

INTELLECT DESIGN ARENA LIMITED
REPORT AND FINANCIAL STATEMENT
31st March 2020

Report of Independent Auditor

To the Shareholders of **INTELLECT DESIGN ARENA LIMITED**

Opinion

I have audited the financial statements of **INTELLECT DESIGN ARENA LIMITED**, which comprise the statement of financial position as at 31st March 2020, the statement of income and statement of changes in shareholders' equity 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 **INTELLECT DESIGN ARENA LIMITED** as at 31st March 2020 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

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 that is 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standard for Non – Publicly Accountable Entities, 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, as applicable, 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.

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 the management 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.



CHATSUMARN JITBANCHONG

C.P.A.(THAILAND)

Registration No. 7757

Bangkok

21st April 2020

INTELLECT DESIGN ARENA LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st March 2020

		2020	2019 (Restated)
ASSETS	NOTE		BAHT
CURRENT ASSETS			
Cash and cash equivalents	4	3,053,284	877,465
Trade receivables and other receivables	5	82,609,003	87,523,456
TOTAL CURRENT ASSETS		<u>85,662,287</u>	<u>88,400,921</u>
NON-CURRENT ASSETS			
Equipment	7	1,521,232	1,838,494
Deferred tax assets	12,13	920,000	449,600
Deposit		548,250	549,130
TOTAL NON-CURRENT ASSETS		<u>2,989,482</u>	<u>2,837,224</u>
TOTAL ASSETS		<u><u>88,651,769</u></u>	<u><u>91,238,145</u></u>



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

X Nagaj

DIRECTOR

INTELLECT DESIGN ARENA LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st March 2020

		2020	2019 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY	NOTE		BAHT
CURRENT LIABILITIES			
Other payables	6	47,555,740	53,502,826
Corporate income tax payable		-	281,520
Loan from related company	10	-	1,599,451
TOTAL CURRENT LIABILITIES		<u>47,555,740</u>	<u>55,383,797</u>
NON - CURRENT LIABILITY			
Provision for long - term employee benefits	9	4,600,000	2,248,000
TOTAL NON - CURRENT LIABILITY		<u>4,600,000</u>	<u>2,248,000</u>
TOTAL LIABILITIES		<u>52,155,740</u>	<u>57,631,797</u>
SHAREHOLDERS' EQUITY			
Share capital			
Registered			
4,470,000 ordinary shares of Baht 5 each		<u>22,350,000</u>	<u>22,350,000</u>
Issued and paid up			
4,470,000 ordinary shares of Baht 5 each		22,350,000	22,350,000
Retained earnings		<u>14,146,029</u>	<u>11,256,348</u>
TOTAL SHAREHOLDERS' EQUITY		<u>36,496,029</u>	<u>33,606,348</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>88,651,769</u>	<u>91,238,145</u>

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



X Nagaj

DIRECTOR

INTELLECT DESIGN ARENA LIMITED

STATEMENT OF EARNINGS

For the year ended 31st March 2020

		2020	2019 (Restated)
REVENUES	NOTE		BAHT
Income from services		56,442,939	85,392,935
Income from sales		-	4,837,732
TOTAL REVENUES		<u>56,442,939</u>	<u>90,230,667</u>
EXPENSES			
Cost of services		43,529,014	68,315,110
Cost of sales		-	3,386,412
Selling expenses		974,657	4,892,875
Administrative expenses		9,177,146	8,618,010
TOTAL EXPENSES		<u>53,680,817</u>	<u>85,212,407</u>
EARNINGS BEFORE FINANCIAL EXPENSES AND TAX		2,762,122	5,018,260
FINANCIAL EXPENSES		(230,216)	(521)
EARNINGS BEFORE INCOME TAX		2,531,906	5,017,739
INCOME TAX (EXPENSE) INCOME	12	357,775	(1,053,331)
NET EARNINGS FOR THE YEAR		<u>2,889,681</u>	<u>3,964,408</u>



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

X Nagay

DIRECTOR

INTELLECT DESIGN ARENA LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31st March 2020

	(Restated)		
	BAHT		
	Ordinary Shares		
	Issued and paid-up	Retained earnings	Total
Balance as at 1 st April 2018 - as previously report	7,912,500	7,277,740	15,190,240
Cumulative effect of changes in accounting policies (note 13)	-	14,200	14,200
Balance as at 1 st April 2018 - restated	7,912,500	7,291,940	15,204,440
Receipt of capital	14,437,500	-	14,437,500
Net earnings for the year - restated	-	3,964,408	3,964,408
Balance as at 31 st March 2019	22,350,000	11,256,348	33,606,348
Balance as at 1 st April 2019 - as previously report	22,350,000	10,806,748	33,156,748
Cumulative effect of changes in accounting policies (note 13)	-	449,600	449,600
Balance as at 1 st April 2019 - restated	22,350,000	11,256,348	33,606,348
Net earnings for the year	-	2,889,681	2,889,681
Balance as at 31 st March 2020	22,350,000	14,146,029	36,496,029



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

X Nagay DIRECTOR

INTELLECT DESIGN ARENA LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended 31st March 2020

NOTE 1 GENERAL INFORMATION

The Company was incorporated as a limited company under Thai Civil and Commercial Laws on 23rd July 2012 and is mainly engaged in creative design, development, modification, distribution and installation of updated software.


The Company registered address is located at 100/42 Sathorn Nakorn Tower, 23rd Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

NOTE 2 BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statement have been prepared in accordance with Accounting Standards generally accepted in Thailand and the Company has adopted the Thai Financial Reporting Standard applicable to Non-publicly Accountable Entities as issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after 1st January 2011 onward, and the Company has also adopted Thai Accounting Standard 12 Income Taxes. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28th September 2011, issued under the Accounting Act B.E. 2543.

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

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



NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Income from services are recognized when services have been rendered taking into account the stage of completion.

Income from sales is recognized after goods have already been delivered.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks with a maturity of three months or less and with no commitment

3.3 Depreciation

Depreciation of fixed assets is calculated by reference to cost on a straight-line basis over their estimated useful lives at the rate of 20-33.33 percent per annum.


3.4 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding on the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Exchange gains and losses are included in determining earnings.

3.5 Accounting Estimation

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.



3.6 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

3.7 Provision

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

Long - term employee benefits

The Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period. The Company selected the recognition of provision for long-term employee benefits first-time adoption by recording expense in determining earnings.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31st March, are as follow:

	2020	2019
	Baht	Baht
Cash at bank - current account	3,053,284	877,465
Total	3,053,284	877,465



NOTE 5 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivable as at 31st March, are as follow:

	2020	2019
	Baht	Baht
Trade receivables	8,813,073	67,879,996
Accrued income	71,732,226	15,606,531
Other receivables - related company	207,203	207,203
Undue input vat	1,056,697	-
Refundable value added tax	-	2,742,187
Prepaid expenses	310,067	279,290
Prepayment income tax	333,535	68,202
Advance	156,202	740,047
Total	82,609,003	87,523,456

NOTE 6 OTHER PAYABLES

Other payables as at 31st March, are as follow:

	2020	2019
	Baht	Baht
Other payable - related company	41,117,808	42,766,011
Accrued expenses	4,335,979	5,719,826
Undue output vat	682,009	4,437,251
Advance from customer	855,969	-
Withholding tax payables	563,975	579,738
Total	47,555,740	53,502,826



NOTE 7 EQUIPMENT

(Unit : Baht)

	Furniture & Fixtures	Electrical Fittings	Office Equipment	Computer Equipment	Total
Cost :					
31 st March 2018	1,435,549	151,615	237,435	240,952	2,065,551
Addition	-	-	-	178,593	178,593
(Disposal)	-	-	-	-	-
31 st March 2019	1,435,549	151,615	237,435	419,545	2,244,144
Addition	-	-	-	-	-
(Disposal)	-	-	-	-	-
31 st March 2020	1,435,549	151,615	237,435	419,545	2,244,144
Accumulated depreciation:					
31 st March 2018	52,964	5,594	36,323	28,832	123,713
Addition	143,555	15,162	47,487	75,733	281,937
(Disposal)	-	-	-	-	-
31 st March 2019	196,519	20,756	83,810	104,565	405,650
Addition	143,556	15,161	47,486	111,059	317,262
(Disposal)	-	-	-	-	-
31 st March 2020	340,075	35,917	131,296	215,624	722,912
Net book value					
31 st March 2019	1,239,030	130,859	153,625	314,980	1,838,494
31 st March 2020	1,095,474	115,698	106,139	203,921	1,521,232

NOTE 8 PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Board of Investment Promotion Act B.E. 2520, the Company was granted certain promotional privileges for the Software (Enterprise Software, Digital Content and Embedded Software) according to the promotion certificate 59-1019-0-00-2-0 dated 9th August 2016 which include the exemption of income tax on earnings for a period of 8 years as from the date of earning operating income and being allowed to carry forward losses and incurred during the promotional period to the years after tax holiday period, The extension in claiming the tax losses is limited to a period of five year thereafter. As a promoted industry, the Company must comply with certain conditions and restrictions contained in the promotion certificate.

According to the notification of the Board of Investment no P.14/2541 "The presentation of revenue method" dated 30th December 1998, The Company is required to declare both the revenue from BOI promotional privileges and non BOI promotional privileges, which details are presented as below:-

	31 st March 2020	(Unit : Baht)
	BOI Promotional	Non - BOI Promotional
	Taxes Privileges	Taxes Privileges
Income from services	55,431,640	1,011,299

	31 st March 2019	(Unit : Baht)
	BOI Promotional	Non - BOI Promotional
	Taxes Privileges	Taxes Privileges
Income from services	-	85,392,935
Income from sales	-	4,837,732

NOTE 12 INCOME TAX AND DEFERRED TAX ASSETS (CONTINUE)

Movements of deferred tax assets during the years are as follows:

				Unit : Baht
				(Charged)/credited to
	1 st April	Earnings	Comprehensive	31 st March
	2019	or loss	income	2020
Employee benefit obligations	449,600	470,400	-	920,000
Total	449,600	470,400	-	920,000

				Unit : Baht
				(Charged)/credited to
	1 st April	Earnings	Comprehensive	31 st March
	2018	or loss	income	2019
Employee benefit obligations	14,200	435,400	-	449,600
Total	14,200	435,400	-	449,600

Reconciliation of the accounting profit and income tax expenses are as follows:

	2020	2019
	Baht	Baht
Profit per accounting basis	2,531,906	5,017,739
Income tax rate (percentage)	20	20
Income tax rate - expense	506,381	1,003,548
Reconciling item :		
Non-deductible expense	470,400	485,183
Exempt income tax for the promoted business	(864,156)	-
Income tax on taxable profit	112,625	1,488,731
Decrease (increase) in deferred tax assets		
Changes in temporary differences	(470,400)	(435,400)
Income tax (income) expense presented in statement of earnings	(357,775)	1,053,331

NOTE 9 PROVISION FOR LONG - TERM EMPLOYEE BENEFITS

	2020	2019
	Baht	Baht
As at 1 st April	2,248,000	71,000
Increase (decrease) during the year	2,352,000	2,177,000
As at 31 st March	4,600,000	2,248,000

NOTE 10 LOAN FROM RELATED COMPANY

Loans from related company represent unsecured loans denominated in US Dollars. The loans bear interest at the rate of 2 percent per annum and due on demand.

NOTE 11 COMMITMENTS

As at 31st March 2020, The Company had commitment under the lease agreements of approximately amount Baht 1.7 million (2019 : Baht 3.4 million).

NOTE 12 INCOME TAX AND DEFERRED TAX ASSETS

The Company uses income tax rate of 20% for the calculation of corporate income tax for the year 2020 and 2019 which is calculated based on the provisions of the Revenue Codes with the consideration of promotional privileges as described in Note 8.

	2020	2019
	Baht	Baht
Income tax on taxable profit	112,625	1,488,731
Decrease (increase) in deferred tax assets	(470,400)	(435,400)
Income tax expense (income) presented in statement of earnings	(357,775)	1,053,331

NOTE 13 CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES - INCOME TAXES

During the current year, the Company made changes to its significant accounting policies as a result of the adoption of Thai Accounting Standard - Income Taxes, since the Company's management believed that such adoption would result in a closer relationship between income tax expense and accounting profit than in the past. This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognised the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of income are summarized below.

	As at 31 st March 2020	As at 31 st March 2019
	Baht	Baht
<u>Statements of financial position</u>		
Increase in deferred tax assets	920,000	449,600
Increase in deferred tax liabilities	-	-
Increase (decrease) in unappropriated retained earnings	449,600	14,200
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
	Baht	Baht
<u>Statements of earnings</u>		
Increase (decrease) in income tax expenses	(470,400)	(435,400)
Increase (decrease) in net profit	470,400	435,400

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's authorized director on 21st April 2020. 