

Advanced Information Technology Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Advanced Information Technology Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Advanced Information Technology Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Advanced Information Technology Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Information Technology Public Company Limited and its subsidiary and of Advanced Information Technology Public Company Limited as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition

The Company has disclosed its policies on revenue recognition for sales and services provided under contracts, cost estimates for projects under contracts and provision for anticipated losses on projects in Note 5.1 a) and Note 5.1 c) to the financial statements. I identified revenue recognition and estimation of anticipated losses on projects to be areas of significant risk in the audit. This is because the amount of revenue that the Company recognises from such contracts in each period forms a significant portion of the Company's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition, and the estimation of anticipated losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of anticipated loss. There are therefore risks with respect to amount and timing of the recognition of revenue and provisions for anticipated losses on projects.

I assessed and tested the internal controls put in place by the Company over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and anticipated losses under contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

I also selected major contracts and randomly selected additional samples and performed the following procedures:

- Read the contracts to consider the conditions relating to revenue recognition.
- Inquired with the Company's engineers/the project managers about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of anticipated loss.
- Made enquiries of the Company's engineers/the project managers, gained an understanding of the Company's process to assess the percentage of completion and cost estimates for projects, compared estimates of project costs to the project budgets approved by authorised person, and on a sampling basis, examined relevant documents and considered the rationale for budget revisions, compared past estimates with actual project costs in order to evaluate the project management's competency in estimating project costs, checked actual costs to supporting documents and performed an analytical review to compare the percentage of completion estimated by the Company's engineers/the project managers to the percentage of completion derived from the actual costs incurred.
- Evaluated the anticipated losses on projects assessed by the management through a comparative analysis of the actual cost incurred to the cost estimates for projects.
- Examined the accounting transactions related to revenue recognition that were recorded through journal vouchers, in order to detect any irregularities.
- Reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue recognition and the estimation of anticipated losses.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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.

I am responsible for the audit resulting in this independent auditor's report.

Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 11 February 2021

Advanced Information Technology Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	204,474,495	190,182,417	204,474,495	190,182,394
Trade and other receivables	9	2,633,925,272	2,268,609,813	2,633,925,272	2,268,609,813
Contract assets	10	1,303,894,241	1,705,038,508	1,303,894,241	1,705,038,508
Short-term loan to related party	7	3,000,000	-	3,000,000	-
Inventories	11	1,575,927,735	745,931,039	1,575,927,735	745,931,039
Advances for goods and services		60,000	156,426,249	60,000	156,426,249
Other current assets		130,527,776	150,809,097	130,527,776	150,809,097
Total current assets		5,851,809,519	5,216,997,123	5,851,809,519	5,216,997,100
Non-current assets					
Other non-current financial assets	12	139,584,500	-	139,584,500	-
Investment in subsidiary	13	-	-	-	23
Investments in joint ventures	15	30,707,663	38,025,873	169,999,700	169,999,700
Investments in related party	12	-	84,990,500	-	84,990,500
Property, plant and equipment	16	93,036,395	101,898,287	93,036,395	101,898,287
Right-of-use assets		24,695,962	-	24,695,962	-
Equipment for lease	17	88,674,837	120,564,670	88,674,837	120,564,670
Intangible assets	18	34,934,200	36,190,005	34,934,200	36,190,005
Withholding tax deducted at sources		-	12,766,899	-	12,766,899
Deferred tax assets	27	87,804,082	67,863,310	87,804,082	67,863,310
Other non-current assets		77,936,779	49,316,171	77,936,779	49,316,171
Total non-current assets		577,374,418	511,615,715	716,666,455	643,589,565
Total assets		6,429,183,937	5,728,612,838	6,568,475,974	5,860,586,665

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 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from finance institutions	19	250,000,000	400,000,000	250,000,000	400,000,000
Trade and other payables	20	1,341,005,805	738,499,038	1,341,005,805	738,499,038
Unbilled payables		830,353,270	713,542,362	830,353,270	713,542,362
Current portion of liabilities under financial arrangement agreements	21	143,218,049	42,586,522	143,218,049	42,586,522
Current portion of lease liabilities		10,531,887	-	10,531,887	-
Income tax payable		37,462,085	32,404,789	37,462,085	32,404,789
Contract liabilities	10	351,066,460	544,483,659	351,066,460	544,483,659
Provision for penalty on project delay	22	77,502,855	115,548,813	77,502,855	115,548,813
Other current financial liabilities		3,117,304	673,268	3,117,304	673,268
Other current liabilities	23	133,726,638	94,310,015	133,726,638	94,310,015
Total current liabilities		3,177,984,353	2,682,048,466	3,177,984,353	2,682,048,466
Non-current liabilities					
Liabilities under financial arrangement agreements	21	171,914,619	62,918,329	171,914,619	62,918,329
Lease liabilities - net of current portion		14,492,528	-	14,492,528	-
Provision for long-term employee benefits	24	139,570,547	97,768,596	139,570,547	97,768,596
Total non-current liabilities		325,977,694	160,686,925	325,977,694	160,686,925
Total liabilities		3,503,962,047	2,842,735,391	3,503,962,047	2,842,735,391

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 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital					
Registered					
206,320,897 ordinary shares of Baht 5 each		<u>1,031,604,485</u>	<u>1,031,604,485</u>	<u>1,031,604,485</u>	<u>1,031,604,485</u>
Issued and fully paid-up					
206,320,897 ordinary shares of Baht 5 each		1,031,604,485	1,031,604,485	1,031,604,485	1,031,604,485
Share premium		303,437,091	303,437,091	303,437,091	303,437,091
Retained earnings					
Appropriated-statutory reserve	25	103,160,449	103,160,449	103,160,449	103,160,449
Unappropriated		1,484,454,218	1,445,109,775	1,626,311,902	1,579,649,249
Other components of shareholders' equity		<u>2,565,647</u>	<u>2,565,647</u>	-	-
Total shareholders' equity		<u>2,925,221,890</u>	<u>2,885,877,447</u>	<u>3,064,513,927</u>	<u>3,017,851,274</u>
Total liabilities and shareholders' equity		<u>6,429,183,937</u>	<u>5,728,612,838</u>	<u>6,568,475,974</u>	<u>5,860,586,665</u>
		-	-	-	-

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

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 Directors

Advanced Information Technology Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales and service income		6,529,652,751	6,903,424,041	6,529,652,751	6,903,424,041
Rental income from equipment for lease		131,232,762	118,903,864	131,232,762	118,903,864
Other income		70,082,803	51,387,340	70,082,803	51,387,340
Total revenues		6,730,968,316	7,073,715,245	6,730,968,316	7,073,715,245
Expenses					
Cost of sales and service		5,414,922,662	5,882,791,366	5,414,922,662	5,882,791,366
Cost of equipment for lease		90,198,230	59,139,930	90,198,230	59,139,930
Selling and distribution expenses		264,781,673	215,309,296	264,781,673	215,309,296
Administrative expenses		446,372,206	375,369,613	446,372,206	375,369,613
Total expenses		6,216,274,771	6,532,610,205	6,216,274,771	6,532,610,205
Operating profit		514,693,545	541,105,040	514,693,545	541,105,040
Share of loss from investments in joint ventures	15	(7,318,210)	(28,548,100)	-	-
Finance income		26,264,529	2,962,533	26,264,529	2,962,533
Finance cost		(21,122,543)	(8,940,201)	(21,122,543)	(8,940,201)
Profit before income tax expenses		512,517,321	506,579,272	519,835,531	535,127,372
Income tax expenses	27	(118,246,449)	(114,486,391)	(118,246,449)	(114,486,391)
Profit for the year		394,270,872	392,092,881	401,589,082	420,640,981
Other comprehensive income:					
<i>Other comprehensive income to be classified to profit or loss in subsequent periods</i>					
Share of other comprehensive income from investments in joint venture	15	-	(5,104,731)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	(5,104,731)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax	24, 27	(14,497,114)	4,328,239	(14,497,114)	4,328,239
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(14,497,114)	4,328,239	(14,497,114)	4,328,239
Other comprehensive income for the year		(14,497,114)	(776,492)	(14,497,114)	4,328,239
Total comprehensive income for the year		379,773,758	391,316,389	387,091,968	424,969,220
Basic earnings per share					
Profit attributable to equity holders of the Company	28	1.91	1.90	1.95	2.04

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

Advanced Information Technology Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	512,517,321	506,579,272	519,835,531	535,127,372
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	99,018,221	86,681,703	99,018,221	86,681,703
Allowance for doubtful accounts	-	42,741,417	-	42,741,417
Impairment loss on financial assets	107,841,450	-	107,841,450	-
Share of loss from investments in joint ventures	7,318,210	28,548,100	-	-
Provision for penalty on project delay	1,433,321	39,503,720	1,433,321	39,503,720
Loss on write-off withholding tax deducted at source	2,041,991	-	2,041,991	-
Loss (gain) on sales and write-off of building improvement and equipment	(135,136)	3,376	(135,136)	3,376
Loss on write-off of equipment for lease	(173,285)	-	(173,285)	-
Provision for long-term employee benefits	26,665,324	30,115,382	26,665,324	30,115,382
Unrealised (gain) loss on exchange	(12,859,679)	15,008,903	(12,859,679)	15,008,903
Loss on fair value adjustments of financial instruments	2,444,036	1,078,395	2,444,036	1,078,395
Finance cost	21,122,543	8,940,201	21,122,543	8,940,201
Profit from operating activities before changes in operating assets and liabilities	767,234,317	759,200,469	767,234,317	759,200,469
Operating assets (increase) decrease				
Trade and other receivables	(411,225,069)	(804,395,503)	(411,225,069)	(804,395,503)
Contract assets	352,467,773	(1,164,606,315)	352,467,773	(1,164,606,315)
Inventories	(829,996,696)	(367,654,133)	(829,996,696)	(367,654,133)
Advances for goods and services	156,366,249	(156,426,249)	156,366,249	(156,426,249)
Other current assets	20,281,321	34,914,761	20,281,321	34,914,761
Other non-current assets	(28,620,608)	(16,241,232)	(28,620,608)	(16,241,232)
Operating liabilities increase (decrease)				
Trade and other payables	599,580,949	86,898,419	599,580,972	86,898,396
Unbilled payables	116,810,908	229,540,829	116,810,908	229,540,829
Contract liabilities	(193,417,199)	311,372,297	(193,417,199)	311,372,297
Cash paid for penalty on project delay	(39,479,279)	(14,715,033)	(39,479,279)	(14,715,033)
Other current liabilities	39,327,933	34,981,872	39,327,933	34,981,872
Cash paid for long-term employee benefits	(2,984,766)	(9,984,563)	(2,984,766)	(9,984,563)
Cash from (used in) operating activities	546,345,833	(1,077,114,381)	546,345,856	(1,077,114,404)
Interest paid	(21,448,023)	(8,496,639)	(21,448,023)	(8,496,639)
Refundable withholding tax deducted at sources	10,724,908	-	10,724,908	-
Income tax paid	(129,505,645)	(100,000,491)	(129,505,645)	(100,000,491)
Net cash from (used in) operating activities	406,117,073	(1,185,611,511)	406,117,096	(1,185,611,534)

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

Advanced Information Technology Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Purchase of financial instruments	(54,594,000)	-	(54,594,000)	-
Increase in short-term loan to related party	(3,000,000)	-	(3,000,000)	-
Proceeds from sales of equipment	144,436	-	144,436	-
Proceeds from sales of equipment for lease	173,500	-	173,500	-
Cash payment for purchase of building improvement and equipment	(16,352,220)	(17,459,420)	(16,352,220)	(17,459,420)
Cash payment for purchase of equipment for lease	(23,017,776)	(74,003,944)	(23,017,776)	(74,003,944)
Cash payment for purchase of computer software	<u>(4,642,699)</u>	<u>(3,990,977)</u>	<u>(4,642,699)</u>	<u>(3,990,977)</u>
Net cash used in investing activities	<u>(101,288,759)</u>	<u>(95,454,341)</u>	<u>(101,288,759)</u>	<u>(95,454,341)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(150,000,000)	400,000,000	(150,000,000)	400,000,000
Increase in liabilities under financial arrangement agreements	209,627,817	32,421,469	209,627,817	32,421,469
Cash payment for lease liabilities	(9,823,428)	-	(9,823,428)	-
Dividend paid	<u>(340,340,625)</u>	<u>(226,927,976)</u>	<u>(340,340,625)</u>	<u>(226,927,976)</u>
Net cash from (used in) financing activities	<u>(290,536,236)</u>	<u>205,493,493</u>	<u>(290,536,236)</u>	<u>205,493,493</u>
Net increase (decrease) in cash and cash equivalents	14,292,078	(1,075,572,359)	14,292,101	(1,075,572,382)
Cash and cash equivalents at beginning of year	<u>190,182,417</u>	<u>1,265,754,776</u>	<u>190,182,394</u>	<u>1,265,754,776</u>
Cash and cash equivalents at end of year	<u>204,474,495</u>	<u>190,182,417</u>	<u>204,474,495</u>	<u>190,182,394</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Purchase of building improvement and equipment for which no cash has been paid	2,855,630	5,118,237	2,855,630	5,118,237
Purchase of computer software for which no cash has been paid	-	627,219	-	627,219
Right-of-use assets from lease agreements	9,244,035	-	9,244,035	-

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

Advanced Information Technology Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements							
	Note	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	
Balance as at 1 January 2019		1,031,604,485	303,437,091	103,160,449	1,275,641,532	7,670,378	2,721,513,935
Profit for the year		-	-	-	392,092,881	-	392,092,881
Other comprehensive income for the year		-	-	-	4,328,239	(5,104,731)	(776,492)
Total comprehensive income for the year		-	-	-	396,421,120	(5,104,731)	391,316,389
Dividend paid	31	-	-	-	(226,952,877)	-	(226,952,877)
Balance as at 31 December 2019		<u>1,031,604,485</u>	<u>303,437,091</u>	<u>103,160,449</u>	<u>1,445,109,775</u>	<u>2,565,647</u>	<u>2,885,877,447</u>
Balance as at 1 January 2020		1,031,604,485	303,437,091	103,160,449	1,445,109,775	2,565,647	2,885,877,447
Profit for the year		-	-	-	394,270,872	-	394,270,872
Other comprehensive income for the year		-	-	-	(14,497,114)	-	(14,497,114)
Total comprehensive income for the year		-	-	-	379,773,758	-	379,773,758
Dividend paid	31	-	-	-	(340,429,315)	-	(340,429,315)
Balance as at 31 December 2020		<u>1,031,604,485</u>	<u>303,437,091</u>	<u>103,160,449</u>	<u>1,484,454,218</u>	<u>2,565,647</u>	<u>2,925,221,890</u>

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

Advanced Information Technology Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Separate financial statements			Total shareholders' equity
		Issued and paid-up share capital	Share premium	Retained earnings	
				Appropriated Unappropriated	
Balance as at 1 January 2019		1,031,604,485	303,437,091	103,160,449 1,381,632,906	2,819,834,931
Profit for the year		-	-	- 420,640,981	420,640,981
Other comprehensive income for the year		-	-	- 4,328,239	4,328,239
Total comprehensive income for the year		-	-	- 424,969,220	424,969,220
Dividend paid	31	-	-	- (226,952,877)	(226,952,877)
Balance as at 31 December 2019		<u>1,031,604,485</u>	<u>303,437,091</u>	<u>103,160,449</u> <u>1,579,649,249</u>	<u>3,017,851,274</u>
					-
Balance as at 1 January 2020		1,031,604,485	303,437,091	103,160,449 1,579,649,249	3,017,851,274
Profit for the year		-	-	- 401,589,082	401,589,082
Other comprehensive income for the year		-	-	- (14,497,114)	(14,497,114)
Total comprehensive income for the year		-	-	- 387,091,968	387,091,968
Dividend paid	31	-	-	- (340,429,315)	(340,429,315)
Balance as at 31 December 2020		<u>1,031,604,485</u>	<u>303,437,091</u>	<u>103,160,449</u> <u>1,626,311,902</u>	<u>3,064,513,927</u>
					-

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

Advanced Information Technology Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the year ended 31 December 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.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Advanced Information Technology Public Company Limited (“the Company”) and S P Resources and Commercials Pte. Ltd. (“the subsidiary”), which is a company incorporated in Singapore.
- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiary and joint ventures under the cost method.

2.4 The Company has joint arrangements which assessed as joint operations between the Company and other joint operators. The Company recognises its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, to the separate financial statements, the details as follows:

Name of entity	Nature of Business	Country of incorporation	Interest in joint operations	
			<u>2020</u> Percent	<u>2019</u> Percent
AWD Joint Venture	Construction	Thailand	50	50

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.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, 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. They also include stipulations regarding the presentation and disclosure of financial instruments

The adoption of these standards has the impact on the Company's financial statements to result in the following adjustments.

- Classification and measurement of non-listed equity investments - The Company has decided to measure these investments at fair value and classify them as financial assets at fair value through profit or loss.
- Recognition of expected credit losses - The Company recognises an allowance for expected credit losses on its debt instruments measured at amortised cost, 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 recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

IFRS 16 Leases

IFRS 16 supersedes IAS 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 IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

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 impacts 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.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach and fair value measurement of non-listed equity investments.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

b) Financial reporting standards that will become 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 on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Company has adopted the set of financial reporting standards related to financial instruments and TFRS16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Non-current assets				
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
Liabilities				
Current liabilities				
Current portion of lease liabilities	-	-	7,547	7,547
Non-current liabilities				
Lease liabilities - net of current portion	-	-	18,057	18,057

4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

	The former carrying amount	Classification and measurement in accordance with TFRS 9	
		Fair value	
		through profit or loss	Amortised cost
Financial assets as at 1 January 2020			
Cash and cash equivalents	190,182	-	190,182
Trade and other receivables	2,268,610	-	2,268,610
Contract assets	1,705,039	-	1,705,039
Other non-current financial assets	84,991	84,991	-
Total financial assets	4,248,822	84,991	4,163,831

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Company recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(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 the adoption of TFRS 16	25,604
Liabilities under finance lease agreements as at 31 December 2019	-
Lease liabilities as at 1 January 2020	25,604
Weighted average incremental borrowing rate (percent per annum)	3.75
Comprise of:	
Current lease liabilities	7,547
Non-current lease liabilities	18,057
	25,604

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

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

5. Significant accounting policies

5.1 Revenue and expense recognition

a) Revenues from contract with customer

The Company considers that the contracts with customers are obtained when the Company is committed by the contracts with customers to transfer to the rights and obligations. The Company identifies the performance obligations in the contracts and allocates the transaction price to the performance obligations in the contracts.

Revenue arising from contracts with customers are recognised when control of goods or service have passed to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers, excluding value added tax.

The Company transfers the control either over time or at a point in time depending upon conditions of contracts and laws applied to such contracts. The Company transfers control of assets over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Sales and service income

Revenues from the sale, design, installation, service, ongoing repair and maintenance, training and lump sum turnkey for information and communication technology network systems and long-term are recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the Company's engineers/the project managers.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position.

The obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advance received from customers" in the statement of financial position.

The service-type warranties provided customers with a service in addition to the assurance with agreed-upon specifications are recognised as revenue over the periods in which the service is provided.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, and allowances to customers.

Service revenues are recognised when the services have been rendered taking into account the stage of completion.

Maintenance income is recognised over the period of maintenance.

Rental income

Rental income is recognised over the period of rental.

b) Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

c) Cost of sales and service

Costs of sales, design, installation, service, ongoing repair and maintenance, training, contract lump sum turnkey for information and communication technology network systems and long-term construction are recognised in accordance with the percentage of work completed for which revenue has already been recognised, based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as “work in progress” under inventories or “unbilled payables” under current liabilities in the statement of financial position.

d) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of 3 months, or less, and are not subject to withdrawal restrictions.

5.3 Inventories

Equipment, work in progress and goods in transit are valued at the lower of cost and net realisable value. Cost consists of the cost of equipment, labour, subcontract works and other relevant expenses.

5.4 Investments in subsidiary and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and joint ventures are accounted for in the separate financial statements using the cost method.

5.5 Property, plant, equipment and equipment for lease/Depreciation

Land is stated at cost. Building, equipment and equipment for lease are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant, equipment and equipment for lease is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building	20 years
Building improvement	5 years
Furniture, fixtures and office equipment	5, 10 years
Computers	3, 5 years
Equipment used in projects	3, 5 years
Equipment for lease	Lease period 3 - 6 years

Depreciation is included in determining income.

No depreciation is provided for land and asset under installation.

An item of property, plant, equipment and equipment for lease is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included as profit or loss when the asset is derecognised.

5.6 Intangible assets

The intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The estimated useful lives of computer software are 10 years.

5.7 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

Accounting policies adopted since 1 January 2020

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	2 - 4 years
Machinery and equipment	2 - 5 years
Motor vehicles	2 - 5 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments 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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprise which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use asset and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

5.12 Provisions

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

5.13 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.14 Financial instruments

Accounting policies adopted since 1 January 2020

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives and equity investments which the Company has not irrevocably elected to classify at FVOCI.

Dividends on equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Investments

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.15 Derivatives

The Company uses derivatives (forward currency contracts) to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Estimation of percentage of completion

Revenues from sale, design, installation, service, ongoing repair and maintenance, training, lump sum turnkey for information and communication technology network systems and long-term construction are recognised over time when services have been rendered taking into account the stage of completion, the management has exercised judgement based on their best knowledge of the current events and arrangements and their experience of the business in order to estimate the percentage of completion according to output method to reflect the Company's performance obligation to complete, based on information from the engineers/project managers.

Provision for loss/penalty on project delay

The management apply their judgements in estimating the loss/penalty on project delay they expect to be realised on each project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in cost of equipment, labour, other relevant expenses and the current situation.

Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for each customer. The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are relevant to investments in joint ventures.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded the provisions as described in Note 32.5 to the financial statements.

7. Related party transactions

During the years, 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 those related parties.

(Unit: Million Baht)

	2020	2019	Transfer pricing policy
<u>Transactions with joint arrangement</u>			
Other income	-	1	Agree-upon price
<u>Transactions with the related parties</u>			
Sales of goods and services	7	-	Market price
Finance income	26	-	Agree-upon rate

As at 31 December 2020 and 2019, the balance of the accounts between the Company and those related parties are as follows:

(Unit: Million Baht)

	2020	2019
Trade accounts receivable - related party (Note 9)		
Related company (related by a common director)	-	121
Total trade receivables - related party	-	121
Other receivables - related party (Note 9)		
Joint arrangement	-	1
Total other receivables - relate party	-	1
Advance to related party (Note 9)		
Joint arrangement	-	3
Total advance to related party	-	3

Loans to related party

As at 31 December 2020 and 2019, the balances of loans between the Company and the related company and the movement in loans are as follows:

(Unit: Thousand Baht)

Loans to related party	Related by	Balance as at	Increase	Balance as at
		31 December 2019	during the year	31 December 2020
Genesis Data Center Co., Ltd.	Joint venture	-	3,000	3,000

As at 31 December 2020, the Company has short-term loans to joint venture amounted to Baht 3 million (2019: None), which is due at call. The interest rate is 4.5% per annum.

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	2020	2019
Short-term employee benefits	74	67
Post-employment benefits	7	8
Total	81	75

Guarantee obligations with related party

The Company and other companies have provided a written undertaking to a bank to guarantee a long-term loan of Genesis Data Center Co., Ltd., which is a joint venture of the Company. The Company's guarantee is limited to Baht 87 million.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	2020	2019
Cash	513	402
Bank deposits	203,961	189,780
Total	204,474	190,182

As at 31 December 2020, bank deposits in savings accounts carried interests between 0.05% - 0.13% per annum (2019: bank deposits in savings accounts and fixed deposits carried interests between 0.10% - 1.00% per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)	
	2020	2019
<u>Trade receivables - related party (Note 7)</u>		
Aged on the basis of due dates		
Past due over 12 months	-	130,436
Total	-	130,436
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	-	(9,117)
Total trade receivables - related party, net	-	121,319
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	754,518	1,249,345
Past due		
Up to 3 months	1,141,303	451,812
3 - 6 months	359,618	339,716
Over 6 - 12 months	383,831	45,288
Over 12 months	91,385	91,291
Total	2,730,655	2,177,452
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(96,730)	(74,348)
Total trade receivables - unrelated parties, net	2,633,925	2,103,104
Total trade receivables - net	2,633,925	2,224,423
<u>Other receivables</u>		
Other receivables - related party (Note 7)	-	1,391
Other receivables - unrelated parties	38,715	39,873
Advance to related party (Note 7)	-	2,923
Total	38,715	44,187
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(38,715)	-
Total other receivables - net	-	44,187
Total trade and other receivables - net	2,633,925	2,268,610

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)
As at 1 January 2020	83,465
Provision for expected credit losses	76,562
Amount written off	(7,185)
Amount recovered	(17,291)
Effect from foreign exchange	(106)
As at 31 December 2020	<u>135,445</u>

10. Contract assets / Contract liabilities

	(Unit: Thousand Baht)	
	2020	2019
Contract assets		
Unbilled receivables	1,361,850	1,724,196
Retention receivables	9,878	-
Total	<u>1,371,728</u>	<u>1,724,196</u>
Less: Allowance for expected credit losses		
(2019: Allowance for doubtful accounts)	(67,834)	(19,157)
Total contract assets - net	<u>1,303,894</u>	<u>1,705,039</u>
Contract liabilities		
Advances received from hirers	191,043	327,651
Construction revenue received in advance	160,023	216,833
Total contract liabilities	<u>351,066</u>	<u>544,484</u>

As at 31 December 2020, the balance of unbilled receivables of Baht 1,012 million is expected to be billed within one year and Baht 350 million is expected to be billed after one year.

Set out below is the movement in the allowance for expected credit losses of contract assets.

	(Unit: Thousand Baht)
As at 1 January 2020	19,157
Provision for expected credit losses	48,677
As at 31 December 2020	<u>67,834</u>

11. Inventories

	(Unit: Thousand Baht)	
	2020	2019
Equipment and work in progress	1,566,224	736,016
Goods in transit	21,146	9,915
Total	1,577,370	745,931
Less: reduce cost to net realisable value	(1,442)	-
Total inventories - net	1,575,928	745,931

12. Other non-current financial assets

Other non-current financial assets are investments in non-listed equity instrument at FVTPL. Details of these investments are as follow:

Company's name	(Unit: Million Baht)		
	Cost	Fair value	
	2020	2019	2020
Campana Group Pte. Ltd. (related by common director)	140	85	140

During the year, the Company increased 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, as at 31 December 2020, the Company has 5.2% shareholding of its registered share capital in this company.

13. Investment in subsidiary

On 6 September 2018, the Board of Directors' meeting of the Company passed a resolution to invest in ordinary shares of S P Resources and Commercial Pte. Ltd., a newly established company in Singapore, principally engaged in the trading of spare parts and hardware accessories and in the other business operations. The investment amounted to SGD 100,000 representing 100% of the registered share of this company. On 25 September 2018, this company registered with the share capital of 1 SGD.

In March 2020, the subsidiary completed the process of closing its business.

14. Joint arrangements - joint operations

Financial information of the Company and the joint arrangement which is the joint operations as described in Note 2.4 to the financial statements are presented including in the separate financial statement as below.

(Unit: Million Baht)

As at 31 December 2020

	The Company	The joint arrangement	Elimination entries	Separate financial statements
Summarised information about financial position:				
Current assets	5,855	138	(141)	5,852
Non-current assets	717	-	-	717
Current liabilities	3,166	153	(141)	3,178
Non-current liabilities	326	-	-	326
Shareholders' equity	3,079	(14)	-	3,065

(Unit: Million Baht)

As at 31 December 2019

	The Company	The joint arrangement	Elimination entries	Separate financial statements
Summarised information about financial position:				
Current assets	5,213	121	(117)	5,217
Non-current assets	644	-	-	644
Current liabilities	2,677	122	(117)	2,682
Non-current liabilities	161	-	-	161
Shareholders' equity	3,019	(1)	-	3,018

(Unit: Million Baht)

For the year ended 31 December 2020

	The Company	The joint arrangement	Elimination entries	Separate financial statements
Summarised information about profit or loss:				
Total revenues	6,733	15	(17)	6,731
Total expenses	(6,204)	(29)	17	(6,216)
Operating profit (loss)	529	(14)	-	515
Finance income	26	-	-	26
Finance cost	(21)	-	-	(21)
Profit (loss) before income tax expenses	534	(14)	-	520
Income tax expenses	(118)	-	-	(118)
Profit (loss) for the year	416	(14)	-	402

(Unit: Million Baht)

For the year ended 31 December 2019

	The Company	The joint arrangement	Elimination entries	Separate financial statements
Summarised information about profit or loss:				
Total revenues	7,067	121	(114)	7,074
Total expenses	(6,525)	(122)	114	(6,533)
Operating profit (loss)	542	(1)	-	541
Finance income	3	-	-	3
Finance cost	(9)	-	-	(9)
Profit (loss) before income tax expenses	536	(1)	-	535
Income tax expenses	(114)	-	-	(114)
Profit (loss) for the year	422	(1)	-	421

15. Investments in joint ventures

15.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Million Baht)

Joint ventures	Nature of business	Country of incorporation	Shareholding percentage		Investments under cost method		Investments under equity method	
			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	31	38
					<u>170</u>	<u>170</u>	<u>31</u>	<u>38</u>

15.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Million Baht)

Joint ventures	Consolidated financial statements				Separate financial statements	
	Share of loss from investments in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received during the year	
	2020	2019	2020	2019	2020	2019
Loxley & AIT Holding Co., Ltd.	-	(18.5)	-	(5.1)	-	-
Genesis Data Center Co., Ltd.	(7.3)	(10.0)	-	-	-	-
	<u>(7.3)</u>	<u>(28.5)</u>	<u>-</u>	<u>(5.1)</u>	<u>-</u>	<u>-</u>

15.3 Summarised financial information about material joint ventures

Summarised information about financial position.

	(Unit: Million Baht)			
	Loxley & AIT Holding Co., Ltd.		Genesis Data Center Co., Ltd.	
	2020	2019	2020	2019
Cash and cash equivalents	9.5	9.6	-	-
Other current assets	-	-	34.0	32.3
Building and equipment	-	-	394.5	419.5
Non-current assets	-	-	0.4	3.2
Short-term loans from related parties	-	-	(9.0)	-
Current portion of long-term loans	-	-	(30.9)	(23.5)
Current portion of lease liabilities	-	-	(2.9)	(2.3)
Other current liabilities	(0.2)	(0.2)	(6.9)	(4.7)
Long-term loans	-	-	(90.7)	(109.9)
Lease liabilities	-	-	(196.4)	(199.3)
Net assets	9.3	9.4	92.1	115.3
Shareholding percentage (%)	50.00	50.00	33.33	33.33
Carrying amounts of joint ventures based on equity method	-	-	30.7	38.4

Summarised information about comprehensive income.

	(Unit: Million Baht)			
	For the years ended 31 December			
	Loxley & AIT Holding Co., Ltd.		Genesis Data Center Co., Ltd.	
	2020	2019	2020	2019
Revenue	-	-	47.8	40.2
Depreciation expense	-	-	(26.7)	(26.6)
Selling and administrative expense	(0.2)	(0.4)	(28.1)	(28.3)
Interest expense	-	-	(15.0)	(15.4)
Share of loss from investments in associate	-	(36.5)	-	-
Loss	(0.2)	(36.9)	(22.0)	(30.1)
Other comprehensive income	-	(10.2)	-	-
Total comprehensive income	(0.2)	(47.1)	(22.0)	(30.1)

15.4 Investment in joint venture with capital deficit

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.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Building and improvement	Furniture, fixture and office equipment	Computers	Equipment used in projects	Total
Cost						
As at 1 January 2019	35,718	69,046	18,787	51,180	174,219	348,950
Additions	-	711	2,475	6,134	13,258	22,578
Disposals/write-off	-	-	(7)	(28)	(241)	(276)
As at 31 December 2019	35,718	69,757	21,255	57,286	187,236	371,252
Additions	-	858	818	7,390	10,142	19,208
Disposals	-	(68)	(106)	(969)	(905)	(2,048)
As at 31 December 2020	35,718	70,547	21,967	63,707	196,473	388,412
Accumulated depreciation						
As at 1 January 2019	-	32,058	14,094	43,671	149,777	239,600
Depreciation for the year	-	6,718	1,819	5,486	16,003	30,026
Depreciation on disposals	-	-	(7)	(26)	(239)	(272)
As at 31 December 2019	-	38,776	15,906	49,131	165,541	269,354
Depreciation for the year	-	6,289	1,911	5,809	14,051	28,060
Depreciation on disposals	-	(68)	(99)	(966)	(905)	(2,038)
As at 31 December 2020	-	44,997	17,718	53,974	178,687	295,376
Net book value						
As at 31 December 2019	35,718	30,981	5,349	8,155	21,695	101,898
As at 31 December 2020	35,718	25,550	4,249	9,733	17,786	93,036
Depreciation for the year						
2019 (Baht 16.0 million included in cost of sales and service, and the balance in administrative expenses)						30,026
2020 (Baht 14.0 million included in cost of sales and service, and the balance in administrative expenses)						28,060

As at 31 December 2020, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting the accumulated depreciation of those assets amounted to approximately Baht 241 million (2019: Baht 183 million).

17. Equipment for lease

(Unit: Thousand Baht)

	Equipment for lease	Equipment for lease under installation	Total
Cost			
As at 1 January 2019	202,582	10,769	213,351
Additions	64,159	9,845	74,004
Transfer in (out)	10,769	(10,769)	-
As at 31 December 2019	277,510	9,845	287,355
Additions	6,099	16,919	23,018
Disposals	(5,805)	-	(5,805)
Transfer in (out)	26,764	(26,764)	-
As at 31 December 2020	304,568	-	304,568
Accumulated depreciation			
As at 1 January 2019	115,766	-	115,766
Depreciation for the year	51,024	-	51,024
As at 31 December 2019	166,790	-	166,790
Depreciation for the year	54,907	-	54,907
Depreciation on disposals	(5,804)	-	(5,804)
As at 31 December 2020	215,893	-	215,893
Net book value			
As at 31 December 2019	110,720	9,845	120,565
As at 31 December 2020	88,675	-	88,675
Depreciation for the year			
2019 (all included in cost of equipment for lease)			51,024
2020 (all included in cost of equipment for lease)			54,907

As at 31 December 2020, certain items of equipment for lease were fully depreciated but are still in use. The gross carrying amount before deducting the accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 72 million (2019: Baht 72 million).

18. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)	
	2020	2019
Cost	66,814	62,171
<u>Less</u> Accumulated amortisation	<u>(31,880)</u>	<u>(25,981)</u>
Net book value	<u>34,934</u>	<u>36,190</u>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)	
	2020	2019
Net book value at beginning of year	36,190	37,204
Acquisition	4,643	4,618
Amortisation	<u>(5,899)</u>	<u>(5,632)</u>
Net book value at end of year	<u>34,934</u>	<u>36,190</u>

19. Short-term loans from financial institutions

As at 31 December 2020, short-term loans from financial institutions carry interest at rates of 1.25% - 1.35% per annum (2019: 2.10% - 2.15% per annum) and due within February to March 2021.

20. Trade and other payables

	(Unit: Thousand Baht)	
	2020	2019
Trade accounts payable	1,209,324	643,215
Other payables	12,494	9,597
Accrued expenses	<u>119,188</u>	<u>85,687</u>
Total trade and other payables	<u>1,341,006</u>	<u>738,499</u>

21. Liabilities under financial arrangement agreements

	(Unit: Million Baht)	
	2020	2019
Liabilities under financial arrangement agreements	319.4	105.7
Less: Deferred interest	<u>(4.3)</u>	<u>(0.2)</u>
Total	315.1	105.5
Less: Portion due within one year	<u>(143.2)</u>	<u>(42.6)</u>
Portion due more than one year	<u>171.9</u>	<u>62.9</u>

The Company entered into financial arrangement agreements to purchase computer equipment and services for project works. The liabilities under the agreements are payable on monthly, quarterly and yearly bases and the terms of agreements are generally 3 - 5 years.

The Company has future minimum payments required under the financial arrangement agreements as follows:

	(Unit: Million Baht)		
	As at 31 December 2020		
	Less than 1 year	1 - 5 years	Total
Future minimum payments	145.6	173.8	319.4
Deferred interest expenses	(2.4)	(1.9)	(4.3)
Present value of future minimum payments	<u>143.2</u>	<u>171.9</u>	<u>315.1</u>

	(Unit: Million Baht)		
	As at 31 December 2019		
	Less than 1 year	1 - 5 years	Total
Future minimum payments	42.8	62.9	105.7
Deferred interest expenses	(0.2)	-	(0.2)
Present value of future minimum payments	<u>42.6</u>	<u>62.9</u>	<u>105.5</u>

22. Provision for penalty on project delay

	(Unit: Thousand Baht)	
	2020	2019
As at 1 January	115,549	90,760
Increase during the year	1,433	39,504
Utilised	(39,479)	(14,715)
As at 31 December	<u>77,503</u>	<u>115,549</u>

23. Other current liabilities

	(Unit: Thousand Baht)	
	2020	2019
Value added tax payable	14,309	-
Undue output tax	75,691	65,873
Withholding tax payable	40,346	26,321
Others	3,381	2,116
Total other current liabilities	<u>133,727</u>	<u>94,310</u>

24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, was as follows:

	(Unit: Thousand Baht)	
	2020	2019
Provision for long-term employee benefits at beginning of year	97,769	83,048
Included in profit or loss:		
Current service cost	24,699	11,690
Interest cost	1,966	2,198
Past service costs and gains or losses on settlement	-	16,227
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(8,729)	823
Financial assumptions changes	3,441	8,673
Experience adjustments	23,410	(14,905)
Benefits paid during the year	(2,985)	(9,985)
Provision for long-term employee benefits at end of year	<u>139,571</u>	<u>97,769</u>

The Company expects to pay Baht 8 million of long-term employee benefits during the next year (2019: Baht 3 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 17 years (2019: 16 years).

Significant actuarial assumptions used for the valuation are summarised below.

	2020	2019
	(% per annum)	(% per annum)
Discount rate	2	2
Salary increase rate	0 - 6	0 - 6
Staff turnover rate	2 - 17	0 - 7

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below.

	(Unit: Million Baht)			
	2020		2019	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(11)	13	(8)	9
Salary increase rate	13	(12)	10	(8)
Staff turnover rate	(8)	8	(8)	9

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Salaries, bonus, commission and other employee benefits	711,842	653,819
Installation and services expenses	738,919	486,004
Repair and maintenance expenses	572,096	525,021
Depreciation and amortisation	99,018	86,682
Penalty on project delay	1,433	39,504
Entertainment expenses	48,203	56,330
Purchase inventories	4,116,328	4,644,778
Changes in inventories	(557,559)	(400,832)

27. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)	
	2020	2019
Current income tax:		
Current income tax charge	132,217	132,405
Adjustment in respect of income tax of previous year	2,345	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(16,316)	(17,919)
Income tax expense reported in profit or loss	118,246	114,486

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Deferred tax on actuarial gain (loss)	(3,625)	1,081

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before income tax expenses	512,517	506,579	519,836	535,127
Applicable tax rate	20%	20%	20%	20%
Accounting profit before income expense tax				
multiplied by applicable tax rate	102,503	101,316	103,967	107,025
Adjustment in respect of income tax of				
previous year	2,345	-	2,345	-
Effects of:				
Non-deductible expenses	11,049	10,245	11,049	10,245
Additional expense deductions allowed	(3,157)	(4,608)	(3,157)	(4,608)
Share loss from investments in joint ventures	1,464	5,709	-	-
Others	4,042	1,824	4,042	1,824
Total	13,398	13,170	11,934	7,461
Income tax expenses reported in profit or loss	118,246	114,486	118,246	114,486

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements	
	of financial position	
	2020	2019
Deferred tax assets		
Allowance for expected credit losses		
(2019: Allowance for doubtful accounts)	40,656	20,524
Payables under forward contracts	623	67
Provision for penalty on project delay	15,789	23,641
Provision for long-term employee benefits	27,914	19,554
Revenue from contracts with customers	2,822	4,077
Total	87,804	67,863

28. Basic earnings per share

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

29. 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 the 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 revenue from construction contracts (2) rental of equipment. 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 years ended 31 December 2020 and 2019, there were no material activities pertaining to the rental segment. For this reason, no related financial information has been presented by either industry segment or geographical area.

Geographic information

The Company is mainly operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

In year 2020, the Company has revenue from a major customer in the amount of Baht 1,271 million which derived from sales and service income (2019: revenue from one major customers in the amount of Baht 1,879 million).

30. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, contributed to the fund monthly at rates of 5 - 15% of basic salary. The fund, which is managed by SCB Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020, amounting to Baht 30 million (2019: Baht 28 million) were recognised as expenses.

31. 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	0.60
Interim dividends of 2019	Board of Directors' meeting of the Company held on 8 August 2019	103.2	0.50
Total for 2019		227.0	1.10
Final dividends of 2019	Annual General Meeting of the Company's shareholders held on 23 March 2020	288.8	1.40
Interim dividends of 2020	Board of Directors' meeting of the Company held on 10 August 2020	51.6	0.25
Total for 2020		340.4	1.65

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2020, the Company had no capital commitments (2019: capital commitments relating to purchase of equipment for lease of Baht 34 million).

32.2 Operating lease and service commitments

The Company has entered into several 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.

As at 31 December 2020 and 2019, the Company has future payments required under these contracts as follows:

	(Unit: Million Baht)	
	2020	2019
Payable:		
In up to 1 year	-	16
In over 1 year and up to 5 years	-	19

32.3 Obligations relating to undelivered and unrendered contracts

1. The Company has contracts related to selling goods and rendering services that are undelivered and unrendered to its customers of approximately Baht 7,121 million (2019: Baht 7,163 million). The Company expects to satisfy the performance obligations within 10 years.
2. The Company has engaged in various rental contracts with companies of which the government is a major shareholder, government agencies and private companies, with a total contract value for future services rendering as follows:

	(Unit: Million Baht)	
	2020	2019
In up to 1 year	74	120
In over 1 year and up to 5 years	43	47

The Company has obliged to complete the equipment installation and render maintenance services of these equipment in accordance with conditions stipulated in the contracts.

32.4 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of Baht 2,307 million (2019: Baht 1,977 million) which have been issued by banks 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 2,305 million (2019: Baht 1,975 million) to guarantee contractual performance and Baht 2 million (2019: Baht 2 million) to guarantee payments due to creditors.

32.5 Litigation

The Company was sued for fines in a lawsuit case brought by the government claiming damages for a breach of contract because the Company failed to complete work. At present, the case is being considered by the Civil Court. However, the Company has recorded provision for the contingent liabilities amount of Baht 77 million which the management believes that it is sufficient in the current situation.

33. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity investments	-	-	140	140
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	3	-	3
				(Unit: Million Baht)
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1

33. Financial instruments

33.1 Derivatives not designated as hedging instruments

	(Unit: Thousand Baht)	
	2020	2019
Derivative liabilities not designated as hedging instruments		
Foreign exchange forward contracts	3	1

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 6 months.

33.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, trade accounts payable and liabilities under financial arrangement agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables and contract assets

The Company manages the risk by adopting appropriate credit control policies and procedures and most customers are government agencies, companies in which the government is a major shareholder. Therefore, the Company does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's chief financial officer on an annual basis, and may be updated throughout the year. The limits are set to mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk. The Company enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods to manage its risk exposure.

Foreign currency risk

The Company exposures to foreign currency risk related primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers it appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currency are summarised below.

Foreign currency	2020			
	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.6	-	30.15 - 31.29	-

Foreign currency	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 31 December 2020, the Company has outstanding balance of trade receivables and trade payables denominated in foreign currency of USD 1 million and USD 3.7 million, respectively (2019: USD 5.5 million and USD 2.8 million, respectively).

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term loans and liabilities under financial arrangement agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is expected to be minimal.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Fixed interest rates				Non-interest bearing		Total		Effective interest rate	
	Within 1 year		1 - 5 years		2020	2019	2020	2019	2020	2019
	2020	2019	2020	2019						
										(% per annum)
Financial assets										
Cash and cash equivalents	164	181	-	-	40	9	204	190	0.1	0.1 - 1.0
Trade and other receivables	-	-	-	-	2,634	2,269	2,634	2,269	-	-
Loan to related party	3	-	-	-	-	-	3	-	4.5	-
	<u>167</u>	<u>181</u>	<u>-</u>	<u>-</u>	<u>2,674</u>	<u>2,278</u>	<u>2,841</u>	<u>2,459</u>		
Financial liabilities										
Short-term loans	250	400	-	-	-	-	250	400	1.2 - 1.3	2.1 - 2.2
Trade and other payables	-	-	-	-	1,341	738	1,341	738	-	-
Liabilities under financial arrangement agreements	143	43	172	63	-	-	315	106	0.0 - 3.2	0.0 - 2.6
Lease liabilities	10	-	14	-	-	-	25	-	3.75	-
	<u>403</u>	<u>443</u>	<u>186</u>	<u>63</u>	<u>1,341</u>	<u>738</u>	<u>1,931</u>	<u>1,244</u>		

Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Short-term loans from financial institutions	250	-	250
Trade and other payables	1,341	-	1,341
Liabilities under financial arrangement agreements	143	172	315
Lease liabilities	11	14	25
Total non-derivatives	<u>1,745</u>	<u>186</u>	<u>1,931</u>
Derivatives			
Derivative liabilities	3	-	3
Total derivatives	<u>3</u>	<u>-</u>	<u>3</u>

33.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company's debt-to-equity ratio was 1.1:1 (2019: 0.9:1).

35. Event after the reporting period

On 11 February 2021, the Board of Directors' meeting of the Company passed a resolution to propose the payment of a dividend in respect of the operating results of 2020 of Baht 1.25 per share, which is an addition of an interim dividend payment of Baht 0.25 per share. The Company will propose to the Annual General Meeting of the Company's shareholders that such dividend be paid.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2021.