 2.57 million and Baht 1.73 million, respectively.

26. INCOME TAX EXPENSE (TAX INCOME)

26.1 Major components of income tax expense (tax income) for the year ended December 31, 2019 and 2018 consist of

	Baht	
	2019	2018
Income tax expense shown in for profit or loss:		
Current income tax expense:		
Income tax expense for the year	12,557,096.49	12,837,788.99
Deferred tax expense (income):		
Change in temporary differences relating to the original recognition and reversal	155,114.87	(811,064.09)
Total	12,712,211.36	12,026,724.90
Income tax relating to components of other comprehensive income:		
Deferred tax relation to:		
Actuarial loss on defined employee benefit plan	(482,056.60)	(730,011.80)
Loss on remeasuring available-for-sale investment	-	(16.35)
Total	(482,056.60)	(730,028.15)

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

26.2 A numerical reconciliation between income tax expense and the product of accounting profit and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows:

	Baht	
	2019	2018
Accounting profit for the year	61,633,202.12	54,034,896.27
The applicable tax rate (%)	20.00	20.00
Tax expense at the applicable tax rate	12,326,640.42	10,806,979.25
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses that are forbidden expenses in determining taxable profit	798,786.27	1,689,779.72
Tax effect of expense for tax deductible	(413,215.33)	(470,034.07)
Total reconciliation items	385,570.94	1,219,745.65
Total income tax expense	12,712,211.36	12,026,724.90

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2019 and 2018 were summarized as follows:

	2019		2018	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	61,633,202.12		54,034,896.27	
Income tax expense at the applicable tax rate	12,326,640.42	20.00	10,806,979.25	20.00
Reconciliation items	385,570.94	0.63	1,219,745.65	2.26
Income tax expense at the average effective tax rate	12,712,211.36	20.63	12,026,724.90	22.26

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2019	2018
Profit for the year (Baht)	48,920,990.76	42,008,171.37
Weighted average number of ordinary shares (Share)	211,835,616	195,945,205
Basic earnings per share (Baht/share)	0.23	0.21

On June 28, 2019, the par value of the Company's ordinary shares was changed from Baht 100.00 to Baht 0.50 per share (Note 20). For comparative purposes, the earnings per share for the year ended December 31, 2018 have been restated to reflect the change in the number of shares in the current year, as if the reduction of par value had occurred at the beginning of the period.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

	Baht			
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Long-term loan from financial institution	-	31,487,500.00	-	31,487,500.00
Liability under a finance lease agreements	6,937,062.52	(3,627,228.69)	4,536,750.00	7,846,583.83
Total	6,937,062.52	27,860,271.31	4,536,750.00	39,334,083.83

	Baht			
	Balance as at January 1, 2018	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2018
Liability under a finance lease agreements	7,580,838.60	(3,302,060.08)	2,658,284.00	6,937,062.52
Total	7,580,838.60	(3,302,060.08)	2,658,284.00	6,937,062.52

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

29. FINANCIAL INSTRUMENTS

29.1 Risk management

The Company manages their financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company and does not hold or issue derivative financial instruments for speculative or trading purposes.

29.2 Credit risk

The Company is exposed to credit risk primarily relating to trade_accounts receivable. The management of the Company manages this risk by establishing appropriate credit control policies and procedures. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.

29.3 Interest rate risk

The Company is exposed to interest rate risk relates primarily to its cash at financial institutions, finance lease receivables, restricted bank deposits, long-term loan from financial institution and liabilities under finance lease agreements. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not provided significant effect to their operations and cash flows, therefore; no financial derivative was adopted to manage such risks.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarized as follow:

	Baht				
	2019				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
Assets					
Cash and cash equivalents	1,138.07	38,482,421.65	159,091,651.62	197,575,211.34	0.50
Trade and other accounts receivable	-	-	149,432,405.53	149,432,405.53	-
Finance lease receivables	34,632,093.73	-	-	34,632,093.73	3.53 - 9.00
Restricted bank deposits	21,148,058.09	-	-	21,148,058.09	0.80 - 1.25
Liabilities					
Trade and other account payable	-	-	152,443,213.37	152,443,213.37	-
Long-term loan from financial institution	31,528,080.93	-	-	31,528,080.93	MLR-1.75
Liabilities under finance lease agreements	7,846,583.83	-	-	7,846,583.83	2.54 - 5.33

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

	Baht				
	2018				
	Fixed Interest	Floating interest	No interest	Total	Interest rate (% per annum)
Assets					
Cash and cash equivalents	1,129.09	9,203,247.05	961,633.71	10,166,009.85	0.50
Trade and other accounts receivable	-	-	170,122,306.58	170,122,306.58	-
Finance lease receivables	10,965,807.13	-	-	10,965,807.13	3.53 - 9.00
Unbilled receivable	-	-	12,741,000.00	12,741,000.00	-
Restricted bank deposits	20,922,479.06	-	-	20,922,479.06	0.80 - 1.25
Liabilities					
Trade and other account payable	-	-	148,817,220.95	148,817,220.95	-
Liabilities under finance lease agreements	6,937,062.52	-	-	6,937,062.52	2.54 - 5.33

29.4 Foreign currency risk

The Company has foreign currency exchange rate risk because the Company has transaction of volume rebate on purchases of goods which were denominated in foreign currencies. However, the Company believe that the fluctuating exchange rate in the future will not significantly affect the operating performance and cash flows of the company. The Company did not use other derivative to hedge against such risk.

29.5 Liquidity risk

The Company manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

29.6 Fair value of financial instruments

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

THE PRACTICAL SOLUTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2019

30. COMMITMENTS

30.1 Capital expenditure commitments

As at December 31, 2019, the Company had capital expenditure commitments relating to office building under the agreement in the amount of Baht 93.83 million. The Company has already paid the obligation for Baht 85.22 million. Therefore, the outstanding commitment is Baht 8.61 million.

30.2 Purchase of goods commitment

As at December 31, 2019, the Company had purchase of goods commitments under the agreement in the amount of Baht 43.07 million. The Company has already paid the obligation for Baht 8.79 million. Therefore, the outstanding commitment is Baht 34.28 million.

31. CONTINGENT LIABILITIES

As at December 31, 2019 and 2018, the Company had contingent liabilities for the letter of guarantees issued by a local bank in the total amount of Baht 31.48 million and Baht 64.43 million, respectively. If the Company cannot comply with the buying/selling agreement, the bank will demand the Company to pay for the damage from the agreement default back to the bank.

32. EVENT AFTER THE REPORTING PERIOD

According to the minutes of the Board of Directors' Meeting held on February 21, 2020, it had the resolution to pay the dividend from the retained earnings as of December 31, 2019 to the shareholders at Baht 0.20 per share totaling Baht 56.00 million and to appropriate the net profit for the year ended December 31, 2019 as legal reserve totaling Baht 2.45 million. The Company sets the name list of shareholders who are entitled to receive the dividend as appeared on the shareholders' registration book as at May 11, 2020 and is scheduled to pay the dividend in May 22, 2020.

33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 25, 2020.

Management Discussion and Analysis

Summary of the operation

At present, the Company operates in the business divided into 3 main groups as follows: **(1) System Integration**, the Company provides consulting, design, procure, install and distribute products and equipment related to information technology for both public and private customers.The Company focuses on selling products of Cisco, the world-renowned information technology system leader from the United States. The Company is also an alliance with other leading brand products, software and hardware. **(2) Maintenance Service Agreement (MA)**, to the customers so that the customers can continue to run the business. The Company has a team to provide services including onsite service at customers' facilities and **(3) Other Information Technology Services (Other IT Services)** include cabling service and maintenance and repair services at the onsite service on the date, time and place agreed with the customer, make the payment on a one-time basis and design and development software system services.

The Company is partnering with world-class information network equipment manufacturers, including Cisco and many IT equipment and software manufacturers. The Company has specialized experts to get a Gold Certified Partner from Cisco who can rapidly response to customer requirements. Furthermore, the Company has a good relationship with customers and partners and has a variety of service options, such as providing financial lease services, after sales maintenance services and on-time delivery. The Company has been accepted by leading customers in both the public and private sectors such as telecommunications industry, automotive industry, oil industry and refinery, cement industry, hospitals, financial institutions, educational institution and logistics etc. In addition, the company has expanded the business into the design and development of software systems in order to expand the scope of services to cover more completed projects.

Product and Service	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Sales and Services						
1. Revenues from System Integrator	680.47	79.98	371.76	68.87	461.15	71.80
2. Revenues from Maintenance Services	122.88	14.44	156.75	29.04	160.25	24.95
3. Revenues from Other IT Services	44.19	5.20	8.07	1.50	18.14	2.82
Total Revenues from Sales and Services	847.54	99.62	536.58	99.41	639.54	99.57
Other Revenues *	3.25	0.38	3.19	0.59	2.73	0.43
Total Revenues	850.79	100.00	539.77	100.00	642.27	100.00
Gross Profit	173.24	20.44	168.10	31.33	198.19	30.99
Operating Profit	64.94	7.66	51.19	9.54	59.39	9.29
Net Profit	54.04	6.35	42.01	7.78	48.92	7.62

Note: *Other revenues includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

The Company's main revenues derived from system integrator, representing the average proportion from 2017 - 2019 equal to 73.55% while the remained revenues portion was mainly from maintenance services, representing the average proportion during 2017 - 2019 equal to 22.81%. In 2019, the proportion of revenues from system integrator to maintenance services was approximately 72% to 25%. The revenues of maintenance services contributed from both existing customers of system integrator and additional customers who buy only maintenance services.

The main revenues of the Company contributes from system integrator which is project base by proposing quotations and project bidding, thus the Company's income may fluctuate each year depending on the ability to secure the project, the annual investment budget of both public and private sectors. However, the Company also has revenues from maintenance services which is more stable and sustainable than the revenues from projects. Revenue from maintenance services contributes from cumulative number of customers from both new customers and existing customers who continuously renew maintenance services agreement with the contract period 1 – 5 years, thus it enhances the revenues of the Company to be more stable. Therefore, the Company focuses on both system integrator and maintenance services concurrently. Nevertheless, the revenues from maintenance services has increased continuously with the compound annual growth rate of 14 percent (CAGR) during the years 2016 – 2018.

In 2018, revenues from sales and services decreased by Baht 310.96 million or 36.69%, of which the proportion of system integrator to maintenance services was approximately 69% to 29%. Sales and services revenues decreased because the Company cannot secure large government projects as it had been in 2017. Gross profit decreased by Baht 5.14 million or 2.97%. Although gross profit decreased, gross profit margin in 2018 increased to 31.33% due to the increasing proportion of private customers to government agency customers to approximately 72.50% to 27.50%. Generally, gross profit margin of private sector is higher than that of government sector. In addition, the Company's maintenance services with higher gross profit margin, increased by 27.56%. Net profit and net profit margin in 2018 increased to Baht 42.01 million and 7.78% respectively in accordance with the increase in gross profit margin.

In 2019, revenues from sales and services increased by Baht 102.96 million or 19.19%, with the proportion of system integrator to maintenance services approximately 72% to 25%. Sales and services revenues mainly increased from 2 government agency projects worth Baht 32.68 million and 7 private company projects worth Baht 133.32 million, resulting in the increase in gross profit of Baht 30.09 million or 17.90%. Gross profit margin in 2019 was 30.99% slightly decreased from the same period last year. The Company's net profit in 2019 increased by Baht 6.91 million to Baht 48.92 million or 16.45% from 2018, mainly

due to the growth of sales and services revenues. However, the net profit margin decreased slightly to 7.62%, from the decrease in gross profit margin.

Financial Position

Financial Position	2017		2018		2019	
	Audited		Audited		Audited	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Current assets	252.45	76.97	260.10	68.35	407.91	64.58
Non-current assets	75.52	23.03	120.46	31.65	223.70	35.42
Total assets	**327.97**	**100.00**	**380.56**	**100.00**	**631.61**	**100.00**
Current liabilities	124.95	38.10	159.25	41.85	165.49	26.20
Non-current liabilities	35.56	10.84	36.76	9.66	86.28	13.66
Total liabilities	**160.51**	**48.94**	**196.01**	**51.51**	**251.77**	**39.86**
Shareholders' equity	**167.46**	**51.06**	**184.55**	**48.49**	**379.84**	**60.14**
Total liabilities and shareholders' equity	**327.97**	**100.00**	**380.56**	**100.00**	**631.61**	**100.00**

At the end of 2018, total assets increased by Baht 52.59 million, representing an increase of 16.04% from total assets of Baht 327.97 million at the end of 2017, mainly due to the increase in inventories from prepared equipment for installing next projects and the increase of property, plant and equipment (PP&E) from land purchase and construction for new office building of the Company.

Total assets at the end of 2019 increased by Baht 251.05 million to Baht 631.61 million, representing an increase of 65.97% from total assets of Baht 380.56 million at the end of 2018 due to the increase of cash and cash equivalents in the amount of Baht 187.41 million from the capital increase from initial public offering (IPO) and the increase of PP&E in the amount of Baht 73.53 million from construction in progress of the new office building.

At the end of 2018, total liabilities increased by Baht 35.50 million, representing an increase of 22.12% from total liabilities of Baht 160.51 million at the end of 2017, mainly due to the increase in trade and other payables from ordering goods and services for installing project and the increase in unearned income from maintenance services and employee benefit obligations.

Total liabilities at the end of 2019 increased by Baht 55.76 million to Baht 251.77 million, representing an increase of 28.45% from total liabilities of Baht 196.01 million at the end of 2018, due to the increase in long-term loan from financial institution for the construction of the new office building Baht 26.10 million and the increase in other non-current liabilities of Baht 15.79 million.

At the end of 2018, total shareholders' equity increased to Baht 184.55 million from Baht 167.46 million at the end of 2017 or the increase of Baht 17.09 million from the net profit of 2018 in the amount of Baht 42.01 million and the capital increase of Baht 20.00 million while the Company had dividend payment in the amount of Baht 42.00 million.

Shareholders' equity at the end of 2019 was Baht 379.84 million, a increase of Baht 195.29 million from Baht 184.55 million at the end of 2018, from the increase of registered capital of Baht 40 million and share premium of 153.29 million baht. The Company has unappropriated retained earnings of Baht 67.34 million at the end of 2019.

1. Performance Analysis

Revenues

Sales and Services	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from sales and services	847.54	99.62	536.58	99.41	639.54	99.57
Other revenues *	3.25	0.38	3.19	0.59	2.73	0.43
Total revenues	**850.79**	**100.00**	**539.77**	**100.00**	**642.27**	**100.00**

Note: *Other revenues includes interest income from operations and financial lease, gain (loss) from sales of assets, gain (loss) from exchange rate and gain (loss) from short-term investments etc.

The Company's revenues are classified as revenues from sales and services and other revenues. The Company's main revenues are revenues from sales and services, accounting for more than 99.00% of total revenues.

In 2018, total revenues of the Company decreased by Baht 311.02 million or 36.56% due to the Company did not have the revenues from major government projects, similar to 2017.

In 2019, total revenues increased by Baht 102.50 million or 18.99%, mainly due to the increase from 2 government agency projects worth Baht 32.68 million and 7 private company projects worth Baht 133.32 million

Revenues from sales and services

Revenues from sales and services of the Company during 2017 – 2019 consist of (1) revenues from system integrator (2) revenue from maintenance services and (3) revenues from other IT services. The Company's customers consist of private companies and government agencies.

Product and Service	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from Sales and Services						
1. Revenues from System Integrator	680.47	80.29	371.76	69.28	461.15	72.11
2. Revenues from Maintenance Services	122.88	14.50	156.75	29.21	160.25	25.06
3. Revenues from Other IT Services	44.19	5.21	8.07	1.51	18.14	2.83
Total Revenues from Sales and Services	**847.54**	**100.00**	**536.58**	**100.00**	**639.54**	**100.00**

หมายเหตุ * Revenues from System Integrator has 2 types as follows: (1) General System Integrator and (2) Financial Lease for both government and private customers with contract period 36 months to 60 months

For system integrator, the Company offers solutions to customers in 2 types as follows: (1) General sales and services and (2) Financial leases.

Product and Service	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from System Integrator						
1. General sales and services	668.81	98.29	370.06	99.54	434.16	94.15
2. Financial Leases	11.66	1.71	1.70	0.46	26.99	5.85
Total Revenues from System Integrator	**680.47**	**100.00**	**371.76**	**100.00**	**461.15**	**100.00**

The revenues structure of the Company is classified according to customer groups as follows:

Type of Customer	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Private Companies	401.71	47.40	389.06	72.51	488.00	76.30
2. Government Agencies	445.83	52.60	147.52	27.49	151.54	23.70
Total	**847.54**	**100.00**	**536.58**	**100.00**	**639.54**	**100.00**

In 2018, the Company had revenue from system integrator decreased by Baht 308.71 milliont or 45.37% from 2017, mainly due to the significant decrease in the value of government project. Therefore, the ratio of government agency customer decreased to 27.49% while private company customer increased to 72.51%. Revenues from maintenance services increased by Baht 33.87 million or 27.56% from 2017 due to the Company try to increase the proportion of maintenance services to increase recurring income. This proportion of revenue continuously increased according to sales growth and continuously growing customer base. Revenues from other IT services decreased by Baht 36.12 million from 2017 due to the Company did not receive additional project for software design and development.

In 2019, the Company had revenue from system integrator increased by Baht 89.39 million or 24.05% from 2017, mainly due to additional projects from 2 government agency projects worth Baht 32.68 million and 7 private company projects worth Baht 133.32 million. The ratio of government agency and private company customer were 76.30% and 23.70% respectively. Revenues from

maintenance services increased by Baht 3.50 million or 2.23% from 2017. Revenues from other IT services increased by Baht 10.07 million or 124.78% from 2017.

Other Revenues

In 2017 – 2019, the company had other revenues of Baht 3.25 million, Baht 3.19 million and Baht 2.73 million, representing 0.38%, 0.59% and 0.43% of total revenues respectively. Other revenues of the Company mainly are interest income from bank deposits and financial lease, gain or loss from short-term investments and profit or loss from asset sales. In 2019, the Company had other revenues decreased by Baht 0.46 million or 14.42% from 2018

Cost, Gross Profit and Gross Profit Margin

Costs of sales and services of the Company primarily are cost of goods and services for projects and other costs including salaries for technical support and customer service staff, transportation costs, travel expenses, allowances and miscellaneous expenses for the project.

Cost and Gross Profit	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues from sales and services	847.54	100.00	536.58	100.00	639.54	100.00
Costs of sales and service	674.30	79.56	368.48	68.67	441.35	69.01
Gross Profit	**173.24**	**20.44**	**168.10**	**31.33**	**198.19**	**30.99**

Costs of sales and services of the Company primarily are cost of goods and services for projects and other costs including salaries for technical support and customer service staff, transportation costs, travel expenses, allowances and miscellaneous expenses for the project. In 2017 – 2019, costs of sales and services of the Company were Baht 674.30 million, Baht 368.48 million and Baht 441.35 million, representing 79.56%, 68.67% and 69.01% of revenues from sales and services.

In 2018, the ratio of costs of sales and services to revenues from sales and services of the Company decreased to 68.67% from 79.56% in 2017, mainly due to the company did not acquire significant projects from a government agency that had ever been in 2017. Generally, a large project from a government agency has a high cost-to-revenue ratio. As a result, gross profit margin in 2018 increased to 31.33% of revenues from sales and service. Although gross profit margin in 2018 decreased by Baht 5.14 million or 2.97%.

In 2019, costs of sales and services of the Company Increased by Baht 72.87 million or 19.78% from 2018 due to the increase in revenues from sales and service. from additional projects from both government agencies and private companies. While the ratio of costs of sales and services to revenues from sales and services decreased slightly compared to 2018. As a result, gross profit

margin in 2019 decreased to 30.99% while gross profit in 2019 increased to Baht 198.19 million or 17.90% compared to 2018.

Selling and Administrative Expenses, Operating Profit and Net Profit

Selling and Admistrative Expenses	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Selling expenses	29.83	3.52	30.46	5.68	34.26	5.36
Administrative expenses	78.47	9.26	86.45	16.11	104.54	16.35
Selling and administrative expenses	108.30	12.78	116.91	21.79	138.80	21.71
Operating profit	64.94	7.66	51.19	9.54	59.39	9.29
Revenues from sales and services	847.54	100.00	536.58	100.00	639.54	100.00
Net profit	54.04	6.35	42.01	7.78	48.92	7.62
Total revenues	850.79	100.00	539.77	100.00	642.27	100.00

Selling and administrative expenses consist of selling expenses and administrative expenses. Selling expenses of the Company mainly are salary for sales department, advertising and promotion expenses, sales commissions which the Company has the policy to pay commissions in accordance with the gross margin of the project. Administrative expenses mainly are salary, bonus, and support fee. In addition, other expenses are depreciation, office building rent and other fees, etc. Most administrative expenses are fixed with some variable to gross profit margin.

In 2018, the proportion of selling expenses to revenues from sales and services increased to 5.68% from 3.52% in 2017, as selling expenses increased by Baht 0.63 million or 2.11% from the increase of sales salaries and advertising and promotion expenses, while revenues from sales and services decreased by 36.36%. The proportion of administrative expenses to revenues from sales and services of the Company increased to 16.11% from 9.26% in 2017 due to administrative expenses increased by Baht 7.98 million or 10.18% from 2017 due to the increase in salary and support fee which conformed to the increase of gross profit margin in 2018. Eventhough, the ratio of selling and administrative expenses compared to revenues from sales and services increased, operating margin and net profit margin in 2018 increased, mainly due to the increase in gross profit margin from 20.44% to 31.33%, in accordance with the increase in the proportion of private company customers which have the higher margin than government agency customers.

In 2019, selling expenses increased Baht 3.80 million or 12.48% from 2018, mainly due to the increase in commissions following the increase in gross profit and the increase in compensation for sales department. Administrative expenses increased by Baht 18.09 million or 20.93% from 2018, mainly due to the increase in employee compensation. (excluding sales department) and employee benefit expenses including other fees related to the stock exchange listing. The ratio of selling and administrative expenses to revenues from sales and services was similar to that of 2018, resulting in

operating margins decreasing to 9.29% following the decrease in gross profit margin. However, operating profit of the Company increased to Baht 59.39 million from the increase in revenues from sales and services. Net profit in 2019 increased by Baht 6.91 million or 16.45% from 2018 due to the growth of revenues from sales and services. However, net profit margin slightly decreased to 7.62%, mainly from the decrease in gross profit margin.

Financial Cost

Financial Cost	2017		2018		2019	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Financial cost	0.30	0.04	0.34	0.06	0.48	0.07
Total revenues	850.79	100.00	539.77	100.00	642.27	100.00

The Company had financial cost from 2017 – 2019 in the amount of Baht 0.30 million, Baht 0.34 million and Baht 0.48 million, accounting for 0.04%, 0.06% and 0.07% of total revenues respectively. Major financial cost is interest expense. In 2019, the Company's financial cost increased from 2018 due to interest on loans from financial institutions to support the construction of new office building of the Company in the amount of Baht 0.13 million.

Comprehensive Income and Comprehensive Income Margin

The Company had comprehensive income for 2017 – 2019 equal to Baht 54.04 million, Baht 39.09 million and Baht 46.99 million, or equivalent to comprehensive income margin of 6.35%, 7.23% and 7.32%, respectively. Comprehensive income in 2019 decreased Baht 1.93 million from net profit or 0.30% of total revenue due to the loss from actuarial of employee benefit plan.

2. Financial Position Analysis

Assets

Total assets of the Company as of 31 December 2017 – 2019 were Baht 327.97 million, Baht 380.56 million and Baht 631.61 million respectively. Total current assets were Baht 252.45 million baht, Baht 260.10 million and Baht 407.91 million, accounting for 76.97%, 68.35% and 64.58% of total assets respectively. Total non-current assets were Baht 75.52 million, Baht 120.46 million and Baht 223.70 million or equivalent to 23.03%, 31.65% and 35.42% of total assets respectively.

Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2017 – 2019 were Baht 17.19 million, Baht 10.17 million and Baht 197.58 million, or representing 5.24%, 2.67% and 31.28% of total assets respectively. Cash and cash equivalents of the Company at the end of 2018 decreased from 2017 by

Baht 7.02 million due to the Company paid dividends to shareholders in the amount of Baht 42.00 million while the Company increased registered capital by Baht 20.00 million.

Cash and cash equivalents at the end of the year 2019 increased by Baht 187.41 million to Baht 197.58 million due to the increase of capital from IPO in the amount of Baht 200 million.

Trade and other receivables

As of 31 December 2017 – 2019, the Company had trade and other receivables equal to Baht 159.30 million, Baht 170.12 million and Baht 149.43 million, or accounting for 48.57%, 44.70% and 23.66% of total assets respectively. As at 31 December 2018, trade and other receivables increased by Baht 10.82 million due to the Company delivered many projects during the 4th quarter of 2018.

As of 31 December 2019, trade and other receivables decreased by Baht 20.69 million from payment of project delivery during the 4th quarter of year 2019 and other receivables of the company increased by Baht 4.85 million, from the increase in prepaid expenses of Baht 11.96 million, due to the increase in project and maintenance service fees for advanced purchasing goods and services from suppliers to be used for maintenance services (Maintenance Service Agreement: MA).

Details of each type of trade and other receivables can be summarized as follows:

Trade and Other Receivables	2017 Mil. Baht	2018 Mil. Baht	2019 Mil. Baht
Revenues from sales and services	847.54	536.58	639.54
Trade receivables	119.21	110.03	64.13
Accrued income from sales of goods and services	26.30	32.85	53.21
Total trade receivables and accrued income	145.51	142.88	117.34
Prepaid expenses	9.69	13.55	25.51
Others	4.10	13.69	6.58
Total other receivables	13.79	27.24	32.09
Less allowance for doubtful accounts	-	-	-
Net trade and other receivables	**159.30**	**170.12**	**149.43**
Trade and other receivables day	**55.56**	**96.74**	**73.24**

Trade and other receivables at the end of 2017 – 2019 were equal to Baht 159.30 million, Baht 170.12 million and Baht 149.43 million respectively. Trade and other receivables day of 2017 – 2019 was 55.56 days, 96.74 days and 73.24 days respectively. In 2018, Trade and other receivables day increased due to the decrease in revenues from sales and services from the decrease in the value of large-scale project from government agencies. While trade receivables and accrued income were close to 2017.

At the end of the year 2019, trade and other receivables day decreased from the decrease of trade receivable in the amount of Baht 45.90 million due to the payment from project delivery during the 4th quarter of 2019.

The Company has a credit term policy for most customers not more than 30 days. However. government agency customers of may have payment period longer than such period. It depends on the government's withdrawal and payment procedures. Generally, government agency customers have the payment period between 30 – 60 days.

The Company classifies trade receivables and accrued income according to the collection period as follows (1) Trade receivables not yet due (2) Trade receivable more than 1 up to 90 days (3) Trade receivable overdue more than 91 to 180 days (4) Trade receivable overdue more than 181 to 360 days and (5) Trade receivable overdue more than 361 days. or more. Details are shown in the table below.

Trade Receivable and Accrued Income	2017 Mil. Baht	2018 Mil. Baht	2019 Mil. Baht
Not yet due	122.49	97.18	90.36
Overdue			
more than 1 up to 90 days	22.85	45.30	25.43
more than 91 to 180 days	0.04	0.40	1.00
more than 181 to 360 days	0.13	-	0.56
more than 361 days	-	-	-
Total	145.51	142.88	117.35
Less: Allowance for doubtful accounts	-	-	-
Net trade receivable and accrued income	**145.51**	**142.88**	**117.35**

Unbilled Revenue

From a government project to designing and installation of software for checking the free-WiFi access, total value of Baht 42.47 million, the Company recognized the revenue of the project. in accordance with the percentage of completion. The project might not reach the collection period of services and delivery term. As of the end of 2017 – 2018, the Company had unbilled revenue from this project, equal to Baht 31.85 million and Baht 12.74 million, representing 9.71% and 3.35% of total assets respectively. The Company completed the installation of the equipment in 2017, but it was still in the delivery process from the customer. However, the customer issued the document to accept the project and the Company issued the invoice for the remaining payment of Baht 12.74 million in May 2019. Therefore, at the end of 2019, the Company did not have unbilled revenue for this project.

Inventory

As of 31 December 2017 – 2019, the Company had net inventories equal to Baht 34.45 million, Baht 56.76 million and Baht 47.29 million, representing 10.50%, 14.92% and 7.49% of total assets respectively. Inventories consist of work in process and equipment with details in the following table.

Inventory	2017 (Mil. Baht)	%	2018 (Mil. Baht)	%	2019 (Mil. Baht)	%
Work in process	27.23	78.29	30.35	53.30	39.23	82.89
Equipment	7.55	21.71	26.59	46.70	8.1	17.11
Total inventory	34.78	100.00	56.94	100.00	47.33	100.00
Less: Allowance for diminution of inventory	(0.33)	(0.94)	(0.18)	(0.31)	(0.04)	(0.08)
Inventory – net	34.45	99.06	56.76	99.69	47.29	99.92

From the Company's business operations, it has no policy to buy equipments in advance. The equipments in the project will be customized in characteristics and features from the customers and can be used specifically for each project. Therefore, inventories of the Company will be the equipments for each project and work in process. For the allowance for diminution in value of inventories, most of them are from general equipments remaining from various projects such as cable and fastening, etc.

The Company has a reserve policy for outdated products, classified into 5 types as follows.

Type of Product	Age (Year)	Reserve rate
1. Network equipment and similar devices	3	100%
2. Cable	3	100%
3. Software และ License	1	100%
4. Computers and peripherals	1	100%
5. Others	1	100%

As of 31 December 2018, the Company's net inventories increased by Baht 22.31 million from the end of 2017 due to the work in process was increased by Baht 3.12 million and the equipment increased by Baht 19.04 million, from preparation for installation of project. As at December 31, 2019, the Company's net inventories decreased by Baht 9.47 million from the end of 2018 because the Company delivered many projects during the 4th quarter of 2019.

Bank Deposit pledged as Collateral

As of 31 December 2017 – 2019, the Company pledged bank deposits of Baht 20.68 million, Baht 20.92 million and Baht 21.15 million, representing 6.31%, 5.50% and 3.35% of total assets respectively. The Company used bank deposits as collateral with 2 domestic commercial banks.

Property, Plant and Equipment

Property, plant and equipment as of 31 December 2017 – 2019 were valued at Baht 17.64 million, Baht 71.60 million and Baht 145.13 million, representing 5.38%, 18.81% and 22.98% of total assets respectively. At the end of 2018. property, plant and equipment increased by approximately Baht 53.96 million from the end of 2017 due to the Company purchased the land and constructed the new office building.

At the end of 2019, property, plant and equipment increased by Baht 73.53 million due to the Company constructed the new office building. At the end of 2019, the office building is worth Baht 67.33 million.

Finance Lease Receivables

As of December 31, 2017 – 2019, the Company had financial lease receivables in the amount of Baht 17.83 million, Baht 10.96 million and Baht 34.63 million, representing 5.43%, 2.88% and 5.48% of total assets respectively. Financial lease receivables of the Company are from system integrator with details in the following table.

Finance Lease Receivables	2017 (Mil. Baht)	%	2018 (Mil. Baht)	%	2019 (Mil. Baht)	%
Current portion of finance lease receivables	8.04	45.10	8.12	74.09	9.58	27.66
Finance lease receivables	9.79	54.90	2.84	25.91	25.05	72.34
Finance lease receivables – net	17.83	100.00	10.96	100.00	34.63	100.00

At the end of 2019, the Company had financial lease receivables of Baht 34.63 million, an increase of Baht 23.67 million from the end of 2018 due to the Company had more financial leases from 3 government agency and 3 private company customers.

Liabilities

As of 31 December 2017 – 2019, the Company had total liabilities of Baht 160.51 million, Baht 196.01 million and Baht 251.77 million, with the ratios of current liabilities to total liabilities equal to 77.84%, 81.25% and 65.73%, respectively. Current liabilities consist of trade and other payables, current portion of finance lease liabilities, income tax payable and other current liabilities. While the ratios of non-current liabilities to total liabilities were 22.16%, 18.75%, and 34.27% respectively. The main non-current liabilities of the Company are finance lease liabilities, provision for long-term employee benefits and other non-current liabilities.

Liabilities	2017 (Mil. Baht)	%	2018 (Mil. Baht)	%	2019 (Mil. Baht)	%
Current liabilities	124.95	77.84	159.25	81.25	165.49	65.73
Non-current liabilities	35.56	22.16	36.76	18.75	86.28	34.27
Total liabilities	**160.51**	**100.00**	**196.01**	**100.00**	**251.77**	**100.00**

At the end of 2018, total liabilities increased by Baht 35.50 million, representing the increase of 22.21% from total liabilities of Baht 160.51 million at the end of 2017, mainly due to the increase in trade and other payables of Baht 34.22 million from the purchase of products and services for projects and the increase in employee benefit obligations in the amount of Baht 5.00 million.

Total liabilities at the end of 2019 increased by Baht 55.76 million to Baht 251.77 million, representing the increase of 28.45% from total liabilities of Baht 196.01 million at the end of 2018, mainly due to the increase in long-term loans from financial institutions in the amount of Baht 31.53 million for construction of the new office building and the increase in employee benefit obligations by Baht 7.41 million and other non-current liabilities by Baht 15.79 million.

Trade and Other Payables

Trade and Other Payables	2017 (Mil. Baht)	2018 (Mil. Baht)	2019 (Mil. Baht)
Costs of sales and service	674.30	368.48	441.35
Inventory	34.78	56.94	47.33
Trade payables	72.97	99.24	112.76
Other payables	41.63	49.57	39.68
Accrued expenses	24.75	28.41	19.12
Dividend payable	-	-	-
Advances received from customers	16.88	21.16	20.56
Trade and other payables	**114.60**	**148.82**	**152.44**
Average trade payable day	**44.64**	**84.13**	**86.47**

As of 31 December 2017 – 2019, the Company had trade and other payables equal to Baht 114.60 million, Baht 148.82 million and Baht 152.44 million, or accounting for 34.94%, 39.11% and 24.14% of total assets respectively. In 2018, trade and other payables increase Baht 34.22 million, due to trade account payables increased by Baht 26.27 million from the purchase of products and services for the project at the beginning of 2019 and the increase in the advances received from maintenance services in the amount of Baht 4.28 million.

At the end of 2019, trade and other payables of the Company increased by Baht 3.62 million from the increase of the trade payables of Baht 13.52 million while the accrued expenses decreased by

Baht 9.29 million and the advances received from maintenance services decreased by Baht 0.60 million.

At the end of 2017 – 2019, the Company had the average trade payable day of 44.64 days, 84.13 days and 86.47 days respectively. The company has received credit terms from suppliers between 30 – 90 days. In 2018, the average trade payable day increased from 2017. Trade payables in 2018 increased from 2017 due to the Company had the high level of orders for products and services for the projects. The Company had many projects that must be delivered in early 2019, higher than in early 2018, while costs of sales and services of 2018 were lower than 2017.

At the end of 2019, the average trade payable day was 86.47 days, which is close to the same of 2018 which was 84.13 days.

Shareholders' equity

As of 31 December 2017 – 2019, the Company had total shareholders' equity of Baht 167.46 million, Baht 184.55 million and Baht 379.84 million baht, respectively. At the end of 2018, the Company had shareholders' equity increased to 184.55 million baht with legal reserve and unappropriated retained earnings were Baht 10.00 million and Baht 67.80 million, respectively, from the net profit in 2018 of Baht 42.01 million. While the dividend payment in 2018 was Baht 42.00 million and the capital increase was Baht 20.00 million.

At the end of 2019, Shareholders' equity increased in the amount of Baht 195.29 million to Baht 379.84 million from Baht 184.55 million in 2018, which was caused by the increase in the registered capital of Baht 40 million and the premium on ordinary shares of Baht 153.29 million.The Company had unappropriated retained earnings of Baht 67.34 million at the end of 2019.

Cash Flow Statement

Cash flow statement	2017 (Mil. Baht)	2018 (Mil. Baht)	2019 (Mil. Baht)
Cash flows from operating activities	4.25	75.57	86.51
Cash flows from investing activities	6.28	(58.17)	(74.81)
Cash flows from financing activities	(43.20)	(24.42)	175.71
Cash and cash equivalents increase (decrease) - net	**(32.67)**	**(7.02)**	**187.41**

Cash flows from operating activities

Cash flows from operating activities in 2018 were Baht 75.57 million, consisting of net profit of Baht 42.01 million. After adjustments to reconcile profit, the Company's operating profits before changes in working capital were Baht 59.68 million. Changes in operating assets and liabilities were as

follows: the increase in inventory by Baht 22.16 million, the increase in trade and other payables by Baht 34.22 million and income tax paid of Baht 12.91 million.

Cash flows from operating activities in 2019 were Baht 86.51 million, consisting of net profit of Baht 48.92 million. the Company's operating profits before changes in working capital were Baht 70.94 million. Changes in operating assets and liabilities were as follows: the decrease in trade and other receivables by Baht 20.69 million, the increase in financial lease receivables by Baht 23.67 million, the increase in other non-current liabilities by Baht 15.79 million and income tax paid of Baht 14.17 million.

Cash flows from investing activities

The Company had cash flows from investing activities for 2018 of Baht 58.17 million, consisting of cash paid for purchase of land and construction of new office building in the amount of Baht 58.85 million.

In 2019, the Company had cash flows from investing activities in the amount of Baht 74.82 million from cash payment for purchase property, plant and equipment in the amount of Baht 75.37 million for the construction of new office building.

Cash flows from financing activities

The Company had cash flows from financing activities for 2018 of Baht 24.42 million. Important financing activities in 2018 were as follows: cash received from capital increase in the amount of Baht 20.00 million, dividend payment in the amount of Baht 42.00 million and payment of liabilities under finance lease - cars in the amount of Baht 2.08 million.

In 2019, the Company had cash flows from financing activities in the amount of Baht 175.71 million. Important financing activities in 2019 were as follows: cash received from IPO in amount of Baht 200.00 million, cash received from long-term loans from financial institutions in the amount of Baht 31.49 million and dividend payment in the amount of Baht 45.00 million.

Liquidity and Cash Cycle

Financial Ratio	Unit	2017	2018	2019
Current ratio	Time	2.02	1.63	2.46
Quick ratio[1]	Time	1.37	1.01	1.96
Cash flow ratio	Time	0.03	0.53	0.53
Account receivables turnover ratio	Time	6.48	3.72	4.92
Account receivables turnover ratio – adjusted[2]	Time	5.78	3.22	4.69
Average account receivables day	Day	55.56	96.74	73.24
Average account receivables day – adjusted[2]	Day	62.32	111.70	76.83
Inventory turnover ratio	Time	12.62	8.08	8.48
Average inventory day	Day	28.53	44.56	42.44
Account payables turnover ratio	Time	8.06	4.28	4.16
Average account payables day	Day	44.64	84.13	86.47
Cash Cycle	Day	39.45	57.17	29.21
Cash Cycle – adjusted[2]	Day	46.22	72.13	32.80

Note:

[1]Quick ratio = (cash and cash equivalents + short-term investment + trade receivable + accrued income + current portion of financial lease receivable) / average current liabilities

[2]Account receivable turnover ratio – adjusted = revenue from sales and service / (average trade receivable + average unbilled revenue)

As of December 31, 2017 – 2019, the Company had the current ratio of 2.02 times, 1.63 times and 2.46 times respectively, representing the quick ratio of 1.37 times, 1.01 times and 1.96 times respectively. The quick ratio decreased from the increase in current liabilities at the end of 2017, consisting of the increase of trade and other payables of Baht 34.22 million from the purchase of products and services for the projects and the increase in the advances received maintenance services.

At the end of 2019, the current ratio and the quick ratio increased from the end of 2018 due to the increase in current assets from the end of 2018, mainly due to the increase in cash and cash equivalents of Baht 187.41 million from cash received from IPO.

The cash flow ratios at the end of 2017 – 2019 are equal to 0.03 times, 0.53 times and 0.53 times respectively. At the end of 2018, the cash flow ratio increased due to the increase in cash flows from operations in 2018 to Baht 75.57 million from Baht 4.25 million in 2017.

At the end of the year 2019, the cash flow ratio is equal to the end of 2018 due to the cash flows from operations and current liabilities increased at the similar rate from the end of 2018

As of December 31, 2017 – 2019, the Company has the average account receivables day of 55.56 days, 96.74 days and 73.24 days respectively. In 2018, the average account receivables day increased significantly to 96.74 days due to the decrease of revenues from sales and services from the decrease in the value of large-scale project from government agencies. While the trade receivables and accrued income are close to 2017.

At the end of 2019, the Company had the average account receivables day of 73.24 days, which decreased from 96.74 days at the end of 2018 due to the decrease of trade receivables in the amount of Baht 45.89 million from cash received from project delivery to customers during the 4th quarter of 2019.

Since in 2017, the Company received a government project which recognized the revenue of the project. in accordance with the percentage of completion. The project did not reach the collection period of services and delivery term, causing the Company to have unbilled revenues. Therefore, the Company included unbilled revenues to calculate account reveivables turnover in order to reflect the true average account receivables day. As a result, the average account receivables day – adjusted as of December 31, 2017 – 2019 were equal to 62.32 days, 111.70 days and 76.83 days respectively, increased from the average receivables day of each period.

The Company had the average inventory day as of 31 December 2017 – 2019 was 28.53 days, 44.56 days and 42.44 days, respectively. The Company has no policy to buy equipments in advance. The equipments in the project will be customized in characteristics and features from the customers and can be used specifically for each project. Therefore, inventories of the Company will be the equipments for each project and work in process. In 2018, the average inventory day of the Company increased due to the Company's net inventory increased by approximately Baht 22.31 million from the end of 2017 due to the work in process increased by Baht 3.12 million and equipments increased by Baht 19.04 million for preparation of project installation to customers. While the costs of sales and services decreased according to the decrease of revenues from sales and services from the decrease in total project value, especially the reduction of project value from government agencies.

At the end of 2019, the Company had the average inventory day of 42.44 days, the slight decrease from the end of 2018 due to the Company's net inventory decreased by approximately Baht 9.61 million due to the decrease of Baht 18.49 million of equipments, though the work in process increased by Baht 8.88 million due to under installation of projects.

As of December 31, 2017 – 2019, the Company had the average account payables day of 44.64 days, 84.13 days and 86.47 days respectively. In 2018, the average account payable day increased to 84.13 days because trade payables increased due to the purchase of products and

services for the project at the high level compared to 2017. The Company had more projects to deliver in early 2019 than them in early 2018. While costs of sales and services of 2018 was lower than 2017

At the end of 2019, the Company had the average account payables day of 86.47 days which was close to the average account payables day of 2018, which was 84.13 days.

At the end of 2017 – 2019, the Company had the cash cycle of 39.45 days, 57.17 days and 29.21 days, respectively. In 2018, the cash cycle of the Company increased to 57.17 days due to the increase of the average account receivables day and the average inventory day of 41.18 days and 16.03 days respectively, while the average account payables day increased of 39.49 days.

At the end of 2019, the Company had the cash cycle of 29.21 days, which decreased from 57.17 days at the end of 2018 because the average account receivables day decreased by 23.50 days due to the reduction of trade receivables from receiving payment from project delivery During the 4th quarter of 2019 and the average inventory day decreased by 2.12 days from the decrease of net inventories. While the average account payables day was at the same level compared to the end of 2018.

Since in 2017, the Company received a government project which recognized the revenue of the project. in accordance with the percentage of completion as mentioned above. Therefore, the Company included unbilled revenues to calculate account receivables turnover in order to reflect the true cash cycle. As a result, the cash cycle – adjusted as of December 31, 2017 – 2019 were equal to 46.22 days, 72.13 days and 32.80 days respectively, which increased from the normal cash cycle and changed in the same direction.

Financial Policy Analysis Ratio

Financial Policy Analysis Ratio	Unit	2017	2018	2019
Debt to equity ratio	Time	0.96	1.06	0.66
Interest coverage ratio	Time	82.00	261.39	229.24
Debt service coverage ratio	Time	0.09	0.73	0.70

As of 31 December 2017 – 2019, the debt to equity ratios were equal to 0.96 times, 1.06 times and 0.66 times respectively. At the end of 2018, the debt to equity ratio increased. due to an increase in total liabilities from the increase in trade and other payables.

At the end of 2019, the Company had the debt to equity ratio of 0.66 times, the decrease from the end of 2018 because shareholders' equity increased by Baht 195.29 million or 105.82% from the capital increase and shares premium, though total liabilities increased by Baht 55.76 million baht or 28.45 percent from the end of 2018 due to the increase in long-term loans from financial institutions.

As of December 31, 2017 – 2019, the Company had interest coverage ratios of 82 times, 261.39 times and 229.24 times respectively. At the end of 2018, the interest coverage ratio increased from the increase in cash flows from operations in the amount of Baht 75.57 million.

At the end of 2019, the Company had the interest coverage ratio of 229.24 times, decreased from the end of 2018 due to the Company's interest payment increased to Baht 0.44 million baht from Baht 0.34 million in 2018.

As of December 31, 2017 – 2019, the Company had debt service coverage ratios equal to 0.09 times, 0.73 times and 0.70 times, respectively. At the end of 2018, debt service coverage ratio increased from cash flows from operations increased by Baht 71.32 million to Baht 75.57 million. While the purchase of property, plant and equipment increased by Baht 54.48 million.

At the end of 2019, the Company had debt service coverage ratio equal to 0.70 times, decreased from the end of 2018 due to the purchase of property, plant and equipment increased by Baht 54.48 million, though the Company's cash flows from operations increased by Baht 10.94 million.

TPS

บริษัท เดอะแพรคทิเคิลโซลูชั่น จำกัด (มหาชน)
99 ซอยซิเมนต์ไทย ถนนรัชดาภิเษก
แขวงลาดยาว เขตจตุจักร กรุงเทพมหานคร 10900

The Practical Solution Public Company Limited
99 Soi Cement Thai, Ratchadapisek Road,
Lad Yao, Chatuchak, Bangkok 10900

+66 2112 9999 +66 2112 9998