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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 25 February 2020.

# 1 General information

Unimit Engineering Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at:

Head office : 109/92 - 95, Moo 19, Soi Suksawat 66, Suksawat Road, Tumbon Bangpueng, Amphur Prapradaeng, Samutprakarn, 10130.

Factory 1 : 10/7 - 8 Moo 3, Chonburi-Ban Bung-Pa Yub Road, Tumbon Nong Chark, Amphur Ban Bung, Chonburi, 20170.

Factory 2 : 10/4 Moo 1, Tumbon Nong Chark, Amphur Ban Bung, Chonburi, 20170.

Factory 3 : 99/9 Moo 8, Tumbon Mabka, Aumphur Nikompattana, Rayong, 21180.

The Company was listed on the Market for Alternative Investment (MAI) in November 2005.

The principal businesses of the Company and its subsidiaries (the “Group”) are design, shop fabrication, field installation and erection of steel products and construction works according to contracts entered into with customers such as pressurised equipment and vessel, non-pressure storage, mechanical parts and piping system, etc.

Detail of subsidiaries as at 31 December 2019 and 2018, were as follows:

|  | **Type of business** | **Country** | **Ownership interest** | |
| --- | --- | --- | --- | --- |
|  |  |  | 2019 | 2018 |
|  |  |  | *(%)* | |
| ***Direct subsidiary*** |  |  |  |  |
| Unimit (Hong Kong)  Co., Limited (“UHK”) | Investing in other company | Hong Kong Special Administrative Region of the People’s Republic of China | 100.00 | 100.00 |
| ***Indirect subsidiary*** |  |  |  |  |
| Unimit Engineering (Myanmar)  Company Limited (“UEM”) | Shop fabrication, field installation and erection, work of steel products | Republic of the Union of the Myanmar | 100.00 | 100.00 |

# 2 Basis of preparation of the financial statements

1. ***Statement of compliance***

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3 (r).

The Group has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 29.

1. ***Basis of measurement***

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

1. ***Functional and presentation currency***

The financial statements are prepared and presented in Thai Baht which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

1. ***Use of estimates and judgements***

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 7 Measurement of allowance for doubtful debts of trade accounts receivable

Note 24 Recognition of deferred tax assets

Note 17 Measurement of defined benefit obligations: key actuarial assumptions; and

# 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1. ***Basis of consolidation***

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. ***Foreign currencies***

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

1. ***Derivative***

Derivatives are used to manage exposure to foreign exchange arising from operational, financial and investment activities. Derivatives financial instruments are not used for trading purposes. However, derivative that do not qualify for hedge accounting are accounted for as trading instruments.

1. ***Hedging***

*Hedge of future foreign currency transactions*

The Company has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to Thai Baht at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

1. ***Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

1. ***Trade and other accounts receivable and contract assets***

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

1. ***Inventories***

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first-in first-out principle and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

1. ***Contract work in progress***

Unbilled contracts work in progress are contract assets which represent the gross amount expected to be collected from customers for unbilled contract work in progress performed to date. They are recognised when the Group has an unconditional right to receive consideration. They are measured at costs incurred plus profits recognised to date (see note 3 (r)) less progress billings and recognised losses. Cost of contract work includes all expenditure related directly to specific contracts and an allocation of fixed and variable costs incurred in the Group’s contract activities based on normal operating capacity. Unbilled contracts work in progress is presented separately under current assets in the statement of financial position.

If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as excess of progress billings over contracts work in progress under current liabilities in the statement of financial position. They are contract liabilities. A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has unconditional right to receive non-refundable consideration from the customer before the Group recognised the related revenue.

1. ***Investments in subsidiaries***

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

1. ***Property, plant and equipment***

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Land improvements | 5 and 20 | years |
| Buildings | 20 | years |
| Machinery and equipment | 5, 10 and 15 | years |
| Furniture and fixtures | 3 and 5 | years |
| Vehicles | 5 | years |

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1. ***Land use rights***

Land use rights are measured at cost less accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over 49 years and 2 months in accordance with the terms indicated in the land use right agreement.

1. ***Intangible assets***

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses (if any).

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

|  |  |  |
| --- | --- | --- |
| Software licences | 3 | years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1. ***Impairment***

The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset’s value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. ***Trade and other accounts payable***

Trade and other accounts payable are stated at cost.

1. ***Employee benefits***

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1. ***Provisions***

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost*.*

1. ***Measurement of fair values***

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, The Group uses observable market data as far as possible. Fair values are catagorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

* Level 1: quoted prices in active markets for identical assets or liabilities.
* Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
* Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1. ***Revenues***

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Contract revenue*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Contract revenue is recognised over time based on stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and the proportion of costs incurred to the reporting date compared to the estimated final costs of the contract at completion. The related costs are recognised in profit or loss when they are incurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

***Accounting policies for revenue recognition in 2018***

Revenue excludes value added tax and is arrived at after deduction of trade discounts.

*Contract revenue*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed and the proportion of costs incurred to the reporting date compared to the estimated final costs of the contract at completion. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

1. ***Rental income***

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

1. ***Investment income***

Investment income comprises interest income from bank deposits. Interest income is recognised in profit or loss as it accrues.

1. ***Finance costs***

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

1. ***Operating leases***

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

1. ***Income tax***

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1. ***Earnings (loss) per share***

The Group presents basic earnings (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

1. ***Related parties***

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or or has significant influence over the financial and managerial decision-making of a person or entity.

1. ***Segment reporting***

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly e.g. corporate assets, administrative expenses, and tax assets and liabilities.

# 4 Related parties

Relationships with subsidiaries are described in note 1 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

|  |  |  |
| --- | --- | --- |
| **Name of entities** | **Country of incorporation** | **Nature of relationship** |
|  | **/nationality** |  |
|  |  |  |
| Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for particular types of transactions are explained further below:

|  |  |  |
| --- | --- | --- |
| **Transactions** |  | **Pricing policies** |
|  |  |  |
| Sale of machinery and equipment |  | Cost plus margin |
| Management benefit expenses |  | As approved by the directors or board of directors (for  management benefit expenses except for directors’  remuneration) and the shareholders (for directors’  remuneration) |
| Interest income |  | Contractually agreed price at 1.25% per annum |

Significant transactions for the years ended 31 December with related parties were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | | |  | **Separate** | | |
|  | **financial statements** | | | |  | **financial statements** | | |
| ***Year ended 31 December*** | 2019 |  | 2018 | |  | 2019 |  | 2018 |
|  |  |  | *(in thousand Baht)* | | | |  |  |
| **Subsidiary** |  |  |  |  | |  |  |  |
| Interest income | - |  | - |  | | 437 |  | - |
|  |  |  |  |  | |  |  |  |
| **Key management personnel** |  |  |  | |  |  |  |  |
| **compensation** |  |  |  | |  |  |  |  |
| Short-term employee benefits | 25,372 |  | 21,680 | |  | 23,790 |  | 21,680 |
| Post-employment benefits | 1,577 |  | 1,483 | |  | 1,577 |  | 1,483 |
| **Total** | **26,949** |  | **23,163** | |  | **25,367** |  | **23,163** |

Management benefit expenses are benefits paid to directors and executives of the Group. They comprise compensation such as salaries and related benefits and directors’ remuneration such as meeting allowance and annual bonus.

Balances as at 31 December with related parties were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
| ***Other accounts receivable*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Indirect subsidiary** |  | | | | | | |
| Unimit Engineering (Myanmar)   Company Limited | **-** |  | **-** |  | **437** |  | **1,570** |

| ***Movement of loans to  related party*** | **Interest rate** | | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| At  31 December |  | At  1 January |  | Increase |  | Decrease |  | At  31 December |
|  | *(% per annum)* |  | *(in million US Dollars)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| Unimit Engineering  (Myanmar) Company  Limited | 1.25 |  | - |  | 2 |  | - |  | 2 |
| **Total** |  |  | **-** |  |  |  |  |  | **2** |

As at 31 December 2019, the long-term loans to Unimit Engineering (Myanmar) Company Limited amounting to US Dollars 2 million or equivalent to Baht 59.95 million which will be repaid during 2023 to 2025 and bear interest at the rate of 1.25% per annum.

# 5 Cash and cash equivalents

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Cash on hand | 146 |  | 223 |  | 136 |  | 177 |
| Cash at banks - current accounts | 23,499 |  | 18,279 |  | 7,027 |  | 1,066 |
| Cash at banks - savings accounts | 380,014 |  | 211,325 |  | 378,434 |  | 160,909 |
| High liquidity short term investment  - fixed deposits with maturity   not more than 3 months | - |  | 80,000 |  | - |  | 80,000 |
| **Total** | **403,659** |  | **309,827** |  | **385,597** |  | **242,152** |

Most of the Company’s cash at banks - saving accounts bear interest at the rates ranging between 1.25% to 1.40% per annum.

# 6 Short-term deposits at financial institutions

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
|  |  |  |  |  |  |  |  |
| Short-term deposits with maturity |  |  |  |  |  |  |  |
| more than 3 months but not more |  |  |  |  |  |  |  |
| than 1 year | **-** |  | **250,000** |  | **-** |  | **250,000** |

The Group had short-term deposits at financial institutions as at 31 December 2018 in amount of Baht 250 million which bear interest at the rates between 1.50% to 1.55% per annum.

# 7 Trade accounts receivable

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Billed receivables | 196,707 |  | 71,014 |  | 196,707 |  | 71,014 |
| Retention receivables | 21,258 |  | 10,716 |  | 21,258 |  | 10,716 |
| *Less* allowance for doubtful accounts | (18,004) |  | (124) |  | (18,004) |  | (124) |
| **Net** | **199,961** |  | **81,606** |  | **199,961** |  | **81,606** |

Aging analyses for trade accounts receivable were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Consolidated** | | | | |  | | **Separate** | | | | |
|  | | **financial statements** | | | | |  | | **financial statements** | | | | |
|  | | 2019 |  | | 2018 | |  | | 2019 | |  | | 2018 |
|  | | *(in thousand Baht)* | | | | | | | | | | | |
| ***Billed receivables*** | |  | | | | | | | | | | | |
| Within credit terms | | 86,587 |  | | 50,353 | |  | | 86,587 | |  | | 50,353 |
| Overdue: | |  |  | |  | |  | |  | |  | |  |
| Less than 3 months | | 102,429 |  | | 16,179 | |  | | 102,429 | |  | | 16,179 |
| 3 - 6 months | | 6,237 |  | | 3,715 | |  | | 6,237 | |  | | 3,715 |
| 6 - 12 months | | - |  | | 643 | |  | | - | |  | | 643 |
| Over 12 months | | 1,454 |  | | 124 | |  | | 1,454 | |  | | 124 |
| **Total** | | **196,707** |  | | **71,014** | |  | | **196,707** | |  | | **71,014** |
| *Less* allowance for doubtful accounts | | (18,004) |  | | (124) | |  | | (18,004) | |  | | (124) |
| Net | | 178,703 |  | | 70,890 | |  | | 178,703 | |  | | 70,890 |
| Retention receivables | | 21,258 |  | | 10,716 | |  | | 21,258 | |  | | 10,716 |
| **Total** | | **199,961** |  | | **81,606** | |  | | **199,961** | |  | | **81,606** |
|  | |  |  | |  | |  | |  | |  | |  |
| Doubtful expense for the year | **17,880** | |  | **-** | |  | | **17,880** | |  | | **-** | |

The normal credit term granted by the Company ranges from 30 days to 90 days.

# 8 Other accounts receivable

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  | *Note* | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Receivable from Revenue Department |  | 40,415 |  | 33,596 |  | 40,415 |  | 33,596 |
| Prepaid expenses |  | 3,395 |  | 3,914 |  | 3,395 |  | 3,786 |
| Advances to suppliers |  | 998 |  | 1,952 |  | 998 |  | 1,952 |
| Other accounts receivable  - related party | *4* | - |  | - |  | 437 |  | 1,570 |
| Others |  | 5,136 |  | 4,425 |  | 2,613 |  | 4,268 |
| **Total** |  | **49,944** |  | **43,887** |  | **47,858** |  | **45,172** |

# 9 Contract work in progress

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| ***Contract assets*** |  |  | | | | | | |
| *Unbilled contract work in* |  |  |  |  |  |  |  |  |
| *progress* |  |  |  |  |  |  |  |  |
| Costs and attributable profit |  | 1,223,491 |  | 599,727 |  | 1,223491 |  | 599,727 |
| *Less* Progress billings |  | (1,095,746) |  | (370,744) |  | (1,095,746) |  | (370,744) |
| **Net** |  | **127,745** |  | **228,983** |  | **127,745** |  | **228,983** |
|  |  |  |  |  |  |  |  |  |
| ***Contract liabilities*** |  |  |  |  |  |  |  |  |
| *Excess of progress billings* |  |  |  |  |  |  |  |  |
| *over contract work in progress* |  |  |  |  |  |  |  |  |
| Progress billings |  | 378,163 |  | 28,500 |  | 378,163 |  | 28,500 |
| *Less* Costs and attributable profit |  | (368,994) |  | (19,496) |  | (368,994) |  | (19,496) |
| **Net** |  | **9,169** |  | **9,004** |  | **9,169** |  | **9,004** |

# 10 Inventories

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Raw materials | 128,988 |  | 150,887 |  | 128,988 |  | 150,887 |
| Work in progress | 12,885 |  | 13,332 |  | 12,885 |  | 13,332 |
| Spare parts and supplies | 19,746 |  | 25,102 |  | 19,746 |  | 25,102 |
| Goods in transit | 27,161 |  | 7,279 |  | 27,161 |  | 7,279 |
| **Total** | **188,780** |  | **196,600** |  | **188,780** |  | **196,600** |
| *Less* Allowance for decline in value | (6,224) |  | (6,689) |  | (6,224) |  | (6,689) |
| **Net** | **182,556** |  | **189,911** |  | **182,556** |  | **189,911** |
|  |  |  |  |  |  |  |  |
| Inventories recognised as an  expense in ‘contract costs’ |  |  |  |  |  |  |  |
| - Cost | 959,324 |  | 797,938 |  | 959,324 |  | 797,938 |
| - Reversal of write-down | (465) |  | (419) |  | (465) |  | (419) |
| **Total** | **958,859** |  | **797,519** |  | **958,859** |  | **797,519** |

# 11 Investments in subsidiaries

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Separate** | | |
|  | **financial statements** | | |
|  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
|  |  |  |  |
| At 1 January | 214,000 |  | 165,000 |
| Addition | - |  | 49,000 |
| **At 31 December** | **214,000** |  | **214,000** |

On 8 November 2018, UHK had increased registered share capital from US Dollars 5.06 million (5.06 million shares at US Dollar 1 par value) or equivalent to Baht 165 million to US Dollars 6.56 million (6.56 million shares at US Dollar 1 par value) or equivalent to Baht 214 million. UHK called-up these share capital in full.

On 21 November 2018, the Company fully paid the called-up share capital to UHK amounting to US Dollars 1.5 million or equivalent to Baht 49 million.

On 30 November 2018, UEM, an indirect subsidiary, had additionally called-up share capital amounting to US Dollars 1.5 million (0.15 million shares at US Dollars 10 par value) or equivalent to Baht 49 million. UHK fully paid the called-up share capital.

Investments in subsidiaries as at 31 December 2019 and 2018 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | | | | | | | | | | | | | | | | | |
|  | Authorised capital | | Called-up capital | | Paid-up capital | | At cost | | | |  | Impairment | | | |  | | At cost - net | | | | | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | 2018 | |  | 2019 | | 2018 | |  | | | | 2019 | | 2018 | |
|  |  | |  |  | | | *(in thousand Baht)* | | | | | | | | | | | | | | | | |
| ***Direct subsidiary*** |  |  |  |  |  |  |  |  | |  |  |  |  | |  | |  | |  | |  | |  |
| Unimit (Hong Kong)   Co., Limited  (“UHK”) | 6,560  thousand  US Dollars | 6,560  thousand  US Dollars | 6,560  thousand  US Dollars | 6,560  thousand  US Dollars | 6,560  thousand  US Dollars | 6,560  thousand  US Dollars | 214,000 |  | | 214,000 |  | - |  | | - | |  | | 214,000 | |  | | 214,000 |
| **Total** |  |  |  |  |  |  | **214,000** |  | | **214,000** |  | **-** |  | | **-** | |  | | **214,000** | |  | | **214,000** |
|  |  |  |  |  |  |  |  |  | |  |  |  |  | |  | |  | |  | |  | |  |
| ***Indirect subsidiary*** |  |  |  |  |  |  |  |  | |  |  |  |  | |  | |  | |  | |  | |  |
| Unimit Engineering  (Myanmar) Company  Limited (“UEM”) | 6,500  thousand  US Dollars | 6,500  thousand  US Dollars | 6,500  thousand  US Dollars | 6,500  thousand  US Dollars | 6,500  thousand  US Dollars | 6,500  thousand  US Dollars | 212,000 |  | | 212,000 |  | - |  | | - | |  | | 212,000 | |  | | 212,000 |
| **Total** |  |  |  |  |  |  | **212,000** |  | | **212,000** |  | **-** |  | | **-** | |  | | **212,000** | |  | | **212,000** |

# 12 Property, plant and equipment

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Consolidated financial statements** | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  |  |  |  |  | construction |  |  |
|  | Land and |  |  |  | and |  | Furniture |  |  |  | and |  |  |
|  | improvements |  | Buildings |  | equipment |  | and fixtures |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 212,891 |  | 337,949 |  | 357,485 |  | 56,775 |  | 44,681 |  | 6,912 |  | 1,016,693 |
| Additions | - |  | - |  | 10,956 |  | 1,848 |  | 148 |  | 91,799 |  | 104,751 |
| Transfers | - |  | 985 |  | - |  | - |  | - |  | (985) |  | - |
| Disposals | - |  | - |  | (1,571) |  | (279) |  | - |  | - |  | (1,850) |
| Effect of movements in exchange rates | - |  | - |  | - |  | (1) |  | - |  | (188) |  | (189) |
| **At 31 December 2018 and**  **1 January 2019** | **212,891** |  | **338,934** |  | **366,870** |  | **58,343** |  | **44,829** |  | **97,538** |  | **1,119,405** |
| Additions | - |  | 50 |  | 4,663 |  | 1,898 |  | 2,588 |  | 99,357 |  | 108,556 |
| Disposals | (8,063) |  | - |  | (1,285) |  | (507) |  | (1,428) |  | - |  | (11,283) |
| Effect of movements in exchange rates | - |  | - |  | - |  | (38) |  | - |  | (9,901) |  | (9,939) |
| **At 31 December 2019** | **204,828** |  | **338,984** |  | **370,248** |  | **59,696** |  | **45,989** |  | **186,994** |  | **1,206,739** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Accumulated depreciation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 53,218 |  | 185,513 |  | 271,258 |  | 54,740 |  | 42,187 |  | - |  | 606,916 |
| Depreciation charge for the year | 3,738 |  | 13,788 |  | 16,953 |  | 1,292 |  | 766 |  | - |  | 36,537 |
| Disposals | - |  | - |  | (1,523) |  | (226) |  | - |  | - |  | (1,749) |
| **At 31 December 2018 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2019** | **56,956** |  | **199,301** |  | **286,688** |  | **55,806** |  | **42,953** |  | **-** |  | **641,704** |
| Depreciation charge for the year | 3,725 |  | 13,811 |  | 17,453 |  | 1,400 |  | 580 |  | - |  | 36,969 |
| Disposals | (1,761) |  | - |  | (1,209) |  | (481) |  | (1,428) |  | - |  | (4,878) |
| **At 31 December 2019** | **58,920** |  | **213,112** |  | **302,932** |  | **56,726** |  | **42,105** |  | **-** |  | **673,795** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Consolidated financial statements** | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  |  |  |  |  | construction |  |  |
|  | Land and |  |  |  | and |  | Furniture |  |  |  | and |  |  |
|  | improvements |  | Buildings |  | equipment |  | and fixtures |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
|  |  | | | | | | | | | | | | |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | **155,935** |  | **139,633** |  | **80,182** |  | **2,537** |  | **1,876** |  | **97,538** |  | **477,701** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 145,908 |  | 125,872 |  | 67,316 |  | 2,970 |  | 3,884 |  | 184,595 |  | 530,545 |
| Assets under finance leases | - |  | - |  | - |  | - |  | - |  | 2,399 |  | 2,399 |
| **Total** | **145,908** |  | **125,872** |  | **67,316** |  | **2,970** |  | **3,884** |  | **186,994** |  | **532,944** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Separate financial statements** | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  |  |  |  |  | construction |  |  |
|  | Land and |  |  |  | and |  | Furniture |  |  |  | and |  |  |
|  | improvements |  | Buildings |  | equipment |  | and fixtures |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 212,891 |  | 337,949 |  | 357,485 |  | 56,775 |  | 44,681 |  | 2,719 |  | 1,012,500 |
| Additions | - |  | - |  | 10,956 |  | 1,689 |  | 148 |  | 4,747 |  | 17,540 |
| Transfers | - |  | 985 |  | - |  | - |  | - |  | (985) |  | - |
| Disposals | - |  | - |  | (1,571) |  | (279) |  | - |  | - |  | (1,850) |
| **At 31 December 2018 and**  **1 January 2019** | **212,891** |  | **338,934** |  | **366,870** |  | **58,185** |  | **44,829** |  | **6,481** |  | **1,028,190** |
| Additions | - |  | 50 |  | 4,663 |  | 1,122 |  | 2,588 |  | 2,147 |  | 10,570 |
| Disposals | (8,063) |  | - |  | (1,285) |  | (507) |  | (1,428) |  | (2,961) |  | (14,244) |
| **At 31 December 2019** | **204,828** |  | **338,984** |  | **370,248** |  | **58,800** |  | **45,989** |  | **5,667** |  | **1,024,516** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Accumulated depreciation*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 January 2018 | 53,218 |  | 185,513 |  | 271,258 |  | 54,740 |  | 42,187 |  | - |  | 606,916 |
| Depreciation charge for the year | 3,738 |  | 13,788 |  | 16,953 |  | 1,258 |  | 766 |  | - |  | 36,503 |
| Disposals | - |  | - |  | (1,523) |  | (226) |  | - |  | - |  | (1,749) |
| **At 31 December 2018 and** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **1 January 2019** | **56,956** |  | **199,301** |  | **286,688** |  | **55,772** |  | **42,953** |  | **-** |  | **641,670** |
| Depreciation charge for the year | 3,725 |  | 13,811 |  | 17,453 |  | 1,230 |  | 580 |  | - |  | 36,799 |
| Disposals | (1,761) |  | - |  | (1,209) |  | (481) |  | (1,428) |  | - |  | (4,878) |
| **At 31 December 2019** | **58,920** |  | **213,112** |  | **302,932** |  | **56,522** |  | **42,105** |  | **-** |  | **673,591** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Separate financial statements** | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  | Assets under |  |  |
|  |  |  |  |  | Machinery |  |  |  |  |  | construction |  |  |
|  | Land and |  |  |  | and |  | Furniture |  |  |  | and |  |  |
|  | improvements |  | Buildings |  | equipment |  | and fixtures |  | Vehicles |  | installation |  | Total |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2018** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | **155,935** |  | **139,633** |  | **80,182** |  | **2,413** |  | **1,876** |  | **6,481** |  | **386,520** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At 31 December 2019** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Owned assets | 145,908 |  | 125,872 |  | 67,316 |  | 2,278 |  | 3,884 |  | 3,268 |  | 348,526 |
| Assets under finance leases | - |  | - |  | - |  | - |  | - |  | 2,399 |  | 2,399 |
|  | **145,908** |  | **125,872** |  | **67,316** |  | **2,278** |  | **3,884** |  | **5,667** |  | **350,925** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The gross amount of the Group’s and the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 327.24 million *(2018: Baht 325.10 million).*

At 31 December 2019, the Group and the Company had unutilised credit facilities with several local banks totalling Baht 2,099.52 million *(2018: Baht 2,419.11 million and US Dollars 5.80 million)*. Some of the Group and Company’s credit facilities has given negative pledges to the banks and not committed in its existing and future property, plant, machinery and equipment.

# 13 Land use rights

On 25 March 2015, UEM entered into land use rights agreement with a company to use land in Republic of the Union of Myanmar in the amount of US Dollars 1.55 million or equivalent to Baht 51.56 million. The contract period of this land use rights is 49 years and 2 months and will be expired in June 2064.

|  |  |
| --- | --- |
|  | **Consolidated**  **financial statements** |
|  | Land use rights |
|  | *(in thousand Baht)* |
| ***Cost*** |  |
| At 1 January 2018 | 50,633 |
| Effect of movements in exchange rates | (358) |
| **At 31 December 2018 and 1 January 2019** | **50,275** |
| Decrease | (2,043) |
| Effect of movements in exchange rates | (3,556) |
| **At 31 December 2019** | **44,676** |
|  |  |
| ***Accumulated amortisation*** |  |
| At 1 January 2018 | 2,855 |
| Amortisation for the year | 1,017 |
| Effect of movements in exchange rates | (16) |
| **At 31 December 2018 and 1 January 2019** | **3,856** |
| Amortisation for the year | 942 |
| Effect of movements in exchange rates | (300) |
| **At 31 December 2019** | **4,498** |
|  |  |
| ***Net book value*** |  |
| **At 31 December 2018** | **46,419** |
| **At 31 December 2019** | **40,178** |

**14 Intangible assets**

|  |  |
| --- | --- |
|  | **Consolidated and separate** |
|  | **financial statements** |
|  | Software licences |
|  | *(in thousand Baht)* |
| ***Cost*** |  |
| At 1 January 2018 | 17,428 |
| Additions | 1,395 |
| **At 31 December 2018 and 2019** | **18,823** |
|  |  |
| ***Accumulated amortisation*** |  |
| At 1 January 2018 | 11,849 |
| Amortisation for the year | 880 |
| **At 31 December 2018 and 1 January 2019** | **12,729** |
| Amortisation for the year | 1,189 |
| **At 31 December 2019** | **13,918** |
|  |  |
| ***Net book value*** |  |
| **At 31 December 2018** | **6,094** |
| **At 31 December 2019** | **4,905** |

# 15 Trade accounts payable

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Trade accounts payable  - other parties | 127,259 |  | 92,645 |  | 127,259 |  | 92,645 |
| Retention payables | 8,953 |  | 1,140 |  | 8,953 |  | 1,140 |
| **Total** | **136,212** |  | **93,785** |  | **136,212** |  | **93,785** |

# 16 Other accounts payable

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| Accrued operating expenses |  | 21,409 |  | 11,328 |  | 12,625 |  | 11,079 |
| Payable to the Revenue Department |  | 5,640 |  | 1,389 |  | 5,640 |  | 1,389 |
| Fine payable |  | 16,706 |  | - |  | 16,706 |  | - |
| Others |  | 2,929 |  | 3,165 |  | 2,929 |  | 3,165 |
| **Total** |  | **46,684** |  | **15,882** |  | **37,900** |  | **15,633** |

# 17 Provisions for employee benefits

The Group operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Statement of financial position** |  |  |  |  |  |  |  |
| **obligation for:** |  |  |  |  |  |  |  |
| Post employment benefits | 58,038 |  | 50,661 |  | 58,038 |  | 50,661 |
| **Total** | **58,038** |  | **50,661** |  | **58,038** |  | **50,661** |

Movements in the present value of the defined benefit obligations:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Present value of the*** |  |  |  |  |  |  |  |
| ***defined benefit obligations*** |  |  |  |  |  |  |  |
| At 1 January | 50,661 |  | 45,574 |  | 50,661 |  | 45,574 |
|  |  |  |  |  |  |  |  |
| **Include in profit or loss:** |  |  |  |  |  |  |  |
| Current service costs | 8,070 |  | 6,284 |  | 8,070 |  | 6,284 |
| Past service cost | 13,280 |  | - |  | 13,280 |  | - |
| Interest on obligation | 1,618 |  | 1,110 |  | 1,618 |  | 1,110 |
|  | **22,968** |  | **7,394** |  | **22,968** |  | **7,394** |
| **Others** |  |  |  |  |  |  |  |
| Benefits paid | (15,591) |  | (2,307) |  | (15,591) |  | (2,307) |
|  | **(15,591)** |  | **(2,307)** |  | **(15,591)** |  | **(2,307)** |
|  |  |  |  |  |  |  |  |
| **At 31 December** | **58,038** |  | **50,661** |  | **58,038** |  | **50,661** |

On 5 April 2019, the Labour Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labour Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised in the consolidated and separate financial statements increased by an amount of Baht 13.28 million.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
| ***Principal actuarial assumptions*** | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(%)* | | | | | | |
| Discount rate | 2.53 |  | 2.45 |  | 2.53 |  | 2.45 |
| Salary increase rate | 3 |  | 3 |  | 3 |  | 3 |
| Employee turnover | 0 - 48 |  | 0 - 53 |  | 0 - 48 |  | 0 - 53 |

Assumptions regarding future mortality are based on published statistics and morality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 19.13 years *(2018: 20.03 years).*

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Effect to the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (5,610) |  | (4,031) |  | 6,437 |  | 4,584 |
| Future salary growth | 6,340 |  | 6,177 |  | (5,636) |  | (5,435) |
| Employee turnover | (5,930) |  | (4,294) |  | 1,668 |  | 1,084 |
| Future mortality | 462 |  | 463 |  | (423) |  | (458) |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Effect to the defined benefit obligation*** | 1% increase in assumption | | |  | 1% decrease in assumption | | |
| ***At 31 December*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Discount rate | (5,610) |  | (4,031) |  | 6,437 |  | 4,584 |
| Future salary growth | 6,340 |  | 6,177 |  | (5,636) |  | (5,435) |
| Employee turnover | (5,930) |  | (4,294) |  | 1,668 |  | 1,084 |
| Future mortality | 462 |  | 463 |  | (423) |  | (458) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

# 18 Share capital

|  | Par value | 2019 | | |  | 2018 | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Authorised/issued and paid-up*** | per share | Number |  | Amount |  | Number |  | Amount |
| ***shares*** | *(in Baht)* | *(thousand shares /in thousand Baht)* | | | | | | |
| At 1 January |  |  |  |  |  |  |  |  |
| - ordinary shares | 0.25 | 570,511 |  | 142,628 |  | 570,511 |  | 142,628 |
| **At 31 December** |  |  |  |  |  |  |  |  |
| **- ordinary shares** | 0.25 | **570,511** |  | **142,628** |  | **570,511** |  | **142,628** |

***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription money received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

# 19 Reserves

Reserves comprise:

***Appropriations of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

***Other components of equity***

**Foreign exchange translation differences**

Currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations.

**20 Segment information and disaggregation of revenue**

Segment information is presented in respect of the Group and the Company’s geographical information, based on the Company’s management and internal reporting structure.

***Business segment***

Management considers that the Group operates in a single line of business, namely steel products, and has, therefore, only one reportable segment.

## *Geographical information*

In presenting information on the basis of geographical information, segment revenues and expenses are based on the geographical location of customers. Segments assets are based on the geographical location of assets.

*Information about reportable segments:*

Segment 1 Thailand

Segment 2 Other countries

***Reconciliations of reportable segment revenues, profit or loss and disaggregation of revenue***

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | |
| **For the year ended** | **Segment 1** | | |  | **Segment 2** | | |  | **Total** | | |
| **31 December** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Contract revenue | 826,159 |  | 780,752 |  | 62,064 |  | 64,953 |  | 888,223 |  | 845,705 |
| Other income | - |  | - |  | 601 |  | 780 |  | 601 |  | 780 |
| **Total revenues** | **826,159** |  | **780,752** |  | **62,665** |  | **65,733** |  | **888,824** |  | **846,485** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit (loss)  before income tax | (101,911) |  | 36,225 |  | 4,750 |  | (4,358) |  | (97,161) |  | 31,867 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Unallocated revenues |  |  |  |  |  |  |  |  |  |  |  |
| Unallocated expenses |  |  |  |  |  |  |  |  | 61,397 |  | 33,797 |
| **Loss for the year** |  |  |  |  |  |  |  |  | (128,650) |  | (102,893) |
|  |  |  |  |  |  |  |  |  | **(151,882)** |  | **(37,229)** |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Separate financial statements** | | | | | | | | | | |
| **For the year ended** | **Segment 1** | | |  | **Segment 2** | | |  | **Total** | | |
| **31 December** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Contract revenue | 826,159 |  | 780,752 |  | 62,064 |  | 64,953 |  | 888,223 |  | 845,705 |
| Other income | - |  | - |  | 601 |  | 780 |  | 601 |  | 780 |
| **Total revenues** | **826,159** |  | **780,752** |  | **62,665** |  | **65,733** |  | **888,824** |  | **846,485** |

The Group applies the practical expedient not to disclose revenue expected to be recognised in the future related to performance obligations that are unsatisfied as at 31 December 2019 when it is initially expected that the contracts have original durations of one year or less. The Group recognises revenue in an amount that corresponds directly with the value to the customer of the date on which the performance obligations are satisfied.

## *Reconciliations of reportable segment assets and liabilities and other items*

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | |
| **For the year ended** | **Segment 1** | | |  | **Segment 2** | | |  | **Total** | | |
| **31 December** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| Trade accounts receivable | 196,364 |  | 78,825 |  | 3,597 |  | 2,781 |  | 199,961 |  | 81,606 |
| Unbilled contracts work in  progress | 122,587 |  | 215,587 |  | 5,158 |  | 13,396 |  | 127,745 |  | 228,983 |
| Property, plant and   equipment | 334,600 |  | 386,520 |  | 184,073 |  | 91,181 |  | 518,673 |  | 477,701 |
| Unallocated assets |  |  |  |  |  |  |  |  | 700,951 |  | 858,536 |
| **Total assets** |  |  |  |  |  |  |  |  | **1,547,330** |  | **1,646,826** |
|  |  | | | | | | | | | | |
|  |  | | | | | | | | | | |
|  |  | | | | | | | | | | |
|  |  | | | | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | | | | | |
| **For the year ended** | **Segment 1** | | |  | **Segment 2** | | |  | **Total** | | |
| **31 December** | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Excess of progress billings  over contracts work | 9,169 |  | 9,004 |  | - |  | - |  | 9,169 |  | 9,004 |
| Unallocated liabilities |  |  |  |  |  |  |  |  | 244,313 |  | 164,096 |
| **Total liabilities** |  |  |  |  |  |  |  |  | **253,482** |  | **173,100** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income | 3,815 |  | 9,388 |  | - |  | 13 |  | 3,815 |  | 9,401 |
| Capital expenditures | 10,570 |  | 18,935 |  | 103,002 |  | 87,211 |  | 113,572 |  | 106,146 |
| Depreciations and  amortisation | 37,987 |  | 37,383 |  | 1,113 |  | 1,051 |  | 39,100 |  | 38,434 |
| Gain (loss) on sales and  disposal of land and  equipment | 57,923 |  | (90) |  | - |  | - |  | 57,923 |  | (90) |

## *Major customers*

Revenue from the major customers of the Group’s segment 1 and 2 represents approximately Baht 217.43 million *(2018: Baht 226.63 million)* comprising 24.48% *(2018: 26.89%)* of total revenue of the Group.

# 21 Other income

In 2013, the Company, as the plaintiff, filed a lawsuit against a Company (the “defendant”) to the Civil Court in respect of a breach of contract amounting to Baht 30.46 million together with the interest at the rate of 7.5% per annum. Later, the Civil Court made the judgment requiring the defendant to pay the compensation to the plaintiff amounting to Baht 2.36 million together with the interest at the rate of 7.5% per annum. Later, the plaintiff filed an appeal to the Appeal Court. The Appeal Court made the judgment requiring the defendant to pay the compensation to the plaintiff amounting to Baht 11.57 million together with the interest at the rate of 7.5% per annum. Later, the defendant filed an appeal to the Supreme Court. On 6 March 2018, the Supreme Court affirmed the judgment of the Appeal Court. In July 2018, the Company received the compensation in full.

During 2019, the Company sold a plot of land in Chonburi to a company. The Company received cash payment amounting to Baht 66.78 million. Cost of land was Baht 8.06 million.

# 22 Employee benefit expenses

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Management*** |  |  |  |  |  |  |  |
| Salaries, wages and bonus | 20,251 |  | 16,608 |  | 18,669 |  | 16,608 |
| Director remuneration | 5,049 |  | 5,000 |  | 5,049 |  | 5,000 |
| Defined contribution plan | 849 |  | 777 |  | 849 |  | 777 |
| Defined benefit plan | 728 |  | 706 |  | 728 |  | 706 |
| Others | 72 |  | 72 |  | 72 |  | 72 |
|  | **26,949** |  | **23,163** |  | **25,367** |  | **23,163** |
|  |  |  |  |  |  |  |  |
| ***Other employees*** |  |  |  |  |  |  |  |
| Salaries, wages and bonus | 199,972 |  | 193,247 |  | 194,152 |  | 193,247 |
| Overtime | 56,361 |  | 40,053 |  | 56,361 |  | 40,053 |
| Defined benefit plan | 22,240 |  | 6,688 |  | 22,240 |  | 6,688 |
| Defined contribution plan | 5,631 |  | 5,688 |  | 5,631 |  | 5,688 |
| Others | 13,857 |  | 12,786 |  | 13,857 |  | 12,786 |
|  | **298,061** |  | **258,462** |  | **292,241** |  | **258,462** |
|  |  |  |  |  |  |  |  |
| **Total employee benefit expenses** | **325,010** |  | **281,625** |  | **317,608** |  | **281,625** |

*Defined benefit plan*

Details of the defined benefit plan are given in note 17.

*Defined contribution plan*

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at the rates ranging from 3% to 5% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees’ basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed fund manager.

# 23 Expenses by nature

The statement of comprehensive income includes an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Included in costs of contract:*** |  |  |  |  |  |  |  |
| Raw materials and consumables used | 305,771 |  | 451,874 |  | 305,771 |  | 451,874 |
| Subcontract labour cost | 278,942 |  | 47,523 |  | 278,942 |  | 47,523 |
| Employee benefit expenses | 241,968 |  | 207,025 |  | 241,968 |  | 207,025 |
| Depreciation and amortisation | 33,065 |  | 32,919 |  | 33,065 |  | 32,919 |
| Others | 99,112 |  | 58,178 |  | 99,112 |  | 58,178 |
| **Total** | **958,858** |  | **797,519** |  | **958,858** |  | **797,519** |
|  |  |  |  |  |  |  |  |
| ***Included in distribution costs****:* |  |  |  |  |  |  |  |
| Employee benefit expenses | 15,693 |  | 21,771 |  | 15,693 |  | 21,771 |
| Commission expenses | 6,821 |  | 9,291 |  | 6,821 |  | 9,291 |
| Bank charges | 3,362 |  | 2,590 |  | 3,362 |  | 2,590 |
| Others | 489 |  | 848 |  | 489 |  | 848 |
| **Total** | **26,365** |  | **34,500** |  | **26,365** |  | **34,500** |
|  |  |  |  |  |  |  |  |
| ***Included in administrative expenses:*** |  |  |  |  |  |  |  |
| Employee benefit expenses | 67,349 |  | 52,829 |  | 59,947 |  | 52,829 |
| Depreciation and amortisation | 6,036 |  | 5,515 |  | 4,923 |  | 4,464 |
| Rental expenses | 2,452 |  | 1,206 |  | 1,199 |  | 1,206 |
| Penalty fee | 265 |  | 1,354 |  | 265 |  | 1,354 |
| Others | 44,655 |  | 26,441 |  | 40,060 |  | 24,940 |
| **Total** | **120,757** |  | **87,345** |  | **106,394** |  | **84,793** |

**24 Income tax**

***Income tax recognised in profit or loss***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** | | |  | **Separate** | | |
|  |  | **financial statements** | | |  | **financial statements** | | |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht)* | | | | | | |
| **Deferred tax expense** |  |  |  |  |  |  |  |  |
| Movements in temporary |  |  |  |  |  |  |  |  |
| differences |  | (7,289) |  | (1,853) |  | (7,289) |  | (1,853) |
| **Total tax income** |  | **(7,289)** |  | **(1,853)** |  | **(7,289)** |  | **(1,853)** |

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation of effective tax rate*** | 2019 | | |  | 2018 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Loss before income tax |  |  | (159,171) |  |  |  | (39,083) |
| Income tax using the Thai corporation tax rate | 20.0 |  | (31,834) |  | 20.0 |  | (7,817) |
| Expenses with additional deduction for tax proposes |  |  | (514) |  |  |  | (652) |
| Expenses not deductible for tax purposes |  |  | 58 |  |  |  | 24 |
| Current year losses for which no deferred tax |  |  |  |  |  |  |  |
| asset was recognised |  |  | 25,001 |  |  |  | 6,592 |
| **Total** | **4.2** |  | **(7,289)** |  | **5.3** |  | **(1,853)** |

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | |  | 2018 | | |
|  | *Rate*  *(%)* |  | *(in thousand Baht)* |  | *Rate*  *(%)* |  | *(in thousand Baht)* |
| Loss before income tax |  |  | (142,784) |  |  |  | (36,545) |
| Income tax using the Thai corporation tax rate | 20.0 |  | (28,557) |  | 20.0 |  | (7,309) |
| Expenses with additional deduction for tax proposes |  |  | (514) |  |  |  | (652) |
| Expenses not deductible for tax purposes |  |  | 58 |  |  |  | 24 |
| Current year losses for which no deferred tax |  |  |  |  |  |  |  |
| asset was recognised |  |  | 21,724 |  |  |  | 6,084 |
| **Total** | **5.1** |  | **(7,289)** |  | **5.6** |  | **(1,853)** |

|  | Consolidated financial statements | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | Assets | | |  | | Liabilities | | | |
| ***At 31 December*** | 2019 |  | 2018 | |  | | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | |
| Total | 19,733 |  | 12,248 | |  | | (200) |  | (4) |
| Set off of tax | (200) |  | (4) | |  | | 200 |  | 4 |
| **Net deferred tax assets** | **19,533** |  | **12,244** | |  | | **-** |  | **-** |

|  | Separate financial statements | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Deferred tax*** | Assets | | |  | | Liabilities | | | |
| ***At 31 December*** | 2019 |  | 2018 | |  | | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | |
| Total | 19,733 |  | 12,248 | |  | | (200) |  | (4) |
| Set off of tax | (200) |  | (4) | |  | | 200 |  | 4 |
| **Net deferred tax assets** | **19,533** |  | **12,244** | |  | | **-** |  | **-** |

***Deferred tax***

Movements in total deferred tax assets and liabilities during the year were as follows:

|  | **Consolidated and separate financial statements** | | | | |
| --- | --- | --- | --- | --- | --- |
|  | **At**  **1 January**  **2019** |  | (Charged) / credited to  Profit or loss |  | **At**  **31 December**  **2019** |
|  | *(in thousand Baht)* | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |
| Trade accounts receivable (Allowance for doubtful accounts) | 25 |  | 3,576 |  | 3,601 |
| Inventories (Allowance for decline in value) | 1,338 |  | (93) |  | 1,245 |
| Other current liabilities (Provision for loss from contract work) | 753 |  | 2,482 |  | 3,235 |
| Provisions for employee benefits | 10,132 |  | 1,476 |  | 11,608 |
| Finance lease liabilities | - |  | 44 |  | 44 |
| **Total** | **12,248** |  | **7,485** |  | **19,733** |
|  |  |  |  |  |  |
| ***Deferred tax liability*** |  |  |  |  |  |
| Forward contracts | (4) |  | (196) |  | (200) |
| **Total** | **(4)** |  | **(196)** |  | **(200)** |
|  |  |  |  |  |  |
| **Net** | **12,244** |  | **7,289** |  | **19,533** |

|  | **Consolidated and separate financial statements** | | | | |
| --- | --- | --- | --- | --- | --- |
|  | **At**  **1 January**  **2018** |  | (Charged) / credited to  Profit or loss |  | **At**  **31 December**  **2018** |
|  | *(in thousand Baht)* | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |
| Trade accounts receivable (Allowance for doubtful accounts) | 25 |  | - |  | 25 |
| Inventories (Allowance for decline in value) | 1,421 |  | (83) |  | 1,338 |
| Unbilled contract work in progress (Provision for loss from unbilled contract work) | - |  | 753 |  | 753 |
| Provisions for employee benefits | 9,115 |  | 1,017 |  | 10,132 |
| **Total** | **10,561** |  | **1,687** |  | **12,248** |
|  |  |  |  |  |  |
| ***Deferred tax liability*** |  |  |  |  |  |
| Forward contracts | (170) |  | 166 |  | (4) |
| **Total** | **(170)** |  | **166** |  | **(4)** |
|  |  |  |  |  |  |
| **Net** | **10,391** |  | **1,853** |  | **12,244** |

Unutilised tax losses that have not been recognised as deferred tax asset in the financial statements as at 31 December 2019 and 2018 were as follow:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Tax losses | 72,266 |  | 39,976 |  | 59,434 |  | 30,421 |
| **Total** | **72,266** |  | **39,976** |  | **59,434** |  | **30,421** |

The tax losses expire in 2020 to 2024. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.

# 25 Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2019 and 2018 were based on the loss for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(thousand shares / in thousand Baht)* | | | | | | |
| ***Loss attributable to ordinary shareholders*** |  |  |  |  |  |  |  |
| ***for the year ended 31 December*** |  |  |  |  |  |  |  |
| Loss for the year attributable to ordinary |  |  |  |  |  |  |  |
| shareholders of the Company | (151,882) |  | (37,229) |  | (135,495) |  | (34,691) |
|  |  |  |  |  |  |  |  |
| **Number of ordinary** |  |  |  |  |  |  |  |
| **shares outstanding** | **570,511** |  | **570,511** |  | **570,511** |  | **570,511** |
| **Basic loss per share *(in Baht)*** | **(0.27)** |  | **(0.07)** |  | **(0.24)** |  | **(0.06)** |

# 26 Dividends

The shareholders of the Company have approved dividends as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Approval date |  | Payment schedule |  | Dividend rate per share |  | Amount |
|  |  |  |  |  |  | *(Baht)* |  | *(in million Baht)* |
| *2018* |  |  |  |  |  |  |  |  |
| Annual dividend |  | 25 April 2018 |  | May 2018 |  | 0.02 |  | 11.41 |

# 27 Financial instruments

## *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives financial instruments for speculative or trading purposes.

## *Capital management*

The Board of Directors’ policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders’ equity, and also monitors the level of dividends to ordinary shareholders.

## *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group’s operations and its cash flows. Loan to related party interest rate is mainly fixed.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated financial statements** | | | | | | | |
|  |  | Maturity period | | | | | | | |
| ***At 31 December*** | Effective interest rate |  | Within 1 year |  | After 1 year but within  5 years |  | After 5 years |  | Total |
|  | *(% per annum)* |  | *(in thousand Baht)* | | | | | | |
| ***2019*** |  |  |  |  |  |  |  |  |  |
| ***Financial asset*** |  |  |  |  |  |  |  |  |  |
| Loans to related party | 1.25 |  | - |  | 59,953 |  | - |  | 59,953 |
| **Total** |  |  | **-** |  | **59,953** |  | **-** |  | **59,953** |

## *Foreign currency risk*

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group mitigates this risk by opening savings account in U.S. Dollars for liquidity of assets and liabilities which are denominated in foreign currency and utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated financial statements** | | | | | | |
| ***Assets and liabilities denominated in the foreign currencies as at 31 December*** | US Dollars |  | Euro |  | Others |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| **2019** |  |  |  |  |  |  |  |
| Cash and cash equivalents | 34,252 |  | - |  | 1,554 |  | 35,806 |
| Trade accounts receivable | 4,280 |  | - |  | - |  | 4,280 |
| Trade accounts payable | (64,502) |  | (2,247) |  | - |  | (66,749) |
| **Gross statement of financial position exposure** | **(25,970)** |  | **(2,247)** |  | **1,554** |  | **(26,663)** |
| Currency forwards purchase | 64,502 |  | 2,247 |  | - |  | 66,749 |
| Currency forwards sales | (4,280) |  | - |  | - |  | (4,280) |
| **Net exposure** | **34,252** |  | **-** |  | **1,554** |  | **35,806** |
|  |  |  |  |  |  |  |  |
| **2018** |  |  |  |  |  |  |  |
| Cash and cash equivalents | 67,010 |  | - |  | 917 |  | 67,927 |
| Trade accounts receivable | 3,230 |  | - |  | - |  | 3,230 |
| Trade accounts payable | (4,652) |  | - |  | (20) |  | (4,672) |
| **Gross statement of financial position exposure** | **65,588** |  | **-** |  | **897** |  | **66,485** |
| Currency forwards purchase | 4,652 |  | - |  | - |  | 4,652 |
| Currency forwards sales | (3,230) |  | - |  | - |  | (3,230) |
| **Net exposure** | **67,010** |  | **-** |  | **897** |  | **67,907** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Separate financial statements** | | | | | | |
| ***Assets and liabilities denominated in the foreign currencies as at 31 December*** | US Dollars |  | Euro |  | Others |  | Total |
|  | *(in thousand Baht)* | | | | | | |
| **2019** |  |  |  |  |  |  |  |
| Cash and cash equivalents | 17,724 |  | - |  | 20 |  | 17,744 |
| Trade accounts receivable | 4,280 |  | - |  | - |  | 4,280 |
| Loans to related party | 59,953 |  | - |  | - |  | 59,953 |
| Trade accounts payable | (64,502) |  | (2,247) |  | - |  | (66,749) |
| **Gross statement of financial position exposure** | **17,455** |  | **(2,247)** |  | **20** |  | **15,228** |
| Currency forwards purchase | 64,502 |  | 2,247 |  | - |  | 66,749 |
| Currency forwards sales | (4,280) |  | - |  | - |  | (4,280) |
| **Net exposure** | **77,677** |  | **-** |  | **20** |  | **77,697** |
|  |  |  |  |  |  |  |  |
| **2018** |  |  |  |  |  |  |  |
| Cash and cash equivalents | 210 |  | - |  | 41 |  | 251 |
| Trade accounts receivable | 3,230 |  | - |  | - |  | 3,230 |
| Trade accounts payable | (4,652) |  | - |  | (20) |  | (4,672) |
| **Gross statement of financial position exposure** | **(1,212)** |  | **-** |  | **21** |  | **(1,191)** |
| Currency forward purchase | 4,652 |  | - |  | - |  | 4,652 |
| Currency forwards sale | (3,230) |  | - |  | - |  | (3,230) |
| **Net exposure** | **210** |  | **-** |  | **21** |  | **231** |

## *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group’s customer base, management does not anticipate material losses from its debt collection.

## *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and to mitigate the effects of fluctuations in cash flows.

***Carrying amount and fair values***

## The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  | **Consolidated and separate financial statements** | | |
| --- | --- | --- | --- |
|  | Carrying amount |  | Fair value |
|  | *(in thousand Baht)* | | |
| **31 December 2019** |  |  |  |
| **Financial assets and financial liabilities not measured at fair value** |  |  |  |
| Forward exchange contracts | - |  | (1,552) |
| Loans to related party | 60,390 |  | 52,343 |
|  |  |  |  |
| **31 December 2018** |  |  |  |
| **Financial assets and financial liabilities not measured at fair value** |  |  |  |
| Forward exchange contracts | - |  | (271) |

For disclosure purposes, the Group determines Level 2 fair values for forward exchange contracts based on counterparties’ quotes. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk. The Group determines Level 3 fair values for loans to related party based on discounted cash flows. The valuation model considers the present value of expected cash receipts, discounted using a risk-adjusted discount rate.

The fair values of the current portion of financial assets and liabilities such as trade and other accounts receivable, and trade and other accounts payable, are taken to approximate the carrying values due to the relatively short-term maturity of these financial instruments.

**28 Commitments with non-related parties**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Consolidated** | | |  | **Separate** | | |
|  | **financial statements** | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Capital commitment*** |  |  |  |  |  |  |  |
| *Contracted but not provided for:* |  |  |  |  |  |  |  |
| Buildings and equipment | **8,332** |  | **77,843** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| ***Land lease commitments*** |  |  |  |  |  |  |  |
| Within one year | 672 |  | 660 |  | 672 |  | 660 |
| After one year but within five years | 840 |  | 1,512 |  | 840 |  | 1,512 |
| **Total** | **1,512** |  | **2,172** |  | **1,512** |  | **2,172** |
|  |  |  |  |  |  |  |  |
| ***Other commitments*** |  |  |  |  |  |  |  |
| Bank guarantees | 228,778 |  | 336,574 |  | 228,778 |  | 336,574 |
| Letter of credits | 76,409 |  | 1,640 |  | 76,409 |  | 1,640 |
| Purchase orders for goods  and supplies | 36 |  | 2,390 |  | 36 |  | 2,390 |
| **Total** | **305,223** |  | **340,604** |  | **305,223** |  | **340,604** |

As at 31 December 2019 and 2018, the Group had:

1. land lease agreement for the Group’s office location expiring on 31 March 2022.
2. letters of guarantee issued by banks in favor of certain private companies and a government agency for performance guarantees to its customers and electricity usage.
3. purchase forward exchange contracts with domestic banks amounting to US Dollars 2.62 million or equivalent to Baht 80.30 million *(2018: US Dollars 1.56 million or equivalent to Baht 50.85 million)*. All of the contracts will mature during July 2020.
4. sale forward exchange contracts with domestic banks amounting to US Dollars 0.28 million or equivalent to Baht 8.52 million *(2018: US Dollars 0.86 million or equivalent to Baht 27.79 million)*. All of the contracts will mature during June 2020.

**29 Thai Financial Reporting Standards (TFRS) not yet adopted**

New and revised TFRS, which are relevant to the Group’s operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

| **TFRS** | **Topic** |
| --- | --- |
| TFRS 7\* | Financial Instruments: Disclosures |
| TFRS 9\* | Financial Instruments |
| TFRS 16 | Leases |
| TAS 32\* | Financial Instruments: Presentation |
| TFRIC 16\* | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19\* | Extinguishing Financial Liabilities with Equity Instruments |

*\* TFRS - Financial instruments standards*

* 1. ***TFRS - Financial instruments standards***

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

* 1. ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases which the Group is a lessee. As a result, the nature of expenses related to those leases will now change because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 16 on the consolidated and separate financial statements and expects that there will be no material impact on the consolidated and separate financial statements in the period of initial application.