

Advanced Information Technology Public Company Limited  
Review report and interim financial information  
For the three-month and nine-month periods ended  
30 September 2020

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Advanced Information Technology Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Advanced Information Technology Public Company Limited and its subsidiary as at 30 September 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Advanced Information Technology Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

**Emphasis of Matter**

I draw attention to Note 1.5 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and nine-month periods ended 30 September 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 10 November 2020

**Advanced Information Technology Public Company Limited and its subsidiary**

**Statement of financial position**

**As at 30 September 2020**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		202,737	190,182	202,737	190,182
Trade and other receivables	4	3,067,203	2,268,610	3,067,203	2,268,610
Contract assets - unbilled receivables	5	1,611,589	1,705,039	1,611,589	1,705,039
Short-term loan to related party	3	1,000	-	1,000	-
Inventories		1,854,810	745,931	1,854,810	745,931
Advances for goods and services		83,356	156,426	83,356	156,426
Other current assets		147,459	150,809	147,459	150,809
<b>Total current assets</b>		<b>6,968,154</b>	<b>5,216,997</b>	<b>6,968,154</b>	<b>5,216,997</b>
<b>Non-current assets</b>					
Other non-current financial assets	6	84,991	-	84,991	-
Investment in subsidiary	7	-	-	-	-
Investments in joint ventures	8	32,518	38,026	170,000	170,000
Investments in related party		-	84,991	-	84,991
Property, plant and equipment	9	94,465	101,898	94,465	101,898
Right-of-use assets		24,622	-	24,622	-
Equipment for lease	10	109,559	120,565	109,559	120,565
Intangible assets		34,732	36,190	34,732	36,190
Withholding tax deducted at sources		10,725	12,767	10,725	12,767
Deferred tax assets		86,075	67,863	86,075	67,863
Other non-current assets		90,764	49,316	90,764	49,316
<b>Total non-current assets</b>		<b>568,451</b>	<b>511,616</b>	<b>705,933</b>	<b>643,590</b>
<b>Total assets</b>		<b>7,536,605</b>	<b>5,728,613</b>	<b>7,674,087</b>	<b>5,860,587</b>

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

**Advanced Information Technology Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 30 September 2020**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	11	1,330,810	400,000	1,330,810	400,000
Trade and other payables	12	1,521,894	738,499	1,521,894	738,499
Unbilled payables		809,766	713,542	809,766	713,542
Current portion of liabilities under financial arrangement agreements	13	129,445	42,587	129,445	42,587
Current portion of lease liabilities		9,660	-	9,660	-
Income tax payable		33,119	32,405	33,119	32,405
Advances received from customers		465,808	544,483	465,808	544,483
Provision for penalty on projects delay		78,780	115,549	78,780	115,549
Other current liabilities		88,239	94,983	88,239	94,983
<b>Total current liabilities</b>		<b>4,467,521</b>	<b>2,682,048</b>	<b>4,467,521</b>	<b>2,682,048</b>
<b>Non-current liabilities</b>					
Liabilities under financial arrangement agreements - net of current portion	13	136,574	62,918	136,574	62,918
Lease liabilities - net of current portion		15,261	-	15,261	-
Provision for long-term employee benefits		138,962	97,769	138,962	97,769
<b>Total non-current liabilities</b>		<b>290,797</b>	<b>160,687</b>	<b>290,797</b>	<b>160,687</b>
<b>Total liabilities</b>		<b>4,758,318</b>	<b>2,842,735</b>	<b>4,758,318</b>	<b>2,842,735</b>

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

**Advanced Information Technology Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 30 September 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
206,320,897 ordinary shares of Baht 5 each	1,031,604	1,031,604	1,031,604	1,031,604
Issued and fully paid-up				
206,320,897 ordinary shares of Baht 5 each	1,031,604	1,031,604	1,031,604	1,031,604
Share premium	303,437	303,437	303,437	303,437
Retained earnings				
Appropriated - statutory reserve	103,161	103,161	103,161	103,161
Unappropriated	1,337,519	1,445,110	1,477,567	1,579,650
Other components of shareholders' equity	2,566	2,566	-	-
<b>Total shareholders' equity</b>	<b>2,778,287</b>	<b>2,885,878</b>	<b>2,915,769</b>	<b>3,017,852</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,536,605</b>	<b>5,728,613</b>	<b>7,674,087</b>	<b>5,860,587</b>
	-	-	-	-

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

Directors

**Advanced Information Technology Public Company Limited and its subsidiary****Statement of comprehensive income****For the three-month period ended 30 September 2020**

(Unit: Thousand Baht except earnings per share expressed in Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Profit or loss</b>					
<b>Revenues</b>					
Sales and service income		2,179,934	1,745,189	2,179,934	1,745,189
Rental income from equipment for lease		34,037	29,527	34,037	29,527
Other income		27,137	24,179	27,137	24,179
<b>Total revenues</b>		<u>2,241,108</u>	<u>1,798,895</u>	<u>2,241,108</u>	<u>1,798,895</u>
<b>Expenses</b>					
Cost of sales and service		1,820,024	1,516,030	1,820,024	1,516,030
Cost of equipment for lease		19,791	17,253	19,791	17,253
Selling and distribution expenses		77,179	45,307	77,179	45,307
Administrative expenses		139,067	98,925	139,067	98,925
<b>Total expenses</b>		<u>2,056,061</u>	<u>1,677,515</u>	<u>2,056,061</u>	<u>1,677,515</u>
<b>Profit from operating activities</b>		185,047	121,380	185,047	121,380
Share of loss from investments in joint ventures	8	(1,309)	(6,886)	-	-
Finance income		111	159	111	159
Finance cost		(6,527)	(3,292)	(6,527)	(3,292)
<b>Profit before income tax expenses</b>		<u>177,322</u>	<u>111,361</u>	<u>178,631</u>	<u>118,247</u>
Income tax expenses	14	(40,125)	(24,712)	(40,125)	(24,712)
<b>Profit for the period</b>		<u>137,197</u>	<u>86,649</u>	<u>138,506</u>	<u>93,535</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be classified to profit or loss in subsequent periods</i>					
Share of other comprehensive income from investment in joint venture	8	-	(128)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	(128)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax		-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	-	-	-
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>(128)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>137,197</u>	<u>86,521</u>	<u>138,506</u>	<u>93,535</u>
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	15	0.66	0.42	0.67	0.45

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

**Advanced Information Technology Public Company Limited and its subsidiary****Statement of comprehensive income****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht except earnings per share expressed in Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Profit or loss</b>					
<b>Revenues</b>					
Sales and service income		4,504,377	4,666,667	4,504,377	4,666,667
Rental income from equipment for lease		97,245	84,403	97,245	84,403
Other income		58,616	42,314	58,616	42,314
<b>Total revenues</b>		<u>4,660,238</u>	<u>4,793,384</u>	<u>4,660,238</u>	<u>4,793,384</u>
<b>Expenses</b>					
Cost of sales and service		3,728,138	3,980,650	3,728,138	3,980,650
Cost of equipment for lease		58,311	44,875	58,311	44,875
Selling and distribution expenses		186,044	139,682	186,044	139,682
Administrative expenses		344,345	263,758	344,345	263,758
<b>Total expenses</b>		<u>4,316,838</u>	<u>4,428,965</u>	<u>4,316,838</u>	<u>4,428,965</u>
<b>Profit from operating activities</b>		343,400	364,419	343,400	364,419
Share of loss from investments in joint ventures	8	(5,508)	(26,394)	-	-
Finance income		499	2,599	499	2,599
Finance cost		(16,260)	(5,156)	(16,260)	(5,156)
<b>Profit before income tax expenses</b>		<u>322,131</u>	<u>335,468</u>	<u>327,639</u>	<u>361,862</u>
Income tax expenses	14	(74,796)	(76,209)	(74,796)	(76,209)
<b>Profit for the period</b>		<u>247,335</u>	<u>259,259</u>	<u>252,843</u>	<u>285,653</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be classified to profit or loss in subsequent periods</i>					
Share of other comprehensive income from investment in joint venture	8	-	(5,105)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	(5,105)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		(14,497)	11,328	(14,497)	11,328
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(14,497)	11,328	(14,497)	11,328
<b>Other comprehensive income for the period</b>		<u>(14,497)</u>	<u>6,223</u>	<u>(14,497)</u>	<u>11,328</u>
<b>Total comprehensive income for the period</b>		<u>232,838</u>	<u>265,482</u>	<u>238,346</u>	<u>296,981</u>
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	15	1.20	1.26	1.23	1.38

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



(Unaudited but reviewed)

Advanced Information Technology Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated	Unappropriated	Share of other comprehensive income from joint venture	
<b>Balance as at 1 January 2019</b>	1,031,604	303,437	103,161	1,275,642	7,670	2,721,514
Profit for the period	-	-	-	259,259	-	259,259
Other comprehensive income for the period	-	-	-	6,223	-	6,223
Total comprehensive income for the period	-	-	-	265,482	-	265,482
Dividend paid (Note 16)	-	-	-	(226,952)	-	(226,952)
<b>Balance as at 30 September 2019</b>	<u>1,031,604</u>	<u>303,437</u>	<u>103,161</u>	<u>1,314,172</u>	<u>7,670</u>	<u>2,760,044</u>
<b>Balance as at 1 January 2020</b>	1,031,604	303,437	103,161	1,445,110	2,566	2,885,878
Profit for the period	-	-	-	247,335	-	247,335
Other comprehensive income for the period	-	-	-	(14,497)	-	(14,497)
Total comprehensive income for the period	-	-	-	232,838	-	232,838
Dividend paid (Note 16)	-	-	-	(340,429)	-	(340,429)
<b>Balance as at 30 September 2020</b>	<u>1,031,604</u>	<u>303,437</u>	<u>103,161</u>	<u>1,337,519</u>	<u>2,566</u>	<u>2,778,287</u>

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

(Unaudited but reviewed)

**Advanced Information Technology Public Company Limited and its subsidiary**

**Statement of changes in shareholders' equity (continued)**

**For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2019</b>	1,031,604	303,437	103,161	1,381,633	2,819,835
Profit for the period	-	-	-	285,653	285,653
Other comprehensive income for the period	-	-	-	11,328	11,328
Total comprehensive income for the period	-	-	-	296,981	296,981
Dividend paid (Note 16)	-	-	-	(226,952)	(226,952)
<b>Balance as at 30 September 2019</b>	<u>1,031,604</u>	<u>303,437</u>	<u>103,161</u>	<u>1,451,662</u>	<u>2,889,864</u>
<b>Balance as at 1 January 2020</b>	1,031,604	303,437	103,161	1,579,650	3,017,852
Profit for the period	-	-	-	252,843	252,843
Other comprehensive income for the period	-	-	-	(14,497)	(14,497)
Total comprehensive income for the period	-	-	-	238,346	238,346
Dividend paid (Note 16)	-	-	-	(340,429)	(340,429)
<b>Balance as at 30 September 2020</b>	<u>1,031,604</u>	<u>303,437</u>	<u>103,161</u>	<u>1,477,567</u>	<u>2,915,769</u>

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

(Unaudited but reviewed)

**Advanced Information Technology Public Company Limited and its subsidiary****Cash flow statement****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit before tax	322,131	335,468	327,639	361,862
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	67,131	65,376	67,131	65,376
Allowance for doubtful accounts	92,025	33,115	92,025	33,115
Share of loss from investments in joint ventures	5,508	26,394	-	-
Provision for penalty on project delay	1,680	39,504	1,680	39,504
Loss on write-offs withholding tax deducted at source	2,042	-	2,042	-
Loss (gain) on sales/write-off of building improvement and equipment	(135)	3	(135)	3
Gain on sales/write-off of equipment for lease	(173)	-	(173)	-
Provision for long-term employee benefits	23,072	26,435	23,072	26,435
Unrealised loss (gain) on exchange	(9,934)	17,138	(9,934)	17,138
Interest expenses	16,260	5,156	16,260	5,156
Profit from operating activities before changes in operating assets and liabilities	519,607	548,589	519,607	548,589
Operating assets (increase) decrease				
Trade and other receivables	(862,915)	204,072	(862,915)	204,072
Contract assets - unbilled receivables	78,040	(1,437,084)	78,040	(1,437,084)
Inventories	(1,108,879)	(1,144,878)	(1,108,879)	(1,144,878)
Other current assets	76,420	(29,126)	76,420	(29,126)
Other non-current assets	(41,448)	17,749	(41,448)	17,749
Operating liabilities increase (decrease)				
Trade and other payables	778,366	(124,348)	778,366	(124,348)
Unbilled payables	96,224	71,092	96,224	71,092
Advances received from customers	(78,675)	520,320	(78,675)	520,320
Cash paid for penalty on project delay	(38,449)	(14,715)	(38,449)	(14,715)
Cash paid for long-term employee benefits	-	(4,753)	-	(4,753)
Other current liabilities	(7,525)	(20,939)	(7,525)	(20,939)
Cash used in operating activities	(589,234)	(1,414,021)	(589,234)	(1,414,021)
Interest paid	(16,649)	(4,618)	(16,649)	(4,618)
Income tax paid	(88,670)	(74,052)	(88,670)	(74,052)
<b>Net cash used in operating activities</b>	<b>(694,553)</b>	<b>(1,492,691)</b>	<b>(694,553)</b>	<b>(1,492,691)</b>

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

(Unaudited but reviewed)

**Advanced Information Technology Public Company Limited and its subsidiary**

**Cash flow statement (continued)**

**For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Increase in short-term loans to related party	(1,000)	-	(1,000)	-
Cash received from sales of equipment	143	-	143	-
Cash received from sales of equipment for lease	174	-	174	-
Cash payment for purchase of building improvement and equipment	(12,170)	(9,080)	(12,170)	(9,080)
Cash payment for purchase of equipment for lease	(22,063)	(33,696)	(22,063)	(33,696)
Cash payment for purchase of computer software	(2,161)	(3,482)	(2,161)	(3,482)
<b>Net cash used in investing activities</b>	<b>(37,077)</b>	<b>(46,258)</b>	<b>(37,077)</b>	<b>(46,258)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	930,810	700,000	930,810	700,000
Increase in liabilities under finance arrangement agreements	160,514	44,755	160,514	44,755
Cash payment for lease liabilities	(6,853)	-	(6,853)	-
Dividend paid	(340,286)	(226,907)	(340,286)	(226,907)
<b>Net cash from financing activities</b>	<b>744,185</b>	<b>517,848</b>	<b>744,185</b>	<b>517,848</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12,555</b>	<b>(1,021,101)</b>	<b>12,555</b>	<b>(1,021,101)</b>
Cash and cash equivalents at beginning of period	190,182	1,265,755	190,182	1,265,755
<b>Cash and cash equivalents at end of period</b>	<b>202,737</b>	<b>244,654</b>	<b>202,737</b>	<b>244,654</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Purchase of building improvement and equipment for which no cash has been paid	2,114	593	2,114	593
Purchase of equipment lease for which no cash has been paid	955	-	955	-
Purchase of computer software for which no cash has been paid	628	486	628	486
Right-of-use assets from lease agreements	6,170	-	6,170	-

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

**Advanced Information Technology Public Company Limited and its subsidiary**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2020**

**1. General information**

**1.1 General information of the Company**

Advanced Information Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the sale, design, installation, service, ongoing repair and maintenance, training and lump sum turnkey for information and communication technology network systems and the renting of computers and electronic equipment. The registered office of the Company is at 37/2 Suthisarnvinijchai Road, Samsaennok, Huaykwang, Bangkok.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.3 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

In May 2019, AWD Joint Venture entered into an agreement on a project of shifting cable conduits underground throughout Bangkok with Krungthep Thanakom Company Limited. AWD Joint Venture is a joint arrangement which is treated as a joint operation among the Company and other two companies, with the Company having an interest of 50% under the joint venture agreement.

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

#### **1.4 Basis of consolidation**

The interim consolidated financial statements include the financial statements of Advanced Information Technology Public Company Limited and S P Resources and Commercials Pte. Ltd. (“the subsidiary”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. However, in March 2020, the subsidiary completed the process of closing its business. Therefore, the financial statements of subsidiary are included in the consolidated financial statements until the date when control over subsidiary ceases.

#### **1.5 New financial reporting standards**

##### **a) Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

##### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments

The impact of the adoption of these standards on the Company's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses - The Company recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

The Company adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.

#### **b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **1.6 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.



## 1.6.1 Financial instruments

### **Classification and measurement**

Financial assets that are equity instruments are measured at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Derivatives are classified and measured at fair value through profit or loss.

### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

## 1.6.2 Leases

### ***Right-of-use assets***

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

**Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

**2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard**

As described in Note 1.5 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	31 December 2019	The impacts of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Investment in related party	84,991	(84,991)	-	-
Other non-current financial assets	-	84,991	-	84,991
Right-of-use assets	-	-	25,604	25,604
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	7,547	7,547
<b>Non-current liabilities</b>				
Lease liabilities - net of current portion	-	-	18,507	18,507

## 2.1 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	35,452
Less: Short-term leases and leases of low-value assets	(4,350)
Add: Option to extend lease term	413
Less: Contracts reassessed as service agreements	(4,080)
Less: Deferred interest expenses	(1,831)
Increase in lease liabilities due to TFRS 16 adoption	<u>25,604</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>-</u>
Lease liabilities as at 1 January 2020	<u>25,604</u>
Comprise of:	
Current lease liabilities	7,547
Non-current lease liabilities	18,057
	<u>25,604</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
Buildings	1,025
Office equipment	2,296
Motor vehicles	22,283
<b>Total right-of-use assets</b>	<u>25,604</u>

### 3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods		For the nine-month periods		Transfer pricing policy
	ended 30 September		ended 30 September		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with joint arrangement</u>					
Other income	-	1	-	1	Agreed-upon price
<u>Transactions with the related parties</u>					
Sales of goods and services	2	-	4	-	Market price

As at 30 September 2020 and 31 December 2019, the balances of the accounts between the Company and related parties are as follows:

(Unit: Million Baht)

	<u>30 September 2020</u>	<u>31 December 2019</u>
<b>Trade receivables - related party (Note 4)</b>		
Related company (related by a common director)	61	121
Total trade receivables - related party	<u>61</u>	<u>121</u>
<b>Other receivables - related party (Note 4)</b>		
Joint arrangement	-	1
Total other receivables - related party	<u>-</u>	<u>1</u>
<b>Advances to related party (Note 4)</b>		
Joint arrangement	-	3
Total advances to related party	<u>-</u>	<u>3</u>

#### Short-term loan to related party

As at 30 September 2020, the Company has short-term loan to a joint venture amounted to Baht 1 million (31 December 2019: None), which is due at call. The interest rate is 4% per annum.

**Directors and management's remuneration**

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company has employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2020	2019	2020	2019
Short-term employee benefits	12.4	11.7	58.3	47.0
Post-employment benefits	1.9	2.0	5.5	6.3

**4. Trade and other receivables**

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
<u>Trade receivables - related party (Note 3)</u>		
Aged on the basis of due dates		
Past due		
Over 12 months	77,379	130,436
Less: Allowance for doubtful accounts	(16,691)	(9,117)
Total trade receivables - related party, net	60,688	121,319
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	1,460,620	1,249,345
Past due		
Up to 3 months	1,117,303	451,812
Over 3 - 6 months	215,185	339,716
Over 6 - 12 months	222,911	45,288
Over 12 months	85,876	91,291
Total	3,101,895	2,177,452
Less: Allowance for doubtful accounts	(95,380)	(74,348)
Total trade receivables - unrelated parties, net	3,006,515	2,103,104
Total trade receivables - net	3,067,203	2,224,423
<u>Other receivables</u>		
Other receivables - related party (Note 3)	-	1,391
Other receivables - unrelated parties	40,825	39,873
Advances to related party (Note 3)	-	2,923
Total	40,825	44,187
Less: Allowance for doubtful accounts	(40,825)	-
Total other receivables, net	-	44,187
Total trade and other receivables - net	3,067,203	2,268,610

(Unaudited but reviewed)

Most of the overdue trade receivables balances are those receivables from government agencies and companies of which the government is a major shareholder. The Company's management believes that payment of these balances will be received in full and that the above allowance for doubtful accounts is adequate in the current circumstance.

#### 5. Contract assets - unbilled receivables

(Unit: Thousand Baht)

	30 September 2020	31 December 2019
Unbilled receivables	1,646,156	1,724,196
Less: Allowance for doubtful accounts	(34,567)	(19,157)
Total unbilled receivables - net	<u>1,611,589</u>	<u>1,705,039</u>

#### 6. Other non-current financial assets

Other non-current financial assets represent investments in related party. Details of these investments are as follow:

(Unit: Million Baht)

Company's name	Shareholding percentage		Cost		Fair value
	30 September	31 December	30 September	31 December	30 September
	2020	2019	2020	2019	2020
	(%)	(%)			
Campana Group Pte. Ltd. (related by common director)	3.5	5.2	85	85	85

During the period, Campana Group Pte. Ltd. issued 264,520 shares. However, the Company did not purchase the shares. As a result, the Company's shareholding in this company decreased from 5.2% to 3.5% of its registered share capital.

#### 7. Investment in subsidiary

In March 2020, SP Resources and Commercials Pte. Ltd., the subsidiary, completed the process of closing its business.

#### 8. Investments in joint ventures

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Investments under cost method		Investments under equity method	
			30 September	31 December	30 September	31 December	30 September	31 December
			2020	2019	2020	2019	2020	2019
			(%)	(%)				
Loxley & AIT Holding Co., Ltd.	Invest in the business of lump sum turnkey contracting for the installation of communication tools, electricity plants and sales of related equipment	Thailand	50.00	50.00	100	100	-	-
Genesis Data Center Co., Ltd.	Data center service	Thailand	33.33	33.33	70	70	33	38
					<u>170</u>	<u>170</u>	<u>33</u>	<u>38</u>

(Unaudited but reviewed)

For the three-month and nine-month periods ended 30 September 2020 and 2019, the Company has recognised its share of loss from investments in joint ventures as follows:

(Unit: Million Baht)

Joint ventures	Consolidated financial statements							
	Share of loss from investments in joint ventures during the periods				Share of other comprehensive income from investment in joint ventures during the periods			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019	2020	2019
	Loxley & AIT Holding Co., Ltd.	-	(4.4)	-	(18.5)	-	(0.1)	-
Genesis Data Center Co., Ltd.	(1.3)	(2.5)	(5.5)	(7.9)	-	-	-	-
	<u>(1.3)</u>	<u>(6.9)</u>	<u>(5.5)</u>	<u>(26.4)</u>	<u>-</u>	<u>(0.1)</u>	<u>-</u>	<u>(5.1)</u>

The Company recognised share of losses from investment in Loxley & AIT Holding Co., Ltd., until the value of the investments approached zero. Subsequent losses incurred by this joint venture have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this joint venture.

Share of loss from investments in joint ventures were determined based on the financial statements that were prepared by the managements of joint ventures and had not been reviewed by their auditors. However, the Company's management believes that there would have been no material differences if the financial statements had been reviewed by the auditors.

## 9. Property, plant and equipment

(Unit: Thousand Baht)

Net book value as at 1 January 2020	101,898
Acquisitions during the period - at cost	14,284
Disposal/write-off	(8)
Depreciation for the period	<u>(21,709)</u>
Net book value as at 30 September 2020	<u>94,465</u>

## 10. Equipment for lease

(Unit: Thousand Baht)

Net book value as at 1 January 2020	120,565
Acquisitions during the period - at cost	23,018
Disposal/write-off	(1)
Depreciation for the period	<u>(34,023)</u>
Net book value as at 30 September 2020	<u>109,559</u>

(Unaudited but reviewed)

## 11. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)		30 September 2020	31 December 2019
	30 September 2020	31 December 2019		
Trust receipts	1.62	-	430,810	-
Short-term loans	1.30 - 1.35	2.10 - 2.19	900,000	400,000
Total			1,330,810	400,000

## 12. Trade and other payables

(Unit: Thousand Baht)

	30 September 2020	31 December 2019
Trade payables	1,327,393	643,215
Other payables	11,553	9,597
Accrued expenses	182,948	85,687
Total trade and other payables	1,521,894	738,499

## 13. Liabilities under financial arrangement agreements

(Unit: Million Baht)

	30 September 2020	31 December 2019
Liabilities under financial arrangement agreements	271.1	105.7
Less: Deferred interest	(5.1)	(0.2)
Total	266.0	105.5
Less: Portion due within one year	(129.4)	(42.6)
Portion due more than one year	136.6	62.9

As at 30 September 2020, the Company has future minimum payments required under the financial arrangement agreements as follows:

(Unit: Million Baht)

	Less than		
	1 year	1 - 5 years	Total
Future minimum payments	132.3	138.8	271.1
Deferred interest expenses	(2.9)	(2.2)	(5.1)
Present value of future minimum payments	129.4	136.6	266.0



**14. Income Tax**

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	47,167	36,917	87,039	93,326
Adjustment in respect of income tax of previous year	2,345	-	2,345	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(9,387)	(12,205)	(14,588)	(17,117)
<b>Income tax expense reported in profit and loss</b>	<u>40,125</u>	<u>24,712</u>	<u>74,796</u>	<u>76,209</u>

**15. Basic earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**16. Dividend paid**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends of 2018	Annual General Meeting of the Company's shareholders held on 11 April 2019	123.8	0.6
Interim dividends of 2019	Board of Directors' meeting of the Company held on 8 August 2019	<u>103.2</u>	<u>0.5</u>
		<u>227.0</u>	<u>1.1</u>
Final dividends of 2019	Annual General Meeting of the Company's shareholders held on 27 March 2020	288.8	1.4
Interim dividends of 2020	Board of Directors' meeting of the Company held on 10 August 2020	<u>51.6</u>	<u>0.2</u>
		<u>340.4</u>	<u>1.6</u>

**17. Segment information**

Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decisions about allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company's business operations involve 2 principal segments: (1) sales and service and (2) rental of equipment. These operations are mainly carried on in geographical area of Thailand. The Company measured segment performance based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. During the three-month and nine-month periods ended 30 September 2020 and 2019, there were no material activities pertaining to rental segment. For this reason, financial information has not been presented by either industry segment or geographical area.

**18. Commitments and contingent liabilities****18.1 Operating lease and service commitments**

The Company has entered into lease agreements in respect of leases of buildings and vehicles and service agreements. The terms of the agreements are generally between 1 and 5 years.

The Company has future minimum lease payments required under these contracts as follows:

	(Unit: Million Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Payable:		
In up to 1 year	1	16
In over 1 year and up to 5 years	-	19

**18.2 Obligations to sales and services in accordance with contracts**

- The Company has engaged in undelivered and unrendered contracts of selling goods and rendering services to its customers of Baht 7,828 million (31 December 2019: Baht 7,163 million).
- The Company has engaged in various contracts, totaling contract value of future service rendering of Baht 191 million (31 December 2019: Baht 167 million), to lease the electronic equipment to companies of which the government is a major shareholder, government agencies, and private companies. The Company has obliged to complete the equipment installation and render maintenance services of these equipment in accordance with conditions stipulated in the contracts.

**18.3 Guarantees**

As at 30 September 2020, there were outstanding bank guarantees, guaranteed by the Company of Baht 2,784 million (31 December 2019: Baht 1,977 million) on behalf of the Company and consortium, in respect of certain performance bonds as required in the ordinary course of its business. These included letters of guarantee amounting to Baht 2,782 million (31 December 2019: Baht 1,975 million) to guarantee contractual performance and Baht 2 million (31 December 2019: Baht 2 million) to guarantee payments due to creditors.

**19. Fair value hierarchy**

The Company had the assets and liabilities that were measured at fair value are disclosed using different levels of inputs as follows.

(Unit: Million Baht)

	As at 30 September 2020		
	Level 2	Level 3	Total
<b>Assets measured at fair value</b>			
Other non-current financial assets (Note 6)	-	85	85
<b>Liabilities measured at fair value</b>			
Payables under forward contracts	1	-	1

**20. Financial instruments**

Foreign exchange contracts outstanding are summarised below.

Foreign currency	As at 30 September 2020			
	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	12.3	2.9	31.04 - 32.54	31.08

  

Foreign currency	As at 31 December 2019			
	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.7	4.5	30.17 - 30.40	30.16 - 30.42

As at 30 September 2020, the Company has outstanding balance of trade receivables and trade payables denominated in foreign currency of USD 3.4 million and USD 11.9 million, respectively (31 December 2019: USD 5.5 million and USD 2.8 million, respectively).

**21. Subsequent event**

On 10 November 2020, the meeting of the Board of Directors of the Company passed a resolution approving the increase in an investment of USD 1.8 million (14,400 shares of USD 125 each) in Campana Group Pte. Ltd. which was incorporated in Singapore. As a result, the Company's shareholding in this company increased from 3.5% to 5.2% of its registered share capital.

**22. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2020.