**INFORMATION AND COMMUNICATION NETWORKS**

**PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**1. GENERAL INFORMATION**

Information and Communication Networks Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the system integration in telecommunication business. The registered office of the Company is at No.393, D.K.J. Building, 5th Floor, Sukhonthasawat Road, Latphrao Sub-district, Latphrao District, Bangkok.

**2. CORONAVIRUS DISEASE 2019 PANDEMIC**

A new wave of the Coronavirus disease 2019 pandemic has been evolving and adversely impacting most businesses and industries as a whole. This situation may affect the results of operations of business. Nevertheless, the management of the Company and its subsidiary remain monitoring the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities. The management of the Company and its subsidiary have applied the estimates and judgment on various issues when the situation changes.

**3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

3.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasize on the information previously reported. The interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2021.

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

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

3.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Information and Communication Networks Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”):

| Company’s name |  | Nature of business |  | Country of |  | Percentage of shareholding |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | incorporation |  | as at March 31, 2022 |
| Expert Engineering & Communication Co., Ltd. |  | Operating system integration  in communication business |  | Thailand |  | 51% |

b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is entitled to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

3.3 Investment in subsidiary is accounted for in the separate financial statements using the cost method.

3.4 Financial reporting standards that became effective in the current period

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting practices, accounting guidance and disclosures in the notes to the financial statements and, for some standards, providing temporary reliefs or temporary exemptions to users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current period.

3.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as being used for the financial statements for the year ended December 31, 2021.

**4. RELATED PARTY TRANSACTIONS**

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

|  |  | | |  | (Unit: Million Baht) | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the three-month periods ended March 31, | | | | | | |  | |
|  | Consolidated | | |  | The Company Only | | |  | Pricing policy |
|  | 2022 |  | 2021 |  | 2022 |  | 2021 |  |  |
| Business transactions with subsidiary |  |  |  |  |  |  |  |  |  |
| Cost reimbursement | - |  | - |  |  |  | 0.61 |  | Actual cost |

Directors and management’s benefits

For the three-month periods ended March 31, 2022 and 2021, the Company and its subsidiary had employee benefit expenses payable to its directors and management as below:

|  |  | | |  | (Unit: Million Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the three-month periods ended March 31, | | | | | | |
|  | Consolidated | | |  | The Company Only | | |
|  | 2022 |  | 2021 |  | 2022 |  | 2021 |
| Short-term employee benefits | 13.21 |  | 12.80 |  | 12.32 |  | 12.58 |
| Post-employment benefits | 0.83 |  | 0.80 |  | 0.76 |  | 0.79 |

**5. TRADE AND OTHER CURRENT RECEIVABLES**

|  |  | | |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Trade receivables - unrelated parties |  |  |  |  |  |  |  |
| Aged on the basis of due dates |  |  |  |  |  |  |  |
| Not yet due | 89,605 |  | 66,510 |  | 89,605 |  | 65,416 |
| Past due |  |  |  |  |  |  |  |
| Up to 3 months | 90,058 |  | 48,586 |  | 89,413 |  | 23,516 |
| 3 - 6 months | 6,083 |  | 37,980 |  | 5,504 |  | 33,661 |
| 6 - 12 months | 13,275 |  | 42,107 |  | 13,275 |  | 42,107 |
| Over 12 months | - |  | 5,035 |  | - |  | 5,035 |
| Total trade receivables - unrelated parties | 199,021 |  | 200,218 |  | 197,797 |  | 169,735 |
| Less: allowance for expected credit losses | - |  | - |  | - |  | - |
| Trade receivables - unrelated parties, net | 199,021 |  | 200,218 |  | 197,797 |  | 169,735 |
| Total trade receivables | 199,021 |  | 200,218 |  | 197,797 |  | 169,735 |
| Other current receivables |  |  |  |  |  |  |  |
| Advance payments | 376 |  | - |  | 347 |  | - |
| Cash to be refunded\* | 19,612 |  | 19,745 |  | 19,612 |  | 19,745 |
| Others | 10 |  | 35 |  | 10 |  | 33 |
| Total other current receivables | 19,998 |  | 19,780 |  | 19,969 |  | 19,778 |
| Total trade and other current receivables | 219,019 |  | 219,998 |  | 217,766 |  | 189,513 |

\* Cash to be refunded amounting to Baht 19.61 million is the refund to be recovered from the right to reserve the delay penalty from state enterprise. The Company is under the process of recovering the cash back under the measures to assist entrepreneurs during the pandemic of Coronavirus 2019 issued by the Comptroller General's Department. The management believes that it will receive the penalty back from such enterprise in full.

**6. CONTRACT ASSETS/CONTRACT LIABILITIES**

|  |  | | |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Contract assets |  |  |  |  |  |  |  |
| - Classified as current assets | 359,892 |  | 324,054 |  | 330,347 |  | 304,468 |
| * Classified as non-current assets | 149,639 |  | 112,297 |  | 149,639 |  | 112,297 |
| Total contract assets | 509,531 |  | 436,351 |  | 479,986 |  | 416,765 |
|  |  | | |  | (Unit : Thousand Baht) | | |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Contract liabilities |  |  |  |  |  |  |  |
| - Classified as current liability | 35,745 |  | 17,961 |  | 35,645 |  | 17,660 |
| * Classified as non-current liability | 32,366 |  | 19,314 |  | 32,350 |  | 19,292 |
| Total contract liabilities | 68,111 |  | 37,275 |  | 67,995 |  | 36,952 |

Contract assets /Contract liabilities are as follows:

|  |  | | |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Accumulated amount recognised as revenue  based on percentage of completion | 1,138,604 |  | 1,250,095 |  | 1,085,948 |  | 1,216,710 |
| Less: Value of total billed | (629,073) |  | (813,744) |  | (605,962) |  | (799,945) |
| Contract assets | 509,531 |  | 436,351 |  | 479,986 |  | 416,765 |
|  |  |  |  |  |  |  |  |
| Received in advance collected under the  contract | 477,202 |  | 429,327 |  | 471,993 |  | 424,721 |
| Less: Accumulated amount recognised as  revenue based on percentage of  completion | (409,091) |  | (392,052) |  | (403,998) |  | (387,769) |
| Contract liabilities | 68,111 |  | 37,275 |  | 67,995 |  | 36,952 |

**7. INVENTORIES**

|  |  | | |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Supplies and equipment used in the project  and distribution | 5,230 |  | 2,537 |  | 4,418 |  | 2,537 |
| Equipment and deferred maintenance costs | 62,270 |  | 64,776 |  | 57,638 |  | 64,500 |
| Total | 67,500 |  | 67,313 |  | 62,056 |  | 67,037 |

**8. RESTRICTED BANK DEPOSITS**

Restricted bank deposits are savings deposit and fixed deposit of the Company and its subsidiary which are pledged against the performance bond and secure credit facilities.

**9. OFFICE IMPROVEMENTS AND EQUIPMENT**

Movements of the office improvement and equipment account during the three-month period ended March 31, 2022 are summarised as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| Book value as at January 1, 2022 | 6,652 |  | 6,512 |
| Acquisitions during the period - at cost | 127 |  | 100 |
| Depreciation for the period | (677) |  | (648) |
| Write-off during the period | (6) |  | (6) |
| Transfer from right-of-use assets | 287 |  | 287 |
| Net book value as at March 31, 2022 | 6,383 |  | 6,245 |

**10. RIGHT-OF-USE ASSETS**

Movements of right-of-use assets related to building and equipment lease contracts for the three-month period ended March 31, 2022 are presented below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| Book value as at January 1, 2022 | 20,485 |  | 19,272 |
| Addition during the period | 612 |  | 612 |
| Depreciation for the period | (1,121) |  | (922) |
| Transfer to office improvement and equipment | (287) |  | (287) |
| Net book value as at March 31, 2022 | 19,689 |  | 18,675 |

**Lease liabilities**

The carrying amounts of lease liabilities and the movement for the three-month period ended March 31, 2022 are presented below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| As at January 1, 2022 | 20,749 |  | 19,486 |
| Addition during the period | 612 |  | 612 |
| Accretion of interest | 195 |  | 182 |
| Payments during the period | (1,207) |  | (993) |
| As at March 31, 2022 | 20,349 |  | 19,287 |
| Less: current portion | (4,158) |  | (3,334) |
| Lease liabilities - net of current portion | 16,191 |  | 15,953 |

The following related lease expenses are the amounts recognised in profit or loss:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| Depreciation of right-of-use assets | 1,121 |  | 922 |
| Interest expense on lease liabilities | 195 |  | 182 |
| Expense relating to short-term lease | 76 |  | 60 |
| Leases of low-value assets | 142 |  | 94 |
| Total | 1,534 |  | 1,258 |

**11. INTANGIBLE ASSETS**

Movements of the intangible assets during the three-month period ended March 31, 2022 are summarised as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated |  | The Company Only |
| Opening balance, net book value | 8,657 |  | 205 |
| Amortization during the period | (578) |  | (30) |
| Ending balance, net book value | 8,079 |  | 175 |

**12.** **SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit: Thousand Baht) | | | | | | |
|  | Interest rate  (percent per annum) | | |  | Consolidated | | |  | The Company Only | | |
|  | 2022 |  | 2021 |  | 2022 |  | 2021 |  | 2022 |  | 2021 |
| Trust receipt | 3.96 – 3.97 |  | 3.22 – 3.96 |  | 32,578 |  | 30,967 |  | 26,018 |  | 30,967 |
| Total |  |  |  |  | 32,578 |  | 30,967 |  | 26,018 |  | 30,967 |

The short-term loan facilities of the Company and its subsidiary are secured by fixed deposit of the Company and its subsidiary.

**13. TRADE AND OTHER CURRENT PAYABLES**

|  |  | | |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December 31, 2021 |  | As at March  31, 2022 |  | As at December 31, 2021 |
| Trade payables - unrelated parties | 99,907 |  | 72,860 |  | 94,763 |  | 54,439 |
| Other current payables | 1,155 |  | 1,647 |  | 1,155 |  | 1,647 |
| Retention payables | 1,089 |  | 2,077 |  | 1,089 |  | 2,077 |
| Accrued expenses | 13,805 |  | 17,017 |  | 12,870 |  | 15,779 |
| Total trade and other current payables | 115,956 |  | 93,601 |  | 109,877 |  | 73,942 |

**14. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Movement of long-term loan from the financial institutions for the three-month period ended March 31, 2022 and for the year ended December 31, 2021 are summarized as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | |
|  |  | Consolidated / The Company Only | | |
|  |  | As at March  31, 2022 |  | As at December  31, 2021 |
| Long-term loans at the beginning of the period |  | 90,000 |  | - |
| Received loans during the period |  | - |  | 120,000 |
| Repayment of loans during the period |  | (1,852) |  | (30,000) |
| Long-term at the end of the period |  | 88,148 |  | 90,000 |
| Less current portion of long-term loans |  | (11,112) |  | (10,186) |
| Long-term loans from local financial institutions - net |  | 77,036 |  | 79,814 |

As at March 31, 2022 and December 31, 2021, the Company has long-term loan agreements with local financial institutions of 2 credit lines in the total amount of Baht 90 million for use as working capital. The interest is 2-5 percent per annum. The Company has to comply with the conditions stipulated under the agreement.

**15. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS**

The amount of provision for long-term employee benefit which is the severance payment upon employment termination, was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | For the three-month period ended  March 31, 2022 | | |
|  | Consolidated |  | The Company Only |
| Balance as at January 1, 2022 | 20,037 |  | 18,740 |
| Current service cost | 1,339 |  | 1,224 |
| Interest cost | 62 |  | 54 |
| Actuarial loss from defined benefit plans | (48) |  | - |
| Balance as at March 31, 2022 | 21,390 |  | 20,018 |

**16. SHARE CAPITAL**

On April 22, 2021, the Annual General Shareholders’ Meeting of the Company approved to increase the registered capital by General Mandate in the amount of Baht 50 million from Baht 225 million to Baht 275 million by issuing new capital increase ordinary shares not over 100 million shares at the par value of Baht 0.50 per share. The Company registered the capital increase with the Ministry of Commerce on May 5, 2021.

On November 17, 2021, the Extraordinary General Meeting of Shareholders No.1/2021 of the Company approved as follows:

1. Approve to cancel the resolution of the Annual Shareholders’ Meeting 2021 on April 22, 2021 which approves the issuance and allocation of capital increase shares by general mandate in order to allocate to the existing shareholders of the company (Right Offering) at not over 100 million shares at the par value Baht 0.50 per share.
2. Approve reducing the registered capital of the company Baht 50 million from the former registered capital Baht 275 million to Baht 225 million by eliminating unsold ordinary shares 100 million shares at par value Baht 0.50 per share. The Company has proceeded to reduce the registered capital with the Ministry of Commerce on November 25, 2021.

3. Approve to increase the company’s registered capital not over Baht 112.50 million from the former registered capital Baht 225 million to Baht 337.50 million by issuing capital increase ordinary shares not over 225 million shares at the par value of Baht 0.50 per share to support the exercise of warrants (“ICN-W1”) allocated to existing shareholders by shareholding stake. The Company has registered the capital increase with the Ministry of Commerce on November 26, 2021.

**17. WARRANTS**

On November 17, 2021, the resolution passed by the Extraordinary Meeting of the Company’s shareholders No. 1/2021 approving the Company issued and offered 225 million units of transferable warrants (“ICN-W1”) with registered holders to the existing shareholders free of charge, in a ratio of 1 warrant for every 2 existing shares (fraction from the calculation should be rounded). These warrants can be exercised for a period of 2 years from the issue date (December 1, 2021) with an exercise ratio of 1 warrant per 1 ordinary share and an exercise price of Baht 1.00 per share. Warrant holders can exercise the warrants on the last working day of March and September in each calendar year until the maturity date, with the first exercise date on March 31, 2022 with the exception of September 2023 and the last exercise date on November 30, 2023.

In March 2022 the Company received the shares capital increase from the exercise of warrants to purchase the ordinary shares No.1 (“ICN-W1”) 122.47 million units. The exercise price is at Baht 1.00 in total Baht 122.47 million. The share surplus is Baht 61.24 million. The Company registered the capital increase in the amount of Baht 61.24 million with Ministry of Commerce on April 5, 2022. The Stock Exchange of Thailand received such capital increase shares as listed securities on April 12, 2022.

**18. INCOME TAX**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the period.

Major components of Income tax expenses (revenues) for the three-month periods ended March 31, 2022 and 2021 comprised of as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  | (Unit: Thousand Baht) | | |
|  | For the three-month periods ended March 31, | | | | | | |
|  | Consolidated | | |  | The Company Only | | |
|  | 2022 |  | 2021 |  | 2022 |  | 2021 |
| **Income tax expense (revenues) shown in profit or loss :** |  |  |  |  |  |  |  |
| **Current income tax:** |  |  |  |  |  |  |  |
| Corporate income tax expense for the period | 5,357 |  | 10,629 |  | 5,067 |  | 10,255 |
| **Deferred tax:** |  |  |  |  |  |  |  |
| Relating to origination of temporary differences | (802) |  | (477) |  | (692) |  | (227) |
| Total | 4,555 |  | 10,152 |  | 4,375 |  | 10,028 |
| **Income tax expense (revenue) shown in other comprehensive income :** |  |  |  |  |  |  |  |
| **Deferred tax:** |  |  |  |  |  |  |  |
| Actuarial loss from defined benefit plans | 9 |  | (422) |  | - |  | (422) |
| Total | 9 |  | (422) |  | - |  | (422) |

**19. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing net profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares which are issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit for the year attributable to equity holders (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

In case the warrant to purchase ordinary shares of the Company has an exercise price higher than the average market price of common shares during the year. The effect of diluted equivalent ordinary shares will not be shown and not effect on the diluted earnings per share.

The following table sets for the computation of basic and diluted earnings per share:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | | | | | | | | | | | | | | | | | | | | |
|  | For the three-month periods ended March 31, | | | | | | | | | | | | | | | | | | | | | |
|  | Profit for the year | | | | | | |  | | Weighted average  number of ordinary shares | | | | | |  | | Earnings  per share | | | | |
|  | 2022 | | |  | | 2021 | |  | | 2022 | |  | | 2021 | |  | | 2022 |  | | 2021 | |
|  | (Thousand  Baht) | | |  | | (Thousand  Baht) | |  | | (Thousand  shares) | |  | | (Thousand  shares) | |  | | (Baht) |  | | (Baht) | |
| **Basic earnings per share** |  | | |  | |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Profit attributable to equity holders of the Company | 16,439 | | |  | | 40,084 | |  | | 451,361 | |  | | 450,000 | |  | | 0.04 |  | | 0.09 | |
| **Effect of dilutive potential**  **ordinary shares** |  | | |  | |  | |  | |  | |  | |  | |  | |  |  | |  | |
| Warrants (ICN-W1) |  | | |  | |  | |  | | 20,564 | |  | | - | |  | |  |  | |  | |
| **Diluted earnings per share** | 16,439 | | |  | | 40,084 | |  | | 471,925 | |  | | 450,000 | |  | | 0.03 |  | | 0.09 | |
|  | | | The Company Only | | | | | | | | | | | | | | | | | | | | | |
|  | | | For the three-month periods ended March 31, | | | | | | | | | | | | | | | | | | | | | |
|  | | | Profit for the year | | | | |  | | Weighted average  number of ordinary shares | | | | | |  | | Earnings  per share | | | | | | |
|  | | | 2022 |  | | 2021 | |  | | 2022 | |  | | 2021 | |  | | 2022 | | |  | | 2021 | |
|  | | | (Thousand  Baht) |  | | (Thousand  Baht) | |  | | (Thousand  shares) | |  | | (Thousand  shares) | |  | | (Baht) | | |  | | (Baht) | |
| **Basic earnings per share** | | |  |  | |  | |  | |  | |  | |  | |  | |  | | |  | |  | |
| Profit attributable to equity holders of the Company | | | 16,110 |  | | 39,835 | |  | | 451,361 | |  | | 450,000 | |  | | 0.04 | | |  | | 0.09 | |
| **Effect of dilutive potential ordinary shares** | | |  |  | |  | |  | |  | |  | |  | |  | |  | | |  | |  | |
| Warrants (ICN-W1) | | |  |  | |  | |  | | 20,564 | |  | | - | |  | |  | | |  | |  | |
| **Diluted earnings per share** | | | 16,110 |  | | 39,835 | |  | | 471,925 | |  | | 450,000 | |  | | 0.03 | | |  | | 0.09 | |

**20. SEGMENT INFORMATION**

Operating segment information is reported in a consistent manner with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company and its subsidiary’s Board of Directors. The Company and its subsidiary are principally engaged in the system integration in telecommunication business. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Information about major customers

For the three-month periods ended March 31, 2022 and 2021, the Company has revenue from major customers in the amount of Baht 176.48 million and Baht 447.24 million, respectively.

**21. FINANCIAL INSTRUMENTS**

21.1 Forward foreign exchange contracts

The Company has entered into forward foreign exchange contracts to manage exposure to fluctuations in foreign currencies of trade payables and other payables denominated in foreign currencies.

As at March 31, 2022, the Company has outstanding forward foreign exchange contracts as following:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Currency |  | Foreign currency  (Thousand) |  | Contract amount  (Thousand Baht) |  | Fair value  (Thousand Baht) |
| USD |  | 24 |  | 816 |  | 818 |

21.2 Fair value estimation

Analysis of financial instruments are measured at fair value depending on the valuation method. The differences of fair value hierarchy are defined as follows:

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of observable inputs other than quoted prices included within Level 1 for assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

Net fair values

As at March 31, 2022, the fair values of forward foreign exchange buying contracts were stated as net assets of Baht 0.002 million which was shown under “other current assets” in the statement of financial position.

The fair value of forward foreign exchange contracts is determined by the market rate of each contract, which is calculated by financial institutions dealing with the Company at the date of the statement of financial position.

The fair values of derivative financial instruments, which are forward foreign exchange contract, are the market prices adjusted by credit risk of the Company which is calculated by the financial institution of the Company as at the statement of financial position date. This valuation techniques applies at most the available and observable market data and rely as restricted as possible on the entity specific estimates which is the fair value hierarchy in level 2.

**22. COMMITMENTS AND CONTINGENT LIABILITIES**

22.1 Operating lease and service agreement commitments

The Company and its subsidiary have entered into several lease agreements and service agreements in respect of building, office building space, office equipment and motor vehicles. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these non-cancellable operating leases and service agreement contracts are as follows.

|  |  | | |  | (Unit: Million Baht) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | |
|  | As at March  31, 2022 |  | As at December  31, 2021 |  | As at March  31, 2022 |  | As at December  31, 2021 |
| Payable |  |  |  |  |  |  |  |
| Up to 1 year | 0.33 |  | 0.33 |  | 0.21 |  | 0.33 |
| Over 1 and up to 4 years | 0.15 |  | 0.18 |  | 0.15 |  | 0.18 |

22.2 Obligations relating to undelivered and unrendered contracts

As at March 31, 2022 and December 31, 2021, The Company and its subsidiary have contracts related to selling goods and rendering services that are undelivered and unrendered to their customers of approximately Baht 1,189 million and Baht 1,057 million (the Company only: Baht 1,145 million and Baht 997 million), respectively.

22.3 Guarantees

22.3.1 The outstanding bank guarantees issued by bank on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business. The details of the bank guarantees are as follows:

|  |  | | |  | (Unit: Million Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | The Company Only | | | |
|  | As at March  31, 2022 |  | As at December  31, 2021 |  | As at March  31, 2022 |  | As at December  31, 2021 |
| Guarantee of contractual performance | 347 |  | 326 |  | 343 |  | 323 |
| Guarantee of advance payment bond | 96 |  | 329 |  | 95 |  | 328 |
| Guarantee of bidding | 9 |  | 23 |  | 9 |  | 23 |
| Total | 452 |  | 678 |  | 447 |  | 674 |

As at March 31, 2022 and December 31, 2021, saving deposit and fixed deposit are used as collaterals for a certain portion of credit facilities for the Company and its subsidiary.

22.3.2 As at March 31, 2022 the Company has outstanding letters of credit of Baht 36.88 million and USD 0.29 million (December 31, 2021: Baht 2.64 million and USD 0.06 million).

**23. EVENT AFTER THE REPORTING PERIOD**

23.1 On April 20, 2022, the Annual General Meeting of Shareholders of the Company resolved to approve the dividend payment for the year 2021 at the rate of Baht 0.30 per share, totaling Baht 135 million. On November 11, 2021, the company has already paid interim dividend at the rate of Baht 0.10 per share, totaling Baht 45 million, the remaining at the rate of 0.20 baht per share, totaling 90 million baht will be paid in May 2022.

23.2 On April 26, 2022, the Annual General Shareholders’ Meeting for 2022 of Expert Engineering & Communication Company Limited that approval of the appropriation of the 2021 annual profit to the legal reserve amount Baht 0.30 million and the payment of a dividend in respect of the operating results of 2021 of Baht 15 per share, totaling Baht 3.00 million. The dividend payment will be paid on May 26, 2022.

**24. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements were authorized for issue by the Company’s Board of Directors on May 11, 2022.

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MR. RONAPOOM RUNGRUANGPOL MR. PORNCHAI KRIVICHIAN

Directors