**ITALIAN–THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019**

1. **GENERAL INFORMATION**

Italian–Thai Development Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. The Company and subsidiaries are principally engaged in the construction services and other services related to construction support, providing soil and coal extraction and removal services, real estate business, manufacturing and selling construction materials and products, including investments in other projects in Thailand and overseas.

Coronavirus 2019 pandemic

The Corona Coronavirus 2019 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries in many countries around the world. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing development and assessed the impact in respect of the construction projects in domestic and overseas including the financial impact in respect of the revenues and expenses, valuation of assets, provisions and contingent liabilities. The management has considered to adjust the impact from such matter in the group’s financial statements which using estimates and judgement in respect of various issues as the situation has evolved

1. **BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION**
   1. Statement of compliance

The Company prepares its financial statements in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Thai Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must conform to the official report in Thai.

The consolidated and separate financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to use certain critical accounting estimates and to exercise judgement in the process of applying the Group’s accounting policies. The areas in which management users a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2 to financial statements.

* 1. Basis of consolidation

The consolidated financial statements include the financial statements of Italian–Thai Development Public Company Limited and subsidiaries in which the Company can exercise control are as follows:

|  | Country of | Percentage of share held | |
| --- | --- | --- | --- |
| Name of Entity | incorporation | by the Company | |
|  |  | 2020 | 2019 |
| Overseas subsidiaries |  |  |  |
| PT.Thailindo Bara Pratama | Indonesia | 99.99 | 99.99 |
| ITD Cementation India Limited | India | 46.64 | 46.64 |
| ITD–Madagascar S.A. | Madagascar | 99.98 | 99.98 |
| ITD Construction SDN. BHD. | Malaysia | 99.99 | 99.99 |
| ITD Bangladesh Company Limited | Bangladesh | 99.99 | 99.99 |
| Italian–Thai Development Vietnam Co., Ltd. | Vietnam | 80.00 | 80.00 |
| ITD Mozambique Limitada | Mozambique | 99.00 | 99.00 |
| Thai Mozambique Logistica SA | Mozambique | 60.00 | 60.00 |
|  |  |  |  |
| Local subsidiaries |  |  |  |
| Italian–Thai International Co., Ltd. | Thailand | 99.99 | 99.99 |
| Bhaka Bhumi Development Co., Ltd. | Thailand | 99.99 | 99.99 |
| Thai Pride Cement Co., Ltd. | Thailand | 99.99 | 99.99 |
| Nha Pralan Crushing Plant Co., Ltd. | Thailand | 99.99 | 99.99 |
| Siam Concrete and Brick Products Co., Ltd. | Thailand | 99.80 | 99.80 |
| Italthai Marine Co., Ltd. | Thailand | 92.59 | 92.59 |
| Italthai Trevi Co., Ltd. | Thailand | 90.94 | 90.94 |
| Asian Steel Product Co., Ltd. | Thailand | 69.90 | 69.90 |
| Thai Maruken Co., Ltd. | Thailand | 50.96 | 50.96 |
| Italian Thai Land Co., Ltd. | Thailand | 99.99 | 99.99 |
| Palit Palangngan Co., Ltd. | Thailand | 78.16 | 78.16 |
| Palang Thai Kaowna Co., Ltd. | Thailand | 99.99 | 99.99 |
| Italian Thai Power Co., Ltd. | Thailand | 99.99 | 99.99 |
| Saraburi Construction Technology Co., Ltd. | Thailand | 99.93 | 99.93 |
| Asia Logistics Development Co., Ltd. | Thailand | 99.93 | 99.93 |
| Asia Industrial and Port Corporation Co., Ltd. | Thailand | 99.93 | 99.93 |
| Myanmar Italian–Thai Power 1 Co., Ltd. | Thailand | 99.95 | 99.95 |
| Italian-Thai Hongsa Co., Ltd. | Thailand | 99.97 | 99.97 |
| APPC Holding Co., Ltd. | Thailand | 64.52 | 64.52 |
| ITD - ETF Joint venture | Thailand | 100.00 | 100.00 |
| Asian Rail Co., Ltd. | Thailand | 99.99 | 99.97 |
| ITD - ARC Joint venture | Thailand | 10.00 | 10.00 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Indirect overseas subsidiaries |  |  |  |
| Ayeyarwady Multitrade Co., Ltd. | Myanmar | 99.99 | 99.99 |
| ITD Cementation Projects India Limited | India | 99.99 | 99.99 |
| ITD Vertex Consortium SDN. BHD | Malaysia | 70.00 | 70.00 |
| Dawei Development Company Limited (Myanmar) | Myanmar | 75.00 | 75.00 |
| Future Prosperity Investment Company Limited | Republic of Mauritius | 99.99 | 99.99 |
| APPC Hong Kong Company Limited | Hong Kong | 100.00 | 100.00 |
| THAI INTERNATIONAL INDUSTRIAL ESTATE DEVELOPMENT PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| THAI POWER DEVELOPMENT PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| THAI TELECOM DEVELOPMENT PRIVATE  COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| DAWEI TELECOM HOLDING PRIVATE  COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| DAWEI RESIDENCE HOLDING PTE LTD. | Singapore | 50.00 | 50.00 |
| DAWEI POWER HOLDING PTE LTD. | Singapore | 100.00 | 100.00 |
| DAWEI LNG TERMINAL HOLDING PTE LTD. | Singapore | 50.00 | 50.00 |
| MYANDAWEI INDUSTRIAL ESTATE HOLDING  PTE LTD. | Singapore | 50.00 | 50.00 |
| DAWEI TELECOM COMPANY LIMITED | Myanmar | 100.00 | 100.00 |
| DAWEI RESIDENCE COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
| DAWEI POWER COMPANY LIMITED | Myanmar | 100.00 | 100.00 |
| DAWEI LNG TERMINAL COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
| MYANDAWEI INDUSTRIAL ESTATE COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
|  |  |  |  |
| Indirect local subsidiaries |  |  |  |
| Aquathai Co., Ltd. | Thailand | 99.99 | 99.99 |
| Sarithorn Co., Ltd. | Thailand | 99.99 | 99.99 |
| Southern Industries (1996) Co., Ltd. | Thailand | 99.99 | 99.99 |
| Asia Pacific Potash Corporation Limited | Thailand | 90.00 | 90.00 |
| Lasalle Company Limited | Thailand | 99.30 | 99.30 |
| Tongkrai Company Limited | Thailand | 99.40 | 99.40 |
| Tayakhee Company Limited | Thailand | 99.40 | 99.40 |
| Dithee Company Limited | Thailand | 99.40 | 99.40 |
| Panoot Company Limited | Thailand | 99.40 | 99.40 |
| Phannin Company Limited | Thailand | 99.40 | 99.40 |
| Takolkiat Company Limited | Thailand | 99.40 | 99.40 |
| Tridayuk Company Limited | Thailand | 99.40 | 99.40 |
| Bhantuwong Company Limited | Thailand | 99.40 | 99.40 |
|  |  |  |  |
|  |  |  |  |
| Nahathai Company Limited | Thailand | 99.40 | 99.40 |
| Kanika Company Limited | Thailand | 99.40 | 99.40 |
| Sin Rae Muang Thai Co., Ltd. | Thailand | 99.99 | 99.99 |
| Wildemere Co., Ltd. | Thailand | 99.99 | 99.99 |
| APPC Holding Co., Ltd. | Thailand | 35.48 | 35.48 |
| ITD – ARC Joint venture | Thailand | 90.00 | 90.00 |

* 1. Significant changes during the year 2020 are as follows:
* The Company made additional payment for share capital of two local subsidiaries totalling Baht 114.68 million. There is no change in investment proportion.
* The Company made additional payment for share capital of an overseas joint control company of BDT 1,395.33 million (equivalent to Baht 519.09 million) and by converting debt to equity of BDT 417.50 million (equivalent to Baht 148.88 million) under the shareholder agreement made in the third quarter of 2019. There is no change in investment proportion for this additional payment of investment.
* The Company registered to liquidate a Company’s branch in foreign country and two domestic joint ventures.
* A local associated company increased its shares capital by offering to the existing shareholders. The Company did not participate in additional investment therefore the Company’s proportion in such associated company is diluted from 15.00% to 8.52%. However, the Company continues classified such investment as associated company since the Company still has significant influence by the power to participate over the financial and operating policy decisions of such company but can not control those policies.
  1. Significant changes during the year 2019 are as follows:
* The Company invested in Asian Rail Co., Ltd. which is engaged in construction services with an investment proportion of 99.97% and paid for share capital of Baht 0.25 million.
* The Company and Asian Rail Co., Ltd. have jointly invested in ITD – ARC Joint Venture which is principally engaged in the construction for State Railway of Thailand. The Company has investment proportion of 10% in the joint venture.
* The Company made additional payment for share capital of Thai Mozambique Logistica SA of Baht 2.02 million. There is no change in investment proportion.
* The Company made additional investment for share capital of ITD–Madagascar S.A. by swapping Debt to Equity of Baht 128.46 million with no change in investment proportion.
* The Company made additional investment for share capital of ITD Mozambique Limitada by swapping Debt to Equity of Baht 6.13 million with no change in investment proportion.
* The Company made additional investment for share capital of PT.Thailindo Bara Pratama by swapping Debt to Equity of Baht 2,178.15 million with no change in investment proportion.
* Two domestic joint ventures registered their liquidation.
* Two overseas subsidiaries registered their liquidation.
* An overseas subsidiary (First Dhaka Elevated Expressway Co., Ltd.) increased its shares capital by BDT 3,531.47 million (equivalent to Baht 1,286.68 million) for the Company and new investors. After the payments for shares capital increase as stipulated, the structure of shareholding changed where the diluted proportion of the Company’s shareholding in such subsidiary decrease from 99.99% to 51.00%. This also caused the change in the Company’s control power in such subsidiary. The Company therefore changed the treatment of such investment in subsidiary to investment in joint control company.
* The Company made addition payment for share capital of five subsidiaries for them to pay their debts to the Company. The investments proportion of such subsidiaries are changed as follow:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Percentage of shareholding | |
| Companies | Additional investment for share capital  (Million Baht) | 31 December 2019 | 31 December 2018 |
|  |  |  |  |
| Italian–Thai International Co., Ltd. | 4,180.00 | 99.99 | 99.99 |
| Italian–Thai Land Co., Ltd. | 412.00 | 99.99 | 99.99 |
| Palang Thai Kaowna Co., Ltd. | 458.00 | 99.99 | 99.94 |
| APPC Holding Co., Ltd. | 484.00 | 64.52 | 60.00 |
| Palit Palangngan Co., Ltd. | 95.39 | 78.16 | 74.93 |

* 1. The financial statements of the overseas project offices, branches and subsidiaries are translated into Baht using exchange rates at the date of the statement of financial position for assets and liabilities, and the monthly average exchange rates for revenues and expenses The resultant differences are presented under the caption “Translation adjustments for foreign currency financial statements” as other comprehensive income under other components of shareholders’ equity.

Goodwill arising on the acquisition of the businesses in overseas is treated as assets of the overseas entity, and they are translated at the closing rate.

* 1. Significant transactions and account balances with subsidiaries have been eliminated from the consolidated financial statements, except for intercompany profit in inventories at the end of the year, which has insignificant effect on the consolidated financial statements.
  2. Non–controlling interests represent the portion of subsidiary companies’ profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of profit or loss and the statement of changes in shareholders’ equity.
  3. All subsidiaries have the same reporting date of 31 December, except the group companies in India and Myanmar which have a statutory reporting date of 31 March and 30 September, respectively. However, such companies prepared the financial information for consolidation with the financial statements of the Company for the year ended 31 December with the same accounting policies of the Group and for the same accounting transactions or accounting events.
  4. Dilution gains (loss) arises on shares issued by subsidiaries and sold to third parties are recognized as surplus (discount) on dilution of investment in subsidiary companies, which is presented under shareholders’ equity in the consolidated financial statements.
  5. The Company’s financial statements for the years ended 31 December 2020 and 2019 include the audited financial statements of 2 overseas project offices, 5 overseas branches, 8 overseas subsidiaries, and 3 overseas joint ventures with aggregate assets and revenues under consolidated financial statement in Baht equivalent as follows:

|  |  | | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- |
|  | 2020 | | 2019 | |
|  | Total assets | Total revenues | Total assets | Total revenues |
|  |  |  |  |  |
| KOLDAM Project Office | 1,134 | - | 1,181 | - |
| West Bengal Project Office | 5 | - | 7 | - |
| Italian–Thai Development Public Co., Ltd. – Philippines Branch | 1,919 | - | 56 | - |
| Italian–Thai Development Public Co., Ltd. – Taiwan Branch | 15 | 13 | 3 | 4 |
| Italian–Thai Development Public Co., Ltd. – India Branch | 615 | 30 | 640 | - |
| Italian–Thai Development Public Co., Ltd. – Cambodia Branch | 1 | - | 1 | - |
| Italia–Thai Development Public Co., Ltd. – Bangladesh Branch | 6,000 | 1,223 | 6,493 | 4,527 |
| ITD Cementation India Limited | 13,597 | 11,025 | 12,887 | 12,164 |
| PT. Thailindo Bara Pratama | 256 | 300 | 502 | 315 |
| ITD–Madagascar S.A. | 16 | - | 22 | 99 |
| ITD Bangladesh Company Limited | 2,343 | 1,667 | 936 | - |
| Italian–Thai Development Vietnam Co.,Ltd | 1 | - | 1 | - |
| Italian–Thai Development (Myanmar) Co., Ltd. | - | - | - | 11 |
| ITD Mozambique Limitada | 165 | 26 | 153 | 5 |
| Thai Mozambique Logistica SA | 191 | - | 195 | 2 |
| ITD – Cemindia JV | 85 | 40 | 78 | 37 |
| ITD – ITD CEM JV | 1,594 | 375 | 1,774 | 507 |
| ITD – ITD CEM JV (Consortium) | 33 | - | 39 | - |
| Total | 27,970 | 14,699 | 24,968 | 17,671 |

* 1. The consolidated and separate financial statements for the years 2020 and 2019, recognizes assets, liabilities, revenues and expenses of the joint operations which are classified as joint operations based on the Company’s management consideration based on the economic contents of the joint venture agreements and concluded that the Company has rights to the assets, and obligations for the liabilities relating to the arrangements including revenues and expenses sharing relevant to such joint operation, The Company therefore, prepared and presented the financial statements of such joint operations proportionately based on the Company’s interests. Joint operations are as follows:

|  | Portion of joint operations (percent) | |  |
| --- | --- | --- | --- |
| Name of Entity | 2020 | 2019 | Type of businesses |
|  |  |  |  |
| ITD – SQ Joint Venture | 50.00 | 50.00 | Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand |
| SQ – ITD Joint Venture | 50.00 | 50.00 | Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand |
| ITD – SMCC Joint Venture | - | - | Construction the Chao Phraya River Crossing Bridge at Nonthaburi 1 Road Construction Project with the Department of Rural Roads under the Ministry of Transport, Thailand |
| Samsung – ITD Joint Venture | - | 24.00 | Construction the LPG expansion project at Khao Bo Ya, Chonburi Province with PTT Public Company Limited, Thailand |
| ITD – RT Joint Venture | 70.00 | 70.00 | Construction the double track train from Map Kabao – Thanon Chira junction, Contract No.3 tunnel works under the state railway of Thailand |
| SMCC – ITD Joint Venture | 49.00 | 49.00 | Construction of Dhaka Mass Transit Development project line 6 (CP-06) at Dhaka, Bangladesh with Dhaka Mass Transit Company Limited. |

The consolidated and separate financial statements as at 31 December 2020 and 2019 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations as follows:

|  |  | |  | |  |  | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | 2019 | | | |
|  | Current assets | Non–current assets | Current  liabilities | Non–current  liabilities | Current assets | Non–current assets | Current  liabilities | Non–current  Liabilities |
|  |  |  |  |  |  |  |  |  |
| ITD – SQ Joint Venture | 72 | 5 | 2 | - | 616 | 484 | 260 | 18 |
| SQ – ITD Joint Venture | - | - | - | - | 21 | - | 20 | - |
| Samsung – ITD Joint Venture | - | - | - | - | 18 | - | 1 | - |
| ITD – RT Joint Venture | 1,043 | 23 | 780 | - | 795 | 30 | 432 | 268 |
| SMCC – ITD Joint Venture | 1,388 | 202 | 535 | 910 | 994 | 273 | 331 | 1,046 |

|  |  | | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- |
|  | 2020 | | 2019 | |
|  | Revenues | Expenses | Revenues | Expenses |
|  |  |  |  |  |
| ITD – SQ Joint Venture | - | 171 | 1,197 | 1,001 |
| SQ – ITD Joint Venture | 12 | 1 | - | 5 |
| ITD – SMCC Joint Venture | - | - | - | 5 |
| Samsung – ITD Joint Venture | - | - | 2 | - |
| ITD – RT Joint Venture | 490 | 408 | 253 | 218 |
| SMCC – ITD Joint Venture | 686 | 613 | 1,078 | 965 |

1. **NEW AND REVISED FINANCIAL REPORTING STANDARDS, INTERPRETATIONS AND GUIDANCE**

During the year, The Federation of Accounting Professions has revised and issued Thai Financial Reporting Standards (TFRS), interpretations and guidance as follow:

* 1. Revised interpretations and guidance for the financial statements for the period beginning on or after 1 January 2020 onwards, as follows:
     1. Thai Financial Reporting Standards related to “Financial instruments”

|  |  |
| --- | --- |
| TFRS 9 | Financial instruments |
| TFRS 7 | Financial instruments: Disclosure |
| TAS 32 | Financial instruments: Presentation |
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

These TFRSs define new requirements on the classification and measurement of financial assets and financial liabilities, impairment methodology and hedge accounting, replacing the accounting standards, guidance and interpretations relevant to financial instruments which were formerly in effect.

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

The Group’s management has assessed the impact on the financial statement of Thai Financial Reporting Standards related to “Financial instruments” as follows:

*Classification and measurement of financial assets and financial liabilities*

Financial assets

Financial assets for debt instruments are classified into three principal classification categories: (1) measured at amortized cost, (2) measured at fair value through profit or loss, and (3) measured a fair value through other comprehensive income based on the business model of the Group in which they are managed and based on the cash flow characteristics of the financial asset.

Financial assets measured at amortized cost, interest income shall be calculated using effective interest rate and credited to statement of profit or loss.

Financial assets for equity instrument measured at fair value through profit or loss. However, the Group is able to recognize financial assets at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss.

Financial liabilities

Financial liabilities which are classified and measured at amortized cost. The interest expenses are calculated by using effective interest rate and debited to statement of profit or loss.

Derivative liabilities are measured at fair value through profit or loss. Except for derivatives contract which applied hedge accounting are measured at fair value through other comprehensive income.

The classification and measurement of financial assets and financial liabilities in accordance with TFRS 9 including reconciliation, classification and measurement under the former standards as at 1 January 2020 are as follows:

|  | |  |  | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- | --- |
| Consolidated F/S | | | | | |
| Classification under former standards  as at 31 December 2019 - as previously reported | | | Classification under current TFRS 9  as at 1 January 2020 - as restated | | |
| Transactions | | Carrying amounts | Fair value through  profit or loss | Fair value through other comprehensive income | Amortized cost |
|  | |  |  |  |  |
| **Financial assets** | |  |  |  |  |
| Cash and cash equivalents | | 1,990,707 | - | - | 1,990,707 |
| Fixed deposits less than one year | | 1,062,645 | - | - | 1,062,645 |
| Restricted deposits with banks | | 244,687 | - | - | 244,687 |
| Current portion of promissory notes receivable | | 50,000 | - | - | 50,000 |
| Trade accounts receivable - unrelated  parties - net | | 15,677,668 | - | - | 15,664,783 |
| Trade and other accounts receivable -  related parties - net | | 1,246,331 | - | - | 1,245,683 |
| Short-term loans and advances to  related parties - net | | 419,811 | - | - | 419,811 |
| Retentions receivable | | 3,900,000 | - | - | 3,900,000 |
| Promissory notes receivable - net | | 385,939 | - | - | 385,939 |
| Other long-term investments - net | | 952,050 | 655,524 | 296,526 | - |
| Long-term loans and advances to  related parties - net | | 935,647 | - | - | 935,647 |
|  | |  |  |  |  |
| **Financial liabilities** |  | |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 7,335,669 | | - | - | 7,335,669 |
| Liabilities under trust receipts | 1,760,858 | | - | - | 1,760,858 |
| Trade and other accounts payable -  unrelated parties | 18,398,174 | | - |  | 18,398,174 |
| Trade accounts payable - related parties | 1,668,774 | | - | - | 1,668,774 |
| Current portion of lease liability | 649,150 | | - | - | 649,150 |
| Current portion of long-term loans | 10,851,040 | | - | - | 10,851,040 |
| Current portion of debentures | 3,798,000 | | - | - | 3,798,000 |
| Retentions payable | 1,052,357 | | - | - | 1,052,357 |
| Other current liabilities (Derivative liabilities) | 50,216 | | 50,216 | - | - |
| Other non-current liabilities (Derivative liabilities) | - | | 155,511 | - | - |
| Lease liability | 920,808 | | - | - | 920,808 |
| Long-term loans - net | 11,280,186 | | - | - | 11,280,186 |
| Debentures - net | 11,484,368 | | - | - | 11,484,368 |

|  |  |  | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
| Separate F/S | | | | |
| Classification under former standards  as at 31 December 2019 - as previously reported | | Classification under TFRS 9  as at 1 January 2020 - as restated | | |
| Transactions | Carrying amounts | Fair value through profit or loss | Fair value through other comprehensive income | Amortized cost |
|  |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and cash equivalents | 1,136,838 | - | - | 1,136,838 |
| Restricted deposits with banks | 242,528 | - | - | 242,528 |
| Current portion of promissory notes receivable | 50,000 | - | - | 50,000 |
| Trade accounts receivable -  unrelated parties - net | 13,804,277 | - | - | 13,791,392 |
| Trade and other accounts receivable - related parties – net | 2,720,755 | - | - | 2,720,005 |
| Current portion of finance lease receivable – subsidiary | 5,993 | - | - | 5,993 |
| Short-term loans and advances to  related parties - net | 1,295,459 | - | - | 1,295,459 |
| Retentions receivable | 2,825,775 | - | - | 2,825,775 |
| Finance lease receivable - subsidiary - net | 30,913 | - | - | 30,913 |
| Promissory notes receivable - net | 385,939 | - | - | 385,939 |
| Other long-term investments - net | 799,605 | 520,298 | 279,307 | - |
| Long-term loans and advances to  related parties - net | 727,325 | - | - | 727,325 |
|  |  |  |  |  |
| **Financial liabilities** |  |  |  |  |
| Bank overdrafts and short-term loans from  financial institutions | 4,126,577 | - | - | 4,126,577 |
| Liabilities under trust receipts | 1,747,776 | - | - | 1,747,776 |
| Trade and other accounts payable  - unrelated parties | 14,497,291 | - | - | 14,497,291 |
| Trade accounts payable - related parties | 2,774,292 | - | - | 2,774,292 |
| Current portion of lease liabilities | 585,403 | - | - | 585,403 |
| Current portion of long-term loans | 10,219,305 | - | - | 10,219,305 |
| Current portion of debentures | 3,798,000 | - | - | 3,798,000 |
| Retentions payable | 971,970 | - | - | 971,970 |
| Other current liabilities (Derivative liabilities) | 50,216 | 50,216 | - | - |
| Lease liabilities | 842,879 | - | - | 842,879 |
| Long-term loans - net | 7,294,125 | - | - | 7,294,125 |
| Debentures - net | 11,484,368 | - | - | 11,484,368 |

The value of financial assets and financial liabilities which are measured at amortized costs are closed to fair values.

*Impairment - financial assets and contract assets*

The Group assesses the impairment of financial assets and contract assets by forward-looking “expected credit loss” (ECL) model. It is no longer necessary for a credit event to have occurred before credit losses are recognized and judgement about how changes in economic factors affect expected credit loss and probability-weighted basis. However, the new assessment applies to financial assets measured at amortized cost and fair value through other comprehensive income.

The Group has determined that the application of TFRS 9 are as follows:

* Trade accounts and others receivable, promissory notes receivable, finance lease receivable, earned revenues not yet billed and retention receivable: These assets are measure with applied simplified approach based on expected credit loss for such transactions.
* Loans and advances to related parties: These are measured with applied general approach whereby allowance for impairment is limited to 12 months expected credit loss / lifetime expected credit loss.

The adoption of the above accounting standards requires the Group to account for an additional allowance for impairment losses and derivative as at 1 January 2020 as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | |
|  | 31 December 2019 | Addition | 1 January 2020 |
| Allowance for impairment losses of |  |  |  |
| * Trade accounts receivable - unrelated parties | 954,365 | 12,885 | 967,250 |
| * Trade and other accounts receivable -   related parties | 566,553 | 649 | 567,202 |
| * Short-term loans and advances to   related parties | 26,318 | - | 26,318 |
| - Earned revenues not yet billed | - | 30,536 | 30,536 |
| Total | 1,547,236 | 44,070 | 1,591,306 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Separate F/S | | |
|  | 31 December 2019 | Addition | 1 January 2020 |
| Allowance for impairment losses of |  |  |  |
| * Trade accounts receivable - unrelated parties | 432,270 | 12,885 | 445,155 |
| * Trade and other accounts receivable -   related parties | 563,299 | 750 | 564,049 |
| * Finance lease receivable | 6,080 | - | 6,080 |
| * Short-term loans and advances to   related parties | 338,055 | - | 338,055 |
| * Earned revenues not yet billed | - | 30,536 | 30,536 |
| * Long-term loans and advances to   related parties | 358,149 | - | 358,149 |
| Total | 1,697,853 | 44,171 | 1,742,024 |

*Derivative contract and hedge accounting*

The Group initially recognized derivatives at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged. The Group designates certain derivatives as either:

* hedges of the fair value of recognized assets or liabilities or unrecognized from commitments (fair value hedges); or
* hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

The impact of hedge accounting on the retained earnings as at 1 January 2020 is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | |
|  | 31 December 2019 | Addition | 1 January 2020 |
| Hedge accounting and derivatives |  |  |  |
| - Other non-current liability | - | 155,511 | 155,511 |

* + 1. Thai Financial Reporting Standards 16 “Lease”

TFRS 16 defines, the new principles for the recognition of leases, replacing Thai Accounting Standard No.17 “Leases”, and several leases-related Interpretations. The new standard defined the requirement for leases will be recorded in the statement of financial position in the form of rights-of-use assets and a lease liabilities except for short-term leases agreement which period is less than 12 months or with low value asset.

Under the Thai Financial Reporting Standard No.16 “Leases”, no significant changes to the accounting treatments for lessors.

The Group’s recognition of the rights-of-use assets and lease liabilities under TFRS 16 causes the change in the nature of expenses related to those leases whereby the Group has to recognize depreciation expense on rights-of-use assets, and interest expense on lease liabilities, instead of rental expense from lease agreements as formerly used in the preparation of the financial report.

As stay still, payments for short-term lease or leases of low-value assets will be recognized as rental expense in profit or loss on a straight-line basis over the lease term.

The Group used the modified retrospective approach and recognized the right-of-use assets, and lease liabilities at the first adoption date. This method will have no effect to the retained earnings as at 1 January 2020 which no restatement is required to the comparative information.

The following is a reconciliation of the asset and liability according to the financial statement from TAS 17 to TFRS 16 as at 1 January 2020:

|  |  | | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | |
|  | 31 December 2019 | Reclassification | Remeasurement | | 1 January 2020 |
|  |  |  |  | |  |
| Property plant and equipment | 28,968,713 | (2,093,345) | - | | 26,875,368 |
| Right-of-use assets | - | 2,213,066 | 595,494 | | 2,808,560 |
| Non-current other assets | 761,548 | (119,721) | - | | 641,827 |
| Total | 29,730,261 | - | 595,494 | | 30,325,755 |
|  |  |  |  | |  |

|  |  | | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | |
|  | 31 December 2019 | Reclassification | Remeasurement | | 1 January 2020 |
|  |  |  |  | |  |
| Current portion of finance  lease payable | 649,150 | (649,150) | - | | - |
| Current portion of  lease liabilities | - | 649,150 | 188,440 | | 837,590 |
| Finance lease payables | 920,808 | (920,808) | - | | - |
| Lease liabilities | - | 920,808 | 407,054 | | 1,327,862 |
| Total | 1,569,958 | - | 595,494 | | 2,165,452 |
|  |  |  |  | |  |
| Net | 28,160,303 | - | - | | 28,160,303 |

|  |  | | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | |
|  | 31 December 2019 | Reclassification | Remeasurement | | 1 January 2020 |
|  |  |  |  | |  |
| Property plant and equipment | 19,218,397 | (2,045,730) | - | | 17,172,667 |
| Right-of-use assets | - | 2,165,451 | 160,208 | | 2,325,659 |
| Non-current other assets | 542,584 | (119,721) | - | | 422,863 |
| Total | 19,760,981 | - | 160,208 | | 19,921,189 |
|  |  |  |  | |  |
| Current portion of finance  lease payable | 585,403 | (585,403) | - | | - |
| Current portion of  lease liabilities | - | 585,403 | 57,300 | | 642,703 |
| Finance lease payables | 842,879 | (842,879) | - | | - |
| Lease liabilities | - | 842,879 | 102,908 | | 945,787 |
| Total | 1,428,282 | - | 160,208 | | 1,588,490 |
|  |  |  |  | |  |
| Net | 18,332,699 | - | - | | 18,332,699 |

The measurement of lease liabilities at the 1 January 2020 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit : Thousand Baht) | | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Additional lease liabilities from adoption of TFRS 16 | 629,480 |  | 173,531 |
| Less: Deferred interest | (33,986) |  | (13,323) |
| Net | 595,494 |  | 160,208 |
| Finance leases payable as at 31 December 2019 | 1,569,958 |  | 1,428,282 |
| Lease liabilities as at 1 January 2020 | 2,165,452 |  | 1,588,490 |
|  |  |  |  |
| Classification of lease liabilities |  |  |  |
| Current portion of lease liabilities | 837,590 |  | 642,703 |
| Lease liabilities – net | 1,327,862 |  | 945,787 |
| Total | 2,165,452 |  | 1,588,490 |

The right-of-use assets relating to types of assets as at 1 January 2020 are as following:

|  |  |  |  |
| --- | --- | --- | --- |
| (Unit : Thousand Baht) | | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Land | 321,255 |  | 216,837 |
| Building and plant | 40,670 |  | 4,369 |
| Machinery and office equipment | 1,734,806 |  | 1,557,754 |
| Vehicles | 560,323 |  | 546,699 |
| Others | 151,506 |  | - |
| Total | 2,808,560 |  | 2,325,659 |

* + 1. Impact on the financial information

The adoption of Thai Financial Reporting Standards No.9 and Thai Financial Reporting Standards No.16 has some impacts to the Group statements of financial position as at 1 January 2020 as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| (Unit : Thousand Baht) | | | | | | | | |
|  | Consolidated F/S | | | | Separate F/S | | | |
|  |  | Adjustments | |  |  | Adjustments | |  |
|  | The previous accounting policies | Thai Financial Reporting Standards  No.9 | Thai Financial Reporting Standards  No.16 | After adjustments | The previous accounting policies | Thai Financial Reporting Standards  No.9 | Thai Financial Reporting Standards  No.16 | After adjustments |
| **Statement of financial position** |  |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |  |
| Trade accounts receivable - unrelated parties | 15,677,668 | (12,885) | - | 15,664,783 | 13,804,277 | (12,885) | - | 13,791,392 |
| Trade and other accounts receivable - related parties | 1,246,331 | (649) | - | 1,245,682 | 2,720,755 | (750) | - | 2,720,005 |
| Earned revenues not yet billed | 19,690,374 | (30,536) | - | 19,659,838 | 15,439,524 | (30,536) | - | 15,408,988 |
|  |  |  |  |  |  |  |  |  |
| Non-current assets |  |  |  |  |  |  |  |  |
| Property, plant and equipment | 28,968,713 | - | (2,093,345) | 26,875,368 | 19,218,397 | - | (2,045,730) | 17,172,667 |
| Right-of-use assets | - | - | 2,808,560 | 2,808,560 | - | - | 2,325,659 | 2,325,659 |
| Other non-current assets | 761,548 | - | (119,721) | 641,827 | 542,584 | - | (119,721) | 442,863 |
|  |  |  |  |  |  |  |  |  |
| Current liabilities |  |  |  |  |  |  |  |  |
| Current portion of lease liabilities (2019 : finance lease payables) | 649,150 | - | 188,440 | 837,590 | 585,403 | - | 57,300 | 642,703 |
| Other current liabilities | 50,216 | - | - | 50,216 | 50,216 | - | - | 50,216 |
|  |  |  |  |  |  |  |  |  |
| Non-current liabilities |  |  |  |  |  |  |  |  |
| Lease liabilities (2019 : finance lease payables) | 920,808 | - | 407,054 | 1,327,862 | 842,879 | - | 102,908 | 945,787 |
| Other non-current liabilities | - | 155,511 | - | 155,511 | - | - | - | - |
|  |  |  |  |  |  |  |  |  |
| Shareholders’ equity |  |  |  |  |  |  |  |  |
| Deficit - unappropriated | (494,028) | (199,581) | - | (693,609) | (17,704) | (44,171) | - | (61,875) |

* + 1. Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Coronavirus 2019 pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the impact of the Coronavirus 2019 pandemic. Its objectives are to alleviate the impact from applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

The Accounting Guidance was announced in the Royal Gazette on 22 April 2020. This will affect the preparation of the Group’s financial statements for reporting period between 1 January 2020 and 31 December 2020.

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

* Not to take into account forward-looking information when determining expected credit losses in cases where the Group uses a simplified approach to determine expected credit losses.
* To measure the value of investments in non-marketable equity securities at fair value as at 1 January 2020 at cost less allowance for impairment.
* Not to use information relating to the Coronavirus 2019 pandemic situation in determining whether fair value measurement of the asset that’s not financial asset.
* Not to use information relating to the Coronavirus 2019 pandemic situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilized.
  1. Financial Reporting Standards, Interpretations and guidance which effective from 1 January 2021
     1. Thai Accounting Standard No.1 “Presentation of financial statements” and Thai Accounting Standard No.8 “Accounting policies, Changes in Accounting Estimates and Errors”

These accounting standards define new consideration of “Materiality” to comply with the Financial Reporting Standards and frameworks and explain clearer the use of materiality for accounting purpose. The amendment to these accounting standards also affect amendments to other accounting standards including TAS 8, TAS 10, TAS 34 and TAS 37.

* + 1. Thai Financial Reporting Standard No.3 “Business combinations”

This financial reporting standard defines changes to:

- Provide an option for the entity to use “Concentration Test” that allows a simplified assessment of whether a transaction is an acquired of assets or a business combination.

- Amend definition of business combination to include, at a minimum, an input and a substantive process that are collective significantly contribute to the ability to create outputs. In addition, it defines Outputs to focus on goods and services provided to customers and removes the reference to an ability to lower the costs.

* + 1. Thai Financial Reporting Standard No.9 “Financial instruments” and Thai Financial Reporting Standard No.7 “Disclosure of Financial instruments”

These standards define the changes for specific hedge accounting to lessen the effect from uncertainties arising from impact imputed interest rate, such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to provide information of all hedging relationships directly affected by such uncertainty.

* + 1. Conceptual Framework for Financial Reporting

This conceptual framework defines the assets and liabilities and criteria for recognizing assets and liabilities in financial statements. The principles and practices are as following:

- The measurement of transaction, including factors to be considered for selecting a basis for measurement.

- Presentation and disclosure including classification of revenue and expenses in other comprehensive income.

- Derecognition assets and liabilities from financial statements.

In addition, this framework also describes about the responsibilities, the use of conservative approach, and measurement uncertainty in preparation of financial reporting. The revised conceptual framework also affect the revision in other standards framework including TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 20, TFRIC 22, and TSIC 32.

1. **SIGNIFICANT ACCOUNTING POLICIES**
   1. Revenues recognition

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expect to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates. Judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time as the nature of revenues as follow:

*Revenues from construction work*

Revenue from construction work is recognized over time based on stage of completion for the cumulative costs incurred with total costs budget estimation until the completion of the project. The related costs are recognized in profit or loss when they are incurred.

The Group will set the provision for the total anticipated loss on construction projects in the accounts as soon as the possibility of loss is ascertained.

*Revenues from other service related to construction work*

Revenue from other service related to construction work is recognized overtime when the services are provided to customer and inspected by the project consultant of customer. The related costs are recognized in profit or loss when they incur.

*Revenues from excavating service - soil and coal extraction and removal services*

Revenues from excavating service - soil and coal extraction and removal services are recognized over time when the services are provided. The stage of completion is assessed based on surveys of work performed. The related costs are recognized in profit or loss when they are incurred.

*Revenue from sales of construction materials and products*

Revenue from sales of construction materials and products is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods. The Group is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur. Therefore, the Group will adjust recognized revenue for the estimated returns, which are estimated based on the historical data.

*Revenue from sales of property development*

Revenue from sales of property development is recognized when a customer obtains control of the property development, generally on delivery and transfer of ownership to the customers.

*Interest income*

Interest income is recognized over time - period on an accrued basis.

*Other Revenue*

Other revenue is recognized based on an accrual basis.

*Dividend income*

Dividend income is recognized when the right to receive the dividends is established.

* 1. Cash and cash equivalents

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

* 1. Trade accounts receivable and contract assets

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

The Group recognizes contract assets if it had fulfilled their performance obligation before it receive the consideration from customers, by presenting them as “Earned revenues not yet billed” in the statement of financial position, the Group recognize contract liabilities for consideration received in respect of performance obligations that have not been fulfilled, by presenting them as “Receipts in excess of contract work in progress” in the statement of financial position.

*Accounting policies applicable from 1 January 202*0

Trade accounts receivable and contract assets are presented at the net realizable value. The Group provide allowances for doubtful accounts for the estimated losses that may occur in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt at the reporting period.

The contract assets are measured at the consideration value that the Group expects to receive less allowances for doubtful account.

The Group applies simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on similar types of credit risk. The expected credit loss rates are calculated based on payment profiles of each group, adjusted for factors that are specific to the debtors, and payment ability of the debtors at the end of year. The impairment losses are recognized in profit or loss.

*Accounting Policy applicable before 1 January 2020*

Trade accounts receivable and contract assets are presented at the net realizable value. The Group provide allowances for doubtful accounts for the estimated losses that may occur in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt at the reporting period.

* 1. Inventories and work in process

Construction materials, inventories and work in process are valued at the lower of weighted average cost and net realizable value and are charged to production costs whenever consumed. Management periodically review and provide allowance for obsolete inventories.

Factory and office supplies are valued at the lower of first-in, first-out cost or net realizable value.

* 1. Financial instrument

*Recognition and derecognition*

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial instrument is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

*Classification and initial measurement of financial assets*

The Group classified financial assets into the categorized (1) amortized cost (2) fair value through other comprehensive income (FVOCI) or (3) fair value through profit or loss (FVTPL) based on 2 criteria as follow:

1. The entity’s business model for managing the financial asset, and
2. The contractual cash flow characteristics of the financial asset

At initial recognition, the financial assets (in the case of a financial asset not at FVTPL) are initial recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

All revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

*Subsequent measurement of financial assets*

*Financial assets at amortized cost*

Financial assets are measured at amortized cost if the assets meet the following conditions:

1. The Company held such financial assets within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
2. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets are subsequently measured at amortized cost using the effective interest method and are subjected to impairment which recognized in the profit or loss as separate item.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorized at FVTPL.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

*Financial assets at fair value through other comprehensive income (FVOCI)*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

1. they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell and
2. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI)will be recycled upon derecognition of the asset.

*Impairment of financial assets*

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI (if any). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

*Classification and initial measurement of financial liabilities*

The Group classifies the financial instruments issued by the Company as financial liabilities or equity securities by considering contractual obligations.

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

The Group initial recognized the financial liabilities at fair value and adjusted with transaction costs that are directly attributable to the acquisition of the financial liabilities.

*Subsequent measurement of financial liabilities*

Financial liabilities are subsequently measured at amortized cost using the effective interest method and are expensed in the profit or loss except derivative liabilities are measured at fair value through profit or loss.

*Derivative financial instruments and hedge accounting*

The Group entered the derivative contract that is hedging instruments of a particular risk associated with the cash flows of recognized assets and liabilities (cash flow hedges).

The Group documents the economic relationship between hedging instrument and the hedged items, Nature of risk being hedged, risk management objective, risk management strategy for assessment the hedge effectiveness and measure the hedge ineffectiveness.

The Group initially recognized the derivatives at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Group recognized the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges in the cash flow hedge reserve under equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss as other gains or losses.

The full fair value of a hedging derivative and derivatives that is not applied hedge accounting is classified as an asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets hedge accounting criteria. The Group will classify the cumulative gain or loss, and deferred costs of hedging reported inequity are immediate to profit or loss.

* 1. Contract cost assets

Contract cost assets are the costs to fulfil a contract to satisfy performance obligations in future that relate directly to a contract and the Group expects to recover these costs. However, the fulfilment costs are expended when incurred, if the expected amortization period is one year or less.

Contract cost assets are measured at cost less accumulated amortization and impairment losses. Amortization is charged to profit or loss base on systematic basis over the term of the contract it relates to consistent with the related revenue recognition.

* 1. Costs of property development projects

Costs of property development projects are presented at costs or net realizable value whichever is lower. Project development costs include land cost, construction costs and expenses directly related to the development projects, including interest expense incurred from related loan interest. These will be amortized to cost of sales based on the percentage of sold area of each project.

* 1. Borrowing costs

Interest expense incurred on loans to finance the acquisition and development of the project is capitalized as a cost of each project. The Group will cease the capitalization of interest when the project is completed, or if suspended, until development is resumed.

* 1. Investments

1. Investments in available for sale securities are presented at fair value. Gains (losses) arising from changes in the value of such investments are separately presented as part of shareholders’ equity under the caption “Unrealized gain (loss) on changes in value of investments”. When the securities are sold, the change is included in the statement of profit or loss.
2. Investments in non-marketable equity securities, which the Company classifies as other investments, are presented at cost net of allowance for impairment (if any).
3. Investments in subsidiaries, associated and joint control companies, and joint ventures are accounted for by the cost method in the separate financial statements. Investments in associated and joint control companies and joint ventures are accounted for by the equity method in the consolidated financial statements.

The fair value of available-for-sale securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

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

The Group will record impairment losses (if any) for the investments in subsidiaries, associated and joint control companies, joint ventures and other investments in the statement of profit or loss when the carrying amount exceeds the recoverable amount.

* 1. Related party transactions

Related parties comprise enterprises and individuals 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 and joint control companies and individuals 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 directing the Company’s operations.

*Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Company ceases to has control, it shall cease to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint control company, joint venture. In addition, any amounts previously recognized in other comprehensive income in respect of the Company are accounted for as if the Company had directly disposed of the related assets or liabilities.

*Associated companies*

Associated companies are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company’s share of the total recognized gains or losses of associated companies by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. When the Company’s share of losses exceeds its interest in an associate company, the Company will account for the share of losses not exceeding its investments and further losses are no longer accounted for, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associated company.

*Joint control company*

Joint control company is these company in which the Company has contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

*Joint arrangement*

A joint arrangement is an arrangement of which two or more parties have joint control in an entity. A joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

* *Joint ventures*

Joint ventures accounted for under the equity method of accounting, interests in joint ventures are initially recorded at cost and adjusted thereafter to recognize the Company’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company’s share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Company will recognize such losses as obligation of the Company’s interest in the joint ventures.

* *Joint operations*

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

* 1. Land awaiting developments

Land awaiting developments are valued at cost or net realizable value whichever is lower.

* 1. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, The Group state investment properties at fair value which valuate by the independent valuer. Any gains or losses arising from changes in the value of investment properties are recognized in the statement of profit or loss.

On disposal of investment properties, the Group recognized the difference between the net disposal proceeds and the carrying amount of the asset in the statement of profit or loss in the period when the asset is derecognized.

* 1. Property, plant and equipment, and depreciation

Property, plant and equipment are presented at cost less accumulated depreciation and allowance for impairment of assets (if any). Costs are measured by the cash or cash equivalent price including interest expense on incurred from related loan for the acquisition of asset that bring it to the location and condition necessary for its intended use.

The Group depreciates buildings and equipment by the straight-line method over their estimated useful lives based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

|  |  |  |
| --- | --- | --- |
| Buildings and factories | 20 – 30 | years |
| Machinery and equipment | 3 – 25 | years |
| Furniture, fixtures and office equipment | 3 – 7 | years |
| Vehicles | 5 – 12 | years |
| Site offices and temporary camps | 5 – 12 | years |

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

* 1. Right-of-use assets and lease liabilities

*Policies applicable after 1 January 2020*

*Leases - where the Group is the lessee*

At inception of a contract, the Group assesses whether the 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 Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, initial direct costs and estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentive received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

* fixed payments including in-substance fixed payments;
* variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
* amounts expected to be payable under a residual value guarantee;
* the exercise price, under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period; and
* payments of penalties for early termination of a lease if the Group is reasonably certain to terminate early.

To apply a cost model, the Group measures the ROU asset at cost, less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liability. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the ROU asset or the end of the lease term. However, if the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the ROU asset reflects that the Group will exercise a purchase option, the Group depreciates the ROU asset from the commencement date to the end of the useful lives of the underlying asset. The useful lives of the ROU asset is determined on the same basis as those of property, plant and equipment.

The lease liability is re-measured when there is a change in future lease payments arising from the following items:

* a change in an index or a rate used to determine those payments
* a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee
* the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured to reflect changes to the lease payments, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the remeasurement in profit or loss.

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

The Group has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Leases - where the Group is the lessor*

The Group’s accounting policy under TFRS 16 has not changed from the previous year.

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognized as a lease receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognized over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

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 recognized 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 recognized as an expense over the lease term on the same basis as the lease income.

*Policies applicable before 1 January 2020*

*Leases - where the Group is the lessee*

Leases of equipment where the Group assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of the leased assets or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets in which the lessor effectively retains all the risks and benefits of ownership, are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required by the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

*Hire-purchase payables*

These represent hire-purchase payables less deferred interest. The repayment sub-schedules of the hire-purchase contracts are for 24 – 60 months. The fixed assets acquired under hire-purchase agreements are recorded as assets of the Company at their cash prices and will be registered in the name of the Group upon the completion of payments. Interest on hire-purchases payable is recognized as an expense in the statement of profit or loss.

*Leases - where the Group is the lessee*

Assets leased out under operating leases are included in building and equipment in the statement of financial position. Depreciation is calculated over their estimated useful lives on a basis consistent with other similar assets. Rental income is recognized on a straight-line basis over the lease period.

Lease in terms of which the significant benefits and risk of ownership are under the control of the lessee, are classified as finance lease. The Group will recognize lease receivable at a net investment in lease. Revenues from finance lease will be recognized by the effective rate of return over the lease period.

* 1. Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets which the Company acquired. Goodwill is measured at cost less allowance for impairment. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment loss on goodwill is not reversed.

* 1. Costs of property development projects

Costs of property development projects are presented at costs or net realizable value whichever is lower. Project development costs include land cost, construction costs and expenses directly related to the development projects, including interest expense incurred from related loan interest. These will be amortized to cost of sales based on the percentage of sold area of each project.

* 1. Potash mining right

Potash mining right represents the excess of the cost of investment over the fair value of the subsidiary’s net assets which, in management’s view, represents future economic benefits attributable to the potash mining rights. Potash mining right will be amortized using the units of potash production over the estimated potash reserve from the start of production.

* 1. Deferred exploration and development expenses

All expenses incurred in relation to the exploration for mineral reserves and expenses for the application of the mining concession are recorded as deferred exploration and development expenses until the commencement of the commercial production or the abandonment of the project. These expenses will be amortized based on the proportion of the units of production and the total estimated proven and probable recoverable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these expenses will be recorded as expenditure.

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* 1. Advances from customers under construction contracts

Advances received from customers is payment for expenses to fulfil the performance obligation which is contract liabilities in respect of performance obligation that have not been fulfilled and presenting as “Advances from customers under construction contracts”. Advances from customers under construction contracts will be deducted from the bill of work over the period as indicated in the construction agreement. Advances from customers under construction contracts spanning more than 1 year are classified as non-current liabilities.

* 1. Debentures

Debentures are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, debentures are presented at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowing on an effective interest basis. Gains or losses on early redemption are recognized in the statement of profit or loss upon redemption.

* 1. Impairment of asset

The Group assesses whether there is an indication that any assets may be impaired. If any such indication exists, the Group makes an estimate of the assets recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less cost to sell and value in use.

* 1. Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

*Current income tax*

Current income tax is the expected tax payable or income tax benefit on the taxable profit for the period, using income tax rate enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years, which is different from profit or loss in the financial statements. The income tax in the consolidated and separate financial statements includes income tax of overseas entities which are calculated based on the cash collection, the revenues or the net profit based on tax rate, whichever is higher.

*Deferred tax*

Deferred taxes are calculated on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they are intended to be settled on a net basis or when tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

* 1. Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Financial assets and liabilities, denominated in foreign currencies, which are outstanding at the reporting date, are translated into Baht at the exchange rates ruling on the reporting date. Gains and losses on exchange are included in the statement of profit or loss.

* 1. Employee benefits

*Short-term employment benefits*

Salaries, wages, bonuses and contribution to the social security are recognized as expenses when incurred on the accrual basis.

*Post-employment benefits (Defined contribution plan)*

The Group, and their employees have jointly established a provident fund plan whereby monthly contribution are made by employees and by the Group. The fund’s assets are held in a separate trust fund from the Company’s and subsidiaries’ assets. The Company’s and subsidiaries’ contributions to the fund are recognized as expenses when incurred.

*Post-employment benefits (Defined benefit plan)*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under the labour law.

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

Actuarial gains or losses for the computation of post-employee benefits are recognized in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

The expected rate of return of plan assets is the Group’s expectation of the average long-term rate of return expected on investments of the fund during the estimated term of obligations. Plan assets are measured at fair value as at the reporting date.

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* 1. Segment reporting

Segment results that are reported to the Group’s executive committee (the chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

* 1. Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

* 1. Basic earnings per share

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

* 1. Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding ordinary shares is assumed to be converted to common shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company’s shares during the year) based on the outstanding warrants to determine the number of potential ordinary shares to be additionally issued.

* 1. Provision for liabilities and expenses, and contingent assets

The Group recognized provision for liabilities and expenses in the financial statements when they have present legal or constructive obligations as a result of past events with probable future outflows of resources to settle the obligations, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

* 1. Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into 3 levels of a fair value hierarchy. The 3 levels are defined based on the observability of significant inputs to the measurement, as follows:

* Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
* Level 2 : inputs other than quoted prices included within Level 1 that are observable comparable

for the asset or liability, either directly or indirectly

* Level 3 : no observable inputs for the asset or liability.

1. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT**

The preparation of the financial statements requires management to undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Critical accounting estimates, assumption and judgments are as follows:

* 1. Construction revenues

The consideration of performance obligation on the contracts with customers required management’s judgment to identify the performance obligation on each contract. In addition, the revenues from contract modification which have not yet been determined for the corresponding change in price also requires the management’s judgment to estimates the change to transaction prices and amount which the Group will be entitled to receive based on the reasonable consideration of all available information. In addition, the level of progress of performance under the obligation to complete the construction over time for each construction contract requires management assessment based on information available at the reporting date. In this process, management carries out significant judgments about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcomes in terms of actual costs or revenues may be higher or lower than estimates at reporting date, which would affect the revenue and profit recognized in future years as an adjustment to the amounts recorded to date.

* 1. Claims income

A claim is an amount that the Group seeks to collect from their customers or another party as reimbursement for costs not included in the contract price. A claim income may arise from, for example, customer who caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations.

* 1. Allowance for loss on construction projects

The Group reviews their construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognized immediately in the statement of profit or loss when it is probable that total contract costs will exceed total contract revenue as determined by the management.

* 1. Impairment of receivables and contract assets

The Group accounts for allowance for impairment loss equal to the estimated collection losses that may incur in the collection of receivables and contract asset. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at reporting date.

* 1. Allowance for obsolete, slow-moving and defective inventories

The Group provides allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category and such requires management judgment.

* 1. Allowance for diminution in value of cost of property development projects and land held for development

The Group treats cost of property development projects and land held for development, as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such cost of property development projects and land held for development based on net realizable value. The determination of what is “significant” or “prolonged” and such devaluation requires management judgment.

* 1. Allowance for impairment of investments

The Group treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

* 1. Impairment of goodwill

The Company annually reviews goodwill from investments in subsidiary companies to determine whether it is impaired or not. The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of management estimates.

* 1. Impairment of project under development

The Group treats cost of projects under development as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such cost of projects under development based on net realizable value. The determination of what is “significant” or “prolonged” and such devaluation requires management judgment.

* 1. Joint arrangements

Management applied judgment to determine the type of joint arrangement, based on consideration of the rights and obligations arising from the arrangement.

* 1. Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for plant and equipment and intangible assets and will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or subject to be written off for their technical obsolescence or if they are no longer in use.

* 1. Investment property

The Group presents investment property at the fair value estimated by an independent appraiser, and recognize changes in the fair value in profit or loss. The fair values of investment properties are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

* 1. Allowances for impairment of assets

The Group regularly considers allowances for impairment of assets when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value below their cost, the Group, make an estimate of the assets recoverable amount. The determination of recoverable amount requires management judgment.

* 1. Post-employment benefits under defined benefit plans

Obligation under defined benefit plans is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

* 1. Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group’s future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

* 1. Contingent liabilities from litigation

The Group normally has contingent liabilities as a result of disputes and litigation. Management use judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

* 1. Share-based payment

Share-based payments are recognized based on the underlying fair value of the shares and the consideration payable with discounted cash flow method (DCF) and assumption of discount rate

* 1. Fair valuation of financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in Note 49

* 1. Lease

*Determining the lease term*

The Group exercises judgement in determining whether it is reasonably certain to exercise option to terminate or extend a lease in determining the lease term which considered all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease or not to exercise the option to terminate the lease.

*Determining of discount rate*

The discount rate, which was used to calculate the lease liability, is the rate implicit in the leases if it can be readily determined, or the lessee’s incremental borrowing rate if not. The Company used the rate implicit in the lease for hire purchase leases and incremental borrowing rate for other leases. The Company estimated interest rate closely to incremental borrowing rate.

1. **CORRECTION OF ERRORS**

*Share-based payment transaction and gain from loss of control in subsidiary*

During the 3rd quarter of the year 2019, First Dhaka Elevated Expressway, an oversea subsidiary, increased its shares capital by issuing new common shares at par value to the Company and to the new investors. As a consequence of the of shares capital increased, the subsidiary restructuring of shareholders and organization during the 4th quarter of the year 2019 through which the new investors have power to jointly control such subsidiary with the Company and participate in the decision making relevant with the financial and operating’s policy of the Company. Therefore, the Company losses control in such subsidiary. However, after the payment for share capital increased has been completed as stipulated in shareholders’ agreement, the Company’s proportion of investment diluted from 99.99% to 51.00%. The management therefore classified the remaining interest in such company as investment in joint control company and derecognizes the assets and liabilities of the former subsidiary which has been control from the consolidated statements of financial position and used the carrying amounts of net asset at the date on which the Company lost control in such subsidiary for calculating the remaining portion of investment as an initial investment equal to Baht 837.21 million. However, the financial reporting standard requires the Company to recognize the remaining portion of the initial investment at fair value and recognize the difference between the fair value and carrying amounts of net asset of the remaining investment as gain or loss from the loss of control in subsidiary in the consolidated financial statements at the date on which the Company losses control. The management therefore hired an independent appraiser to determine the fair value of the subsidiary company for assessment of the potential effect from the loss of control in subsidiary and also determine whether the shares capital increase due to the new investor should be considered as a share-based payment under Thai Financial Reporting Standards No. 2 “Share-based payments” or not.

After the fair value appraisal of the subsidiary’s net assets completed during the year 2020, it determines that such capital increase to the new investors at par value which is lower than the fair value. This transaction is considered as a share-based payment. The subsidiary therefore measured the fair value of shares at the granted date to recognize the different price of shares as expenses relating to the increase in shareholder’s equity of subsidiary company of Baht 1,543.14 million in the consolidated statements of profit and loss for the nine-month period ended 30 September 2019 and adjust the effect from the loss of control to recognizes the investment retained in the former subsidiary (joint control company at present) at the fair value of Baht 1,295.00 million and recognizes the difference between the fair value and the derecognizes of carrying amounts of net asset and capital reserve for share-based payment which has been recognized as at 30 September 2019 as gain from the loss of control in subsidiary of Baht 2,838.14 million in the consolidated financial statements for the year ended 31 December 2019.

The restatement of financial statements has effects as follows:

|  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- |
|  | Consolidated F/S | | |
|  | As previously reported | Adjustments increase (decrease) | Restated |
|  |  |  |  |
| **Statement of financial position as at 31 December 2019** | | | |
|  |  |  |  |
| Investments in subsidiaries, associated and joint control companies and joint ventures | 1,676,945 | 1,295,003 | 2,971,948 |
| Retained earnings - Unappropriated | (494,028) | 1,295,003 | 800,975 |
|  |  |  |  |
| **Statement of profit or loss and other comprehensive income**  **for the year ended 31 December 2019** | | | |
|  |  |  |  |
| Gain from loss of control in subsidiary | - | 2,838,140 | 2,838,140 |
| Share-based payment expenses | - | (1,543,137) | (1,543,137) |
| Profit for the year | 86,599 | 1,295,003 | 1,381,602 |

1. **FINANCIAL INSTRUMENTS**
   1. Classification of financial instruments

The outstanding of financial assets and financial liabilities as at 31 December 2020 as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | | |
| Transactions | Amortized cost | Fair value through profit or loss | Fair value through comprehensive income | Total |
|  |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and cash equivalents | 4,055,622 | - | - | 4,055,622 |
| Fixed deposits less than one year | 1,287,381 | - | - | 1,287,381 |
| Restricted deposits with banks | 234,492 | - | - | 234,492 |
| Current portion of promissory notes receivable | 50,000 | - | - | 50,000 |
| Trade accounts receivable - unrelated parties net | 10,303,681 | - | - | 10,303,681 |
| Trade and other accounts receivable - related parties net | 1,883,443 | - | - | 1,883,443 |
| Short-term loans and advances to related parties | 352,571 | - | - | 352,571 |
| Retentions receivable | 3,495,900 | - | - | 3,495,900 |
| Other current assets (Derivative assets) | - | 84,578 | - | 84,578 |
| Promissory notes receivable | 335,939 | - | - | 335,939 |
| Other long-term investments | - | 655,524 | 369,918 | 1,025,442 |
| Long-term loans and advances to related parties | 1,010,737 | - | - | 1,010,737 |
| **Total** | 23,009,766 | 740,102 | 369,918 | 24,119,786 |
|  |  |  |  |  |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | | |
| Transactions | Amortized cost | Fair value through profit or loss | Fair value through comprehensive income | Total |
|  |  |  |  |  |
| **Financial liabilities** |  |  |  |  |
| Bank overdrafts and short-term loans from  financial institutions | 7,118,552 | - | - | 7,118,552 |
| Liabilities under trust receipts | 2,792,671 | - | - | 2,792,671 |
| Trade and other accounts payable - unrelated parties | 19,310,693 | - | - | 19,310,693 |
| Trade accounts payable - related parties | 1,577,322 | - | - | 1,577,322 |
| Short-term loans and advance from related parties | 76,826 | - | - | 76,826 |
| Current portion of lease liabilities | 850,832 | - | - | 850,832 |
| Current portion of long-term loans | 11,943,288 | - | - | 11,943,288 |
| Current portion of debentures | 4,045,690 | - | - | 4,045,690 |
| Retentions payable | 1,004,595 | - | - | 1,004,595 |
| Current portion of other financial liabilities | 367,327 | - | - | 367,327 |
| Other non-current liabilities(Derivative liabilities) | - | 167,703 | - | 167,703 |
| Lease liabilities | 1,379,533 | - | - | 1,379,533 |
| Long-term loans | 9,298,098 | - | - | 9,298,098 |
| Debentures | 10,437,709 | - | - | 10,437,709 |
| Other financial liabilities | 1,099,543 | - | - | 1,099,543 |
| **Total** | 71,302,679 | 167,703 | - | 71,470,382 |
|  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
| Transactions | Amortized cost | Fair value through profit or loss | Fair value through comprehensive income | Total |
|  |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and cash equivalents | 2,981,349 | - | - | 2,981,349 |
| Restricted deposits with banks | 231,263 | - | - | 231,263 |
| Current portion of promissory notes receivable | 50,000 | - | - | 50,000 |
| Trade accounts receivable - unrelated parties | 8,667,329 | - | - | 8,667,329 |
| Trade and other accounts receivable - related parties | 3,801,143 | - | - | 3,801,143 |
| Current portion of finance lease receivable - subsidiary | 6,112 | - | - | 6,112 |
| Short-term loans and advances to related parties | 576,003 | - | - | 576,003 |
| Retentions receivable | 2,448,450 | - | - | 2,448,450 |
| Other current assets (Derivative assets) | - | 84,578 | - | 84,578 |
| Finance lease receivable - subsidiary | 28,961 | - | - | 28,961 |
| Promissory notes receivable | 335,939 | - | - | 335,939 |
| Other long-term investments | - | 520,298 | 348,394 | 868,692 |
| Long-term loans and advances to related parties | 799,875 | - | - | 799,875 |
| **Total** | 19,926,424 | 604,876 | 348,394 | 20,879,694 |
|  |  |  |  |  |
|  |  | | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
| Transactions | Amortized cost | Fair value through profit or loss | Fair value through comprehensive income | Total |
|  |  |  |  |  |
| **Financial liabilities** |  |  |  |  |
| Bank overdrafts and short-term loans from  financial institutions | 4,701,073 | - | - | 4,701,073 |
| Liabilities under trust receipts | 2,792,671 | - | - | 2,792,671 |
| Trade and other accounts payable - unrelated parties | 15,015,287 | - | - | 15,015,287 |
| Trade accounts payable - related parties | 2,222,956 | - | - | 2,222,956 |
| Current portion of lease liabilities | 658,854 | - | - | 658,854 |
| Current portion of long-term loans | 11,224,108 | - | - | 11,224,108 |
| Current portion of debentures | 4,045,690 | - | - | 4,045,690 |
| Retentions payable | 929,029 | - | - | 929,029 |
| Current portion of other financial liabilities | 346,188 | - | - | 346,188 |
| Lease liabilities | 742,150 | - | - | 742,150 |
| Long-term loans | 5,853,279 | - | - | 5,853,279 |
| Debentures | 10,437,709 | - | - | 10,437,709 |
| Other financial liabilities | 994,118 | - | - | 994,118 |
| **Total** | 59,963,112 | - | - | 59,963,112 |

* 1. Financial assets measured at fair value through profit or loss

Investments in equity instruments measured at fair value through profit or loss. The Group measured equity instruments not held for trading through other comprehensive income as discussed in Notes 17.

* 1. Derivative financial instruments and hedge accounting

As at 31 December 2020, the Group has the financial derivative as following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| **Derivative assets** |  |  |  |  |
| Derivative assets were not designated as   a hedging instrument |  |  |  |  |
| - Forward contract | 34,362 | - | 34,362 | - |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| **Derivative liabilities** |  |  |  |  |
| Derivative liabilities were not designated   as a hedging instrument |  |  |  |  |
| - Forward contract | - | 50,216 | - | 50,216 |
|  |  |  |  |  |
| Derivative liabilities designated as a   hedging instrument |  |  |  |  |
| - Interest rate swap | 167,703 | - | - | - |
| Total | 167,703 | 50,216 | - | 50,216 |

A subsidiary has entered into an interest rate swap agreement with a local financial institution for long-term loan from a financial institution amounting to Baht 2,706.00 million, exchanging interest rate floating rate to fixed rate of 6.95% per annum. The period of such agreement is 11 March 2020 to 30 December 2022.

As at 31 December 2020, the interest rate swap contract, designated as a hedging instrument, has a fair value of Baht 167.70 million, presented under other current liabilities in the statement of financial position and the change in fair value loss which considered as effectiveness cash flow hedge instrument of Baht 19.56 million, presented in other comprehensive income.

* 1. Financial risk management

The Group has main financial instruments for each item of financial assets and liabilities as discussed in note 7.1. Risk management is integral to the business of the Group. The Group has a system of controls in order to create an acceptable balance of risk levels. It is considered between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Group is exposed to various types of risks related to these financial instruments. The major risks include credit risk, liquidity risk and market risk. These consist of foreign exchange risk and interest rate risk. The Group has risk management policies as follow.

**Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents, trade and other receivables, contractual cash flow of investment in debt instrument which is measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit and loss, derivative including credit risk from account receivables, other receivables, and loans.

*Credit risk management*

The management manages risk by establishing appropriate credit control policies and procedures. Therefore, the Group does not expect to suffer any significant losses from credit granting. Since the granting of credit is made in advance. The maximum amount that a company may incur on credit is the book value of the receivable shown in the statement of financial position.

*Impairment loss of financial assets*

Trade and other account receivable

The Group considers the simplified approach in accordance with Thai Financial Reporting Standard No.9 to measure expected credit losses over the life of all trade receivables and contractual assets. As such transactions do not contain any significant financial elements. In determining the expected credit loss. Management has classified customers on a common credit risk profile basis and according to groups of overdue periods.

An estimate of the expected credit loss rate is based on past service and sales history and experience of credit losses incurred from 2014 to the end of the accounting period updated to reflect current information. However, the Group has opted for temporary relief measures for additional accounting options, without bringing information that has been forecast in the future (Forward-looking information) is used to measure the expected credit losses arising from accepting payments from customers.

Loans and advances to related parties

The Group has loans to related parties measured at amortized cost. The Group recognizes expected credit losses over the next 12 months on loans that do not incur a significant credit risk increase. The Company has recognized the expected credit loss over the life of the loans with significant increase in credit risk.

Other debt instrument

The Group has cash and cash equivalents retentions receivables and other receivables which are required to determine the impairment loss according to TFRS9. However, the Group has determined that the impairment amount is insignificant.

**Liquidity risk**

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below:

As at 31 December 2020, the Group's non-derivative financial liabilities maturity (Including contractual interest payments (if any)) as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | | | |
|  | Within 1 year | 1 – 2 year | 2 - 5 year | Over 5 year | Total |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 7,118,552 | - | - | - | 7,118,552 |
| Liabilities under trust receipts | 2,792,671 | - | - | - | 2,792,671 |
| Trade and other accounts payable  - unrelated parties | 17,677,273 | 1,295,356 | 338,064 | - | 19,310,693 |
| Trade accounts payable-related   parties | 1,577,322 | - | - | - | 1,577,322 |
| Retentions payable | 1,004,595 | - | - | - | 1,004,595 |
| Lease liability | 850,832 | 284,554 | 853,659 | 241,320 | 2,230,365 |
| Long-term loans | 11,943,288 | 6,235,410 | 2,972,119 | 90,569 | 21,241,386 |
| Debenture | 4,045,690 | 5,995,700 | 4,442,009 | - | 14,483,399 |
| Total | 47,010,223 | 13,811,020 | 8,605,851 | 331,889 | 69,758,983 |
|  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | |  | (Unit : Thousand Baht) | |
|  | Separate F/S | | | | |
|  | Within 1 year | 1 – 2 years | 2 - 5 years | Over 5 years | Total |
|  |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 4,701,073 | - | - | - | 4,701,073 |
| Liabilities under trust receipts | 2,792,671 | - | - | - | 2,792,671 |
| Trade and other accounts payable - unrelated parties | 13,381,867 | 1,295,356 | 338,064 | - | 15,015,287 |
| Trade accounts payable - related  parties | 2,222,956 | - | - | - | 2,222,956 |
| Retentions payable | 929,029 | - | - | - | 929,029 |
| Lease liability | 658,854 | 184,290 | 552,870 | 4,990 | 1,401,004 |
| Long-term loans | 11,224,108 | 4,816,550 | 946,160 | 90,569 | 17,077,387 |
| Debenture | 4,045,690 | 5,995,700 | 4,442,009 | - | 14,483,399 |
| Total | 39,956,248 | 12,291,896 | 6,279,103 | 95,559 | 58,622,806 |

**Market risk**

The Group exposures to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

*Interest rate risk*

The Group exposures to interest rate risk relates primarily to their cash at banks, bank overdrafts, loans, lease liabilities and debentures. Most of the Group’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, therefore the Group’s interest rate is at low risk level.

*Sensitivity Analysis*

Cash-flow sensitivity analysis of financial instruments with variable interest rate at the end of reporting period may resulted the gain or loss from such analysis. However, the Group has determined that the result from sensitivity analysis is not significant.

*Foreign currency risk*

Group exposures to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

As at 31 December 2020, the balances of financial assets and liabilities denominated in foreign currencies of the subsidiaries are summarized below :

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  | Million | Million | Million | Million |
|  | USD | EUR | LAK | JPY |
|  |  |  |  |  |
| Trade accounts receivable and   retention | 9 | 2 | - | - |
| Trade accounts receivable and  loans related parties | 28 | - | - | - |
| Trade account payable | 1 | 13 | 410 | 12 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | |  |
|  | Million | Million | Million | Million | Million |
|  | USD | EUR | INR | JPY | BDT |
|  |  |  |  |  |  |
| Trade accounts receivable and  loans related parties | 90 | - | 23 | - | 6 |
| Trade account payable | 1 | 13 | - | 12 | - |

As at 31 December 2020, the Group has forward exchange contracts outstanding as summarized below

|  |  |  |
| --- | --- | --- |
| Foreign currency | Balance (million) | Contractual exchange rate |
|  |  |  |
| Euro (Bought) | 68 | 34.9777 - 37.2516 |

In addition, the Group is exposed to foreign exchange fluctuations arising from Investments in subsidiaries, associated and joint control companies, and joint ventures which does not hedge such risk.

* 1. Capital management risk

The primary objective of the Group capital management is to ensure that they have appropriate capital structure in order to support their business and maximize shareholder value to reduce the financial cost of capital and to maintain the debt-to-equity ratio in accordance with the terms of the loan and debenture agreements

In order to maintain or revise the capital structure, The Group may adjust the dividend payment policy. Issuance of new shares or issuing new debentures to pay off existing debts or selling assets to reduce debt burden.

1. **PROMISSORY NOTES**

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated and Separate F/S | |
|  | 31 December 2020 | 31 December 2019 |
|  |  |  |
| Promissory Notes | 385,939 | 435,939 |
| Less : Current portion | (50,000) | (50,000) |
| Net | 335,939 | 385,939 |

In the year 2018, the Company entered into an agreement with a debtor for the repayment of construction work. Such debtor agreed to settlement the debt by issuing promissory notes to the Company for installment payments of 10 years with interest at 4.18 percent per annum.

The Company has long–term loan from a local financial institution which has balance as at 31 December 2020 of Baht 385.94 million (2019 : Baht 435.94 million). Such loan bears interest at 4 percent per annum. The principal and interest are repayable when the Company received debt settlement for the promissory notes from the debtor mentioned above.

1. **TRADE ACCOUNTS RECEIVABLE – UNRELATED PARTIES**

## 

## Trade accounts receivable balances as at 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Trade accounts receivables | 11,419,247 | 16,632,033 | 9,006,689 | 14,236,547 |
| Less : Loss on impairment accounts  receivables | (1,115,566) | (954,365) | (339,360) | (432,270) |
| Net | 10,303,681 | 15,677,668 | 8,667,329 | 13,804,277 |

A reconciliation of loss on impairment trade accounts receivables - unrelated parties for the year ended 31 December 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| As at 1 January 2020 - Previous accounting policy | 954,365 | 432,270 |
| Adjust through brough forward retained earnings | 12,885 | 12,885 |
| As at 1 January 2020 - After adjusted | 967,250 | 445,155 |
| Recognize increase allowance for impairment losses | 302,273 | - |
| Reversal of impairment loss | (116,326) | (105,795) |
| Translation adjustment for foreign currency  financial statement | (37,631) | - |
| As at 31 December 2020 | 1,115,566 | 339,360 |

Loss on impairment trade accounts receivables - unrelated parties as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | | | | |
|  | 31 December 2020 | | | 1 January 2020 | | |
| Outstanding Ages | Allowance for impairment losses (%) | Carrying amounts | Allowance for impairment losses | Allowance for impairment losses (%) | Carrying amounts | Allowance for impairment losses |
|  |  |  |  |  |  |  |
| Less than 3 months | 0.40% - 2.06% | 7,860,838 | (109,066) | 0.08% - 2.06% | 11,343,143 | (116,082) |
| 3 – 6 months | 0.63% - 9.01% | 376,309 | (14,033) | 0.08% - 9.01% | 1,859,715 | (48,919) |
| 6 – 12 months | 0.63% - 20.29% | 282,913 | (12,699) | 0.08% -20.29% | 723,529 | (13,232) |
| More than 12 months | 0.63% - 100% | 2,899,187 | (979,768) | 0.08% - 100% | 2,705,646 | (789,017) |
| Total |  | 11,419,247 | (1,115,566) |  | 16,632,033 | (967,250) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | (Unit : Thousand Baht) | | |
|  | Separate F/S | | | | | |
|  | 31 December 2020 | | | 1 January 2020 | | |
| Outstanding Ages | Allowance for impairment losses (%) | Carrying amounts | Allowance for impairment losses | Allowance for impairment losses (%) | Carrying amounts | Allowance for impairment losses |
|  |  |  |  |  |  |  |
| Less than 3 months | 0.40% - 2.06% | 6,530,450 | (14,666) | 0.40% - 2.06% | 10,176,781 | (40,764) |
| 3 – 6 months | 4.24% - 9.01% | 276,258 | (2,728) | 4.24% - 9.01% | 1,712,817 | (33,177) |
| 6 – 12 months | 12.87% -20.29% | 211,892 | (1,344) | 12.87% - 20.29% | 619,615 | (846) |
| More than 12 months | 20.46% - 100% | 1,988,089 | (320,622) | 20.46% - 100% | 1,727,334 | (370,368) |
| Total |  | 9,006,689 | (339,360) |  | 14,236,547 | (445,155) |

The Company recognizes the impairment of receivables by forward-looking “expected credit loss” (ECL) model, except for the following receivables:

* As at 31 December 2020, the consolidated and separate financial statements include trade accounts receivable from a State Enterprise in respect of a construction project totalling Baht 1,125.79 million   
  (31 December 2019: Baht 3,176.81 million) the construction was completed in September 2019. The Company has been negotiating for the collection of this outstanding amount which has been held by the project owner and the project owner claiming for a penalty charges of Baht 4,103.04 million with regard to the completion of construction work after the key completion dates and also after the final completion date of the contract. However, in January 2020, the Company opposed these claims by submitting a letter declaring the causes of the delays from the project plan and also request for the extension of the completion date as initially determined in the construction contract with the project owner. Such declarations are concerned with many cases and events which impacted the delay of construction work.

In September 2020, the Company received a notification from the project owner summarizing the consideration regarding the extension of completion dates because of the delay causes by some cases and reduction in the penalty charges by Baht 2,977.25 million with the remaining penalty charges of Baht 1,125.79 million and made the partial payment for the construction work of Baht 2,051.02 million. However, the Company still opposed the extended number of days relating to the causes of construction delays as approved by the project owner. Consequently, the Company submitted a letter to the project owner to reserve the right for abstaining and reducing the remaining penalty charges and request to release the payment for the construction work which has been held including the request for the extension of completion date on the ground of construction delays caused by other cases. The Company is preparing to submit more explanation with the details along with supporting documents regarding the causes of delay. The request is currently under the consideration of the project owner’s management bureau who submit the result to the Work Inspection Committee (WIC) and the Sub-committee of Procurement screening for the approval and proposing it to the Board of Directors for further approval. The Company’s management believes that the extension of times on the ground of pending cases will be approved and the Company will receive the full payment for the remaining construction work from the project owner.

* As at 31 December 2019, the consolidated financial statements include trade account receivable of an overseas subsidiary of Baht 238.46 million (net of an allowances for impairment amount of Baht 46.04 million) been set up based on discounted cash flows from the debt settlement plan. Currently, such debtor has been facing with the project operating problem which caused by the effect of Coronavirus 2019 pandemic and has been unable to fulfil its payment commitment as planned and has requested to extend the debt settlement plan. The management of subsidiary company has reassessed to have a higher degree of uncertainly for the chance to correct such receivable to be remote, couple with the consideration of the current economic condition that affect to the probability of debt recoverable, therefore considered to recognize the full allowance for impairment loss in the consolidated statement of profit or loss for the year ended 31 December 2020.
* As at 31 December 2019, the consolidated financial statements included trade accounts receivable and earned revenues not yet billed of an overseas subsidiary of Baht 121.55 million and Baht 63.48 million, respectively, for service that had been provided to a customer but the work was suspended since the customer had been facing with the liquidity constraints. The subsidiary’s management has been negotiating/discussing with its management of such customer for debt collection and discussing about the financial support from the management of such customer’s group company to finance the completion of the project. The overseas subsidiary’s management formerly believed that such amount can be realized in full amount. However, during the current period, the debt restructuring of the customer’s group company was not approved by the Board of customer’s group management. As a result, the subsidiary’s management recognized full amount for impairment loss in the consolidated statement of profit and loss for the year ended 31 December 2020.
* As at 31 December 2019, the consolidated and separate financial statements include a local trade accounts receivable of Baht 112.09 million (net of an allowance for impairment loss of Baht 112.09 million) which is under negotiation to claim the payment of construction work with the employer which had been under the consideration of an Arbitration Tribunal. During the period, an Arbitration Tribunal issued an order for the debtor to pay for construction work, including interest from the date of Arbitral award to the Company. However, the debtor counter claimed for the Company to pay the payment compensation for dispute based on the Arbitral award. As a result, the Company recognized additional loss from dispute net of the reversal of allowance for impairment loss of Baht 5.24 million in the statement of profit or loss for the year ended 31 December 2020.

1. **TRADE AND OTHER ACCOUNTS RECEIVABLE – RELATED PARTIES**

# 

# The outstanding balances as at 31 December 2020 and 2019 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| **Accounts receivable** |  |  |  |  |
| Subsidiaries | - | - | 2,880,925 | 1,645,576 |
| Associated and joint control companies   and joint ventures | 1,969,017 | 1,230,736 | 1,140,922 | 1,146,499 |
| Related parties | 460,477 | 436,295 | 364,605 | 346,126 |
| Joint operations | - | 4,244 | - | 4,244 |
| Total | 2,429,494 | 1,671,275 | 4,386,452 | 3,142,445 |
|  |  |  |  |  |
| **Other accounts receivable** |  |  |  |  |
| Joint operations | 34,743 | 141,609 | 34,743 | 141,609 |
|  |  |  |  |  |
| Trade and other accounts receivable  - related parties | 2,464,237 | 1,812,884 | 4,431,195 | 3,284,054 |
| Less : Allowance for impairment loss | (580,794) | (566,553) | (620,052) | (563,299) |
| Net | 1,883,443 | 1,246,331 | 3,801,143 | 2,720,755 |

A reconciliation of loss on impairment for trade and other accounts receivables - related parties for the year ended 31 December 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| As at 1 January 2020 - Previous accounting policy | 566,553 | 563,299 |
| Adjust through brough forward retain earning | 649 | 750 |
| As at 1 January 2020 - After adjusted | 567,202 | 564,049 |
| Recognize increase allowance for impairment losses | 13,803 | 56,003 |
| Translation adjustment for foreign currency  financial statement | (211) | - |
| As at 31 December 2020 | 580,794 | 620,052 |

A reconciliation of loss on impairment for trade and other accounts receivables - related parties as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | | | | |
|  | 31 December 2020 | | | 1 January 2020 | | |
| Outstanding Ages | Allowance for impairment losses rate (%) | Book value | Allowance for impairment losses | Allowance for impairment losses rate (%) | Book value | Allowance for impairment losses |
|  |  |  |  |  |  |  |
| Less than 3 months | 0.16% - 100% | 938,114 | (22) | 0.16% - 100% | 540,812 | (124) |
| 3 – 6 months | 0.34% - 100% | 14,150 | (44) | 0.34% - 100% | 29,482 | (59) |
| 6 – 12 months | 0.55% - 100% | 253,667 | (71) | 0.55% - 100% | 55,692 | (52) |
| 12 – 24 months | 0.84% - 100% | 78,050 | (428) | 0.84% - 100% | 42,904 | (28) |
| More than 24 months | 3.62% - 100% | 1,180,256 | (580,229) | 3.62% - 100% | 1,143,994 | (566,939) |
| Total |  | 2,464,237 | (580,794) |  | 1,812,884 | (567,202) |
|  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | (Unit : Thousand Baht) | | |
|  | Separated F/S | | | | | |
|  | 31 December 2020 | | | 1 January 2020 | | |
| Outstanding Ages | Allowance for impairment losses rate (%) | Book value | Allowance for impairment losses | Allowance for impairment losses rate (%) | Book value | Allowance for impairment losses |
|  |  |  |  |  |  |  |
| Less than 3 months | 0.16% - 100% | 1,273,651 | (4,404) | 0.16% - 100% | 861,102 | (5,976) |
| 3 – 6 months | 0.34% - 100% | 128,860 | (3,816) | 0.34% - 100% | 152,625 | (2,348) |
| 6 – 12 months | 0.55% - 100% | 683,042 | (17,995) | 0.55% - 100% | 426,330 | (1,101) |
| 12 – 24 months | 0.84% - 100% | 560,358 | (24,349) | 0.84% - 100% | 569,181 | (2,358) |
| More than 24 months | 3.62% - 100% | 1,775,284 | (569,488) | 3.62% - 100% | 1,274,816 | (552,266) |
| Total |  | 4,421,195 | (620,052) |  | 3,284,054 | (564,049) |

1. **SHORT–TERM LOANS AND ADVANCES TO RELATED PARTIES**

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,260,456 | 1,255,472 |
| Associated companies and joint ventures | 362,499 | 429,367 | 219,165 | 375,666 |
| Related companies | 14,330 | 14,386 | - | - |
| Other joint venture partner | 2,237 | 2,376 | 2,237 | 2,376 |
| Total | 379,066 | 446,129 | 1,481,858 | 1,633,514 |
| Less : Allowance for impairment loss | (26,495) | (26,318) | (905,855) | (338,055) |
| Short-term loans and advances to  related parties - net | 352,571 | 419,811 | 576,003 | 1,295,459 |

During the year 2020, The management of the Company recognized allowance for impairment losses for short-term loans and advances to subsidiaries to two overseas subsidiaries totalling Baht 545.29 million due to The Company's management has assessed the likelihood of payments from both subsidiaries as relatively likely due to the financial situation and economic conditions in the subsidiary's current period.

Movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2020 are as follows:

|  |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  | 1 January | During the year | | 31 December |
|  | 2020 | Increase | Decrease | 2020 |
|  |  |  |  |  |
| Associated company and joint venture | 429,367 | 135,297 | (202,165) | 362,499 |
| Related companies | 14,386 | - | (56) | 14,330 |
| Other joint venture partner | 2,376 | - | (139) | 2,237 |
| Total | 446,129 | 135,297 | (202,360) | 379,066 |

|  |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Separate F/S | | | |
|  | 1 January | During the year | | 31 December |
|  | 2020 | Increase | Decrease | 2020 |
|  |  |  |  |  |
| Subsidiaries | 1,255,472 | 50,917 | (45,933) | 1,260,456 |
| Associated company and joint venture | 375,666 | 45,664 | (202,165) | 219,165 |
| Other joint venture partner | 2,376 | - | (139) | 2,237 |
| Total | 1,633,514 | 96,581 | (248,237) | 1,481,858 |

A reconciliation of loss short-term loans and advances to subsidiaries and related parties for the year ended 31 December 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| As at 1 January 2020 | 26,318 | 338,055 |
| Recognize increase allowance for impairment losses | 233 | 567,800 |
| Translation adjustment for foreign currency  financial statement | (56) | - |
| As at 31 December 2020 | 26,495 | 905,855 |

1. **CONTRACT ASSETS AND CONTRACT LIABILITIES**

The Group has an outstanding balances of contract assets and contract liabilities with customers as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| **Contract assets** |  |  |  |  |
| Earned revenues not yet billed | 22,366,105 | 19,690,374 | 18,032,163 | 15,439,524 |
| Retentions receivable | 3,495,900 | 3,900,000 | 2,448,450 | 2,825,775 |
| Costs to fulfil a contract asset | 76,334 | 183,997 | 76,334 | 183,997 |
| Total of contract assets | 25,938,339 | 23,774,371 | 20,556,947 | 18,449,296 |
|  |  |  |  |  |
| **Contract liabilities** |  |  |  |  |
| Receipts in excess of contracted work  in progress | 2,799,109 | 1,942,889 | 534,207 | 377,028 |
| Customer advances under construction  contracts due for revenue recognition  within 1 year | 6,964,227 | 6,410,487 | 6,677,880 | 6,053,811 |
| Customer advances under construction  contracts - net | 5,695,411 | 4,894,654 | 3,920,684 | 3,591,215 |
| Total of contract liabilities | 15,458,747 | 13,428,030 | 11,132,771 | 10,022,054 |

1. Earned revenues not yet billed

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Earned revenues not yet billed | 22,404,966 | 19,690,374 | 18,071,024 | 15,439,524 |
| Less : Allowance for impairment losses | (38,861) | - | (38,861) | - |
| Net | 22,366,105 | 19,690,374 | 18,032,163 | 15,439,524 |

A reconciliation of loss on impairment earned revenues not yet billed for year ended 31 December 2020 as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| As at 1 January 2020 – Previous accounting policy | - | - |
| Adjust through brough forward retained earnings | 30,536 | 30,536 |
| As at 1 January 2020 – After adjusted | 30,536 | 30,536 |
| Recognize increase allowance for impairment losses | 8,325 | 8,325 |
| As at 31 December 2020 | 38,861 | 38,861 |

As at 31 December 2020, the consolidated financial statements included the Company’s portion of earned revenues but not yet billed of Baht 276.94 million (Rupees 675.92 million) for a construction project with a State Enterprise of an overseas joint venture between the Company and an overseas subsidiary. The Joint Venture has been completed the construction work in December 2018 and received the Taking Over Certificate from the project owner but was not able to issue billing for the final work done. However, the joint venture has submitted the Statement of Completion to the project owner on 29 March 2019 for issuing the Final Completion Certificate to be able to issue billing for the work done. The project owner has issued the Performance Certificate on 24 December 2020 and the Pre-final bill certificate is still under progress. The recoverability of such earned revenues not yet billed is depended on the outcome from the negotiation with the project owner which cannot presently be concluded since the Coronavirus 2019 pandemic situation. However, the joint venture’s management is confident to get the final bill certification and will be able to collect the payment from the project owner subsequently.

1. Costs to fulfil contracts

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Costs to fulfil contracts | 217,360 | 340,860 | 217,360 | 340,860 |
| Less : Accumulated amortization costs | (141,026) | (156,863) | (141,026) | (156,863) |
| Net | 76,334 | 183,997 | 76,334 | 183,997 |

1. Revenue recognized in relation to contract balances

During the year 2020, the Group recognized revenues which was included in the contract liabilities balance at the being period of Baht 280.29 million (Separate F/S : Baht 260.29 million).

1. Revenue to be recognized for the remaining performance obligations

As at 31 December 2020, the Group expects to recognized revenue in the future in respect of performance obligations which are unsatisfied with customers for the significant contract and contract which has duration more than one-year totalling Baht 136,319.11 million (Separate F/S : Baht 79,969.69 million). The Group has entered into the subcontract agreement with subcontractor.

1. **INVENTORIES AND WORK IN PROCESS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Work in process | 80,539 | 163,895 | - | - |
| Materials and inventories | 3,972,718 | 4,849,613 | 2,132,112 | 3,130,275 |
| Total | 4,053,257 | 5,013,508 | 2,132,112 | 3,130,275 |
| Less : Allowance for obsolete inventories | (130,471) | (73,723) | (114,465) | (62,230) |
| Net | 3,922,786 | 4,939,785 | 2,017,647 | 3,068,045 |

During the years 2020 and 2019, movements in allowance for obsolete inventories are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 73,723 | 60,063 | 62,230 | 45,687 |
| Add : Additional allowance | 57,438 | 17,283 | 51,867 | 16,820 |
| Less : Reversal of allowance | (1,058) | (3,346) | - | - |
| Add (Less) : Translation adjustment | 368 | (277) | 368 | (277) |
| Balance as at 31 December | 130,471 | 73,723 | 114,465 | 62,230 |

1. **COSTS OF PROPERTY DEVELOPMENT PROJECTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | Consolidated F/S | |
|  |  | 2020 | 2019 |
|  |  |  |  |
| Land |  | 264,520 | 244,540 |
| Cost of property development projects |  | 353,443 | 417,688 |
| Utilities installation |  | 44,869 | 57,753 |
| Capitalized borrowing costs |  | 8,084 | 9,862 |
| Total |  | 670,916 | 729,843 |
| Less : Amounts transferred to cost of sales |  | (365,287) | (279,132) |
| Net |  | 305,629 | 450,711 |

As at 31 December 2020 and 2019, the above land and constructions have been pledged as collaterals for overdraft, loan and credit facilities with local banks as discussed in Note 27.

During the years 2020 and 2019, the Company capitalized interest amounting to Baht 3.84 million and Baht 10.74 million, respectively, to the cost of property development project. The capitalization rates of interest are based on the borrowing costs as discussed in Note 27.

The changes in cost of property development projects for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | Consolidated F/S | |
|  |  | 2020 | 2019 |
|  |  |  |  |
| Balance as at 1 January |  | 450,711 | 419,169 |
| Add : Cost of property development |  | 220,205 | 310,674 |
| Less : Cost of sales |  | (365,287) | (279,132) |
| Balance as at 31 December |  | 305,629 | 450,711 |

1. **RESTRICTED DEPOSIT WITH BANKS**

During the year 2019, a project office in India had deposited cash with bank of Baht 231.20 million as collateral for the issuance of performance bonds to the employer. The period of guarantee will be extended until further orders of the Court with regard to the dispute between the Project Office and the employer. Currently, the outcome of the lawsuit not yet finalize as discussed in Note 33.

1. **INVESTMENTS IN SUBSIDIARIES, AOSSCIATED AND JOINT CONTROL COMPANIES, AND JOINT VENTURES**
   1. Investment in subsidiaries

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Separate F/S | |
|  | 2020 | 2019 |
|  |  |  |
| Investment in subsidiaries | 16,086,496 | 15,971,821 |
| Less : Allowance for impairment | (4,298,207) | (4,076,398) |
| Investment in subsidiaries - net | 11,788,289 | 11,895,423 |

Movements in investment in subsidiaries for the years ended 31 December 2020 and 2019 are as follows:

(Unit : Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Separate F/S | |
|  | 2020 | 2019 |
|  |  |  |
| Balance as at 1 January | 11,895,423 | 7,226,954 |
| Add : Additional investments during the year | 114,675 | 5,828,658 |
| Add : Swapping debt to equity during the year | - | 2,312,742 |
| Less : Decreased from loses control in subsidiary | - | (995,626) |
| Less : Decreased from liquidate entity | - | (814) |
| Less : Refunding investment during the year | - | (27,841) |
| Less : Allowance for impairment | (221,809) | (2,448,650) |
| Balance as at 31 December | 11,788,289 | 11,895,423 |

Investment in subsidiaries as at 31 December 2020 and 2019 comprise investments as follows:

|  |  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Percentage | | Separate F/S | | | |
|  |  | Paid-up | of shareholding | | Cost | | | |
|  | Nature of business | Capital | 2020 | 2019 | 2020 | | 2019 | |
|  |  |  | Percent | Percent |  | |  | |
| **Investment in subsidiaries** |  |  |  |  |  | |  | |
| Italian-Thai International Co., Ltd. | Holding company | 4,580,000 | 99.99 | 99.99 | 4,580,000 | | 4,580,000 | |
| Less : Allowance for impairment |  | |  |  | (552,584) | | (552,584) | |
| Net |  |  |  |  | 4,027,416 | | 4,027,416 | |
| Bhaka Bhumi Development Co., Ltd. | Real estate development | 20,000 | 99.99 | 99.99 | 20,000 | | 5,075 | |
|  | (31 Dec 2019 : 5,075) | |  |  |  | |  | |
| Thai Pride Cement Co., Ltd. | Manufacture and distribution of cement | 1,300,000 | 99.99 | 99.99 | 1,585,000 | | 1,585,000 | |
| Nha Pralan Crushing Plant Co., Ltd. | Rock quarrying, processing and distribution | 31,000 | 99.99 | 99.99 | 30,999 | | 30,999 | |
| Less : Allowance for impairment |  |  |  |  | (30,999) | | (30,999) | |
| Net |  |  |  |  | - | | - | |
| Siam Concrete and Brick Products Co., Ltd. | Manufacture and distribution of concrete products | 126,000 | 99.80 | 99.80 | 124,296 | | 124,296 | |
| Italthai Marine Co., Ltd. | Production and sale of vessels and | 810,000 | 92.59 | 92.59 | 430,000 | | 430,000 | |
| Less : Allowance for impairment | equipment |  |  |  | (430,000) | | (430,000) | |
| Net |  |  |  |  | - | | - | |
| Italthai Trevi Co., Ltd. | Foundation and piling work services | 80,000 | 90.94 | 90.94 | 84,189 | | 84,189 | |
| Asian Steel Product Co., Ltd. | Manufacture and distribution of large steel pipes | 20,000 | 69.90 | 69.90 | 7,004 | | 7,004 | |
| Thai Maruken Co., Ltd. | Lease and sale of sheet piles and beams for foundation construction work | 20,000 | 50.96 | 50.96 | 10,196 | | 10,196 | |
| Italian-Thai Land Co., Ltd. | Not yet operational | 422,000 | 99.99 | 99.99 | 412,050 | | 412,050 | |
| Less : Allowance for impairment |  | |  |  | - | | (35,489) | |
| Net |  |  |  |  | 412,050 | | 376,561 | |
| Palang Thai Kaowna Co., Ltd. | Not yet operational | 459,000 | 99.99 | 99.99 | 458,650 | | 458,650 | |
| Less : Allowance for impairment |  | |  |  | (206,146) | | (290,498) | |
| Net |  |  |  |  | 252,504 | | 168,152 | |
|  |  |  |  |  |  | |  | |
|  |  |  |  |  |  | |  | |
| Palit Palang Ngan Co., Ltd. | Not yet operational | 123,000 | 78.16 | 78.16 | 95,440 | | 95,440 | |
| Less : Allowance for impairment |  |  |  |  | - | | (50) | |
| Net |  |  |  |  | 95,440 | | 95,390 | |
| Italian Thai Power Co., Ltd. | Production and distribution of electricity | 650,000 | 99.99 | 99.99 | 650,000 | | 650,000 | |
| Less : Allowance for impairment |  | |  |  | (650,000) | | (650,000) | |
| Net |  |  |  |  | - | | - | |
| Saraburi Construction Technology Co., Ltd. | Manufacture, distribution and installation of concrete sheet | 250 | 99.93 | 99.93 | 250 | | 250 | |
| Asia Logistics Development Co., Ltd. | Not yet operational | 1,000 | 99.93 | 99.93 | 999 | | 999 | |
| Asia Industrial and Port Corporation Co., Ltd. | Not yet operational | 1,000 | 99.93 | 99.93 | 999 | | 999 | |
| Myanmar Italian-Thai Power 1 Co., Ltd. | Not yet operational | 250 | 99.95 | 99.95 | 250 | | 250 | |
| Italian – Thai Hongsa Co., Ltd. | Coal mining contractor | 250 | 99.97 | 99.97 | 250 | | 250 | |
| APPC Holding Co., Ltd. | Holding company | 4,279,987 | 64.52 | 64.52 | 2,761,592 | | 2,761,592 | |
| ITD-ETF Joint venture | Construction services | - | - | 100.00 | - | | - | |
| Asian Rail Co., Ltd. | Construction services | 100,000 | 99.99 | 99.97 | 100,000 | | 250 | |
|  | (31 Dec 2019 : 250) | |  |  |  | |  | |
| ITD-ARC Joint Venture | Construction services | - | 10.00 | 10.00 | - | | - | |
|  |  |  |  |  |  | |  | |
| **Overseas subsidiary companies** |  |  |  |  |  | |  | |
| PT. Thailindo Bara Pratama | Coal mining contractor | 1,038,674 | 99.99 | 99.99 | 2,286,218 | 2,286,218 | |
| Less : Allowance for impairment |  | Million IDR |  |  | (2,184,018) | (2,184,218) | |
| Net |  |  |  |  | 102,200 | 102,200 | |
| ITD Cementation India Limited | Construction services in India | 172 | 46.64 | 46.64 | 2,143,951 | 2,143,951 | |
|  |  | Million INR |  |  |  |  | |
| ITD–Madagascar S.A. | Mining business | 3,567 | 99.98 | 99.98 | 227,988 | 227,988 | |
| Less : Allowance for impairment |  | Million MGA |  |  | (227,988) | (227,988) | |
| Net |  |  |  |  | - | - | |
| ITD Construction SDN.BHD. | Construction services in Malaysia | 0.75 | 99.99 | 99.99 | 7,312 | 7,312 | |
| Less : Allowance for impairment |  | Million MYR |  |  | (7,312) | (7,312) | |
| Net |  |  |  |  | - | - | |
| ITD Bangladesh Company Limited | Construction services in Bangladesh | 4  Million BDT | 99.99 | 99.99 | 1,546 | 1,546 | |
| Italian–Thai Development Vietnam Co., Ltd. | Not yet operational | 6,000  Million VND | 80.00 | 80.00 | 9,160 | 9,160 | |
| Less : Allowance for impairment |  |  |  |  | (9,160) | (9,160) | |
| Net |  |  |  |  | - | - | |
| ITD Mozambique Limitada | Construction services in the Republic of Mozambique | 1,373,615  USD | 99.00 | 99.00 | 46,121 | 46,121 | |
| Thai Mozambique Logistica SA. | Concession for constructing Port and Railway in the Republic of Mozambique | 364,999  USD | 60.00 | 60.00 | 12,036 | 12,036 | |
| Total investment in subsidiaries - net |  |  |  |  | 11,788,289 | 11,895,423 | |

During the year 2020, the subsidiary companies hired independent appraisers to re-appraise the value of investment properties under the market approach and found that the fair value of such investment properties has increased. As a result, the realizable value of investment in such subsidiaries has increased. The Company’s management therefore reversed the allowance for impairment of investments in such subsidiaries totalling Baht 119.89 million.

During the year 2019, the Company made additional investment in three subsidiaries by swapping Debt to Equity totalling of Baht 2,312.74 million. The Company recognized allowance for impairment of such investments of Baht 1,970.78 million.

During the year 2019, the Company made additional investment in five subsidiaries totalling amount Baht 5,629.39 million, for repaying debt back to the Company. The Company recognized allowance for impairment of such investments totalling Baht 477.87 million.

non–controlling interests

Subsidiaries with material non-controlling interests are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Unit : Million Baht) | | | |
|  | Proportion of ownership  interests held by the NCI (Percentage) | | Comprehensive  income (loss) allocated to NCI | | Accumulated NCI | |
| Name | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |
| Italthai Trevi Co., Ltd. | 9.06 | 9.06 | 1 | 6 | 61 | 62 |
| Asian Steel Product Co., Ltd. | 30.10 | 30.10 | 15 | 11 | 61 | 52 |
| Thai Maruken Co., Ltd. | 49.04 | 49.04 | 50 | 34 | 266 | 236 |
| ITD Cementation India Limited | 53.36 | 53.36 | (146) | (163) | 2,146 | 2,302 |
| Italthai Marine Co., Ltd. | 7.41 | 7.41 | (5) | (2) | (38) | (33) |

During the year 2020, subsidiaries paid dividends to the non-controlling interests of Baht 38.36 million (2019 : Baht 36.13 million).

Significant financial information of the subsidiaries with material non-controlling interest in the aggregate amounts before eliminations are summarized as follows:

|  |  | |  | |  | |  | | (Unit : Million Baht) | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the years ended 31 December | | | | | | | | | | | | |
|  | Italthai Trevi Co., Ltd. | | | Asian Steel Product Co., Ltd. | | | Thai Maruken Co., Ltd. | | ITD Cementation India Limited | | Italthai Marine  Co., Ltd. | |
|  | 2020 | 2019 | | 2020 | | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  | |  | |  |  |  |  |  |  |  |
| Current assets | 744 | 813 | | 195 | | 158 | 297 | 500 | 10,896 | 10,372 | 48 | 142 |
| Non-current assets | 500 | 493 | | 53 | | 57 | 2,022 | 1,254 | 2,701 | 2,515 | 80 | 30 |
| Current liabilities | 336 | 402 | | 32 | | 26 | 910 | 1,234 | 7,460 | 7,124 | 598 | 601 |
| Non-current liabilities | 235 | 214 | | 13 | | 16 | 867 | 39 | 2,116 | 1,449 | 40 | 17 |
| Equity attributable to the Company’s shareholder | 613 | 627 | | 142 | | 121 | 277 | 245 | 1,875 | 2,012 | (471) | (413) |
| Non-controlling interests | 61 | 63 | | 61 | | 52 | 266 | 236 | 2,146 | 2,302 | (38) | (33) |
|  |  |  | |  | |  |  |  |  |  |  |  |
| Revenue | 781 | 1,334 | | 179 | | 177 | 1,110 | 740 | 10,890 | 12,301 | 154 | 378 |
| Profit (loss) for attributable to the Company’s shareholders | 4 | 72 | | 33 | | 27 | 52 | 36 | (64) | 69 | (71) | (23) |
| Profit (loss) for attributable to non-controlling interests | - | 7 | | 14 | | 12 | 50 | 34 | (73) | 79 | (5) | (2) |
| Profit (loss) for the year | 4 | 79 | | 47 | | 39 | 102 | 70 | (137) | 148 | (76) | (25) |
|  |  |  | |  | |  |  |  |  |  |  |  |
| Other comprehensive income (loss) | 6 | (11) | | 3 | | (1) | - | - | (208) | (453) | 13 | - |
|  |  |  | |  | |  |  |  |  |  |  |  |
| Total comprehensive income (loss) attributable to the Company’s shareholder | 9 | 62 | | 35 | | 26 | 52 | 36 | (161) | (142) | (59) | (27) |
| Total comprehensive income (loss) attributable to non-controlling interests | 1 | 6 | | 15 | | 12 | 50 | 34 | (184) | (163) | (4) | 2 |
| Total comprehensive income (loss) for the year | 10 | 68 | | 50 | | 38 | 102 | 70 | (345) | (305) | (63) | (25) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | (Unit : Million Baht) | | |
|  | For the year ended 31 December 2020 | | | | | |
|  | Italthai Trevi Co., Ltd. | Asian Steel Product Co., Ltd. | | Thai Maruken Co., Ltd. | ITD Cementation India Limited | Italthai Marine  Co., Ltd. | |
|  |  |  | |  |  |  | |
| Net cash from operating activities | 294 | 17 | | 166 | 9 | 57 | |
| Net cash from (used in) investing activities | (80) | (9) | | (5) | (427) | 4 | |
| Net cash used in financing activities | (48) | (15) | | (171) | (309) | (57) | |
| Net cash increase (decrease) | 166 | (7) | | (10) | (727) | 4 | |

* 1. Investment in associated and joint control companies

Significant judgment and assumptions

Associate are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The Company normally has share with voting right between 20 - 50 percentage of total voting right, excepted Siam Pacific Holding Co.,Ltd which the company holding 46.69 percentage and a subsidiary holding 4.30 percentage (totalling 50.99 percentage) because the Company has no control such companies and classifies as associated companies.

Investment in associated and joint control companies is initially recorded at cost and adjusted thereafter to recognize profit or loss by the proportion of the Company in the associated companies.

Movements in investment in associated and joint control companies, which are accounted for by the equity method in the consolidated financial statements, for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 2,695,606 | 602,020 | 1,702,014 | 697,963 |
| Less : Share of profit (loss) from associated  companies | (138,037) | 604 | - | - |
| Less : Dividend from associated companies | (2,502) | (1,877) | - | - |
| Add : Remaining interest from lost control  in subsidiary | - | 2,132,211 | - | 995,626 |
| Add : increasing investment in associate | 519,090 | 8,425 | 519,090 | 8,425 |
| Add : Transfer debt to equity | 148,876 | - | 148,876 | - |
| Less : Adjusted related profit transaction from  projects under development | (849,515) | - | - | - |
| Less : Translation adjustment for foreign currency  financial statements | (40,443) | (45,777) | - | - |
| Balance as at 31 December | 2,333,075 | 2,695,606 | 2,369,980 | 1,702,014 |

A reconciliation of the condensed financial information for the carrying amounts of the investment in associated and joint control companies are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  |  | (Unit : Thousand Baht) | | | |
|  | 31 December 2020 | | | | | | | | | |
|  | ATO-Asia Turnouts Co., Ltd. | Siam Pacific Holding Co., Ltd. | Bangkok Steel Wire Co., Ltd. | Oriental Residence Bangkok Co., Ltd. | MCRP Construction Corporation,  Philippines | Sino Lao Aluminum Corporation Limited | | MCRP  Holding | First Dhaka  Elevated  Expressway  Co., Ltd. | Total |
|  |  |  |  |  |  |  | |  |  |  |
| Total net assets of associated companies | 72,200 | 56,582 | 540,661 | 63,227 | - | 310,517 | | - | 3,809,209 | 4,852,396 |
| Proportion of ownership interests held by the Company (%) | 48.99 | 46.69 | 19.98 | 8.52 | 24.00 | 50.00\* | | 24.00 | 51.00 | - |
| Net assets by the Company’s proportion | 35,371 | 26,418 | 108,024 | 5,387 | - | 155,259 | | - | 1,942,697 | 2,273,156 |
| Other adjustment | - | 2,525 | 868 | (5,387) | - | 116,884 | | - | (54,971) | 59,919 |
| Carrying amount of the investment in associated and  joint control companies | 35,371 | 28,943 | 108,892 | - | - | 272,143 | | - | 1,887,726 | 2,333,075 |
|  |  |  |  |  |  |  | |  |  |  |
| Dividend received from associated company | - | - | 2,502 | - | - | - | | - | - | 2,502 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  |  | (Unit : Thousand Baht) | | | |
|  | 31 December 2019 | | | | | | | | | |
|  | ATO-Asia Turnouts Co., Ltd. | Siam Pacific Holding Co., Ltd. | Bangkok Steel Wire Co., Ltd. | Oriental Residence Bangkok Co., Ltd. | MCRP Construction Corporation,  Philippines | Sino Lao Aluminum Corporation Limited | | MCRP  Holding | First Dhaka  Elevated  Expressway  Co., Ltd. | Total |
|  |  |  |  |  |  |  | |  |  |  |
| Total net assets of associated companies | 91,660 | 56,653 | 514,948 | (233,321) | - | 683,469 | | - | 1,839,610 | 2,953,019 |
| Proportion of ownership interests held by the Company (%) | 48.99 | 46.69 | 19.98 | 15.00 | 24.00 | 50.00\* | | 24.00 | 51.00 | - |
| Net assets by the Company’s proportion | 44,902 | 26,452 | 102,887 | (34,998) | - | 341,735 | | - | 938,201 | 1,419,179 |
| Other adjustment | - | 2,525 | 868 | 34,998 | - | 57,211 | | - | 1,180,825 | 1,276,427 |
| Carrying amount of the investment in associated and  joint control companies | 44,902 | 28,977 | 103,755 | - | - | 398,946 | | - | 2,119,026 | 2,695,606 |
|  |  |  |  |  |  |  | |  |  |  |
| Dividend received from associated company | - | - | 1,877 | - | - | - | | - | - | 1,877 |

\* The Company had paid for share capital for its portion of 34% in accordance with agreement but a shareholder has not paid for its share capital in accordance with shareholder agreement. As a result, the Company’s interest become 50% of share capital.

Unrecognized gain (loss) from associated company

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | 2020 | 2019 |
|  |  |  |  |
| Unrecognized gain (loss) from associated company |  | 40,385 | (3,462) |
| Cumulative share of gain (loss) of associated company |  | 5,387 | (34,998) |

Investment in associated and joint control companies as at 31 December 2020 and 2019 comprise investments as follows:

|  | |  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | Percentage | | Consolidated F/S | | Separate F/S | |
|  | |  | Paid-up Capital | of shareholding | | Equity | | Cost | |
|  | | Nature of business | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | |  |  | Percent | Percent |  |  |  |  |
| **Investment in associated companies** | | |  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | | Production and distribution of turnouts for railway projects | 5,000 | 48.99 | 48.99 | 35,371 | 44,902 | 2,450 | 2,450 |
| Siam Pacific Holding Co., Ltd. | | Holding company | 58,625 | 46.69 | 46.69 | 26,418 | 26,452 | 27,373 | 27,373 |
| Bangkok Steel Wire Co., Ltd. | | Production and distribution of P.C. wire | 313,000 | 19.98 | 19.98 | 108,892 | 103,755 | 71,603 | 71,603 |
| Oriental Residence Bangkok Co., Ltd. | | Real estate development | 880,620 | 8.52 | 15.00 | - | - | 75,000 | 75,000 |
|  | | (31 Dec 2019  : 500,000) | |  |  |  |  |  |  |
| **Overseas companies** | | | |  |  |  |  |  |  |
| MCRP Construction Corporation,  Philippines | | Construction contractor in Philippines | 25  Million Peso | 24.00 | 24.00 | 12,000 | 12,000 | 12,000 | 12,000 |
| Less : Allowance for impairment | |  |  |  |  | (12,000) | (12,000) | (12,000) | (12,000) |
| Net | |  |  |  |  | - | - | - | - |
| MCRP Holding Corporation,  Philippines | | Holding company in Philippines | 5  Million Peso | 24.00 | 24.00 | 3,000 | 3,000 | 3,000 | 3,000 |
| Less : Allowance for impairment | |  |  |  |  | (3,000) | (3,000) | (3,000) | (3,000) |
| Net | |  |  |  |  | - | - | - | - |
| Sino Lao Aluminum | | Bauxite mine business in | 32 | 34.00 | 34.00 | 272,143 | 398,946 | 521,537 | 521,537 |
| Corporation Limited | | Laos | Million USD) |  |  |  |  |  |  |
| Total investment in associated companies - net | | |  |  |  | 442,824 | 574,055 | 697,963 | 697,963 |
|  |  | |  |  |  |  |  |  |  |
| **Investment in associated companies held by subsidiaries** | | |  |  |  |  |  |  |  |
| Siam Pacific Holding Co., Ltd. | | Holding company | 58,625 | 4.30 | 4.30 | 2,525 | 2,525 | - | - |
|  | |  |  |  |  |  |  |  |  |
| **Investment in joint control company** | | |  |  |  |  |  |  |  |
| First Dhaka Elevated Expressway | | Concession for constructing | 11,095 | 51.00 | 51.00 | 1,887,726 | 2,119,026 | 1,672,017 | 1,004,051 |
| Co., Ltd. | | elevated expressway in | Million BDT |  |  |  |  |  |  |
|  | | Bangladesh | (31 Dec 2019  : 5,472) |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |
| Total investment in associated joint control companies – net | | |  |  |  | 2,333,075 | 2,695,606 | 2,369,980 | 1,702,014 |

Significant financial information of the associate and joint control companies in the aggregate amounts are summarized as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | |
|  | For the years ended 31 December | | | | | | | |
|  | Current assets | | Non - current assets | | Current liabilities | | Non - current liabilities | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | 65 | 93 | 33 | 42 | 26 | 43 | - | - |
| Bangkok Steel Wire Co., Ltd. | 712 | 724 | 259 | 271 | 403 | 454 | 28 | 27 |
| Oriental Residence Bangkok Co., Ltd. | 2,173 | 2,188 | 1,034 | 1,137 | 2,254 | 2,623 | 891 | 935 |
| Sino Lao Aluminum Corporation Limited | 1 | - | 891 | 1,255 | 323 | 324 | 258 | 248 |
| Siam Pacific Holding Co., Ltd. | - | - | 62 | 62 | - | - | 6 | 6 |
| First Dhaka Elevated Expressway Co., Ltd. | 722 | 340 | 8,164 | 3,027 | 3,401 | 1,527 | 1,676 | - |
| Total | 3,673 | 3,345 | 10,443 | 5,794 | 6,407 | 4,971 | 2,859 | 1,216 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | | (Unit : Million Baht) | |
|  | For the years ended 31 December | | | | | |
|  | Revenues | | Profit (loss) | | Other  comprehensive income | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | 42 | 222 | (19) | 21 | - | - |
| Bangkok Steel Wire Co., Ltd. | 1,171 | 1,284 | 40 | 26 | - | - |
| Oriental Residence Bangkok Co., Ltd. | 146 | 336 | (94) | 330 | - | - |
| Sino Lao Aluminum Corporation Limited | - | - | (364) | (40) | (27) | (22) |
| First Dhaka Elevated Expressway Co., Ltd. | 18 | 3 | (24) | (4) | (101) | (17) |
| Total | 1,377 | 1,845 | (461) | 333 | (128) | (39) |

The significant projects under development which the Company invested through associated and joint control companies are as follows:

*Dhaka Elevated Expressway Project*

The Company invested through First Dhaka Elevated Expressway Co., Ltd. which has changed from investment in subsidiary to investment in joint control company during the year 2019 as discussed in Note 6. The project information is as follow.

During the year 2011, the joint control company entered into a Concession Agreement with Bangladesh Bridge Authority of the Government of the People’s Republic of Bangladesh to proceed with the development of the Dhaka Elevated Expressway. Total project development value is approximately of Baht 41,192 million. The joint control company established and registered Project Company as the Concessionaire, to operate the project in according to the legal of the People’s Republic of Bangladesh. The joint control company will be appointed as the EPC Contractor for the design, construction and completion of the project.

On 1 April 2018, Bangladesh Bridge Authority has issued the Construction Commencement Date notification which is considered as formal permission to start the project. The construction and inception of concession period is 25 years included 42 months of construction period.

Currently, the joint control company has performed the construction work for the 1st Tranche of construction distance of 7.45 kilometer which work progress of approximately 58.41%. The 2nd and 3rd Tranche of construction distance of 12.28 kilometer which work progress of approximately 6.31%.

During the year 2020, the joint control company made a payment for the capital increase of the joint venture in the amount of BDT 1,395.33 (equivalent to Baht 519.09 million) and by converting debt to equity of BDT 417.50 million (equivalent to Baht 148.88 million).

*Bauxite Mining and the construction of Alumina Production Plant Project*

The Company had investment through Sino Lao Aluminum Corporation which is located in Lao People's Democratic Republic. In the year 2009, this associated company obtained the concession right from the Government of Lao People’s Democratic Republic for bauxite mining and has been in process to obtain approval for the ESIA Certificate of the project. The associated company has already complied with the regulation of Minerals law and submitted documentation to the Office of Natural Resources and Environment Policy and Planning, Ministry of Natural Resources and Environment. In addition, the associated company is in the process of negotiating with strategic partner and engage the consultant to prepare the Upgrading Bankable Feasibility Study to assess the project feasibility in order to support the seeking of project financing fund for future project development.

In January 2021, the associate received a letter from the Office of the Prime Minister of the Lao People's Democratic Republic to support the project and assign the relevant departments to review and negotiate the contracts to comply with the policies and laws.

* 1. Investment in joint ventures - net

Movements in investment in joint ventures, which are accounted for by the equity method in the consolidated financial statements, during the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 276,342 | 217,475 | - | - |
| Add : Share of profit from joint ventures | 155,775 | 205,494 | - | - |
| Less : Receipts the profit sharing from  joint venture | (66,244) | (130,637) | - | - |
| Less : Translation adjustment on foreign  currency financial statements | (23,152) | (15,990) | - | - |
| Balance as at 31 December | 342,721 | 276,342 | - | - |

Investments in joint ventures as at 31 December 2020 and 2019, comprise investments in the following entities:

|  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Percentage | | Consolidated F/S | | Separate F/S | |
|  |  | of shareholding | | Equity | | Cost | |
|  | Nature of business | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  | Percent | Percent |  |  |  |  |
| **Investments in joint ventures** |  |  |  |  |  |  |  |
| ITD-EGC Joint Venture | Construction services in Republic of China | 55.00 | 55.00 | 279,852 | 287,606 | 274,923 | 278,668 |
| Less : Allowance for impairment |  |  |  | (274,923) | (278,668) | (274,923) | (278,668) |
| Net |  |  |  | 4,929 | 8,938 | - | - |
| IOT Joint Venture | Construction services | 40.00 | 40.00 | - | - | - | - |
| CMC/ITD/SONG DA Joint Venture | Construction services | 30.00 | 30.00 | 179,332 | 179,332 | - | - |
|  |  |  |  |  |  |  |  |
| ITD SINOHYDRO Joint Venture | Construction services | 51.00 | 51.00 | 77,533 | 75,000 | - | - |
| Total investments in joint venture – net | |  |  | 261,794 | 263,270 | - | - |
|  | |  |  |  |  |  |  |
| **Investments in joint ventures held by subsidiaries** | |  |  |  |  |  |  |
| CEC-ITD Cem-TPL Joint Venture | Construction services | 18.66 | 18.66 | 80,927 | 13,072 | - | - |
| Total investments in joint venture held by subsidiaries – net | |  |  | 80,927 | 13,072 | - | - |
|  | |  |  |  |  |  |  |
| Total investments in joint ventures - net | |  |  | 342,721 | 276,342 | - | - |
|  | |  |  |  |  |  |  |
| **Total investments in subsidiaries, associated and joint control** | |  |  |  |  |  |  |
| **companies and joint venture – net** | |  |  | 2,675,796 | 2,971,948 | 14,158,269 | 13,597,437 |

As at 31 December 2020, the consolidated statement of financial position included investments in a joint venture accounted for by the equity method of Baht 179.33 million for which the figures are based on financial information of a joint venture as of 30 September 2019 which had been reviewed by the joint venture's auditor. The joint venture's management was unable to prepare the financial information up to date since the joint venture and the project owner have been in dispute regarding the termination of construction contract.

On 20 November 2019, CMC/ITD/SONGDA Joint Venture obtained the notice of termination letter from employer due to the delay in construction project and also employer engaged new contractor to operate the project which is considered as a breach of contract. The Joint Venture therefore sent the termination letter to the employer in this regard.

At present, the Joint Venture and its employer appointed the Dispute Adjudication Board (DAB) to consider the dispute between counter parties. On 22 January 2021, DAB’s primary finding is that the Employer’s Notice of Termination is invalid and the Employer is obliged to return the Performance Security. The Joint Venture is gathering the information of computed project cost, materials and supplies, and machinery for entering into process of DAB’s consideration, which is currently unable to assess the outcome.

A reconciliation of the condense financial information to the carrying amounts of the investment in joint ventures are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | |
|  | ITD – EGC Joint Venture | | IOT Joint Venture | | CMC/ITD/SONGDA  Joint Venture | | ITD-SINOHYDRO Joint Venture | | CEC-ITD CEM-TPL Joint Venture | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total net assets of joint venture | 9 | 16 | - | - | 598 | 598 | 153 | 147 | 134 | 22 |
| Proportion of ownership Interest (%) | 55 | 55 | 40 | 40 | 30 | 30 | 51 | 51 | 19 | 19 |
| Net assets by proportion | 5 | 9 | - | - | 179 | 179 | 78 | 75 | 25 | 4 |
|  |  |  |  |  |  |  |  |  |  |  |
| Other adjustment | - | - | - | - | - | - | - | - | 56 | 9 |
| Carrying amount of the investment (obligation) | 5 | 9 | - | - | 179 | 179 | 78 | 75 | 81 | 13 |

Significant financial information of the joint ventures in the aggregate amounts are summarized as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | | | |
|  | ITD – EGC  Joint Venture | | IOT  Joint Venture | | ITD -SINOHYDRO Joint Venture | | CMC/ITD/  SONGDA  Joint Venture | | CEC-ITD  CEM-TPL  Joint Venture | | Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 3 | 11 | - | - | 70 | 116 | 97 | 97 | 764 | 738 | 934 | 962 |
| Other current assets | 2 | 5 | - | - | 826 | 834 | 1,634 | 1,634 | 695 | 636 | 3,157 | 3,109 |
| Total current assets | 5 | 16 | - | - | 896 | 950 | 1,731 | 1,731 | 1,459 | 1,374 | 4,091 | 4,071 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-current assets | - | - | - | - | 56 | 78 | 1,107 | 1,107 | 277 | 461 | 1,440 | 1,646 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other current liabilities (including trade payables and provision) | - | - | - | - | 602 | 505 | 2,240 | 2,240 | 1,596 | 1,812 | 4,438 | 4,557 |
| Total current liabilities | - | - | - | - | 602 | 505 | 2,240 | 2,240 | 1,596 | 1,812 | 4,438 | 4,557 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-current liabilities | - | - | - | - | 199 | 376 | - | - | 6 | 1 | 205 | 377 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net assets | 5 | 16 | - | - | 151 | 147 | 598 | 598 | 134 | 22 | 888 | 783 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | |
|  | Revenues | | Profit (loss) | | Other comprehensive income (loss) | | Depreciation and amortization | | Tax | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |  |  |  |  |
| ITD – EGC Joint Venture | 23 | - | 18 | (3) | - | - | - | - | - | - |
| IOT Joint Venture | - | - | - | - | - | - | - | - | - | - |
| CMC/ITD/SONGDA Joint Venture | - | 3,165 | - | 217 | - | - | - | 309 | - | 44 |
| ITD-SINOHYDRO Joint Venture | 915 | 1,554 | 6 | 123 | - | - | 23 | 22 | 62 | 109 |
| CEC – ITD CEM – TPL Joint Venture | 1,924 | 2,121 | 225 | 135 | - | - | 119 | 222 | 283 | 85 |
| Total | 2,862 | 6,840 | 249 | 472 | - | - | 142 | 553 | 345 | 238 |

The Company regularly assesses the values of investments in subsidiaries, associated and joint control companies, and joint ventures. An allowance for impairment is promptly taken up when there is a reliable indication that the decline value can be determined.

1. **OTHER LONG–TERM INVESTMENTS**

Financial assets for equity instrument are measured at fair value through profit and loss. The Group chooses to measure the fair value of equity instruments not held for trading by the fair value model through other comprehensive income. However, the Group has elected to apply the temporary relief (Note 3.1.4) by measure the value of investments in non-marketable equity securities at fair value as at 1 January 2020 at cost less allowance for impairment. The details are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Investment at fair value through profit or loss | 655,524 | 655,524 | 520,298 | 520,298 |
| Investment at fair value through other comprehensive income | 369,918 | 296,526 | 348,394 | 279,307 |
| Other long-term investments | 1,025,442 | 952,050 | 868,692 | 799,605 |

Movements in other long-term investments during the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 952,050 | 909,765 | 799,605 | 749,030 |
| Add : Investment | - | 200,000 | - | 200,000 |
| Add : Unrealized gain (loss) from changes in value of investments | 73,392 | (142,300) | 69,087 | (134,010) |
| Less : Allowance for impairment of investment | - | (15,415) | - | (15,415) |
| Balance as at 31 December | 1,025,442 | 952,050 | 868,692 | 799,605 |

Other long-term investments as at 31 December 2020 and 2019 comprise investments as follows:

|  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Percentage of | |  | |  | |
|  |  | Shareholding | | Consolidated F/S | | Separate F/S | |
|  | Nature of business | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  | Percent | Percent |  |  |  |  |
| **Investments in other companies** |  |  |  |  |  |  |  |
| a) Investment at fair value through profit or loss | |  |  |  |  |  |  |
| M-Home SPV 3 Co., Ltd. | Real estate development | 11.54 | 11.54 | 12 | 12 | 12 | 12 |
| Less : Allowance for impairment |  |  |  | (12) | (12) | (12) | (12) |
| Net |  |  |  | - | - | - | - |
| Siam Steel Syndicate Plc. | Manufacture and distribution for construction | 1.15 | 1.15 | 55,885 | 55,885 | 55,885 | 55,885 |
| Siam Fiber Optics Co., Ltd. | Manufacture and distribution of optic fibers | 10.00 | 10.00 | 24,000 | 24,000 | 24,000 | 24,000 |
| Less : Allowance for impairment |  |  |  | (14,900) | (14,900) | (14,900) | (14,900) |
| Net |  |  |  | 9,100 | 9,100 | 9,100 | 9,100 |
| Bell Development Co., Ltd. | Real estate development | 2.29 | 2.29 | 47,313 | 47,313 | 47,313 | 47,313 |
| The Bangkok Club Co., Ltd. | Entertainment services | 0.44 | 0.44 | 3,000 | 3,000 | 3,000 | 3,000 |
| Less : Allowance for impairment |  |  |  | (2,500) | (2,500) | (2,500) | (2,500) |
| Net |  |  |  | 500 | 500 | 500 | 500 |
| Nishio Rent All (Thailand) Co., Ltd. | Construction machinery Rental | 15.00 | 15.00 | 7,500 | 7,500 | 7,500 | 7,500 |
| Eastern Hing-Speed Rail Linking Three Airports | Joint investment | 5.00 | 5.00 | 200,000 | 200,000 | 200,000 | 200,000 |
| Praram 9 Square Co., Ltd. | Real estate development  and rental | 6.32 | 6.32 | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Investment in other non – listed |  |  |  |  |  |  |  |
| companies – net |  |  |  | 520,298 | 520,298 | 520,298 | 520,298 |
|  |  |  |  |  |  |  |  |
| b) Investment at fair value through other comprehensive income | |  |  |  |  |  |  |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of | 12.90 | 12.90 | 308,715 | 308,715 | 308,715 | 308,715 |
| Add : Unrealized gain from changes in value of investments | wire and cable |  |  | 37,743 | (31,548) | 37,743 | (31,548) |
| Net market value |  |  |  | 346,458 | 277,167 | 346,458 | 277,167 |
| TTCL Plc. | Construction services | 0.07 | 0.07 | 400 | 400 | 400 | 400 |
| Add : Unrealized gain from changes in value of investments |  |  |  | 1,536 | 1,740 | 1,536 | 1,740 |
| Net market value |  |  |  | 1,936 | 2,140 | 1,936 | 2,140 |
| Total Investment in other listed  companies – net |  |  |  | 348,394 | 279,307 | 349,394 | 279,307 |
|  |  |  |  |  |  |  |  |
| Total Investments in other companies – net | |  |  | 868,692 | 799,605 | 868,692 | 799,605 |
|  |  |  |  |  |  |  |  |
| **Investments held by subsidiaries**  a) Investment at fair value through profit or loss | |  |  |  |  |  |  |
| Bell Development Co., Ltd. | Real estate development | 6.55 | 6.55 | 135,226 | 135,226 | - | - |
|  |  |  |  |  |  |  |  |
| b) Investment at fair value through other comprehensive income | |  |  |  |  |  |  |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of | 0.80 | 0.80 | 19,178 | 19,178 | - | - |
| Add : Unrealized gain (loss) from changes in value of investments | wire and cable |  |  | 2,346 | (1,959) | - | - |
| Net market value |  |  |  | 21,524 | 17,219 | - | - |
| Total investment held by subsidiaries – net |  |  |  | 156,750 | 152,445 | - | - |
|  |  |  |  |  |  |  |  |
| **Total other long-term investments – net** | |  |  | 1,025,442 | 952,050 | 868,692 | 799,605 |

1. **DEVELOPMENT COSTS FOR CONCESSION RIGHT – DAWEI PROJECT**

As at 31 December 2020 and 2019, the Company and its subsidiaries have costs for acquisition of the concession right, development of industrial estate and infrastructure in Dawei Special Economic Zone are as follow:

(Unit : Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Concession right | 151,328 | 151,917 | - | - |
| Costs under development | 7,674,015 | 7,652,252 | 5,205,964 | 5,205,964 |
| Total | 7,825,343 | 7,804,169 | 5,205,964 | 5,205,964 |

Movements in the development costs for concession right – Dawei project for the year ended 31 December 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  | 2020 | 2020 |
|  |  |  |
| Balance as at 1 January 2020 | 7,804,169 | 5,205,964 |
| Add : Adjustment from translation of reporting   currency | 21,174 | - |
| Balance as at 31 December 2020 | 7,825,343 | 5,205,964 |

As at 31 December 2020 and 2019, the Company and its subsidiaries have incurred costs for acquisition of the concession right, development costs of the industrial estate and related infrastructure and utilities in the Dawei Special Economic Zone (“DSEZ”) totalling Baht 7,825.34 million and Baht 7,804.17 million, respectively.

Italian-Thai Development Public Company Limited (the “Company”) has obtained the right to develop the project from the Republic of Union of Myanmar’s government entity (which is managed by Dawei Special Economic Zone Management Committee : “DSEZ MC”). Moreover, the Group has begun the development of the area since 2010. In 2013, the project has been sponsored by the governments of Thailand and the Republic of the Union of Myanmar and established a Dawei SEZ Development Company Limited called Special Purpose Vehicles (“SPV”) to support and issuing the new policies on project development. Also, the DSEZ MC and the SPV has determined the right for the Group to reimburse the previous investment for development under the Tripartite Memorandum. The Group will receive the reimbursement from the new investor of each project, moreover, the amount received will be accorded to the Due Diligence of the cost that has been invested by the Group, which is evaluated by the independent party, selected, and authorized by the SPV. The DSEZ MC and SPV has mutually agreed that the Due Diligence evaluated result will be directly sent to SPV to summarize the amount as per Term of Reference (TOR) relating to the investing auction for new investors of each project. The Group currently does not have right to access the details of the Due Diligence to claim the right from the other parties at present.

However, in 2015, the DSEZ MC has considered the development plan of DSEZ project demarcating it as the Dawei Special Economic Zone Initial Phase (“DSEZ Initial Phase”), in order to develop 27 square kilometers of industrial estate land and its related infrastructure and utilities, and the Dawei Special Economic Zone Full Phase (“DSEZ Full Phase”).

1. Dawei Special Economic Zone Initial Phase (DSEZ Initial Phase)

The subsidiaries in oversea and its investors (the “Concessionaires”) has obtained the right and signed 7 concessions out of 8 projects with the DSEZ MC on 5 August 2015 to develop the industrial estate of 27 square kilometers. The Company, the DSEZ MC and SPV has signed the Supplemental Memorandum of Understanding to the Tripartite Memorandum to define the terms and conditions to the Group in order to obtain the Land Right Option for develop and operate the DSEZ Initial Phase and also to compensate the previous investment of the Group. However, the Company shall exercise the Land Right Option when the Concessionaires and the DSEZ MC has fulfilled the Condition Precedent of the DSEZ Initial Phase. The Concessionaires have fulfilled all conditions except the Land Lease Agreement signing and concession fee payment because these are not agreed between the Concessionaires and the DSEZ MC on the details of Land lease agreements. The Concessionaires has report to the DSEZ MC to pay the concession fee of each project along with interest to the DSEZ MC when the land lease agreements of each project has been agreed. The situation of each projects are as follow:

1. Land Lease Agreements from the Government of the Republic of Union of Myanmar and the annual concession fee

The Concessionaires have had discussions with the DSEZ MC to the issue of the Land Lease Agreement which are needed to be mutually agreed between each of the respective Concessionaires and the DSEZ MC prior to further project development. As such, the Concessionaires were invited in various meetings by both the Thai and Myanmar Governments in order to request the ways to support and drive the DSEZ Initial Phase successfully forward in a practical manner. However, these issues not agreed between the Concessionaires and DSEC MC

On 14 August 2019, the Company received the Notice of Modification from the DSEZ MC which define the amendment of the Initial Industrial Estate and Two-lane Road concession agreement along with the issuance of the draft land lease agreement for the Initial Industrial Estate and draft of the waiving of our Reimbursement Rights under the Tripartite Memorandums. However, these conditions were made by the DSEZ MC in order to modify of the Concession Agreements and define the Concessionaires to enforce upon the Company to sign a document releasing all of the Company’s reimbursement rights under such Tripartite Memorandums. It also forces the Concessionaires to comply within the specific period. The Company and the Concessionaires have discussed and issued various letters on multiple occasions to the DSEZ MC in order to reconsider the conditions as agreeable both parties. However, as the Concession Agreement for the Initial Industrial Estate and Two-lane Road has a progress related to the Lad Lease Agreement, the Concessionaires therefore accept to pay the Concession Fee plus interests to the DSEZ MC. In addition, the Company also requested repeatedly for the remaining draft land lease agreements 6 concessions related to the infrastructure and utilities are critical components integral in supporting the overall development success for the DSEZ Initial Phase. And also, informed the DSEZ MC on various occasions that the payment will be made upon receiving and mutually agreeing on each of the respective land lease agreement for each concession and that the Concessionaire merely requested for the deferral of such payment and interests subject to the mutual finalization of each land lease agreement. However, no further draft land lease agreements for the remaining concessions were sent by the DSEZ MC.

On 27th November 2019, the Company received the Notice of the Determination from the DSEZ MC along with its unilateral amendment in the concession agreement as well as issued the final land lease agreement for the Initial Industrial Estate and Two-lane Road. The Notice of Determination, which were once again unilaterally set forth by the DSEZ MC, imposed a certain time period for the Concessionaires to abide and fulfill the new conditions precedent including for the Concessionaires in order to enforce the Company to sign a document regarding the release of the Company’s reimbursement rights in the Tripartite Memorandums as previously mentioned. The Company along with its partners issued letters to the DSEZ MC opposing this unilateral amendment to the concession agreement and also elaborated this unfair practice by the DSEZ MC in the official meeting held between the governments of Thailand and the Republic of the Union of Myanmar. These newly imposed conditions are not agreed by the Company and its partners, moreover, the unilateral exercise the right to amend the Concession Agreement cannot be acceptable without agreeable by three parties.

Thereafter, the Company along with its partners repeatedly requested for the outstanding land lease agreements from the DSEZ MC which is needed for the successful development of the DSEZ Initial Phase. On multiple occasions, the Company along with its partners also restated that the outstanding concession fee plus interests for the remaining concessions will be paid once the draft land lease agreement for each of the respective infrastructure and utilities’ concession agreements are sent and mutually agreed with the DSEZ MC. Subsequently, on 30 December 2020, the DSEZ issued the Notice of Termination to all concessions of the DSEZ Initial Phase claiming that in the Initial Industrial Estate and Two-lane Road concession, the Concessionaires failed to comply with the newly set conditions precedent, which once again were unilaterally set forth by the DSEZ MC, such as: the Initial Industrial Estate and 2-lane Road Concessionaire failed to enforced the Company to sign the document releasing all of the Company’s reimbursement right in the Tripartite Memorandums and the termination of all concessions were made by the DSEZ MC due to the outstanding concession fee payment by the Concessionaires.

1. Government Support for Construction of the 2-lane Road Linking the DSEZ to the Thailand-Myanmar border

In such meetings and ongoing cooperation between the two governments, it is publicly known that the Thai Government has the policy to provide the funds to the Myanmar Government for the construction of the 2-lane Road connecting the DSEZ to the Thailand-Myanmar border. Such detailed discussions are ongoing and the terms and conditions will be finalize by the two governments going forward.

1. Dawei Special Economic Zone Full Phase

The Company will continue to maintain its right for reimbursement of its previous investments in the DSEZ in accordance with the Tripartite Memorandums which were previously agreed and signed amongst the Company, SPV, and DSEZ MC. Furthermore, it has been publicly announced that the authorized agency of the Japanese Government has completed the Full Phase study and has presented to the Myanmar Government for consideration. Official discussions and meetings supporting the future DSEZ Full Phase development in parallel with the DSEZ Initial Phase are in process and ongoing amongst the representatives of the Thai, Myanmar, and Japanese Governments, which once again are the entities in the SPV.

However, on 19 January 2021, the Concessionaires has sent the notice to elucidate the reason for cancellation of agreement to the DSEZ MC due to the additional conditions stated are not from the mutually agreed between the Concessionaires and the DSEZ MC but merely came from the DSEZ MC only. The Concessionaires has proposed a discussion on this matter, which is no finalize as yet.

Despite the right for reimbursement of its previous investments for development in the the DSEZ is still accorded to the Tripartite Memorandum. However, the reimbursement amount is rely on the Due Diligence report prepared by the independent advisor selected and authorized by the SPV which in the present, the Group does not right to access to such Due Diligence report. In addition, it depends on the progress of the development of the DSEZ Full Phase which was supported by the government of Thailand and Myanmar to promote the other concession projects in the future as well as the investment from new investors who are interested in each concession project. The Group’s management believe that the right to reimbursement under the Tripartite Memorandum and Supplemental Memorandum of Understanding to the Tripartite Memorandum which jointly signed between the Company, DSEZ MC and SPV is valid. Because of the government agencies of Thailand and Myanmar which included 1) Joint High-Level Committee, 2) Joint Cooperation Committee (JCC) and 3) Joint Task Force (JTF) are existed and appear on the public news channels.

1. **POTASH MINING RIGHT AND DEFERRED EXPLORATION AND DEVELOPMENT COSTS**

The Company holds a 90% investment in a potash mine project through a group of subsidiary companies with has total investment of Baht 2,293.49 million. The Ministry of Finance also holds 10% of the registered share capital.

The subsidiary company has the right to do potash exploration in Udon Thani Province in Northeast of Thailand, and has successfully identified two large potash resources at South Udon and North Udon. Such subsidiary has incurred exploration and development costs as at 31 December 2020 and 2019 as follows:

|  | (Unit : Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated F/S | |
|  | 2020 | 2019 |
| Exploration expense |  |  |
| Beginning balance | 566,570 | 566,570 |
| Expenditure during the year | - | - |
| Ending balance | 566,570 | 566,570 |
|  |  |  |
| Application for potash mining concessions expense |  |  |
| Beginning balance | 384,884 | 383,406 |
| Expenditure during the year | 2,111 | 1,478 |
| Ending balance | 386,995 | 384,884 |
|  |  |  |
| Total deferred exploration and development expenses | 953,565 | 951,454 |

Such project is under process of application for potash mining concessions from the government. The subsidiary company has complied with the requirement as stipulated in the Mining Act. and has summitted the documents for the mining license application to the Department of Primary Industries and Mines (DPIM.).

On 9 January 2020, the Udon Thani Provincial Governor submitted the preliminary stakeholders-consultative committee’s minutes of meeting to DPIM Director-General for approval of the prevailing conditions as proposed by the DPIM Director-General.

On 13 April 2020, the DPIM’s Director-General submitted the letter to the subsidiary company in subject of clarification requests in a written format, if the subsidiary company has different opinion regarding to the payment of Special Remuneration Benefits, Royalty and Special Subsidy to government as announce by the Ministry of Industry in accordance in order to gathering information for further consideration. Currently, the DPIM is working on the prevailing conditions of the Mining License which will be presented to the said committee for approval.

On 15 February 2021, the DPIM’s Director-General submitted the letter to the subsidiary company to invite to clarify questions about the Potash Mining Project in Udon Thani Province on 23 February 2021 in order to collect information and present the request for a license for the subsidiary company to the meeting of the Mineral Committee for further approval. The DPIM’s Director-General will sign the concession certificate which is expected to be completed by 2021.

The Company’s management believes that this project will generate benefits both for neighboring area and for the country. The project is expected to be approved by the government and become operational as planned. The management of the Company believes that there will be no impairment in the value of the investment.

1. **LONG**-**TERM LOANS AND ADVANCES TO RELATED PARTIES**

The outstanding balances as at 31 December 2020 and 2019 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Subsidiaries | - | - | 867,254 | 1,085,474 |
| Associated and joint control companies | 1,010,737 | 935,647 | - | - |
| Total | 1,010,737 | 935,647 | 867,254 | 1,085,474 |
| Less : Allowance for impairment loss | - | - | (67,379) | (358,149) |
| Net | 1,010,737 | 935,647 | 799,875 | 727,325 |

Significant movements in the long - term loans and advances to related parties for the year ended 31 December 2020 are as follows:

|  |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  | 1 January | During the year | | 31 December | |
|  | 2020 | Increase | Decrease | 2020 |
|  |  |  |  |  |
| Associate | 935,647 | 75,090 | - | 1,010,737 |

|  |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Separate F/S | | | |
|  | 1 January | During the year | | 31 December | |
|  | 2020 | Increase | Decrease | 2020 |
|  |  |  |  |  |
| Subsidiaries | 1,085,474 | 107,313 | 325,533 | 867,254 |

A reconciliation of loss on impairment on the long-term loans and advances for the year ended 31 December 2020 are as follows:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Separate F/S |
|  |  |
| **As at 1 January 2020** | 358,149 |
| Recognized allowance for credit loss | 6,884 |
| Reversal of impairment losses | (297,654) |
| **As at 31 December 2020** | 67,379 |

During the year 2020, the Company eliminated long-term loans and advances to one subsidiary, the Company recorded allowances for impairment loss for loans and advance totalling Baht 297.65 million. Therefore, the Company reverse impairment loss of loans and advance during the year.

1. **LAND AWAITING DEVELOPMENT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Land awaiting development | 296,219 | 295,769 | - | - |
| Add : Purchase during the year | 27,251 | 450 | - | - |
| Less : Impairment loss | (4,288) | - | - | - |
| Land awaiting development – net | 319,182 | 296,219 | - | - |

As at 31 December 2020 and 2019, land awaiting of development of the Group of Baht 319.18 million and Baht 284.49 million, respectively, are the land for using in Potash Mining Project in Udon Thani province.

1. **INVESTMENT PROPERTIES**

As at 31 December 2020, investment properties presented at fair value consist of:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | |  |  | (Unit : Thousand Baht) | |
|  | |  |  | Consolidated F/S | Separate F/S |
|  | |  |  |  |  |
| Land |  | |  | 2,163,351 | 835,178 |
| Building |  | |  | 347,115 | 347,115 | |
| Total |  | |  | 2,510,466 | 1,182,293 |

Investment properties was subsequent measurement at fair value which assess by independent appraisers under the market approach.

Movements in investment properties for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| **Net book value** **as at 1 January** | 2,041,160 | 2,030,872 | 1,068,821 | 1,068,821 |
| Less : Disposal during the year | (5,831) | - | (5,831) | - |
| Add : Gain on revaluation of assets | 475,137 | 10,288 | 119,303 | - |
| **Net book value** **as at 31 December** | 2,510,466 | 2,041,160 | 1,182,293 | 1,068,821 |

1. **PROPERTY, PLANT AND EQUIPMENT**

|  | (Unit : Thousand Baht) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | |
|  |  | |  | Machinery, |  | Machinery |  |
|  |  | |  | Office equipment, | Site office and | and equipment |  |
|  |  | | Building | Furniture | temporary | under |  |
|  | Land | | and factories | and vehicle | camps | installation | Total |
|  |  | |  |  |  |  |  |
| **Cost** |  | |  |  |  |  |  |
| **1 January 2019** | 1,855,224 | | 6,517,478 | 36,525,603 | 1,258,392 | 1,985,263 | 48,141,960 |
| Acquisitions / Transfer in | 16,948 | | 427,858 | 4,104,784 | 34,706 | 6,584,954 | 11,169,250 |
| Disposals / Transfer out | (550) | | - | (1,194,798) | (6,032) | (1,268,937) | (2,470,317) |
| Decreased from lost control in subsidiary | - | | - | (306,832) | (11,723) | - | (318,555) |
| Translation adjustment | (2,348) | | (13,647) | (608,235) | (7) | (10,169) | (634,406) |
| **31 December 2019 and 1 January 2020** | 1,869,274 | | 6,931,689 | 38,520,522 | 1,275,336 | 7,291,111 | 55,887,932 |
| Adjustments for Thai Financial Reporting  Standards No.16 | - | | (2,425) | (2,533,172) | - | - | (2,535,597) |
| **1 January 2020 – After adjusted** | 1,869,274 | | 6,929,264 | 35,987,350 | 1,275,336 | 7,291,111 | 53,352,335 |
| Acquisitions / Transfer in | 685,528 | | 876,228 | 10,685,185 | 12,664 | 3,482,706 | 15,742,311 |
| Transfer from right-of-use assets | - | | - | 421,810 | - | - | 421,810 |
| Disposals / Transfer out | - | | (35,928) | (3,406,308) | (140,683) | (9,064,835) | (12,647,754) |
| Translation adjustment | (709) | | (4,464) | (158,069) | (2) | (668) | (163,912) |
| **31 December 2020** | 2,554,093 | | 7,765,100 | 43,529,968 | 1,147,315 | 1,708,314 | 56,704,790 |
|  |  | | | | | | |
| **Accumulated depreciation** |  | |  |  |  |  |  |
| **1 January 2019** | - | | 4,876,340 | 18,957,661 | 898,110 | - | 24,732,111 |
| Depreciation for the year | - | | 253,091 | 2,815,400 | 119,750 | - | 3,188,241 |
| Accumulated depreciation for disposals | - | | - | (607,341) | (6,032) | - | (613,373) |
| Decreased from lost control in subsidiary | - | | - | (83,799) | (7,782) | - | (91,581) |
| Translation adjustment | - | | (3,196) | (312,815) | (7) | - | (316,018) |
| **31 December 2019 and 1 January 2020** | - | | 5,126,235 | 20,769,106 | 1,004,039 | - | 26,899,380 |
| Adjustments for Thai Financial Reporting  Standards No.16 | - | | (304) | (441,948) | - | - | (442,252) |
| **1 January 2020 – After adjusted** | - | | 5,125,931 | 20,327,158 | 1,004,039 | - | 26,457,128 |
| Depreciation for the year | - | | 303,937 | 3,084,534 | 89,266 | - | 3,477,737 |
| Transfer from right-of-use assets | - | | - | 167,945 | - | - | 167,945 |
| Accumulated depreciation for disposals | - | | (30,836) | (2,752,968) | (140,683) | - | (2,924,487) |
| Translation adjustment | - | | (1,343) | (111,760) | (2) | - | (113,105) |
| **31 December 2020** | - | | 5,397,689 | 20,714,909 | 952,620 | - | 27,065,218 |
|  |  | |  |  |  |  |  |
| **Less Allowance for impairment** |  | |  |  |  |  |  |
| 31 December 2019 | 15,219 | | 1,818 | 2,802 | - | - | 19,839 |
| 31 December 2020 | 15,219 | | 1,818 | 8,500 | - | - | 25,537 |
| **Net book value** |  | |  |  |  |  |  |
| **31 December 2019** | 1,854,055 | | 1,803,636 | 17,748,614 | 271,297 | 7,291,111 | 28,968,713 |
| **31 December 2020** | 2,538,874 | | 2,365,593 | 22,806,559 | 194,695 | 1,708,314 | 29,614,035 |
|  | |  |  |  |  |  |  |
| **Depreciation for the year 2019** | | | |  |  |  | 3,188,241 |
| **Depreciation for the year 2020** | | | |  |  |  | 3,477,737 |

|  | (Unit : Thousand Baht) | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | | | | | | | |
|  |  |  | | Machinery, | |  | |  | |  | |
|  |  |  | | Office | | Site office | | Machinery | |  | |
|  |  |  | | equipment, | | and | | and equipment | |  | |
|  |  | Building | | Furniture | | Temporary | | under | |  | |
|  | Land | and factories | | and vehicle | | Camps | | installation | | Total | |
|  |  |  | |  | |  | |  | |  | |
| **Cost** |  |  | |  | |  | |  | |  | |
| **1 January 2019** | 1,638,504 | 4,750,335 | | 19,229,484 | | 1,095,313 | | 1,754,103 | | 28,467,739 | |
| Acquisitions / Transfer in | 16,948 | 416,776 | | 2,266,902 | | 31,948 | | 6,046,701 | | 8,779,275 | |
| Disposals / Transfer out | (550) | - | | (699,630) | | (6,032) | | (715,526) | | (1,421,738) | |
| Translation adjustment | - | - | | (133,069) | | (7) | | (2,472) | | (135,548) | |
| **31 December 2019 and 1 January 2020** | 1,654,902 | 5,167,111 | | 20,663,687 | | 1,121,222 | | 7,082,806 | | 35,689,728 | |
| Adjustments for Thai Financial Reporting  Standards No.16 | - | (2,425) | | (2,480,337) | | - | | - | | (2,482,762) | |
| **1 January 2020 – After adjusted** | 1,654,902 | 5,164,686 | | 18,183,350 | | 1,121,222 | | 7,082,806 | | 33,206,966 | |
| Acquisitions / Transfer in | 672,954 | 864,726 | | 9,076,441 | | 10,031 | | 3,453,757 | | 14,077,909 | |
| Transfer from right-of-use assets | - | - | | 421,810 | | - | | - | | 421,810 | |
| Disposals / Transfer out | - | - | | (2,448,107) | | (140,683) | | (8,890,216) | | (11,479,006) | |
| Translation adjustment | - | (37) | | (73) | | (2) | | - | | (112) | |
| **31 December 2020** | 2,327,856 | 6,029,375 | | 25,233,421 | | 990,568 | | 1,646,347 | | 36,227,567 | |
|  |  |  | |  | |  | |  | |  | |
| **Accumulated depreciation** |  |  | |  | |  | |  | |  | |
| **1 January 2019** | - | 3,833,543 | | 10,337,182 | | 846,637 | | - | | 15,017,362 | |
| Depreciation for the year | - | 178,576 | | 1,615,198 | | 107,660 | | - | | 1,901,434 | |
| Accumulated depreciation for disposals | - | - | | (401,143) | | (6,032) | | - | | (407,175) | |
| Translation adjustment | - | (117) | | (40,166) | | (7) | | - | | (40,290) | |
| **31 December 2019 and 1 January 2020** | - | 4,012,002 | | 11,511,071 | | 948,258 | | - | | 16,471,331 | |
| Adjustments for Thai Financial Reporting  Standards No.16 | - | (304) | | (436,728) | | - | | - | | (437,032) | |
| **1 January 2020 – After adjusted** | - | 4,011,698 | | 11,074,343 | | 948,258 | | - | | 16,034,299 | |
| Depreciation for the year | - | 226,457 | | 1,841,590 | | 77,342 | | - | | 2,145,389 | |
| Transfer from right-of-use assets | - | - | | 167,945 | | - | | - | | 167,945 | |
| Accumulated depreciation for disposals | - | - | | (1,900,659) | | (140,683) | | - | | (2,041,342) | |
| Translation adjustment | - | (218) | | (13,110) | | (2) | | - | | (13,330) | |
| **31 December 2020** | - | 4,237,937 | | 11,170,109 | | 884,915 | | - | | 16,292,961 | |
|  |  |  | |  | |  | |  | |  | |
| **Net book value** |  |  | |  | |  | |  | |  | |
| **31 December 2019** | 1,654,902 | 1,155,109 | | 9,152,616 | | 172,964 | | 7,082,806 | | 19,218,397 | |
| **31 December 2020** | 2,327,856 | 1,791,438 | | 14,063,312 | | 105,653 | | 1,646,347 | | 19,934,606 | |
|  | | |  | |  | |  | |  | |
| **Depreciation for the year 2019** | | |  | |  | |  | | 1,901,434 | |
| **Depreciation for the year 2020** | | |  | |  | |  | | 2,145,389 | |

As at 31 December 2020 and 2019, certain building, machinery and equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 14,360.61 million and Baht 13,804.36 million, respectively (Separate F/S : Baht 10,956.50 million and Baht 10,748.97 million, respectively).

As at 31 December 2020 and 2019, the Company has assets under construction for precast and limestone production to support the project under development of Baht 122.44 million. The Company’s management believes that these assets are not impaired.

As at 31 December 2020 and 2019, land and construction thereon, machinery and equipment of the subsidiaries company are under the guarantee as collaterals for loans from banks (Notes 27 and 30).

1. **LEASE**

***Leases - where the Group is the lessee***

* 1. Right-of-use

|  | (Unit : Thousand Baht) | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | |
|  |  | Building | Machinery, |  |  |  |
|  |  | and factories | Office |  |  |  |
|  | Land | Building | equipment, | Vehicles | Other | Total |
|  |  |  |  |  |  |  |
| **Cost** |  |  |  |  |  |  |
| **As at 1 January 2020 – Previous**  **accounting policy** | - | - | - | - | - | - |
| Adjustments for Thai Financial  Reporting Standards No.16 | 354,574 | 40,974 | 2,147,863 | 633,987 | 165,362 | 3,342,760 |
| **As at 1 January 2020 – After adjusted** | 354,574 | 40,974 | 2,147,863 | 633,987 | 165,362 | 3,342,760 |
| Increase | 373,392 | 2,453 | 266,189 | 238,329 | 979 | 881,342 |
| Decrease / Disposal | (29,463) | - | (37,500) | (1,771) | - | (68,734) |
| Transfer to property, plant and equipment | - | - | (352,407) | (69,403) | - | (421,810) |
| Translation adjustment for foreign  currency financial statements | (1,280) | - | (5,341) | - | (5,055) | (11,676) |
| **As at 31 December 2020** | 697,223 | 43,427 | 2,018,804 | 801,142 | 161,286 | 3,721,882 |
|  |  |  |  |  |  |  |
| **Accumulated depreciation** |  |  |  |  |  |  |
| **As at 1 January 2020 – Previous**  **accounting policy** | - | - | - | - | - | - |
| Adjustments for Thai Financial  Reporting Standards No.16 | 26,493 | 304 | 413,947 | 73,663 | 19,793 | 534,200 |
| **As at 1 January 2020 – After adjusted** | 26,493 | 304 | 413,947 | 73,663 | 19,793 | 534,200 |
| Depreciation for the period | 121,728 | 8,457 | 266,284 | 85,556 | 25,510 | 507,535 |
| Decrease / Disposal | - | - | (18,115) | (194) | - | (18,309) |
| Transfer to property, plant and equipment | - | - | (147,528) | (20,417) | - | (167,945) |
| Translation adjustment for foreign  currency financial statements | 27,339 | - | (3,486) | - | (1,468) | 22,385 |
| **As at 31 December 2020** | 175,560 | 8,761 | 511,102 | 138,608 | 43,835 | 877,866 |
|  |  |  |  |  |  |  |
| **Net Book Value** |  |  |  |  |  |  |
| **As at 31 December 2020** | 521,663 | 34,666 | 1,507,702 | 662,534 | 117,451 | 2,844,016 |
|  |  |  |  |  |  |  |
| **Depreciation for the year 2020** | | |  |  |  | 507,535 |

|  | (Unit : Thousand Baht) | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | | |
|  |  | Land | Building and factories Building | Machinery, Office equipment | Vehicles | Total |
|  |  |  |  |  |  |  |
| **Cost** |  |  |  |  |  |  |
| **As at 1 January 2020 - Previous**  **accounting policy** |  | - | - | - | - | - |
| Adjustments for Thai Financial  Reporting Standards No.16 |  | 216,837 | 4,673 | 1,921,097 | 620,084 | 2,762,691 |
| **As at 1 January 2020 - After adjusted** |  | 216,837 | 4,673 | 1,921,097 | 620,084 | 2,762,691 |
| Increase |  | 47,280 | 2,453 | 236,193 | 237,377 | 523,303 |
| Decrease / Disposal |  | (29,463) | - | (37,500) | (1,771) | (68,734) |
| Transfer to property, plant and equipment |  | - | - | (352,407) | (69,403) | (421,810) |
| Translation adjustment for foreign  currency financial statements |  | (169) | - | - | - | (169) |
| As at 31 December 2020 |  | 234,485 | 7,126 | 1,767,383 | 786,287 | 2,795,281 |
|  |  |  |  |  |  |  |
| **Accumulated depreciation** |  |  |  |  |  |  |
| **As at 1 January 2020 - Previous**  **accounting policy** |  | - | - | - | - | - |
| Adjustments for Thai Financial  Reporting Standards No.16 |  | - | 304 | 363,343 | 73,385 | 437,032 |
| **As at 1 January 2020 - After adjusted** |  | - | 304 | 363,343 | 73,385 | 437,032 |
| Depreciation for the period |  | 82,469 | 2,797 | 193,620 | 81,133 | 360,019 |
| Decrease / Disposal |  | - | - | (18,115) | (194) | (18,309) |
| Transfer to property, plant and equipment |  | - | - | (147,528) | (20,417) | (167,945) |
| Translation adjustment for foreign  currency financial statements |  | (1,410) | - | - | - | (1,410) |
| As at 31 December 2020 |  | 81,059 | 3,101 | 391,320 | 133,907 | 609,387 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Net Book Value** |  |  |  |  |  |  |
| **As at 31 December 2020** |  | 153,426 | 4,025 | 1,376,063 | 652,380 | 2,185,894 |
|  |  |  |  |  |  |  |
| **Depreciation for the year 2020** | | |  |  |  | 360,019 |

* 1. Lease Liabilities

The outstanding of lease liabilities as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Lease Liabilities | 2,230,365 | 1,569,958 | 1,401,004 | 1,428,282 |
| Less : Current portion | (850,832) | (649,150) | (658,854) | (585,403) |
| Net | 1,379,533 | 920,808 | 742,150 | 842,879 |

Analysis of maturity of lease liabilities are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Not over one year | 930,538 | 699,137 | 731,399 | 627,568 |
| Over one year but not over five years | 1,206,130 | 957,736 | 802,607 | 874,091 |
| Over 5 years | 255,719 | - | 5,433 | - |
| Total | 2,392,387 | 1,656,873 | 1,539,439 | 1,501,659 |
| Less : Deferred interest | (162,022) | (86,915) | (138,435) | (73,377) |
| Net | 2,230,365 | 1,569,958 | 1,401,004 | 1,428,282 |
|  |  |  |  |  |

The Group’s recognized finance cost relate lease contract totalling Baht 129 million and Baht 59 million (2019 : Baht 103 million and Baht 58 million)

Rental payment not recognized as lease liabilities

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The expense related that contract not recognize for the year ended 31 December 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Short-term lease | 238,622 | 140,100 |
| Leases of low-value assets | 303,371 | 167,317 |
| Total | 541,993 | 307,417 |

* 1. Other financial liabilities

Other financial liabilities recognizes contract from sale and leaseback transactions is satisfied of asset which is not a sale in accordance with TFRS15 “Revenue from Contracts with Customers”. The Company therefore continue recognizes such transfer assets as fixed assets in the financial statement and recognizes liabilities from sale and leaseback as other financial liabilities equal to the transfer proceeds of assets.

Present value of other financial liabilities as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Other financial liabilities | 1,466,870 | - | 1,340,306 | - |
| Less : Current portion | (367,327) | - | (346,188) | - |
| Net | 1,099,543 | - | 994,118 | - |

Analysis of maturity of other financial liabilities are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Not over one year | 367,327 | - | 346,188 | - |
| Over one year but not over five years | 1,099,543 | - | 994,118 | - |
| Total | 1,466,870 | - | 1,340,306 | - |
| Less : Deferred interest | - | - | - | - |
| Net | 1,466,870 | - | 1,340,306 | - |
|  |  |  |  |  |

The Group and the Company recognized finance cost relate other financial liabilities totalling Baht 16 million and Baht 13 million, respectively.

***Leases - where the Group is the lessor***

* 1. Finance lease receivable - subsidiary

|  | (Unit : Thousand Baht) | |
| --- | --- | --- |
|  | Separate F/S | |
|  | 2020 | 2019 |
|  |  |  |
| Not over one year | 17,600 | 14,080 |
| Over one year but not over five years | 19,200 | 19,200 |
| Over 5 years | 20,160 | 24,000 |
| Total | 56,960 | 57,280 |
| Less : Unearned finance income | (12,287) | (14,294) |
| Total | 44,673 | 42,986 |
| Less : Loss on impairment | (9,600) | (6,080) |
| Total | 35,073 | 36,906 |
| Less : Current portion | (6,112) | (5,993) |
| Net | 28,961 | 30,913 |

The above finance leases payable are for machinery and equipment leases with scheduled repayment terms of 15 years.

1. **GOODWILL**

As at 31 December 2020 and 2019, the outstanding balance of goodwill are as follows :

|  |  |  |
| --- | --- | --- |
| (Unit : Thousand Baht) | | |
|  | Consolidated F/S | |
|  | 2020 | 2019 |
|  |  |  |
| Balance as at 1 January | 871,742 | 880,245 |
| Less : Translation adjustment for foreign currency financial statements | (2,569) | (8,503) |
| Balance as at 31 December | 869,173 | 871,742 |
| Less : Allowance for impairment | (16,673) | (16,673) |
| Net | 852,500 | 855,069 |

Key assumptions used in the recoverable amount assessment include:

|  |  |  |
| --- | --- | --- |
|  | Cement business | Construction business in India |
|  |  |  |
| Growth rate (%) | 1 | 7 |
| Discount rate (%) | 7 | 19.57 |

The Group assesses recoverable value from Potash Mining Project by considering project feasibility and internal rate of return (IRR) with the discount rate of 8% which management considered appropriate. Based on this assessment, the recoverable value from the project is higher than the carrying amount of investment.

Growth rate

Weighted average growth rate is based on the industry growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years.

Discount rate

Discount rate reflect the current market assessments of the time value of money and risks specific to assets.

The Company recognizes impairment losses on goodwill in the statement of profit or loss when the recoverable amounts of cash generate unit is lower than book value and cannot reverse in the future.

Based on impairment test for goodwill by increasing discount rate for 0.5%, the Company does not have to recognize an impairment of goodwill in the consolidated financial statements for the year end 31 December 2020.

1. **DEFERRED CONCESsSION COST AND COSTS OF PROJECT UNDER DEVELOPMENT**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | | |
|  | 31 December 2020 | 31 December 2019 | | 31 December 2020 | 31 December 2019 | |
| Project under development |  |  | |  |  | |
| - Mozambique |  |  | |  |  | |
| Concession cost | 150,186 | 150,770 | | - | - | |
| Costs of project under development | 2,134,094 | 2,050,744 | | 1,993,231 | 1,921,186 | |
| Total | 2,284,280 | 2,201,514 | | 1,993,231 | 1,921,186 | |

*Project under development – Mozambique*

In 2013, an overseas subsidiary signed two Concession agreements with the Ministry of Transportation and Communications, Government of the Republic of Mozambique for the construction and operation of a Heavy Haul Railway Line and associated Deep-Sea Port in Macuse for the export of coal and other goods. The project investment costs were estimated at USD 3,200 million (equivalents to Baht 96,000 million ), allowing for the concession period of 30 years (including construction).

1. Construction of a Heavy Haul Railway Lines from Moatize to Macuse Port, the approximate length of the standard gauge railways is about 613 kilometers.
2. Construction of a Deep-Sea Port at Macuse with the starting port capacity, for exporting coal, of 40 million tons annually to the maximum capacity of 100 million tons annually.
3. Operation of the Heavy Haul Railway Lines and Macuse Deep Sea Port on the Concession Agreement of 30 years (including the Construction) and the Concession period could be extended for another 10 years.

The oversea subsidiary has repayment of USD 5 Million USD within 30 days after concession agreement was signed and amount of USD 5 Million is reserving for People's Development & Empowerment Project stating from beginning of project.

Due to challenges in the coal export business including the decline in the market price of coal along with economic slowdown caused by Corona virus 2019 pandemic, management of the subsidiary decided in 2020 to revise its business plan to develop the project in phases. Phase 1 is the development of a multi-cargo port - the Macuse Port and Phase 2 includes the construction of the Railway from Moatize-Chitima to Macuse. The advantages from starting the development of Phase 1 first include shorter construction period and lower investment costs. Management of subsidiary will start Phase 2 development when the economics of the project can be justified.

During 2020, the subsidiary launched a tender bidding process for the Engineering Procurement and Construction (EPC) work, began the resettlement activities at the port area including construction of houses, and obtained approval for the Environmental License. Additionally, management of subsidiary is under discussion with a fund to provide financing for the Phase 1 development.

1. **BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

The outstanding balances of bank overdrafts and short-term loans from financial institutions as at 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Bank overdrafts | 1,031,879 | 1,138,596 | 286 | 1,531 |
| Short-term loans from financial institutions | 6,086,673 | 6,197,073 | 4,700,787 | 4,125,046 |
| Total | 7,118,552 | 7,335,669 | 4,701,073 | 4,126,577 |

These represent loans obtained from local and overseas financial institutions in the following currencies:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Million) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| THB | 4,894 | 5,276 | 4,452 | 4,125 |
| INR | 2,307 | 2,183 | - | - |
| BDT | 701 | - | 701 | - |

These loans are subject to interest at domestic market rates for Thai Baht currency loans and at the market rates of India for Rupee currency loans.

As at 31 December 2020 and 2019, part of loans amounting to Baht 3,232.62 million and Baht 3,465.05 million, respectively, have been used to finance certain specific projects (Project Finance). The lending banks had set a condition for the Company to process the cash transactions from the projects through the Company’s accounts with those banks.

As at 31 December 2020 and 2019, bank overdrafts and short – term credit facilities that have not been drawn down amounted to Baht 12,773.70 million and Baht 12,605.63 million, respectively.

1. **TRADE ACCOUNTS PAYABLE – RELATED PARTIES**

##### 

##### The outstanding balances as at 31 December 2020 and 2019 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Subsidiaries | - | - | 672,300 | 1,188,594 |
| Associated companies and joint ventures | 128,104 | 185,418 | 109,997 | 173,897 |
| Related companies | 1,449,218 | 1,483,356 | 1,440,659 | 1,411,801 |
| Total trade accounts payable – related parties | 1,577,322 | 1,668,774 | 2,222,956 | 2,774,292 |

1. **SHORT-TERM LOANS AND ADVANCE FROM RELATED PARTIES**

The outstanding balances as at 31 December 2020 and 31 December 2019 are as follow:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Subsidiaries | - | - | 440,523 | - |
| Associated companies | 18,085 | - | - | - |
| Joint ventures | 58,741 | - | 58,741 | - |
| Total | 76,826 | - | 499,264 | - |

During the year 2020, the Company and an overseas branch borrowed money from one overseas subsidiary and one joint venture of Baht 499.26 million for the working capital in their project

Movements in short-term loans and advance from related parties

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | - | - | - | - |
| Add : Additional borrowings | 76,826 | - | 605,045 | - |
| Less : Repayments | - | - | (105,781) | - |
| Balance as at 31 December | 76,826 | - | 499,264 | - |

1. **LONG-TERM LOANS**

As at 31 December 2020 and 2019, the outstanding balance of long-term loans are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Outstanding balances | 21,241,386 | 22,131,226 | 17,077,387 | 17,513,430 |
| Less : Current portion | (11,943,288) | (10,851,040) | (11,224,108) | (10,219,305) |
| Net | 9,298,098 | 11,280,186 | 5,853,279 | 7,294,125 |

Movements in the long-term loans for the years ended 31 December 2020 and 2019 are summarized as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 22,131,226 | 21,084,335 | 17,513,430 | 15,068,794 |
| Add : Additional borrowings | 7,083,769 | 7,057,294 | 6,369,712 | 6,812,670 |
| Less : Repayments | (7,972,292) | (6,102,524) | (6,805,755) | (4,364,746) |
| Add (less) : Translation adjustment for foreign currency financial statements | (1,317) | 92,121 | - | (3,288) |
| Balance as at 31 December | 21,241,386 | 22,131,226 | 17,077,387 | 17,513,430 |

The outstanding balance of long-term loans as at 31 December 2020 and 2019 are as follows:

|  |  |  |  |  | | Million Baht | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | | Consolidated F/S | | | | Separate F/S | | | |
| Loan | Credit amount (Million Baht) | Interest rate | Condition | Guarantee | | 2020 | | 2019 | | 2020 | | 2019 | |
|  |  |  |  |  | |  | |  | |  | |  | |
| **Portion of the Company** | | |  | |  | |  | |  | |  | |  |
|  | 17,833 | MLR – 1.00% per annum | Repayment within 2020 - 2023 or upon completion of the project, whichever is earlier | Assignment on revenue from  construction contract | | 17,077 | | 17,513 | | 17,077 | | 17,513 | |
|  |  | MLR – 1.25% per annum | Repayment within 2020 or upon completion of the project, whichever is earlier | Assignment on revenue from  construction contract | |  | |  | |  | |  | |
|  |  | MLR – 1.50% per annum | Repayment within 2020 - 2023 or upon completion of the project, whichever is earlier | Assignment on revenue from  construction contract | |  | |  | |  | |  | |
|  |  | MLR – 2.00% per annum | Repayment within 2028 or upon completion of the project, whichever is earlier | Assignment of collection from  construction contract | |  | |  | |  | |  | |
|  |  |  |  |  | |  | |  | |  | |  | |
|  |  |  |  |  | |  | |  | |  | |  | |
|  |  |  |  |  | |  | |  | |  | |  | |
|  |  | Market rate per  annum | Repayment within 2020 upon completion of the project, whichever is earlier | Bank account opened for  receive revenue from  construction | |  | |  | |  | |  | |
|  |  | 4.00% per annum | Repayment per contract | - | |  | |  | |  | |  | |
|  |  | 5.25% per annum | Repayment within 2024 | Land | |  | |  | |  | |  | |
| **Portion of subsidiaries** | | |  | |  | |  | |  | |  | |  |
| 1 | 349 | MLR – 1.00%, MLR - 1.70% and MLR- 3.05% per annum | Repayment within 2022 – 2025 | Guarantee by machinery and  equipment and by parent company | | 195 | | 207 | | - | | - | |
| 2 | 631 | MLR per annum | Repayment per contract | Land and machinery | | 92 | | 211 | | - | | - | |
| 3 | 5,745 | MLR – 1.50% per annum | Repayment within 2020 – 2026 | Assignment on revenue from  construction contract | | 2,718 | | 3,264 | | - | | - | |
| 4 | 5,600 Million BDT | Floating rate of Bank of Bangladesh plus 6.00% per annum | Repayment per contract | Guarantee by parent company | | 707 | | 936 | | - | | - | |
| 5 | 370 | 2.80%, 2.84% and 3.25% per annum | Repayment within 2021 – 2025 | Guarantee by share holder | | 370 | | - | | - | | - | |
| 6 | 350 Million Rupee | 9.55% per annum | Repayment within 2023 | Land | | 82 | | - | | - | | - | |
|  |  |  |  | Total | | 21,241 | | 22,131 | | 17,077 | | 17,513 | |
|  |  |  |  | Less : Current portion | | (11,943) | | (10,851) | | (11,204) | | (10,219) | |
|  |  |  |  | Net | | 9,298 | | 11,280 | | 5,853 | | 7,294 | |

1. **DEBENTURES**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | |
|  |  |  |  | Interest | Consolidated and Separate F/S | |
| Debenture | Duration | Date of issue | Maturity date | rate | 2020 | 2019 |
|  |  |  |  | (% p.a.) |  |  |
| 1 | 5 years 1 day | 21 September 2015 | 22 September 2020 | 4.95 | - | 3,498,098 |
| 2 | 5 years | 8 June 2016 | 8 June 2021 | 4.40 | 3,499,318 | 3,497,739 |
| 3 | 5 years 3 days | 26 June 2017 | 29 June 2022 | 4.70 | 5,995,700 | 5,992,815 |
| 4 | 2 years 5 months 27 days | 30 November 2017 | 27 May 2020 | 4.10 | - | 299,902 |
| 5 | 5 years | 15 February 2019 | 15 February 2024 | 5.25 | 1,995,318 | 1,993,814 |
| 6 | 1 years 3 months | 23 September 2020 | 23 December 2021 | 4.50 | 546,372 | - |
| 7 | 2 years 9 months | 23 September 2020 | 23 June 2023 | 5.50 | 2,446,691 | - |
| Total |  |  |  |  | 14,483,399 | 15,282,368 |
| Less: Current Portion | |  |  |  | (4,045,690) | (3,798,000) |
| Debentures – net | |  |  |  | 10,437,709 | 11,484,368 |

Movements of debentures for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated and  Separate F/S | |
|  |
|  | 2020 | 2019 |
|  |  |  |
| Balance as at 1 January | 15,282,368 | 14,781,049 |
| Add : Newly issued debentures | 3,015,200 | 2,000,000 |
| Less : Redemption of former debentures | (3,800,000) | (1,500,000) |
| Less : Cost of issuing debentures | (25,201) | (7,500) |
| Add : Amortization of costs of issuing debentures | 11,032 | 8,819 |
| Balance as at 31 December | 14,483,399 | 15,282,368 |
| Less : Current portion | (4,045,690) | (3,798,000) |
| Net | 10,437,709 | 11,484,368 |

On 23 September 2020, the Company issued new debentures to specific persons, unsecured, unsubordinated with representative holders, for a principal amount of Baht 550 million (face value of Baht 1,000) with 1 year 3 months tenure. These bear interest at the of 4.50 percent per annum which is payable quarterly. The debentures will be due for redemption on 23 December 2021. The Company used the proceeds from this issuance to repay its debts.

On 23 September 2020, the Company issued new debentures to specific persons, unsecured, unsubordinated with representative holders, for a principal amount of Baht 2,465.20 million (face value of Baht 1,000) with 2 years 9 months tenure. These bear interest at the of 5.50 percent per annum which is payable quarterly. The debentures will be due for redemption on 23 June 2023. The Company used the proceeds from this issuance to repay its debts.

On 15 February 2019, the Company issued new debentures to specific persons, unsecured, unsubordinated with representative holders, for a principal amount of Baht 2,000 million (face value of Baht 1,000) with 5 years tenure. These bear interest at the of 5.25 percent per annum which is payable quarterly. The debentures will be due for redemption on 15 February 2024. The Company used the proceeds from this issuance to repay its debts.

The debentures were issued with covenants relating to various matters such as the decrease in share capital, merger, the payment of dividend and limitations on the execution of new loan obligation.

On 12 November 2019, the Company called for a meeting No. 1/2019 of debenture holders to consider the following matters;

* To consider waiving for the maintenance of the Debt to Equity ratio as stipulated in the Terms and Conditions of the debenture issuance to be effective from the fiscal year ended 2019 up to the end of fiscal year 2020. The Company has already received the approval from the five series of debenture holders.
* To consider the amendment of the definition of “Debt” and ‘‘Shareholders’ Equity” under the Terms and Conditions used for calculation of Debt to Equity ratio. The Company has already received the approval from one series of debenture holder while the remaining four series of debenture holders did not constitute the quorum. The Company will have to call for another meeting for consideration of this condition again on 25 November 2019. At present, the Company has already received the approval from four series of debenture holder.

1. **EMPLOYEE BENEFITS OBLIGATION**

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Present value of employee benefits obligation as at 31 December | 1,944,518 | 1,870,676 | 1,422,732 | 1,390,917 |
| Fair value of plan assets as at 31 December | (118,488) | (103,455) | - | - |
| Obligation – net | 1,826,030 | 1,767,221 | 1,422,732 | 1,390,917 |
| Less : Current portion of liabilities under employee benefits obligation | (709,897) | (701,276) | (617,120) | (620,633) |
| Net | 1,116,133 | 1,065,945 | 805,612 | 770,284 |
|  |  |  |  |  |
| Employee benefits obligation |  |  |  |  |
| Balance as at 1 January | 1,870,676 | 1,383,694 | 1,390,917 | 989,484 |
| Past service costs from the amended severance pay of the Labor Law | - | 310,638 | - | 277,949 |
| Current service costs | 121,250 | 116,278 | 82,481 | 80,933 |
| Interest on obligation | 40,948 | 55,825 | 20,019 | 33,360 |
| Actuarial loss | 98,858 | 125,418 | 82,628 | 81,581 |
| Benefit paid | (179,225) | (99,430) | (153,313) | (72,331) |
| Translation adjustments for foreign currency financial statements | (7,989) | (21,747) | - | (59) |
| Balance as at 31 December | 1,944,518 | 1,870,676 | 1,422,732 | 1,390,917 |
| Less : Current Portion | (709,897) | (701,276) | (617,120) | (620,633) |
| Net | 1,234,621 | 1,169,400 | 805,612 | 770,284 |
|  |  |  |  |  |
|  |  |  |  |  |
| Plan assets |  |  |  |  |
| Balance as at 1 January | 103,455 | 99,088 | - | - |
| Expected returns on plan assets | 17,332 | 7,232 | - | - |
| Contribution | 55,000 | 26,496 | - | - |
| Benefit paid | (17,898) | (23,291) | - | - |
| Actuarial gain (loss) | 14,416 | 3,661 | - | - |
| Translation adjustments for foreign currency financial statements | (53,817) | (9,731) | - | - |
| Balance as at 31 December | 118,488 | 103,455 | - | - |

On 5 April 2019, the National Legislative Assembly published Labor Protection Act No.7 B.E. 2562 in the Government Gazette which increases the obligation of the Group to pay compensation to employees for 400 days from previously defined for 300 days based on their salaries at the date of retirement if they have worked for a consecutive period of 20 years or more. The revised legislation became effective on 5 May 2019.

This change is considered an amendment to the post-employment benefits plan that resulted in an increase in the employment benefit obligation of Baht 310.64 million in the consolidated financial statements and Baht 277.95 million in the separate financial statements. The Group has recorded the effect of the change by recognizing past service costs as expenses immediately in the statement of profit or loss.

Plan assets invested with two insurance companies as at 31 December 2020 and 2019 are Baht 118.49 million and Baht 103.46 million, respectively. The management believes that the assets in these portfolios are well diversified risk and, as such, the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amount of employee benefits obligation, plan assets, the deficit thereof and the experiences of adjustments on plan assets and plan liabilities of overseas entities for the current and previous 3 years are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | 2020 | 2019 | 2018 | 2017 |
|  |  |  |  |  |
| Employee benefits obligation | 244,136 | 225,866 | 225,309 | 195,808 |
| Plan assets | 118,488 | 103,455 | 99,088 | 91,125 |
| Deficit | (125,648) | (122,411) | (126,221) | (104,683) |
| Experience adjustments on plan assets | (14,416) | (3,661) | 17,347 | (721) |
| Experience adjustment on plan liabilities | (9,897) | (11,993) | (12,254) | (17,226) |

The employee benefit obligations of the Group are measured using actuarial techniques. The estimated amount is computed by the discounted cash flows for amounts to be paid in the future based on the government bond interest rate with a term to maturity that approximates the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, retirement ages, mortality, length of service and others. The employee benefits expenses are recognized in the statement of profit or loss to allocate the expenses through the hiring period. Principal actuarial assumptions are as follows:

|  | Consolidated F/S | | Separate F/S | |
| --- | --- | --- | --- | --- |
|  | 2020 | 2019 | 2020 | 2019 |
| Financial assumptions |  |  |  |  |
| Discount rates | 0.62 – 8.20% per annum | 1.24 – 8.21% per annum | 0.92 – 1.09% per annum | 1.35 – 1.41% per annum |
| Future average salary increment rates | 0.00 – 8.00% per annum | 0.00 – 8.00% per annum | 1.95 – 5.36% per annum | 1.00 – 5.50% per annum |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Demographic assumptions |  |  |  |  |
| Mortality rate | Mortality Table 2017 | Mortality Table 2017 | Mortality Table 2017 | Mortality Table 2017 |
| Normal retirement ages | 50 - 60 years | 50 - 60 years | 60 years | 60 years |
| Weighted average duration of the defined benefit obligation (years) | 5 - 28 years | 4 - 28 years | 7 - 8 years | 7 - 8 years |

* Defined benefit plan expenses

Amounts recognized in profit or loss related to employee benefits obligation are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  |  |  |  |  |  |
| Past service cost | - |  | 310,638 |  | - |  | 277,949 |
| Current service cost | 66,250 |  | 89,782 |  | 82,481 |  | 80,933 |
| Net interest expense | 23,616 |  | 48,593 |  | 20,019 |  | 33,360 |
| Total expenses recognized in profit or loss | 89,866 |  | 449,013 |  | 102,500 |  | 392,242 |

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

* Amounts recognized in other comprehensive income related to the employee benefits obligation plans are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  |  |  |  |  |  |
| Actuarial gain (loss) from changes in experience assumptions | (38,694) |  | (66,195) |  | (51,431) |  | (46,578) |
| Actuarial gain (loss) from changes in demographic assumptions | (10,809) |  | 13,398 |  | (796) |  | 13,144 |
| Actuarial gain (loss) from changes in financial assumptions | (43,252) |  | (68,959) |  | (30,401) |  | (48,147) |
| Translation adjustments for foreign currency financial statement | (1,258) |  | 4,990 |  | - |  | - |
| Total income (loss) recognized in other comprehensive income | (94,013) |  | (116,766) |  | (82,628) |  | (81,581) |

All expenses summarised above were included in item that will not be reclassified subsequently to profit or loss.

* Sensitivity analysis

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

|  | (Unit : Thousand Baht) | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | |  | Separate F/S | | | | | |
|  | 2020 | |  | 2019 | |  | 2020 | |  | 2019 | | |
|  | Increase 0.5% | Decrease 0.5% |  | Increase 0.5% | Decrease 0.5% |  | Increase 0.5% | Decrease 0.5% |  | Increase 0.5% | Decrease 0.5% | |
| **Discount rate** |  |  |  |  | |  |  | |  |  | | |
| Increment (decrement) of  employee benefit obligation | (65,564) | 197,620 |  | (47,825) | 172,417 |  | (34,382) | 36,283 |  | (33,977) | | 35,090 |
| **Future salary growth** |  | |  |  | |  |  | |  |  | | |
| Increment (decrement) of  employee benefit obligation | 196,875 | (66,072) |  | 171,135 | (48,334) |  | 35,246 | (33,764) |  | 34,077 | | (33,372) |

* As at 31 December 2020 and 2019, expected maturity of employee benefits obligation before discount are as follow:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
|  |  |  |  |  |  |  |  |
| Within 1 year | 708,144 |  | 692,012 |  | 617,120 |  | 620,633 |
| Between 2 – 5 years | 541,036 |  | 518,070 |  | 424,419 |  | 405,278 |
| Between 6 – 10 years | 664,210 |  | 657,844 |  | 491,837 |  | 478,248 |
| Between 11 – 15 years | 470,446 |  | 502,362 |  | 314,725 |  | 343,799 |

1. **OTHER CURRENT LIABILITIES**

In the year 2018, a Project Office in India received an arbitration award in respect of the compensation of addition costs incurred from the delay and disruption to the works from the employer of Baht 899.90 million. However, the employer has appealed the objection of such decision to the Court and consequently, the Project Office then has not received the agreed compensation.

On 1 February 2019, the Court ordered the Project Office to extend the performance bonds for the employer until further orders of the Court. The Court also ordered the employer to pay the Project Office of Baht 271.85 million. Since the result of the claims cannot presently be concluded, the project not considered as a settlement for the receivable. The Company therefore has recorded such receipt as liability in the financial statements.

1. **RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The changes in the Group’s liabilities arising from financing activities can be classified as follows;

|  | (Unit : Thousand Baht) | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | | | | | |
|  | Lease liabilities |  | Other finance liabilities |  | Short - term loans |  | Long - term loans |  | Debentures |  | Total |
|  |  |  |  |  |  |  |  |  |  |  |  |
| 1 January 2020 | 1,569,958 |  | - |  | 6,197,073 |  | 22,131,226 |  | 15,282,368 |  | 45,180,625 |
| Cash-flows: |  |  |  |  |  |  |  |  |  |  |  |
| - Repayment | (960,425) |  | (123,320) |  | (19,354,132) |  | (7,972,292) |  | (3,800,000) |  | (32,210,169) |
| - Proceeds | - |  | - |  | 19,243,732 |  | 7,083,769 |  | 2,989,999 |  | 29,317,500 |
| Non-cash: |  |  |  |  |  |  |  |  |  |  |  |
| - Acquisition | 1,630,455 |  | 1,590,190 |  | - |  | - |  | - |  | 3,220,645 |
| - Amortization cost of issuing debentures | - |  | - |  | - |  | - |  | 11,032 |  | 11,032 |
| - Translation adjustments for foreign currency financial statement | (9,623) |  | - |  | - |  | (1,317) |  | - |  | (10,940) |
| 31 December 2020 | 2,230,365 |  | 1,466,870 |  | 6,086,673 |  | 21,241,386 |  | 14,483,399 |  | 45,508,693 |

|  | (Unit : Thousand Baht) | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | | | |
|  | Lease liabilities |  | Short-term loans |  | Long-term loans |  | Debentures |  | Total |
|  |  |  |  |  |  |  |  |  |  |
| 1 January 2019 | 1,779,543 |  | 6,317,104 |  | 21,084,335 |  | 14,781,049 |  | 43,962,031 |
| Cash-flows: |  |  |  |  |  |  |  |  |  |
| - Repayment | (790,838) |  | (19,916,034) |  | (6,102,524) |  | (1,500,000) |  | (28,309,396) |
| - Proceeds | - |  | 19,796,003 |  | 7,057,294 |  | 1,992,500 |  | 28,845,797 |
| Non-cash: |  |  |  |  |  |  |  |  |  |
| - Acquisition | 592,802 |  | - |  | - |  | - |  | 592,802 |
| - Amortization cost of issuing debentures | - |  | - |  | - |  | 8,819 |  | 8,819 |
| - Translation adjustments for foreign currency financial statement | (11,549) |  | - |  | 92,121 |  | - |  | 80,572 |
| 31 December 2019 | 1,569,958 |  | 6,197,073 |  | 22,131,226 |  | 15,282,368 |  | 45,180,625 |

|  | (Unit : Thousand Baht) | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | | | | | | | |
|  | Lease liabilities |  | Other finance liabilities |  | Short - term loans |  | Long - term loans |  | Debentures |  | Total |
|  |  |  |  |  |  |  |  |  |  |  |  |
| 1 January 2020 | 1,428,282 |  | - |  | 4,125,046 |  | 17,513,430 |  | 15,282,368 |  | 38,349,126 |
| Cash-flows: |  |  |  |  |  |  |  |  |  |  |  |
| - Repayment | (767,794) |  | (100,400) |  | (18,004,743) |  | (6,805,755) |  | (3,800,000) |  | (29,478,692) |
| - Proceeds | - |  | - |  | 18,580,484 |  | 6,369,712 |  | 2,989,999 |  | 27,940,195 |
| Non-cash: |  |  |  |  |  |  |  |  |  |  |  |
| - Acquisition | 740,516 |  | 1,440,706 |  | - |  | - |  | - |  | 2,181,222 |
| - Amortization cost of issuing debentures | - |  | - |  | - |  | - |  | 11,032 |  | 11,032 |
| 31 December 2020 | 1,401,004 |  | 1,340,306 |  | 4,700,787 |  | 17,077,387 |  | 14,483,399 |  | 39,002,883 |

|  | (Unit : Thousand Baht) | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | | | | | |
|  | Lease liabilities |  | Short-term loans |  | Long-term loans |  | Debentures |  | Total |
|  |  |  |  |  |  |  |  |  |  |
| 1 January 2019 | 1,613,274 |  | 4,343,835 |  | 15,068,794 |  | 14,781,049 |  | 35,806,952 |
| Cash-flows: |  |  |  |  |  |  |  |  |  |
| - Repayment | (706,026) |  | (14,349,596) |  | (4,364,746) |  | (1,500,000) |  | (20,920,368) |
| - Proceeds | - |  | 14,130,807 |  | 6,812,670 |  | 1,992,500 |  | 22,935,977 |
| Non-cash: |  |  |  |  |  |  |  |  |  |
| - Acquisition | 521,034 |  | - |  | - |  | - |  | 521,034 |
| - Amortization cost of issuing debentures | - |  | - |  | - |  | 8,819 |  | 8,819 |
| - Translation adjustments for foreign currency financial statement | - |  | - |  | (3,288) |  | - |  | (3,288) |
| 31 December 2019 | 1,428,282 |  | 4,125,046 |  | 17,513,430 |  | 15,282,368 |  | 38,349,126 |

1. **INCOME TAX**

The analysis of deferred tax assets and liabilities are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Deferred tax assets | 363,935 | 298,301 | - | - |
| Deferred tax liabilities | (945,365) | (824,081) | (156,193) | (132,407) |
| Deferred tax – net | (581,430) | (525,780) | (156,193) | (132,407) |

The movements in deferred tax assets and liabilities are as follows:

|  |  |  | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  |  | Recognized as income (expense) | |  |
|  | 1 January 2020 | Statement of profit and loss | Shareholders’ Equity | 31 December 2020 |
| **Deferred tax assets** |  |  |  |  |
| From allowance for impairment loss | 38,090 | 13,033 | (1,606) | 49,517 |
| From allowance for obsolete inventories | 360 | 303 | - | 663 |
| From depreciation of assets | 155,429 | (21,103) | (4,055) | 130,271 |
| Carrying Deficit | - | 15,270 | (515) | 14,755 |
| From employee benefits obligations | 94,036 | 16,335 | (3,710) | 106,661 |
| From finance lease payables | 5,711 | 51,009 | - | 56,720 |
| From other timing differences | 4,675 | 1,237 | (564) | 5,348 |
| Total | 298,301 | 76,084 | (10,450) | 363,935 |
|  |  |  |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | - | - | 8,325 | 8,325 |
| From finance lease payables | 85,533 | 29,435 | - | 114,968 |
| From depreciation of machinery | 158,400 | (12,669) | (3,454) | 142,277 |
| From debentures | 3,526 | 2,834 | - | 6,360 |
| From potash mining right | 458,699 | - | - | 458,699 |
| From investment properties | 105,232 | 97,201 | - | 202,433 |
| From other timing differences | 12,691 | - | (388) | 12,303 |
| Total | 824,081 | 116,801 | 4,483 | 945,365 |

|  |  |  | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  |  | Recognized as income (expense) | |  |
|  | 1 January 2019 | Statement of profit and loss | Shareholders’ Equity | 31 December 2019 |
| **Deferred tax assets** |  |  |  |  |
| From allowance for impairment loss | 94,000 | (49,495) | (6,415) | 38,090 |
| From allowance for obsolete inventories | 463 | (103) | - | 360 |
| From depreciation of assets | 182,672 | (10,965) | (16,278) | 155,429 |
| From employee benefits obligations | 127,087 | (27,604) | (5,447) | 94,036 |
| From finance lease payables | 5,188 | 523 | - | 5,711 |
| From other timing differences | 5,518 | (761) | (82) | 4,675 |
| Total | 414,928 | (88,405) | (28,222) | 298,301 |
|  |  |  |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | 22,106 | - | (22,106) | - |
| From finance lease payables | 85,607 | (74) | - | 85,533 |
| From depreciation of machinery | 215,500 | (43,843) | (13,257) | 158,400 |
| From debentures | 3,791 | (265) | - | 3,526 |
| From potash mining right | 458,699 | - | - | 458,699 |
| From investment properties | 100,222 | 5,010 | - | 105,232 |
| From other timing differences | 14,490 | (490) | (1,309) | 12,691 |
| Total | 900,415 | (39,662) | (36,672) | 824,081 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
|  |  | Recognized as income (expense) | |  |
|  | 1 January  2020 | Statement of profit or loss | Shareholders’ Equity | 31 December 2020 |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | - | - | 7,856 | 7,856 |
| From finance lease payables | 71,544 | (9,702) | - | 61,842 |
| From depreciation of machinery | 26,119 | (2,924) | - | 23,195 |
| From debentures | 3,526 | 2,834 | - | 6,360 |
| From Investment properties | 31,218 | 25,722 | - | 56,940 |
| Total | 132,407 | 15,930 | 7,856 | 156,193 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
|  |  | Recognized as income (expense) | |  |
|  | 1 January  2019 | Statement of profit or loss | Shareholders’ Equity | 31 December 2019 |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | 20,840 | - | (20,840) | - |
| From finance lease payables | 76,251 | (4,707) | - | 71,544 |
| From depreciation of machinery | 29,741 | (3,508) | (114) | 26,119 |
| From debentures | 3,791 | (265) | - | 3,526 |
| From Investment properties | 28,266 | 2,952 | - | 31,218 |
| Total | 158,889 | (5,528) | (20,954) | 132,407 |

Income tax consist of

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Domestic income tax** |  |  |  |  |
| Current tax | 82,039 | 57,862 | 17,103 | 7,917 |
| **Overseas income tax** |  |  |  |  |
| Current tax | 269,228 | 433,266 | 163,004 | 396,679 |
|  | 351,267 | 491,128 | 180,107 | 404,596 |
| **Deferred tax** |  |  |  |  |
| Change in temporary differences | 40,717 | 48,743 | 15,930 | (5,528) |
|  |  |  |  |  |
| **Total** | 391,984 | 539,871 | 196,037 | 399,068 |
|  |  |  |  |  |
| **Income tax recognized in other comprehensive income** | | |  |  |
| Unrealized gain (loss) on changes in value of investments | (8,325) | 22,106 | (7,856) | 20,840 |
| Actuarial loss | (3,710) | (5,447) | - | - |
| Others | (2,898) | (8,209) | - | 114 |
| **Total** | (14,933) | 8,450 | (7,856) | 20,954 |

Reconciliation of effective tax rate

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Accounting profit (loss) before income tax | (735,302) | 1,921,473 | (755,543) | 449,811 |
| Tax rate for parent company (%) | 20 | 20 | 20 | 20 |
| Tax expense | (147,060) | 384,295 | (151,109) | 89,962 |
|  |  |  |  |  |
| Tax on adjustment for tax – rate difference in  foreign jurisdictions | 274,818 | 284,247 | 148,803 | 283,415 |
| Tax on adjustment for eliminate transaction | (98,150) | (27,269) | (25,428) | 65,000 |
| Tax on deductible for revenue code | (462,524) | (549,310) | (200,215) | (181,881) |
| Tax on expenses not subject to tax for  revenue code | 265,748 | 409,719 | 48,216 | 212,401 |
| Tax on recognition of previously unrecognized  loss carry forward | (97,406) | (75,738) | (92,879) | (71,634) |
| Tax on current year losses for which no deferred tax asset was recognized | 656,558 | 113,927 | 468,649 | 1,805 |
| Tax expense | 391,984 | 539,871 | 196,037 | 399,068 |

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statement are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Temporary differences | 775,415 | 850,684 | 742,051 | 817,100 |
| Unused loss taxable carried forward | 188,819 | 219,928 | 92,879 | 117,077 |
| **Total** | 964,234 | 1,070,612 | 834,930 | 934,177 |

The tax losses will expire in 2019 to 2023. The deductible temporary differences do not expire under current tax legislation. The Group has not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

1. **SHARE CAPITAL AND WARRANT**

During the year 2020, the warrant holders exercised the right to convert 28,041 warrants to purchase 28,096 common shares at the ratio of 1 : 1.002 at the exercise price of Baht 13.971 per share. As a result, the Company’s issued and fully paid-up share capital as at 31 December 2020 become Baht 5,279,868,944.

1. **DIVIDEND PAYMENT**

At the Annual General Shareholders Meeting held on 25 April 2019, shareholders passed a resolution to approve the dividend payment from the operations for the year 2018 at Baht 0.0144 per share for 5,279.84 million shares, totalling of Baht 76.02 million. The Company paid the dividend on 24 May 2019. (2020 : None)

1. **RELATED PARTY TRANSACTIONS**

During the year, the Group has significant business transactions with related parties, which have been conducted on commercial terms and based on agreed upon in the ordinary course of businesses between the Company and those related parties, as follows:

|  |  |
| --- | --- |
| Transaction | Pricing policy |
|  |  |
| Turn - key construction service income | Cost plus margin |
| Construction service income, exclusive the procurements of materials | Cost or cost-plus margin |
| Land rental income | Mutually agreed rate |
| Sales of equipment | Cost or mutually agreed price |
| Sales of investment | Market price |
| Purchases of construction materials | Approximate market price |
| Turn - key construction expenses | Cost plus margin |
| Hire of construction services, exclusive procurements of materials | Cost |
| Purchases of investments | Approximate net book value |
| Purchases of assets | Mutually agreed prices |
| Interest on loans with related parties | Mutually agreed rate |
| Rental expenses | Mutually agreed rate |

Below are summaries of significant related party transactions during the year :

|  |  | | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | For the years ended 31 December | | | |
|  | 2020 | 2019 | 2020 | 2019 |
| Transactions with subsidiaries |  |  |  |  |
| Construction services, sales and other income | - | - | 2,153 | 814 |
| Purchases of construction materials and services | - | - | - | 1,953 |
| Purchases of equipment | - | - | 1,277 | 120 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Transactions with associated and joint control   companies and joint ventures | | | | |
| Construction services, sales and other income | 921 | 207 | 36 | 137 |
| Purchases of construction materials and services | 157 | 334 | 142 | 295 |
| Purchases of equipment | 14 | 42 | - | - |
|  |  |  |  |  |
| Transactions with related parties |  |  |  |  |
| Construction services, sales and other income | 464 | 526 | 424 | 512 |
| Purchases of construction materials and services | 2,433 | 3,156 | 2,384 | 2,821 |
| Purchases of equipment | 105 | 306 | 76 | 253 |
|  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |
| Short - term employee benefits | 179 | 183 | 137 | 135 |
| Post - employment benefits | 19 | 17 | 3 | 3 |

Furthermore, the Company also has significant transactions with its related parties in respect of accounts receivable, loans, advances and accounts payable. The outstanding balances of such transactions are presented as separate items in the statement of financial position.

Accrued rental expenses

As at 31 December 2020, a subsidiary has accrued rental expenses with related parties of Baht 109.12 million (2019 : Baht 98.86 million).

1. **RESERVED FOR PROJECTS EXPENSE - NET**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Reserved for projects expense | 45,012 | 17,600 | 40,095 | 17,600 |
| Less : Classified to current liability | (45,012) | (17,600) | (40,095) | (17,600) |
| Net | - | - | - | - |

Movements of reserved for projects expense for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Balance as at 1 January | 17,600 | 232,780 | 17,600 | 232,780 |
| Less : Actual expenses during the year | (17,600) | (126,199) | (17,600) | (126,199) |
| Add (less) : Provision (reversal of reserved)  for expenses | 45,012 | (88,981) | 40,095 | (88,981) |
| Balance as at 31 December | 45,012 | 17,600 | 40,095 | 17,600 |

During the year 2020, the oversea branch and one oversea subsidiaries record the reserved for projects expense increase totalling Baht 45.01 million.

During the year 2019, Joint Venture reversed the provision for expense which is provision for electricity expense that excess of the quota from the employer of Baht 88.98 million since the Joint Venture has improved and increased the efficiency of machinery. In addition, the Joint Venture has completed the providing service to the employer, the Joint Venture therefore revised the estimate in according to the actual amount of excess electricity use which billed from the employer.

1. **PROVIDENT FUND**

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, and subsidiaries, contributed to the fund monthly at the rate of 2.00 – 15.00 percent of basic salary. The fund, which is managed by CIMB - Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2020 and 2019, the Company and its subsidiaries contributed Baht 173.93 million and Baht 168.08 million, respectively (Separate F/S : Baht 57.18 million and Baht 55.10 million, respectively).

1. **LEGAL RESERVE**

Pursuant to Section 116 of the Public Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

1. **OTHER INCOME**

Significant other income for the years ended 31 December 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Royalty income | 36,997 | 40,453 | 36,997 | 40,453 |
| Rental income | 54,581 | 56,264 | 50,531 | 51,707 |
| Insurance claim | 5,487 | 9,613 | 88 | 136 |
| Gain on disposal of assets | 32,546 | 40,291 | 4,872 | 2,663 |
| Service income | 203,674 | 176,588 | 35,660 | 30,621 |
| Consulting income | 18,749 | 40,154 | 18,162 | 40,154 |
| Bad debt written back | 43,996 | 22,620 | 235 | - |
| Income from sale scrap | 144,642 | 64,548 | 139,227 | 63,912 |
| Reversal provision project expense | 30,109 | - | 30,109 | - |
| Others | 170,177 | 180,076 | 144,827 | 85,064 |
| Total | 740,958 | 630,607 | 460,708 | 314,710 |

1. **EXPENSES BY NATURE**

Significant expenses by nature for the years ended 31 December 2020 and 2019 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Salaries, wages and other employee benefits | 11,585,685 | 12,635,578 | 8,863,918 | 9,615,262 |
| Materials and supplies used | 16,214,828 | 20,862,034 | 11,695,663 | 14,161,628 |
| Subcontract costs | 14,245,731 | 15,248,729 | 8,673,785 | 11,550,708 |
| Depreciation | 4,095,209 | 3,188,241 | 2,615,634 | 1,901,434 |
| Rental expenses | 1,901,359 | 2,214,010 | 1,504,957 | 1,659,662 |
| Fuel expenses | 1,324,752 | 1,934,913 | 873,837 | 1,432,595 |
| Utilities expenses | 768,023 | 867,785 | 414,094 | 425,797 |
| Transportation expenses | 674,603 | 898,188 | 393,056 | 549,797 |
| Professional fee | 577,176 | 614,696 | 142,464 | 109,591 |
| Repair and maintenance expenses | 544,052 | 696,495 | 183,347 | 321,106 |
| Prebid expenses | 20,892 | 99,558 | 19,608 | 96,767 |
| Amortisation | 10,802 | 165,764 | 10,112 | 157,029 |

1. **FINANCE COST**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Loans from bank | 1,180,154 | 1,222,409 | 856,084 | 996,294 |
| Debentures | 727,705 | 736,534 | 727,705 | 736,534 |
| Finance liabilities | 129,483 | 103,481 | 72,359 | 57,906 |
| Other | 495,193 | 625,072 | 128,925 | 123,566 |
| Total | 2,532,535 | 2,687,496 | 1,785,073 | 1,914,300 |

1. **GUARANTEES**

As at 31 December 2020, the Group has letter of guarantees totalling approximately Baht 68,965.98 million issued by financial institutions on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business. The Company and subsidiaries do not expect to incur losses from these guarantees.

As at 31 December 2020, the Company has outstanding guarantees approximately Baht 4,279.86 million issued to financial institutions to bank overdraft, loan, letter of guarantee, letter of credit, trust receipt and promissory note by those financial institutions to the subsidiaries and joint venture. The Company issued guarantees in proportion to its shareholding (except for Italthai Trevi Co.Ltd., Italthai Marine Co., Ltd., ITD-ITD Cem Joint venture, ITD-Cemindia Joint venture for which the Company issued full guarantees for the credit facilities).

1. **COMMITMENTS**
   1. As at 31 December 2020, the Company, subsidiaries and joint venture have outstanding commitments with major subcontractors, classified by currencies as follows:

(Unit : Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Baht Equivalent | |
|  | Consolidated F/S | Separate F/S |
| Currency |  |  |
| THB | 8,419.22 | 8,254.12 |
| INR | 4,373.52 | - |
| BDT | 1,463.80 | 1,463.80 |
| USD | 2.18 | 2.18 |

As at 31 December 2020, the Group have the following outstanding commitments, proportionately, for purchases of materials, machinery, related services low value leasing, short term leasing and service contracts with significant amount accorded to business proportion presented by the foreign currency.

(Unit : Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Baht Equivalent | |
|  | Consolidated F/S | Separate F/S |
| Currency |  |  |
| THB | 1,181.00 | 1,104.87 |
| USD | 493.70 | 82.92 |
| INR | 311.38 | - |
| EUR | 258.20 | 177.65 |
| VND | 2.28 | 2.28 |
| BDT | 6.02 | 6.02 |
| SGD | 1.38 | 1.38 |

* 1. As at 31 December 2020, the Company has outstanding commitments in respect of the un-call portion of investments in six subsidiary companies of Baht 2.25 million, USD 0.31 million, MMK 344.17 million and investment in an joint control company as shareholder agreement of BDT 10,247.76 million.
  2. As at 31 December 2020, the Company has outstanding commitments of USD 8.35 million for share purchase agreement with a joint shareholder of an associated company.
  3. A subsidiary company has a commitment to apply for and to obtain a mining concession from the Government of Thailand as follows:
     1. A subsidiary company has to pay bonus to the Ministry of Industry upon receipt of the mining concession of USD 5 million and an annual fee subsidizing the Education Fund to the Department of Primary Industries and Mines of USD 0.20 million in accordance with an agreement between the Ministry of Industry and the Department of Primary Industries and Mines and the subsidiary company.
     2. A subsidiary company agreed to pay the compensation to beneficiaries in the concession areas of the mine in according with the Mineral Act. B.E. 2560. The compensation amount as stipulated in the Environment Impact Assessment report (EIA) in according with the Enhancement and Conservation of National Environmental Quality Act. B.E. 2535 is for a maximum amount of Baht 1,200 million throughout the period of concession of 25 years.
  4. Several indirect subsidiary companies into entered service agreements for project consultant with commitment to pay fee at the rate as specified in agreements.
  5. An overseas subsidiary has a commitment to pay fees for the Environmental and Social Impact Assessment license (ESIA License) for the construction of Deep-Sea Port and Heavy Haul Railway at USD 1.60 million and USD 3.90 million, respectively.
  6. Indirect overseas subsidiaries have a commitment to pay Concession Fee for all concession project of the Dawei Special Economic Zone Initial Phase to Dawei SEZ Management Committee totalling USD 12.96 million and shall pay a recurring annual concession fee as stipulated in Concession Agreements.

1. **CONTINGENT LIABILITIES**

The Group has received notices from various customers claiming for compensation for breaches of contracts totalling Baht 1,296.09 million (the Company of Baht 423.12 million). Currently, these claims are under consideration of Civil Court of Baht 1,035.95 million and Arbitration Tribunal of Baht 260.15 million. The Group is unable to estimate the timings of cash outflows (if any) in respect of such claims since the results of the claims are depending on the decisions of the Court and Arbitration Tribunal which outcome cannot presently be concluded. However, the Group’s management believes that such claims will not cause significant damages to the Group because some cases are brought without proper justifiable grounds. Therefore, the Group does not make any provision for liabilities in the accounts.

1. **SEGMENT REPORTING**

Consolidated financial statements as at 31 December 2020 and 2019 and for the years ended 31 December 2020 and 2019 combined geographic segment reporting as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | |
|  | Consolidated F/S | | | |
|  | Revenues from construction work | | Non - current assets\* | | |
|  | 2020 | 2019 | 2020 | 2019 | |
| Geographic information |  |  |  |  | |
| Thailand | 31,746 | 36,829 | 55,741 | 50,783 | |
| India | 10,909 | 12,666 | 2,965 | 2,591 | |
| Bangladesh | 2,647 | 5,537 | 1,920 | 2,157 | |
| Others | 887 | 427 | 7,437 | 7,668 | |
| Total | 46,189 | 55,459 | 68,063 | 63,199 | |

*\* Exclude deferred tax asset and goodwill*

External customers of the Group are in Thailand and India which is major markets, revenue have been identified on the basis of the customer’s geographical location. Non - current assets are allocated based on their physical location.

Revenues

The Group has core revenues from construction service contracts and other service contracts including, manufacturing and selling of construction materials and products and assesses the performance obligation as a single performance obligation, and therefore recognizes revenues according to their natures as follows:

|  |  |
| --- | --- |
| Revenue from contracts | Revenue recognition |
|  |  |
| Construction services | Over time |
| Soil and coal extraction and removal services | Over time |
| Manufacturing and sale of construction materials and products | At a point in time |
| Real estate development | At a point in time |

The Group recognizes revenues from sales and services when satisfies a performance obligation and the customer obtains control of the goods or services at an amount that reflects the consideration to which the Group expect to be entitled to received. The Group will not recognize revenue if the Group are still involved with the goods or if there are significant uncertainties regarding recovery of the consideration due.

The Group operations are mainly engaged in a construction services and are conducted geographical segments for the years ended 31 December 2020 and 2019 as follows:

|  |  |  | (Unit : Million Baht) | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | | | | | |
|  | Thailand | | India | | Bangladesh | | Other countries | | Total | | Eliminate | | Grand Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue from construction work |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross segment revenues | 31,746 | 36,829 | 10,909 | 12,666 | 2,647 | 5,537 | 887 | 427 | 46,189 | 55,459 | - | - | 46,189 | 55,459 |
| Inter - segment revenues | 2,060 | 1,131 | 109 | 134 | 850 | - | - | - | 3,019 | 1,265 | (3,019) | (1,265) | - | - |
| Net revenues from third parties | 33,806 | 37,960 | 11,018 | 12,800 | 3,497 | 5,537 | 887 | 427 | 49,208 | 56,724 | (3,019) | (1,265) | 46,189 | 55,459 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from sale and service |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross segment revenues | 5,893 | 4,315 | - | - | - | - | 1,886 | 2,448 | 7,779 | 6,763 | - | - | 7,779 | 6,763 |
| Inter - segment revenues | 1,384 | 1,592 | - | - | - | - | - | - | 1,384 | 1,592 | (1,384) | (1,592) | - | - |
| Net revenues from third parties | 7,277 | 5,907 | - | - | - | - | 1,886 | 2,448 | 9,163 | 8,355 | (1,384) | (1,592) | 7,779 | 6,763 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit (loss) | 4,093 | 3,918 | 1,176 | 1,425 | (644) | 840 | 653 | 367 | 5,278 | 6,550 | (1,134) | (32) | 4,144 | 6,518 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue disaggregated by pattern of revenue recognition |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At point in time | 33,806 | 37,960 | 11,018 | 12,800 | 3,497 | 5,537 | 887 | 427 | 49,209 | 56,724 | (3,019) | (1,265) | 46,189 | 55,459 |
| Over time | 7,277 | 5,907 | - | - | - | - | 1,886 | 2,448 | 9,163 | 8,355 | (1,384) | (1,592) | 7,779 | 6,763 |
| Total | 41,083 | 43,867 | 11,018 | 12,800 | 3,497 | 5,537 | 2,773 | 2,875 | 58,372 | 65,079 | (4,403) | (2,857) | 53,968 | 62,222 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income | 92 | 85 | 89 | 88 | - | - | 2 | 1 | 183 | 174 | (45) | (55) | 138 | 119 |
| Gain on revaluation of investment   properties | 475 | 10 | - | - | - | - | - | - | 475 | 10 | - | - | 475 | 10 |
| Financial costs | (1,907) | (2,036) | (408) | (504) | (102) | (33) | (196) | (173) | (2,613) | (2,746) | 80 | 59 | (2,533) | (2,687) |
| Depreciation and amortization | (3,374) | (2,241) | (284) | (352) | (60) | (329) | (390) | (439) | (4,108) | (3,361) | 2 | 7 | (4,106) | (3,354) |
| Reversal of allowance (provision) for   impairment loss | (541) | (38) | (237) | (42) | - | - | (253) | (11) | (1,031) | (91) | 619 | (3) | (412) | (94) |
| Reversal (provision) for impairment of  investment | (199) | (2,465) | - | - | - | - | - | 99 | (199) | (2,366) | (199) | 2,350 | - | (16) |
| Share of profit from investment in  associated and joint control companies   and joint ventures |  |  |  |  |  |  |  |  |  |  |  |  | 18 | 206 |
| Income tax expense |  |  |  |  |  |  |  |  |  |  |  |  | (392) | (540) |
| Profit (loss) for the year |  |  |  |  |  |  |  |  |  |  |  |  | (1,127) | 1,382 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | | | | | | | |
|  | Consolidate F/S | | | | | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | | | | | |
|  | Thailand | | India | | Bangladesh | | Other countries | | Total | | Elimination | | Grand total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Property, plant and equipment - net | 22,238 | 20,883 | 2,190 | 2,301 | 805 | 1,070 | 4,386 | 4,720 | 29,619 | 28,974 | (5) | (5) | 29,614 | 28,969 |
| Other assets | 66,778 | 67,116 | 14,873 | 14,305 | 9,266 | 9,078 | 6,286 | 4,510 | 97,203 | 95,009 | (18,944) | (18,893) | 78,259 | 76,116 |
| Total assets | 89,016 | 87,999 | 17,063 | 16,606 | 10,071 | 10,148 | 10,672 | 9,230 | 126,822 | 123,983 | (18,949) | (18,898) | 107,873 | 105,085 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total liabilities | 60,838 | 60,330 | 16,455 | 15,714 | 11,200 | 8,850 | 10,655 | 9,364 | 99,148 | 94,258 | (6,719) | (6,150) | 92,429 | 88,108 |

Major Customer

For the year ended 31 December 2020, the Group revenues derived from Government agencies amounting of Baht 35,404.58 million (2019 : Baht 44,506.52 million).

1. **FAIR VALUE MEASUREMENT**

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2020:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht)  Consolidated F/S | | | | | | |
| **Assets** | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| Financial assets |  |  |  |  |  |  |  |
| Temporary investments | - |  | 47 |  | - |  | 47 |
| Other long – term investments | 369,918 |  | - |  | - |  | 369,918 |
| Derivatives assets | - |  | 34,362 |  | - |  | 34,362 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 2,510,466 |  | - |  | 2,510,466 |
| Total | 369,918 |  | 2,544,875 |  | - |  | 2,914,793 |
|  |  |  |  |  |  |  |  |
| **Liability** |  |  |  |  |  |  |  |
| Financial liability |  |  |  |  |  |  |  |
| Derivatives liability | - |  | 167,703 |  | - |  | 167,703 |
| Total | - |  | 167,703 |  | - |  | 167,703 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | | |
|  | Separate F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Other long – term investments | 279,306 |  | - |  | - |  | 279,306 |
| Derivatives assets | - |  | 34,362 |  | - |  | 34,362 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 1,068,821 |  | - |  | 1,068,821 |
| Total | 279,306 |  | 1,103,183 |  | - |  | 1,382,489 |

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2019:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht)  Consolidated F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Current investments | - |  | 47 |  | - |  | 47 |
| Other long – term investments | 302,903 |  | - |  | - |  | 302,903 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 2,041,160 |  | - |  | 2,041,160 |
| Total | 302,903 |  | 2,041,207 |  | - |  | 2,344,110 |
|  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |
| Financial liability |  |  |  |  |  |  |  |
| Derivative liabilities | - |  | 205,727 |  | - |  | 205,727 |
| Total | - |  | 205,727 |  | - |  | 205,727 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | | |
|  | Separate F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial asset |  |  |  |  |  |  |  |
| Other long – term investment | 279,306 |  | - |  | - |  | 279,306 |
|  |  |  |  |  |  |  |  |
| Non-financial asset |  |  |  |  |  |  |  |
| Investment properties | - |  | 1,068,821 |  | - |  | 1,068,821 |
| Total | 279,306 |  | 1,068,821 |  | - |  | 1,348,127 |
|  |
| **Liabilities** |  |  |  |  |  |  |  |
| Financial liability |  |  |  |  |  |  |  |
| Derivative liabilities | - |  | 50,216 |  | - |  | 50,216 |
| Total | - |  | 50,216 |  | - |  | 50,216 |

Investment properties are carried out using a market approach comparable with market price of the same assets reflects were observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the investment properties in question, including plot size, location, encumbrances and current use.

1. **AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company’s Board of Directors on 1 March 2021.