



บริษัท ยูนิมิต เอนจิเนียริง จำกัด (มหาชน)
Unimit Engineering Public Company Limited



2019

ANNUAL REPORT รายงานประจำปี 2562





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1 | ข้อมูลสรุปทางการเงินโดยสรุปของบริษัท / FINANCIAL SUMMARY

ข้อมูลทางการเงิน ณ 31 ธันวาคม 2562-2560

Data from Financial Statement as of December 31, 2019-2017

(หน่วย Unit : ล้านบาท /Million Baht)

รายการ	งบการเงินรวม (ตรวจสอบ) Consolidated (Audited)			งบการเงินเฉพาะกิจการ (ตรวจสอบ) Separate (Audited)		
	2562/2019 Million Baht	2561/2018 Million Baht	2560/2017 Million Baht	2562/2019 Million Baht	2561/2018 Million Baht	2560/2017 Million Baht
รายได้รวม Total Revenues	950.22	880.28	799.73	952.24	880.27	799.72
ต้นทุนและค่าใช้จ่าย Total Cost and Expenses	1,109.39	919.36	783.34	1,095.03	916.81	780.87
กำไรสุทธิ Net Profit	-151.88	-37.23	12.81	-135.50	-34.69	15.28
จำนวนหุ้นที่ชำระแล้ว Number of Paid-up Shares	570.51	570.51	570.51	570.51	570.51	570.51
สินทรัพย์รวม Total Assets	1,561.60	1,646.83	1,650.04	1,593.21	1,656.86	1,754.19
หนี้สินรวม Total Liabilities	253.48	173.10	126.27	244.70	172.85	224.08
ส่วนของผู้ถือหุ้น Shareholder's Equity	1,308.12	1,473.73	1,523.78	1,348.51	1,484.01	1,530.11
กำไรสะสม (ที่ยังไม่ได้จัดสรร) Retained Earning (Unappropriated)	879.15	1,031.04	1,079.67	905.10	1,040.59	1,086.69

อัตราส่วนทางการเงิน / Financial Ratio

Description	Consolidated			Separate		
	2562/2019 Million Baht	2561/2018 Million Baht	2560/2017 Million Baht	2562/2019 Million Baht	2561/2018 Million Baht	2560/2017 Million Baht
อัตรากำไรสุทธิต่อรายได้รวม Net Profit Margin	-15.98	-4.23	1.60	-14.23	-3.94	1.91
อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น Return on Equity	-10.90	-2.48	0.84	-9.60	-2.30	1.00
อัตราส่วนหนี้สินต่อส่วนผู้ถือหุ้น (เท่า) Debt Equity Ratio (time)	0.19	0.12	0.08	0.18	0.12	0.15
กำไรสุทธิต่อหุ้น Net Profit per Share	-0.27	-0.07	0.02	-0.24	-0.06	0.03
มูลค่าหุ้นตามบัญชีต่อหุ้น (บาท) Book Value per Share (Baht)	2.29	2.58	2.67	2.36	2.60	2.68
เงินปันผลต่อหุ้น (บาท)* Dividend per Share (Baht)*	0.00	0.00	0.04	0.00	0.00	0.04

หมายเหตุ : * ที่ประชุมคณะกรรมการครั้งที่ 1/2563 วันที่ 25 กุมภาพันธ์ 2563 มีมติเห็นควรให้นำเสนอต่อที่ประชุมผู้ถือหุ้นอนุมัติงดจ่ายเงินปันผล

Remark : * The Board of Director Meeting No.1/2020 held on February 25, 2020. To propose the shareholder to approve no dividend payment for the year 2019



จากแถวบน ซ้ายไปขวา (Top row, left to right)


- | | | |
|----------------------------------|------------------------------------|-------------------------------------|
| 1. นายคีรินทร์ ชูธรรมสถิตย์ | MR. KEERIN CHUTUMSTID | กรรมการ / DIRECTOR |
| 2. นายประสิทธิ์ หาญปิยวัฒนสกุล | MR. PRASIT HANPIYAVATANASAKUL | กรรมการ / DIRECTOR |
| 3. นายไทยลักษณ์ ลีถาวร | MR. THAILUCK LEETAVERN | กรรมการ / DIRECTOR |
| 4. นายณัฐพล ลีลาวัฒนานันท์ | MR. NATTHAPHON LILAWATTHANANUN | กรรมการอิสระ / INDEPENDENT DIRECTOR |
| 5. นายวินัย เลหาประสิทธิ์ | MR. VINAI LAOHAPRASIT | กรรมการอิสระ / INDEPENDENT DIRECTOR |
| 6. นายพงศ์ศักดิ์ อุทัยสินธุเจริญ | MR. PONGSAK UTAISINCHAROEN | กรรมการอิสระ / INDEPENDENT DIRECTOR |
| 7. นายพงศเฉลิม เฉลิมทรัพย์ากร | MR. PONGCHALERM CHALERMSAPHAYAKORN | กรรมการ / DIRECTOR |

แถวล่างจากซ้ายไปขวา (Bottom row from left to right)


- | | | |
|-------------------------------|--------------------------------|-------------------------------------|
| 8. นายไพศาล สิริจันทร์ดิลก | MR. PAISAN SIRICHANTARADILOK | กรรมการ / DIRECTOR |
| 9. นายไพบูลย์ เฉลิมทรัพย์ากร | MR. PHAIBUL CHALERMSAPHAYAKORN | ประธานกรรมการ / CHAIRMAN |
| 10. นายพงษ์ศักดิ์ อังสุพันธ์ | MR. PONGSUK ANGSPUN | กรรมการอิสระ / INDEPENDENT DIRECTOR |
| 11. นายสุชาติ ธรรมาพิทักษ์กุล | MR. SUCHART THAMMAPITAGKUL | กรรมการอิสระ / INDEPENDENT DIRECTOR |

2 | DIRECTOR PROFILE


1. MR.PHAIBUL CHALERMSAPHAYAKORN

Age	84 Years.	
Nationality	Thai	
Address	471 Soi 33, Mooban Panya, Pattanakarn Bangkok	
Education	- MBA, University of Leicester, U.K. - B. Com. (Honors), University of Delhi, India	
Training	- Director Certification Program (DCP) 64	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – Present	- Chairman / Executive Director	
Listed Company	- No -	
Other Company		
2004 – Present	- Anwabeach Property Co., Ltd / Chairman / Executive Director	
Shareholding Ratio	17,894,100 shares or 3.14%	
Conflict of interest	- No -	


2. MR.PAISAN SIRICHANTARADILOK

Age	64 Years.	
Nationality	Thai	
Address	130 Soi Charan Sanit Wong 52, Bang Yi Khan, Bang Phlat, Bangkok	
Education	- BA Faculty of Engineer, King Mongkut's University of Technology Thonburi	
Training	- Director Accreditation Program (DAP) 56	
Position / Date		
Unimit Engineering Plc.		
07/04/2006 - Present	Director	
2009 – 2017	Chairman of Executive Committee / CO –President	
2019 – Present	Chairman of Executive Committee / President	
Listed Company	- No -	
Other Company	- No -	
Shareholding Ratio	3,411,160 share or 0.60%	
Conflict of interest	- No -	

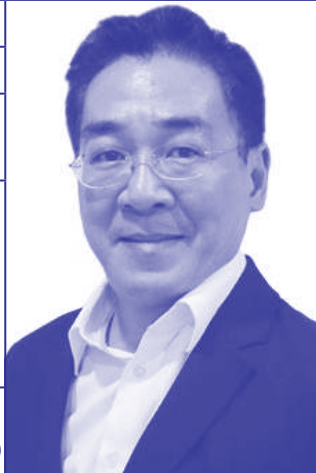
3. MR.PRASIT HANPIYAVATANASAKUL

Age	48 Years.	
Nationality	Thai	
Address	780/504 Supalai Casa Riva Vista1, Bangkho Laem Bangkho Leam, Bangkok	
Education	- BA Accounting, University of the Thai Chamber of Commerce Certified Public Accountant No.4901	
Training	- Director Accreditation Program (DAP) 168/2020 - Chief Finance Officer in Practice Program 9/2019	
Position / Date		
Unimit Engineering Plc.		
13/11/2019 – Present	Director / Executive Committee / CFO	
Listed Company	- No -	
Other Company	Smith Wood Co.,Ltd.	
Shareholding Ratio	0 share or 0%	
Conflict of interest	- No -	


4. MR.THAILUCK LEETAVORN

Age	72 Years.	
Nationality	Thai	
Address	35/1 Soi Sukhumvit 46, Prakanong, Klongtyoey Bangkok	
Education	- MA (Economics), Sul Ross State, USA. - BA (Commerce), Chulalongkorn University, Thailand	
Training	- Director Accreditation Program (DAP) 37 - Director Certification Program (DCP) 64 - Executive Management Program # 4, Capital Market Academy - Advance Audit Committee Program (AACP) No.29 - TLCA Executive Development Program (EDP) No.1	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 - Present	Director	
2006 – 2009	Chairman of Executive Committee, President	
Listed Company		
2012 – Present	Porn Prom Metal Plc. / Independent Director, Chairman of Audit Committee	
2017 – Present	Eastern Commercial Leasing Plc. / Independent Director / Audit Committee	
Other Company	- No -	
Shareholding Ratio	4,831,504 share or 0.85%	
Conflict of interest	- No -	


5. MR.PONGCHALERM CHALERMSAPHAYAKORN

Age	45 Years.	
Nationality	Thai	
Address	471 Soi 33, Mooban Panya, Pattanakarn, Suanlung, Bangkok	
Education	<ul style="list-style-type: none">- MBA, Business Management, Chulalongkorn University- MBA , Political Science, Ramkhamhaeng University- BA, BS. Entrepreneurs Studies/Finance, Babson College, USA	
Training	<ul style="list-style-type: none">- Director Accreditation Program (DAP) 37- TLCA Executive Development Program (EDP) No.10	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – Present	Director	
Listed Company	- No -	
Other Company		
2002 – Present	Bangkok Beer and Beverage Co., Ltd. / Managing Director	
2008 – Present	PBP Property Co., Ltd. / Executive Director	
2005 – Present	Panwabeach Property Co., Ltd. / Executive Director	
Shareholding Ratio	28,650,500 share or 5.02%	
Conflict of interest	- No -	


6. MR.KEERIN CHUTUMSTID

Age	56 Years.	
Nationality	Thai	
Address	51/99 Moo 7, Bangna Trad Rd., Bangkaew, Bangplee, Samutprakarn	
Education	- MBA Thammasat University	
Training	- Director Accreditation Program (DAP) 37 - TLCA Executive Development Program (EDP) No.7	
Position / Date		
Unimit Engineering Plc.		
09/05/2019 – Present	Director	
Listed Company		
Jan 2018 – Present	Kiatana Transport Plc. / Director	
Other Company		
Feb 2016 – Present	Magnolia Quality Development Corporation Limited (MQDC) / President	
Shareholding Ratio	0 share or 0%	
Conflict of interest	- No -	

7. Mr. PONGSAK UTAISINCHAROEN

Age	58 Years.	
Nationality	Thai	
Address	2 Soi Ladprao 118, Wangthonglang, Bangkok	
Education	- Ph.D.in Chemistry / Colorado State University U.S.A	
Training	- Director Accreditation Program (DAP) 37	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – Present	Director	
Listed Company	- No -	
Other Company	- No -	
Shareholding Ratio	20 share or 0%	
Conflict of interest	- No -	


8. MR.PONGSUK ANGSPUN

Age	82 Years.	
Nationality	Thai	
Address	380 Mu 2 Tambol Bangkhen, Amphur Mung, Nonthaburi	
Education	- Master of Economics, University of Canterbury, New Zealand - BA (Commerce) Thammasat University	
Training	- Director Accreditation Program (DAP) 10	
Position / Date		
Unimit Engineering Plc.		
7/4/2005 – Present	Independent Director / Chairman of Audit Committee	
22/2/2018 – Present	Nomination and Remuneration Committee	
Listed Company		
2006 – Present	T.C.J. Asia Plc. / Independent Director / Chairman of Audit Committee	
2001 – Present	Rojana Industries Park Plc. / Independent Director / Chairman of Director	
2000 – Present	Siam Steel Service Center Plc. / Independent Director / Chairman of Audit Committee	
Other Company	- No -	
Shareholding Ratio	0 share or 0%	
Conflict of interest	- No -	


9. MR.NATTAPHON LILAWATHANANUN

Age	62 Years.	
Nationality	Thai	
Address	604/92 Mu 1 Soi Phetkasaem, North-Bangkhae, Bangkhae, Bangkok	
Education	- Master of Business Administration, Chulalongkorn University - Master of Economic Development, (NIDA) - Bachelor of Sciences (Agriculture), Kasetsart University	
Training	- Director Accreditation Program (DAP) 10 - Director Certificate Program (DCP) No. 3	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – Present	Independent Director / Chairman of Audit Committee	
22/02/2018 – Present	Nomination and Remuneration Committee	
Listed Company		
2008 – Present	QTC Energy Plc. / Independent Director / Chairman of Audit Committee	
Other Company		
2018 – Present	Job myway Co., Ltd. / Managing Director / Excellent Digital Development Co., Ltd.	
2013 – Present	NBS Research and Consulting Co., Ltd. / Managing Director	
1997 – Present	Excellent Business Management Co., Ltd. / Managing Director	
Shareholding Ratio	0 share or 0%	
Conflict of interest	- No -	

10. MR.SUCHART THAMMAPITAGKUL

Age	72 Years.	
Nationality	Thai	
Address	230/57 Trogchansapan 3, Thungwatdon, Sathon, Bangkok	
Education	- Master Degree, LL.M. Harvard Law School, USA. - BARRISTER-AT-LAW, Thai Bar Association	
Training	- Director Accreditation Program (DAP) No. 27 - Director Certificate Program (DCP) No. 60	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – President	Independent Director / Audit Committee	
22/02/2018 – President	Chairman of Nomination and Remuneration Committee	
Listed Company		
2012 – Present	Modernform Group Plc./ Independent Director / Chairman of Audit Committee	
2012 – Present	M.F.E.C. Plc. / Independent Director / Chairman of Audit Committee	
Other Company	- No -	
Shareholding Ratio	0 share or 0%	
Conflict of interest	- No -	

11. MR.VINAI LAOHAPRASIT

Age	74 Years.	
Nationality	Thai	
Address	32/3 Soi Ramkhamhaeng 21, Navasri 4, Wangthonglang, Bangkok	
Education	<ul style="list-style-type: none">- Master Degree, M.A. in Economics, Major in International Trade- Bachelor Degree, Economics (English Courses), Major in Finance & Banking, Thammasat University- Northern Illinois University, DeKalb, U.S.A.	
Training	- Director Accreditation Program (DAP) No. 144	
Position / Date		
Unimit Engineering Plc.		
07/04/2005 – Present	Independent Director / Chairman of Audit Committee	
22/02/2018 – Present	Nomination and Remuneration Committee / Chairman of Risk Management Committee and Corporate Governance.	
Listed Company	- No -	
Other Company		
1998 – Present	JVS Financial Advisory Co., Ltd./ President & CEO	
Shareholding Ratio	1,114,500 shares or 0.20%	
Conflict of interest	- No -	

Total contract revenue in 2019 was Baht 888 million, up 5% from 2018. Net loss in 2019 was a record high of Baht 152 million compared to net loss of Baht 37 million in 2018. One of the major reasons for the loss was due to an underestimation of some major projects resulting to substantial cost overrun.

The construction of Phase I of the new factory in Myanmar's Thilawa Special Economic Zone outside of Yangon has been completed and operation has commenced as from February 2020. As Myanmar's investments in the oil and gas and petrochemicals industries have just taken shape, our initial focus will be standard equipment to serve the initial stages. Our Phase II construction will concentrate on the more sophisticated built-to-order equipment, to align with the industrial demand.

Faced with the uncertainties in the Thai and the regional economic growth, competition among steel fabricators is expected to be intense. Unimit has since restructuring its operations to effect cost-cutting measures and improve work efficiency. With the re-engineering, which remains on going, Unimit is confident that its operations will turn into profitability soon.

As we struggle to turn around, I would like to thank the staff and managers of Unimit, vendors, customers and other stakeholders for their commitment and support throughout 2019, as well as their continued support in 2020.



(Phaibul Chalermsoy)
Chairman



The Audit Committee of Unimit Engineering Public Company Limited consists of Mr. Pongsak Angsupun, Mr. Natthaphon Lilawatthanun, Mr. Suchart Thammapitagkul and Mr. Vinai Laohaprasit. The Audit Committee was appointed by the Board of Directors to perform the duties and responsibilities as defined by the Securities and Exchange Commission.

In 2019, The Audit Committee hold 6 meetings to consider the remarks of the Auditor and the Internal Auditor's Reports, then proposed to the Board of Director for consideration. Summary of the key audit matters are as follows;

Reviewed the interim and annual financial report, and found that the reports were accurate and reliable according to general accepted accounting Principle.

Examined the business transactions with related parties and items which may had conflict of interest to ensure that the transaction had been make in accordance with the rules and regulations.

Approved the 2019 internal audit's plan and assessed the internal control system in order to improve the efficiency.

Reviewed the internal auditors' reports to ensure that all department of the company complied with the relevant rules and regulation.

Accessed the independence and performance of the Auditor which resolves to proposed to the Board of Director to appoint Ms. Chana rat Chana, Certified Public Accountant, registration number 9052, or Ms. Dusnee Yimsuwan, Certified Public Accountant, registration number 10235, or Ms. Sophit Prompol, Certified Public Accountant, registration number 10042 from KPMG Phoomchai Audit Ltd as auditors for the annual fee of 1,470,000 Baht.



Mr. Pongsak Angsupun
Chairman of the Audit Committee



Vision

To be the pre-eminent diversified and fully integrated steel fabricator of choice for the global market.

Mission

- To provide value-added partnerships through consistent product quality and outstanding services to all our customers.
- To generate optimum returns for our stakeholders through strong and consistent management practices and planning.
- To accord top priority to the preservation of the environment and the safety of our workers, while fostering attractive conditions for our employees in which to work, learn, and grow professionally.

Nature of Business

During the early 1980s, natural gas was discovered in the Gulf of Thailand. With this discovery, the government supported the use of Liquefied Petroleum Gas (LPG), fostering strong demand for large gas storage tanks

On the 21 April 1982, Unimit Engineering Public Company Limited was established to fulfill that demand and minimize reliance on imports. Joining forces with a Taiwanese engineer, who possessed considerable knowledge, skill, and experience in the design and production of large gas tanks, the company started to design and produce tanks with point was tested and inspected by X-ray and Hydro-static tests.

Due to the increasing demand of its customers and the continuous expansion of its business, the company has increased its registered capital several times. Over the years, the company has developed new production processes to extend its business into sectors other than the petroleum and petrochemical industry, Even though Unimit started off solely as a manufacturer of LPG and other gas storage containers, at present, its business activities cover five categories:

1. Large pressure vessels and other facilities and parts (qualified ASME standard):
 - Spherical tanks, vertical columns, horizontal drums for the storage of pressurized gases such as LPG, ammonium (NH₃), carbon dioxide (CO₂), liquid nitrogen (N₂)
 - Transportable vessels/tanks to be installed on trucks or rail cars (i.e. lorry trucks)
 - Distillation towers/columns for oil refineries and petrochemical industry
 - Reactors used in various industries
 - Jacketed vessels, namely two-layered pressure vessels, used in the food industry
 - Boilers used in various industries
 - Heat exchangers used by oil refineries and petrochemical industry
 - Air receivers and steam drums (used in power plants)
 - Lorry Tank
 - Cryogenic Tank
 - Self – Supporting LPG Lorry Tank
2. Machinery Parts:
 - Fan casings for air pre-heater parts (used in power plants)
 - Emission stacks, incinerator parts (used by industrial plants)
 - Waste water treatment and seawater desalinization systems
3. Non-Pressure Tanks: large chemical API tanks for chemicals or resins, tank farms at oil refineries
4. Steel Structure: piping, stand, rack, support, mostly for the petrochemical, energy, and chemical sectors
5. Mechanical Installation and Assembly of Machinery Parts and Equipment: mostly in conjunction with supply of pressure vessels and steel structures, but also as standalone project.

Important Developments in Recent Times

- 1982 - Established on a 1.2-acre plot of land in Amphoe Phrapradaeng, Samutprakarn.
- 1989 - Built second factory built on an 8-acre plot of land in Amphoe Banbung, Chonburi.
- 1994 - Awarded certifications from the American Society of Mechanical Engineering, U.S.A. (ASME). The certification provides:
 - a) “U” Stamp – production and installation of pressure vessels
 - b) “U2” Stamp – production and installation of level 2 pressure vessels, according to the standards of the National Board of Boilers and Pressure Vessel Inspectors of the USA
 - c) “S” Stamp – production and installation of boilers
 - d) “R” Stamp – certification for repair and upgrading of boilers and pressure vessels by the National Board of Boilers and Pressure Vessel Inspectors
- 1998 - Expanded factory area to 18 acres in Amphoe Banbung to increase production capacity.
- 2000 - Certified by RWTUV of Germany:
 - a) AD-Merkblatt HP 0/TRD 201 Standard Label – assembly and welding of equipment, testing of tools, and controls related to such testing
 - b) DIN EN 729-2 Standard Label – welding procedures
- 2005 - Registered as a public company (with trading name “UEC”) on the Market for Alternative Investment (MAI), on 25 November 2005.
- 2006 - Bought an additional 40- acres plot of land behind the existing factory, in Amphoe Bangbung to increase production capacity.
- 2007 - Registered trademark at trademark office , Department of Intellectual Property
 - Listed on Forbes Asia Magazine’s annual “Top 200 Best Under 1 Billion” list.
 - Selected to be 1 of 62 listed companies to participate in “Thailand Focus 2007 Platforms of Growth”
 - Listed as ASIAMONEY’s “Asia’s Best Managed Company, Small Cap Corporate of the Year”
 - Commissioned second factory in Banbung with BOI privilege.
- 2008 - Bought 24 Rai of land at Mab-ka sub district, Bankai District, Rayong Province
- 2009 - Listed on Forbes Asia Magazine’s annual “Top 200 Best Under 1 Billion” list.
 - Commissioned third factory at Rayong for final assembly of large-sized vessels to service the clients in the Rayong area
 - Certified for OHSAS 18001:2007 “The Occupational Health and Safety Management System”
- 2010 - Certified for ISO 14001:2004 “The Environmental Management System”
 - Re-Certified for ISO 9001:2008 “The Quality Management System Standard”
 - Certified for ISO 3834-2:2005 “Quality requirements for fusion welding of metallic materials.”
- 2011 - Certified for Corporate Social Responsibility (CSR-DIW) B.E.2111
 - Office building construction has been complete and be used since Q4/2554, located at the front of the 1st factory; address No. 10/7-8 Moo 3, Chonburi-Banbueng-Payub Road, Tumbol Nongsaak, Amphur Banbueng, Chonburi.20170.
 - Certified for Corporate Social Responsibility Network (CSR-DIW Networks)
- 2012 - Certified “CSR-DIW Continuous Award 2012” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Certified for Corporate Social Responsibility Network (CSR-DIW Networks)

- 2013
 - Certified “CSR-DIW Continuous Award 2013” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Certified “Green Industry by Ministry of Industry”. To ensure green industry level 3 (Green System) for the Systematic management of the environment, the evaluation follow up.
 - Developed and patented self-supporting (chassis-free) lorry tank for the road transportation of LPG Liquefied Petroleum Gas)
 - Certified for Corporate Social Responsibility Network (CSR-DIW Networks)
- 2014
 - Certified “CSR-DIW Continuous Award 2014” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Established Unimit (Hong Kong) Co., Limited a wholly-owned subsidiary to be a holding company for Unimit Engineering (Myanmar) Co., Limited.
 - Registered Unimit Engineering (Myanmar) Co., Limited as a 100% foreign capital with intended principal business of shop fabrication, field installation and erection work of steel product.
 - Certified for Corporate Social Responsibility Network (CSR-DIW Networks)
- 2015
 - Certified “CSR-DIW Continuous Award 2015” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - To reduce the registered capital from 572,000,000 shares amount 143,000,000 baht (par value 0.25 baht each) to 570,510,600 shares amount 142,627,650 baht (par value 0.25 baht each) by deducting the number of treasury shares 1,489,400 shares (par value 0.25 baht each) amount 372,350 baht.
- 2016
 - Certified “CSR-DIW Continuous Award 2016” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Certified “Green Industry by Ministry of Industry”. To ensure green industry level 3 (Green System) for the systematic management of the environment, the evaluation follow up, and continuing review the development. Duration from September 2, 2016 to September 2019.
- 2017
 - Certified “CSR-DIW Continuous Award 2017” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Received a certificated of Environmental Governance Project Awarded from the Ministry of Industry as an industrial firm that operates in accordance with environmental governance principles.
 - Increasing registered share capital of Unimit (Hong Kong) Co., Ltd. in December 2017 amount 98 Million Baht (USD 3 million dollars) for invest in factory building at indirect subsidiary, Unimit Engineering (Myanmar) Company Limited, Myanmar.
- 2018
 - Self declaration to be member of Private Collective Action Coalition Against Corruption (CAC)
 - Additional increasing registered share capital of Unimit (Hong Kong) Company Limited in October 2018 amount 49 Million Baht (USD 1.5 million dollars) for invest in factory building at indirect subsidiary, Unimit Engineering (Myanmar) Company Limited, Myanmar.
 - Certified “CSR-DIW Continuous Award 2018” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
- 2019
 - Received a certificated as a member of Private Collective Action Coalition Against Corruption (CAC) from Thai Institute of Directors (IOD) by resolution of CAC’s board of director no.4/2018 dated 4 February 2019.
 - Certified “CSR-DIW Continuous Award 2019” Standard for Corporate Social Responsibility, Department of Industrial Works: (CSR-DIW) by Ministry of Industry.
 - Certified “Green Industry by Ministry of Industry”. To ensure green industry level 3 (Green System)
 - The company receives a Certified paying tax within the period and consistently

6 | REVENUE STRUCTURE

The Company had main revenue from the design, fabrication, erection, and modification of steel products for both domestic and export markets.

In 2019, major revenue of approximately 94% was from domestic projects, and 6% was from overseas projects. Revenue by Geographical Segment was shown as following:

Geographical Segment	2019		2018		2017	
	Million Bath	%	Million Baht	%	Million Baht	%
Contract revenues - Domestic	826	87	781	89	615	77
Contract revenues - Export	62	6	65	7	164	21
Total	888	93	846	96	779	98
Others income (interest included)	64	7	34	4	21	2
Total revenues	952	100	880	100	800	100

In 2018, wholly full revenue earned from Unimit due to its new established subsidiaries not yet has income.

Source of Revenues

Kind of Revenues	Revenues from UEC		Revenues from subsidiaries		Total Revenues	
	Million Bath	%	Million Baht	%	Million Baht	%
Contract revenues	888	93	-	-	888	93
Interest income	4	1	-	-	4	1
Net foreign exchange gain	-	-	-	-	-	-
Other income	60	6	-	-	60	6
Total income	952	100	-	-	952	100

Our main clients were from the energy, petrochemicals, and oil & gas industries. Main business segments can be divided into pressure vessels, non-pressure vessels, machinery parts, steel structures, and mechanical installation, with pressure vessels accounting for 68% of total work.

7 | STATE OF THE INDUSTRY AND COMPETITION

To those in 2020 that are an investment plan of Oil & Gas and Petrochemical sector as to improve their efficiency and environment friendly as well as an expansion of Energy sector and an increase number of Power plant; they will generate more work to Unimit. However, Unimit are still facing a competitive market and a skill labor shortage.

8 | RISK FACTORS

Unimit 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. All risks were closely managed by The Board of Executive Director.

Industry Risk

Unimit's products and services are heavily concentrated in the Petrochemicals, Oil & Gas, and Energy sectors. Therefore, any factors, which will impact the investment and capital expansion of Unimit's customers in these industries will also, affect Unimit. As much as possible, Unimit will seek to minimize such risks by diversifying to new or related products and services as well as geographical markets.

Financial Risks

Interest Rate Risk

The Company currently has no outstanding long terms loans and is therefore not exposed to changing interest rates.

Foreign Currency Risk

The Company is exposed to foreign currency risk relating to purchase of imported materials and export sales which are denominated in foreign currencies. The company mitigates this risk by opening saving accounts in U.S. Dollars for liquidity of assets and liabilities which are denominated in foreign currency and utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

Credit Risk

Most of Unimit's customers are well-established and financially stable corporations in the energy and petrochemical industries. Management has analyzed the financial condition of each customer consistently. We found no significant credit risk from its debt collection.

Management will consider provision for bad debt on a case-by-case basis, according to the client's financial history and ability to resume business operations of the debtor.

Raw Material Risk

Material costs account for a substantial part of the total production costs. To control this portion of the production costs, Unimit will quote to customers based on quoted costs from the vendors. After an order is received from the customer, and provided that the offer is still within the validity date, Unimit will place order for the necessary raw materials with these vendors, based on the valid quotation received previously from the vendors. In this way, Unimit can try to minimize fluctuation in the costs of the raw materials, especially that of the steel plates.

According to long time business with continue good relation, Unimit has alliance supplier of raw material both local and abroad. To maintain alliance relation and minimize risk, the company has routine meetings with these suppliers.

Country Risk

Most of our major customers are private non-government entities; therefore, any changes in the political power balance will not have a significant direct impact on Unimit's line of business. However, any changes in government policies which affects business operations and investment environment in our related industries, and any factors which affect the government's ability to function properly, will have impact on Unimit's business.

The Company has monitored the political movement regularly.

Regulation Risk

Just as the current growth in the alternate energy sources is spearheaded by the government's energy policy, any changes or new regulations by the government will continue to impact, directly and indirectly, Unimit's business.

To reduce regulation risk that may affect the company, management has monitored new related regulation changes closely.

Social and Environment Risk

Any changes to the environmental policy and regulations (regarding emission, waste water, etc.) will also have an impact on the investments in the energy and petrochemical industries.

The Company's policy is friendly to the environment and to contribute back to the community, such as hiring an outside agency to properly dispose the waste materials that can be harmful (quantity), to participate community's useful activities in suitable occasions, providing CSR unit for this at.

In recent years, the company got award in the social and environmental as follows;

- | | |
|------|--|
| 2010 | - Certified for ISO 14001:2004 "The Environmental Management System" |
| 2011 | - Received a certificate of industrial enterprises' compliance to social responsibility standard, BE 2011 (CSR-DIW) , Department of Industrial Works . |
| 2012 | - Announce to be the CSR-DIW Network Member as per industrial enterprises' compliance to social responsibility, Department of Industrial
- Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award), BE 2012 (CSR-DIW), Department of Industrial Works. |
| 2013 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2013), BE 2013 (CSR-DIW), Department of Industrial Works .
- Certified "Green Industry by Ministry of Industry". To ensure green industry level 3 (Green System) for the systematic management of the environment, the evaluation follow up, and continuing review the development |
| 2014 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2014), BE 2014 (CSR-DIW), Department of Industrial Works . |
| 2015 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2015), BE 2015 (CSR-DIW), Department of Industrial Works. |
| 2016 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2015), BE 2016 (CSR-DIW), Department of Industrial Works.
- Certified "Green Industry by Ministry of Industry". To ensure green industry level 3 (Green System) for the systematic management of the environment, the evaluation follow up, and continuing review the development Duration from September 2, 2016 to September 2019. |
| 2017 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2017), BE 2017 (CSR-DIW), Department of Industrial Works . |
| 2018 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2018), BE 2018 (CSR-DIW), Department of Industrial Works. |
| 2019 | - Received a certificate of industrial enterprises' compliance to social responsibility standard in continuous (CSR-DIW Continuous Award-2019), BE 2019 (CSR-DIW), Department of Industrial Works. |

CSR Report: http://www.unimit.com/cdr_th.htm

9 | STRUCTURE OF SHAREHOLDING AND MANAGEMENT

Major Shareholder of December 31, 2019

No.	Name	No. of Share	Percentage
1	Ms. Patra Chalernsaphayakorn	29,430,000	5.16
2	Ms. Pannida Chalernsaphayakorn	28,780,000	5.04
3	Mr. Pongchalerm Chalernsaphayakorn	28,650,500	5.02
4	Mr. Jit Sriwannawit	22,664,000	3.97
5	Mr. Anuthra Asawanonda	22,656,164	3.97
6	Mr. Pongthep Utaisinchaoen	22,293,880	3.91
7	Mr. Phaibul Chalernsaphayakorn	17,894,100	3.14
8	Mrs. Pimpa Utaisinchaoen	17,258,520	3.03
9	MRS. LU PAI, CIN-ZU	16,000,000	2.80
10	MRS. LI-CHU CHAO	15,161,120	2.66
Total		220,788,284	38.70

The Board of Director of the company in 2019

No.	Name	Position	Share of 31.12.2019	During 2018	Share of 31.12.2018	Director Skill and Responsibility Training 2019
1	Mr. Phaibul Chalernsaphayakorn	Chairman (Spouse or underage children)	17,894,100 0	0 0	17,894,100 0	
2	Mr. Paisan Sirichantaradilok	Director (Spouse or underage children)	3,411,160 0	0 0	3,411,160 0	
*3	Mr. Prasit Hanpiyavatanasakul	Director (Spouse or underage children)	0 0	0 0	0 0	- DAP 168/2020 - CFO in Practice Program 9/2019
4	Mr. Thailuck Leetavorn	Director (Spouse or underage children)	4,831,504 0	0 0	4,831,504 0	
5	Mr. Pongchalerm Chalernsaphayakorn	Director (Spouse or underage children)	28,650,500 0	0 0	28,650,500 0	
*6	Mr. Keerin Chutumstid	Director (Spouse or underage children)	0 0	0 0	0 0	
7	Mr. Pongsak Utaisinchaoen Ms. Chalanda Utaisinchaoen	Director Spouse	20 0	0 -800	20 800	
8	Mr. Pongsak Angsupun	Independent Director (Spouse or underage children)	0 0	0 0	0 0	
9	Mr. Natthaphon Lilawatthanun	Independent Director (Spouse or underage children)	0 0	0 0	0 0	
10	Mr. Suchart Thammapiatgkul	Independent Director (Spouse or underage children)	0 0	0 0	0 0	
11	Mr. Vinai Laohaprasit	Independent Director (Spouse or underage children)	1,114,500 0	0 0	1,114,500 0	
Total			55,901,784	-800	55,902,584	

* New Director

Meeting sessions of each Board during 2019

No.	Board of Director's Name	Position	Board of Director		Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee and Corporate Governance
1	Mr. Phaibul Chalernsaphayakorn	Chairman	5/5	100%	10/10	-	-	-
*	Mr. Young Tai Lu	Director	4/4	100%	8/8	-	-	-
*	Ms. Vilai Siripoonkiatikul	Director	3/4	75%	5/5	-	-	-
2	Mr. Paisan Sirichantaradilok	Director	5/5	100%	6/6	-	-	-
3	Mr. Thailuck Leetavorn	Director	5/5	100%	-	-	-	-
4	Mr. Pongchalem Chalernsaphayakorn	Director	4/5	80%	-	-	-	-
*	Mr. Nit Poophitayastaporn	Director	1/2	50%	-	-	-	-
5	Mr. Pongsak Utaisinchaoen	Director	5/5	100%	-	-	-	-
6	Mr. Pongsak Angsupun	Independent Director	5/5	100%	-	6/6	3/3	-
7	Mr. Natthaphon Lilawatthanun	Independent Director	4/5	80%	-	6/6	3/3	-
8	Mr. Suchart Thammapitagkul	Independent Director	5/5	100%	-	6/6	3/3	-
9	Mr. Vinai Laohaprasit	Independent Director	4/5	80%	-	4/6	2/3	-
**10	Mr. Keerin Chutumstid	Director	1/2	50%	-	-	-	-
**11	Mr. Prasit Hanpiyavatanasakul	Director	1/1	100%	5/5	-	-	-
Total				86.79%	100%	91.67%	91.67%	100%

* Director resigned

** New Director

Director's Remuneration 2019

No.	Board of Director's Name	Position	Board of Director	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee and Corporate Governance
1	Mr. Phaibul Chalernsaphayakorn	Chairman	352,400	157,600	-	-	-
*	Mr. Young Tai Lu	Director	285,046	118,200	-	-	-
*	Ms. Vilai Siripoonkiatikul	Director	285,046	98,500	-	-	-
2	Mr. Paisan Sirichantaradilok	Director	341,400	78,800	-	-	-
3	Mr. Thailuck Leetavorn	Director	341,400	-	-	-	-
4	Mr. Pongchalem Chalernsaphayakorn	Director	341,400	-	-	-	-
*	Mr. Nit Poophitayastaporn	Director	120,990	-	-	-	-
5	Mr. Pongsak Utaisinchaoen	Director	341,400	-	-	-	-
6	Mr. Pongsak Angsupun	Independent Director	341,400	-	158,100	8,000	-
7	Mr. Natthaphon Lilawatthanun	Independent Director	341,400	-	87,100	8,000	-
8	Mr. Suchart Thammapitagkul	Independent Director	341,400	-	87,100	10,000	-
9	Mr. Vinai Laohaprasit	Independent Director	341,400	-	87,100	8,000	15,000
**10	Mr. Keerin Chutumstid	Director	220,410	-	-	-	-
**11	Mr. Prasit Hanpiyavatanasakul	Director	45,832	19,700	-	-	-
Total			4,040,923	472,800	419,400	34,000	15,000
Total amount							4,982,123

* Director resigned

** New Director

Education and Shareholding of Management as of December 31, 2019

No.	Name	Position	Education	Share of 31.12.2019	During 2018	Share of 31.12.2018
1	Mr. Paisan Sirichantaradilok	President (Spouse or underage children)	Bachelor Degree	3,411,160 0	0 0	3,411,160 0
*2	Mr. Young Tai Lu	President (Spouse or underage children)	Master Degree	1,062,820 0	0 0	1,062,820 0
*3	Ms. Vilai Siripoonkiatikul	Vice President Account & Finance (Spouse or underage children)	Master Degree	6,486,880 0	0 0	6,486,880 0
**4	Mr. Prasit Hanpiyavatanasakul	Vice President Account & Finance (Spouse or underage children)	Bachelor Degree	0 0	0 0	0 0
5	Mr. Bundit Lertprasertsuk	Vice President Marketing (Spouse or underage children)	Master Degree	280,000 0	0 0	280,000 0
*6	Mr. Mongkol Boontem Mrs. Chawanut Boontem	Vice President Factory Spouse	Bachelor Degree	0 1,150,000	0 0	0 1,150,000
7	Mr. Suphonchai Vorasaeng	Vice President Quality Assurance (Spouse or underage children)	Bachelor Degree	200,000 0	0 0	200,000 0
8	Mr. Suchart Vilaivaravit	Assistant Vice President Finance (Spouse or underage children)	Master Degree	0 0	0 0	0 0
9	Mr. Nikorn Khoonkaew	Assistant Vice President HR&GA (Spouse or underage children)	Bachelor Degree	0 0	0 0	0 0
10	Mr. Apichai Nitaskusol Ms. Suwanna Nitaskusol	Assistant Vice President Factory Spouse	High Vocational	0 805,320	0 0	0 805,320
**11	Mr. Chairat Keawha	Assistant Vice President Factory (Spouse or underage children)	Bachelor Degree	80,000 0	0 0	80,000 0

* Management resigned

** New Management

Remuneration of Directors and Executives

Detail of financial remuneration of Directors and Executive in fiscal year 2019 consisted of

- Director's Remuneration 2019 : 12 Directors of the company were awarded at total of 5 million Baht by approval from 2019 Annual General Meeting date 26 April ,2019
- Travelling Allowance : Paid to Directors whose attended Directors Meeting amount 5,000 Baht each attendance
- Executives' Remuneration : Total 11 Assistant Vice President and higher positions person were awarded in form of salaries and bonus of 18.7 million Baht, provident fund contributions, social welfare tax and group health insurance of 1.6 million Baht

Dividend Policy

The company has the policy to annually pay dividend no less than 40% of the net profit corporate tax and reserve each year, except the company has necessary to use the cash to expand business. The dividend payment shall be approved by the shareholder meeting.

1. Supervision of Business

The Board of Directors of the Company is always adhered to the principle of good governance for listed companies. The Board of Directors will determine policy and directions of the Company's business, and will supervise operation of the management to ensure guidelines are as followed. The supervision covers such aspects as rights and equality of shareholders and interested parties, including roles, duties, responsibilities and independence of the Board of Directors, disclosure of information and transparency, risk control and management and business code.

2. Rights and Equality of Shareholders

The company recognizes the importance of shareholders and develops policy on equal treatment to all shareholders in accordance with the law. The policy includes such matters are right to attend shareholders' meeting, right to express opinion and advice and right to consider any business matters of the company, right of proxy and right to vote by proxy, right of election and remove each director, right to vote for appointment and to determine fees for auditors and right to access database of operating result and administrative policy of the Company.

3. Rights of Interested Parties

The Company recognizes the importance of all groups of interested parties such as shareholders, clients, business partners, management, staff, society and environment. The Company also recognizes the right of interested parties by complying with the laws, ensuring that such rights will be protected, and that the principle of equal treatment is adhered to. The Company supports good collaboration among interested companies and parties with the aim to create stability, more employments and even steadier position in the business.

4. Shareholders' Meeting

The Company highly considers the importance of shareholders' meeting. This is well reflected in annual ordinary meeting that is held once in every year. The Board of Directors will consider and determine what agenda to be put in the meeting, and what other agenda that will be required in order to allow equal rights for all shareholders to raise questions, express opinion and give advice to the meeting following those agenda.

The Company operates his policy of running a meeting that is transparent and in accordance with the laws and regulations of the Stock Exchange of Thailand. All shareholders will enjoy the right and equality in having the access to sufficient information required for making their decision. In addition, shareholders will be assured of convenience in votes will be given to shareholders before the meeting actually takes place.

5. Leadership and Visions of the Board of Directors

The Board of Directors consists of professionals that demonstrate leadership, good vision and independence to make decision and to take responsibility of supervising the Company's business to maximize benefits for the Company and all shareholders. The role of the Board of Directors is to consider and give approval for the determination of mission, goals, business plans and budgets of the Company as proposed by the management. Its role is also to supervise and ensure that the operation is carried out following the established guidelines effectively. There is a clear separation of roles and duties between the Board of Director and the management, and between the Board of Directors and shareholders.

6. Related Transaction and Prevention of Conflicts of Interest

The Board of Directors is always cautious about the related transactions and conflicts of interest. The Company has carefully determined steps and processes of consideration based on the principle of good faith, sound reasons and independence within the scope of good business ethics. The Company also values sufficient disclosure of information to prevent any conflicts of interest. As regards the use of internal information, no directors and management of the Company may use and/or disclose the information for the purpose of purchase, sell, transfer and take the transfer of securities issued by the Company prior to the public disclosure of information. All directors and management officers acknowledge the requirements of the SEC and the SET in respect of disclosing information on the security trading and strictly comply with such requirements.

7. Business Ethics

To ensure that the Code of Business Conduct is strictly adhered to, the Company promotes transparent business guidelines based on the principle of good faith and fairness. The Board of Directors, management officers and all staff are well informed of the Company's missions and objectives including scope of liability under the laws and the Company's regulations.

8. Balance of Powers of Non-Executive Directors

The Board of Directors of the Company consists of no less than 5 directors. The Board of Directors shall select one of them to become the Chairman of the Board of Directors. The Board of Directors may also select one or several directors to become the Vice-Chairman if it is deemed appropriate.

The Board of Directors of the Company consists of independent directors at least one-third of the Board of Directors, but no less than 4 directors for the purpose of balancing the power of the directors. The Board of Directors has the term of office of 2 years.

As at year end 2019 there are in total 11 directors:

- 5 Non-Executive Directors
- 2 Executive Director
- 4 Independent Directors

9. Amalgamation or Separation of Powers

The Company has separated powers and determined interrelated roles and duties in developing policies on supervision and routine management. No one may hold the position of Chairman of the Board of Directors the same time when holding the position of Managing Director. In addition, the Board of Directors of the Company consists of independent directors resulting in the balance of powers and in the supervision of performance. There is also separation of powers and determination of interrelated roles and duties in developing policies on supervision and routine management in a manner that no one in the Board of Directors may have absolute and unlimited powers.

10. Remunerations

The Company has fixed remunerations for directors taking into consideration transparency and approval from shareholders. The remunerations are fixed commensurate with roles and duties that each director has and with the financial status of the Company. Each director that is assigned to take the position of director in other boards will be entitled to receive additional remunerations proportionate to the increased works.

Remunerations of executives and staff are fixed in accordance with policies, criteria and rates established by the Board of Directors by taking into consideration operating results of the Company and the performance of each executive and staff.

11. Meeting of the Board of Directors

The Company has fixed one meeting of the Board of Directors in every 3 months. There may be additional meeting when necessary. The Secretary of the Board of Directors will distribute invitation to meeting and other necessary documents to the Board of Directors approximately 7 days in advance of the date scheduled for meeting in order to allow sufficient time for the Board of Directors to consider any matter. Clearly provided in the invitation to the meeting are agenda and related documents. The matters discussed in the meeting will be recorded in writing and minutes of meeting will be certified by the Board of Directors before inspection by related parties.

Attendance of no less than one-half of all directors will be required to constitute a quorum in each meeting. The final decision of the meeting shall be reached by the majority of the meeting.

12. Sub-Committee

The Company has a number of sub-committees to perform the duties of carrying out studies and scrutinizing business matters when necessary, especially in case when neutral opinion is required in reaching a decision and when there is a need to determine policies, roles, duties and work process Example is the case when there is a meeting and the minutes of meeting are required for the Board of Directors' inspection. Sub-Committees consist of:

12.1 Audit Committee

The Board of Directors appoint Audit Committee to have the duties of supervising business of the Company by auditing and ensuring that the Company operates business in accordance with policies and regulations of the Company. Other duties include ensuring that the Company has internal control system and careful risk management system that is appropriate, timely and effective.

Audit Committee has 4 members. At least one of these 4 members must have good knowledge of accounting / finance. Audit Committee must possess qualifications of independence pursuant to the notifications of the Stock Exchange of Thailand regarding qualifications and scope of works of Audit Committee. Each member of the Audit Committee has the term of office of 2 years.

12.2 Executive Committee

The Board of Directors appoint Executive Committee to have the duties of supervising business of the Company by auditing and ensuring that the Company operates business in accordance with policies and regulations of the Company. Included setting management policy as well as resolving operation problem closely.

12.3 Nomination and Remuneration Committee (NRC).

The Nomination and Remuneration Committee was established by the resolution of the Board of Directors' Meeting No.1/2018 on February 22, 2018 to support the good governance of the company. The committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors and sub-committees. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and /or The Share holders' Meeting of such case.

The Nomination and Remuneration Committee has 4 members by more than one-half of the total number of NRC's members must be independent directors. Each member of the Nomination and Remuneration Committee has the term of office of 3 years.

12.4 Risk Management Committee and Corporate Governance.

The Risk Management Committee and Corporate Governance was established by the resolution of the Board of Directors' Meeting No. 1/2018 held on February 22, 2018. Having realized the importance in developing the company's internal risk management system, which is one of the key tools in managing the company's group. And to encourage to uphold good corporate governance principles so that they could undertake business management with efficiency and transparency and strengthen confidence among their shareholders, investors and stakeholders, as well as add value and promote sustainable growth in order to encourage the business operation of the company's group in accordance with the Principles of Good Corporate Governance.

The Risk Management Committee and Corporate Governance has not less than five persons who are directors and executives.

13. Internal Control and Audit System

The Board of Directors has arranged to have internal control and audit system that covers all aspects of business, namely financial control, operational control and risk management with the aim to ensure compliance with related laws, rules and regulations. P&L Internal Audit Company Limited is an independent work unit having duties of carrying out internal control and audit for the Company, assessing sufficiency and appropriateness of internal control and audit, and reporting results of audit directly to the managing director and the audit committee.

The internal Control and Audit Office also has duties of providing measures that prevent directors and executives from trading securities by using insider trading and from committing abusive self-dealing.

14. Report of the Directors

The Board of Directors of the Company has powers and duties to operate business of the Company in accordance with laws, objectives and regulations of the Company and with the resolution of the shareholders' meeting in good faith and in the interest of the Company. The Board of Directors also has to comply with criteria and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission, and to take the highest level of liability for the approval given to the financial statements of the Company. The Board of Directors has thoroughly considered and viewed that such annual reports are prepared in accordance with accounting principles, and that there has been sufficient disclosure of important information in the notes to the financial statements.

15. Relationship with Investors

The Board of Directors operates a policy of disclosing necessary information, either financial or non-financial, on the business and operating results of the Company in a manner that is correct, sufficient, timely and transparent with the aim to ensure equal access to information for all shareholders and interested parties of the Company. There are representatives of the Company to be responsible for investor relations and to convey useful information to shareholders, investors, securities analysts and any concerned persons. The Company disseminates its information via medium of the Stock Exchange of Thailand, newspapers and website of the Company.

16. Code of Conduct

To comply standard operation in business by substantial, the Company has prepared written code of conduct. The code of conduct adapts Unimit's working practice to rules, regulations and guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The handbook is prepared as operation annual of all level employees to acknowledge and practice and to ensure all stakeholders that Unimit run business with ethics and comply with law and regulation. The code of conduct guides to following eight topics;

1. To comply with laws and regulations.
2. To do duty with responsibility, honesty, assiduous and discipline.
3. Conflicts of Interest
4. To keep confidential information of the company.
5. To take care company's assets.
6. Anti-corruption, bribery and providing incentives for performance.
7. To exercise of social and political issues.
8. To treat stakeholders fairly.

Details are set out in Unimit's code of conduct.

Download Code of conduct:

http://www.unimit.com/TH/investor_th/GoodCorporateGovernance/Business%20Ethics.pdf

17. Whistle Blowing and Request

UNIMIT Board of Directors will organize the measuring of whistle blowing to covering any breaking the law, ethic, or any acting, which might cause, to the bribery and corruption of UNIMIT personnel and agents. This to be included the Invalid financial report, internal control defective and mechanisms for protection of the informant in order to have overall taking care of company's benefit from any shareholder.

SUBJECT OF INFORMATION FOR WHISTLE BLOWING AND REQUEST

- Any breaking of the law, company rule, bribery and corruption by UNIMIT personnel and agents.
- Irregular of financial report and internal control system.
- Any effect to the benefit or reputation of the company.

NOTIFICATION CHANNEL FOR WHISTLE BLOWING AND REQUEST

- Feedback Box inside the Company.
- E-mail Address of the President at paisansi@unimit.com
- Letter to:
UNIMIT President
UNMIT Engineering Public Company Limited (Prapadaeng office)
109/92-95 Village No. 19 Soi Suksawat 66, Suksawat Road
Bangpueng Sub-district, Prapadaeng District, Samutprakarn Province 10130
Thailand

And, the internal auditor address following;

P&L Internal Audit Company Limited
73/290-294 The fifth AVENUE Building-B First Floor Krung Thep- Nonthaburi Road
Bangkhen Sub-district, Nonthaburi Province 1100
Thailand

- www.unimit.com

Company Name

Company name	: Unimit Engineering Public Company Limited Listed on MAI Stock Exchange
Business Type	: Business engineering design, shop fabrication, field installation and erection of steel products Used in the production process of industrial plants at local and export.
Trading Name	: UEC
Established	: April 21, 1982
Registration No.	: 0107548000323 (Previous No. 0107574800323)
Address-Office	: 109/92-95 Moo 19, Soi Suksawat 66, Suksawat Road, Phrapradaeng, Samutprakarn 10130 Tel. 02 4630100 Fax. 02 4631910 Email : finance@unimit.com
Address-Factory 1	: 10/7-8 Moo 3, Chonburi-Banbung-Payub Road, Nongchak, Banbung, Chonburi 20170 Tel. 038 485561-4 Fax. 038 485565 Email : marketing@unimit.com
Address-Factory 2	: 10/4 Moo 1 Nongchak, Banbung, Chonburi 20170 Tel. 038 485561-4 Fax. 038 485565
Address-Factory 3	: 99/9 Moo 8, Mabka, Nikompattana, Rayong 21180 Tel. 038 636120
Website	: www.unimit.com, www.unimit.co.th
Capital-Registered	: 142,627,650 Baht (Previous 143,000,000 Baht)
Capital-Paidup	: 142,627,650 Baht (Previous 143,000,000 Baht)
Par Value per Share	: 0.25 Baht
No. of Share	: 570,510,600 Ordinary share (Previous 572,000,000 Ordinary share)
Registrar	: Thailand Securities Depository Co.,Ltd. The Capital Market Academy Building 2/7 Moo 4, North Park, Viphavadi Rangsit 62 Road., Laksi District, Bangkok 10210 Tel. 02 5969000 Fax. 02 8394994
Auditor	: Ms. Chanarat Chanwa CPA (Thailand) Registration No.9052 KPMG Phomchai Audit Co., Ltd. 21 Floor, Empire Tower, 195 South Sathorn Road, Bangkok 10120 Tel. 02 6772000 Fax. 02 6772222
Auditor's fee	: 1,435,000 Baht
Other fee	: None

Internal Auditor	: P&L Internal Audit Company Limited 73/290-94 The Fifth Avenue Building B, 2nd Floor, Bangkok-Nonthaburi Rd., Bangkhen, Muang, Nonthaburi 11000 Tel. 02 5266100 Fax. 02 5267811
Other company in which the proportion of share held is 10% or greater	: None
Other references	: None

Direct Subsidiary

Company name	: Unimit (Hong Kong) Co. Limited
Type of business	: Investing in other company
Ownership interest	: 100%
Address-Office	: Suite B, 12th Floor, Two Chinachem Plaza, 135 Des Voeux Road Central
Capital-Registered	: USD 6,560,000
Capital-Paidup	: USD 6,560,000

Indirect Subsidiary

Company name	: Unimit Engineering (Myanmar) Company Limited
Type of business	: Shop fabrication, field installation and erection of steel products
Ownership interest	: 100%
Address-Office	: Lot No.C-11, Thilawa Special Economic Zone A, Yangon Region, Myanmar
Capital-Registered	: USD 6,500,000
Capital-Paidup	: USD 6,500,000

THE COMPANY'S GROUP CHART AS AT 31 December 2019

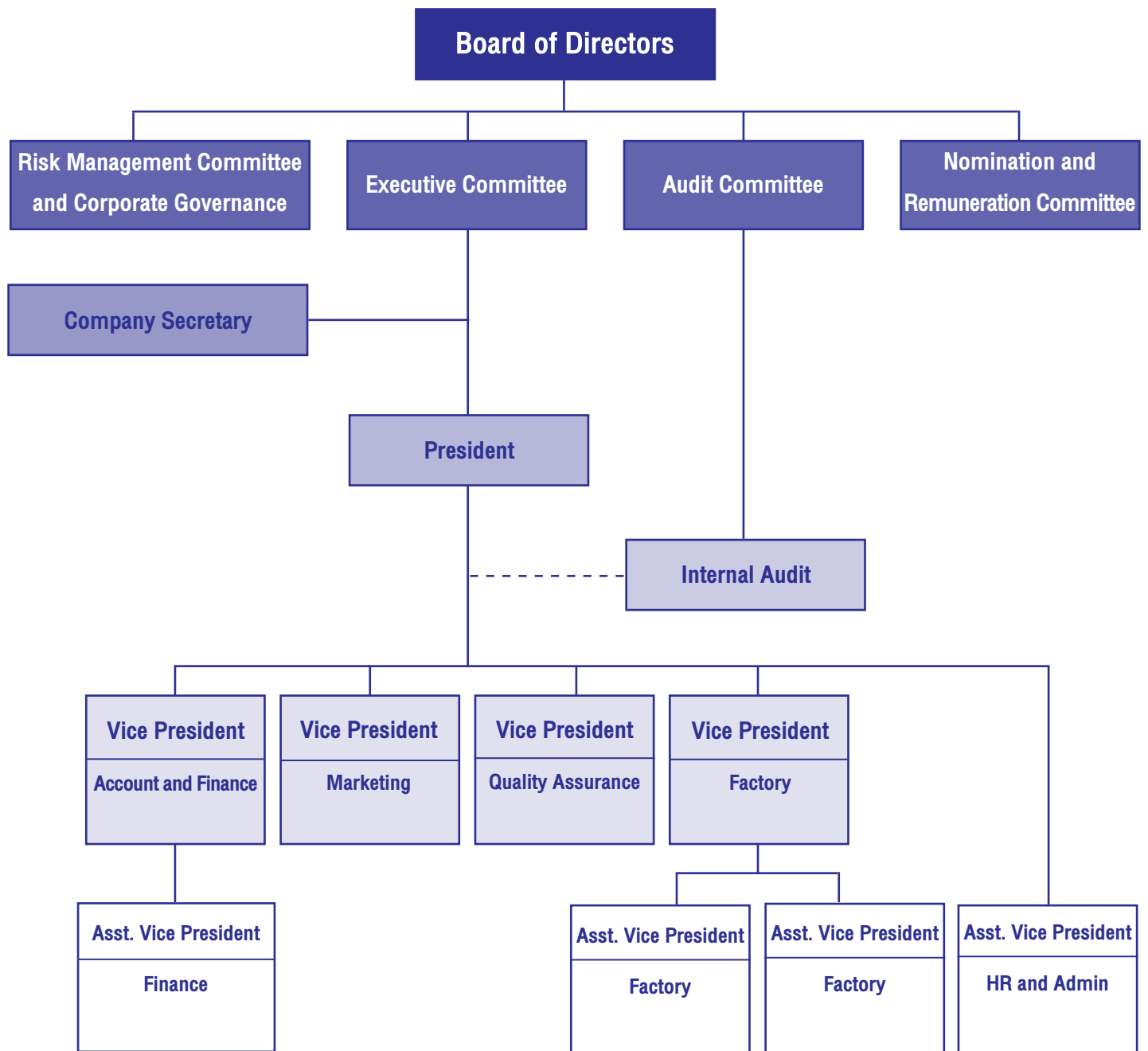
Company Name	Share Holder Name	No. of shares (shares)	share hold (%)	Par value (Baht)	Paid up capital (Baht)
Unimit Engineering Public Company Limited (UEC)		570,510,600		0.25	142,627,650

100%

Company Name	Share Holder Name	No. of shares (shares)	share hold (%)	Par value (USD)	Paid up capital (USD)
Unimit (Hong Kong) Company Limited (UHK)	Unimit Engineering Public Company Limited (UEC)	6,560,000	100	1	6,560,000

100%

Company Name	Share Holder Name	No. of shares (shares)	share hold (%)	Par value (USD)	Paid up capital (USD)
Unimit Engineering (Myanmar) Company Limited (UEM)	Unimit (Hong Kong) Company Limited (UHK)	650,000	100	10	6,500,000



“Group of company” consist of Unimit Engineering Public Company Limited (“Company”) in Thailand and its subsidiaries Unimit (Hong Kong) Company Limited (“Unimit Hong Kong”) and Unimit Engineering (Myanmar) Company Limited (“Unimit Myanmar”)

Overview of business

Unimit Engineering Plc. in Thailand (“Company”) has 100% wholly-owned direct subsidiary Unimit (Hong Kong) Co., Limited which was established in Hong Kong on August 4, 2014. The principal business is to invest in other companies as a holding company. As of December 31, 2018, its registered capital was \$6.56 Million (Baht 214 Million) with the Company’s holding 100% equity shares. The Company also has another indirect subsidiary Unimit Engineering (Myanmar) Co., Limited, which was established in Myanmar on December 26, 2014 and is 100% wholly-owned by Unimit Hong Kong. The principal businesses are shop fabrication, field installation and erection of steel products. As of December 31, 2018, Unimit Myanmar has authorized capital \$6.5 Million (Baht 212 Million)

As at December 31, 2019, the Company and its subsidiaries have total assets of Baht 1,562 million, of which Baht 964 million are Current assets (cash and bank deposit Baht 404 million, accounts receivable Baht 250 million, unbilled contract work in progress Baht 128 million, inventory Baht 182 million) and Baht 598 million are Non-current assets (property, plant, equipment Baht 533 million, land use rights in Myanmar Baht 40 million and others Baht 25 million). Total Liabilities of Baht 254 million are made up of current liabilities Baht 194 million and Non-current liabilities Baht 60 million, with most of the current liabilities being trade accounts payable. The company had no long-term loan or long-term debt. Shareholders’ equity of Baht 1,308 million included un-appropriate retained earnings Baht 879 million.

The company financial structure has sufficient liquidity to invest or expand in suitable opportunity. Year 2019’s liquidity ratio is 5.0 times (2018: 9.0 times), debt equity ratio is 0.2 times (2018: 0.1 times).

Business in 2019 was challenging among very intense competition. The economy was still in the process of unrecovered from 2018 with limited capital expenditures projects under slowdown of the economy. Results of projects, which we got during 2018 were mostly underestimated. In addition, the company had shortened of skilled workers in the 1st half of 2019, which was caused of delayed delivery.

For the year 2019, the company’s group had net loss of Baht 152 million, or loss increased by Baht 115 million. Total revenue Baht 950 million, increased by Baht 70 million from last year (Baht 880 million). The main causes for the higher net loss was because of higher work volume and gain from sales a plot of land over of Baht 55 million. Cost of contract work and selling & administrative expenses of Baht 1,109 million (2018: Baht 919 million) was also higher by Baht 190 million (21%) from last year.

The company’s group had gross margin -8.0% (2018: 5.7%), operating margin -17.9% (2018: -4.6%), net profit margin -16.0% (2018: -4.2%), return on equity (ROE) -10.9% (2018: -2.5%), return on assets (ROA) -9.5% (2018: -2.3%) respectively.

As the company’s group performance had faced a significant loss and intense competition continue in this year. In addition, Myanmar factory has finished in January 2020. The company requires some additional investment for project in Myanmar. As results, the company expected no dividend payment in 2019 (2018: no dividend payment). This needs to be approved at the annual shareholder’s meeting.

Discussion and Analysis: MD&A Financial Position of Company and its subsidiaries

Total assets

As at December 31, 2019 the company and its subsidiaries' total assets amounted to Baht 1,562 million down Baht 85 million (5.2%) from the last year. The major cause was from decreases in short term deposits at financial institutions, unbilled contract work in progress and increases in cash, accounts receivable and property, plant and equipment (mostly increasing is plant under construction in Myanmar).

Majority of Unimit assets are in Thailand and Myanmar, except Baht 404 million for the cash and cash equivalents in subsidiaries' bank deposits at Hong Kong and Myanmar Baht 1 million and Baht 17 million respectively, land lease rights Baht 40 million, factory under construction Baht 184 million in Myanmar, which is finished and commissioned in February 2020.

Changes in financial statement

Current assets

- Cash and cash equivalents Baht 404 million (26% of total assets) increased by Baht 94 million (30%) from last year. It resulted from cash outflow from operating activities Baht 121 million, interest received of Baht 4 million, received in short term deposit Baht 250 million and proceeds from sales of land Baht 67 million, used of fund for office building, equipment and expanding business and intangible assets of Baht 106 million. Major cash deposited in Thailand. The company's cash management policy is to look for highest return and lowest risk without compromising liquidity.

- In 2019, short term deposits at finance institutions of Baht 250 million had been invested and operated by lending to a subsidiary company for \$2 million or equivalent to Baht 60 million in Myanmar. This was a cash management to match with our investment plan.

Trade accounts receivable of Baht 200 million (13% of total assets) increased by Baht 118 million (145%) from last year according to payment term of contract.

Aging analysis and payments are tracked regularly. The allowance for doubtful accounts is assessed primarily on payment histories and future payment expectations of customer. Bad debts are written off when incurred. At the end of year 2019, allowance for doubtful accounts was assessed at Baht 18 million. With major overdue account receivable to be settled within 2020. Any outstanding debt overdue of more than 12 months will be notified by lawyer as necessary and economical.

- Others receivable Baht 50 million increased by Baht 6 million (14%). Major accounts receivable is Revenue Department, increase of Baht 7 million to be Baht 40 million (due to withholding tax more than income tax expenses of 2019 amounting of Baht 24 million and 2018 amounting of Baht 17 million). The rest are normal trading transaction.

Others receivable consisting mainly of account receivable Revenue Department, advance pay for procurement of goods or service, prepaid expenses, accrued interest income, etc.

- Unbilled contract work in process of Baht 128 million (8% of total assets) showed a decrease of Baht 101 million (44%) from last year. This was a consequence of work completion and billing to customer according to term of agreement.

Unbilled contract work in progress is a pro-rated value of the portion of work in progress, calculated by the percentage of work completed method, instead of according to payment terms of contract.

The company has regularly reviewed the progress of work. Any expected loss on a contract is immediately recognized in profit or loss.

- Inventories of Baht 182 million (12% of total assets) decreased by Baht 7 million (4%) from last year, and mainly consisted of Baht 129 million of key raw materials such as steel plates, tank accessories, pipes, flanges and pipe fittings and others such as work in progress, spare parts and supplies, goods in transit and allowance for decline in value.

According to company's policy, procurement would be made after customer confirmed order. Allowance for decline in value of inventories for Baht 6 million set up from disposal inventory.

Non-current assets

- Property, plant and equipment net amount of Baht 533 million (34% of total assets) increased by Baht 55 million (12%) from last year due to investing in fixed asset and construction of plant in Myanmar Baht 106 million. There were depreciation Baht 37 million. Fixed assets' increasing for improve capacity and maintenance or replacement purpose, which are increasing of property, plant and equipment Baht 5 million, furniture and fixture Baht 2 million, asset under construction and installation Baht 99 million (included factory under construction at Myanmar increased Baht 97 million) . All Property, plant and equipment are owned by the company and free from obligation.

- Land lease, rights amounting of Baht 40 million (3% of total assets) decreased by Baht 6 million from last year due to amortization.

On 25 March 2015, subsidiary in Myanmar (UEM) entered in land use rights agreement with a company to use right in Myanmar in the amount of USD 1.55 million. This land use right has contract period for 49 years 2 months and will expire in June 2064.

- Intangible assets (mostly software patents) amounted to Baht 5 million (0.3 % of total assets), nearly same as last year.

- Deferred tax assets amounted to Baht 20 million, increase of Baht 7 million from last year. Major deferred tax assets derived from temporary difference between the accounting and the tax base of allowance for possible expenses and provision of the future liabilities.

Deferred tax assets and liabilities are the amount of income tax paid or repaid in the future, respectively. This is caused by the temporary difference between the carrying amounts of assets and liabilities presented in the statement of financial position and the tax base of the assets and liabilities and unused tax losses.

- Other non-current assets Baht 0.2 million nearly same last year.

Total Liabilities

As at December 31, 2019 the Company and its subsidiaries' total liabilities amounted to Baht 253 million, increased by Baht 80 million (46%) from 2018, majority change of liabilities is normal course of business. The company had no long-term loan or long-term debt.

Total liabilities consisted of trade accounts payable Baht 136 million, other payables Baht 47 million, excess of progress billings over contract work in progress Baht 9 million, other current liability Baht 1 million and employee benefit obligations Baht 58 million.

Changes in financial statement

Current liabilities

Current liabilities amount Baht 194 million an increasing of Baht 71 million (58%) from 2018. This increase was due to higher balance in trade accounts payable Baht 42 million, others account payable Baht 31 million (Including liquidate damages Baht 17 million, other construction payable Baht 10 million), other current liability Baht 3 million.

Non-current liabilities

Employee benefit obligations increased by Baht 7 million (15%) up from Baht 51 million in 2018 to Baht 58 million. In accordance with the latest changes in labor protection act, the employee benefit obligation was provided for, based on actuarial which estimated future expenses for retiring employee.

Shareholders' Equity of company and subsidiary

As at 2019, yearend shareholders' equity decreased by Baht 166 million (11%) from Baht 1,474 million to Baht 1,308 million. This decreased by the un-appropriate retained earnings of Baht 152 million from Baht 1,031 million to Baht 879 million. Other components of equity were reduced to be Baht -14 million (Foreign exchange translation differences).

The decrease of un-appropriate retained earnings Baht 152 million was due to companies' net operating loss Baht 152 million in 2019.

The group of company's Debt Equity Ratio changed to 0.2 times at the end of 2019 from 0.1 times at the end of 2018.

The company and its' subsidiaries had declared no dividend payout from operating results of 2019 and 2018.

Discussion and Analysis: MD&A Result of Operation of company and its subsidiaries

Overview Result of company and its subsidiary

2019's total earnings were solely from the Company and not its subsidiaries. The construction of subsidiary's plant, Unimit Engineering (Myanmar) Co., Ltd. has been completed and commissioned in January. This factory has been started an operation in February 2020.

Major revenue of the Company came from the design, fabrication, erection, and modification of steel products for both domestic and export markets of which approximately 93% was from domestic projects, and 7% was from overseas projects. Revenue by Geographical Segment is shown as below;

Revenue by Geographical Segment

Geographical Segment	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Contract revenues - Domestic	826	87	781	89	615	77
Contract revenues - Export	62	7	65	7	164	21
Total	888	94	846	96	779	98
Others income (interest included)	62	6	34	4	21	2
Total revenues	950	100	880	100	800	100

Our main clients were from the energy, petrochemicals, and oil & gas industries. Main business segments can be divided into pressure vessels, non-pressure vessels, machinery parts, steel structures, and mechanical installation, with pressure vessels accounting for 68% of total work in 2019.

Revenue by product and service

Product	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Pressure Vessels	650	68	565	64	552	69
Machinery Parts	99	10	42	5	53	7
Steel Structure	-	-	-	-	-	-
Chemical Tank	49	5	96	11	37	5
Mechanical Installation	90	10	143	16	137	17
Total contract revenue	888	93	846	96	779	98
Other incomes	62	7	34	4	21	2
Total income	950	100	880	100	800	100

The company has recognized over time based on stage of completion of the contract.

Group's Corporate Revenue

In 2019, the Company and its subsidiaries' total earnings amounted to Baht 950 million, consisting of contract revenue Baht 888 million, interest Baht 4 million, gain from sales a plot of land Baht 55 million and others income Baht 3 million, totally increased by Baht 70 million or 8% from 2018.

The changings are as follow:

Contract revenue of 2019 amounting of Baht 888 million increased by Baht 43 million or 5% from last year (2018 : Baht 846 million) as stated reason above.

Interest income amounting of Baht 4 million decreased by Baht 6 million from last year.

Gain from sales a plot of land amounting of Baht 55 million.

Other income amounting of Baht 3 million decreased by Baht 16 million from last year, this included compensation of Baht 15 million for another party's breach of agreement received in 2018.

Costs and Expenses

In 2019, total costs and expenses is amounting of Baht 919 million, increased by Baht 190 million (21%) from last year to Baht 1,109 million. This resulted from work overload and shortage of skilled workers Q4/2018 and into Q1/2019, resulting on cost overrun in subcontractor cost to complete the work in its' time frame. And another reason is a one-time charge of Baht 13 million to adjust the retirement benefits in accordance with the latest changes in Labor Protection Act.

The changings are as follow:

Cost of contract work amounting to Baht 959 million increased by Baht 161 million (20%) effect from above mentioned.

Selling and administration expenses amount to Baht 150 million increased by Baht 29 million (19%) from last year. This expense included administration expenses of its subsidiaries amounting to Baht 14 million and allowance for doubtful accounts amounting to Baht 17 million.

Tax expense (- income)

2019's Tax income amounting of Baht 7 million was from recognized deferred tax asset. The corporate income tax rate at 20% is the same as last year.

Net Loss

For the year 2019, the Company and its subsidiaries' net loss amounting to Baht 152 million (2018: Loss Baht 37 million) loss increased by Baht 115 million from last year.

Using the weighted average method, basic loss per share were Baht -0.27 and Baht -0.07 for the year 2019 and 2018 (par 0.25 Baht/share) respectively.

Liquidity

As of December 31, 2019, the group of Company's liquidity are in cash and cash equivalent totally amounting to Baht 404 million, decreased by Baht 156 million from last year (2018 : Baht 560 million).

Cash generate in 2019 was Baht 310 million, which came from cash at beginning of the year, of which Baht 121 million use in operating activities, get of Baht 215 million from investment activities.

Group of company's Liquidity ratio was 5.0 times (2018: 9.0 times). Cash flow liquidity ratio equal to -0.8 times (2018: -1.4 times). The Company continues to maintain sufficient liquidity for its ongoing operations.

Return on investment and dividend to shareholders

Return on Equity (ROE) of 2019, 2018 and 2017 was -10.9, -2.5, 0.8 times respectively.

In addition to the meeting of the board of directors no. 1/2020 held on 25 February 2010 proposed a resolution approving no dividend payment of 2019's operating results. However, this resolution must be approved at the annual general meeting of the shareholders.

Discussion and Analysis: MD&A Result of Operation of company

Total assets

As at December 31, 2019 the company's total assets amounted to Baht 1,593 million down Baht 64 million (4%) from the last year. This resulted from decreasing in short term deposits at financial institutions, unbilled contract work in progress, inventory, property, plant and equipment (mostly increasing is plant under construction in Myanmar) and increases in cash, accounts receivable and long-term loan to a subsidiary company.

Changes in financial statement

Current assets

- Cash and cash equivalents Baht 386 million (24% of total assets) increased by Baht 143 million (59%) from last year. It resulted from cash outflow from operating activities Baht 110 million, interest received of Baht 4 million, received in short term deposit Baht 250 million, used cash for office building, equipment and intangible assets of Baht 8 million and proceeds from sales of land Baht 67 million and loan to a subsidiary company Baht 60 million. The company's cash management policy is to look for highest return and lowest risk without compromising liquidity.

- In 2019, short term deposits at finance institutions of Baht 250 million had been invested and operated by lending to a subsidiary company for \$2 million or equivalent to Baht 60 million in Myanmar. This was a cash management to match with our investment plan.

Trade accounts receivable of Baht 200 million (13% of total assets) increased by Baht 118 million (145%) from last year according to payment term of contract.

Aging analysis and payments are regularly tracked. The allowance for doubtful accounts is assessed primarily on payment histories and future payment expectations of customer. Bad debts are written off when incurred. At the end of year 2019, allowance for doubtful accounts was assessed at Baht 18 million. With major overdue account receivable to be settled within 2020. Any outstanding debt overdue of more than 12 months will be notified by lawyer as necessary and economical.

- Others receivable Baht 48 million increased by Baht 3 million (6%). Major accounts receivable are Revenue Department increase of Baht 7 million to be Baht 40 million (due to withholding tax more than income tax expenses of 2019 amounting of Baht 24 million and 2018 amounting of Baht 16 million). The rest are normal trading transaction.

Others receivable consisting mainly of accounts receivable Revenue Department, advance pay for procurement of goods or service, amount due from affiliated company, prepaid expenses, accrued interest income, etc.

- Unbilled contract work in process of Baht 128 million (8% of total assets) showed a decrease of Baht 101 million (44%) from last year. This was a consequence of work completion and billing to customer according to term of agreement.

Unbilled contract work in progress is a pro-rated value of the portion of work in progress, calculated by the percentage of work completed method, instead of according to payment terms of contract.

The company has regularly reviewed the progress of work. Any expected loss on a contract is immediately recognized in profit or loss.

- Inventories amount of Baht 183 million (11% of total assets) decreased by Baht 7 million (4%) from last year, and mainly consisted of Baht 129 million of key raw materials such as steel plates, tank accessories, pipes, flanges and pipe fittings and others such as work in progress, spare parts and supplies, goods in transit and allowance for decline in value.

According to company's policy, procurement would be made after customer confirmed order. Allowance for decline in value of inventories for Baht 6 million set up from disposal inventory.

Non-current assets

- Investment in Subsidiaries amounting of Baht 214 million (13% of total assets)

Unimit Engineering Plc. in Thailand (“Company”) has 100% wholly owned direct subsidiary Unimit (Hong Kong) Co., Limited which was established in Hong Kong on August 4, 2014. The principal business is to invest in other companies as a holding company. As of December 31, 2018, its registered capital was \$6.56 Million (Baht 214 Million) with the Company’s holding 100% equity shares. The Company also has another indirect subsidiary Unimit Engineering (Myanmar) Co., Limited, which was established in Myanmar on December 26, 2014 and is 100% wholly own by Unimit Hong Kong. The principal businesses are shop fabrication, field installation and erection of steel products. As of December 31, 2018, Unimit Myanmar has authorized capital \$6.5 Million (Baht 212 Million)

- Property, plant and equipment net amount of Baht 351 million (22% of total assets) increased by Baht 36 million (9%) from last year due to investing in fixed asset to improve and to replace some items amounting of Baht 11 million. There were depreciation Baht 37 million. Fixed assets’ increasing for improve capacity and maintenance or replacement purpose which are increasing of property, plant and equipment Baht 5 million, furniture and fixture Baht 1 million, motor vehicle Baht 3 million and assets under construction and installation Baht 2 million. All Property, plant and equipment are owned by the company and free from obligation.

- Intangible assets (mostly software patents) amounted to Baht 5 million (0.3 % of total assets), nearly same as last year.

- Deferred tax assets amounted to Baht 20 million, increase of Baht 7 million from last year. Major deferred tax assets derived from temporary difference between the accounting and the tax base of allowance for possible expenses and provision of the future liabilities.

Deferred tax assets and liabilities are the amount of income tax paid or repaid in the future respectively. This is caused by the temporary difference between the carrying amounts of assets and liabilities presented in the statement of financial position and the tax base of the assets and liabilities and unused tax losses.

- Other non-current assets Baht 0.2 million nearly same last year.

Total Liabilities

As at December 31, 2019, the Company total liabilities amounted to Baht 245 million, increased by Baht 72 million (42%) from 2018, majority change of liabilities is normal course of business and the adjustment of retirement benefits in accordance with the latest changes in Labor Protection Act amounting of Baht 13 million. The company had no long-term loan or long-term debt.

Total liabilities consisted of trade accounts payable Baht 136 million, other payables Baht 38 million, excess of progress billings over contract work in progress Baht 9 million, other current liability Baht 2 million and employee benefit obligations Baht 58 million.

Changes in financial statement

Current liabilities

Current liabilities amounting of Baht 185 million an increasing of Baht 63 million (51%) from 2018. This increase was due to higher balance in trade accounts payable Baht 42 million, others account payable Baht 23 million (Including liquidate damages Baht 17 million) and other current liability Baht 2 million.

Non-current liabilities

Employee benefit obligations increased by Baht 7 million (15%) up from Baht 51 million in 2018 to Baht 58 million. In accordance with the latest changes in labor protection act, the employee benefit obligation was provided for, based on actuarial which estimated future expenses for retiring employee.

Shareholders' Equity of company

As at 2019, yearend shareholders' equity decreased by Baht 135 million (11%) from Baht 1,474 million to Baht 1,349 million. This decreased by the un-appropriate retained earnings of Baht 135 million from Baht 1,041 million to Baht 905 million.

The decrease of un-appropriate retained earnings Baht 135 million was due to company net operating loss in 2019.

The company's Debt Equity Ratio changed to 0.2 times at the end of 2019 from 0.1 times at the end of 2018.

Discussion and Analysis: MD&A Result of Operation of company

Overview Result of company

2019's total earnings were solely from the Company. The construction of subsidiary's plant, Unimit Engineering (Myanmar) Co., Ltd. has been completed and commissioned in January. This factory has been started an operation in February 2020.

Major revenue of the Company came from the design, fabrication, erection, and modification of steel products for both domestic and export markets of which approximately 93% was from domestic projects, and 7% was from overseas projects. Revenue by Geographical Segment is shown as below;

Revenue by Geographical Segment

Geographical Segment	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Contract revenues - Domestic	826	87	781	89	615	77
Contract revenues - Export	62	6	65	7	164	21
Total	888	93	846	96	779	98
Others income (interest included)	64	7	34	4	21	2
Total revenues	952	100	880	100	800	100

Our main clients were from the energy, petrochemicals, and oil & gas industries. Main business segments can be divided into pressure vessels, non-pressure vessels, machinery parts, steel structures, and mechanical installation, with pressure vessels accounting for 68% of total work in 2019.

Revenue by product and service

Product	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Pressure Vessels	649	68	565	64	552	69
Machinery Parts	100	11	42	5	53	7
Steel Structure	-	-	-	-	-	-
Chemical Tank	49	5	96	11	37	5
Mechanical Installation	90	9	143	16	137	17
Total contract revenue	888	93	846	96	779	98
Other incomes	64	7	34	4	21	2
Total income	952	100	880	100	800	100

The company has recognized over time based on stage of completion of the contract.

Corporate Revenue

In 2019, the Company's total earnings amounted to Baht 952 million, consisting of contract revenue Baht 888 million, interest Baht 4 million, gain from sales a plot of land Baht 55 million and others income Baht 4 million, totally increased Baht 72 million or 8% from 2018.

The changings are as follow:

Contract revenue of 2019 amounting of Baht 888 million increased by Baht 43 million or 5% from last year (2018 : Baht 846 million) as stated reason above.

Interest income amounting of Baht 4 million decreased by Baht 5 million from last year.

Gain from sales a plot of land amounting of Baht 55 million.

Other income amounting of Baht 3 million decreased by Baht 14 million from last year, this included compensation of Baht 15 million for another party's breach of agreement received in 2018.

Costs and Expenses

In 2019, total costs and expenses is amounting of Baht 1,095 million, increased by Baht 178 million (19%) from last year. This resulted from work overload and shortage of skilled workers Q4/2018 and into Q1/2019, resulting on cost overrun in subcontractor cost to complete the work in its' time frame. And another reason is a one-time charge of Baht 13 million to adjust the retirement benefits in accordance with the latest changes in Labor Protection Act.

The changings are as follow:

Cost of contract work amounting to Baht 959 million increased by Baht 161 million (20%) effect from above mentioned.

Selling and administration expenses is amounting of Baht 136 million increased by Baht 17 million (13%) from last year. This expense included an allowance for doubtful accounts amounting to Baht 17 million.

Tax expense (- income)

2019's Tax income amounting of Baht 7 million was from recognized deferred tax asset. The corporate income tax rate at 20% is the same as last year.

Net Loss

For the year 2019, the Company net loss was amounting of Baht 135 million (2018: Loss Baht 35 million) decreased by Baht 101 million from last year.

Using the weighted average method, basic loss per share were Baht -0.24 and Baht -0.06 for the year 2019 and 2018 (par 0.25 Baht/share) respectively.

Liquidity

As of December 31, 2019, the Company's liquidity is in cash and cash equivalent totally amounting to Baht 386 million, decreased by Baht 106 million from last year (2018 : Baht 492 million).

Cash generate in 2019 was Baht 386 million, which came from cash at beginning of the year, of which Baht 110 million use in operating activities, get of Baht 254 million from investment activities.

The Company's Liquidity ratio was 5.1 times (2018: 8.5 times). Cash flow liquidity ratio equal to -0.7 times (2018: -0.9 times). The Company continues to maintain sufficient liquidity for its ongoing operations.

Return on investment and dividend to shareholders

Return on Equity (ROE) of 2019, 2018 and 2017 was -9.6, -2.3, 1.0 times respectively.

In additional to the meeting of the board of directors no. 1/2020 held on 25 February 2010 proposed a resolution approving no dividend payment of 2019's operating results. However, this resolution must be approved at the annual general meeting of the shareholders.

**Unimit Engineering Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
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บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
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Independent Auditor's Report

To the Shareholders of Unimit Engineering Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Unimit Engineering Public Company Limited and its subsidiaries (the “Group”), and of Unimit Engineering Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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



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Contract revenue and expense recognition	
Refer to Note 3, 9 and 20 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>According to the contracting nature of the business, revenue recognition involves a significant degree of judgment, with estimates being made with respect to:</p> <ul style="list-style-type: none"> - assessing the total contract costs; including forecasted costs to complete; - assessing the stage of completion of the contract; and - appropriately providing for loss making contracts <p>Because of the magnitude of the amounts and the judgments and estimates involved, this is a focused area in my audit.</p>	<p>In this area, my audit procedures included:</p> <ul style="list-style-type: none"> - reading key contracts and inquiring of the Company to gain on understanding of the contractual terms and specific risks to assist me in considering the appropriateness of the recognition of the revenue and contract expenditure; - assessing and testing the operating effectiveness of internal controls related to recognition of the contract revenue and expenditure; - assessing the estimates of the Company on a sample basis to test through the examination of externally generated evidence, such as customer correspondence about stage of work in progress as identified in contracts. Also, inquiring and evaluating key judgments used in the Company's estimates for total contract costs and forecasted costs to complete by taking into account the accuracy of historical estimates and comparing such estimates to the recognition of the actual costs historically incurred and current progress of the contracts and testing the calculations; and - assessing the adequacy of the disclosures in accordance with the Thai Financial Reporting Standards.

Other Information

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

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



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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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



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

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

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

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

(Chanarat Chanwa)
Certified Public Accountant
Registration No. 9052

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2020

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	5	403,659,321	309,827,018	385,597,219	242,151,838
Short-term deposits at financial institutions	6	-	250,000,000	-	250,000,000
Trade accounts receivable	7	199,961,455	81,606,030	199,961,455	81,606,030
Other accounts receivable	4, 8	49,943,585	43,866,880	47,857,848	45,172,075
Unbilled contract work in progress	9	127,745,328	228,982,826	127,745,328	228,982,826
Inventories	10	182,555,768	189,910,988	182,555,768	189,910,988
Total current assets		963,865,457	1,104,193,742	943,717,618	1,037,823,757
Non-current assets					
Investments in subsidiaries	11	-	-	214,000,000	214,000,000
Long-term loans	4	-	-	59,953,400	-
Property, plant and equipment	12	532,944,342	477,700,901	350,924,973	386,520,393
Land use rights	13	40,177,521	46,419,454	-	-
Intangible assets	14	4,905,499	6,093,712	4,905,499	6,093,712
Deferred tax assets	24	19,533,567	12,244,168	19,533,567	12,244,168
Other non-current assets		174,400	174,400	174,400	174,400
Total non-current assets		597,735,329	542,632,635	649,491,839	619,032,673
Total assets		1,561,600,786	1,646,826,377	1,593,209,457	1,656,856,430

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

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
(in Baht)					
Current liabilities					
Trade accounts payable	15	136,212,462	93,785,465	136,212,462	93,785,465
Other accounts payable	16	46,683,545	15,882,273	37,900,035	15,632,637
Excess of progress billings over contract work in progress	9	9,169,346	9,003,523	9,169,346	9,003,523
Current portion of finance lease liabilities		600,178	-	600,178	-
Other current liabilities		1,029,531	3,768,078	1,029,531	3,768,078
Total current liabilities		193,695,062	122,439,339	184,911,552	122,189,703
Non-current liabilities					
Finance lease liabilities		1,748,960	-	1,748,960	-
Non-current provisions for employee benefits	17	58,038,165	50,661,056	58,038,165	50,661,056
Total non-current liabilities		59,787,125	50,661,056	59,787,125	50,661,056
Total liabilities		253,482,187	173,100,395	244,698,677	172,850,759
Equity					
Share capital	18				
Authorised share capital		142,627,650	142,627,650	142,627,650	142,627,650
Issued and paid-up share capital		142,627,650	142,627,650	142,627,650	142,627,650
Additional paid-in capital					
Share premium on ordinary shares	18	286,487,187	286,487,187	286,487,187	286,487,187
Retained earnings					
Appropriated					
Legal reserve	19	14,300,000	14,300,000	14,300,000	14,300,000
Unappropriated		879,153,529	1,031,035,563	905,095,943	1,040,590,834
Other components of equity	19	(14,449,767)	(724,418)	-	-
Total equity		1,308,118,599	1,473,725,982	1,348,510,780	1,484,005,671
Total liabilities and equity		1,561,600,786	1,646,826,377	1,593,209,457	1,656,856,430

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

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Income					
Contract revenue	20	888,222,907	845,705,144	888,222,907	845,705,144
Interest income		3,815,097	9,401,340	4,252,203	9,387,654
Gain from sales of land	21	55,445,482	-	55,445,482	-
Net foreign exchange gain		-	6,383,378	-	6,383,378
Other income	21	2,737,693	18,791,998	4,325,360	18,791,998
Total income		950,221,179	880,281,860	952,245,952	880,268,174
Expenses					
Contract costs	10, 23	958,858,749	797,519,187	958,858,749	797,519,187
Distribution costs	23	26,365,176	34,500,141	26,365,176	34,500,141
Administrative expenses	23	120,756,744	87,345,260	106,394,374	84,793,484
Net foreign exchange loss		3,356,655	-	3,356,655	-
Finance costs		55,288	-	55,288	-
Total expenses		1,109,392,612	919,364,588	1,095,030,242	916,812,812
Loss before income tax		(159,171,433)	(39,082,728)	(142,784,290)	(36,544,638)
Tax income	24	(7,289,399)	(1,853,664)	(7,289,399)	(1,853,664)
Loss for the year		(151,882,034)	(37,229,064)	(135,494,891)	(34,690,974)
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(13,725,349)	(1,414,726)	-	-
Other comprehensive income (expense) for the year		(13,725,349)	(1,414,726)	-	-
Total comprehensive income (expense) for the year		(165,607,383)	(38,643,790)	(135,494,891)	(34,690,974)
Basic loss per share (in Baht)	25	(0.27)	(0.07)	(0.24)	(0.06)

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

Unimit Engineering Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements					
	Retained earnings			Other components of equity		
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated operations	Translating foreign operations	Total equity
	<i>Note</i>		<i>(in Baht)</i>			
Year ended 31 December 2018						
Balance at 1 January 2018	142,627,650	286,487,187	14,300,000	1,079,673,679	690,308	1,523,778,824
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	-	-	-	(11,409,052)	-	(11,409,052)
<i>Total distributions to owners of the Company</i>	-	-	-	(11,409,052)	-	(11,409,052)
Comprehensive income for the year						
Loss	-	-	-	(37,229,064)	-	(37,229,064)
Other comprehensive income (expense)	-	-	-	-	(1,414,726)	(1,414,726)
Total comprehensive income (expense) for the year	-	-	-	(37,229,064)	(1,414,726)	(38,643,790)
Balance at 31 December 2018	142,627,650	286,487,187	14,300,000	1,031,035,563	(724,418)	1,473,725,982

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

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements				
	Retained earnings			Other components of equity	
	Issued and paid-up share capital	Share premium	Legal reserve	Translating foreign operations	Total equity
			<i>(in Baht)</i>		
Year ended 31 December 2019					
Balance at 1 January 2019	142,627,650	286,487,187	14,300,000	1,031,035,563	(724,418)
					1,473,725,982
Comprehensive income for the year					
Loss	-	-	-	(151,882,034)	-
Other comprehensive income (expense)	-	-	-	(13,725,349)	(151,882,034)
Total comprehensive income (expense) for the year	-	-	-	(13,725,349)	(13,725,349)
					(165,607,383)
Balance at 31 December 2019	142,627,650	286,487,187	14,300,000	879,153,529	(14,449,767)
					1,308,118,599

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

Unimit Engineering Public Company Limited and its Subsidiaries
Statement of changes in equity

Separate financial statements						
	Retained earnings					
	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total equity	
Note						
Year ended 31 December 2018						
Balance at 1 January 2018	142,627,650	286,487,187	14,300,000	1,086,690,860		1,530,105,697
Transactions with owners, recorded directly in equity						
Distributions to owners of the Company						
Dividends to owners of the Company	26	-	-	(11,409,052)		(11,409,052)
Total distributions to owners of the Company		-	-	(11,409,052)		(11,409,052)
Comprehensive income for the year						
Loss	-	-	-	(34,690,974)		(34,690,974)
Other comprehensive income (expense)	-	-	-	-		-
Total comprehensive income (expense) for the year		-	-	(34,690,974)		(34,690,974)
Balance at 31 December 2018	142,627,650	286,487,187	14,300,000	1,040,590,834		1,484,005,671

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

Unimit Engineering Public Company Limited and its Subsidiaries
Statement of changes in equity

	Separate financial statements				
	Retained earnings				
	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2019					
Balance at 1 January 2019	142,627,650	286,487,187	14,300,000	1,040,590,834	1,484,005,671
Comprehensive income for the year					
Loss	-	-	-	(135,494,891)	(135,494,891)
Other comprehensive income (expense)	-	-	-	-	-
Total comprehensive income (expense) for the year	-	-	-	(135,494,891)	(135,494,891)
Balance at 31 December 2019	142,627,650	286,487,187	14,300,000	905,095,943	1,348,510,780

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

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Cash flows from operating activities					
Loss for the year		(151,882,034)	(37,229,064)	(135,494,891)	(34,690,974)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax income	24	(7,289,399)	(1,853,664)	(7,289,399)	(1,853,664)
Finance costs		55,288	-	55,288	-
Depreciation and amortisation		39,099,795	38,433,358	37,987,039	37,382,612
Non-current provisions for employee benefits	17	22,968,123	7,394,313	22,968,123	7,394,313
Unrealised (gain) loss on exchange		1,343,667	(112,732)	1,343,667	(112,732)
Doubtful debt expense	7	17,879,521	-	17,879,521	-
Reversal of loss on inventories devaluation	10	(464,407)	(419,220)	(464,407)	(419,220)
(Gain) loss on disposal and write-off of land and equipment		(60,884,979)	89,861	(57,923,221)	89,861
Interest income		<u>(3,815,097)</u>	<u>(9,401,340)</u>	<u>(4,252,203)</u>	<u>(9,387,654)</u>
		(142,989,522)	(3,098,488)	(125,190,483)	(1,597,458)
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(136,186,624)	(2,726,186)	(136,186,626)	(2,726,186)
Other accounts receivable		4,593,343	(7,028,167)	6,378,459	(6,603,444)
Unbilled contract work in progress		101,237,498	(109,308,454)	101,237,498	(109,308,454)
Inventories		7,819,627	(51,498,930)	7,819,627	(51,498,930)
Other non-current assets		-	(2,400)	-	(2,400)
Trade accounts payable		41,231,215	34,044,344	41,231,215	34,044,344
Other accounts payable		30,801,272	3,973,081	22,267,398	3,909,073
Excess of progress billings over contract work in progress		(30,383)	1,130,944	(30,383)	1,130,944
Other current liabilities		(2,738,547)	2,739,491	(2,738,547)	2,739,491
Exchange differences on translating foreign operations		<u>(529,503)</u>	<u>(883,456)</u>	<u>-</u>	<u>-</u>
Net cash used in operating		(96,791,624)	(132,658,221)	(85,211,842)	(129,913,020)
Provisions for employee benefits paid	17	(15,591,014)	(2,307,180)	(15,591,014)	(2,307,180)
Income tax paid		(23,756,659)	(16,659,298)	(23,756,659)	(16,659,298)
Income tax refunded		<u>14,680,698</u>	<u>11,373,201</u>	<u>14,680,698</u>	<u>11,373,201</u>
Net cash used in operating activities		<u>(121,458,599)</u>	<u>(140,251,498)</u>	<u>(109,878,817)</u>	<u>(137,506,297)</u>

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

Unimit Engineering Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>					
Interest received		4,263,933	9,546,751	4,263,933	9,533,065
Decrease in short-term deposits					
at financial institutions	6	250,000,000	301,000,000	250,000,000	301,000,000
Acquisition of building and equipment	12	(105,984,487)	(104,751,145)	(7,997,791)	(17,540,386)
Proceeds from sale of property and equipment		67,289,456	11,556	67,289,456	11,556
Payment of share subscriptions to subsidiary		-	-	-	(147,000,000)
Acquisition of intangible assets	14	-	(1,394,685)	-	(1,394,685)
Loans to related parties	4	-	-	(59,953,400)	-
Net cash from investing activities		215,568,902	204,412,477	253,602,198	144,609,550
<i>Cash flows from financing activities</i>					
Payment by a lessee for reduction of the outstanding liability					
relating to a finance lease		(278,000)	-	(278,000)	-
Dividends paid to owners of the Company	26	-	(11,409,052)	-	(11,409,052)
Net cash used in financing activities		(278,000)	(11,409,052)	(278,000)	(11,409,052)
Net increase (decrease) in cash and cash equivalents		93,832,303	52,751,927	143,445,381	(4,305,799)
Cash and cash equivalents at 1 January		309,827,018	257,075,091	242,151,838	246,457,637
Cash and cash equivalents at 31 December	5	403,659,321	309,827,018	385,597,219	242,151,838
<i>Non-cash transaction</i>					
Purchase of property, plant and equipment					
under finance leases		2,571,850	-	2,571,850	-

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

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Notes to the financial statements
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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, Tambon Bangpueng, Amphur Prapradaeng, Samutprakarn, 10130.

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

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

Factory 3 : 99/9 Moo 8, Tambon Mabka, Amphur 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

Unimit Engineering Public Company Limited and its Subsidiaries
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2 Basis of preparation of the financial statements

(a) 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 initially 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.

(b) Basis of measurement

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

(c) 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.

(d) 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.

Unimit Engineering Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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.

(a) 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.

(b) 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.

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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.

(c) *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.

(d) *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.

(e) *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.

(f) *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.

Unimit Engineering Public Company Limited and its Subsidiaries
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For the year ended 31 December 2019

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.

(g) 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.

(h) 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.

(i) 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.

Unimit Engineering Public Company Limited and its Subsidiaries
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(j) 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.

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(k) 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.

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

(m) 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.

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Notes to the financial statements
For the year ended 31 December 2019

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) 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.

(p) 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.

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(q) 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 categorised 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.

(r) 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.

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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.

(s) *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.

(t) *Investment income*

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

(u) *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.

(v) *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.

(w) *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.

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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.

(x) *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.

(y) *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.

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(z) 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 /nationality	Nature of relationship
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

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

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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:

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

<i>Movement of loans to related party</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	At 1 January	Increase (in million US Dollars)	Decrease	At 31 December
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.

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5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Billed receivables</i>				
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 financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
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

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9 Contract work in progress

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

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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	<u>27,161</u>	<u>7,279</u>	<u>27,161</u>	<u>7,279</u>
Total	<u>188,780</u>	<u>196,600</u>	<u>188,780</u>	<u>196,600</u>
Less Allowance for decline in value	<u>(6,224)</u>	<u>(6,689)</u>	<u>(6,224)</u>	<u>(6,689)</u>
Net	<u>182,556</u>	<u>189,911</u>	<u>182,556</u>	<u>189,911</u>
Inventories recognised as an expense in 'contract costs'				
- Cost	959,324	797,938	959,324	797,938
- Reversal of write-down	<u>(465)</u>	<u>(419)</u>	<u>(465)</u>	<u>(419)</u>
Total	<u>958,859</u>	<u>797,519</u>	<u>958,859</u>	<u>797,519</u>

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11 Investments in subsidiaries

	Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
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.

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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	2019	2019	2019	2019	2019
	thousand	thousand	thousand	thousand	(in thousand Baht)	thousand
	US Dollars	US Dollars	US Dollars	US Dollars		
Direct subsidiary						
Unimit (Hong Kong) Co., Limited (“UHK”)	6,560	6,560	6,560	6,560	-	214,000
Total				214,000	-	214,000
Indirect subsidiary						
Unimit Engineering (Myanmar) Company Limited (“UEM”)	6,500	6,500	6,500	6,500	-	212,000
Total				212,000	-	212,000

Notes to the financial statements

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Unimit Engineering Public Company Limited and its Subsidiaries

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	Consolidated financial statements					
	Land and improvements	Buildings	Machinery and equipment	Furniture and fixtures (in thousand Baht)	Vehicles	Assets under construction and installation
<i>Net book value</i>						
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
Assets under finance leases	-	-	-	-	-	2,399
Total	145,908	125,872	67,316	2,970	3,884	186,994
						532,944

Unimit Engineering Public Company Limited and its Subsidiaries

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Separate financial statements

	Land and improvements	Buildings	Machinery and equipment	Furniture and fixtures (in thousand Baht)	Vehicles	Assets under construction and installation	Total
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

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	Separate financial statements					Assets under construction and installation	Total
	Land and improvements	Buildings	Machinery and equipment	Furniture and fixtures (in thousand Baht)	Vehicles		
<i>Net book value</i>							
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

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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

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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 financial statements		Separate 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 financial statements		Separate 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

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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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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.

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<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate 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.

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	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)

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	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

<i>Authorised/issued and paid-up shares</i>	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
			(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

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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

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

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

For the year ended 31 December	Separate financial statements					
	Segment 1		Segment 2		Total	
	2019	2018	2019	2018	2019	2018
			<i>(in thousand Baht)</i>			
Contract revenue	826,159	780,752	62,064	64,953	888,223	845,705
Other income	-	-	601	780	601	780
Total revenues	<u>826,159</u>	<u>780,752</u>	<u>62,665</u>	<u>65,733</u>	<u>888,824</u>	<u>846,485</u>

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

For the year ended 31 December	Consolidated financial statements					
	Segment 1		Segment 2		Total	
	2019	2018	2019	2018	2019	2018
			<i>(in thousand Baht)</i>			
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	<u>334,600</u>	<u>386,520</u>	<u>184,073</u>	<u>91,181</u>	518,673	477,701
Unallocated assets					700,951	858,536
Total assets					<u>1,547,330</u>	<u>1,646,826</u>

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For the year ended 31 December	Consolidated financial statements					
	Segment 1		Segment 2		Total	
	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>					
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.

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22 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Management</i>				
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
	<u>26,949</u>	<u>23,163</u>	<u>25,367</u>	<u>23,163</u>
<i>Other employees</i>				
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
	<u>298,061</u>	<u>258,462</u>	<u>292,241</u>	<u>258,462</u>
Total employee benefit expenses	<u>325,010</u>	<u>281,625</u>	<u>317,608</u>	<u>281,625</u>

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.

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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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Included in costs of contract:</i>				
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
<i>Included in distribution costs:</i>				
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
<i>Included in administrative expenses:</i>				
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 financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
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)

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<i>Reconciliation of effective tax rate</i>	Consolidated financial statements			
	2019	2018		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
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		
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
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)

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

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

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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 (in thousand Baht)	At 31 December 2019
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 (in thousand Baht)	At 31 December 2018
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

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

26 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2018				
Annual dividend	25 April 2018	May 2018	<u>0.02</u>	<u>11.41</u>

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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.

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

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.

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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:

<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	Consolidated financial statements			
	US Dollars	Euro	Others	Total
		<i>(in thousand Baht)</i>		
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
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	Separate financial statements			
	US Dollars	Euro	Others	Total
		<i>(in thousand Baht)</i>		
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

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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
	<i>(in thousand Baht)</i>	
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.

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28 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Capital commitment				
<i>Contracted but not provided for:</i>				
Buildings and equipment	<u>8,332</u>	<u>77,843</u>	<u>-</u>	<u>-</u>
Land lease commitments				
Within one year	672	660	672	660
After one year but within five years	840	1,512	840	1,512
Total	<u>1,512</u>	<u>2,172</u>	<u>1,512</u>	<u>2,172</u>
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	<u>305,223</u>	<u>340,604</u>	<u>305,223</u>	<u>340,604</u>

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

- land lease agreement for the Group's office location expiring on 31 March 2022.
- 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.
- 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.
- 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

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** TFRS - Financial instruments standards*

(a) 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.

(b) 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.

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